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November 28, 2018

Via Overnight Delivery

Aida Camacho-Welch, Secretary
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Ste. 314
P.O. Box 350
Trenton, NJ 08625-0350

Re: **In the Matter of the Petition of New Jersey Natural Gas Company for a Determination Concerning the Holmdel Regulator Station Pursuant to N.J.S.A. 40:55D-19**
Docket No. _____

Dear Secretary Camacho-Welch:

Enclosed for filing please find an original and ten (10) copies of the Petition of New Jersey Natural Gas Company ("NJNG" or "Company") appealing a decision of the Holmdel Township Zoning Board of Adjustment denying the Company's application for the construction of a proposed regulator station (the "Regulator Station" or "Facility"). The Company respectfully requests, pursuant to N.J.S.A. 40:55D-19, that the Board determine that, as further described in the attached Petition, supporting testimonies and exhibits, the construction of the proposed Regulator Station, at 960 Holmdel Road in Holmdel Township ("Holmdel"), is for the benefit of the residents of Holmdel and neighboring municipalities located in Monmouth County; is necessary to maintain system integrity and reliability and is reasonably necessary for the service, convenience or welfare of the public; and that no alternative site or sites are reasonably available to achieve an equivalent public benefit. NJNG therefore requests that the Board issue an order concluding that the zoning, site plan review and all other Municipal Land Use Ordinances or Regulations promulgated under the auspices of Title 40 of the New Jersey Statutes and the Municipal Land Use Law of the State of New Jersey shall not apply to the proposed Facility, and authorizing the Company to construct the Facility as set forth in the Petition and supporting testimony and exhibits.

Copies of the Petition, including the supporting testimonies and exhibits, are also being provided to Caroline Vachier, DAG and Stefanie Brand, Esq, Director, Division of Rate Counsel, Maureen Doloughty, Clerk of Holmdel Township, Loretta Coscia, Secretary, Holmdel Zoning Board of Adjustment, as well as to those individuals listed on the attached Service List.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope. Thank you for your consideration in this regard.

Respectfully submitted,

WINDELS MARX LANE & MITTENDORF, LLP
Attorneys for Petitioner
New Jersey Natural Gas Company

By: _____
Gregory Eisenstark, Esq.

c: Attached Service List
Hon. Elia A. Pelios, ALJ

IN THE MATTER OF
THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR A DETERMINATION CONCERNING
THE HOLMDEL REGULATOR STATION PURSUANT TO N.J.S.A. 40:55D-19
DOCKET NO: _____
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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR A DETERMINATION CONCERNING THE HOLMDEL REGULATOR STATION PURSUANT TO N.J.S.A. 40:55D-19	:	**PETITION**
	:	**DOCKET NO.**

To: THE HONORABLE COMMISSIONERS OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES

Petitioner, New Jersey Natural Gas Company ("Petitioner," "NJNG" or the "Company"), respectfully petitions the New Jersey Board of Public Utilities (the "Board" or "BPU"), pursuant to N.J.S.A. 40:55D-19, as follows:

1. NJNG appeals to the Board from a decision of the Holmdel Township Zoning Board of Adjustment ("Zoning Board") denying the Company's application for the construction of a proposed regulator station (the "Regulator Station" or "Facility") at 960 Holmdel Road in Holmdel Township, New Jersey ("Holmdel"). The Company respectfully requests, pursuant to N.J.S.A. 40:55D-19 and N.J.S.A. 48:2-23, that the Board determine that the construction of the Facility for the benefit of the residents of Holmdel and neighboring municipalities in Monmouth County, as more fully described herein, is: (a) necessary to maintain system integrity and reliability; and (b) necessary for the service, convenience or welfare of the public, and that no alternative site or sites are reasonably available to achieve an equivalent public benefit. Accordingly, NJNG request that the Board issue an Order concluding that the zoning, site plan review and all other Municipal Land Use Ordinances or Regulations promulgated under the auspices of Title 40 of the New Jersey Statutes and the Municipal Land Use Law of the State of New Jersey (the "MLUL") shall not apply to the proposed Facility, and the Company may proceed with the

construction of the Facility as described in this Petition and accompanying testimony and exhibits.

I. BACKGROUND

2. NJNG is a corporation duly organized under the laws of the State of New Jersey, and is a public utility engaged in the transportation and distribution of natural gas, and thereby subject to the jurisdiction of the Board, with a principal business office located at 1415 Wyckoff Road, Wall, New Jersey 07719. As a local natural gas distribution company, NJNG provides regulated retail natural gas service to approximately 538,000 customers in Monmouth and Ocean counties, as well as portions of Burlington, Middlesex and Morris counties.

3. Communications and correspondence relating to this filing should be sent to:

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4. This Petition is accompanied by the proposed Facility information and the following Exhibits, which are attached hereto and made part of this Petition:

Exh. P-1 – Direct Testimony of Kraig Sanders (Need and System Reliability)

Exh. P-2 – Direct Testimony of Marc Panaccione (Construction and Design, Site location and Alternatives)

Exh. P-3 – Map of Holmdel identifying location of transmission line as well as Zoning & environmental restrictions

Exh. P-4 – Overall Plan and Site Plan & Grading Plan

Exh. P-5 – Site Plan with Landscaping

Exh. P-6 – Truncated Transcript of Holmdel Zoning Board of Adjustment – Final Vote (October 25, 2018)

5. NJNG is serving notice and a copy of this filing, together with a copy of the annexed Exhibits being filed herewith, upon those individuals identified in the attached service list, including the Director, Division of Rate Counsel, the Director, Division of Law – Office of the Attorney General, and the Clerk of Holmdel Township.

6. As a natural gas "public utility" as that term is defined in N.J.S.A. 48:2-13, NJNG is subject to regulation by the Board for the purpose of assuring that it provides safe, adequate and proper natural gas service to its customers pursuant to N.J.S.A. 48:2-23. As a result, the Company is obligated to, and does, maintain its public utility infrastructure in such condition as to enable it to meet its regulatory obligations to provide the requisite service. That infrastructure consists of the property, plant, facilities and equipment within NJNG's natural gas distribution and transmission system throughout its service territory.

7. NJNG is committed to providing safe, adequate and proper service in accordance with N.J.S.A. 48:2-23. Consistent with industry practice and its ordinary capital spending planning cycle, NJNG engages continuously in the construction, operation and maintenance of its public utility infrastructure, including the property, plant, facilities and equipment that comprise the natural gas distribution and transmission system utilized to serve the approximately 538,000 customers throughout the NJNG service territory. This effort includes the replacement, reinforcement and expansion of the Company's infrastructure, (*i.e.*, its property, plant, facilities and equipment) to maintain the reliability of its distribution and transmission system and to ensure the continuation of safe, adequate and proper service.

8. In furtherance of its commitment to maintain the reliability and safety of its transmission and distribution system, NJNG seeks with this Petition Board authorization pursuant to N.J.S.A. 40:55D-19, and thus requests that the Board determine that the construction and installation of the proposed Facility is necessary for the service, convenience or welfare of the public, and that no alternative site or sites are reasonably available to achieve an equivalent public benefit. As demonstrated below, and in the accompanying testimony and exhibits, the Facility is required in order to maintain the integrity and reliability of NJNG's local distribution system because it will allow the Company to reliably and safely achieve the significant reduction in gas pressure (a change of more than 600 pounds per square inch gauge ("psig")) from the transmission system in Holmdel to the distribution system that ultimately delivers gas to customers in Holmdel and surrounding municipalities. The design of the Regulator Station -- particularly, an accompanying above-ground heating unit -- will prevent the regulators and associated facilities at the Regulator Station from freezing and becoming encased in thick ice, a condition that can result in a loss of service to the local distribution system. Additionally, the

icing situation can spread to the underground piping, ultimately compromising the integrity of the surrounding roadways.

II. HOLMDEL REGULATOR STATION FACILITY DESCRIPTION

9. The Regulator Station is a natural gas pressure reduction facility that will consist of a filter, heater, two regulator runs and associated piping. The Regulator Station will have dual regulator runs to better ensure the reliability, safety and adequacy of gas delivery to NJNG's customers. The redundancy of regulator runs is an industry best practice employed to manage risk; if one run is deactivated for maintenance or fails due to an equipment malfunction, the second run will continue operating in order to seamlessly maintain system pressure and delivery of natural gas, thereby avoiding any service interruption. The Facility will be constructed in full accordance with N.J.A.C. 14:7 and the Federal Regulations for the Transportation of Natural and Other Gas by Pipeline, Part 192, Title 49 of the Code of Federal Regulations.

10. The Facility will be located within easements on private property. Specifically, it will occupy six easement areas on a parcel of land located on Block 13, Lot 13 in Holmdel (the "Proposed Site"). The street address for the Proposed Site is 960 Holmdel Road, Holmdel, New Jersey. The lot is 16.51 acres and is occupied by an office park complex and an existing cellular communications tower. The Regulator Station will be situated on a small section of the property approximately 180 feet west of the Holmdel Road right-of-way, on six specific easements: a 40' x 150' Site Facility Easement, a 10' x 160' Pipe Easement, an 18' x 50' Access Easement, two "L"-shaped 20' wide berm and Landscape Easements (East and West), and an 18' x 95' tree line easement. The location and design of the Facility are more fully described in Exhibits P-1, P-2, P-3, P-4 and P-5 attached hereto.

III. NEED FOR THE HOLMDEL REGULATOR STATION FACILITY

11. As more fully described in the accompanying testimony of Kraig Sanders (Exhibit P-1), the operational need for the Regulator Station arises from NJNG's 2012 upgrade of its transmission line in Holmdel. Specifically, in 2012, as part of its efforts to continually upgrade and modernize its system, NJNG replaced the existing transmission line located in Holmdel due to its age and to comply with federal pipeline integrity requirements. The upgraded transmission line has a maximum allowable operating pressure ("MAOP") of 722 psig.

12. The newly upgraded transmission system provides natural gas to NJNG's local distribution system, which operates at approximately 100 psig. The Regulator Station is needed to adequately, safely and reliably accomplish the more than 600 psig reduction in gas pressure between the transmission system and the distribution system, so that pressure is reduced for the safe and efficient delivery of gas to NJNG's local customers.

13. Critically, the Regulator Station will be equipped with an aboveground, natural gas-fueled heating unit designed to pre-heat the natural gas traveling through the regulators connecting the transmission system to the distribution system. This heating unit is an essential component of the Regulator Station because of the 600 psig pressure reduction that will take place between the transmission system and the distribution system. Specifically, due to the thermodynamic principle known as the Joule-Thomson Effect, that significant pressure reduction will result in an approximately 40 degree Fahrenheit decrease in the temperature of the natural gas flowing through the regulators. (For every 14.7 psig reduction, the temperature of natural gas drops one degree Fahrenheit.)

14. Such a temperature change will result in gas temperatures well below freezing, especially during the winter months, because gas within a pipeline typically travels at the

temperature of the surrounding ground. For example, in winter—when the average ground temperature in New Jersey is slightly below 40 degrees Fahrenheit, and possibly colder—gas will flow into the Regulator Station at that temperature, and as a result of the 600 psig reduction, will drop to 0 degrees Fahrenheit or lower (absent a heater).

15. Without a heating unit, that drastic temperature reduction will cause significant amounts of ice to form on the regulators and other instrumentation that control the flow and pressure of natural gas in NJNG's system. Such ice casing can easily reach a thickness of more than twelve inches, and possibly even twenty-four inches. This icing effect occurs not just in the winter months, but rather throughout the year; because the average ground temperature in the summer is approximately 55 degrees Fahrenheit, a forty degree temperature drop would still result in sub-freezing gas temperatures and icing around the regulator equipment, even during those warmer months. Such significant ice encasing can cause the regulator equipment to malfunction or to cease operating entirely, which can cause damage to the equipment and result in loss of service to some or all of the many NJNG customers serviced by the subject regulator station. In extreme cases, ground moisture around the downstream underground piping can freeze, causing upheaval of the surrounding area or roadway.

16. The loss of gas service to a segment of Holmdel could prove devastating to the affected customers, especially in the winter when heat and hot water are critical. If, for example, a regulator failure resulted in the loss of service to dozens or even a hundred homes, there would be a significant delay in service restoration. That is because once gas service is interrupted, NJNG cannot simply flip a switch to instantaneously turn service back on after the regulator is thawed and repaired (a process that itself would take some time). Rather, before service could be restored, NJNG personnel would have to visit each of the affected premises to manually turn off

the gas and lock the meter at each residential and commercial service line. Once NJNG accomplished that task, it could re-pressurize the gas mains, but would have to return again to each individual affected property in order to turn the gas back on manually and re-light the pilot for each gas appliance and furnace. If NJNG did otherwise—if it simply turned the gas back on *en masse* without visiting each property—each premises with unlit pilot lights would slowly fill up with gas, which could result in a dangerous, potentially, life-threatening condition. If 50 or 100 houses lost service due to a regulator station failure, the restoration process could leave homes without heat for days, which in the winter months could lead to significant damage to homes (through freezing pipes, etc.) and/or the health and well-being of residents.

17. As is customary in the industry, NJNG will address the pressure-reduction icing effect at the Regulator Station—as it does at approximately 35 other similar stations—by pre-heating the transmission-line natural gas with a heater located at the Regulator Station prior to the pressure reduction. The heater will allow NJNG to heat the natural gas to approximately 80 to 90 degrees Fahrenheit, so the gas temperature after the pressure reduction stays above freezing, preventing ice from encasing the equipment and ensuring reliable operation of the Facility and the local distribution system. For that reason, the heating unit is an extremely important component of the Regulator Station and is critical to NJNG's ability to provide safe, adequate and reliable natural gas service to the residents of Holmdel and the surrounding municipalities.

18. Since the 2012 Holmdel transmission line upgrade, NJNG has been managing the transmission to distribution pressure reduction using a temporary regulator station at a different nearby location. That temporary station, however, is not a long-term solution and must be replaced because it does not and cannot include a heating unit (because of its size and location).

Because the temporary regulator station does not have a heater, it experiences incidents of severe icing, and thus requires close monitoring and frequent thawing, and presents a higher risk of service interruption. In addition, the Company has to operate this portion of its system at sub-optimal gas pressures and flows, due to the absence of a permanent regulator station in this area of Holmdel.

IV. SITE SELECTION AND ALTERNATIVE SITE ANALYSIS

19. Over the course of several years beginning in 2011, NJNG engaged in a laborious and detailed site selection and alternative site analysis (the "Site Analysis") in an effort to find the most suitable location for the Facility that would have a minimal impact on Holmdel and its residents. As more fully described in the accompanying testimony of Marc Panaccione (Exhibit P-2), that analysis led NJNG to conclude that (a) the Proposed Site is the most suitable location for the Facility; and (b) aside from the Original Proposed Site (as identified herein below), no alternative site is reasonably available to achieve an equivalent public benefit.

