



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

RELIABILITY & SECURITY

IN THE MATTER OF THE PETITION OF NEW JERSEY)
NATURAL GAS COMPANY FOR AUTHORIZATION AND)
APPROVAL FOR CONSTRUCTION OF A PROPOSED)
16-INCH PIPELINE IN LAKEHURST BOROUGH,)
OCEAN COUNTY, NEW JERSEY, PURSUANT TO)
N.J.A.C. 14:7-1.4 ET.SEQ.)

ORDER

DOCKET NO. GO09110922

(SERVICE LIST ATTACHED)

BY THE BOARD:

On November 5, 2009, New Jersey Natural Gas Company ("Petitioner" or "NJNG") filed a petition with the Board of Public Utilities ("Board"), pursuant to N.J.A.C. 14:7-1.4 and an Order dated April 16, 2009 in Docket Nos. EO09010049, GO09010052, and GR07110889 (the "AIP Order") seeking authorization and approval from the Board to construct and operate approximately one (1) mile of 16 inch natural gas transmission pipeline with an alignment that runs through Lakehurst Borough, Ocean County, New Jersey (the "Lakehurst Pipeline"). NJNG anticipates initiating construction of the Lakehurst Pipeline during the first quarter of 2010 with a completion date by May 31, 2010. The Lakehurst Pipeline will be certified for a maximum allowable operating pressure ("MAOP") of 975 psig. The cited rule provides that Board approval is required prior to the construction or operation of a natural gas pipeline above 250 psig that is located within 100 feet of any building intended for human occupancy, and also requires that the pipeline must satisfy the requirements of 49 C.F.R. 192 and N.J.A.C. 14:7. The proposed pipeline alignment includes 35 buildings intended for human occupancy, 14 commercial and 21 residential structures, which currently exist within 100 feet of the proposed pipeline. The closest building is a residential structure that will be 30 feet from the pipeline.

According to the Petition, the Lakehurst Pipeline is necessary to provide adequate supply and reliability to meet both current and anticipated demands for natural gas usage in that portion of Ocean County. Construction of the pipeline is needed to ensure that NJNG can meet the gas supply delivery needs of its customers. Increased transmission capacity provided by the pipeline will improve NJNG's service capacity and help address gas delivery concerns that might materialize when increased transmission capacity is needed to move sufficient amounts of natural gas during the winter months. The project runs between existing transmission lines and is itself a transmission line.

Pursuant to the AIP Order, the construction of the pipeline was provisionally approved as one of NJNG's Capital Improvement Recovery Tracker Qualifying Projects, subject to these proceedings.

On January 7, 2010 at 6:30 p.m., a public hearing was held in this matter at Lakehurst Community Center located at 207 Center Street, Lakehurst, New Jersey 08733. Legal Specialist Edward Beslow served as the presiding officer. One staff member of the Board's Bureau of Pipeline Safety ("Board Staff") attended the public hearing. Notice of the public hearing was published in the Asbury Park Press. Notice of the hearing was also mailed to the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the Division of Law, Municipal Officials of Lakehurst Borough, Public Works Department of Lakehurst Borough, Police Department of Lakehurst Borough, Lakehurst Naval Base, New Jersey Department of Transportation, and to all property owners with structures located within at least 100 feet of the proposed Lakehurst Pipeline.

At the public hearing, Tracey Thayer, Esq., Director, Regulatory Affairs Counsel for NJNG, appeared on behalf of Petitioner. Ms. Thayer requested that the Petition and other NJNG exhibits be marked and placed into the record.

No member of the public was present at the hearing to make a statement on the Lakehurst Pipeline project.

Board Staff reviewed Petitioner's proposal including the affidavit of notice to landowners and the February 22, 2010 revised listing of property owners along the project route within 100 feet of the pipeline.

