NEW JERSEY BOARD OF PUBLIC UTILITIES

Natural Gas Pipeline Rules - N.J.A.C. 14:7

Proposed Readoption with Amendments

September 2, 2008

PUBLIC UTILITIES

Natural Gas Pipelines

Proposed Readoption: N.J.A.C. 14:7

Authorized By: Board of Public Utilities, Jeanne M. Fox, President, and Frederick F. Butler, Joseph Fiordaliso, Nicholas V. Asselta, and Elizabeth Randall, Commissioners.

Calendar Reference:	See Summary below for an explanation of exception to calendar requirement.
Authority:	N.J.S.A. 48:2-13, 48:2-73 et seq., 48:9-33, 48:10-2 et seq.
BPU Docket Number:	GX08050325
Proposal Number:	PRN -

Comments may be submitted through November 1, 2008 through either of the following methods:

- Electronically, **in Microsoft WORD format**, or in a format that can be easily converted to WORD, by e-mailing them to the following e-mail address: rule.comments@bpu.state.nj.us; or

- On paper to:
  Kristi Izzo, Board Secretary
  New Jersey Board of Public Utilities
  Attention Docket Number: GX08050325
  Two Gateway Center
  Newark, New Jersey 07102

The agency proposal follows:

Summary

The New Jersey Board of Public Utilities (Board) is proposing to readopt with amendments its rules regarding various aspects of natural gas pipelines (N.J.A.C. 14:7), which address the construction, operation, and maintenance of natural gas transmission and distribution pipelines. Pursuant to N.J.S.A. 52:14B-5.1c, N.J.A.C. 14:7 expires on August 12, 2008. These rules explain where pipelines may be constructed, and set requirements for ensuring that the pipelines remain safe both during and after installation. The rules also set specifications that pipeline operators must follow when installing, inspecting, operating and maintaining natural gas pipelines. The primary goal of the proposed amendments is to enhance the safety standards associated with pipeline installation, operation and maintenance.

Although the Federal government has prescribed safety standards for pipeline transportation and for pipeline facilities pursuant to 49 U.S.C. §§60101 et seq., enforcement authority over intrastate lines may be assumed by the various states. Thus, pursuant to a certification submitted annually to the Federal Department of Transportation, New Jersey must enforce the Federal standards in Title 49 of the Code of Federal Regulations and may adopt more stringent standards where warranted. The

Board is the State agency with statutory and delegated jurisdiction over all intrastate gas pipelines. The Board is readopting these rules because they are necessary in that they relate directly to the safe, adequate and proper installation, operation and maintenance of pipelines by New Jersey gas pipeline operators.

As the Board is providing a 60-day comment period on this proposed readoption, the proposed readoption is exempt from the rulemaking calendar requirements set forth at N.J.A.C. 1:30-3.1 and 3.2, pursuant to N.J.A.C. 1:30-3.3(a)5.

A description of the proposed readoption with amendments follows:

SUBCHAPTER 1. CONSTRUCTION, OPERATION AND MAINTENANCE OF TRANSMISSION AND DISTRIBUTION NATURAL GAS PIPELINES

N.J.A.C. 14:7-1.1 sets forth the scope and applicability of the rules. Amendments are proposed to clarify that the rules apply to both transmission and distribution lines, that the rules do not affect applicability of other laws, and that the pipeline operator is the person responsible for compliance.

N.J.A.C. 14:7-1.1A provides the definitions of certain words and terms used in the rules. A cross reference is added to additional definitions that apply to the chapter, both in the Board's rules for all utilities, N.J.A.C. 14:3, and in the Federal Code. Minor clarifications are proposed to several definitions. Finally, a new definition of "Administrative Order and Notice of Civil Administrative Penalty" or "AONOCAPA" is added for use in the penalty provisions at N.J.A.C. 14:7-2. The definition of "Board" is proposed for deletion, as this definition is included in N.J.A.C. 14:3-1.1, which applies to this chapter.

Existing N.J.A.C. 14:7-1.2, which requires compliance with the Federal natural gas pipeline requirements, is proposed for readoption with minor clarifications that do not change its meaning.

Existing N.J.A.C. 14:7-1.3 incorporates, with modifications, the Federal Code definition for classifying natural gas pipelines by location. The section is amended to require that all pipelines constructed in New Jersey in the future meet standards for a class 4 pipeline location.

Existing N.J.A.C. 14:7-1.4, which prohibits the installation of certain gas pipelines near buildings intended for human occupation without prior Board approval, is proposed for readoption with clarifying changes that do not change its meaning. In addition, a reference to the Federal code is added, including the requirements for an integrity management program in 49 C.F.R. 192, Subpart O. Finally, existing (b) is proposed for deletion as it is redundant with (a).

Existing N.J.A.C. 14:7-1.5, which requires compliance with the Welding Standards of the American Petroleum Institute Standard 1104 and the Federal Code for certain welds, is proposed for deletion, as this standard is incorporated by reference in the Federal Code.

Existing N.J.A.C. 14:7-1.6(a) and (b), which require that welders be qualified under welding standards in the Federal code, is proposed for deletion, as these standards are incorporated by reference in the Federal Code. In addition, proposed new (a) and (b) require oversight by qualified welding inspectors, and require that a copy of the applicable welding procedures be available at the job site.

Existing N.J.A.C. 14:7-1.7, which provides requirements, supplemental to the Federal Code standards, for the construction of gas pipelines, is proposed for readoption with minor clarifying changes that do not affect meaning. Existing (d) is proposed for deletion as these standards are in the Federal Code.

Existing N.J.A.C. 14:7-1.8, which requires compliance with State transportation agency standards for pipelines that cross railroads or highways, is proposed for readoption with a more specific heading and a minor clarifying change. Further, this section is consolidated with existing N.J.A.C. 14:7-1.9, which sets forth requirements for gas pipelines located under or adjacent to railroads or highways. A requirement that such pipelines meet federal requirements for class 3 and class 4 locations is proposed for deletion, to be consistent with proposed amendments requiring all pipelines to meet class 4 requirements in the future. In addition, more detailed and specific requirements for shielding of pipelines is proposed to be added at (b)4, and a provision at existing N.J.A.C. 14:7-1.9(d) is deleted as it is proposed to be relocated to 14:7-1.1(c). Finally, minor clarifying changes are proposed to proposed N.J.A.C.- 14:7-1.8(c) (existing 1.9(c)).

Existing N.J.A.C. 14:7-1.10, which sets forth the basic requirements for locating sectionalizing valves for distribution and transmission pipelines, is proposed for repeal, to be replaced with proposed N.J.A.C. 14:7-1.9. Sectionalizing valves allow a pipeline operator to turn off the gas in any section of pipe in an emergency. The proposed new section applies only to distribution pipelines, as valve requirement for transmission lines are proposed at new N.J.A.C. 14:7-1.10. Proposed N.J.A.C. 14:7-1.9 provides much more specific and measurable requirements for the number and spacing of valves on distribution lines, and includes factors the operator must consider in determining the appropriate number and spacing of valves. The proposed new section also requires pipeline operators to file an evaluation report with Board staff regarding the number and spacing of valves. A requirement that the operator provide emergency contact information to the Board and municipal clerks is proposed for deletion, and is relocated at proposed N.J.A.C. 14:7-1.10(i).

Existing N.J.A.C. 14:7-1.11 requires a transmission pipeline operator to submit a valve assessment and emergency closure plan which individually evaluates each valve, and provides for rapid valve closure in an emergency. The section is proposed for recodification as proposed N.J.A.C. 14:7-1.10, readoption with clarifying changes that do not change meaning, and with amendments that remove a cross-reference to the distribution valve section, and which allow for valve report submittal once every two years rather than annually provided there are no significant changes. A requirement for

personnel training is relocated from existing N.J.A.C. 14:7-1.11(d) to proposed N.J.A.C. 14:7-1.10(c)4, and a proposed new provision allows emergency drills to be conducted through table-top exercises at certain intervals. Deadlines are added for notifying staff prior to each emergency closure drill, and for submittal of the audit report after the drill is completed. Proposed new (h) through (j), which require emergency contact information, contain the substance of existing N.J.A.C. 1.10(c).

Existing N.J.A.C. 14:7-1.12, which requires that automatic and manually operated blow-off valves be installed and operated in a manner to avoid hazard to nearby persons or property, is proposed for deletion as its substance is covered in more detail in the Federal Code.

Existing N.J.A.C. 14:7-1.13, which requires inspections of the storage and handling of pipe, is proposed for readoption with minor clarifying changes that do not change its meaning, and recodification at N.J.A.C. 14:7-1.11. In addition, existing (a) is proposed for deletion as it is relocated at proposed N.J.A.C. 14:7-1.24. Proposed new N.J.A.C. 14:7-1.11(a) contains provisions currently found at existing N.J.A.C. 14:7-1.14. Existing N.J.A.C. 14:7-1.13(c) is proposed for deletion as its substance is covered along with other inspection provisions at N.J.A.C. 14:7-1.24. Proposed N.J.A.C. 14:7-1.11(c) and (d) (previously found at N.J.A.C. 14:7-1.16(c)) set forth specifications for backfill and pipe coatings, in order to prevent damage to pipe from sharp objects in fill. A new requirement for tracer wire specifications, that will enable markout personnel to locate the pipe after installation, is proposed at (e). Additional detail and specifications are proposed to augment existing requirements for yellow warning tape placed in backfill.

Existing N.J.A.C. 14:7-1.14, which sets standards for the depths at which pipelines must be installed, is proposed for readoption with substantive amendments, and recodification as proposed N.J.A.C. 14:7-1.12. The section is clarified to include separate minimum cover requirements for distribution mains, transmission pipelines, and service lines. The minimum cover for distribution mains is increased from 24 to 36 inches to better protect against later damage. A provision in existing (a) regarding distance from other subsurface structures is deleted as it is relocated in proposed N.J.A.C. 14:7-1.11, as noted above. The final two sentences in existing (a), which require preference to installing pipelines over rather than under a structure that may collect explosive mixtures, are proposed for deletion as there are many factors to consider in such situations, and the Federal Code is referenced to cover these requirements. Existing (b) is deleted as it is redundant with proposed (a). Proposed new (b) requires at least 48 inches of cover over transmission pipelines in most circumstances. Proposed new (c) is added to apply only to service lines, which were not addressed in existing N.J.A.C. 14:7.

Existing N.J.A.C. 14:7-1.15, which requires that any portion of a pipeline that protrudes above ground be conspicuously marked or protected against damage, is proposed for readoption without change, except for recodification at N.J.A.C. 14:7-1.13.

Existing N.J.A.C. 14:7-1.16 is proposed for repeal. Existing N.J.A.C. 14:7-1.16(a) and (b), which set forth specifications for installation of metallic pipes for the purpose of corrosion control, are proposed for deletion because they are redundant with the Federal Code. Existing (c) is relocated at N.J.A.C. 14:7-1.11(c). Existing (d) is proposed for deletion as it is redundant with new, more comprehensive inspection requirements at proposed N.J.A.C. 14:7-1.24, and in particular N.J.A.C. 14:7-1.24(e). Leak detection requirements at (e) are proposed for deletion, as they are proposed to be relocated at N.J.A.C. 1.22(b), (c), (d), and (e).

Existing N.J.A.C. 14:7-1.17, which requires testing of natural gas transmission and distribution pipelines in accordance with the Federal Code, is proposed for readoption with minor clarifying changes that do not change meaning. In addition, the deadline for prior notice to the Board of testing is proposed to be changed from two working days to three business days, a provision is proposed to allow an operator to request a shorter test period if a 24-hour test is not possible, and a cross-reference to reporting requirements is added.

Existing N.J.A.C. 14:7-1.18, which requires compliance with Federal requirements for purging air from pipelines, is proposed for deletion, as this standard is incorporated by reference in the Federal Code.

