



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

RELIABILITY & SECURITY

IN THE MATTER OF ALLEGATIONS OF VIOLATIONS ) DECISION AND ORDER  
OF PIPELINE SAFETY REGULATIONS BY PUBLIC )  
SERVICE ELECTRIC AND GAS COMPANY WITH )  
RESPECT TO A GAS PIPELINE INCIDENT IN NEW )  
MILFORD, NEW JERSEY ON JUNE 5, 2007 ) DOCKET NO. GO08121030

(SERVICE LIST ATTACHED)

**BY THE BOARD:**

This matter has been opened to the Board of Public Utilities following an investigation by the Board's Bureau of Pipeline Safety ("BPS") of an incident that occurred on June 5, 2007 at the intersection of River Road and Henley Avenue in New Milford, New Jersey. The incident involved the failure of a new 12-inch diameter steel gas pipeline during a required air pressure test, designed to substantiate the maximum allowable operating pressure of the pipeline prior to it being placed into gas service by Public Service Electric and Gas Company ("PSE&G" or "Company"). As determined by the investigation, the incident occurred as a result of the separation of a compression coupling from the steel pipe, causing high-pressure air to be released underground. The force of the air in turn caused a vehicle to be overturned, resulting in property damage and personal injury to the driver of that passing vehicle.

After the initial investigation, the BPS sent a letter dated September 21, 2007 to PSE&G requesting additional information regarding the circumstances surrounding the incident. The Company responded to BPS' letter of inquiry on October 11, 2007.

Further investigation by BPS revealed probable cause to believe the Company had failed to ensure its contractor used a thrust-restraining compression coupling, as required by Company standards. In addition, the BPS found probable cause to believe the Company failed to use adequately-sized steel "shock" plates over the steel main and failed to protect the public during the pressure testing.

On September 30, 2008, as a result of the investigation and subsequent follow-up inquiries, the BPS issued a notice of probable violation and notice of amendment to PSE&G. PSE&G filed an answering certification on October 8, 2008.

On December 4, 2008, a Stipulation and Settlement Agreement (“Agreement”) was entered into by PSE&G and the BPS. The Agreement is attached as Appendix A.

Pursuant to the Agreement, PSE&G, without admitting to any violation of law or wrongdoing, will provide a one-time payment to the Treasurer of the State of New Jersey in the amount of Forty Thousand Dollars (\$40,000). The Agreement also contains the following corrective actions which had been identified by the BPS which were implemented by PSE&G prior to the settlement:

- a. On June 21, 2007 a contractor safety review meeting was held at the Company's Edison Training and Development Center (ETDC) in Edison, NJ for all Company contractors where a presentation was given on thrust restraining. All active contractors participated in this meeting.
- b. On June 25, 2007 the same thrust restraint program, as described in (a) above, was forwarded to all Gas Delivery field locations and the Delivery Construction group for use in training and safety presentations.
- c. During the month of July, 2007 all district layout personnel received training on thrust restraint, steel plates, and compression couplings. This included design, construction, restraining, and pressure testing.
- d. State-wide “all-hands” meetings were held to review the incident. The importance of restraining compression couplings when utilization pressure systems are being pressure tested was stressed. The standards for steel protector plates for shallow cover were also reviewed. A “Project Review Checklist – Pressure Testing” form that is to be used in any main construction and pressure testing was included in the review. This checklist has been added to the incumbent training program and is currently being utilized in all field locations. These meetings were completed in August of 2007.
- e. In August and September of 2007, Gas Asset Strategy Leader and the Technical Support Team Leader met with the Company's training coordinators at the ETDC to outline the need for an incumbent training program in this area. Development has been completed and training was implemented by December 31, 2007. The same group developed a “knowledge” requirement of thrust restraint for the applicable operator qualification (OQ) mechanical joining tasks, which was completed and implemented by December 31, 2007.
- f. The Technical Support Team Leader reviewed the Gas Distribution Standards as to the use of “seal only” vs. “full seal-full restraint” (grip) compression couplings in new construction. On or about July, 2007, PSE&G implemented its amended practice to use only self restraining compression couplings for twelve (12) inch and smaller diameters.