The proposed route for the pipeline construction will be along Route 70, starting at the intersection of Center Street and proceeding west, ending in approximately one mile at the Lakehurst Circle. The proposed route is the most economical and least disruptive route available to connect the two existing pipelines. The other alternative routes are longer, more costly, would require easements with landowners, and would impact additional residential areas, increasing the number of structures within 100 feet of the pipeline. Based upon its review of the design of the Lakehurst Pipeline, Board Staff opined that the pipeline meets or exceeds State and Federal pipeline safety regulations. NJNG will have full time inspectors, qualified by training and experience, overseeing the pipeline construction to ensure that the pipeline is constructed and installed in accordance with State and Federal requirements. In addition, Board Staff will conduct pipeline safety compliance inspections during the construction of this pipeline, as well as perform future operating and maintenance inspections on it as part of the Board's ongoing Pipeline Safety Program. NJNG will provide the certification and documentation required by N.J.A.C. 14:7-1.14 prior to placing the Lakehurst Pipeline in operation.

A pre-construction meeting was held by NJNG on February 8, 2010 with representatives from the Public Works Department of Lakehurst Borough, Police Department of Lakehurst Borough, Lakehurst Borough Engineer, New Jersey Department of Transportation, and Gray Supply Corporation (NJNG pipeline contractor).

No additional parties have sought to intervene in this matter or otherwise submitted opposition to the Petition.

On February 22, 2010, Rate Counsel filed a letter indicating that it did not object to this petition. Rate Counsel indicated that the pipeline should be subject to the ratemaking treatment set forth in the AIP Order.

After consideration of all pertinent materials submitted in this matter, and review by Board Staff, the Board HEREBY FINDS that Petitioner's request to construct and operate a 16-inch pipeline in Lakehurst Borough, Ocean County, New Jersey is reasonable and is in compliance with all relevant Federal and State requirements. Therefore, pursuant to the provisions of N.J.A.C. 14:7-1.4, the Board HEREBY APPROVES the request of NJNG to construct the Lakehurst Pipeline, subject to the approval of any pending road opening permits from Lakehurst Borough and the New Jersey Department of Transportation, all other pending permits, the proposed pipeline realignment needed to maintain a distance of 30 feet from the pipeline to the closest building, and the pressure testing requirements of N.J.A.C. 14:7-1.14 prior to placing the Lakehurst Pipeline in operation as well as the following:

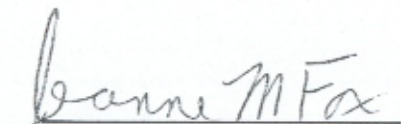

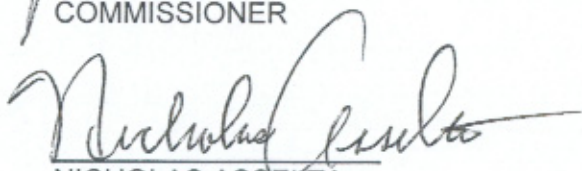
1. That this Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by NJNG or otherwise affect any ratemaking treatment set forth in the AIP Order; and
2. That the Order shall not affect 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 matters affecting NJNG.

DATED: 3/17/10

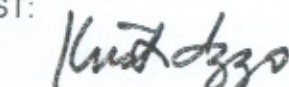
BOARD OF PUBLIC UTILITIES
BY:



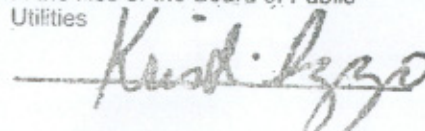
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PRESIDENT


JEANNE M. FOX
COMMISSIONER
JOSEPH L. FIORDALISO
COMMISSIONER
NICHOLAS ASSELTA
COMMISSIONER
ELIZABETH RANDALL
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



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LAKEHURST BOROUGH, OCEAN COUNTY, NEW JERSEY PURSUANT TO N.J.A.C. 14:7-1.4
ET.SEQ. - DOCKET NO. GO09110922

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