20. As an initial matter, several siting constraints guided and informed the Site Analysis, and ultimately limited the available site options. First, for the reasons set forth in Marc Panaccione's testimony (Exhibit P-2), it was extremely important from an operational and engineering standpoint to locate the Regulator Station as close as possible to the southern end of the Holmdel transmission line (where the line begins at the intersection of Newman Springs Road and Holmdel Road). Second, the site had to be large enough to accommodate all of the Facility's related equipment (most notably, the heating unit). Third, the Regulator Station should be located in close proximity to the transmission line for efficiency and security reasons. Fourth, there are several types of properties that NJNG either avoids or cannot use for its gas delivery facilities. Most significantly, NJNG makes every effort to avoid residential areas, and instead

focuses on properties with commercial, industrial or utility zoning. The Company likewise avoids wetlands and low lying areas because they present a heightened risk of flooding and, more importantly, freezing during the winter months. Further, NJNG looks for sites with no environmental or contamination issues, and prefers sites with little or no required tree clearing to further minimize any environmental impact. And, again to minimize any environmental impact, NJNG prefers to build its facilities on already developed land, as it typically only requires a relatively small parcel. Also, NJNG is prohibited from locating its facilities on Farmland Preserved properties under any circumstance, and on properties purchased with Green Acres funding without first getting difficult to obtain authorization from the State.

21. With those restrictions in mind, NJNG's Site Analysis focused on determining the most operationally suitable location that would enable NJNG to improve and reinforce existing service reliability with minimal impact to the surrounding properties. To that end, NJNG's site review and analysis considered potential impacts of each possible site from several perspectives: (1) impacts to residential areas; (2) existing environmental conditions; and (3) engineering considerations. Potential properties located in residential neighborhoods and/or close to other community-valued buildings (*e.g.*, schools) were disqualified from consideration, because the Facility would not typically be permitted on those properties due to local community discontentment and restrictions under Holmdel zoning ordinances. Existing environmental conditions—*e.g.*, tree clearing, wetlands, contaminated sites, Preserved Farmland and Green Acres habitats—were also relevant factors; NJNG avoided potential sites that had one or more of those environmental conditions. Finally, NJNG's engineering considerations included the importance of a location at the southern end of the transmission line; minimization of the

Facility's distance to the transmission line; adequacy of the property's size; sufficient access for inspection, maintenance and repair; property elevation levels; and security.

22. As part of its Site Analysis, NJNG examined the entire transmission line corridor between Route 35 (at the northern end) and Newman Springs Road (at the southern end) for potential locations, even though it is important to locate the Regulator Station as far south along the line as possible. That examination is set forth at length in Marc Panaccione's testimony (Exhibit P-2). As Mr. Panaccione's testimony makes clear, NJNG's in-depth analysis of every property along the Holmdel transmission line corridor yielded very few possibly suitable locations for the Regulator Station. In fact, in addition to the Proposed Site, NJNG initially identified just four possible alternatives (and even three of those sites were far less than ideal, given their northern locations and/or residential zoning). Later, during the hearings before the Zoning Board for the Original Proposed Site (as defined herein below), NJNG became aware of an additional alternative (the Proposed Site that is the subject of this filing with the BPU).

23. As Marc Panaccione details in his testimony, only two of the five alternative sites proved to be viable, for various reasons. The first two alternatives on South Laurel Avenue (near a property occupied by AT&T) proved unworkable because the landowner, Steiner Equities, refused NJNG's easement requests. In any event, those properties were far less suitable than the Proposed Site, given their location at the northern end of the transmission line corridor and their residential zoning. Moreover, an appraisal revealed that the third possible alternative—property on Holland Road owned by Monmouth County—was unusable because it was purchased with Green Acres funding. That property is also farther north than is operationally optimal. Most significantly, NJNG was unable to utilize the fourth alternative site because the tenant on that property, Vonage, refused to grant NJNG an easement after extensive, time-consuming

negotiations, thereby taking that property off the table as a viable alternative. As a result, NJNG was left with only two possible locations for the Regulator Station: a property located at 970 Holmdel Road, on which the Cornerstone solar farm is already located (the "Original Proposed Site"); and later, as discussed in more detail herein below, the Proposed Site at 960 Holmdel Road.

24. After the Company's initial Site Analysis, the Original Proposed Site was identified as the most suitable location for the Regulator Station. The Original Proposed Site is of sufficient size, presents a natural fit to co-locate NJNG's station with another energy company's facility (the Cornerstone solar farm), and allows NJNG to locate the Facility adjacent to the transmission line. Significantly, the site is located at the southern end of NJNG's Holmdel transmission line, which will minimize the risk of customer exposure to outages. Moreover, the zoning for the site is non-residential and conditionally permits public utilities. There are no environmental constraints that would impact the development of a regulator station at this site. The site is not encumbered with Green Acres restrictions. There are no low elevations in the easement area, and thus no flooding concerns, and NJNG is not required to clear a significant number of trees. Moreover, NJNG successfully obtained an easement from the relevant parties.

25. As discussed in greater detail below (in the section of this Petition captioned "Jurisdiction and Regulatory Standard for Approval"), on March 17, 2015, NJNG filed for several local zoning approvals for the Original Proposed Site with the Zoning Board, including Site Plan Approval, "C" and "D" variances, and Conditional Use approval. During the August 17, 2016 hearing on the Company's application, a member of the Zoning Board asked NJNG whether the Company had considered the site at 960 Holmdel Road for the installation of the Regulator Station (Zoning Board Transcript 8/17/16, pg. 70, lines 18-25; pg. 71, lines 1-25; pg.

72, lines 1-18). Accordingly, after the Zoning Board denied NJNG's application for the Original Proposed Site, the Company evaluated the site at 960 Holmdel Road.

26. Based on that evaluation, the Company determined that the site at 960 Holmdel Road was suitable for the installation of the Regulator Station. Because the Proposed site is on the lot next to the Original Proposed Site at 970 Holmdel Road, it shares many of the same characteristics that make is suitable for the Facility. It is of sufficient size and allows NJNG to locate the Facility adjacent to the transmission line. Significantly, the site is located at the southern end of NJNG's Holmdel transmission line, which will minimize the risk of customer exposure to outages. Moreover, the zoning for the site is non-residential and conditionally permits public utilities. There are no environmental constraints that would impact the development of a regulator station at this site. The site is not encumbered with Green Acres restrictions. There are no prohibitively low elevations in the easement area, and thus no flooding concerns, and NJNG is not required to clear a significant number of trees. Furthermore, the Proposed Site slopes down by approximately 12 feet from the Holmdel Road right of way to the Facility, which affords an existing visual barrier even ignoring the extensive landscaping proposal presented by NJNG, which includes two "L"-shaped 20' wide berms and Landscape Easements directly around the facility enclosure, as well as an 18' x 95' tree line easement for a pre-emptive stand of evergreens to be planted approximately 60' from the Holmdel Road right of way. In addition, NJNG has successfully obtained easements from the relevant parties to use the Proposed Site for a Regulator Station. Finally, the Facility would be located approximately 180 feet west of the Holmdel Road right-of-way, which is a greater distance from the road than the Original Proposed Site (in which the Facility was proposed to be approximately 20 feet west of the Holmdel Road right-of-way), and approximately 260 feet west of the closest residential

property line across Holmdel Road, which is a greater distance from the closest residential property line than the Original Proposed Site (in which the Facility was proposed to be approximately 100 feet west of the closest residential property line). While NJNG considers the distance of the Original Proposed Site from the roadway to be more than adequate, the location of the Proposed Site was moved farther back due to concerns raised by the public and the Zoning Board.

27. In sum, based on the Site Analysis (as summarized above and detailed in the testimony of Marc Panaccione (Exhibit P-2)), the location best suited for the Facility is the Proposed Site. That location results in the least combined impacts to residential areas and the environment, while offering a feasible, and indeed preferable, engineering design. Moreover, NJNG's alternative site analysis establishes that there are no reasonably available alternative sites for the Regulator Station that will achieve an equivalent public benefit.[1]

V. JURISDICTION AND REGULATORY STANDARD FOR APPROVAL

28. Holmdel's land use ordinances and regulations permit, under certain circumstances, the installation and operation of public utility facilities, public service infrastructure, public purpose uses and public improvements. In some instances, as is the case with the Facility, site plan review is required—or may be waived—by the local zoning authorities. In other words, the Facility generally and/or certain elements of it are subject to and require local zoning site plan approval. The Municipal Land Use ordinances, Site Plan Review ordinances and other ordinances and regulations applicable to and affecting the Proposed Site, on which the Regulator Station will be constructed and operated, have been enacted pursuant to the authority of the MLUL, N.J.S.A. 40:55D-1 et seq.

[1] For the reasons discussed elsewhere in this Petition and supporting pre-filed testimony, the Original Proposed Site remains a viable location for the Facility as well.

29. On March 17, 2015, NJNG filed an application with the Zoning Board, requesting Site Plan Approval, "C" and "D" variances, and Conditional Use approval for the Original Proposed Site. Specifically, NJNG sought variances (a) to construct the Regulator Station as an additional principal use on the Original Proposed Site; (b) to construct the Regulator Station within the buffer required between a non-residential use and residential zone (a 384.25 feet buffer is required, but NJNG proposes a buffer of 89.78 feet); and (c) to install an eight-foot high fence with wooden slats in the front, side and rear yard of the Facility (only eight-foot high open wire fencing is permitted). NJNG also requested (a) relief from two conditions of the Zoning Board's prior resolution approving the Cornerstone solar farm; (b) variances for NJNG's proposed sign and driveway access width (to the extent the Zoning Board deemed such variances necessary); and (c) several design waivers.

30. Importantly, the Original Proposed Site is located in the OL-2 zone. As a result, the proposed Facility is a conditionally permitted public utility use under Holmdel's municipal zoning ordinances. The Company demonstrated before the Zoning Board that this public utility use is both appropriate for the property and for the OL-2 zone. As set forth in its application and as demonstrated at the numerous Zoning Board hearings, the Facility is an inherently beneficial use. NJNG further demonstrated before the Zoning Board the suitability of the Original Proposed Site and that there are no reasonable alternative sites available, even though it had no obligation to do so (because the Facility is an inherently beneficial use).

31. The first Holmdel Zoning Board hearing on NJNG's application took place on February 3, 2016, followed by an onsite inspection of the Original Proposed Site on February 27, 2016. Six subsequent hearings were conducted on March 2, May 18, July 20, August 17, September 21 and December 7, 2016. During those seven hearings, the Company presented

voluminous testimony from six witnesses (nearly all of whom testified and/or answered Board and public questions on multiple occasions). Two witnesses—Mr. Kraig Sanders and Mr. Marc Panaccione—are NJNG employees directly involved in the design, construction and operation of the proposed Facility and/or the Site Analysis. The four other witnesses were independent outside experts in the fields of engineering, landscape architecture, noise impacts and planning.

32. NJNG made significant adjustments to its original site plan based on comments and concerns raised by the Zoning Board and members of the public during the numerous hearings. For example, based on concerns raised during the Zoning Board hearings regarding the possibility of vehicular collision with the Facility (an extremely unlikely event), NJNG proposed to (i) install bollards and a New Jersey Department of Transportation-compliant guardrail; (ii) expand an earthen berm with a retaining wall to surround the front and two sides of the property, which would significantly increase the height of the proposed landscaping; and (iii) lower the ground level of the Facility in order to reduce, if not completely remove, any visual impacts to the surrounding homeowners.

33. After ten months of extensive hearings at which NJNG's counsel and witnesses labored to answer every question and concern raised by the Board and the public, the Zoning Board denied NJNG's application on December 7, 2016. Surprisingly, six of the seven voting Board members acknowledged that NJNG had established that the Facility is an inherently beneficial use, yet the Board nonetheless voted to deny the Company's application (by a vote of six to one). (Exhibit P-5.)

34. Thereafter, on January 11, 2017, NJNG filed a Petition with the BPU pursuant to N.J.S.A. 40:55D-19, appealing the Zoning Board's decision and seeking Board approval

authorizing the construction of the Facility at the Original Proposed Site. The BPU subsequently assigned Docket Number GO17010023 to the matter.

35. On January 23, 2017, the BPU transmitted that filing to the Office of Administrative Law ("OAL"), where it was subsequently assigned to Administrative Law Judge Elia A. Pelios, and assigned OAL Docket No. PUC 1160-2017N. Judge Pelios issued an order allowing Holmdel Township to intervene in the matter, and the Division of Rate Counsel served discovery requests on NJNG, which the Company responded to. However, while that matter was pending, NJNG continued to evaluate the site at 960 Holmdel Road. Once it became apparent that the 960 Holmdel Road property (*i.e.*, the Proposed Site) was also suitable for the Facility, NJNG requested, and the parties agreed, that the matter pending before Judge Pelios be placed on the "inactive status" list while NJNG undertook efforts to secure the necessary approvals for the Proposed Site. The matter in OAL Docket No. PUC 1160-2017N remains on inactive status at the OAL.

36. On January 2, 2018, NJNG filed an application with the Zoning Board seeking preliminary and final site plan approval, "D" and "C" variances, and for Public Utility Conditional Use Approval for the Proposed Site. Specifically, NJNG sought variances (a) to construct the Regulator Station as an additional principal use on the Proposed Site; and (b) to install a twelve-foot high fence with wooden slats in a portion of the front and side yards of the Facility, an eight-foot high fence around other portions of the Facility, along with an eight-foot high solid sound wall (also partially in the front and side yards), where only eight-foot high open wire fencing is permitted); and (c) to install a 16" x 22" metal facility identification sign to the proposed fence, where signs are permitted to be attached to a building. In addition, to the extent deemed necessary by the Zoning Board, NJNG sought variances from building setback

requirements (where only structures, but not buildings are proposed) to (a) a property line (37.5' proposed from equipment, whereas 200' is required from a building), (b) a public street (186.4' proposed from equipment, whereas 400' is required from a building), and (c) a residential zone (266.4' proposed from equipment, whereas 600' is required from a building). Also to the extent deemed necessary by the Zoning Board, NJNG sought variances from (a) the 5% maximum building coverage requirement, where no buildings are proposed but equipment pads are proposed, totaling a *de minimis* 328 square feet, (b) the 20% maximum lot coverage requirement, where no buildings or paved surfaces are proposed but a *de minimis* 328 square feet of equipment pads are proposed, and (c) the minimum lot area requirement of 30 acres, where the existing site is 16.51 acres but a variance was previously granted for the site from this condition. Two design waivers were also requested by NJNG.

37. Importantly, the Proposed Site is also located in the OL-2 zone. As a result, the proposed Facility is a conditionally permitted public utility use under Holmdel's municipal zoning ordinances. The Company demonstrated before the Zoning Board that this public utility use is both appropriate for the property and for the OL-2 zone. As set forth in its application and as demonstrated at the Zoning Board hearings, the Facility meets the conditions required for the public utility conditional use and it is an inherently beneficial use. NJNG further demonstrated before the Zoning Board the suitability of the Proposed Site, even though it had no obligation to do so (because the Facility is an inherently beneficial use).

38. The first Holmdel Zoning Board hearing on NJNG's application took place on September 12, 2018. Three subsequent hearings were conducted on September 26, October 10, and October 25, 2018. During those four hearings, the Company presented comprehensive testimony from seven witnesses (nearly all of whom testified and/or answered Board and public

questions on multiple occasions). One witness — Mr. Kraig Sanders — is a NJNG employee directly involved in the determination of the need for the proposed Facility. The six other witnesses were independent outside experts in the fields of engineering, landscape architecture, sound and air quality, real estate appraisal, economic benefits, and planning.

