

From: Stacey Roth
To: pfontaine@cozen.com
CC: Wittenberg, Nancy
Date: 10/9/2013 11:35 AM
Subject: SJG Proposed Pipeline Project
Attachments: ProposedOffset.pdf; Question Raised at the 9-27 P&I.docx; Route 50 Gas Line
, No MOA Needed.pdf; Potential Offset.docx

Good Morning Peter,

Attached please find:

1. An outline of the potential offset
2. The list of questions that were raised by Commissioners and others at the last Policy and Implementation Committee meeting.
3. At the end of the list of questions, deliverables that are needed from South Jersey Gas before we meet again to discuss the offset.
4. Also at the end of the list of questions, deliverable that SJG was waiting for from the Commission staff. All of these items have been attached hereto, with the exception of the Block/Lot information for the offset properties. We are waiting for information from the municipalities to complete our QA/QC of this information and hope to provide it shortly.

Although we had tentatively scheduled a meeting for tomorrow, that meeting date will need to be rescheduled. I will call you to discuss.

Best, Stacey

Potential Offset for the
SJG Pipeline to Repower BL England and Redundancy

I. Monetary Offset = \$17 Million Dollars

1. Total Acreage approximately 3,000 acres
2. The offset amount is based on three approaches, all of which yield the same result.
 - a. Using the weighted average of Pineland Conservation Fund acquisitions in Forest Area, including an inflation factor of 5%/year for three years.
 - b. Using the formula developed for allocation of PDCs in the Forest Area with an inflation factor of 5%/year for three years.
 - i. 1 right per 5 acres; and
 - ii. Average cost for a right for the four best years in the last ten year period, which equals \$25,000 per right.
 - c. Using a building lot value of \$100,000/lot and an average FA zoning of 1 unit/20 acres (i.e. 150 home), with an inflation factor of 5%/year for three years.
3. The money would be put into escrow for acquisition and permanent protection of the lands adjacent to the proposed pipeline in the Forest Area in their natural state (DCR with DEP & NGO as Grantees with the Commission included as a third-party beneficiary)
4. Commission will act as the escrow agent and place money in the State Cash Management Account in a separate interest bearing account. The principal would be available to SJG, or its agent NGO, for acquisition of the offset lands. The interest will remain with the Commission. SJG, or its agent NGO, will obtain reimbursement from the Commission following settlement on an offset lot.
5. If all of the offset lands are acquired and preserved prior to three years from the date of execution of the MOA by all parties, any remaining principle in the escrow account shall be returned to South Jersey Gas.
6. If, after three years from execution of the MOA, any offset parcels remain to be acquired, then all remaining principle and all interest shall be transferred to the Pinelands Conservation Fund to be used for acquisition of forest lands in the southern forest, i.e. forest lands south of the Atlantic City Expressway.

(Note: Conectiv's offset was calculated based on the acreage of the specific lands that the project would disturb (139 acres). The number of rights for that acreage was determined based upon 1 right per ¼ acre disturbed, which yield 566 rights. The PDC value at that time was \$30,000/right. Using the Conectiv formula for the current project