The Board has reviewed the Agreement and HEREBY FINDS it to be a reasonable settlement of the outstanding issues, in the public interest, in accordance with law and in accordance with the intent and purpose of the Natural Gas Pipeline Safety Act of 1968 as amended, 49 U.S.C. 1671 et seq. and all regulations promulgated thereto and the Natural Gas Safety Act, N.J.S.A. 48:10-2, et seq. and all regulations promulgated thereto. Therefore, the Board HEREBY APPROVES and ADOPTS the Agreement as its own, incorporating by reference the terms and conditions therein as if fully set forth at length herein.

Accordingly, the Board HEREBY ORDERS PSE&G to comply with the terms of the Stipulation and Settlement Agreement as approved herein.

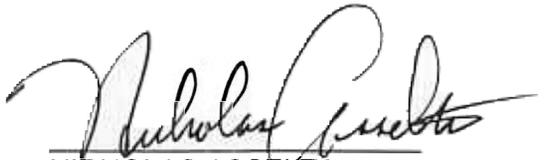
DATED: 12/18/08

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

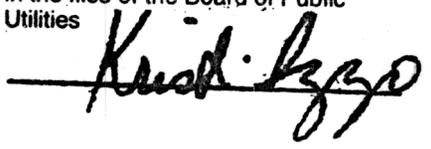
  
FREDERICK F. BUTLER  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
ELIZABETH RANDALL  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
SECRETARY

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


IN THE MATTER OF ALLEGATIONS OF VIOLATIONS OF PIPELINE SAFETY  
REGULATIONS BY PUBLIC SERVICE ELECTRIC & GAS COMPANY WITH RESPECT TO A  
GAS PIPELINE INCIDENT IN NEW MILFORD, NEW JERSEY ON JUNE 5, 2007

BPU DOCKET NO. GO08121030

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APPENDIX A

Public Service Electric and Gas )  
Company ) STIPULATION AND  
 ) SETTLEMENT AGREEMENT  
 )

This Stipulation and Agreement of Settlement ("Stipulation") is entered into by and between the Staff of the New Jersey Board of Public Utilities ("Board Staff") and Public Service Electric and Gas Company ("PSE&G") as of this 5th day of December 2008.

WHEREAS, on June 5, 2007, an incident occurred at River Road and Henley Avenue, New Milford, New Jersey related to a required gas pressure test and involving the failure of a new 12-inch diameter steel pipeline, causing high-pressure air to be released underground. ("Incident"); and

WHEREAS, the Bureau of Pipeline Safety of the New Jersey Board of Public Utilities (the "Board") commenced an investigation of the Incident including an evaluation of PSE&G's compliance with applicable laws, rules and regulations pertaining to natural gas facilities including the Natural Gas Pipeline Safety Act of 1968, 49 C.F.R. 1671 et seq., and Natural Gas Safety Act, N.J.S.A. 48:10-2, et seq., (collectively "Applicable Laws"); and

WHEREAS, as part of the investigation, Board Staff advised PSE&G that they found certain probable violations of Applicable Laws; and

WHEREAS, on September 21, 2007, Board Staff issued a Notice of Probable Violation and Notice of Amendment, captioned as PS#14-07 (collectively the "Notices"); and

WHEREAS, the parties have reached an agreement to resolve any and all claims the Board may have against the Company arising from or relating to the Incident, including the Notices listed above, in a comprehensive settlement in accordance with the terms of this Stipulation; and

WHEREAS, each party agrees that this Stipulation represents a fair and reasonable settlement of all issues that were or could have been raised in regard to the Incident, the Notices issued, or the Board's subsequent investigation; and

WHEREAS, the resolution of this matter through the adoption of the stipulated positions set forth herein best serves the interests of the parties, supports judicial economy and preservation of valuable judicial, administrative and corporate resources, and is, therefore in the public interest.

NOW THEREFORE, the parties hereby agree as follows:

1. As a compromise of civil penalties for alleged probable violations of Applicable Laws, PSE&G, without any admission of any violation of law or wrongdoing, shall make a one-time payment of Forty Thousand Dollars 00/100 (\$40,000.00) to the Treasurer of the State of New Jersey. The Board shall dismiss all claims it may have against PSE&G regarding violations of the Applicable Laws in connection with the Incident. No later than thirty (30) days after the date that the Board enters a written Order approving this Stipulation, PSE&G will send a check

for Forty Thousand Dollars 00/100 (\$40,000.00) payable to the Treasurer, State of New Jersey to Joseph J. Potena, Chief Fiscal Officer, Board of Public Utilities, 44 South Clinton Avenue, 7<sup>th</sup> Floor, P.O. Box 350, Trenton, New Jersey 08625.