39. After extensive hearings at which NJNG's counsel and witnesses labored to answer every question and concern raised by the Board and the public, the Zoning Board denied NJNG's application on October 25, 2018.[2] (Exhibit P-5.)

40. As a result, pursuant to N.J.S.A. 40:55D-19, the Company appeals the Zoning Board's decision, thereby seeking Board approval of the proposed Facility and an order that the zoning, site plan review and all other Municipal Land Use Ordinances and Regulations promulgated under the auspices of the MLUL shall not apply to the Regulator Station.

41. N.J.S.A. 40:55D-19 provides in pertinent part as follows:

> If a public utility, as defined in [N.J.S.A.] 48:2-13 . . . is aggrieved by the action of a municipal agency through said agency's exercise of its powers under this act, with respect to any action in which the public utility or electric power generator has an interest, an appeal to the Board of Public Utilities of the State of New Jersey may be taken within 35 days after such action without appeal to the municipal governing body pursuant to section 8 of this act unless such public utility or electric power generator so chooses. . . . A hearing on the appeal of a public utility to the Board of Public Utilities shall be had on notice to the agency from which the appeal is taken and to all parties primarily concerned, all of whom shall be afforded an opportunity to be heard. ***If, after such hearing, the Board of Public Utilities shall find that the present or proposed use by the public utility or electric power generator of the land described in the petition is necessary for the service, convenience or welfare of the public***, including, but not limited to, in the case of an electric power generator, a finding by the board that the present or proposed use of the land is necessary to maintain reliable electric or natural gas supply service for the general public and ***that no alternative site or sites are reasonably available to achieve an equivalent public benefit***, the public utility or electric power generator may proceed in accordance with such decision of the Board of Public Utilities, any ordinance or regulation made under the authority of this act notwithstanding.

[2] As of the date of this filing, the Zoning Board has not yet issued a written Resolution memorializing its oral decision.

42. The Appellate Division first interpreted the "necessary for the service, convenience of welfare of the public" standard (as set forth in a predecessor statute) in In re Hackensack Water Co., 41 N.J. Super. 408 (App. Div. 1956). In Hackensack Water, the Appellate Division concluded that the legislative intent was to empower the BPU to approve projects that are in the public interest, even when those projects conflict with local interests as "expressed through prohibiting provisions of a municipal zoning ordinance." Id. at 419-20. The Appellate Division explained that while municipal ordinances are important to the public welfare, "such regulation is basically from the local aspect for a local public purpose," and "the legislative intent is clear that such local regulation, however beneficent and important, is of secondary importance to the broader public interest involved in assuring adequate [] service to a much larger area." Id. at 423.

43. In Petition of Monmouth Consol. Water Co., 47 N.J. 251 (1966, the New Jersey Supreme Court summarized the policies underlying the standard set forth in N.J.S.A. 40:55D-19 (again in the context of the predecessor statute) as follows:

> In enacting this section the Legislature recognized that local municipal authorities are ill-equipped to comprehend adequately the needs of the actual and potential users of the utility's services beyond as well as within their territorial limits. The lawmakers knew that if the zoning power of a municipality were paramount, it would probably be exercised with an eye toward the local situation and without consideration for the best interests of the consumers at large in other communities whose convenience and necessity require service. The exemption [from local zoning regulation] also signifies an awareness that if the local authorities were supreme the Board of Public Utility Commissioners could not compel a utility to provide adequate service if the zoning ordinance conflicted with the need for expansion or extension of its facilities within the municipality.
>
> Id. at 258.

44. Soon after Hackensack Water, the New Jersey Supreme Court, in In re Public Service Electric & Gas Co., 35 N.J. 358 (1961) ("PSE&G"), announced a series of guiding

principles for application of the standard set forth in N.J.S.A. 40:55D-19.[3] First, the Supreme Court held that "[t]he statutory phrase, 'for the service, convenience and welfare of the public' refers ***to the whole 'public' served by the utility*** and not the limited local group benefited by the zoning ordinance." PSE&G, 35 N.J. at 376-77 (emphasis added). Second, the Court held that "[t]he utility must show that the proposed use is reasonably, not absolutely or indispensably, necessary for public service, convenience and welfare at some location." Id. at 377. Third, "[i]t is the 'situation,' *i.e.*, the particular site or location . . . which must be found 'reasonably necessary,' so the Board must consider the community zone plan and zoning ordinance, as well as the physical characteristics of the plot involved and the surrounding neighborhood, and the effect of the proposed use thereon." Id. Fourth, "[a]lternative sites or methods and their comparative advantages and disadvantages to all interests involved, including cost, must be considered in determining such reasonable necessity." Id. Fifth, "[t]he Board's obligation is to weigh all interests and factors in the light of the entire factual picture and adjudicate the existence or non-existence of reasonable necessity therefrom," and, "[i]f the balance is equal, the utility is entitled to the preference, because the legislative intent is clear that the broad public interest to be served is greater than local considerations." Id.

45. In sum, to obtain an order from the Board exempting a project from local zoning ordinances and regulations, a public utility must demonstrate two things. **First**, the public utility must demonstrate that the proposed project is reasonably—but not absolutely or indispensably—necessary for the service, convenience or welfare of the entire public served by the public utility, taking into account the affected municipalities' zone plans and zoning ordinances and the physical characteristics of the affected land and surrounding neighborhood (and the effect of the

[3] The Appellate Division has held that while Hackensack Water and PSE&G analyzed a predecessor statute, the holdings and principles announced in those cases are applicable to N.J.S.A. 40:55D-19, which contains the same standards. In re Public Serv. Elec., 2013 N.J. Super. Unpub. LEXIS 304 at *25-26.

proposed use on that land and neighborhood). **Second**, the public utility must demonstrate that the site, method or route chosen for the proposed project is the best available, and thus its use is reasonably necessary, based on consideration of alternative sites, methods and routes and their comparative advantages and disadvantages to all interests involved, including costs.

46. Here, NJNG has presented overwhelming evidence in this Petition satisfying both of these requirements.

VI. REASONABLE NECESSITY AND BEST AVAILABLE SITE

47. As demonstrated above and in the accompanying testimonies (particularly that of Kraig Sanders), the Facility is required in order to maintain the integrity and reliability of NJNG's local distribution system because it will allow the Company to reliably, efficiently and safely achieve the 600 psig reduction in gas pressure between the upgraded transmission system in Holmdel and the local distribution system, which serves customers in Holmdel and surrounding municipalities. The design of the Regulator Station—most importantly, the above-ground heating unit—will prevent the regulators and associated equipment at the Facility from becoming encased in thick ice, which could well result in a harmful loss of service to the customers served by the local distribution system. The present configuration of NJNG's delivery apparatus does not adequately accomplish this goal because, inter alia, the temporary regulator being used as a stop gap does not employ and cannot accommodate a heater. As a result, NJNG has demonstrated that the proposed Facility is necessary for the service, convenience or welfare of the entire public served by the public utility.

48. Moreover, NJNG has presented significant evidence establishing that there are no reasonably available alternatives that could achieve an equivalent public benefit. As detailed above and in the evidence submitted in this filing (particularly, the testimony of Marc

Panaccione), NJNG conducted a comprehensive Site Analysis of every property along the Holmdel transmission line corridor. That search yielded just five alternative properties, in addition to the Proposed Site, that could even arguably have served as the location for the Regulator Station (though several of them were less than ideal). For various reasons, none of those properties ultimately proved to be a viable option. Moreover, the Zoning Board has previously denied the Company's application for the Original Proposed Site.

49. In any event, NJNG's Site Analysis made clear that the Proposed Site is the most appropriate available location for the Regulator Station because it (a) is located at the southern end of NJNG's Holmdel transmission line; (b) is of sufficient size; (c) is adjacent to the transmission line; (d) is in a non-residential zone that conditionally permits public utilities; (e) presents no environmental constraints; (f) has no Green Acres or Farmland Preservation restrictions; (g) has no prohibitively low elevation, wetlands or flooding issues; (h) requires insignificant tree clearing (only one tree to be removed); and (i) already contains another utility-like facility – a cellular communications tower. Moreover, at the suggestion of a Zoning Board member during the hearings for the Original Proposed Site, NJNG was able to obtain an easement to construct and operate the Facility on the Proposed Site.[4] In short, the record evidence demonstrates beyond dispute that the Proposed Site is the best available location for the Regulator Facility, and thus its use is reasonably necessary, based on consideration of alternative sites, and their comparative advantages and disadvantages to all interests involved, including costs.

[4] The Zoning Board's 2018 denial was particularly arbitrary, given that the majority of the Zoning Board had previously determined that the Regulator Facility was an inherently beneficial use, and after a member of the Zoning Board suggested that NJNG consider using the 960 Holmdel Road site instead of the Original Proposed Site.

50. As a result, the Board should approve the construction and operation of the Regulator Station; determine that the construction and operation of the Regulator Station is necessary to maintain system integrity and reliability and necessary for the service, convenience or welfare of the public, and that no alternative site or sites are reasonably available to achieve an equivalent public benefit; and issue an order that the zoning, site plan review and all other Municipal Land Use Ordinances or Regulations promulgated under the MLUL shall not apply to the Regulator Station.

VII. OTHER APPROVALS

51. The Company has applied for and obtained a Freehold Soil Erosion & Sediment Control Permit, an approval from the Monmouth County Planning Board, and a Letter of Interpretation for a Footprint Disturbance Determination and the approved Wetland Permitting Plan from the New Jersey Department of Environmental Protection.

52. A New Jersey Department of Environmental Protection ("DEP") Air Permit is not required due to the insignificant source of emissions. Also, a DEP Land Use Permit is not required due to the limited scope of the Facility and the absence of environmentally sensitive features at the Proposed Site.

53. NJNG will apply for a Monmouth County Road Opening Permit once the approval requested herein has been obtained from the Board.

VIII. REQUEST FOR CONSOLIDATION WITH BPU DOCKET NO. GO17010023

54. The instant Petition is obviously very closely related to NJNG's prior Petition to the BPU concerning the Regulator Station at the Original Proposed Site in Holmdel, which, as discussed herein above, is currently pending before the Board and the OAL in BPU Docket No. GO17010023, OAL Docket No. PUC 1160-2017N. Because the two matters are inextricably

interrelated, NJNG requests that the Board consolidate this Petition with the pending matter under Docket No. GO17010023, and transmit this matter to the OAL with a request that it be consolidated there with OAL Docket No. PUC 1160-2017N. Consolidation of the two matters will result in administrative economy.

IX. REQUEST FOR EXPEDITED RELIEF

55. NJNG designed the Facility to provide much needed reliability and supply security to the residents of Holmdel and surrounding municipalities. As a result, NJNG requests an expedited review of this Petition to avoid any delays in the completion of the Regulator Station, so that it will be operational by the 2018-2019 heating season.

WHEREFORE, New Jersey Natural Gas Company requests that the Board:

(1) determine that the location and construction of the Regulator Station, as more specifically described herein, is reasonably necessary for the service, convenience and welfare of the public;

(2) determine that no alternative site or sites are reasonably available for the Regulator Station to achieve an equivalent public benefit;

(3) order that the zoning, site plan review and all other Municipal Land Use Ordinances or Regulations promulgated under the MLUL, including specifically the Zoning and Land Use Ordinances and all regulations promulgated thereto by Holmdel, shall have no application to the Regulator Station, and authorize the Company to construct the Facility as set forth in the Petition and supporting testimony and exhibits; and

(4) grant such other and further relief as may be required.

Respectfully submitted,

WINDELS MARX LANE & MITTENDORF, LLP
Attorneys for Petitioner
New Jersey Natural Gas Company

Dated: November 28, 2018

By: _____
Gregory Eisenstark, Esq.

VERIFICATION

MARK G. KAHRER of full age, being duly sworn according to law, on his oath deposes and says:

1. I am Vice President, Regulatory Affairs for New Jersey Natural Gas Company, the Petitioner in the foregoing Petition.

2. I have read the annexed Petition, along with the Exhibits attached thereto, and the matters and things contained therein are true to the best of my knowledge and belief.

Mark G. Kahrer

Sworn and subscribed to)
before me this 26th day)
of November, 2018)

SUBSCRIBED AND SWORN TO
BEFORE ME ON THIS DAY

NOV 26 2018

KATHLEEN KLEINERTZ
NOTARY PUBLIC, STATE OF NEW JERSEY
MY COMMISSION EXPIRES 08/30/2021

NOTARY PUBLIC

EXHIBIT P-1

NEW JERSEY NATURAL GAS COMPANY

PREPARED DIRECT TESTIMONY OF KRAIG SANDERS

I. INTRODUCTION

Q. Please state your name, affiliation, business address and educational background.

A. My name is Kraig Sanders, and I am Director of Pressure Management & Transmission for New Jersey Natural Gas Company (the "Company" or "NJNG"). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719. I have been employed by the Company for over 19 years. I have a Bachelor's Degree in Civil Engineering from Stanford University.

Q. Please describe your responsibilities as Director of Pressure Management & Transmission for NJNG.

A. I am responsible for the maintenance and operation of NJNG's metering and regulator stations, as well as the Company's gas control center, which remotely handles the operations and control systems for NJNG's entire delivery system. I am also responsible for the maintenance and operations of NJNG's transmission facilities.

Q. What is the purpose of your testimony in this proceeding?

A. My testimony describes the need for NJNG's new regulator station (the "Regulator Station" or "Facility") in Holmdel Township ("Holmdel"), as well as NJNG's efforts to ensure the safe, reliable and adequate delivery of natural gas to its customers.

Q. Please provide an overall summary of the Facility.

A. As explained more fully below, the Facility is needed to support the reliability and integrity of NJNG's local distribution system, especially in Holmdel and the surrounding

areas, because it will allow the Company to drastically reduce the gas pressure (by more than 600 pounds per square inch gauge ("psig")) from the transmission system in Holmdel to NJNG's distribution system for delivery to customers in Holmdel and the surrounding municipalities. Critically, the design of the Regulator Station—particularly, an aboveground heating unit—will prevent the regulators and associated equipment from freezing and becoming encased in thick ice, which can result in a loss of service to the local distribution system.

Q. Please generally explain the purpose, configuration and location of the Facility.

A. The Regulator Station is a natural-gas pressure reduction facility. It will consist primarily of underground gas piping with one heating unit, one filter, one control box and two regulator runs, all of which will be located above-ground. The Regulator Station will have dual regulator runs to ensure the reliability and adequacy of gas delivery to NJNG's customers. The redundancy of regulator runs is an industry best practice employed to manage risk; if one run is deactivated for maintenance or fails due to an equipment malfunction, the second run will continue operating to seamlessly maintain system pressure and delivery of natural gas, thereby avoiding any system interruption. The Regulator Station will replace a temporary station at a nearby location that NJNG has been operating since 2012 (when it completed an upgrade of the transmission system in Holmdel). It will occupy an easement on a parcel of property located at 960 Holmdel Road, Holmdel, New Jersey (Block 13, Lot 13) (the "Proposed Site").