Existing N.J.A.C. 14:7-1.19, which requires that piping in gas compressor stations be installed in accordance with Federal standards, is proposed for deletion, as this standard is incorporated by reference in the Federal Code.

Existing N.J.A.C. 14:7-1.20 through 25, which set forth requirements that apply to compressor stations, including requirements for pressure devices, safety shutdowns, distance from buildings, fire prevention, electric installations and ventilations, are proposed for repeal, as they are redundant with the Federal Code.

Existing N.J.A.C. 14:7-1.26 and 1.28 require that meter and regulator station piping and construction all comply with the Federal code, and that electric installations also comply with other codes. These two sections are proposed for deletion because their substance is already included in the Federal code at 192.195 through 192.203, and 192.739, through 192.743.

Existing N.J.A.C. 14:7-1.27 requiring compliance for electric installations in meter and regulator stations is proposed for readoption with minor clarifying changes that do not change its meaning. In addition, ANSI/NFPA 70 is cross referenced as a requirement, if applicable.

Existing N.J.A.C. 14:7-1.29, which requires the addition of odorant chemicals to natural gas in pipelines as a warning that gas is present, is proposed for readoption with minor clarifying changes that do not change its meaning. In addition, required reporting is increased to monthly from the existing quarterly requirement, in order to improve

monitoring of odorization compliance. Also, proposed new (d) requires that an operator immediately report to the Board any indication that odorant is insufficient.

Existing N.J.A.C. 14:7-1.30, which requires reporting of accidents in accordance with the Board's one-call rules and rules for all utilities, is proposed for readoption with cross reference corrections. In addition, this section is consolidated with existing N.J.A.C. 14:7-1.31, which requires reporting of certain service interruptions. That section is proposed for readoption with an amendment that would replace a requirement for reporting by the speediest means available with a cross-reference to the Board's interruption reporting requirements for all utilities.

Existing N.J.A.C. 14:7-1.32, which requires notice to the Board prior to construction or reconstruction of a high pressure gas pipeline, is proposed for readoption with an amendment that would increase the minimum prior notice from 30 to 45 days.

Existing N.J.A.C. 14:7-1.33, which requires a certification that a transmission pipeline has been tested before operating and requires reporting of certain test details, is proposed for readoption with minor clarifying changes that do not change its meaning. More specific reporting requirements are added, and a provision prohibiting operation above the tested pressure is deleted as it is redundant with the requirement to comply with the Federal Code.

Existing N.J.A.C. 14:7-1.34, which requires monthly patrols of pipelines in Class 3 and 4 locations, is proposed for readoption with additional provisions for leak detection surveys. Proposed new (b) through (d), which require leak detection surveys on certain steel distribution pipelines, include provisions relocated in this proposal from existing 1.16(e). Finally, a new requirement for quarterly leak reports is proposed at (e).

Existing N.J.A.C. 14:7-1.35 requires that each transmission pipeline operator establish and maintain liaison, including offering annual meetings, with fire and police officials and other appropriate emergency services personnel. The section also requires annual notice to nearby residents of how to contact the pipeline operator for complaints or information. The section is proposed for readoption with minor clarifying amendments that do not affect meaning. In addition, where the existing rule required that an operator that is a utility merely offer to meet with local officials, the proposal requires that such a meeting be held, unless the operator provides a justification as to why the meeting could not be held. In addition, proposed new (d) requires that operator public outreach programs meet minimum requirements of the American Petroleum Institute’s Recommended Practice entitled RP 1162.

Existing N.J.A.C. 14:7-1.36, which requires operator efforts to provide on-site inspection during excavations related to the one-call system, is proposed for readoption with amendments. First, the scope of the requirement for on-site inspection is expanded to also include bored or horizontal directionally drilled installations, and crossings. A requirement for yellow subsurface marking tape is deleted as it is proposed to be relocated to N.J.A.C. 14:7-1.11. Proposed new (c) emphasizes the operator's

obligation to comply with the One-Call rues, and requires operators to take steps towards providing information to markout personnel through electronic means. Proposed new (d) establishes additional on-site inspection requirements for high risk excavations, in order to prevent damage to underground facilities.

Existing N.J.A.C. 14:7-1.37, which requires approval of operating and maintenance standards and revisions thereto, is proposed for readoption with clarifying changes that do not affect meaning, and recodification as proposed N.J.A.C. 14:7-1.23. The proposal clarifies that the section applies not only to revisions but to new standards, and changes the deadline for submittal of a new or revised standard from 30 business days prior to implementation to 45 calendar days prior. The proposal also changes the deadline for Board action on the new or revised standard from 30 business days to 45 calendar days, and requires that any new or revised standard meet or improve the operator's current level of safety, rather than merely meeting the safety requirements of the federal code. Finally, the proposal increases the time an operator must wait for Board response before implementing a revision that was resubmitted as a result of an initial denial by the Board.

Proposed new N.J.A.C. 14:7-1.24 requires operator oversight of construction, including inspections of pipe installations, and daily inspections of contractor crews. Inspector qualifications are proposed, as well as minimum requirements for quality assurance/quality control inspection records containing a specific checklist of items that must be checked or verified. The proposed new section also includes requirements for inspection and calibration of equipment, and requires inspection of all trench backfilling for joint-trench installations.

Proposed new N.J.A.C. 14:7-1.25 sets forth new requirements for horizontal directional drilling (HDD) operations, including operator development of HDD guidelines, plan and profile drawings, test holes, and procedures for crossing other underground facilities. The section also requires special procedures for inspection of plastic pipe installed by HDD, as well as requiring on-site inspection for HDD crossings of other underground lines.

Proposed new N.J.A.C. 14:7-1.26 sets forth various reporting requirements, including a list of ongoing pipeline installations, copies of reports required by the U.S. Department of Transportation, and annual inventories of cast iron facilities, since cast iron tends to break due to ground movement. Also required are reports addressing leaks, activations of excess flow valves, cathodic protection (a corrosion control measure) status reports and pressure test records.

SUBCHAPTER 2. VIOLATIONS, INFORMAL CONFERENCES, CIVIL ADMINISTRATIVE PENALTIES AND ADJUDICATORY HEARINGS

The proposal includes significant changes to the Board’s system for handling violations of the Natural Gas Pipeline Safety Rules, and of the One-Call rule provisions that apply to natural gas pipelines. Under the existing penalty system, an alleged violator has 14

days to respond to a notice of probable violation. If a person does not respond to the NOPV within the 14 days, the Board may issue an administrative order and/or assess a penalty. The Board must then wait another 20 days to again allow the violator to respond. Only after this second Board action becomes final does the penalty become due and owing. This system requires Board staff to obtain Board approval twice for the same penalty for the same violation. Under the proposal, Board staff need seek Board approval only once. The proposal provides for the Board to assess a penalty in either of two ways – through a staff-issued NOPV, which ultimately must be approved by the Board; or through a Board-issued administrative order and notice of civil administrative penalty assessment. Although the procedure is streamlined, in all cases the Board must approve the penalty assessment and the penalty amount.

Existing N.J.A.C. 14:7-2.1, which sets forth the scope of subchapter 2, is proposed for readoption with minor clarifying amendments that do not change meaning. In addition, proposed new (b) clarifies the two routes through which the Board may levy a penalty. Proposed new (d) provides a definition for "violation," for brevity throughout the subchapter.

Existing N.J.A.C. 14:7-2.3(a), which establishes the procedure by which the Board will issue a notice of probable violation (NOPV), is proposed for readoption at N.J.A.C. 14:7-2.2, with minor clarifying changes that do not affect meaning. In addition, the role of the NOPV is expanded substantially. Under the existing rules, the NOPV need not include a penalty amount, and if a person does not respond to a notice of probable violation within 14 days, the Board may issue an administrative order and/or assess a penalty. Under the proposal, the NOPV can include a penalty amount and must include an Answering Certification for the alleged violator to return, indicating whether they contest the NOPV.

Existing N.J.A.C. 14:7-2.3(b), (c) and (e), which address the alleged violator's response to the NOPV, and requests for an informal conference, are recodified at N.J.A.C. 14:7-2.3, and modified to include the requirement for submittal of the Answering Certification. Existing (d), which cross references provisions for Board issuance of an Administrative Order and Notice of Civil Administrative Penalty Assessment, is proposed for deletion, as the step following the NOPV in the proposed new procedure is not an AONOCAPA, but is Board approval of a penalty through a Final Order of Penalty Assessment. This step is set forth in proposed new (e), which provides for staff to present the matter to the Board if the NOPV is not resolved through informal means. In addition, minor clarifications that do not change meaning are proposed throughout these subsections.

Proposed new N.J.A.C. 14:7-2.4 sets forth the procedure the Board will follow if the alleged violator fails to submit the Answering Certification included in the NOPV. In such a case, or if the alleged violator fails to attend a hearing or conference scheduled under this subchapter, the violator shall be deemed in default, staff may present the NOPV to the Board for approval as a Final Order of Penalty Assessment (FOPA). If the Board does so, the FOPA will include a penalty determined by the Board, which shall become due and owing without further opportunity for the violator to contest the penalty.

Existing N.J.A.C. 14:7-2.4, which provides for Board issuance of an Administrative Order and Notice of Civil Administrative Penalty Assessment (AONOCAPA) and allows for adjudicatory hearing requests, is proposed for readoption with minor clarifying changes that do not change meaning, and recodification as N.J.A.C. 14:7-2.5. Existing (b)1 through 3 are recodified at (e) through (g), and the introductory language of (b) is deleted in order to clarify the procedure in a step-by-step fashion and reduce confusion.

Existing N.J.A.C. 14:7-2.5, which provides for the request and grant or denial of adjudicatory hearings, is proposed for readoption with minor clarifying changes that do not change its meaning, and recodification as N.J.A.C. 14:7-2.6.

Existing N.J.A.C. 14:7-2.6, which establishes standards for the Board's calculation of the amount of civil administrative penalties within statutory ranges, is proposed for readoption with amendments that increase the maximum penalties to comport with recent statutory changes requiring increased penalties, and recodification as N.J.A.C. 14:7-2.7.

The United States Department of Transportation (USDOT) issues grants-in-aid for State pipeline safety compliance programs under its Regulations for Grants to Aid State Pipeline Safety Programs, 49 C.F.R. §198. 49 C.F.R. §198.11 authorizes the USDOT to pay out funds or otherwise make available up to 50 percent of the cost of the personnel, equipment, and activities reasonably required for each state agency to implement their pipeline safety program. In order to participate in this state/federal partnership a state is required to annually submit either an agreement or certification to the USDOT stating its level of jurisdiction over gas pipeline operators in the state. The BPU has maintained such a Certification since 1989.

Social Impact

The rules proposed for readoption with amendments have a significant positive social impact on the residents of New Jersey. The rules govern all aspects of the siting, construction, installation, and operation of natural gas pipelines. Natural gas is of great value as a relatively clean energy source, but is extremely dangerous if handled improperly. Therefore, these rules provide a social benefit in that residents are afforded safe, adequate and proper natural gas service. Ensuring the safety of New Jersey's pipelines is an ongoing process that demands the highest level of attention from the Board as well as the pipeline operators that control the pipelines. The Board constantly looks for ways to improve both the reliability and safety of natural gas pipelines and the Board will, after notice and an opportunity for comment, amend the rules when necessary to effectuate positive benefits to the residents of New Jersey, as is being done with these rule amendments.

Economic Impact

The rules proposed for readoption with amendments will require gas pipeline operators, as they have in the past, to incur incremental safety-related expenses in the installation, operation and maintenance of gas pipelines. See the Federal Standards Analysis below for a further description of likely compliance costs. These costs are justified by the benefits generated by increased safety to the public and their property. Finally, pipeline operators subject to the jurisdiction of the Board will be allowed to recover all reasonable, prudent and supportable levels of costs through rates charged to customers.