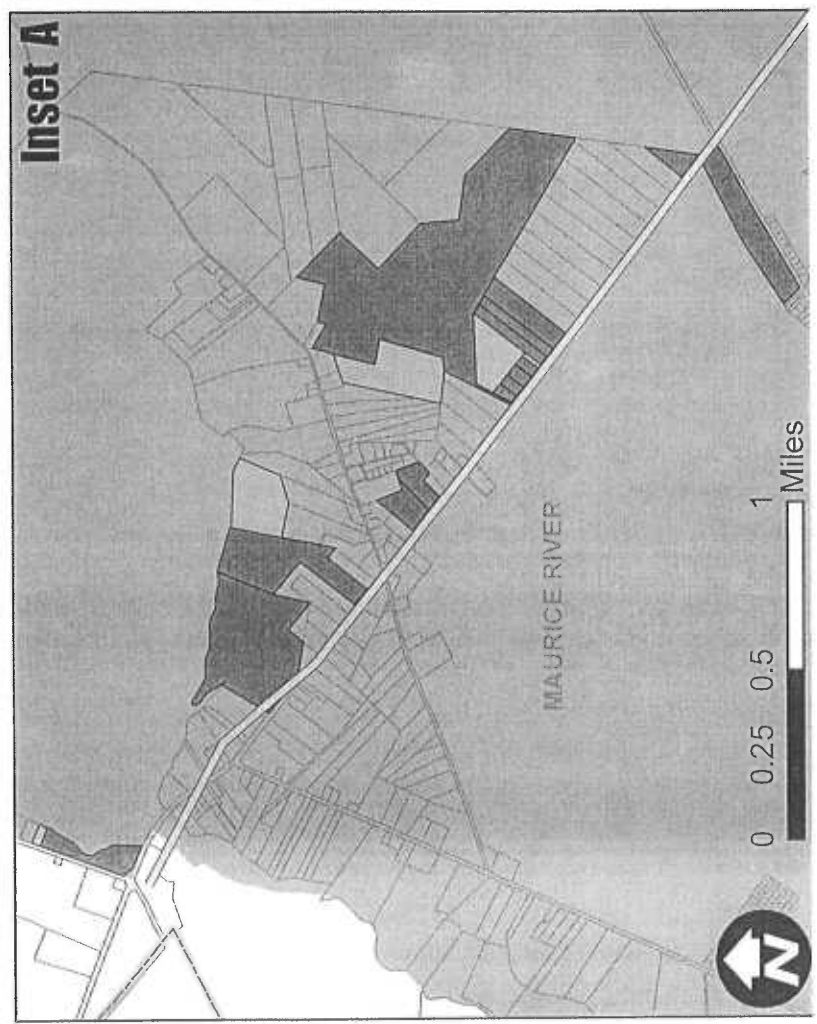
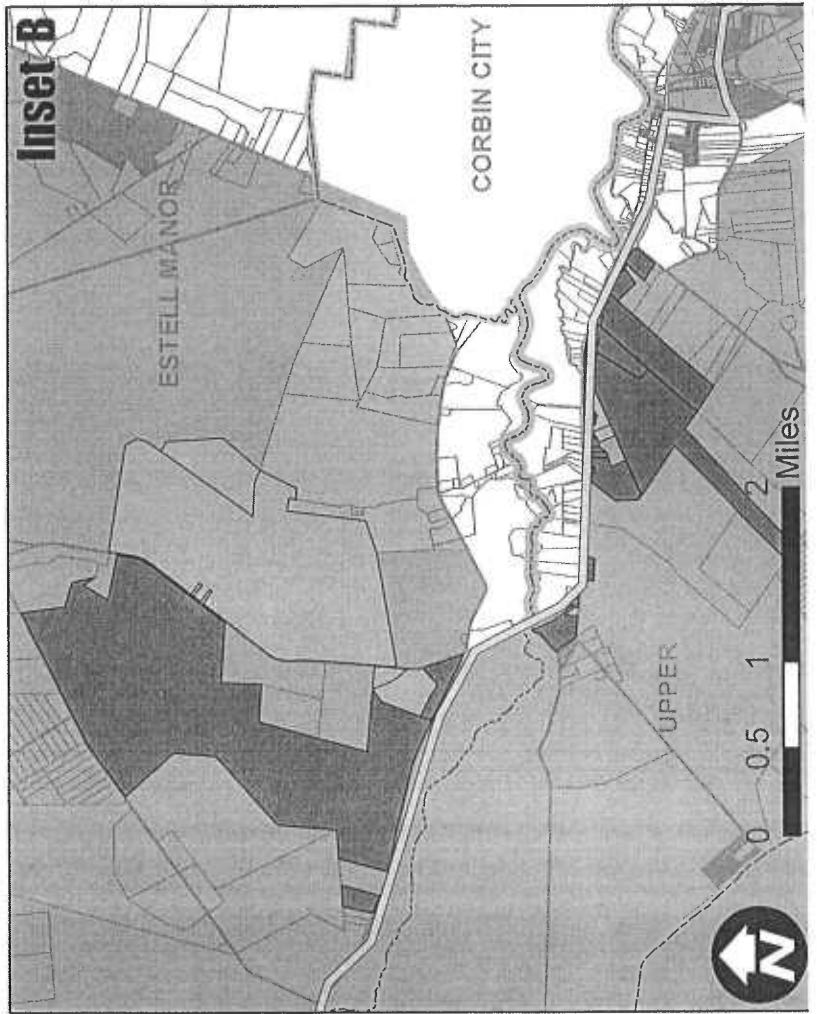
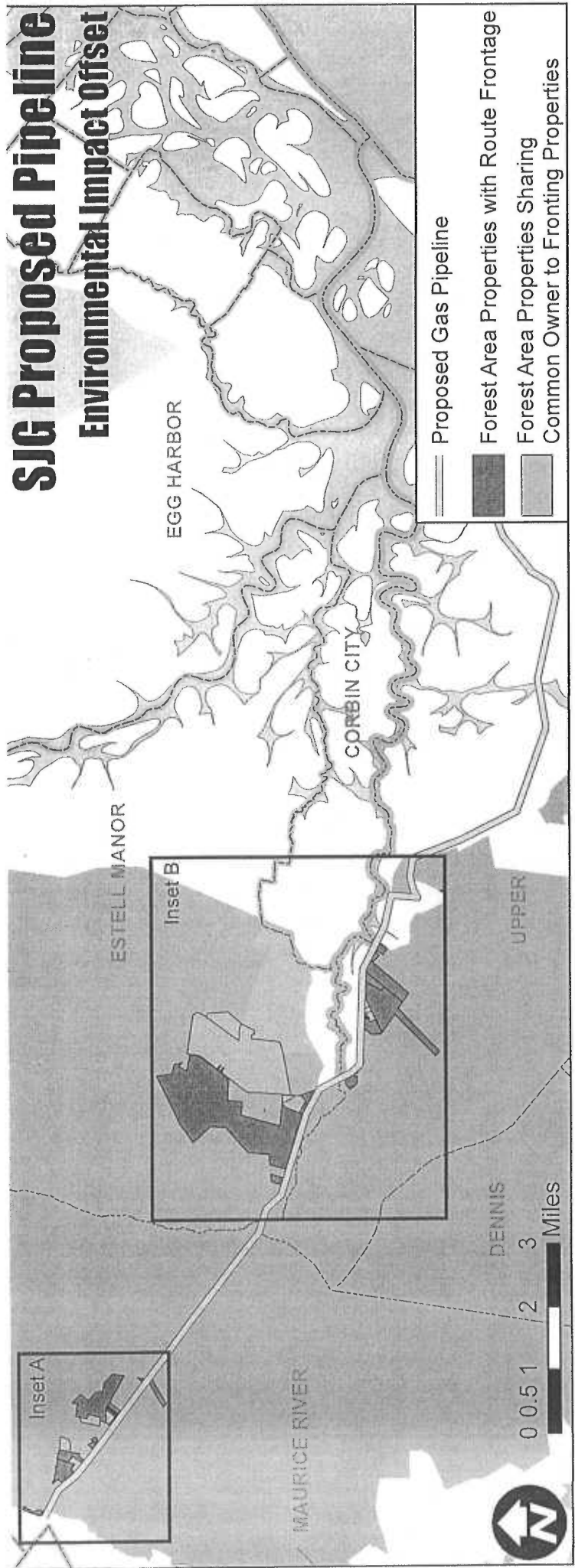
with approximately 3,000 acres of potential future disturbance yields a cost of \$120 Million dollars (3,000 x 4 x \$10,000)