II. THE NJNG DELIVERY SYSTEM

Q. Please provide an overview of NJNG's delivery system.

A. NJNG serves more than 538,000 retail customers in Monmouth, Ocean, Morris, Middlesex and Burlington counties. NJNG's operations are separated into the Northern,

Bay, Central and Ocean Divisions. The Company operates a network of 227 miles of large diameter transmission lines, approximately 7,200 miles of distribution mains, and approximately 473,400 service lines exceeding 7,100 miles in total length. NJNG's distribution mains range in diameter from 1.25 to 16 inches.

The distribution system includes various other components and facilities, including line valves, pressure-reducing regulators and meter stations. NJNG's system also includes two liquefied natural gas peak shaving facilities that provide important pressure support to the local distribution system.

The configuration of NJNG's system varies depending on a number of factors, including customer demand, population density and pipe vintage. Some segments of NJNG's system operate at a maximum allowable operating pressure ("MAOP") of 722 psig, while others (e.g., distribution mains and service lines) operate at various lower pressures. NJNG designed the system based on engineering requirements and design day criteria in order to provide safe, adequate and reliable service to NJNG customers throughout the entire year.

Q. Please describe NJNG's operational goals and objectives.

A. The Company's primary operational goal is to provide safe and reliable service to its customers. Indeed, safety and reliability are essential to the health and well-being of the residents and businesses in the communities NJNG serves, and thus of paramount importance to the NJNG employees responsible for operating the system. Reliability requires planning to meet customer needs during cold weather when demand is highest, as well as all other times when unplanned major storm events or system disruptions may occur. This is essential because natural gas is a critical lifeline service, especially during

the winter. Importantly, the Company strives to achieve the safe and reliable operation of its system in an environmentally responsible and efficient manner.

NJNG has several operational requirements essential to meeting the above goals. One is vigilance in the ongoing repair and maintenance of existing infrastructure facilities. A second is engineering, planning and constructing new facilities to provide operational flexibility, including appropriate operating redundancies. A third is the need to rehabilitate or replace existing facilities to address aging infrastructure concerns and to meet enhanced safety goals and regulatory requirements. In all aspects of its operations, the Company continuously works to improve its operations and to adopt the best practices of the gas distribution industry.

Q. Does NJNG continually upgrade and modernize its system?

A. Yes. Over the last five years, the Company has invested more than $900 million in facility enhancements in order to ensure the safe and reliable operation of NJNG's natural-gas delivery system. This work included looping and back feed projects, reinforcements, replacements, retirements, remote control valves, regulator stations and line inspection projects. Such capital expenditures to replace and upgrade system facilities occur under normal capital planning, as well as several accelerated infrastructure projects approved by the Board of Public Utilities ("BPU") since 2009.

Q. Did the Company recently upgrade its transmission line in Holmdel?

A. Yes. In 2012, as part of its efforts to continually upgrade and modernize its system, NJNG replaced the existing transmission line located in Holmdel due to its age and to comply with federal pipeline integrity requirements. The upgraded transmission line has an MAOP of 722 psig. As a result of the 2012 installation of the upgraded transmission line, there is a difference in gas pressure of more than 600 psig between NJNG's

transmission system, which transports large volumes of gas over long distances at high pressure (an MAOP of 722 psig), and the local distribution system, which operates at approximately 100 psig.

III. NEED FOR THE HOLMDEL REGULATOR STATION

Q. Why is the Regulator Station needed within the NJNG delivery system?

A. The need for the Regulator Station stems from NJNG's 2012 upgrade to the new Holmdel transmission line. Specifically, the Regulator Station is needed to adequately, safely and reliably accomplish the more than 600 psig reduction in gas pressure between the transmission system and the distribution system, so that pressure is reduced for the safe and efficient delivery of gas to NJNG's local customers. For the reasons set forth below, the temporary regulator station that is currently managing the 600 psig pressure reduction is an interim solution on which NJNG cannot rely to ensure the adequate, reliable and efficient delivery of natural gas on a long-term basis.

Q. What other equipment is necessary to operate the Regulator Station safely, efficiently and reliably?

A. Most significantly, NJNG will equip the Regulator Station with an aboveground natural-gas fueled heating unit designed to pre-heat the natural gas traveling through the regulators connecting the transmission system to the distribution system. This heating unit is a critical component of the Regulator Station precisely because of the 600 psig pressure reduction that will take place from the transmission system to the distribution system. Specifically, due to the thermodynamic principle known as the Joule-Thomson Effect, that significant pressure reduction will result in an approximately 40 degree Fahrenheit decrease in the temperature of the natural gas running through the regulators.

(For every 14.7 psig reduction, the temperature of natural gas drops one degree Fahrenheit.)

Such a temperature change will result in gas temperatures well below freezing, especially during the winter months, because gas within a pipeline typically travels at the temperature of the surrounding ground. For example, in winter—when the average ground temperature in New Jersey is slightly below 40 degrees Fahrenheit, and possibly colder—gas will flow into the Regulator Station at that temperature, and as a result of the 600 psig reduction, will drop to 0 degrees Fahrenheit or lower (absent a heater).

Without a heating unit, that drastic temperature reduction will cause significant amounts of ice to form on the regulators and other instrumentation controlling the flow and pressure of natural gas in NJNG's system. Such an ice casing can easily reach of a thickness of more than 12 inches, and possibly even 24 inches. This icing effect occurs not just in the winter months, but rather throughout the year; because the average ground temperature in the summer is approximately 55 degrees Fahrenheit, a forty degree temperature drop would result in sub-freezing gas temperatures and icing around the regulator equipment, even during those warm months.

Such significant ice encasing can cause the regulator equipment to malfunction or to cease operating entirely, which can cause damage to the equipment itself and result in the loss of service to some or all of the many NJNG customers serviced by the subject regulator station. In extreme cases, ground moisture around the downstream underground piping can freeze, causing upheaval of the surrounding area or roadway.

The loss of gas service to a segment of Holmdel and the surrounding communities could prove devastating to the affected customers, especially in the winter when heat and

hot water are critical. If, for example, a regulator failure resulted in the loss of service to dozens or even a hundred homes, there would be a significant delay in service restoration. That is because once gas service is interrupted, NJNG cannot simply flip a switch to instantaneously turn service back on after the regulator is thawed and repaired (a process that itself could take some time). Rather, before service could be restored, NJNG personnel would have to visit each of the affected premises to manually turn off the gas at each service line. Once NJNG accomplished that task, it could re-pressurize the gas mains, but would have to return again to each individual affected property in order to turn the gas back on manually and re-light the pilot for each appliance and furnace. If NJNG did otherwise—if it simply turned the gas back on *en masse* without visiting each property—each premises with unlit pilot lights would slowly fill up with gas, which could result in a dangerous, potentially, life-threatening condition. If 50 or 100 houses lost service due to a regulator station failure, the totality of the restoration process could leave homes without heat for days, which in the winter months could lead to significant damage to homes (through freezing pipes, etc.) and/or the health and well-being of residents.

As is customary in the industry, NJNG will address the pressure-reduction icing effect at the Regulator Station by pre-heating the transmission-line natural gas with a heater located at the Facility prior to the pressure reduction. The heater will allow NJNG to heat the natural gas to approximately 80 or 90 degrees Fahrenheit, so the temperature after the pressure reduction stays above freezing, preventing ice from encasing the equipment and ensuring reliable operation of the Facility and the local distribution system. In short, the heating unit is an extremely important component of the Regulator

Station and is critical to NJNG's ability to provide safe, adequate and reliable natural gas service to the residents of Holmdel and the surrounding municipalities. Indeed, as discussed further below, one of the major deficiencies of the current temporary regulator station and reasons why it is not a permanent solution is that it does not—and cannot—have a heating unit, and thus experiences frequent and significant ice encasing.

Q. Could you describe the potential impact from relying on the temporary regulator station as a long-term solution?

A. As stated above, without a heating unit to raise the temperature of the natural gas in the transmission pipe before it enters the regulator (and drops more than 600 psig), the regulator equipment will become encased in thick ice and, quite possibly, cease functioning properly (or at all). The temporary regulator that NJNG is currently utilizing does not and cannot have a heating unit because the parcel on which it is located is not large enough to accommodate a heater, filter and regulator runs, all of which must be located above ground. Moreover, the temporary station is in an underground vault within the public road right-of-way, where an aboveground heater cannot be located.

Because the temporary regulator station does not have a heater, it experiences frequent incidents of severe icing. To avoid the equipment failures and service interruptions that are a very real risk from such ice encasing, NJNG must monitor the regulator station constantly, especially in the winter, to ensure that significant ice formation does not result in equipment malfunction or total failure.

If such inspection reveals that the regulator equipment is encased in ice, the Company undertakes the laborious and time consuming task of thawing out the equipment. Doing so requires NJNG to shut down the temporary station, which results in

a supply reduction to the rest of the Company's distribution system. Simply put, in the absence of a heating unit, the temporary regulator station is untenable and must be replaced as soon as possible.

Q. Are other operational issues caused by the continued use of the temporary regulator station?

A. Yes. Because of the use of the temporary regulator station, NJNG is running this portion of its system at sub-optimal pressures and gas flows. This requires other regulator stations to "take up the slack" due to the absent of a permanent regulator station in this area of Holmdel. The installation of the Regulator Station at the Proposed Site will alleviate these system conditions.

Q. Please identify other operational benefits of the Facility.

A. As explained above, because the Regulator Station will more reliably and efficiently manage the significant pressure reduction from that upgraded transmission line to distribution system, the proposed Facility will allow the Company to operate the flow of natural gas to the residents of Holmdel and the surrounding municipalities more efficiently, reliably and safely. Critically, the proposed Facility is designed and intended primarily to provide natural gas service to the residents of Holmdel, though it will certainly also benefit customers in adjacent communities. In fact, NJNG estimates that the Regulator Station will allow it to provide improved service to 5,791 residential meters (serving 6,566 Holmdel residences), or over 98% of the municipality, as well as 323 active commercial meters. Further, because it will be equipped with a heater, the Regulator Station will eliminate the need for the Company to dispatch a work crew to inspect and monitor the temporary regulator.

Q. Does the Company have heaters on other regulators associated with its facilities?

A. Yes. NJNG has heaters at approximately 35 regulator stations similar to the Proposed Facility, many of which have been operating for decades.

Q. Is it standard industry practice for the Company to continue operating the temporary regulator facility?

A. No. A regulator station fed by a high-pressure transmission line requires a heater and filter in order to properly operate and maintain the natural gas delivery system over the long term.

Q. Will the Regulator Station be operated in compliance with all federal and state safety standards?

A. Yes. NJNG complies with all federal, state and local safety laws and regulations. The Regulator Station will be subject to the federal safety regulations set forth at Title 49 of the Code of Federal Regulations, Part 192 and the BPU's pipeline safety rules and regulations set forth in N.J.A.C. 14:7. The Regulator Station will be remotely monitored by competent and highly trained Company personnel 24 hours a day, seven days a week, 365 days a year at NJNG Corporate Headquarters in Wall, New Jersey. Specifically, the Regulator Station will be equipped with individual transmitters that monitor natural gas flows, pressures and temperatures. Thus, NJNG will be able to detect, investigate and rectify any abnormality.

Q. Does this conclude your prepared direct testimony?

A. Yes, it does. I reserve the right to supplement and/or amend this testimony.

EXHIBIT P-2

NEW JERSEY NATURAL GAS COMPANY

PREPARED DIRECT TESTIMONY OF MARC PANACCIONE

I. INTRODUCTION

Q. Please state your name, affiliation, business address and educational background.

A. My name is Marc Panaccione, and I am a Senior Engineer for New Jersey Natural Gas Company (the "Company" or "NJNG"). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719. I have been employed by the Company for over 14 years. I have a Bachelor of Science in Mechanical Engineering from the University of Maryland and an MBA from Rutgers University.

Q. Please describe your responsibilities as a Senior Engineer for NJNG.

A. As a Senior Engineer, I am responsible for the engineering design, project management, construction oversight and system planning of NJNG's transmission and distribution system.

Q. What is the purpose of your testimony in this proceeding?

A. My testimony describes the location, design and construction of NJNG's proposed new regulator station (the "Regulator Station" or "Facility") in Holmdel Township ("Holmdel"). I will also describe NJNG's process for considering alternative sites for the Facility.

II. LOCATION, DESIGN AND CONSTRUCTION OF THE FACILITY

Q. Please provide an overall summary of the Facility.

A. As explained more fully in the testimony of Kraig Sanders, NJNG's Director of Pressure Measure and Transmission, the Facility will support and enhance the reliability and

integrity of NJNG's local distribution system because it will allow the Company to reliably, efficiently and safely reduce the gas pressure by more than 600 pounds per square inch gauge ("psig") from the transmission system in Holmdel to the Company's distribution system for delivery to customers in Holmdel and surrounding municipalities. Critically, the design of the Regulator Station, through the use of an above-ground heating unit, will prevent the regulators and associated equipment from freezing and becoming encased in thick ice, which can result in a loss of service to the local distribution system. Indeed, as explained in Kraig Sanders's testimony, the above-ground heating unit is absolutely essential to the Regulator Station's ability to reliably and efficiently manage the significant pressure reduction between NJNG's transmission system and distribution system, and thereby to provide safe, adequate, reliable and efficient gas service to NJNG's customers in the nearby geographic area.

Q. Please generally explain the location and scope of the Facility.

A. The Regulator Station is a natural gas pressure reduction facility. It will consist primarily of underground gas piping with one heating unit, one filter, one control box and two regulator runs, all of which will be located above-ground. The Regulator Station will occupy an easement area of approximately 40 feet by 150 feet on a parcel of land located on Block 13, Lot 13 in Holmdel (the "Proposed Site"). The street address is 960 Holmdel Road, Holmdel, New Jersey, where there is currently an office park complex and a cellular communications tower. The Regulator Station will be situated on a small section of the property between the office complex and Holmdel Road.

III. NEED FOR THE HOLMDEL REGULATOR STATION

Q. Can you describe the Facility in more detail?

A. Yes. As noted above, the Facility will consist of a filter, heater, two regulator runs, associated piping, and a control box. The Regulator Station's filter, which acts as a scrubber cleaning the gas of impurities, will be approximately 6.5 feet long, 3 feet wide and 4 feet tall, and will be placed on a concrete pad. The heating unit, which is manufactured by Cold Weather Technologies, is the largest piece of equipment. It is 30 feet long and 7½ feet wide, and has three vent stacks, each of which is 12 inches in diameter and 15 feet tall. The regulators will be connected to 6-inch and 8-inch piping primarily located 3 feet underground. A small section of the piping will be above-ground, where the regulators are located. The Facility will also have a control box housing communications and electrical equipment.