Federal Standards Analysis

Executive Order No. 27(1994), and P.L. 1995, c.65 (N.J.S.A. 52:14B-22 through 24), require State agencies that adopt State rules which exceed any Federal requirements to include in the rulemaking document a comparison with Federal law. The Federal law that corresponds to these rules is found in the regulations of the United States Department of Transportation at 49 C.F.R. §§190, 191, 192, 193, 198, and 199. This proposed readoption of N.J.A.C. 14:7 with amendments is comparable with the corresponding Federal law in all but the areas discussed below.

The State system for designing pipelines based on the class location in relation to population density, found at N.J.A.C. 14:7-1.3, requires all pipelines installed after the effective date of this readoption to be designed to class 4 pipeline location standards, the highest standard for similar pipelines designed under the Federal classification system at 49 C.F.R. §192.5. This may result in some costs for pipeline operators, although most have voluntarily chosen to meet higher standards than Federally required. To the extent that costs are incurred, the Board has determined that these costs are justified in order to ensure safety.

The Board's rules governing the quality control of field welding, found at proposed N.J.A.C. 14:7-1.6(a) and (b), are more stringent than corresponding Federal regulations at 49 C.F.R. §192.225 and §192.241. N.J.A.C. 14:7-1.6(a) and (b) require oversight of field welding by qualified welding inspectors, and require that a copy of the applicable welding procedure be readily available at the job site for natural gas pipelines with a maximum operating pressure in excess of 250 psig. These requirements are not part of the Federal regulations. However, the Board believes they are necessary to ensure safety.

The Board's rules governing fabrication details, found at proposed N.J.A.C. 14:7-1.7(c) and (d), are more stringent than corresponding Federal regulations at 49 C.F.R. §192.155 and §192.151. N.J.A.C. 14:7-1.7(c) requires that branch connections for transmission pipelines fabricated by welding be of the reinforced type, whereas the Federal regulations at 49 C.F.R. 192.155 do not require reinforced type branch connections. However, the Board believes that reinforced type branch connections significantly increase the level of pipeline safety. Proposed N.J.A.C. 14:7-1.7(d) states that line taps may be made under pressure in the sizes and at the pressure at which the

line tapping equipment is recommended for use by the manufacturer. The Federal regulations do not address line tapping equipment.

The Board's rules governing the spacing of sectionalizing distribution valves, found at N.J.A.C. 14:7-1.9(a) and (b), are more stringent than corresponding Federal regulations at 49 C.F.R. §192.181. Sectionalizing valves allow a pipeline operator to stop the flow of gas through a section of pipeline in cases of pipeline failure or emergency. The Federal regulation for high-pressure distribution systems requires valves to be spaced "so as to reduce the time to shut down a section of main in an emergency," and states that the spacing shall be determined by operating pressure, pipe size, and local physical conditions. Proposed N.J.A.C. 14:7-1.9(b) requires that, in determining the number and spacing of sectionalizing valves, a pipeline operator shall ensure that the maximum number of customers to be affected by an emergency shutdown shall not exceed 500 customers. In addition, the operator shall consider the volume of gas that could be released to the atmosphere and the response time capabilities of the operator in addition to the Federal requirements. Also, N.J.A.C. 14:7-1.9(c) requires the operator to evaluate the number and spacing of all of its sectionalizing valves and file a report summarizing the evaluation. Where sectionalization may result in more than 500 customers being affected, N.J.A.C. 14:7-1.9(e) requires the operator to analyze whether additional valves need to be installed.. To the extent that this rule requires an operator to install and maintain more valves, there will be some costs incurred. However, the Board has determined that the amendment is necessary to ensure the protection of people, property and the environment in the event of pipeline failure or emergency, especially in densely populated areas.

Proposed N.J.A.C. 14:7-1.11 (codified at N.J.A.C. 14:7-1.13 in the existing rules) governs the installation of pipe and its requirements are more stringent than corresponding Federal regulations at 49 C.F.R. §192.325. N.J.A.C. 14:7-1.11(a) requires all gas pipelines to be installed with at least twelve inches separation from any other subsurface structure or facility, whereas the corresponding Federal regulations require twelve inches separation only for the installation of transmission pipelines. N.J.A.C. 14:7-1.11(d)1 and 2 specify the size and type of wire required for tracer wire on plastic pipe installations. These specifications are more stringent than the corresponding Federal regulations at 49 C.F.R. §192.321, which do not govern the size and type of wire.

The Board's rules governing minimum cover of mains and service lines found at proposed N.J.A.C. 14:7-1.12 are more stringent than corresponding Federal regulations at 49 C.F.R. §192.327 and §192.361. Proposed N.J.A.C. 14:7-1.12(a) and (b) require 36 inches cover over distribution mains and 48 inches cover over transmission pipelines, respectively, in comparison with Federal regulation requirements, at 49 C.F.R. §192.327, of 24 inches cover over distribution mains and 36 cover over transmission pipelines. In addition, proposed N.J.A.C. 14:7-1.12(c) requires 18 inches cover over gas service lines, whereas the Board's existing rules are consistent with Federal regulations at 49 C.F.R. §192.361, requiring 12 inches of cover in private property and 18 inches of cover in streets and roads. To the extent that this rule

requires an operator to install pipelines at increased depths of cover, there will be some costs incurred. However, the Board has determined that these costs are justified as a measure of damage prevention and to ensure the protection of people, property and the environment, especially in densely populated areas.

Proposed N.J.A.C. 14:7-1.16 provides odorization requirements for pipelines. N.J.A.C. 14:7-1.16(c) requires a pipeline operator to make periodic tests to determine the adequacy of the odorization of the gas. These periodic tests were changed in the proposal from quarterly to monthly. Federal regulations at 49 C.F.R. §192.625 require only periodic sampling but do not specify a time interval. To the extent that costs are incurred by requiring monthly tests, the Board has determined that these costs are justified in order to ensure the safety of the public.

Proposed N.J.A.C. 14:7-1.20(b) requires leak detection surveys on bare and cathodically unprotected steel distribution lines consistent with the requirements of Federal regulations at 49 C.F.R. §192.723. In addition, N.J.A.C. 14:7-1.20(b) requires an operator to perform more frequent surveys as the operator deems necessary based on leak history, leaks discovered by the public, and operating pressure. This provides an extra measure of safety in the densely populated areas that typify New Jersey.

Proposed N.J.A.C. 14:7-1.22 requires damage prevention efforts consistent with the requirements of Federal regulations at 49 C.F.R. §192.614. In addition, N.J.A.C. 14:7-1.22(c) requires an operator to take additional measures when the operator becomes aware of potential high risk excavations, such as performing on-site inspection, coordinating with the excavator, continuing surveillance, and checking/verifying clear access to gas valves that may be operated in an emergency, Also, an operator must provide training for operator personnel in preparation for potential high risk excavations around underground gas facilities. These stringent requirements reflect the importance of careful supervision of excavation around gas facilities, in consideration of the highly developed and densely populated nature of New Jersey.

Proposed N.J.A.C. 14:7-1.23 (codified at N.J.A.C. 14:7-1.37 in the existing rules) provides an administrative procedure for pipeline operators to obtain approval from the Board of additions and revisions to their operation and maintenance procedures. The Federal standards do not require this. However, due to the economic conditions, many natural gas pipeline operators in New Jersey are reviewing operating and maintenance standards, including those relating to inspections and testing, to minimize costs. This section will enable the Board to review such proposed changes before they become operator policy, and to ensure that any cost cutting measures do not compromise the safety of a natural gas pipeline.

Proposed N.J.A.C. 14:7-1.24 provides for oversight of construction activity. Proposed N.J.A.C. 14:7-1.24(c), (d), and (e) contain requirements for quality assurance/quality control inspection, inspection and calibration of all equipment used on construction, operations, and maintenance activities, and joint trench pipe inspections, respectively. These requirements exceed the Federal regulation requirements, although quality

assurance/quality control measures are implied by various Federal regulations. Again, the incremental cost of careful quality assurance/quality control is justified by the dense population of New Jersey, as well as the heavy development which results in a large number of underground facilities.

Proposed N.J.A.C. 14:7-1.25 requires a pipeline operator to develop guidelines for horizontal directional drilling (HDD) operations, including establishing minimum clearances when drilling in proximity to existing subsurface facilities, requirements for test hole excavations, verification of drilling/reaming head location during HDD operations, ensuring the integrity of plastic pipe installed by HDD, supporting pipe during HDD operations, and on-site inspection for HDD installations. These requirements are not found in the Federal regulations but the Board's experience with HDD indicates that they are necessary for safety in New Jersey.

Jobs Impact

The rules proposed for readoption with amendments are likely to have a negligible impact on jobs in New Jersey. The rules set forth safety practices that must be followed in the siting, construction, installation, and maintenance of natural gas pipelines. Most of these practices are required under existing Federal law, and these rules primarily implement these Federal requirements. Therefore, any impact on jobs caused by these safety requirements will already have been felt as natural gas pipeline companies moved into compliance with the underlying Federal requirements. While there are some areas in which these rules are more stringent than Federal requirements (see Federal Standards Analysis above), the Board expects that this will have only an incremental impact on jobs. To the extent that jobs are affected, the rules are likely to increase employment of inspectors and other natural gas company employees and/or consultants.

Agriculture Industry Impact

The rules proposed for readoption with amendments will have no impact on the agriculture industry in New Jersey. While many natural gas pipelines cross agricultural areas, these rules apply to construction practices, installation, inspection and similar safety related activities, and do not affect the location of the pipelines within New Jersey.

Regulatory Flexibility Analysis

In accordance with the New Jersey Regulatory Flexibility Act, N.J.S.A. 52:14B-16 et seq. (the Act), the Board has determined that the rules proposed for readoption with amendments will not impose reporting, recordkeeping or other compliance requirements on any small businesses as that term is defined in the Act. Most intrastate pipelines located in New Jersey are operated by the four local distribution companies (LDCs) currently subject to the jurisdiction of the Board which all have more than 100 employees. Other pipelines may be operated by large industrial businesses such as power plants, which are also not small businesses under the Act. A small minority of

pipeline operators in New Jersey are small businesses. However, because smaller pipelines are operated at lower pressures, these rules do not apply to them.

Smart Growth Impact

The Board anticipates that the rules proposed for readoption with amendments will have no impact on either the achievement of smart growth or the implementation of the State Development and Redevelopment Plan. The State Plan is intended to "provide a coordinated, integrated and comprehensive plan for the growth, development, renewal and conservation of the State and its regions" and to "identify areas for growth, agriculture, open space conservation and other appropriate designations." N.J.S.A. 52:18A-199a. "Smart growth is based on the concepts of focusing new growth into redevelopment of older urban and suburban areas, protecting existing open space, conserving natural resources, increasing transportation options and transit availability, reducing automobile traffic and dependency, stabilizing property taxes, and providing affordable housing." While the location of infrastructure such as natural gas pipelines can significantly affect the location of new development, these rules apply to construction practices, installation, inspection and similar safety related activities, and do not affect the location of the pipelines within New Jersey. Thus, the rules do not affect the location of future development, and the rules proposed for readoption with amendments will not impact smart growth or the State Plan.

Smart Growth Development Impact

The proposed readoption with amendments will have an insignificant impact on smart growth in New Jersey because the scope of the proposal is limited to requirements to ensure the safe construction, operation, and maintenance of natural gas transmission and distribution pipelines. The rules do not affect the location of natural gas pipelines, except for a provision that pertains to a minimum distance between certain existing or under-construction structures and certain larger pipelines. Therefore, there is an extreme unlikelihood that the readoption with amendments would evoke a change in housing production within Planning areas 1 or 2, or within designated centers, under the State Development and Redevelopment Plan.