7. Reimburse the Commission for staff costs associated with development and implementation of the MOA and continued monitoring of the pipeline project.
8. In order to promote better understanding of the Pinelands and the regulatory program used to protect it, provide \$250,000 to the Commission for construction of the Pinelands Educational Center.

II. Non-Monetary Offset

1. Move all of the construction into the paved roadway or paved shoulder. No construction/storage/ stockpiles at all in the grass shoulder.
2. An environmental and T&E monitor shall be on site at all times during construction to ensure that there is no intrusion into T&E habitat or areas with known sightings of T&E plants and that all BMPs are being followed.
3. If the storage areas, where cultural resources were found, are used, silt fencing and construction fencing must be installed to block off the areas with cultural resources to prevent any disturbance of these areas.
4. Use of polymer-based drilling fluid such as Bio-Bore or Poly-Bore for HDD.
5. Submission to and approval by the Commission of a HDD mitigation contingency plan prior to commencing construction.
6. Provide copies of all monitoring reports for the pipeline to the Pinelands Commission for a five year period commencing upon operation of the new pipeline and implement any required maintenance or repairs expeditiously.
7. Agree to disable BL England portion of the pipeline within 6 months of B.L. England or a successor ceases operation of the plant.
8. Deed restrict the pipeline against all future, potential hook-ups.
9. For the three year period during which SJG or its agent is undertaking acquisition of the offset properties, provide quarterly progress reports to the Pinelands Commission staff delineating the progress made regarding acquisition and preservation of the offset lots.
10. Impose a Conservation Deed Restriction on all offset lots acquired to preserve same in their natural state in perpetuity. The form of the DCR will be attached as an appendix to the MOA. DEP and an NGO or the Township in which the property is located shall be the Grantors and the Commission shall be a third-party beneficiary of the DCR.

SJG Proposed Pipeline Environmental Impact Offset



Question Raised at the September 27th P&I Committee Meeting

1. Bentonite – How does drop in pressure translate in terms of amount of drilling fluid that escapes from a break out? Can you estimate it in terms of volume? Gallons?
2. Is there any data/studies on bentonite break out risks? Especially, the risk of a breakout occurring under water?
3. Why is there a greater risk of breakout for the 7,000 linear foot HDD under the Great Egg Harbor Bay? Please explain the “curve” statement made during P&I.
4. Is the risk the same for the HDDs that are being performed as part of Route A? If not, why not? What is the potential risk of a breakout under a wetland or stream crossing?
5. How many HDDs will there be as part of the construction. Need a diagram for each of these HDDs in the Pinelands Area showing location, depth, potentially impacted resources; this is especially the case for wetland/stream/pond crossings.
6. Need a list of the BMPs that are going to be used on the proposed route of the project and indicate whether used throughout the route or whether used in specific locations, and, if so, identify the location and the BMP for that location and what it is intended to address.
7. Need clarification on the soils that will be used to backfill over the pipe; Will excavated soils be stockpiled and used to backfill? If not, how will you ensure that the fill material used does not result in the introduction of invasive, non-native species?
8. Is there a gas source from the North, South, or East that can service the B.L. England plant and then go on and provide redundancy through the construction of the portion of the pipeline from B.L. England to the interconnect station?
9. What is the break down in terms of numbers customers in the PNR vs. customers in the state designated Pinelands Area who will lose gas service in the event of a disruption?
10. Would the negative impacts associated with gas interruption, as described in the power point, still occur even with redundancy? i.e. wouldn't you still have to go house by house and re-establish service even if there was a redundancy line, because redundancy is not seamless?
12. What is the minimum size of the pipe that is necessary to serve: 1) BL England and redundancy; 2) BL England alone and 3) redundancy alone?
13. Clarify which BPU Order actually “ordered” construction of the pipeline?
14. What documentation can you provide that supports that HDD is proven technology? What documentation can you provide that demonstrates that HDD is the industry standard for installation of pipelines in environmentally sensitive areas?