The Proposed Site will be covered with crushed stone and equipped with an eight and twelve foot high fence with privacy slats for security and buffering purposes. Four to five-foot-high earthen berms in the front and sides of the Facility will obscure the Facility from view. NJNG will also install eight-foot high solid sound wall around the north, east, and south sides of the Facility, and a masonry retaining wall behind the berms, as well as concrete-filled steel bollards to provide additional protection. The Facility's perimeter will be extensively landscaped on top of the berms with a variety of 12' to 14' high trees and shrubs to create a buffer and obscure visibility of the Facility to the general public. *See* Exhibit P-5. The Facility's fence enclosure will be setback 180 feet from the Holmdel Road right-of-way and 260 feet from the closest residential property line across Holmdel Road. A visually pre-emptive stand of evergreen trees will also be installed approximately 60' from the Holmdel Road right-of-way, approximately midway between the Facility and Holmdel Road.

Q. Can the Regulator Station be located underground?

A. No. NJNG must locate the heater and filter equipment above-ground to ensure adequate ventilation and air flow. Also, NJNG needs above-ground access to the equipment to perform regular inspection and maintenance.

Q. Can the Regulator Station be located on the same geographic footprint as the temporary station currently in operation?

A. No. The location of the current temporary regulator station is not large enough to accommodate the heater, filter and regulator runs. Also, the temporary location cannot accommodate the required above-ground heater and filter equipment because the regulator is in a vault underground within the public road right-of-way.

Q. Can you describe construction of the Facility?

A. NJNG expects construction to last approximately one month. The majority of the work—such as grading, piping and equipment installation, landscaping, and fence installation—will take place on the Proposed Site. NJNG anticipates that work on the travelled portion of Holmdel Road will last two to three days. Material deliveries and hauling are limited and will have a minimal impact on the surrounding roadways. NJNG plans to perform construction during normal working hours, Monday through Friday, so as to minimize disturbance to residents.

IV. SITE SELECTION AND ALTERNATIVES

Q. Please describe the criteria NJNG utilized to select the location for the proposed Facility.

A. Over the course of several years beginning in 2011, NJNG engaged in a laborious and detailed site selection and alternative site analysis (the "Site Analysis") in an effort to

find the most suitable location for the Facility that would have a minimal impact on Holmdel and its residents. As an initial matter, several siting constraints guided and informed the Site Analysis, and ultimately limited the available site options.

First, it was important from an operational and engineering standpoint to locate the Regulator Station as close as possible to the southern end of the Holmdel transmission line (where the line begins at the intersection of Newman Springs Road and Holmdel Road). That is because the pump station for the Holmdel transmission line (which feeds Holmdel and the surrounding areas) is located at the southern end of the line. Siting the Regulator Station near that pump station will allow NJNG to feed that station, and provide natural gas to customers from that location northward, where the supply is back-filled from other pump stations. A site at the southern end of the line is also optimal from a system-design standpoint in light of the locations of other pump stations within NJNG's system (NJNG has two other gas feeds to the north and southeast). NJNG prefers to have adequate spacing between its various feeds to minimize system vulnerability and service interruptions in the event one of the pump stations becomes inoperable.

Second, the chosen site had to be large enough to accommodate the proposed Facility. As explained above, the proposed Facility requires an area of approximately 150 feet by 40 feet to house all of the necessary equipment, including a filter, heater, two regulator runs, associated piping, and control box, as well as additional landscape easements to provide for the buffering and screening devices explained above.

Third, the Regulator Station should be located in close proximity to the transmission line because the gas delivery system experiences a loss in pressure, and a corresponding dip in efficiency and reliability, when a regulator station is located at a

distance from the transmission line. There are also security-related reasons to locate a regulator station close to the transmission line in a more well-travelled area. A more remote and hidden facility is more likely to experience vandalism and tampering.

Fourth, there are several types of properties that NJNG either avoids or cannot use for its gas delivery facilities. Most significantly, NJNG makes every effort to avoid placing its facilities in residential zones; instead, it endeavors to find locations with commercial, industrial or utility zoning. Such commercial, industrial and utility zoned areas—in addition to minimizing disruption to residents—typically offer a greater likelihood of acquiring an easement and obtaining the necessary zoning approvals.

Moreover, NJNG is prohibited under any circumstances from locating its facilities on Farmland Preserved properties. NJNG is also prohibited, without first getting difficult to obtain authorization from the State, from using properties purchased with Green Acres funding. The Company also avoids wetlands and low lying areas because they present a heightened risk of flooding and, more importantly, freezing during the winter months. Further, NJNG looks for sites with no environmental or contamination issues, and prefers sites with little or no required tree clearing to minimize any environmental impact. Finally, again to minimize any environmental impact, NJNG prefers to build its facilities on already developed land, as it typically only requires a relatively small parcel.

With those restrictions in mind, NJNG's Site Analysis focused on determining the most operationally suitable location that would enable NJNG to improve and reinforce existing service reliability with minimal impact to the surrounding properties. To that end, NJNG's Site Analysis considered potential impacts of each possible site from several perspectives: (1) impacts to residential areas; (2) existing environmental

conditions; and (3) engineering considerations. Potential properties located in residential neighborhoods and/or close to other community-valued buildings (e.g. schools) were disqualified from consideration, because the Facility would not typically be permitted on those properties due to local community discontentment and restrictions under Holmdel zoning ordinances. Existing environmental conditions—e.g., tree clearing, wetlands, contaminated sites, Preserved Farmland and Green Acres habitats—were also relevant factors; NJNG avoided potential sites that had one or more of those environmental conditions. Finally, NJNG's engineering considerations included the importance of a location at the southern end of the transmission line; minimization of the Facility's distance to the transmission line; adequacy of the property's size; sufficient access for inspection, maintenance and repair; property elevation levels; and security.

Q. Were alternative locations considered?

A. Yes. Even though it is important to locate the Regulator Station as far south as possible, NJNG examined the entire transmission line corridor between Route 35 (at the northern end) and Newman Springs Road (at the southern end) for potential locations. As the below discussion demonstrates, NJNG's analysis revealed very few possibly suitable locations for the Regulator Station. To aid in that discussion, Exhibit P-3 to the Petition is a map depicting the transmission line corridor and adjacent zoning/environmental restrictions that was presented to the Holmdel Zoning Board.

As an initial matter, the northernmost portion of the corridor on South Laurel Avenue (at and near the intersection of Route 35) offers no suitable locations because it is largely a developed business district that includes retention ponds and wetlands occupying non-developed areas. Likewise, the area to the immediate south on South

Laurel Avenue (stretching until a property occupied by AT&T) is unsuitable because it is a developed residentially zoned land. That area also contains medium-to-high density sites with water drainage retention basins, creeks, wetlands, significant elevation changes and heavily wooded segments, as well as a Jersey Central Power and Light Company right-of-way and a railroad track. As a result of these factors, NJNG removed all properties in this area from consideration as possible locations.

Farther south on South Laurel Avenue, Steiner Equities owns the property occupied by AT&T, as well as several surrounding properties. Even though these sites are much farther north than is operationally optimal, NJNG considered them because of the very limited options along the transmission line corridor. Although these sites are zoned for residential use (which NJNG typically avoids), they were vacant and unoccupied by current residential uses, advertised for sale, and adjacent to the AT&T property, which is zoned for commercial use. Because those factors somewhat mitigated the existence of residential zoning, NJNG attempted, albeit unsuccessfully, to obtain an easement on two of the properties (as explained below). Further, the Beau Ridge and Laurel Greene developments in that area are dense residential communities, which automatically renders them unusable. In addition, there are neighborhood amenities and wetlands occupying nearby non-developed areas, which was another reason NJNG eliminated these sites from consideration. Finally, the intersection of South Laurel Ave and Holland Road is zoned residential and encumbered by wetlands, with the exception of a parcel owned by Monmouth County. NJNG subsequently discovered that the Monmouth County property is encumbered by Green Acres deed restrictions that permit it to be used solely for recreation and conservation purposes.

Continuing further south along the transmission line corridor, the properties on Holland Road are zoned for and have residential developments, which again makes them unusable. In addition to this disqualifier, the properties adjacent to this segment of the transmission line have significant elevation changes, would require tree clearing and/or have wetlands along the roadside.

On South Holland Road, the properties are once again zoned for and have residential developments. Also, the area has significant elevation changes, heavily wooded areas, roadside wetlands, and multiple Green Acres deed restricted properties.

The next area of examination is that occupied by the Garden State Parkway ("GSP"), which crosses over South Holland Road. The New Jersey Turnpike Authority controls the GSP and has a strong policy and practice of refusing to encumber its property with easements. The GSP property is also zoned as Public Land, which does not permit public utilities. Thus, the GSP property was not a viable option.

After the GSP, the transmission line corridor continues along South Holland Road before turning onto Crawfords Corner Road. That entire area is zoned for and has developed residential properties. Also, Holmdel High School is located at 36 Crawfords Corner Road. There are wetlands throughout the High School property, and the non-wetland section is developed with a football field, making it unusable. The High School property is also zoned as Public Land, which does not permit public utilities.

Next along the corridor is Longstreet Road, which borders Holmdel Park on the entire north side; the park is Green Acres encumbered and zoned as Public Land, thereby removing it from consideration for the Regulator Station. The entire south side of

Longstreet Road is zoned for and has developed residential properties. The area also contains wetlands.

To the south of Longstreet Road is Roberts Road, which is bordered by Holmdel Park and Longstreet Farm on the north side, both of which are Green Acres encumbered. In addition, the Holmdel Park property is zoned as Public Lands, which does not permit public utilities. Wetlands also exist in this area. The south side of Roberts Road is a mix of developed residential and office/laboratory zoning with wetlands. The Ramanessin Section of Holmdel Park (to the south of Roberts Road) is also Green Acres encumbered. As a result, no portion of this area was a viable option.

The intersection of Roberts Road and Holmdel Road—where the transmission line corridor begins to follow Holmdel Road until it meets Newman Springs Road—is bordered on the west by Triple C Nurseries, an active farm that has been preserved through the Farmland Preservation program. The property on the east side of Holmdel Road is also an active farm with portions covered by wetlands. On the far side of the Holmdel Road/Roberts Road intersection is the Holmdel Cemetery, which is also unusable.

On the northern portion of Holmdel Road, the west side consists of a residential zone currently in development, and the east side consists of an office/laboratory zone that contains wetlands and an active farm. As a result, no location on that portion of Holmdel Road was a possible location.

On the southern portion of Holmdel Road, the east site includes part of the Ramanessin Section, a developed residential zone, and a dense business district at the southern end (by Newman Springs Road). The west side of the southern portion of

Holmdel Road includes an office/laboratory zone that has been developed with office complexes, the Cornerstone solar farm and a dense business district. The Proposed Site of the Regulator Station is on a property located within that office/laboratory zone.

Q. **Please describe why NJNG chose the subject location in Holmdel for the Facility and why it is the best suited location for that use?**

A. The Regulator Station will be located on a small portion of a 16.51 acre site that is already improved with an office park complex and a cellular communications tower. Exhibit P-4 attached to the Petition, which was presented to the Holmdel Zoning Board, contains the site plans for the Facility at this location. NJNG proposes to construct the Facility within a 40 foot by 150 foot easement area located on the southeastern side of the lot. This site is of sufficient size and it is a natural fit to co-locate the station with another utility-type facility (the cell tower) on site, as well as an existing solar farm immediately south of the site.

Another benefit of this site is that it will allow NJNG to locate the Facility adjacent to the transmission line. Significantly, the Proposed Site is located at the southern end of NJNG's Holmdel transmission line, which (as explained above) will minimize the risk of customer exposure to outages. Moreover, the zoning for the site is non-residential and conditionally permits public utilities. There are no environmental constraints that would impact the development of a regulator station at this site. The site is not encumbered with Green Acres or Farmland Preservation restrictions. There are no prohibitively low elevations in the easement area. And NJNG is not required to clear a significant number of trees. Finally, as discussed below, NJNG has been able to obtain an easement for the Proposed Site.

Q. Please explain why the other alternative locations were not selected.

A. Beginning in 2011, NJNG considered four other properties for the location of the Facility. As an initial matter, based on the conditions discussed above, NJNG concluded that there are only two possibly viable areas along the Holmdel transmission line corridor: (1) the west side of the southern portion of Holmdel Road (where the Proposed Site is located); and (2) the southern portion of South Laurel Avenue near the AT&T property. As a result, NJNG simultaneously conducted appraisals for both areas as part of its due diligence.

With respect to the four alternative sites located within these two areas, NJNG first approached Steiner Equities regarding two vacant properties on South Laurel Avenue (one to the north of AT&T and one to the south). Steiner Equities, however, twice declined NJNG's requests for an easement for either of those two possible sites. In any event, those two properties presented significant disadvantages because they were too far north and were zoned residential. As a third alternative, NJNG then considered the parcel on Holland Road owned by Monmouth County. Unfortunately, the appraisal revealed that that property was purchased with Green Acres funding, which caused NJNG to eliminate it from consideration. Moreover, that property is much farther north than is operationally optimal. Fourth and finally, NJNG engaged in extensive negotiations with Mack-Cali, owner of the property on the west side of Holmdel Road, on which Vonage is located, at the southernmost end of the transmission line (the "Vonage Property"), concerning various locations on the Vonage Property for the Regulator Station. In April of 2013 (after NJNG had been searching for a site for approximately two years), Vonage tentatively approved an easement for a parcel of land fronting on

Holmdel Road. Several months later, in July 2013, Vonage conveyed to NJNG certain concerns with the proposed easement. After addressing Vonage's concerns in the middle of October 2013, NJNG drafted and circulated a final easement for execution. At the end of that month, however, Vonage notified NJNG that it would not consent to the easement, and negotiations ended. As a result, NJNG was left with only one possible location for the Regulator Facility at that time: the Original Proposed Site at 970 Holmdel Road ("Original Proposed Site"). As I discuss later in my testimony, NJNG became aware of the availability of an additional site (which would eventually became the Proposed Site) during the 2015-16 hearing process before the Holmdel Zoning Board of Adjustment ("Holmdel Zoning Board").

Q. Did NJNG consider any property owned by the Township of Holmdel?

A. Based on the Site Analysis, NJNG concluded that there is no suitable property owned by Holmdel in close proximity to the transmission line.

Q. Can you please describe NJNG's efforts to date to obtain required land use approvals from Holmdel Township?

A. Yes. With respect to the Original Proposed Site, on March 17, 2015, NJNG filed an application with the Holmdel Zoning Board requesting Site Plan Approval, "C" and "D" variances, and Conditional Use approval. Specifically, NJNG sought variances (a) to construct the Regulator Station as an additional principal use on the site; (b) to construct the Regulator Station within the buffer required between a non-residential use and residential zone (a 384.25 feet buffer is required, but NJNG proposes one of 89.78 feet); and (c) to install an eight-foot high fence with wood slats in the front, side and rear yard (only eight-foot-high open wire fencing is permitted). NJNG also requested (a) relief

from two conditions of the Zoning Board's prior resolution approving the Cornerstone solar farm; (b) variances for NJNG's proposed sign and driveway access width (to the extent the Zoning Board deemed such variances necessary); and (c) several design waivers.

After seven lengthy and in-depth hearings over 10 months (at which NJNG presented extensive testimony from six witnesses), the Holmdel Zoning Board denied NJNG's variance requests on December 7, 2016, even though six of the seven voting members agreed that the Regulator Station is an inherently beneficial use.