Housing Affordability Impact

The proposed readoption with amendments will have an insignificant impact on affordable housing in New Jersey because the scope of the proposal is limited to safety requirements for natural gas transmission and distribution pipelines. There is an extreme unlikelihood that the safety requirements in the proposed readoption with amendments would evoke a change in the average costs associated with housing, because the cost of constructing, operating and maintaining natural gas transmission and distribution infrastructure is so small a component of housing prices as to have virtually no effect on the housing market.

Full text of the rule proposal follows (additions are indicated in boldface with asterisks ***thus***; deletions are indicated in brackets with asterisks *[thus]*):

CHAPTER 7. NATURAL GAS PIPELINES

SUBCHAPTER 1. CONSTRUCTION, OPERATION AND MAINTENANCE OF TRANSMISSION AND DISTRIBUTION NATURAL GAS PIPELINES

14:7-1.1 Scope and applicability

[Unless otherwise ordered or permitted by the Board, the rules in this subchapter shall be observed and followed in connection with the] (a) This chapter sets forth requirements that govern the construction, operation and maintenance of transmission and distribution pipelines for the transportation of natural gas by intrastate natural gas pipeline operators [facilities] within the State of New Jersey.

(b) Unless specified otherwise, all provisions of this chapter apply to natural gas pipelines used in both distribution and transmission of natural gas.

(c) This chapter shall not affect an operator's responsibility to comply with all applicable requirements of other State or local agencies having jurisdiction, in addition to the requirements of this chapter.

(d) A pipeline operator shall be responsible for ensuring that the requirements of this chapter are met.

14:7-1.1A Definitions

(a) For the purposes of this chapter, the following words and terms shall have the following meanings, unless the context clearly indicates otherwise[:]. Additional definitions that apply to this chapter can be found at N.J.A.C. 14:3-1.1, and in 49 C.F.R. 190.3, 191.3, 192.3, 193.3, 198.3, and 199.3, which are incorporated by reference herein.

"Administrative Order and Notice of Civil Administrative Penalty Assessment" or "AONOCAPA", means the written notice provided under N.J.A.C. 14:7-2.6, to alert an alleged violator of the violation and the potential penalty for the violation.

"Automatically controlled valve" means a valve that does not require personnel to activate. It closes in response to a pressure loss or flow rate increase that exceeds a pre-set level. The valve operator is powered by electricity, by the gas pressure in the pipeline, or by another power source. Automatically controlled valves are intended to provide timely closure whenever there is an abnormal pressure loss on the pipeline.

["Board" means the New Jersey Board of Public Utilities.]

"Bureau" means the Bureau of Pipeline Safety in the Division of Reliability and Security, in the New Jersey Board of Public Utilities.

"Class 3" means the Federal Class 3 location as described in 49 C.F.R. 192.5.

"Class 4" means the Federal Class 4 location as described in 49 C.F.R. 192.5.

"Division" means the Division of Reliability and Security in the Board of Public Utilities.

"Federal Code" means [Federal pipeline safety rules] the Pipeline Safety Regulations of the United States Department of Transportation, Pipeline and Hazardous Materials Safety Administration, set forth at 49 C.F.R. [192] 190, 191, 192, 193, 198 and 199.

"Notice of civil administrative penalty assessment" or "NOCAPA", means the written notice provided under N.J.A.C. 14:7-2.6, to alert an alleged violator of the violation and the potential penalty for the violation.

"Pipeline operator" or "operator" means a person that owns, operates, manages or controls an intrastate natural gas pipeline, including a public utility as that term is defined in N.J.S.A. 48:2-13 or a natural gas pipeline utility as that term is defined in N.J.S.A. 48:10-3.

"Remotely controlled valve" means a valve that is operated by personnel from a location that is remote from where the valve is installed. The location is usually at the pipeline control or dispatching center. A remotely controlled valve consists of the valve itself and a valve operator that is attached to the valve to open or close it. The valve operator is powered by electricity, by the gas pressure from the pipeline, or by another power source. The communications linkage between the remote location and the remotely controlled valve may be by fiber optics, microwave, telephone lines, or satellite.

14:7-1.2 Compliance with Federal Code

A gas pipeline operator shall [be] ensure that each pipeline is constructed, operated and maintained in compliance with this chapter, and with the [Code of Federal Regulations, Title 49, Part 192, hereinafter referred to as the "] Federal Code,["] which is incorporated herein by reference, or such other standard as the Board may from time to time prescribe.

14:7-1.3 Classification of [system] pipeline locations

[(a)] Natural gas pipelines shall be classified in accordance with the provisions of the Federal Code. All natural gas pipelines constructed in New Jersey after {effective date of this rule} shall meet the design standards for a Class 4 pipeline location, as set forth in 49 C.F.R. 192.5, 192.609, and 192.611. [However, a portion of a gas pipeline shall be classified as location Class 3 or Class 4 if such portion of the pipeline is to be operated at a pressure in excess of 125 pounds per square inch gauge (psig) and

constructed within 300 feet of, or if said pipeline is to be operated at a pressure in excess of 500 psig within 500 feet of, the following:

1. A place of residence;
2. A building used for public gathering;
3. Any school building, playground, or building devoted to institutional use;
4. Property that is zoned as residential; or
5. A building devoted to a business in which more than three people are employed and which is in existence or under construction at the date of execution of the right-of-way agreement or at the date of filing with the clerk of the Superior Court of a complaint in a condemnation action. This additional classification shall not apply to buildings which are under control of the gas pipeline operator.]

14:7-1.4 Proscribed areas

(a) [Gas pipelines which are to be operated at] No person shall install and/or operate a natural gas pipeline with a maximum operating pressure in excess of 250 psig [shall not be operated or installed] within 100 feet of any building intended for human occupancy which is in existence prior to, or under construction at the date of, execution of the right-of-way agreement, or at the date of filing with the Clerk of the Superior Court of a complaint in a condemnation action, unless such person has obtained prior Board approval of the installation and/or operation [or installation is authorized and approved by the Board] of the pipeline.

(b) No person shall replace or relocate a natural gas pipeline with a maximum operating pressure in excess of 250 psig to a location that is within 100 feet of a building intended for human occupancy without prior Board approval. However, a pipeline that meets all of the following conditions is exempt from the requirement of prior Board approval under this subsection:

1. At the time of initial installation and/or operation of the pipeline being replaced or relocated, the pipeline was located within 100 feet of a building(s) intended for human occupancy;
2. The replacement or relocation will not decrease the horizontal and/or vertical distance between the pipeline and the building(s) described in 1 above; and
3. The replaced or relocated pipeline will be at least 100 feet away from all other buildings intended for human occupancy that are not described in 1 above.

(c) A petition pursuant to this section for [operation or] installation and/or operation of a transmission pipeline [that is] shall be subject to the [design] requirements of 49 C.F.R. [192.150 shall include an evaluation of the need for an in-line inspection (ILI) and a proposed inspection schedule. The evaluation shall consider population density, length of the installation, operating pressure as a percentage of specified minimum yield strength, and other safety-related factors. In authorizing the operation or installation of a transmission pipeline pursuant to this section, the Board may require that an in-line inspection be performed, or a schedule of in-line inspection be submitted.] 192, including the requirements for passage of internal inspection devices at 49 C.F.R.

192.150, and for an integrity management program in Subpart O, 49 C.F.R. 192.901 through 192.951.

[(b) Gas pipelines which are designed to be operated at a maximum pressure in excess of 250 psig shall not be installed without prior Board approval and shall be operated within limits set by the Board, if the pipeline will be located within 100 feet of any building intended for human occupancy which is in existence prior to or under construction at the date of execution of the right-of-way agreement or the date of filing with the Clerk of the Superior Court of a complaint in a condemnation action.]

14:7-1.5 [Welding] Reserved

[Welds, other than factory welds, on steel pipe of shall the [physical and chemical properties for which the effective American Petroleum Institute Standard 1104 and Federal Code, hereinafter referred to in this subchapter as Welding Standards, are applicable shall be made in accordance with such Welding Standards, incorporated herein by reference.]

14:7-1.6 Quality control of field welding

[(a) All pipeline and piping welders shall be qualified in accordance with the requirements for the qualification of welders as set forth in the Welding Standards.

(b) Throughout the construction period, any representative samples of welds made by a welder or welding crew shall be removed from the line and tested to destruction in accordance with the provisions of the Welding Standards or shall be radiographically examined in accordance with the Welding Standards or examined by any other acceptable methods, the conditions for which are set forth in the Federal Code.]

(a) In addition to all applicable Federal Code requirements, each operator shall ensure oversight of field welding on a natural gas pipeline with a maximum operating pressure in excess of 250 psig by welding inspectors that are determined qualified by the operator on the basis of training and experience, so as to ensure that all operator procedures are followed.

(b) Each operator shall ensure that, during any welding of a natural gas pipeline with a maximum operating pressure in excess of 250 psig, a copy of the welding procedures that apply to the work being performed are readily available at the job site.

14:7-1.7 Fabrication details

(a) The requirements set forth in (b) through (d) below [in addition to the requirements of the Federal Code] shall [be applicable] apply to the construction of gas pipelines.

(b) Straight pipe may be bent cold in the field by any of the accepted methods of smooth bending, provided that the wall thickness and strength of the pipe after bending is not

less than that required under the applicable provisions of [the Federal Code] 49 C.F.R. 192.313 and 192.315 for straight pipe of the same diameter and grade.

(c) Branch connections for transmission pipelines fabricated by welding shall be of the reinforced type made in accordance with the rules for [reinforced] components fabricated by welding and welded branch connections as provided in [the Federal Code] 49 C.F.R. 192.153 and 192.155. [However, line]

(d) Line taps may be made under pressure in the sizes and at the pressure at which the line tapping equipment is recommended for use by the manufacturer, provided that all proper safeguards against injury to persons and property are taken.

[(d) Mitre welds shall be made in accordance with the Federal Code.]

14:7-1.8 [Crossings] Pipelines near railroads and highways

(a) At points where a natural gas pipeline intersects a railroad or a New Jersey State Highway, such pipeline shall be installed in accordance with the specifications and standards established by the authority or agency having jurisdiction over the right-of-way, in addition to the requirements of this chapter.

[14:7-1.9 Lines under or adjacent to railroads and highways

(a) Every gas pipeline constructed and operated within the boundaries of a railroad right-of-way or a public hard surface highway or street or within 25 feet thereof, shall conform to the standards and requirements of the Federal Code for gas pipelines in Location Class 3 or 4.]

(b) In the construction of any gas pipeline parallel to railroad tracks, consideration shall be given to the character of the railroad traffic and the pressure and diameter of the gas pipeline in establishing the following:

1. - 3. (No change.)
4. The need, if any, [for casing] to protect the pipe with shielding. If the operator determines that shielding is needed, the shielding shall conform with gas industry standards, both in respect to material and manner of installation.

(c) Whenever reasonably possible to avoid doing so, a gas transmission pipeline [subjected to or intended to be subjected to pressure in excess of 125 psig, should] shall not be installed beneath and [parallel to or within 25 feet of] in close proximity to any public hard surface [road] highway or street. [When such a gas pipeline is so installed the construction shall conform, as far as casing is concerned, to the provisions of N.J.A.C. 14:7-1.8 to the extent reasonably practicable.

(d) Notwithstanding the provisions of N.J.A.C. 14:7-1.8, all applicable rules of other State or local agencies having jurisdiction which exceed the requirements of said rule shall be effective.

14:7-1.10 Valve requirements

(a) Sectionalizing valves for distribution pipelines shall be installed and maintained at strategic points on the pipeline system at intervals which will permit sections of the line to be isolated. Sectionalizing valves for transmission pipelines shall conform at a minimum to the transmission pipeline valve spacing requirements in 49 C.F.R. 192.179, except that for new installations in locations that are classified as Class 1 or Class 2 in the Federal regulations the valve spacing shall conform to the Class 3 requirements.

(b) Within the boundaries of cities and villages or in the vicinity thereof, sufficient additional valves shall be provided and other appropriate steps taken to provide means for promptly turning off the gas and rapidly reducing the pressure in any section of pipe in the event of a pipeline failure or other emergency.

