



Agenda Date: 6/14/07  
Agenda Item: 6A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center**  
**Newark, NJ 07102**  
**www.bpu.state.nj.us**

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION AND	)	DECISION AND ORDER
REPORT OF NEW JERSEY NATURAL GAS	)	
COMPANY FOR AUTHORIZATION AND	)	
APPROVAL OF THE INSTALLATION OF A	)	
TRANSMISSION PIPELINE PURSUANT TO	)	
<u>N.J.A.C. 14:7-1.4</u>	)	DOCKET NO. GO07020142

(SERVICE LIST ATTACHED)

BY THE BOARD:

On February 28, 2007, New Jersey Natural Gas Company ("Petitioner" or "NJNG") filed a petition with the New Jersey Board of Public Utilities ("Board"), pursuant to N.J.A.C. 14:7-1.4, for authorization to relocate, replace and increase in size approximately 36,900 feet of an existing 10-inch gas transmission pipeline, known as the Franklin Line, with a maximum allowable operating pressure ("MAOP") of 525 pounds per square inch gauge ("psig") in the Townships of Old Bridge, in Middlesex County, and Marlboro, in Monmouth County, New Jersey ("Proposed Pipeline").<sup>1</sup>

The Franklin Line, which is about 17.9 miles in length and has an MAOP of 525 psig, starts at the Old Bridge Station located on Old Bridge Turnpike in the Township of East Brunswick and ends at the Parmly Road Station in Tinton Falls. The line is fed by Petitioner's Sayreville transmission pipeline through the Old Bridge Station that transports natural gas supplied from either Texas Eastern Transmission Corporation or Transcontinental Gas Pipeline Corporation ("Transco").

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<sup>1</sup>This section of main is being replaced as the fourth phase of a systematic routine maintenance program for the Franklin Line designed to meet federal pipeline integrity management requirements set out in Part 192 9f Title 49 of the Code of Federal Regulations by 2008. The other phases were approved by the Board by Orders dated September 15, 2005, in Docket Nos. GE05070643 and GO04121540, and June 22, 2006, in Docket No. GO06030229.

While the pipeline route for both the existing Franklin Line and that portion of it designated as the Proposed Pipeline is relatively the same, the section of the Franklin Line to be replaced, which was constructed between 1950 and 1952, will be increased in size from 10-inches to 20-inches as part of a systematic routine maintenance program.<sup>2</sup> Connections for in-line inspection launching and receiving equipment will also be installed to facilitate line inspections with smart pigs. NJNG noted that it plans to begin construction of this project as soon as it receives Board approval.

The scope of this project is set out in Exhibit A attached to the filing and reflects that the Proposed Pipeline route will start near the intersection of Southwood Drive and State Highway Route 18 in Old Bridge and run south along Route 18 for approximately 13,274 feet and then turn east on Spring Valley Road and continue for approximately 14,681 feet to Tennent Road in Marlboro. At that point, the Proposed Pipeline will connect to an existing 20-inch transmission main located in an existing easement running through Block 170, Lot 7 and then start again at the northeast corner of that property and run east for approximately 4,033 feet through easements located on Block 170, Lots 8.02 and 35, and Block 169, Lots 26 and 2 until it reaches State Highway Route 79 where it turns south for approximately 836 feet to the intersection with Conover Road. At that point, the Proposed Pipeline turns southeast and runs for about 4,076 feet to a point approximately 100 feet southeast of the intersection of Imbrie Place and Conover Road in Marlboro.

N.J.A.C. 14:7-1.4 provides, in pertinent part:

Gas pipelines which are to be operated at a maximum pressure in excess of 250 psig shall not be operated or installed within 100 feet of any building intended for human occupancy. . . unless such operation or installation is authorized and approved by the Board.