Q. Did NJNG file a Petition with the Board of Public Utilities to appeal the Holmdel Zoning Board's denial in regard to the Original Proposal Site?

A. Yes. On January 11, 2017, NJNG filed a Petition with the BPU pursuant to N.J.S.A. 40:55D-19, appealing the Holmdel Zoning Board's decision and seeking Board approval authorizing the construction of the Facility at the Original Proposed Site. I understand that that matter is pending before an Administrative Law Judge, but is currently on inactive status.

Q. Why was the Company's appeal of the 2016 Holmdel Zoning Board decision put on inactive status?

A. During the 2016 hearings before the Holmdel Zoning Board, one of the Board members suggested that NJNG consider the site at 960 Holmdel Road. Based on the Board member's suggestion, NJNG decided to evaluate the site at 960 Holmdel Road and to ascertain whether the property owner would be willing to grant easements for a Regulator Station. The BPU proceeding was placed on inactive status to allow NJNG time to complete its evaluation of the new site.

Q. Did NJNG conclude that the site at 960 Holmdel Road was suitable for the Facility?

A. Yes. NJNG concluded that the property at 960 Holmdel Road was suitable for the Regulator Station, that the property owner was willing to grant the necessary easements, and it thereafter became the Proposed Site. I explained the many benefits of the Proposed Site earlier in my testimony.

Q. Would NJNG be willing to construct the Regulator Station at the Original Proposed Site?

A. Yes. While the site at 960 Holmdel Road is currently the Proposed Site, the Company would be willing to construct the Regulator Station at either the Original Proposed Site or the current Proposed Site.

Q. Does this conclude your prepared direct testimony?

A. Yes, it does. I reserve the right to supplement and/or amend this testimony.

EXHIBIT P-3

EXHIBIT P-3

HOLMDEL STATION SITE ANALYSIS

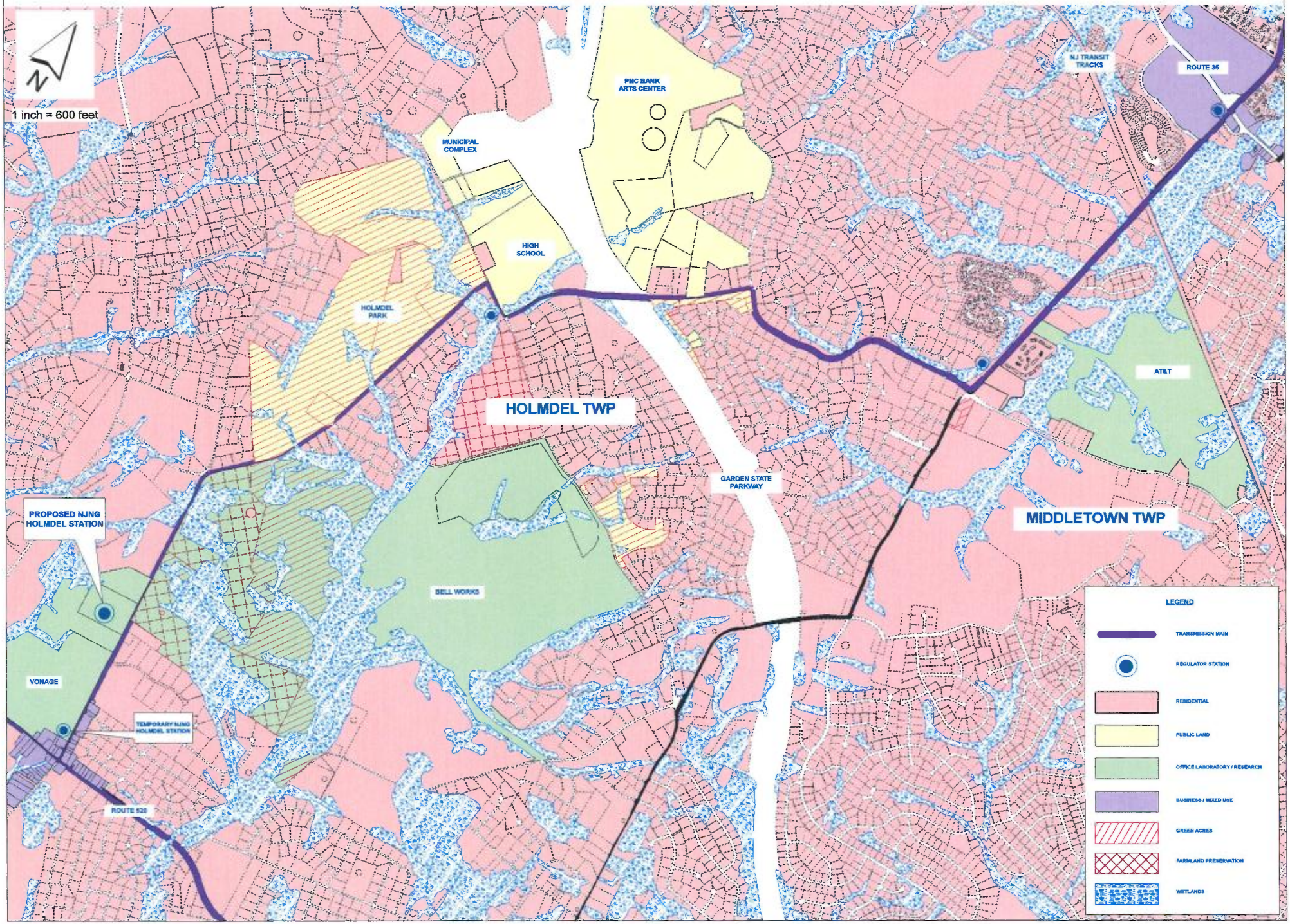
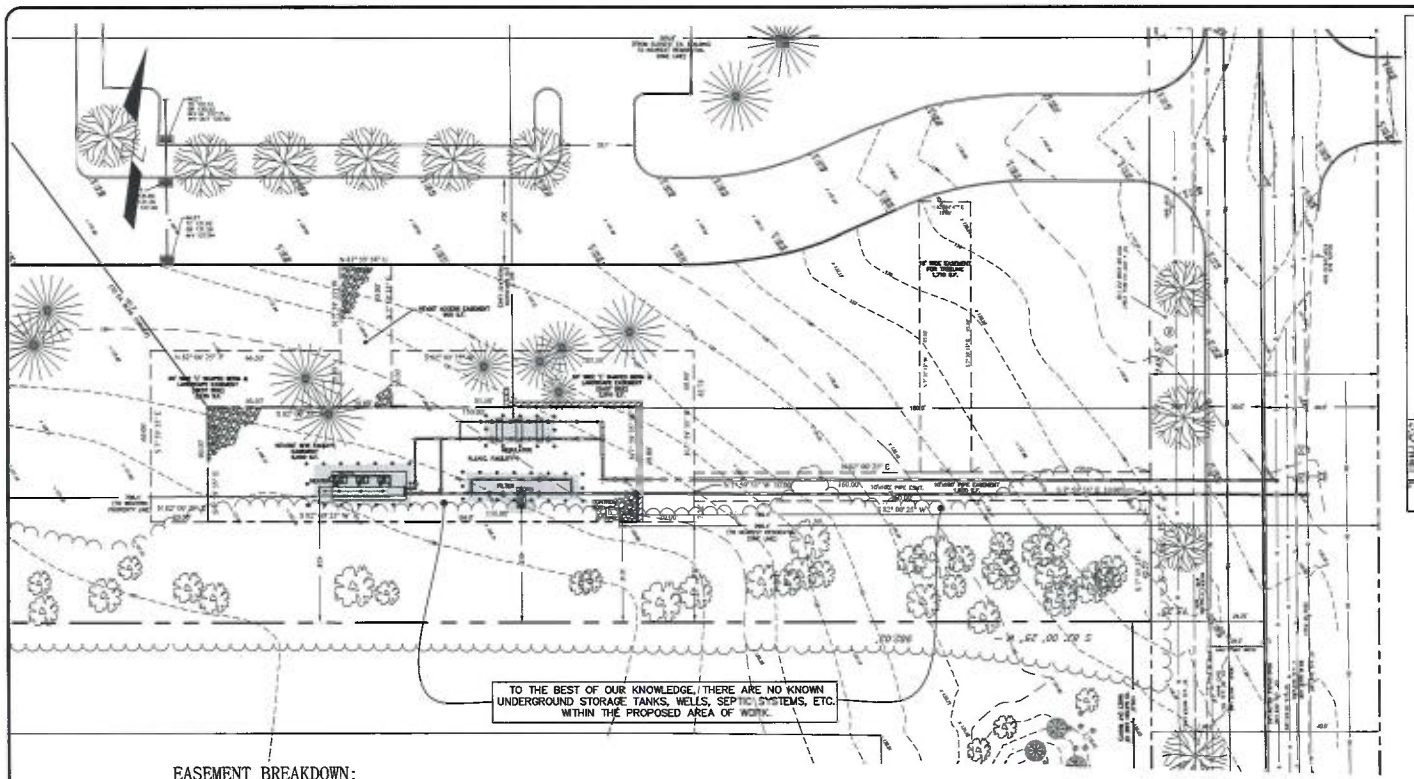
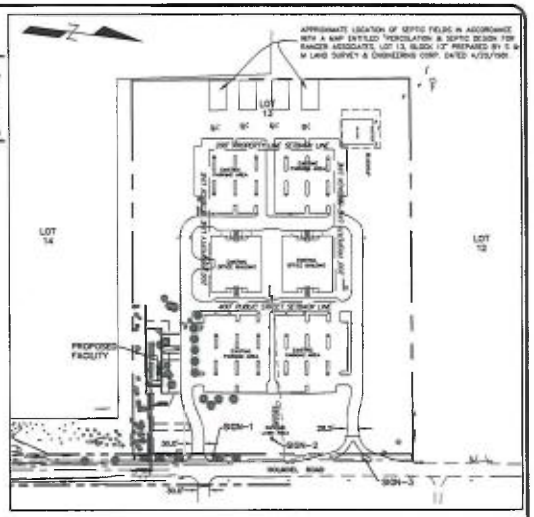


EXHIBIT P-4

EXHIBIT P-4
1 of 2



TO THE BEST OF OUR KNOWLEDGE, THERE ARE NO KNOWN UNDERGROUND STORAGE TANKS, WELLS, SEPTIC SYSTEMS, ETC. WITHIN THE PROPOSED AREA OF WORK.



OVERVIEW OF LOT 13, BLOCK 13
AREA=730,113.61± S.F. (16.51± Ac.)

SCALE: 1"=150'

EASEMENT BREAKDOWN:

40'x150' SITE FACILITY EASEMENT = 6,000 S.F.
10'x160' PIPE EASEMENT = 1,600 S.F.
18'x50'ACCESS EASEMENT = 900 S.F.
20' WIDE BERM & LANDSCAPE (EAST) = 2,910 S.F.
20' WIDE BERM & LANDSCAPE (WEST) = 2,130 S.F.
18'x95' EASEMENT FOR TREELINE = 1,710 S.F.

TOTAL OF EASEMENTS = 15,250 S.F.

GRAPHIC SCALE

(IN FEET)
1 inch = 20 ft.

SIGN-1 (LOCATED ON THE NORTH SIDE OF THE SOUTHERN DRIVEWAY)

SIGN-2 (LOCATED IN THE CENTER OF THE PROPERTY)

SIGN-3 (LOCATED IN THE ISLAND INSIDE THE NORTH DRIVEWAY)

LEGEND

EXISTING FEATURES	PROPOSED FEATURES
EXIST. TREE LINE	PROP. TREE LINE
EXIST. SANITARY MANHOLE	PROP. SURFACE FLOW DIRECTION
EXIST. INLET	PROP. LIMIT OF DISTURBANCE
EXIST. UTILITY POLE	PROP. INLET W/ SEDIMENT BARRIER
EXIST. FIRE HYDRANT	PROP. SILT FENCE
EXIST. SPOT ELEVATION	PROP. SPOT ELEVATION
EXIST. WATER LINE	PROP. TOP CURB/GUTTER GRADE
EXIST. SANITARY SEWER	PROP. CONTOUR
EXIST. STORM SEWER	PROP. SANITARY SEWER MANHOLE
EXIST. CONTOUR	PROP. SANITARY SEWER
EXIST. FENCE	PROP. STORM SEWER MANHOLE
EX. TOP CURB/GUTTER GRADE	PROP. INLET
	PROP. STORM SEWER
	PROP. FLARED END SECTION
	PROP. WATER LINE
	PROP. WATER VALVE
	PROP. HYDRANT
	PROP. UTILITY POLE

NO	DESCRIPTION	DATE	BY
3	REV. PER COMPLETENESS REVIEW DATED 4/10/18	4/23/18	M.B.I.
2	REV. PER COMPLETENESS REVIEW DATED 1/25/18	2/22/18	M.B.I.
1			

CREST
Engineering Associates Inc.
Civil & Environmental Engineers
Professional Planners - Surveyors - Landscape Architects
- CERTIFICATE OF AUTHORIZATION NO. 24GA27989300 -
100 HWY DRIVE, MILLSTONE TOWNSHIP, N.J. 08535, PH(609)448-3500
12 ROBBINS PKWY, AT WATER STREET, TOMS RIVER, N.J. 08753, PH(732)244-8888