15. What documentation can you provide that supports the need for the continued use of the B.L. England plant? This answer should address claims by the environmental community that there is no need, because of the development of four new gas plants: West Deptford, Woodbridge, Old Bridge, and Deepwater(?)?
16. Provide information concerning the amount of pipeline within South Jersey Gas' system that is located within the Pinelands Area. For each pipeline, please provide the date of construction and copies of annual survey reports? Have any of these pipelines experienced methane leaks? If so, why? How long did it take to identify said leaks? And what was done to correct them? Have any of these pipelines ruptured? Have any of the pipelines within South Jersey Gas' service network ever ruptured?
17. What, if any, impact would a rupture of the proposed pipeline have on the K/C aquifer? What is the scientific support for your response? What is the risk of damage to the K/C aquifer as a result of development of the proposed pipeline? Please quantify and explain scientific basis for the answer.
18. What number of stream crossings will occur as a result of the pipeline project? Is Mr. Ackers correct in his statement at the last P&I meeting that there will be 15 stream crossings? (See attached chart)? If not, why not. If correct, what method of construction will be utilized in these areas?
19. Is there an existing 24" pipeline on Route 50 that could be used for the repowering of the project? (See attached memo from commenter.) If not, please confirm the size and pressure of the existing pipeline already going through the Forest Area and which crosses Route 50 below Mays Landing.
20. Why can't you place a pipeline beside the existing pipeline on Route 50 in order to meet the goals of the project?
21. Provide an in depth explanation of how public utilities, specifically gas service, is provided in the State of New Jersey. What is the relationship between BPU and South Jersey Gas? How pervasive is BPU's regulation of the state's gas utilities?

Deliverable from South Jersey Gas

1. An analysis of any additional costs associated with performing construction of the pipeline solely within the road or paved shoulder.
2. An analysis of whether the following route is feasible and why it should not be considered the preferred route of routes A,B or C.