The Proposed Pipeline will have the same MAOP as the existing pipeline – 525 psig. Once replacement of the entire Franklin Line is completed, NJNG plans to increase the MAOP to 722 psig which is the same MAOP as its existing Jamesburg Line.<sup>3</sup> The relocation changes the number of structures intended for human occupancy within 100 feet of the centerline of the project from 34 structures to 48 structures of which 7 structures are commercial and 41 structures are residential. In Exhibit B attached to its filing, NJNG has shown the block and lot numbers, the names and addresses of the property owners, and the distance of the structures from the centerline of the Proposed Pipeline. Petitioner has notified all the property owners of the proposed construction and has also notified and met with officials of the affected municipalities. In addition, after appropriate notice by newspaper publication and by direct mailing to the affected property owners and municipal officials, the Board conducted a public hearing in this matter on April 19, 2007, at 7:00 PM at the Old Bridge Township Hall. No public officials or members of the public appeared at the hearing for the purpose of making a statement for the record related to the Proposed Pipeline.

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<sup>2</sup>In response to an inquiry by Board Staff, Petitioner advised the Board that the reasons for the increase in the size of the Franklin Line from 10-inches to 20-inches is: (1) to increase operational flexibility allowing NJNG to route natural gas through different pipelines when certain sections of its system requiring maintenance or smart pigging; (2) to enable NJNG to take more supply from Transco when such action would help to reduce gas costs and increase supply diversity; and (3) to strengthen system reliability in the event that an adjacent pipeline encounters operational problems during peak season conditions.

<sup>3</sup>NJNG's intent to eventually operate the Proposed Pipeline at an MAOP of 722 psig was set out in its petition as well as the letter of its Director, Regulatory Affairs dated June 1, 2007.

The record reflects that no other alternate routes are readily available for the proposed pipeline due to the configuration of the present road system and the residential development of the area. The engineering specifications related to the project are set out in Exhibit C to the filing. The Proposed Pipeline will be constructed of 20-inch outside diameter pipe with a 0.375-inch wall thickness. It will be manufactured in accordance with the applicable American Petroleum Institute Standard 5LX with a specified minimum yield strength of 60,000 pounds per square inch (psi) and a minimum tensile strength of 75,000 psi. The Proposed Pipeline will be constructed in accordance with N.J.A.C. 14:7-1.1 et seq. and the Federal Regulations for the Transportation of Natural and Other Gas By Pipeline, Part 192, Title 49 of the Code of Federal Regulation. The Proposed Pipeline is designed for Class 4 Location and will be designed to accommodate future in-line inspection devices. The Proposed Pipeline will be subjected to 100% non-destructive testing on all welds and to hydrostatic test pressures of at least 2,025 psig, which will produce 90% of its Specified Minimum Yield Strength. As a result, the new section of 20-inch main will be qualified for a MAOP of 900 psig.

NJNG has agreed to implement several additional measures which will enhance the safety and integrity of the Proposed Pipeline, as follows:

1. NJNG will provide a qualified, full-time inspector on each work crew during the construction process in order to ensure that the Proposed Pipeline is being constructed properly and in accordance with all approved procedures;
2. NJNG will install a 6-inch wide (as compared to the standard 3-inch wide) subsurface warning tape in the trench along the entire project to serve as an additional warning to subsequent excavators alerting of the presence to the gas pipeline buried below; and
3. NJNG will install the Proposed Pipeline with a minimum depth of 48 inches of cover (as compared with the standard cover of 36 inches), as an extra measure of reducing the risk of potential third-party damage.

The potential negative impacts on the State's smart growth policy goals will be minimal. This project is not an extension and is not being built in response to an application for service by an individual person. Therefore, it is not subject to the Board's Main Extension rules at N.J.A.C. 14:3-8. High pressure transmission pipelines of this nature are not normally tapped to provide distribution of gas service directly from some mid-point along the line. Given this fact, it is difficult to determine the impact of such a pipeline on development patterns. Development would most likely be associated with the distribution system on either end of the pipeline. That distribution would likely be subject to the Main Extension rules.

