



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

RELIABILITY & SECURITY

IN THE MATTER OF ALLEGED VIOLATIONS)	DECISION AND ORDER
OF THE UNDERGROUND FACILITIES)	
PROTECTION ACT, <u>N.J.S.A. 48:2-73 ET SEQ.</u> ,)	DOCKET NO. GS07110860K
BY SOUTH JERSEY GAS COMPANY)	OC # 18-07

(SERVICE LIST ATTACHED)

BY THE BOARD:

The Board of Public Utilities ("Board") is vested with the jurisdiction to oversee the establishment and operation of the statewide New Jersey One-Call Damage and Prevention System ("One-Call System") under the authority granted by the Underground Facilities Protection Act ("UFPA") N.J.S.A. 48:2-73 et seq. The One Call System, as described in the UFPA, requires anyone who intends to engage in excavation or demolition to give advance notice to facility operators ("Operator(s)") prior to excavation to prevent facility damage and service outages. N.J.A.C. 14:2-3.1, et seq. An Operator must mark-out its underground facilities in compliance with the mark-out standards in N.J.A.C. 14:2-5.1 et seq. within three business days after receipt of the One Call System notice. N.J.A.C. 14:2-4.2.

South Jersey Gas Company, an Operator, ("Operator") has contracted with UtiliQuest LLC to provide mark-out services on the Company's behalf. The Operator is required to ensure that all mark-outs are made in accordance with the UFPA. N.J.A.C. 14:2-4.2(b)(1).

Board Staff has determined that from the period of April 15, 2007 through May 21, 2007, the Operator, repeatedly failed to complete mark-outs within three business days resulting in multiple late or incomplete mark-outs. Board Staff directed the Operator to take corrective action, which included assigning additional personnel to complete all outstanding mark-outs.

On July 2, 2007, Board Staff forwarded the Operator a Notice of Alleged One-Call Violation for failure to comply with the UFPA. The violation is uncontested by the Operator. Board Staff has worked with the Operator to reach a settlement of the violation by requiring the implementation of a remediation plan and the payment of a monetary penalty.

On September 28, 2007, Board Staff received an executed settlement from the Operator, which is attached hereto as Exhibit A. On November 15, 2007, the Operator submitted a remediation plan which is attached as Exhibit B.

The Board has reviewed the settlement and HEREBY FINDS it to be a reasonable settlement of the outstanding issues, in the public interest, and in accordance with the law, including the UFPA. Therefore, the Board HEREBY ADOPTS the settlement and attached remediation plan as its own, incorporating by reference the terms and conditions therein as if fully set forth at length herein.

The Board has reviewed the remediation plan and HEREBY ORDERS that in addition to the procedures described in the attached remediation plan, within 30 days of this Order, the Operator shall implement a remediation plan that includes:

1. A backup system that utilizes the Operator's company staff or additional resources to complete daily mark-outs should the primary resource fail. A description of the backup process including the deployment mechanism shall be submitted to Board staff.
2. An in-house, daily monitoring process that ensures the quality and timeliness of work being performed by the contract vendor resource. A description of the monitoring process including the name, phone number and location of the staff members who are doing the monitoring shall be submitted to Board staff.
3. If the monitoring identifies outstanding mark-out requests, then the Operator shall deploy additional resources on an immediate basis to complete the outstanding mark-outs as required under the UFPA. A description of this implementation including the name and contact information of the Operator's staff person who will identify, assign and monitor the Operator's company resources to complete the outstanding mark-outs shall be submitted to Board staff.
4. The Operator shall begin the distribution and installation of promotional items in order to increase damage prevention awareness and help prevent underground damages. A plan and tracking report of this distribution must be submitted to Board staff.

The Board HEREBY ORDERS the Operator to pay a penalty of \$100,000.00. Such payment has been received by the Board in accordance with Exhibit A.

DATED: 12/21/07

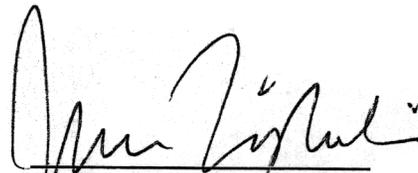
BOARD OF PUBLIC UTILITIES
BY:



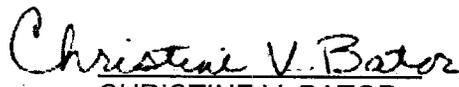
JEANNE M. FOX
PRESIDENT



FREDERICK E. BUTLER
COMMISSIONER

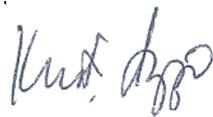


JOSEPH L. FIORDALISO
COMMISSIONER



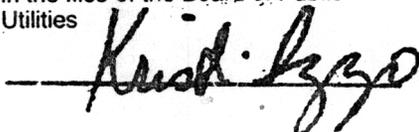
CHRISTINE V. BATOR
COMMISSIONER

ATTEST:



KRISTI IZZO
SECRETARY

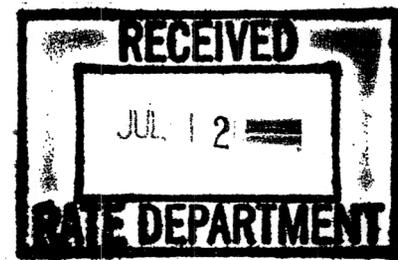
I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities





STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

July 2, 2007



CERTIFIED MAIL RRR

South Jersey Gas Company
Attn: Sam Pignatelli
One South Jersey Plaza – Rt. 54
Folsom, NJ 08037

ALLEGED ONE-CALL VIOLATION

LOCATION: Multiple

DATE OF ALLEGED VIOLATION: On or About April 14, 2007 thru May 21, 2007

BRIEF DESCRIPTION OF PROBABLE VIOLATION: Did Not Properly Mark Out/
Failure to Mark Out Within Three Business Days

STATUTE, REGULATION, OR ORDER VIOLATED: N.J.S.A. 48:2-80

RE: OC#18-07

Dear Mr. Pignatelli:

The Board of Public Utilities (Board) has jurisdiction to oversee and enforce the provisions of the Underground Facility Protection Act (Act), N.J.S.A. 48:2-73 et. seq. The Act requires excavators to notify the New Jersey One-Call Center (formerly the Garden State Underground Plant Location Service) prior to excavating. Violators of the Act are subject to a civil penalty of not less than \$1,000 and not more than \$2,500 per violation per day. The civil penalty for a related series of violations may not exceed \$25,000. If the violation of the Act involves natural gas facilities, the maximum penalties are \$25,000 per penalty per day, with a total maximum of \$500,000 for a related series of violations.

In this instance, the Board's staff is willing to resolve this violation prior to the commencement of formal enforcement proceedings. In your case, Board's staff offers you a compromise and settlement in the amount of **\$100,000, plus the submission of an approved remediation/prevention plan to Board Staff.** If you accept this compromise and settlement, Board's staff will recommend that this matter involving **only the specific violation listed above** be terminated by formal Board acceptance of this compromise and settlement at a regularly-scheduled public agenda meeting. You are advised that you have the right to a hearing in this matter and that, if you accept this settlement offer, you are waiving your right to such a hearing or to otherwise contest this matter through the administrative or judicial processes.

Should you wish to accept this offer of compromise and settlement as outlined above, signify your agreement to the terms of this compromise offer by signing in the space provided below, and kindly send your check in the amount of \$100,000, made payable to: TREASURER, STATE OF NEW JERSEY, to:

Joseph J. Potena
Chief Fiscal Officer
Board of Public Utilities
44 South Clinton Avenue - 7th Fl.
PO Box 350
Trenton, NJ 08625

You must write the OC Case Number, as indicated above on your check.

This offer of compromise and settlement made to you is without prejudice as to the position of the State of New Jersey or any agency or subdivision thereof if other violations are present. This offer of compromise is for settlement purposes only, and only applies to the specific incident listed herein.

If you do not accept this settlement offer within **30 days**, from the date of this letter, this offer shall be deemed withdrawn, and Board's staff will recommend that the Board institute formal enforcement proceedings. If you have any questions concerning this matter, please contact Phil Affinito at (973) 648-3400.

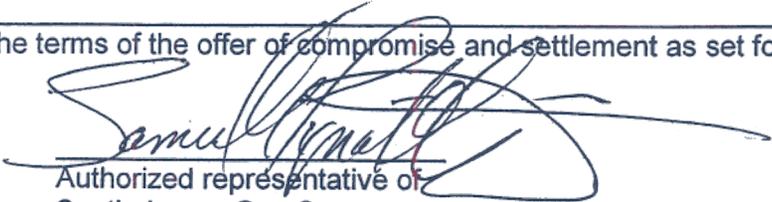
Very truly yours,


Douglas R. Ziemba, Sr. Chief Engineer
One Call/Meter Testing

DZ/w

I hereby accept and consent to the terms of the offer of compromise and settlement as set forth herein.

Date: 9/28/07


Authorized representative of
South Jersey Gas Company

OC#18-07

cc: Joseph J. Potena, CFO

South Jersey Gas

GS07110860K Exhibit A

Gas

FOR 7477 TREASURER STATE OF NEW JERSEY CHECK NO. 83455 DATE 08/24/07

INVOICE	DATE	P.O. NO	GROSS AMT	DISCOUNT	NET AMT
SETTLMNT:OC#1807 1CALL	08/20/07		100000.00	0.00	100000.00

100000.00 0.00 100000.00

TOTALS 100000.00 0.00 100000.00

ORIGINAL CHECK HAS A COLORED BACKGROUND PRINTED ON CHEMICAL REACTIVE PAPER - SEE BACK FOR DETAILS



South Jersey Gas

One South Jersey Plaza, Folsom, NJ 08037

Wachovia Bank, NA

60-168

NO. 83455

DATE 08/24/07

PAY ONE HUNDRED THOUSAND AND 00/100

Amount

\$100000.00

AMOUNTS EXCEEDING \$5,000 REQUIRE COUNTER SIGNATURE

TO THE ORDER OF TREASURER STATE OF NEW JERSEY NJ BOARD OF PUBLIC UTILITIES BUREAU OF FINANCIAL MANAGEMENT CN 350 44 S. CLINTON AVE. TRENTON, NJ 08625