MICHAEL B. INTILE
P.E. & P.P. NJ LIC. NO. 35271

DATE 12/1/17
SCALE 1"=20'
DRAWN M.J.P.
CHECKED M.B.I.
SHEET 3 OF 6
POCKET

PRELIMINARY & FINAL MAJOR SITE PLAN FOR PUBLIC UTILITY CONDITIONAL USE

LOT 13 BLOCK 13
HOLMDEL TOWNSHIP
MONMOUTH COUNTY, NEW JERSEY

OVERALL PLAN

DETAILED EASEMENT PLAN

FILE 1-1810

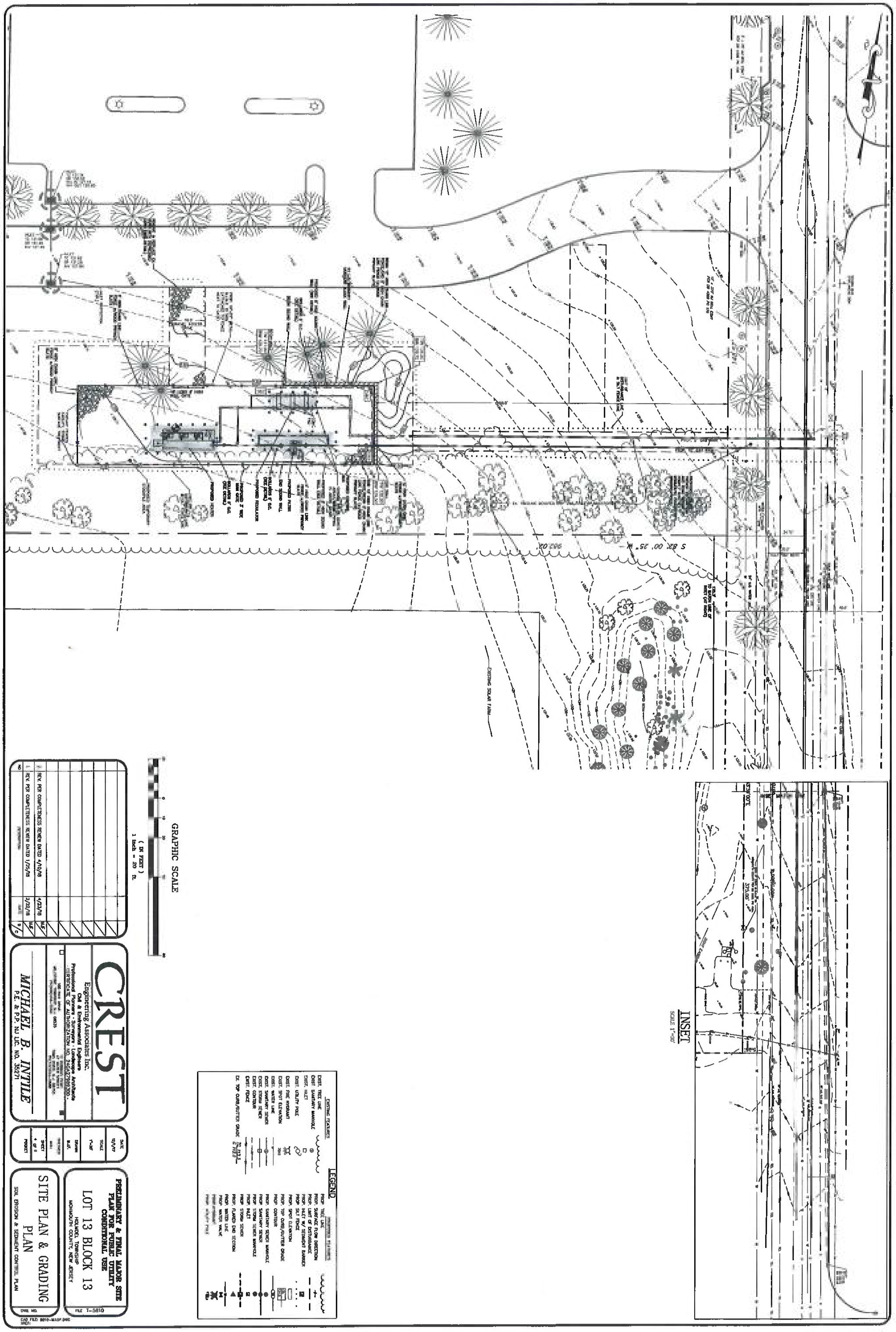

GRAPHIC SCALE
(IN FEET)
1 inch = 20 ft.
LEGEND
INSET
EXISTING SOLAR FARM
CREST
Engineering Associates Inc.
MICHAEL B. INTILE
PRELIMINARY & FINAL MAJOR SITE PLAN FOR PUBLIC UTILITY CONDITIONAL USE
LOT 13 BLOCK 13
MONMOUTH COUNTY, NEW JERSEY
SITE PLAN & GRADING PLAN
SOIL EROSION & SEDIMENT CONTROL PLAN

EXHIBIT P-5

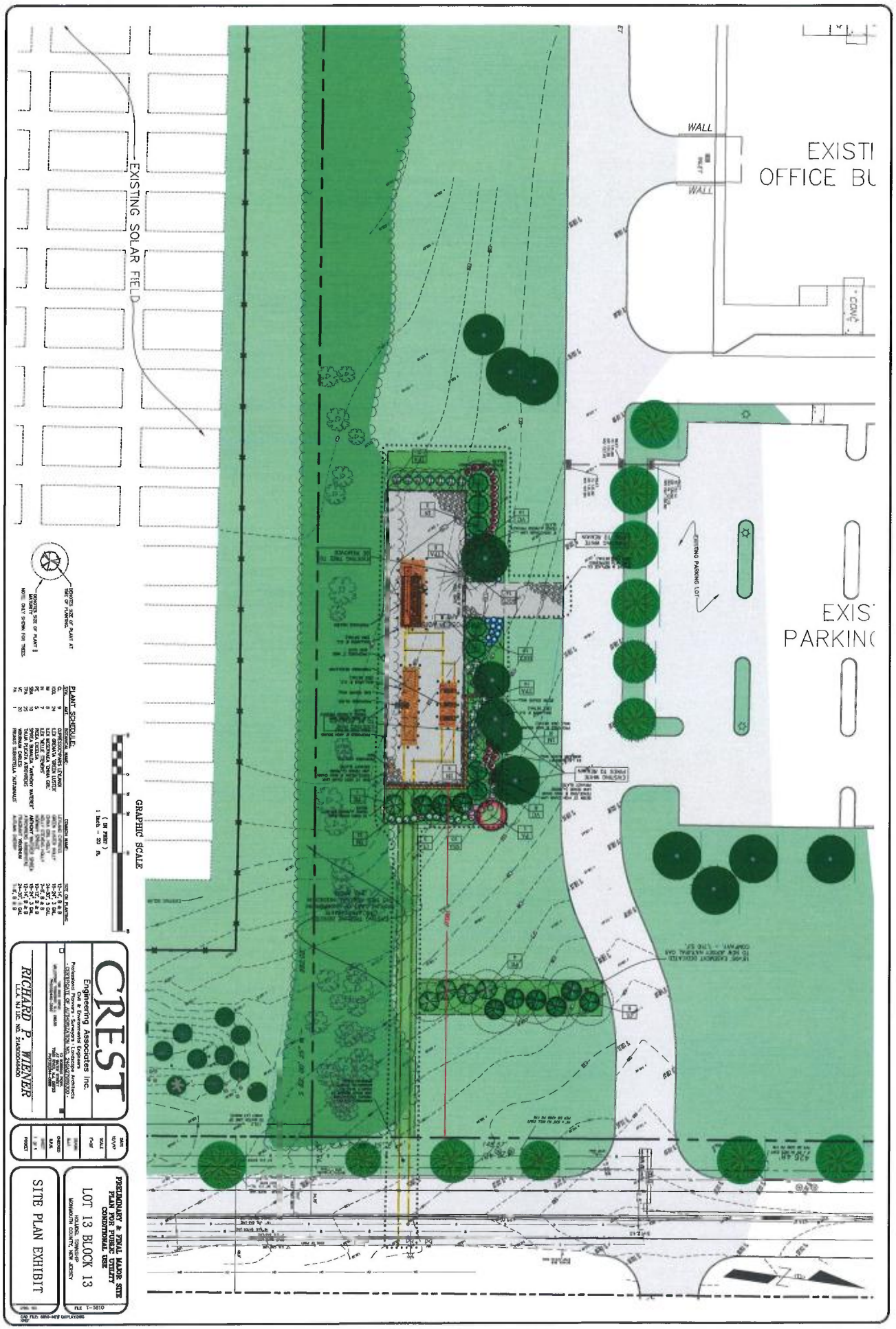

EXISTING SOLAR FIELD
WALL
WALL
EXISTI
OFFICE BU
EXISTING PARKING LOT
EXIST
PARKIN
GRAPHIC SCALE
(IN FEET)
1 inch = 20 ft.
PLANT SCHEDULE
CREST
Engineering Associates Inc.
Civil & Environmental Engineers
Professional Planners
RICHARD P. WIENER
LLA, NJ Lic. No. 21AS00394400
PRELIMINARY & FINAL MAJOR SITE PLAN FOR PUBLIC UTILITY CONDITIONAL USE
LOT 13 BLOCK 13
HOLMDEL TOWNSHIP
MONMOUTH COUNTY, NEW JERSEY
SITE PLAN EXHIBIT

EXHIBIT P-6

HOLMDEL TOWNSHIP ZONING BOARD OF ADJUSTMENT
COUNTY OF MONMOUTH - STATE OF NEW JERSEY

Special Meeting of Wednesday,
October 25, 2018

New Jersey Natural Gas Company
Preliminary and Final Site Plan
960 Holmdel Road

7:00 p.m.

BEFORE:

VALERIE AVRIN-MARCHIANO, Chairwoman
ANTHONY PESCE
LOUIS LO PRESTI
D.J. LUCCARELLI
DONALD HERN
CHRIS BRIAMONTE

ALSO PRESENT:

MARTIN PFLEGER, ESQ., Board Attorney
GREGORY PLOUSSAS, P.E., Board Engineer
MARYANN BUCCICARTER, P.P., Board Planner
DAVID OLSEN, Zoning Officer
LORETTA COSCIA, Zoning Board Secretary

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A P P E A R A N C E S

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EXHIBITS

EXHIBIT NO.	DESCRIPTION	PAGE NO.

No exhibits were marked.

MS. AVRIN-MARCHIANO: I now call this meeting to order.

MR. LUCCARELLI: I hereby announce pursuant to Section 5 of the Open Public Meetings Act that adequate notice of this meeting has been transmitted on October 15th 2018 by the Secretary, to the Asbury Park Press, The Independent, The Two River Times, the Township Clerk, and has been posted in the meeting room and in the entrance hall in Town Hall, all pursuant to Section 13 of the Open Public Meetings Act.

MS. AVRIN-MARCHIANO: Roll call?

MS. COSCIA: Mrs. Avrin?

MS. AVRIN-MARCHIANO: Here.

MS. COSCIA: Mr. Hern?

MR. HERN: Here.

MS. COSCIA: Mr. LoPresti?

MR. LOPRESTI: Here.

MS. COSCIA: Mr. Luccarelli?

MR. LUCCARELLI: Here.

MS. COSCIA: Mr. Pesce?

MR. PESCE: Here.

MS. COSCIA: Mr. Briamonte?

MR. BRIAMONTE: Here.

(Pledge of Allegiance and moment of silence.)

MR. LUCCARELLI: Continued public hearing. Item #1. New Jersey Natural Gas Company. (NJNG) 960 Holmdel Road, Block 13, Lot 13 in the OL-2 Zone. Preliminary and final site plan #2018-1 - Applicant seeks variance to construct a proposed regulator station, access, and utilities located within a 16.51-acre site owned by Holmdel Venture, LLC, an improved office park and cell tower.

MS. SKIDMORE: Good evening, Board Members. Nancy Skidmore from Connell Foley. I am here on behalf of the Applicant, New Jersey Natural Gas Company. This is a continued public hearing on an application for preliminary and final site plan. It includes relief for conditional use variance and bulk variances for the site located at 960 Holmdel Road. And our proposal is for the installation of a regulator station within the OL-2 zone of the Township.

As the Board might recall, at the last hearing on October 10th, you heard testimony from our expert, real estate appraiser, Jeff Otteau. You also heard testimony from Rich

Reading, who is our expert in economics of land use. Mr. Otteau provided the Board with an overview and the summary of the analysis he undertook and the conclusions he reached in the market study report that he prepared and filed with the Board.

Mr. Reading also provided the Board with an overview of his investigation and the conclusions contained in the fiscal impact analysis that he prepared and filed with the Board. With me tonight, I have Christine Coffone, who is my expert planner. She is my first and only witness for the evening, so unless the Board has any preliminary matters that it would like to address, I would call my first witness, Christine Coffone.

MS. AVRIN-MARCHIANO: Please do.

MS. SKIDMORE: Ms. Coffone.

(Christine Nazzaro Coffone, sworn.)

MS. COFFONE: Christine Nazzaro Coffone, my business address is 125 Half Mile Road, Suite 300, Red Bank, New Jersey 07701.

DIRECT EXAMINATION BY MS. COFFONE:

Q. Ms. Coffone, can you please provide the the Board with the benefit of your background and

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okay? Also, I believe the professionals referred to our professionals as not having the expertise they need to deal with this. I disagree. Their professionals are hired by corporate interest. Our professionals are hired to represent us, the Town. And they are doing a darn good job at it.

Given the impacts Mr. Ploussas referred to are very real. The cumulative impacts over the years, when all of us are going to be gone, are still going to be here, okay?

The other thing I mentioned, the Wall Township facility, originally, New Jersey Natural Gas, okay, came into the Wall facility, solar farm in Wall Township. They took over the solar farm and turned it into a major industrial complex instead of a solar farm. This is just the tip of the iceberg and I think you should be aware of that. I implore you to please deny it for the sake of our Town. Thank you.

MS. AVRIN-MARCHIANO: Thank you. Miss Skidmore?

MR. PFLEGER: Do you want to announce that is the end of the public portion?

MS. AVRIN-MARCHIANO: The public portion

of this hearing is now closed. There will be no further comment from the public. I'm going to let Miss Skidmore give her closing arguments and then the Board is going to engage in a discussion amongst itself that you will be able to listen to, but you will not comment to, okay? At the end of the Board's discussion, then someone will make a motion either to approve the Applicant's request or deny it and then the Board will vote on that, okay? Miss Skidmore?

MS. SKIDMORE: Thank you. Mrs. Avrin, Members of the Board, thank you for all of your efforts to understand the purpose and need for this regulator station here in Holmdel. Since the commencement of the first public hearing on this matter, you've heard testimony from NJNG clearly indicating the absolute need for this regulator station at this property in order to ensure continued natural gas to Holmdel residents. Providing safe and natural gas service is, in fact, NJNG's mandate as a public utility under both State and Federal law.

In particular, you've heard NJNG director of transmission and pressure management, Kraig Sanders, if NJNG doesn't

install regulation at this facility, freezing to its critical regulators will occur, which could occur to a gas outage to Holmdel residents. Mr. Sanders has also indicated unlike a power outage, when a gas outage occurs, there is much more of a safety risk. NJNG must lock off all customers, evacuate each home and each home must be individually relighted.

Finally, Mr. Sanders indicated to the Board that this station will be very secure, that it will be monitored on a 24/7 basis and it, like every other regulator station in NJNG's system, will be very safe.

NJNG has been searching for a site along the required Holmdel Road corridor for many years. This property meets their unique criteria for selection and is available to them. I would remind the Board, and I know all of the Board Members here tonight aren't the same Board Members that know we're not talking about, but I would remind the Board Members the reason they have been here and the reason they have been here for two months, there was a suggestion made by a Board Member for a property owner to come forward on this site.

You've heard testimony from NJNG's expert in landscape architecture, Rick Wiener, has proposed an extensive screening and buffering proposal that will hide the facility from public view. Mr. Wiener has also testified to the Board the heater in question will be more than 260 feet away from the right-of-way. And based upon the plans before the Board, those heater vents will, in fact, be 300 feet away from the heater itself, more than a football field away.

You've heard NJNG air quality expert, Ed Potenta, not only will the State comply, it will also have no impact on residential property owners within the surrounding area. Mr. Potenta also clearly concluded that the emissions from this facility will be insignificant, negligible and trace amounts and that they will have no impact, whatsoever, on air quality, on water quality or the health of the neighborhood residents, animals and crops.

I know some members of the public may not like to hear that, but those are the regulatory schemes that we operate under today. We have to stand by what the E.P.A. and

N.J.D.E.P. tell us we are required to comply with. Based upon Mr. Potenta's testimony, there simply will be no impact, despite the concerns that the public may have.

You've also heard from NJNG's real estate appraiser, Jeff Otteau, who concluded that the proposed station will have no impact on residential, commercial or agricultural property values. That was based upon his expert study, not based upon speculation. I know that some members of the public have concerns over, but it was based upon a study, a well-documented study that is part of this record.