The relocation and replacement of this portion of the Franklin Line is part of a systematic maintenance program that increases the relocated portion from 10-inches to 20-inches in order to match the remainder of the pipeline. As indicated above, this will allow Petitioner to smart pig the line as part of its pipeline integrity program. In addition, the improvement also cuts out a choke in NJNG's system and will give Petitioner a solid 20-inch line from the Old Bridge Station in East Brunswick to the Parmly Road Station in Tinton Falls which will give NJNG greater diversity in its supplier selection in an effort to maximize cost savings that may be available in the interstate gas market.

The Bureau of Pipeline Safety of the Board's Division of Reliability and Security has reviewed the filing and record in this matter and recommends approval of the relief requested. In comments submitted on May 31, 2007, and supplemented by electronic mail submitted on June 1, 2007, the Division of Rate Counsel stated that it had no objections to the approval of the relief requested provided that said approval neither fixes the value of any asset owned or to be owned by the Petitioner nor affects the Board's regulatory authority over the Petitioner, including rates.

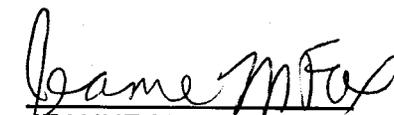
After review of the entire record in this matter, the Board HEREBY FINDS that:

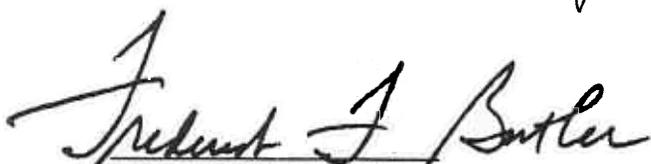
1. The replacement of the existing pipeline, which was constructed between 1950 and 1952, and the construction of the Proposed Pipeline, are necessary and in the public interest;
2. The Proposed Pipeline will run through parts of the Townships of Old Bridge and Marlboro and will be built essentially along the same route as the existing pipeline;
3. The Board is satisfied that the proposed replacement and construction cannot be reasonably avoided;
4. The Board has received no objection from officials of the affected municipalities or from persons whose residences and business establishments are located within 100 feet of the Proposed Pipeline;
5. In order that Petitioner may meet the applicable Federal Pipeline Integrity Management requirements by 2008, the design, construction, installation and testing of the Proposed Pipeline should be done on an expedited basis;
6. The standards that Petitioner will use in the design, construction and testing of the Proposed Pipeline will comply with all applicable State and Federal Codes, and inspections of the pipeline will be performed by personnel of the Board's Bureau of Pipeline Safety;
7. The approval granted by this Order shall not be construed as directly or indirectly fixing for any purposes the value of tangible or intangible assets now owned or hereafter to be owned by Petitioner; and
8. The approval granted by this Order shall not effect nor in any way limit the exercise of the authority of the Board or this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matter affecting New Jersey Natural Gas Company

Therefore, based upon the foregoing, the Board HEREBY APPROVES and AUTHORIZES, on an expedited basis, the replacement and construction of approximately 36,900 feet of 20-inch transmission pipeline with a maximum allowable operating pressure of 722 psig, as requested by NJNG, in the Townships of Old Bridge, in Middlesex County, and Marlboro, in Monmouth County, New Jersey,

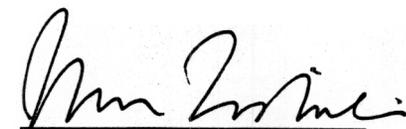
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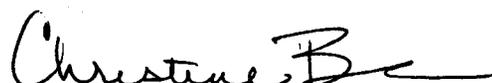
BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

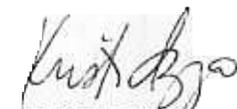
  
FREDERICK F. BUTLER  
COMMISSIONER

  
CONNIE O. HUGHES  
COMMISSIONER

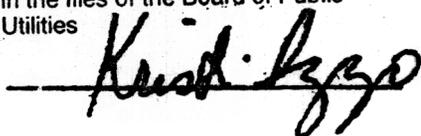
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

ATTEST:

  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



**New Jersey Natural Gas Company  
I/M/O the Installation of a Transmission Pipeline in Townships of Old Bridge, Middlesex  
County, and Marlboro, Monmouth County, New Jersey  
BPU DOCKET NO. GE07020142**

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