A. F. G...
CORPORATE OFFICER

D. K. K...
CORPORATE OFFICER



South Jersey Gas

Where we put all of our energy®

Samuel A. Pignatelli

Vice President,
Rates and Regulatory Affairs

RECEIVED
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BOARD OF PUBLIC UTILITIES
NEWARK, N.J.

November 15, 2007

Phillip Galka
Bureau of Meter Tests and One Call
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

**Re: South Jersey Gas Company Remediation and Prevention Plan
Settlement OC# 18-07**

Dear Mr. Galka:

The following represents the terms of a settlement between South Jersey Gas Company and Board Staff in the referenced matter. Under separate cover, I previously notified Staff that the related Company paid the \$100,000 penalty to the State of New Jersey.

Scope

In accordance with the NJBPU Offer of Settlement OC#18-07 and upon approval by Board Staff, South Jersey Gas Company proposes to implement the following improvements to its internal processes and controls to ensure compliance with the Underground Facility Protection Act N.J.S.A. 48:2-73, and N.J.A.C. 14:2-1.1, *et seq.*

Facility Locate Requests – South Jersey Gas has enhanced its internal oversight and now receives daily detailed updates on facility locate requests from its third party utility locating contractor and One-Call Systems Inc. This real-time information allows South Jersey Gas to proactively monitor the status of facility locate requests.

Phillip Galka
November 15, 2007
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Compliance Oversight & Monitoring Process – South Jersey Gas will devote the necessary resources to accomplish the facility locate compliance oversight function on a regular, ongoing basis. Primary responsibility for this oversight has been assigned to the Manager, Construction Administration. On a daily basis, the Manager, Construction Administration receives an electronic file from the markout locating contractor, detailing tickets due for a rolling three day period. The Manager, Construction Administration also receives a daily ticket audit summary independently from New Jersey One Call. This information is reviewed and reconciled daily to assess the level of resources that need to be made available to complete the outstanding tickets by their due date. This process has been provided for demonstrative purposes and may be modified from time to time to take advantage of future technological changes or operational efficiencies. South Jersey Gas will make an annual filing (by March 31) with the NJBPU staff in the Division of Reliability and Security (“Staff”) containing the name and contact information of the Company’s manager responsible for this process. In addition, the Company will immediately update the Staff during the year of any changes to this contact information. Currently, this responsibility is assigned to:

Lori A. Capaccio
Manager, Construction Administration

SOUTH JERSEY GAS COMPANY
1 South Jersey Plaza
Folsom, NJ 08037

Phone: 609-561-9000 x4136
Fax: 609-704-1802
Email: lcapaccio@sjindustries.com

Capacity Shortfall – South Jersey Gas is positioned to provide temporary resources as needed to supplement the markout contractor’s workforce in resolving facility locate capacity shortfalls. South Jersey Gas has trained and experienced personnel who can be deployed throughout our service territory to complete markout requests whenever it is determined that the locating contractor is unable to do so.

Field Audit Program – South Jersey Gas will continue to perform field audits to ensure that facility locate requests are addressed on-time with accuracy and completeness.

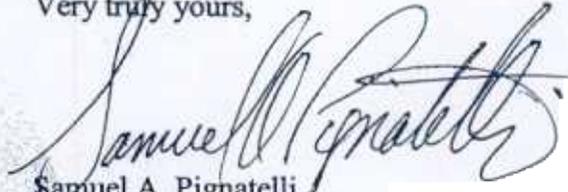
Performance Issues – South Jersey Gas will follow-up with the contractor on any negative audit findings associated with its Field Audit Program.

Continuous Improvement – South Jersey Gas will hold periodic stakeholder meetings with its third party utility locating contractor to emphasize continued performance improvement and damage prevention activities.

Philip Galka
November 15, 2007
Page 3

Public Awareness Outreach – South Jersey Gas will utilize materials made available to the Company through the NJBPU to enhance its existing Public Awareness Program on the statutory requirements associated with the Underground Facility Protection Act and N.J.A.C. 14:2-1.1, *et seq.* The Company will provide the Staff with a report describing the method and locations in which the materials were distributed.

Very truly yours,



Samuel A. Pignatelli
Vice President
Rates & Regulatory Affairs

SAP:lvk

cc: J. Guiliano
D. Ziemba
M. Stonack
F. Affinito
G. Gersten, Esq.
E. Lihan
I. Megdal, Esq.
R. Fatzinger
C. Dippo
J. Stanziola
L. Capaccio

South Jersey Gas

GS07110860K

Service List

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