(c) Each pipeline operator shall designate a representative or representatives in New Jersey who are familiar with the location and operation of the valves required by this section. The names, addresses, and telephone numbers of these representatives shall be furnished to the Secretary of the Board. Such representatives shall be available at all times for emergency services. The clerks of the municipalities through which the line is laid shall be furnished with a 24-hour emergency telephone number in addition to any obligations that the pipeline operator may have to the municipalities pursuant to the Federal Code.]

14:7-1.9 Distribution system valve requirements

(a) Each operator of a distribution pipeline installed after {insert effective date of this rule} shall ensure that the pipeline contains sectionalizing valves in sufficient numbers and spacing to adequately facilitate the safe and reliable operation of the distribution system under both normal and emergency operating conditions in accordance with this chapter and 49 C.F.R. 192.181.

(b) In determining the number and spacing of sectionalizing valves, each operator shall ensure that the maximum number of customers to be affected by an emergency shutdown shall not exceed 500 customers. In addition, the operator shall consider the following:

1. The operating pressure of the distribution system;
2. The diameter of the pipeline to be installed;
3. The volume of gas that could be released to the atmosphere;
4. The accessibility of the valve locations; and
5. The response time capabilities of the operator.

(c) Each distribution pipeline operator shall evaluate the number and spacing of all of its sectionalizing valves and file an evaluation report in accordance with (d) below. The operator shall apply the considerations in (b) above, and shall determine whether the number and spacing of its valves meets the requirement in (a) above to adequately

facilitate the safe and reliable operation of the distribution system under both normal and emergency operating conditions.

(d) Each operator shall file a report with the Board's Bureau of Pipeline Safety on or before {insert date 15 months after effective date of rule}, which includes all of the following:

1. A summary of the evaluation required under (c) above;
2. If the number of customers that may be affected by an emergency shutdown in any section exceeds 500, the report shall specify the maximum number of customers that may be affected, along with an explanation of other measures the operator may use to limit the number of customers affected by a shutdown in order to meet the requirement for safe and reliable operation.

(e) Where sectionalization of the distribution system may result in more than 500 customers being affected in an emergency shutdown, the operator shall analyze whether additional valves need to be installed whenever any maintenance and/or replacement work is performed, in order to reduce the number of customers affected to 500 or below.

(f) Sectionalizing valves required under (a) above shall be maintained in accordance with the requirements of 49 C.F.R. 192.747.

14:7-[1.11] 1.10 Valve assessment and emergency closure plan - Transmission pipelines

(a) Each operator shall ensure that all transmission pipelines have sectionalizing valves that meet the requirements of this chapter and 49 C.F.R. 192.179.

[(a) The sectionalizing] (b) Each operator of a transmission pipeline shall maintain and file with the Board a valve assessment and emergency closure plan for each of the operator's transmission pipelines[, which was originally submitted to the Board prior to June 18, 1997,]. This plan shall assess each valve individually, and shall [be designed to] describe how the operator will achieve rapid closure of valves in the event of an emergency.

(c) Each valve assessment and emergency closure plan shall include [a] :

1. A map showing the spacing of all valves [in accordance with N.J.A.C. 14:7-1.10 and a];
2. A detailed evaluation of each Class 3 or Class 4 valve location that does not have a remotely controlled or automatically controlled valve.

[1. Each Class 3 or Class 4 valve location shall be evaluated and prioritized as either high priority or low priority as to] This evaluation shall classify each valve, based on the factors at 2i through xi below, as high or low priority in regard to the need for [installation or retrofit of] a remotely controlled or automatically controlled valve[. This evaluation and prioritization shall include consideration of the following factors]:

i. The [population density] class location, as defined in 49 C.F.R. 192.5, of the valve location;
ii. The amount of time [that would be] and the mechanism required to close the existing valve, based on the size and type of the valve [and the valve operator];
iii. - viii. (No change.)
ix. The [operation] operating conditions of the transmission line;
x. (No change.)
xi. Any other factors that the pipeline operator considers appropriate, subject to the approval of these factors by the Board staff[.];

[2. The plan shall set forth a] 3. A timetable for the installation or retrofit, at each high priority location, of remotely controlled or automatically controlled valves within two years of the date the plan is approved[.]; and

4. A training program for the appropriate operating personnel to ensure that they have a thorough knowledge of, and are qualified to implement, the plan's emergency procedures.

[(b)] (d) Upon receipt of an operator's valve assessment and emergency closure plan, the Board's Bureau of Pipeline Safety shall review and approve the plan, with such modifications as [Bureau] the staff deems necessary, including changes in the prioritization of the valve locations, to ensure the rapid closure in an emergency of any sectionalizing valve on the transmission pipeline.

[(c)] (e)The transmission pipeline operator shall update the valve assessment and emergency closure plan [shall be updated] annually to account for changes in population density, new transmission lines, new valve technology, and other material changes[, and shall be submitted to the Board for review by the Bureau of Pipeline Safety at least once each calendar year, and within an interval not to exceed 15 months]. The operator shall submit the plan to the Board at the following times:

1. If significant changes do not occur, the operator shall submit the plan at least once every two calendar years, and within an interval not to exceed 27 months; and
2. If significant changes occur during the period described in 1 above, the operator shall submit the plan to the Board staff at least once each calendar year, and within an interval not to exceed 15 months.

[(d) A valve assessment and emergency closure plan shall include training for the appropriate operating personnel to ensure that they are knowledgeable of emergency plans and procedures.]

(f) An emergency closure drill that simulates shutting down a selected section of transmission line shall be performed at least once in a calendar year, but within an interval not to exceed 15 months. The operator may conduct a table-top emergency closure drill to meet this requirement for no more than two out of each three calendar years. The operator shall conduct a site-specific emergency closure drill at a field site at least once in every three calendar years.

(g) The operator shall notify Board staff at least five business days prior to performing any emergency closure drill under (e) above. A final audit report of each emergency closure drill shall be submitted to [the] Board staff for review within two months after the emergency closure drill is performed.

[(e)] (h) If an operator believes that information contained in the valve assessment and emergency closure plan merits confidential treatment pursuant to the Open Public Records Act, N.J.S.A. 47:1A-1 et seq. (OPRA), any such purportedly confidential information submitted to the Board shall be specifically identified and marked by the operator and submitted to the Board in compliance with the Board's rules at N.J.A.C. 14:1-12.

(i) Each transmission pipeline operator shall designate a representative or representatives in New Jersey who are familiar with the location and operation of all of the transmission valves required by this section. The names and telephone numbers of these representatives shall be furnished to the Board staff as part of the operator's emergency procedures required by 49 C.F.R. 192.615.

(j) The transmission pipeline emergency representatives required under (i) above shall be available for Board staff to contact as needed during an emergency response.

(k) In addition to any other requirements in the Federal code, each transmission pipeline operator shall furnish the clerk of each municipality through which the pipeline passes with a 24-hour emergency telephone number.

[14:7-1.12 Blow-offs

Automatic blow-off or pressure relieving devices shall be installed in such a manner that the released gas will not present a hazard to nearby persons or property. Manually operated blow-off valves shall be operated in such a manner as to avoid hazard to nearby property or persons.]

14:7-[1.13] 1.11 Installation of pipe

[(a) A pipeline operator shall provide for the inspection, either by the operator or by a contractor, of all pipes during installation and prior to backfilling to assure that the pipe installed will be free of nicks, gouges or other forms of damage which would tend to produce a concentration of stresses or otherwise reduce the strength of the pipe below the minimum required under the applicable provisions of the Federal Code for the service conditions at which it is intended to operate the pipeline.]

(a) All gas pipelines shall be installed with at least twelve inches separation from any other subsurface structure or facility, unless it is not reasonably practicable to so.

(b) If a pipeline operator wishes to install [more than one utility line] gas pipe along with other utilities in a single trench, the operator shall first prepare and submit a joint-trench

installation procedure to the Bureau of Pipeline Safety for review under the procedure established in N.J.A.C. 14:7-[1.37] 1.23 for revisions to operating and maintenance standards. No pipeline operator shall perform a joint-trench installation except in accordance with a joint-trench procedure previously reviewed by the Bureau for consistency with 49 C.F.R. 192.325.

[(c) A pipeline operator shall provide for the inspection of all joint-trench pipe installations, and shall insure that the installation complies with the joint-trench procedures previously reviewed under the procedure established in N.J.A.C. 14:7-1.37 by the Bureau of Pipeline Safety, as well as with the applicable provisions of the Federal Code.]

(c) Backfill around gas pipelines shall be smooth, clean soil or select fill. It shall be free from rock, stones, cinders, paving material, construction debris, wood, contaminated soil, frozen soil, rubbish, or other foreign substances. Backfill material shall be well compacted under, over, and around the sides of the pipe. Compaction of backfill material may be accomplished by mechanical tamping, vibration tamping, or other methods approved by the operator.

(d) Whenever pipe coating is applied, the pipeline operator shall take the following additional precautions:

1. Tests and inspections shall be made before backfill to insure that the coating is adequate and satisfactory;
2. During backfill, precautions shall be taken to insure the coating is not damaged; and
3. On completion of backfill, tests shall be made to ascertain if the coating is adequate and satisfactory.

(e) Any tracer wire installed for locating plastic pipe in accordance with 49 C.F.R. 192.321 shall meet the following requirements, as applicable:

1. Where tracer wire is installed by direct burial, the tracer wire shall be a minimum of #12 AWG solid copper wire with a polyethylene coating, or another coating approved by the operator; and/or
2. Where tracer wire is installed by boring or drilling, the tracer wire shall be #10 AWG solid copper wire with a polyethylene coating, or another coating approved by the operator.

(f) An operator shall place a yellow subsurface marking or warning tape in the backfill material above a transmission or distribution pipeline whenever the pipeline is installed, repaired or replaced, except that this requirement shall not apply to a transmission or distribution pipeline that is being installed, repaired or replaced by directional drilling or boring. For pipes of less than 16 inches in diameter, the operator shall install one six - inch wide tape. For pipes of 16 inches or more in diameter, the operator shall install one 12-inch wide tape, or two 6-inch wide tapes installed side by side.

14:7-[1.14] 1.12 Minimum cover of mains and service lines

(a) Gas [pipelines within the scope of this subchapter] distribution mains shall be installed with a cover of not less than [24] 36 inches above the top of the pipe, except where interference with other subsurface structures makes it impracticable to maintain this depth of cover or where short length replacement sections of distribution mains require offsets that could result in the trapping of liquids, in which event the installed pipe shall be [cased or] protected with [a suitable shield of metal] shielding that conforms with gas industry standards, both in respect to material and manner of installation. [Gas pipelines shall be laid so as to avoid other subsurface structures and such pipelines shall not be laid within the distance of less than 12 inches from any other subsurface structure whenever reasonably practicable to avoid doing so. A structure providing a space in which a substantial volume of an explosive mixture might accumulate in the event that gas escapes from the pipeline shall be avoided when reasonably practicable to do so and preference shall be given to crossing over rather than under such structures.

(b) Whenever conditions permit, gas pipelines within cities and villages shall be laid with a cover of not less than 36 inches above the top of the pipe.]

(b) Gas transmission pipelines shall be installed with a cover of at least 48 inches above the top of the pipe, except where interference with other subsurface structures makes it impracticable to maintain this depth of cover. In such cases, shielding shall be installed that conforms with gas industry standards, both in respect to material and manner of installation.

(c) Whenever conditions permit, gas service lines shall be installed with a cover of not less than 18 inches above the top of the pipe, except where interference with other sub-surface structures or the insertion/lining of service lines makes it impracticable to maintain this depth of cover. In such cases, shielding shall be installed that conforms with gas industry standards, both in respect to material and manner of installation.