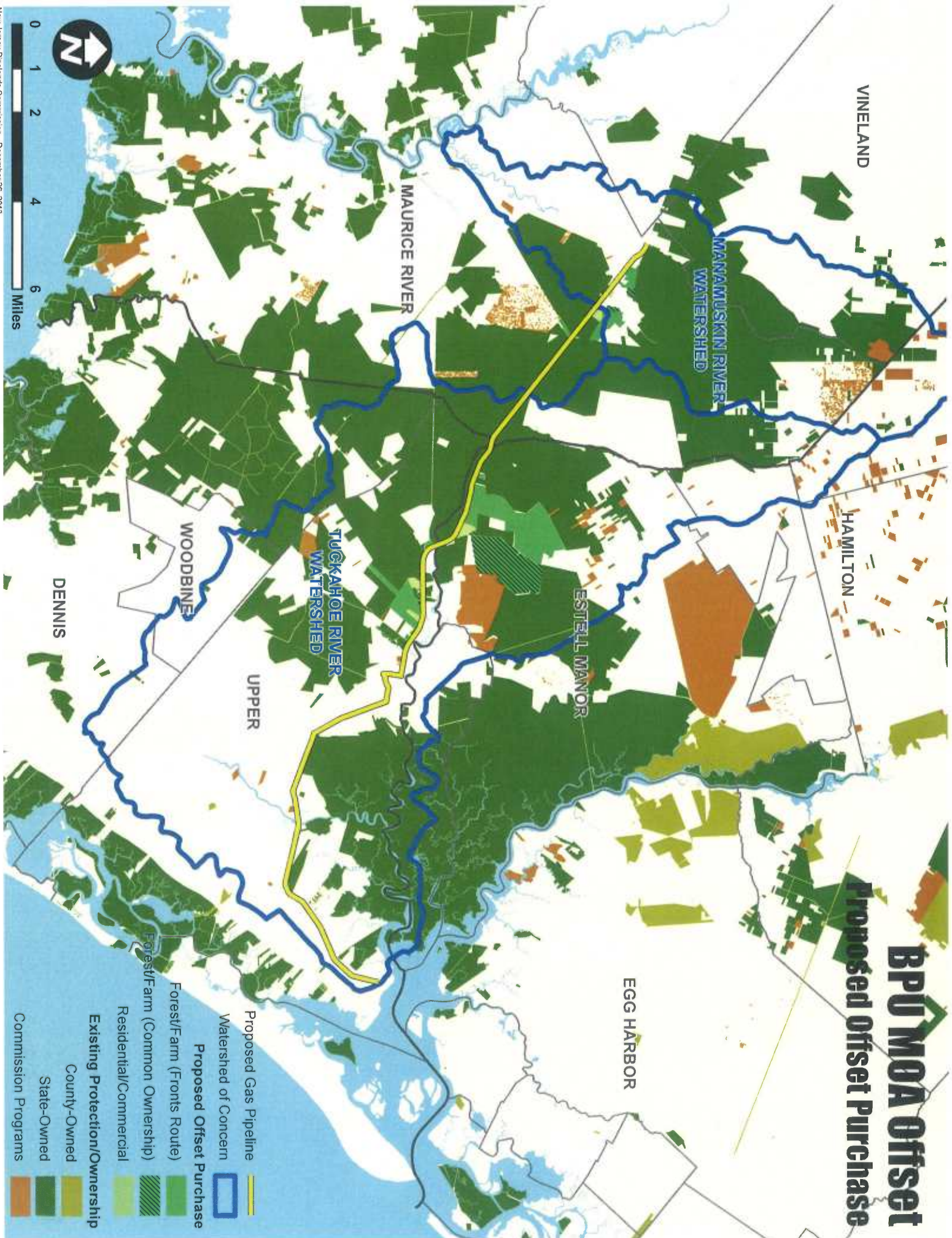
Connect to the northern 24" gas transmission line, would allow for burial of the line beneath a State highway (Route #50), would reach the BL England plant without crossing under the Great Egg Harbor, and would completely avoid crossing Pinelands Forest Area. The highway at that location forms the eastern boundary of the Pinelands Commission's jurisdiction, and this route would therefore lie outside of the Pinelands, and avoid invocation of Commission review.

3. Written responses to the above questions.
4. Response to the outline of the Potential Offset.

Deliverables from the Pinelands Commission

1. Block/Lot information for the parcels to be acquired as offset (Still being QA/QC'd; waiting on information from municipalities.)
2. Map depicting offset parcels - Attached
3. Outline of the economic proposal – Attached
4. Conectiv Calculation – Note on Potential Offset Outline

BPU MOA Offset Proposed Offset Purchase



- Proposed Gas Pipeline
 - Watershed of Concern
 - Proposed Offset Purchase
 - Forest/Farm (Fronts Route)
 - Forest/Farm (Common Ownership)
 - Residential/Commercial
- Existing Protection/Ownership**
- County-Owned
 - State-Owned
 - Commission Programs



