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August 9, 2012

Mr. Jeffrey D. Wiese
Associate Administrator
U.S. Department of Transportation
Pipeline and Hazardous Materials Safety Administration
Office of Pipeline Safety
1200 New Jersey Ave., SE Second Floor
Washington, DC 20590

RE: Update on Status of New Jersey's Pipeline Infrastructure
BPU Referral No. 686-12

Dear Mr. Wiese:

Thank you for your letter dated June 13, 2012 regarding New Jersey's pipeline infrastructure and replacement programs. In partnership with the State's four natural gas utilities, New Jersey has taken a proactive approach to mitigating the risk of its aging infrastructure by approving replacement measures that target high risk cast iron and unprotected bare steel pipes to ensure a reliable natural gas infrastructure. The replacement of aging infrastructure with safer, low maintenance piping is consistent with the recently approved Federal regulation regarding Distribution Integrity Management Programs ("DIMP") which is intended to enhance safety by identifying and reducing pipeline integrity risks.

In 1996, the New Jersey Board of Public Utilities ("NJBPU") recognized the high risk associated with small diameter, high pressure cast iron pipe and embarked on several replacement programs with the State's natural gas utilities. The initial focus was on the replacement of all 3-inch through 8-inch diameter high pressure cast iron pipe, which was recognized as presenting the highest risk to the public.

In 1997, the NJBPU enacted a rule that requires each natural gas operator to replace all unprotected bare steel service lines within a definable area when records indicate that 20% or more of these steel service lines within that definable area have exhibited leaks. This regulation has contributed significantly to the replacement of unprotected bare service lines in New Jersey.

In 2009, recognizing the need to upgrade the State's aging infrastructure, the NJBPU approved a program to accelerate the replacement of aging pipelines throughout the State. Each of the State's four gas utilities participated in this Accelerated Infrastructure Program ("AIP") which included replacement of the most vulnerable and highest risk cast iron and unprotected bare steel distribution lines in the State. In 2011, the NJBPU approved a second round of AIP projects that resulted in the replacement of a significant amount of the State's older cast iron and bare steel distribution lines. Identifying and assessing threats from older pipelines is an ongoing process. In addition to the AIP, New Jersey's gas utilities have continued their on-going programs to replace older and higher risk pipelines.

After all 3-inch through 8-inch diameter high pressure cast iron pipe was replaced, the NJBPU shifted its focus to the replacement of 10-inch and 12-inch diameter high pressure cast iron with the State's gas utilities. As of the beginning of 2012, all 3-inch through 12-inch diameter high pressure cast iron pipe has been replaced. We are also pleased to report that approximately 420 miles of cast iron and 344 miles of unprotected bare steel gas mains were replaced in the last five years. In addition, all cast iron service lines and 56,300 unprotected bare steel service lines were replaced in the last five years. Currently, New Jersey has approximately 5,140 miles of cast iron and 1,730 miles of unprotected bare steel gas distribution mains remaining in its infrastructure.

The NJBPU has a rigorous and effective pipeline safety enforcement program. Our partnership with PHMSA is an integral part of this program. Thank you for the opportunity to comment on our pipeline infrastructure and replacement initiatives. Should you have any questions, please feel free to contact James Giuliano, Director of the Division of Reliability and Security at (609) 633-7733.

Sincerely,



Robert M. Hanna
President

c: Richard Jackson, Executive Director
James Giuliano, Director