14:7-[1.15] 1.13 Projections

Any portion of a pipeline which protrudes above the ground shall be conspicuously painted, marked or fenced or otherwise protected against damage or tampering.

[14:7-1.16 Corrosion control

(a) An operator shall ensure that each buried or submerged metallic pipeline installed after July 31, 1971 has an external protective coating and a cathodic protection system, designed to protect the pipeline in its entirety in accordance with the Federal Code, installed and placed in operation within one year after completion of construction. An operator need not comply with this provision if tests, investigations or experience demonstrate that:

1. In the case of a copper pipeline, a corrosive environment does not exist; or

2. In the case of a temporary pipeline (not to exceed five years of service), corrosion during the life of the pipeline will not be detrimental to public safety.

(b) Each buried or submerged metallic pipeline installed prior to August 1, 1971, shall conform to the requirements as set forth in the Federal Code.

(c) Whenever pipe coating is applied, the pipeline operator shall take the following additional precautions:

1. Tests and inspections shall be made before backfill to insure that the coating is adequate and satisfactory;
2. During backfill, precautions shall be taken to insure the coating is not damaged; and
3. On completion of backfill, tests shall be made to ascertain if the coating is adequate and satisfactory.

(d) After installation of a metallic pipeline, periodic inspection or tests of the line shall be conducted to determine whether or not the pipeline is adequately protected. Each operator shall maintain a suitable log, indicating the character and results of periodic inspection and tests.

(e) An operator shall perform leak detection surveys using leak detection equipment that is at least as reliable and sensitive as flame ionization on all bare and coated cathodically unprotected steel service lines at intervals consistent with the requirements in 49 C.F.R. 192.723. The survey results shall be summarized and maintained by the operator, along with the original surveys. An operator shall replace all bare and coated cathodically unprotected steel service lines within a definable area when records indicate that 20 percent or more of the bare and coated cathodically unprotected steel services within that definable area have exhibited leaks.]

14:7-[1.17] 1.14 Testing

(a) Testing of all natural gas transmission and distribution pipelines shall be performed in accordance with [the provisions of the Federal Code] 49 C.F.R. 192, Subpart J, 192.501 through 192.517, 192.719, and 192.725.

(b) The Board shall be notified at least [two working days] three business days prior to pressure testing of any gas transmission pipeline. Officials of municipalities wherein a line is to be tested shall also be notified in order that proper and adequate police protection may be provided.

(c) When water is used for the testing of a gas transmission or distribution pipeline, suitable provisions shall be made for disposal of the water on completion of the test. Suitable precautions shall also be taken to avoid contamination of local streams or water supplies in the event of a line failure during the testing.

(d) Test pressure [, in accordance with (b) and (c) above,] for any gas transmission pipeline shall be maintained wherever possible for a period of 24 hours but in no event for a period of less than 12 hours. If an operator cannot perform a 24-hour test, the operator shall submit a written request to the Board for approval of a shorter test period, including an explanation of why a 24-hour test is not possible. Board staff will review the request and will determine whether to approve a test period of less than 24 hours.

(e) The operator shall report the test results to Board staff in accordance with N.J.A.C. 14:7-1.26.

[14:7-1.18 Purging

Air shall be purged from pipelines in accordance with the requirements of 49 C.F.R. 192.629.

14:7-1.19 Compressor stations: piping

Gas piping in gas compressor stations shall be installed in accordance with the provisions of the Federal Code applicable to compressor station piping.

14:7-1.20 Compressor stations: relief and pressure limiting devices

Pressure relief or pressure limiting devices of sufficient capacity and sensitivity shall be installed and maintained to assure that the maximum allowable operating pressure of the station piping is not exceeded beyond the amount allowed by 49 C.F.R. 192.169. Suitable provisions shall be made for safely disposing of the gas released from such devices. Periodic tests and inspections shall be made to assure continued sensitivity of these devices.

14:7-1.21 Compressor stations: remote safety shut-downs

Each compressor station with installed horsepower of more than 1,000 and operating at pressures in excess of 250 psig shall be provided with remote emergency shut-down devices which will allow the station to be shut down from a remote point, away from the compressor building.

14:7-1.22 Compressor stations: clearance

Compressor stations to be located on gas pipelines shall not be constructed in areas where such construction is prohibited under applicable zoning regulations and laws. At locations where a compressor station is constructed, the distance between a building that is not under the control of the pipeline operator and is intended for human occupancy and the main compressor room of the compressor station that is intended to operate at pressures in excess of 250 psig shall not be, at the time of construction of the station, less than the distance indicated in the following table:

Installed Horsepower	Distance From Structure

	(in feet)
Under 1,000	250
1,000 and over	500

14:7-1.23 Compressor stations: fire prevention

Supplies of gasoline, lubricants, paints and other similar combustible materials in excess of those required in actual operation shall be stored at a safe distance from the compressor building. Gas engine crankcases shall be vented outside the building with a vent not smaller than the connection provided by the compressor manufacturer. Warning signs adequate to indicate the danger involved shall be placed in conspicuous locations around the compressor station area.

14:7-1.24 Compressor stations: electric installations

1. All electric wiring, fixtures and devices within compressor buildings shall be designed and installed with Article 500 of the edition of the National Electrical code currently recognized by the Federal Code and shall meet the requirements [thereof] for Class I locations[,] ; and [shall also conform to applicable provisions of the edition of the National Electrical Safety Code currently recognized by the Federal Code, incorporated herein by reference.

14:7-1.25 Compressor stations: ventilation

Compressor stations shall be provided with adequate natural draft ventilating devices.

14:7-1.26 Meter and regulator stations: piping

All gas piping in meter and regulator stations shall comply with the requirements of the Federal Code for such piping.]

14:7-[1.27] 1.15 Meter and regulator stations: electric installations

All electric equipment and wiring[, fixtures and devices] in meter, [and] regulator [station buildings], and gate stations shall be designed and installed in accordance with [Article 500 of the edition of the National Electrical Code currently recognized by the Federal Code and shall meet the requirements thereof for Class I locations, and shall also conform to applicable provisions of the edition of the National Electrical Safety Code currently recognized by the Federal Code] all applicable provisions of the National Electrical Code and ANSI/NFPA 70, as effective at the time of installation, incorporated herein by reference, and available at www.NFPA.org.

[14:7-1.28 Meter and regulator stations: general requirements

Meter and regulator stations located on gas pipelines shall be designed, constructed, operated and maintained in accordance with the Federal Code.]

14:7-[1.29] 1.16 Odorization

(a) All gas in natural gas pipelines shall meet the standard for odorization in [the Federal Code] 49 C.F.R. 192.625.

(b) Any gas having an insufficient odor of its own to serve as a warning agent in the event of the escape of unburnt gas shall be odorized with a suitable odorant. The Board shall be notified of the type of odorant used and the rates at which it will be added to the gas and the location of any odorization stations located within the State. A suitable log shall be kept showing the quantity of odorant added and the volume of gas odorized.

(c) An operator shall make periodic tests, on at least a [quarterly] monthly basis, at various end points in each system, to determine the adequacy of the odorization of the gas [and a] . The operator shall make and maintain a suitable record of [such] each test [should be maintained].

(d) The operator shall immediately report any indication of insufficient levels of odorant to the Board's Bureau of Pipeline Safety, regardless of how the operator becomes aware of such indication.

[(b)] (e) Equipment for introduction of the odorant into the gas shall be so designed as to provide a uniform level of odor in the gas. The equipment and facilities for handling the odorant shall be located where the escape of odorant would not be a nuisance.

14:7-[1.30] 1.17 Accidents and service interruptions – reporting

(a) Each gas pipeline operator shall comply with the procedures for reporting accidents, set forth at N.J.A.C. 14:2-4.4, [14:2-6.5] and N.J.A.C. 14:3-6.4, 6.5 and 6.6.

[14:7-1.31 Interruptions]

(b) Service interruptions affecting customers of gas pipeline operators in New Jersey shall be reported to the Board [promptly by the speediest means of communications available] in accordance with N.J.A.C. 14:3-3.7. However, interruptions to service made in accordance with provisions set forth in contracts between gas pipeline operators and their customers need not be reported.

14:7-[1.32] 1.18 Proposed construction

At least [30] 45 calendar days prior to the construction or major reconstruction of any gas pipeline intended to be subjected to pressure in excess of 125 psig, a report shall be filed with the [Board] Board's Bureau of Pipeline Safety setting forth the specifications of such pipeline.

14:7-[1.33 Compliance; supplementary data on tests] 1.19 Testing prior to transmission pipeline operation

(a) Before a transmission pipeline is placed in operation, a statement shall be submitted to the Board certifying that the pipeline has been tested and meets the requirements of [the Federal Code and other rules herein] 49 C.F.R. 192, Subpart J, 192.501 through 192.517 and this chapter for the maximum [service] operating pressure [at which it will be operated]. This statement shall also include:

1. [Pressures at which the lines were tested] Test records, recording charts, and calibration reports confirming the pressure tests;
2. The computation of maximum allowable [working] operating pressures in conformity with the provisions of the Federal Code; and
3. The results of leakage or tightness tests made on the line.

[(b) No gas pipeline shall be operated at pressures in excess of the pressure for which it was certified to the Board.]

14:7-[1.34] 1.20 Monthly inspection patrols and leak detection surveys

(a) Each transmission pipeline operator shall [have a patrol] implement an inspection program with inspection patrols at least once per month in Class 3 and Class 4 locations, to observe surface conditions on and adjacent to the transmission pipeline right-of-way for indications of leaks, construction activity, and other factors affecting safety and operation.

(b) An operator shall perform leak detection surveys on all bare and coated cathodically unprotected steel distribution lines, at intervals that are, at a minimum, consistent with 49 C.F.R. 192.723. In addition, the operator shall perform more frequent surveys as the operator deems necessary based on leak history, leaks discovered by the public, and operating pressure.

(c) The leak detection surveys required under (b) above shall be performed using leak detection equipment that is at least as reliable and sensitive as flame ionization.
(d) An operator shall replace all bare and coated cathodically unprotected steel service lines within a definable area when records indicate that 20 percent or more of the bare and coated cathodically unprotected steel services within that definable area have exhibited leaks.

(e) The operator shall summarize and maintain all leak detection survey results along with the data collection notes and records of all surveys. The operator shall evaluate the results and identify and consider trends when making decisions regarding pipe replacement and the frequency of future surveys.

(f) Each operator shall report to the Board any leaks or other conditions that may affect safety or operations, which are discovered by patrols or by any other means, on a quarterly basis in a format provided by the Board's Bureau of Pipeline Safety.

14:7-[1.35] 1.21 Public outreach

(a) (No change.)

(b) Each operator that is a public utility shall [offer to] meet on at least an annual basis with appropriate fire, police, and other public officials of each municipality through which its transmission pipeline traverses as part of the liaison required pursuant to (a) above. An operator shall maintain records of its [attempts to meet] outreach meetings with local officials [and of] , including attendance and the basic topics covered at these meetings [and] . The operator shall make such records available for inspection by Board staff. If an annual outreach meeting was not held with a municipality through which a transmission pipeline traverses, the operator shall notify the Board's Bureau of Pipeline Safety and shall provide justification for not holding an outreach meeting with the municipality.

(c) (No change.)

(d) In addition to meeting the requirements in this section, an operator's public outreach program shall meet the minimum requirements of RP 1162, as referenced in 49 C.F.R. 192.616.

14:7-[1.36] 1.22 Damage prevention

(a) A transmission pipeline operator shall make all reasonable efforts to provide on-site inspection oversight immediately prior to and during any excavation or backfilling, and for bored or horizontal directionally drilled installations, of which the operator is notified by the One Call System operator pursuant to [N.J.S.A. 48:2-73 et seq.] N.J.A.C. 14:2, that exposes, [or] potentially exposes, or crosses the operator's transmission pipeline. An operator shall maintain documentation of its efforts to provide oversight and shall make such documentation available to Board staff upon request.