Also, likewise, you heard from NJNG's expert economist, Rich Reading, who concluded the proposed station will have no negative impact on the municipal, school or county services. Where alternatively, it will make a positive fiscal contribution to property which substantially generated revenues allocated to its operation.

Finally, you've heard from NJNG's expert planner. Ms. Coffone testified as to her opinion that the proposed use is, indeed, an inherently beneficial one. She testified that

this application meets the proofs required for approval of the variance and waiver relief that we seek.

I would like to remind the Board that the proposed use is indeed permitted as a conditional use within the OL-2 zone where the property is located. So there has already been a determination by the governing body that this public utility use is indeed appropriate for both this property and for the zone. As Ms. Coffone confirmed for uses that are inherently beneficial, there is no need to demonstrate that the site if particularly suited for the use.

Nonetheless, NJNG has presented testimony clearly proving the site is especially suited for this use. As Ms. Coffone also highlighted, the legal standards that are necessary for an inherently beneficial use require that the Board conduct a balancing test between the positive and the negative to the use. To be more specific, in the case of, "Sica versus Wall Township Board of Adjustment," the New Jersey Supreme Court explains that there are four steps that the Zoning Board must undertake when conducting a review of an inherently

beneficial use variance.

First, the Board must first assess where the public interest or the public benefit is at stake. Here NJNG is proposing the regulator station for the primary purpose of ensuring that Holmdel residents continue to receive safe and reliable gas service to Holmdel residents. It is difficult to imagine more of a compelling public interest here is safeguarding the reliable delivery of heat and hot water to homes or residents in Holmdel, particularly when we are talking about the coldest winter months of the year.

The second and third steps, as Ms. Coffone represented, require the Board to identify any substantial detrimental impact that may be present in connection with the proposed use. And if a substantial detriment is, in fact, present then the Board may be permitted to impose reasonable conditions, if necessary. As to both of these steps, you've heard repeated testimony from NJNG experts and professionals that there will be no detrimental impacts, but more importantly, no substantial detrimental impacts.

Even if some nominal impacts are present, NJNG has already proposed reasonable conditions to fully mitigate those impacts, including the construction of a sound wall, the inclusion of a retaining wall, a berm, fencing and a robust landscaping plan that hides the facility from public view.

As we have demonstrated, this station will be concealed from public view, the neighboring property owners will not be able to hear it, there will be no impacts to air quality and water quality and as a result no impact from the neighbors, residents or animals or crops. There be no odors, there will be no impact to the surrounding residential or agricultural properties, there will be no impact to the municipality from a fiscal perspective and there will practically be no traffic impacts, and finally, the traffic will be safe.

The fourth step that the Board must weigh in this instance, they must weigh the positive benefit in connection with the negative. And, in this context, the Board must identify whether the continued provision of heat and hot water to every residence, in Holmdel, is

outweighed or is not outweighed by the impacts that have been described by the record. The law requires when the Board assessed negative impacts, in the case of an inherently beneficial use, those impacts must be substantial in order to overcome the positive benefit of use. And under the law any negative impact that the Board may find must be based upon evidence that is in the record and not merely speculation or conjecture.

In this regard, there is no qualified expert testimony that would demonstrate any substantial impact that would exceed the benefits afforded to every single Holmdel resident here. Now, there has been a suggestion that I would like to address that the Board's ability to mitigate perceived detrimental impacts extend so far as to permit the Board to require a heater that is alternative to the heater proposed by NJNG.

I would, again, remind the Board that the jurisdiction to design NJNG's gas station, including the designation of the equipment most appropriate for that gas system, rests solely within the jurisdiction of the gas company and

the Board of public utilities.

So any suggestion or determination by the Board that NJNG must install a heater chosen by the Board or by the Board engineer instead of the heater proposed by NJNG would amount to nothing less than a disregard to the statutory framework and the case law governing public utilities.

I am also concerned that when we have been discussing this idea of who has jurisdiction to design this regulator station, we haven't spent enough time talking about why the public utility law requires what it does. So I will say now, if I haven't emphasized in the past, I will mention it to you again now. The primary purpose of the public utility law is to ensure the public safety by permitting only experts in natural gas to design natural gas system. I apologize if I haven't made this clear to the Board in the past.

Having said that, I want to put aside the legal requirements here for just a moment and I want to ask each of you a simple question, just to think about before you make your decision, legal requirements aside, do you think

it is a good idea, from a public safety standpoint, for the Board or the Board engineer, who aren't experts in natural gas and neither am I, to substitute their judgment for the judgment of the gas company that's been designing gas systems for more than 65 years? Does that make any sense to any of you? Because from a fundamental safety perspective, I'm just a little surprised that even the remote possibility that the Board may be entertaining that idea.

Given all of the evidence that you've heard in the record to date and all of the undisputed expert evidence and professional testimony you've heard in support of this application, NJNG submits it has not met, but exceeded all of the legal requirements in order for the Board to grant approval for this application and we hope that each one of you will do that night. Thank you.

MS. AVRIN-MARCHIANO: Thank you. Okay. The hearing is closed and now the Board is going to have a discussion amongst itself on the record as to its thoughts and then we will have a vote. This is our discussion on any comments.

Does anyone have any thoughts they would like to discuss?

MR. BRIAMONTE: I do. It was talked about our requirements in weighing the pros and cons if it was proven if it was in the public interest and it's been mentioned several times that there are no substantial detrimental affects to our community and I disagree with that wholeheartedly. I actually do think there is evidence, in the record, that talks about negative effects. I asked Mr. Otteau if perception can affect markets, and he said, yes. There is clearly a perception here, in our community, that there will be an affect not only on the real estate values that are nearby, but on a going concern business that many of us, in this community, enjoy. So I do believe that there is evidence, in the record, for that. I do believe that perception does move markets and there is clearly a negative perception as to how allowing to come in could effect our community.

MS. AVRIN-MARCHIANO: Well, I took a look at the sales that Mr. Otteau supplied and I can find compared sales that go beyond. For a sale that he introduces that shows that there is

no affect, I can find a sale in another part of town of a similar house, same age and size in the same condition, et cetera, that sold for hundreds of thousands of dollars more. I don't feel that testimony has weight that I'm willing to consider that study. I don't think it supports the conclusion that the Applicant wants us to reach. So I agree you with you, Chris, I don't feel that -- I feel -- I have a concern.

Obviously, you have a concern that there is an economic impact on the community from having a regulator station there and I don't feel the Applicant introduced testimony to counter that feeling.

MR. PESCE: Well, you know, you guys kind of, you know, solidified my thoughts. I mean, the irony is that the regulator station, the permitted use of this property does allow for that to be there, had there been no other use -- nothing else that existed on this property. But the fact that it is a third use variance, you know, we are here discussing things like pollutants. That may not come into play, otherwise.

MS. AVRIN-MARCHIANO: It's not customary

for us to grant third use variances. Demetri is not here tonight. He has been on the Board much longer than I have, but I've been here four years and we've never granted a third use variance in that time period. So I am concerned about that as well.

MR. PESCE: Well, you know, when we talk about, and I feel Mrs. Skidmore made very compelling argument --

MS. AVRIN-MARCHIANO: She is very good at her job.

MR. PESCE: -- and I promise the Board I will never complain about an application for a shed again. But the substantial detriment, as we've discussed and as we've heard a lot of the audience come and all give their opinions on, you know, we base it on facts of experts on both sides. Unfortunately, if we have to go based on our experts, which to make some compelling arguments also, and, you know, there is no doubt that there is certainly a lot of uncertainty. I don't know enough about natural gas stations, what should or shouldn't be there. I listened to a lot of the crowd move from the City out to the Suburbs.

When I moved out here, there was no doubt that my house was my single largest investment. Actually, my family was my single largest investment. My home was second to that. When I moved into Town, I knew what I was faced with the sound from the Parkway, and the lights from the football field and the traffic in the morning from school, but I knew what I was up against.

That side of Town, which tend to be a very quiet side of Town, and those that are involved in the Town know that they're very passionate about it being quiet and the cars that drive by and the crickets at night. I can't help but feel some of them made a decision not to be there. Unfortunately, you know, that is just the way I see it.

With that being said, I don't know if anyone else has anything else to add.

MS. AVRIN-MARCHIANO: I have pages. I mean, I can sum up myself when we vote, but I could confine myself to three minutes like I did everyone else. I don't think that the gas company has established this is an inherently beneficial use. As someone had pointed out, not

the installation of a gas line, which would obviously be an inherently beneficial use, if the community didn't have gas, but the rather the issue is whether this is needed to enhance or continue the safe supply of gas to our community and I wasn't convinced. I understand there is freezing that goes on, but I don't remember hearing testimony as to other than the sporadic need to have somebody defrost that line, unless somebody remembers differently. I think it's sporadically to defrost it. It's a regular schedule that it is necessary to have this equipment. And while I understand that the law doesn't allow us, in particular, to dictate what the terms of the application are going to be, it's difficult to reach a conclusion when we are left feeling that maybe there was other alternatives that were less burdensome to the community.

As Mr. Kin Gee pointed out, we can not necessarily rely on the public utility. The gas company's primary commission is to make money. Its secondary commission is to deliver gas. So I have to consider that application in that vein and I am not convinced because no testimony was

presented to us, despite the questions, that there wasn't another method of warming the gas available to the community that would be less burdensome from an aesthetic perspective, despite the landscaping.

I've looked at the other stations, they are not well-maintained. The vent stacks are rusting, they are visible. Holmdel, in particular, is extremely concerned with the aesthetics of its community. It's extremely important to virtually everybody that lives in Town that we pride ourselves on that. The fact that it's going to be landscaped, again, as Maryann pointed out, it's on one of the sides where there is an easement that is not controlled by the Applicant and it can be made more visible. It may not be maintained, the shrubbery dies. From looking at the other sites, I do not have a strong faith in the Applicant's ability to maintain its sites the way we would want it to be maintained, to maintain the berm and the shrubbery. So I was not certainly convinced by that.

Environmentally, I am relying on our expert, Mr. Ploussas, who has raised concerns

among us that there is a cumulative effect of these emissions that can be dangerous to our community, to the surrounding farm, to our air and our water. There are not standards that we can rely on that protect us, so I am relying on Mr. Ploussas, even though he is not an expert, he is a highly-educated and experienced engineer and expert in his field that has serious environmental concerns for our community.

Also, the location, even again, if that was not a requirement, I still am not satisfied as to why it's further back on that site. We asked that question. We were told not within our purview. This is the site being presented to us. So I do think that it is possible that that location would have been set further back, and possibly, you know, further reduce the emissions that were being emitted from the site.

MR. LOPRESTI: I would echo some of the things you said. I am feeling that even the smallest amount of pollutants emitted over the course of a long period of time are going to become a problem more than they think it's going to happen. They are going to accumulate. They are going to accumulate and that's what they do.

There was talk about a lot of testimony about you can't see the site. You also can't see the airborne pollutant and you can't see what their affects are going to be 30 years down the road. And I don't see how any of that promotes general welfare. I think it's our obligation to protect the residents from pollutants. I don't care how small they are. That is how I feel.

MR. LUCCARELLI: Yeah, I think agree to some extent, but I don't feel that was the largest issue here. I think the biggest issue for me was the third use, you know, the permitted third use for the site. I don't like that. I don't agree with their criteria to allow the third use. The right part of Holmdel to have an industrial use like this with neighboring communities, neighboring farms, whether it is a horse farm or whether it is a vineyard or whether it is a crop, farm crop, I don't believe it's conducive to the area, to the community and I don't see it as a benefit.

MS. AVRIN-MARCHIANO: I also don't think they answered for us effectively why the other regulator stations, right, Greg, this is something we discussed, there are other

surrounding regulator stations, so why the Lincroft or Colts Neck regulator station couldn't take over this need or maybe by enlarging the equipment?

MR. PLOUSSAS: Since they are on the same high-pressure line.

MS. AVRIN-MARCHIANO: Right. So those sites could, perhaps, those smaller regulator stations than the ones they were proposing for Holmdel. Why one of those regulator stations couldn't be enlarged to accommodate the needs for Holmdel without installing another regulator station.

MR. PLOUSSAS: Or a combination.

MS. AVRIN-MARCHIANO: Right. Also, Maryann, you made a lot of good points that I didn't mention all of them specifically, but those also factored into thoughts, the decision that I'm going to make here. So, I wanted to specifically reference that as part of what we decide.

MS. BUCCICARTER: All of the things you referenced, I think I raised as potential mitigation that was put forward and dismissed out of hand and not really put up for

discussion, which typically happens, so the role of the Board and the interaction and the ability to weigh the positive.

MS. AVRIN-MARCHIANO: I think, again, the gas company failed to demonstrate the need for this, so that they meet the inherently beneficial standard from the Sica test where they have not demonstrated the need, to my satisfaction, where I would feel that that standard has been met. Does anyone else?

MR. HERN: I have nothing to add.

MS. AVRIN-MARCHIANO: Maryann, Greg, do you want to add anything further?

MS. BUCCICARTER: I think to follow-up on what you pointed out, even the need for the substantial detrimental affects resulting from the reduced or mitigated proposed by the Board, at a certain point, if there is no back and forth or discussion about all of the dangers and potential negative effects and points that were made by the testimony are not addressed and they haven't been addressed that point, point number three of that prong is not addressed, because there was not an ability to provide for any mitigating factors. There were no changes made.

There was no accommodation of any of the dangers that were raised, so I think that second, excuse me, the third prong was not addressed at all.

MR. PLOUSSAS: As far as their comment of myself or the Board designing the system for that, we're not doing that. I am not doing that. My suggestion was simply for them to investigate other alternatives where we know there is less emissions.

MS. AVRIN-MARCHIANO: For example?

MR. PLOUSSAS: Right. That happened to be one that I tracked down. There are, out in the market, other technologies in this day and age that produce less emissions and we didn't hear any testimony with that regard. And also, we do know there are other regulator stations on this system. They didn't explain to us or didn't explain to me why those stations themselves could be expanded or modified to handle this. They are delivering gas since 2011 safely. Why, all of a sudden now, is it a safety problem?

MS. AVRIN-MARCHIANO: If no one else has anything further, Loretta, I want to make sure our professionals, Greg's letters are part of

the record; is that right?

MS. COSCIA: Yes.

MS. AVRIN-MARCHIANO: Does somebody want to make a motion?

MR. LOPRESTI: I will make a motion to deny the application.

MR. BRIAMONTE: I will second it.

MS. COSCIA: Mr. Hern?

MR. HERN: Yes.

MS. COSCIA: Mr. LoPresti?

MR. LOPRESTI: Yes.

MS. COSCIA: Mr. Lucarrelli?

MR. LUCCARELLI: Yes.

MS. COSCIA: Mr. Pesce?

MR. PESCE: Yes.

MS. COSCIA: Mr. Briamonte?

MR. BRIAMONTE: Yes.

MS. AVRIN-MARCHIANO: Yes. Okay. That concludes this hearing.

MR. BRIAMONTE: Motion to adjourn.

MR. LOPRESTI: Second.

(Whereupon, the application is concluded at 11:16 p.m.)