BPU MOA Offset - Properties of Interest

Municipality	Block	Lot	Management Area	Owner	Assessed Acres	Vacant/Forest/Farm		Owner Address	Notes	Usage	GIS Acreage
						Frontage (ft.)	Fronting or Common Owner				
Estell Manor	64	4	Forest	C H Martin Associates	1,122	4,811	Fronting	156 Port Richmond Ave Staten Island, Ny 10302		Farm	1,062
Estell Manor	64	9	Forest	C H Martin Associates	18	562	Fronting	156 Port Richmond Ave Staten Island, Ny 10302		Vacant	14
Maurice River	116	10	Forest	Mccorristin, Robert M + Sheila	9	568	Fronting	122 S Delancy Pl Atlantic City, NJ 08401	Possible vacant lot.	Vacant	30
Maurice River	116	23	Village/Forest	Low, Bruce + Terry	30	312	Fronting	5308 Route 49 Millville, NJ 08332		Vacant	55
Maurice River	116	29	Village/Forest	Baisch, Eugene + Judy L	50	707	Fronting	1201 Forest Dr Millville, NJ 08332		Farm	158
Maurice River	117	13	Forest	Twigg, Lois H	152	47	Fronting	5386 Route 49 Millville, NJ 08332		Vacant	22
Maurice River	122	16	Forest	Unknown C/O Burlantic Forests LLC	19	166	Fronting	Po Box 509 Chatsworth, NJ 08019		Vacant	21
Upper	9	2	Forest	Sabatini, Katie Alexandra	21	1,555	Fronting	22 S Holly Hills Dr Somers Point, NJ 08244		Vacant	11
Upper	10	197	Forest	Petrella, Andrew + Darlene	11	596	Fronting	Po Box 190 Tuckahoe, NJ 08250		Vacant	1
Upper	10	199	Forest	Schneider, Ella D	1	353	Fronting	1310 Loretta Ave Mays Landing, NJ 08330		Vacant	10
Upper	10	200	Forest	Simon, Richard, Trustee	10	653	Fronting	P O Box 238 Northfield, NJ 08225		Vacant	10
Upper	10	202	Forest	Mason, Kenneth W + Patricia A	27	689	Fronting	443 Old Tuckahoe Rd Woodbine, NJ 08270	Possibly privately conserved.	Farm	91
Upper	10	205	Forest	Foundations & Structures Inc	4	559	Fronting	@Dep Shwp Box 414 Trenton, NJ 08625		Vacant	4
Upper	10	208	Forest	Azeez Farm, LLC	4	238	Fronting	2187 Marselle Drive Palm Bch Gdns, Fl 33410		Vacant	217
Upper	10	209	Forest	Azeez Farm, LLC	4	1,004	Fronting	3122 Fire Rd, Ste 200 Egg Hbr Twp, NJ 08234		Vacant	4
Upper	10	214	Forest	Webber, Glenn + Sandra M	2	155	Fronting	Pobox 551 Tuckahoe, NJ 08250		Vacant	2
Upper	10	223	Forest	Tervilliger, Duane + Ann	5	766	Fronting	550 Rt-49 Woodbine, NJ 08270		Forest	5
Estell Manor	62	16	Forest	C H Martin Associates	65		Common Owner	156 Port Richmond Ave Staten Island, Ny 10302		Farm	79
Estell Manor	62	18	Forest	C H Martin Associates	1		Common Owner	156 Port Richmond Ave Staten Island, Ny 10302		Farm	1
Estell Manor	62	19	Forest	C H Martin Associates	923		Common Owner	156 Port Richmond Ave Staten Island, Ny 10302		Farm	758
Estell Manor	64	4	Forest	C H Martin Associates	10		Common Owner	156 Port Richmond Ave Staten Island, Ny 10302		Farm	9
Maurice River	116	10.01	Forest	Mccorristin, Robert M + Sheila	1		Common Owner	122 S Delancey Pl Atlantic City, NJ 08401	Possible residential structure.	Farm	1
Maurice River	116	21	Forest	Low, Bruce + Terry	24		Common Owner	5308 Route 49 Millville, NJ 08332		Vacant	19
Maurice River	117	17.01	Village/Forest	Twigg, Lois H	23		Common Owner	5386 Route 49 Millville, NJ 08332		Vacant	23
Upper	10	219.04	Forest	Azeez Farm, LLC	5		Common Owner	3122 Fire Rd, Ste 200 Egg Hbr Twp, NJ 08234		Vacant	5
Upper	10	219.05	Forest	Azeez Farm, LLC	8		Common Owner	3122 Fire Rd, Ste 200 Egg Hbr Twp, NJ 08234		Vacant	9
Upper	247	19	Forest	Gannon, Brian Stanley + Sherry Lynn	1		Common Owner	230 Mill Rd Woodbine, NJ 08270		Vacant	0