[(b) An operator shall place a yellow subsurface marking or warning tape in the backfill above a transmission or distribution pipeline whenever the pipeline is installed, repaired or replaced, except that this requirement shall not apply to a transmission or distribution pipeline that is being installed, repaired or replaced by directional drilling or boring.]

(b) An operator shall comply with all applicable requirements of the Board's One-Call Damage Prevention System rules at N.J.A.C. 14:2. In addition, each operator shall take steps to develop the ability to electronically provide all information necessary to enable the operator's markout personnel to readily determine if the operator provides natural gas service to a particular location, such as the ability to determine if the customer is being billed, and where the operator's underground gas lines are located.

(c) When an operator becomes aware of a potential high risk excavation as a result of a markout request from the One Call center, the operator shall do all of the following, as applicable:

1. If a proposed excavation is in close proximity to and/or crosses a transmission pipeline, the transmission pipeline operator shall provide for sufficient on-site inspection to ensure that the excavator takes all precautions when working around the transmission pipeline;
2. If a deep excavation is proposed in close proximity to and/or crossing underground gas transmission or distribution facilities, with the potential to cause undermining of the gas facilities and/or cave-ins of surrounding soil, the operator shall coordinate with the excavator to ensure the protection and support of the underground gas facilities in accordance with the support provisions in the one-call rules at N.J.A.C. 14:2-3.3;
3. If a proposed excavation is in close proximity to and/or crosses underground gas distribution facilities, the operator shall evaluate the need to provide on-site inspection or continuing surveillance of the excavation activities, and shall provide such inspection or surveillance if necessary;
4. Take appropriate actions to:
    i. Check and verify clear access to gas valves that may be operated; and
    ii. Establish emergency contact information with the excavator; and
5. In preparation for potential high risk excavations around underground gas facilities, the operator shall provide training to operator personnel regarding appropriate actions to ensure the protection of operator facilities.

14:7-[1.37 Revisions to] 1.23 Approval of operating and maintenance standards

(a) A pipeline operator shall not adopt or revise any operating and maintenance standard that affects the frequency or performance of inspections, investigations, surveys, or testing, without submitting the new standard or revision to the Bureau of Pipeline Safety for review to determine if the new standard or revision will adversely affect or otherwise downgrade the current level of compliance with the safety requirements of 49 C.F.R. 192.603, 192.605 and this chapter.

(b) The pipeline operator shall submit [the] a proposed standard or revision to the Bureau of Pipeline Safety at least [30 business] 45 calendar days prior to implementing the [revised] operating and maintenance standard. The submittal shall demonstrate that the [revisions] new or revised standard will not decrease the level of safety [provided by 49 C.F.R. 192] described in (a) above.

(c) If the Bureau of Pipeline Safety finds that the proposed standard or revision affects the ability of the pipeline operator to [meet the safety requirements of 49 C.F.R. 192] meet or improve the current level of safety, the Bureau shall notify the operator within [30 business] 45 calendar days after receiving the proposed standard or revision to not institute the proposed standard or revision, and shall provide the operator with one opportunity to resubmit an updated proposal. The Bureau will accept, modify, or deny the resubmitted proposal within [10 business] 30 calendar days after receiving the proposal.

(d) If the Bureau does not notify the operator under [this section] (c) above within [30 business] 45 calendar days after receiving the initial proposed standard or revision, the operator may implement the standard or revision. Notwithstanding this subsection, the Bureau shall require the operator to amend its operation and maintenance standards as necessary if those standards are later discovered to [fail] be inadequate to ensure operator compliance with the safety requirements of [49 C.F.R. 192] (a) above.

14:7-1.24 Oversight of construction activity

(a) A pipeline operator shall provide for the inspection of all pipes during their installation, and prior to backfilling, in order to assure that the pipe installed is free of nicks, gouges or other forms of damage which would tend to reduce the strength of the pipe below the minimum required under the Federal Code and this chapter. This inspection shall be performed by the operator or by a qualified inspection contractor.

(b) A pipeline operator shall ensure that each contractor crew performing work on behalf of the operator is inspected by the operator's inspectors at least once each work day.

(c) A pipeline operator shall employ only inspectors that are qualified, by knowledge and experience, in all areas of work that will be inspected, and who meet all requirements of the operator's program for qualification of pipeline personnel, established under 49 C.F.R. 192, Subpart N, 192.801 through 192.809, and approved by the Board's Bureau of Pipeline Safety in accordance with N.J.A.C. 14:7-1.23.

(d) A pipeline operator shall establish and maintain quality assurance/quality control inspection records for all work performed, whether by operator employees or contractors. At a minimum, each inspector shall document and perform the following for each crew inspected during a quality assurance/quality control inspection:

1. Verify whether construction personnel meet all requirements of the operator's Bureau of Pipeline Safety-approved program for qualification of pipeline personnel for the work being performed;
2. Assess whether all applicable operator standards and procedures are followed correctly;
3. Document inspector recommendations for addressing any deficiencies found during the inspection;
4. Check Fuser and/or Welder qualification cards or records;
5. Check the condition of all heating plates used for plastic fusion;
6. Check the temperature of all heating plates used for plastic fusion;
7. Check the date of manufacture stamped on all plastic pipe in use to ensure compliance with American Society for Testing & Materials (ASTM) D-2513;
8. Check the depth of the pipe installation;
9. Check the distance of the pipeline from other structures;
10. Check the condition of all job-site fire extinguishers;
11. Check pressure gauges;
12. Check the storage, handling, and condition of pipe and coating; and

13. Check for evidence of mark-outs related to the Board's one-call rules at the project site.

(e) A pipeline operator shall ensure the inspection and calibration of all equipment, including but not limited to equipment used for cathodic protection, pipe jeeping, leak detection, plastic fusion, and pressure testing, which is used in construction, operations, and maintenance activities, in accordance with the frequencies defined in the manufacturers' procedures and specifications. Inspection stickers shall be attached to all such equipment, indicating the date of the most recent inspection and/or calibration. The operator shall maintain records of all periodic inspections and calibrations.

(f) A pipeline operator shall provide for the inspection of all joint-trench pipe installations, and for inspectors to witness 100% of trench backfilling operations associated with joint-trench installations.

14:7-1.25 Directional drilling operations

(a) A pipeline operator shall develop guidelines for horizontal directional drilling (HDD) and shall include these guidelines, subject to review by the Board's Bureau of Pipeline Safety under N.J.A.C. 14:7-1.23, in the operator's operating and maintenance standards.

(b) The guidelines required under (a) above shall establish minimum clearances between the pipeline to be installed by HDD and existing subsurface facilities.

(c) Prior to the start of any HDD work that will be in proximity to and/or will cross gas pipelines subjected to or intended to be subjected to pressure in excess of 125 psig, the pipeline operator shall prepare proposed horizontal directional drilling (HDD) plan and profile drawings. The drawings shall depict all subsurface facilities in proximity to and/or crossing the proposed HDD alignment.

(d) Prior to any proposed HDD operation, the operator shall locate all existing subsurface facilities by test-hole excavation to verify the proposed HDD alignment.

(e) A pipeline operator shall ensure the safety of all gas lines and other subsurface facilities that will be crossed during an HDD operation, as follows:

1. Instrumentation that is approved by the operator to accurately locate the drilling/reaming head during HDD operations shall be provided, used, and maintained so as to assure appropriate clearances; or
2. If the instrumentation required under 1 above is not used to accurately locate the drilling/reaming head, the facilities that will be crossed shall be exposed on the side that will be crossed, prior to the crossing, in order to ensure appropriate clearances.

(f) A pipeline operator shall do one of the following to ensure the integrity of plastic pipe that is installed using HDD:

1. Utilize "window" excavations to view each section of plastic pipe as it is pulled in, so as to verify that the HDD pipe has not been damaged. The operator shall determine the number of "window" excavations needed for pipe inspection commensurate with the length of the HDD operation; or
2. Provide Bureau of Pipeline Safety staff with documentation to show that "window" excavations are not necessary because the soil characteristics and conditions will not adversely affect the plastic pipe during the HDD operations.

(g) A pipeline operator shall ensure that any pipe that is to be pulled in a HDD operation is supported during the operation as follows:

1. All coiled pipe shall be supported by a turntable type device; and
2. All straight pipe shall be supported by roller assemblies.

(h) A pipeline operator shall have an inspector physically present on site at all times when subsurface facilities are being crossed by HDD. An inspector shall also witness and document all pipe inspections at "window" excavations conducted under this section.

14:7-1.26 Operator reporting requirements

(a) A pipeline operator shall report to Board staff all information required under this section. All reporting shall be done electronically if practicable, unless another method is required by Board staff.

(b) A pipeline operator shall report the location of all pipeline construction work in progress to Board staff upon request, or periodically as required by Board staff.

(c) A pipeline operator shall provide a copy of the following to the Board's Bureau of Pipeline Safety each year, not later than March 15, covering the preceding calendar year:

1. The Distribution System Annual Report required under 49 C.F.R. 191.11. This report shall be submitted to the Board on U.S. Department of Transportation Form RSPA F 7100.1-1;
2. The Transmission System Annual Report required under 49 C.F.R. 191.13 and 191.17. This report shall be submitted to the Board on U.S. Department of Transportation Form RSPA F7100.2-1; and
3. The following year-end inventories, submitted in a format provided by the Bureau of Pipeline Safety:
   i. Total miles of cast iron mains, listed by pipe diameter and system operating pressure; and
   ii. Total number of cast iron breaks, listed by pipe diameter and system operating pressure.

(d) A pipeline operator shall provide a copy of the following to the Board's Bureau of Pipeline Safety within the applicable deadlines:

1. Leak classification status report indicating the number of open, unrepaired leaks by grade classification, submitted by January 31 of each year, for the preceding calendar year, in a format provided by the Bureau of Pipeline Safety;
2. Excess flow valve (EFV) actuation report, indicating the quantity and location of EFV actuations (closures), listed by the cause of actuation. This report shall exclude actuations associated with operations and maintenance activities of the operator, and shall be submitted by January 31 of each year, for the preceding calendar year, in a format provided by the Bureau of Pipeline Safety;
3. The operator's Transmission Pipeline Integrity Management Performance Measures Report, required under 49 C.F.R. 192.945. These reports shall be submitted to the Board as follows:
   i. The report covering January 1 through June 30th shall be submitted no later than August 31st of the same year; and
   ii. The report covering January 1 through December 31st shall be submitted no later than February 28th of the following year;
4. Cathodic protection status reports indicating compliance with monitoring and remediation of protected structures, submitted quarterly in a format specified by the Bureau of Pipeline Safety;
5. Incident reports required under 49 C.F.R. 191.9 and 191.15, submitted within the applicable deadline in the Federal Code;
6. Safety-related condition reports required under 49 C.F.R. 191.23, 191.25, and 191.27, submitted within the applicable deadline in the Federal Code;
7. All notifications submitted to the U.S. Department of Transportation Pipeline and Hazardous Materials Safety Administration (PHMSA); for example, a notification required by 192.949 for Gas Transmission Pipeline Integrity Management; and
8. Pressure test records for all gas transmission pipelines, submitted within one month after the test date, and including all of the following:
   i. Pressure and temperature recording charts;
   ii. Dead weight test records;
   iii. Other records of pressure and temperature readings; and
   iv. Calibration records for recording instruments.

(e) A transmission pipeline operator shall submit to Board staff its valve assessment and emergency closure plan and emergency closure drill audit reports in accordance with the schedule set forth in N.J.A.C. 14:7-1.10.

SUBCHAPTER 2. [NOTICES OF PROBABLE] VIOLATIONS, INFORMAL CONFERENCES, CIVIL ADMINISTRATIVE PENALTIES AND [REQUESTS FOR] ADJUDICATORY HEARINGS

14:7-2.1 Scope and purpose

(a) This subchapter shall govern the Board's assessment of civil administrative penalties for violations of this chapter and any law, rule, regulation or order pertaining to natural gas pipeline safety, including violations of the Underground Facility Protection Act [(P.L. 1994, c.118)] , N.J.S.A. 48:2-73 et seq., pertaining to natural gas pipeline safety, gas

pipeline distribution facilities, hazardous liquid underground pipelines or hazardous liquid distribution facilities, in accordance with N.J.S.A. 48:9-33 and N.J.S.A. 48:2-86.

(b) The Board may impose a civil administrative penalty by means of a Notice of Probable Violation (NOPV) followed by a Final Order of Penalty Assessment (FOPA); through an Administrative Order and Notice of Civil Administrative Penalty Assessment (AONOCAPA); or as otherwise permissible by law. The amount of the penalty shall be determined in accordance with N.J.A.C. 14:7-2.7.

(c) This subchapter shall also govern the procedures for issuing Notices of Probable Violations and Notices of Civil Administrative Penalty Assessment, requesting an informal conference, and requesting an adjudicatory hearing on [a] an Administrative Order and Notice of Civil Administrative Penalty Assessment [or an administrative order].

(d) For purposes of this subchapter, "violation" means a violation of any law, rule, regulation or order pertaining to natural gas pipeline safety; including any violation of the Underground Facility Protection Act, N.J.S.A. 48:2-73 et seq., that pertains to natural gas pipeline safety, gas pipeline distribution facilities, hazardous liquid underground pipelines or hazardous liquid distribution facilities.

[14:7-2.2 (Reserved)]

14:7-[2.3] 2.2 Notices of probable [violations and informal conferences] violation

(a) Upon discovery of a probable violation [of any law, rule, regulation or order pertaining to natural gas pipeline safety, including violations of the Underground Facility Protection Act (P.L. 1994, c.118) pertaining to natural gas pipeline safety, the Division of Service Evaluation], Board staff may issue a written Notice of Probable Violation to the alleged violator. The NOPV shall be served in accordance with the New Jersey Office of Administrative Law's procedural rules at N.J.A.C. 1:1-7.

(b) The Notice of Probable Violation shall:

1. [state] State the facts which constitute the probable violation [and identify];
2. Identify the provision of law, rule, regulation or order violated;
3. Identify the maximum permissible penalty for the violation;
4. Include a form of Answering Certification, to be completed and submitted by the alleged violator;
5. Notify the alleged violator of both of the following:
   i. Failure of the alleged violator to submit the Answering Certification within the deadline in N.J.A.C. 14:7-2.3(a) may result in Board findings as to the violation(s) in the NOPV through issuance of a Final Order of Penalty Assessment (FOPA), which may include the maximum penalty permissible by law, without further prior notice to the alleged violator; and
   ii. The alleged violator may contest the NOPV in accordance with N.J.A.C. 14:7-2.3(b). If an alleged violator contests the NOPV, the Board may issue an

Administrative Order and Notice of Civil Administrative Penalty Assessment in accordance with N.J.A.C. 14:7-2.5, in which case the alleged violator may request a hearing in accordance with N.J.A.C. 14:7-2.6.

(c) The Notice of Probable Violation may include an offer of settlement or compromise.

(d) The Board or its staff may withdraw a Notice of Probable Violation at any time.

14:7-2.3 Response by alleged violator to Notice of Probable Violation

[(b) The party cited] (a) The alleged violator shall respond to the Notice of Probable Violation [in writing] by submitting the completed Answering Certification to the Board's Division of Reliability and Security within 14 business days [of receipt of] after receiving the Notice of Probable Violation and form of Answering Certification. The alleged violator shall submit the Answering Certification regardless of whether the alleged violator wishes to contest the NOPV.

(b) If the alleged violator wishes to contest the NOPV, the alleged violator shall indicate this on the Answering Certification. Board staff may hold [The response may include a request for] an informal conference with the [Division and the Bureau]alleged violator.

(c) [The] Following the alleged violator's submittal of the Answering Certification, the Notice of Probable Violation may be resolved informally [following the alleged violator's response and informal conference, if any]; and/or the staff [of the Division] and the alleged violator may enter into a written settlement agreement, which shall be presented to the Board for approval.

[(d) If the Notice of Probable Violation is not resolved following the informal procedure set forth in (b) and (c) above, the Board may proceed with the Administrative Order and Notice of Civil Administrative Penalty Assessment procedure as set forth in N.J.A.C. 14:7-2.4 and 2.5.

(e) The procedure set forth] (d) Nothing in this section or in N.J.A.C. 14:7-2.2 shall [not] prevent the Board from issuing an Administrative Order and Notice of Civil Administrative Penalty Assessment pursuant to [N.J.A.C. 14:7-2.4 and 2.5] this subchapter at any time upon discovery of a probable violation [of any law, rule, regulation or order pertaining to natural gas pipeline safety, including violations of the Underground Facility Protection Act (P.L. 1994, c.118) pertaining to natural gas pipeline safety], nor shall [the procedures in] this section be deemed to affect the availability of any other enforcement provision provided for by law, in connection with the probable violation.

(e) If the NOPV is not resolved informally under this section, Board staff may present the matter to the Board for further action as determined by the Board, which may include, but shall not be limited to, the issuance of an AONOCAPA.

14:7-2.4 Failure of alleged violator to submit Answering Certification

(a) If the alleged violator fails to submit the Answering Certification within the deadline at N.J.A.C. 14:7-2.3(a), or fails to attend a hearing or conference as required under this subchapter, the alleged violator shall be deemed in default.

(b) If an alleged violator is in default, Board staff may present the NOPV to the Board for findings and issuance of a Final Order of Penalty Assessment (FOPA), without further notice to the alleged violator. Board Staff shall also present proof of service of the NOPV in accordance with N.J.A.C. 1:1-7.2.

(c) If the Board finds one or more violations as set forth in the NOPV in a FOPA, the Board may assess the maximum penalty authorized by law for the violation without further prior notice to the violator and without further opportunity for the violator to contest the penalty.

(d) In determining the appropriate amount of a civil administrative penalty after a default, the Board shall not be bound by any compromise or settlement offer made to the alleged violator by Division staff, and shall apply the standards in N.J.A.C. 14:7-2.7.

(e) Payment of a civil administrative penalty assessed under this section is due on the tenth day following service upon the alleged violator of the Board's FOPA or as otherwise specified by the Board.

14:7-[2.4] 2.5 [Procedures for assessment and payment of civil administrative penalties] Notice of Administrative Order and Civil Administrative Penalty Assessment (AONOCAPA)

(a) [In order to assess a civil administrative penalty under the authority of N.J.S.A. 48:9-33, for violation of any law, rule, regulation or order pertaining to natural gas pipeline safety, or for violations of the Underground Facility Protection Act (P.L. 1994, c.118) pertaining to natural gas pipeline safety, the Board shall, by means of an Administrative Order and Notice of Civil Administrative Penalty Assessment,] In addition to the Notice of Probable Violation which can be issued by Board staff under N.J.A.C. 14:7-2.3, the Board may at any time issue an Administrative Order and Notice of Civil Administrative Penalty Assessment (AONOCAPA).

(b)The Board shall serve an AONOCAPA in accordance with N.J.A.C. 1:1-7.2.

(c) The Board may, in its discretion, assess a civil administrative penalty for more than one offense in a single Administrative Order and Notice of Civil Administrative Penalty Assessment or in multiple Administrative Orders and Notices of Civil Administrative Penalty Assessment.

(d) [The Administrative Order and] An Administrative Order and Notice of Civil Administrative Penalty Assessment shall:

1. Identify the provision of the law, rule, regulation or order alleged to have been

violated;
2. Concisely state the facts which constitute the alleged violation;
3. Order such alleged violation to cease;
4. Specify the amount of the civil administrative penalty to be imposed; and
5. Notify the alleged violator of the right to request an adjudicatory hearing pursuant to the procedures in N.J.A.C. 14:7-[2.5] 2.6. If no hearing is requested, the penalty set forth in the AONOCAPA will be due and owing on the 21st day following service on the alleged violator, without further notice.

[(b) Payment of the civil administrative penalty is due upon receipt by the alleged violator of the Board's Final Order in a contested case or when an Administrative Order and Notice of Civil Administrative Penalty Assessment becomes a Final Order, as follows:]

(e) [1.] If no hearing is requested on an AONOCAPA pursuant to [the procedures in N.J.A.C. 14:7-2.5] N.J.A.C. 14:7-2.6, an Administrative Order and Notice of Civil Administrative Penalty Assessment shall become a Final Order, and the penalty in the AONOCAPA shall become due and owing, on the 21st day following [receipt] service of the Administrative Order and Notice of Civil Administrative Penalty Assessment [by] on the violator[;].

(f) [2.] If a hearing is requested but the Board denies the hearing request[,] pursuant to [the provisions of N.J.A.C. 14:7-2.5] N.J.A.C. 14:7-2.6, an Administrative Order and Notice of Civil Administrative Penalty Assessment shall become a Final Order, and the penalty in the AONOCAPA shall become due and owing, upon [receipt by] service on the violator of notice of [such] the hearing request denial[; or].

(g) [3.] If an adjudicatory hearing is requested and conducted in accordance with N.J.A.C. 14:7-2.6, an Administrative Order and Notice of Civil Administrative Penalty Assessment shall become a Final Order upon [receipt by] service on the violator of a Final Order in [a] the contested case.

14:7-[2.5] 2.6 [Procedures to request an adjudicatory hearing to contest an administrative order and notice of civil administrative penalty assessment and procedures for conducting adjudicatory hearings] Adjudicatory hearings

(a) To request an adjudicatory hearing to contest an Administrative Order and Notice of Civil Administrative Penalty Assessment issued pursuant to [N.J.S.A. 48:9-33] this subchapter, the alleged violator shall submit the following information in writing to the Secretary of the Board, Attention: Adjudicatory Hearing Request/Pipeline Safety, Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102:

1. (No change.)
2. The alleged violator's defenses, stated in short and plain terms, to each of the Board's preliminary findings of fact contained in the Administrative Order and Notice of Civil Administrative Penalty Assessment;
3. An admission or denial of each of the Board's preliminary findings of fact

contained in the Administrative Order and Notice of Civil Administrative Penalty Assessment. If the alleged violator is without knowledge or information sufficient to form a belief as to the truth of a finding, the alleged violator shall so state and this shall have the effect of a denial. A denial shall fairly meet the substance of the findings denied. When the alleged violator intends, in good faith, to deny only a part of or qualify a finding, the alleged violator shall specify so much of it as true and material and deny only the remainder. The alleged violator may not generally deny all of the findings but shall make all denials as specific denials of designated findings. For each finding denied, the alleged violator shall allege the fact or facts as the alleged violator believes it or them to be;

4. - 6. (No change.)

(b) If the Board does not receive the hearing request within 20 days after [receipt by] service on the violator of the Administrative Order and Notice of Civil Administrative Penalty Assessment being challenged, the Board shall deny the hearing request.

(c) If the alleged violator fails to include all the information required by (a) above or if upon review of the submission, the Board determines that there is no dispute of material facts, the Board may deny the hearing request.

(d) (No change.)

14:7-[2.6] 2.7 Civil administrative penalty determination

(a) The Board may assess a civil administrative penalty of not more than [$25,000] $100,000 for each violation, for each day the violation persists, up to a maximum of [$500,000] $1,000,000 for any related series of violations, against each person who violates the provisions of any law, rule, regulation or order relating to natural gas pipeline safety, including violations of the Underground Facility Protection Act [(P.L. 1994, c.118)] , N.J.S.A. 48:2-73 et seq., pertaining to natural gas pipeline safety, gas pipeline distribution facilities, hazardous liquid underground pipelines or hazardous liquid distribution facilities.

(b) - (c) (No change.)