2. PSE&G agrees that it will not seek to recover any portion of this Forty Thousand Dollars 00/100 (\$40,000.00) from ratepayers.

3. PSE&G's agreement to pay the foregoing sum is not an acknowledgment of non-compliance with any law, including the Applicable Laws, Board Orders, or Board requirements. The payment is made as part of a negotiated stipulation intended to resolve the claims of the respective parties with respect to the Incident without further litigation.

4. The following corrective actions were taken by PSE&G after the June 5, 2007 incident:

a. On June 21, 2007 a contractor safety review meeting was held at the Company's Edison Training and Development Center (ETDC) in Edison, NJ for all Company contractors where a presentation was given on thrust restraining. All active contractors participated in this meeting.

b. On June 25, 2007 the same thrust restraint program, as described in (a) above, was forwarded to all Gas Delivery field locations and the Delivery Construction group for use in training and safety presentations.

c. During the month of July, 2007 all district layout personnel received training on thrust restraint, steel plates, and compression couplings. This included design, construction, restraining, and pressure testing.

d. State-wide "all-hands" meetings were held to review the incident. The importance of restraining compression couplings when utilization pressure systems are being pressure tested was stressed. The standards for steel protector plates for shallow cover were also reviewed. A "Project Review Checklist – Pressure Testing" form that is to be used in any main construction and pressure testing was included in the review. This checklist has been added to the incumbent training program and is currently being utilized in all field locations. These meetings were completed in August of 2007.

e. In August and September of 2007, Gas Asset Strategy Leader and the Technical Support Team Leader met with the Company's training coordinators at the ETDC to outline the need for an incumbent training program in this area. Development has been completed and training was implemented by December 31, 2007. The same group developed a "knowledge" requirement of thrust restraint for the applicable operator qualification (OQ) mechanical joining tasks, which was completed and implemented by December 31, 2007.

f. The Technical Support Team Leader reviewed the Gas Distribution Standards as to the use of "seal only" vs. "full seal-full restraint" (grip) compression couplings in new construction. On or about July, 2007, PSE&G implemented its practice to use only self restraining compression couplings for twelve (12) inch and smaller diameters.

5. The parties agree that the terms of this Stipulation shall not be cited or otherwise used by or against each other or other parties or argued as binding or persuasive precedent in this or any other forum, except in any proceeding to enforce the Stipulation or the terms and conditions thereof and/or the Board Order adopting this Stipulation.

6. After this Stipulation has been fully executed, it shall be presented to the Board for approval.

7. Upon written approval of this Stipulation by the Board, it shall then constitute the entire agreement between the Board Staff and PSE&G with respect to the Incident and the above referenced matters, including the Notices, and shall operate as a complete and final disposition of the investigation by the Board of the Incident subject only to the fulfillment of all the provisions of this Stipulation.

8. This Stipulation may not be amended in any way, or any part of its provisions waived, except by writing executed by all the parties to this Stipulation. In the event the Board modifies any provision of this Stipulation, absent express written consent of the parties, the Stipulation shall be void, and the parties shall be restored to their positions prior to the execution of the Stipulation.

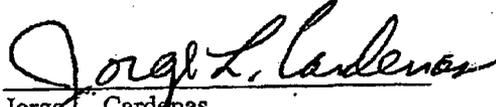
9. This Stipulation may be executed in as many counterparts as there are signatures, thereof, each of which shall be an original, but all of which shall constitute one and the same instrument. No amendment or waiver of any substantive provision of this Stipulation shall be effective unless it is agreed to by the authorized representative of each party hereto.

10. This Stipulation shall be governed by, and construed in accordance with the laws of the State of New Jersey

NOW, THEREFORE, the Parties cause this Stipulation to be executed by their duty authorized officers or officials.

Dated:

By:

  
Jorge L. Cardenas  
Vice President - Gas Delivery on behalf of  
Public Service Electric and Gas Company

ANNE MILGRAM  
ATTORNEY GENERAL OF THE  
STATE OF NEW JERSEY  
Attorney for the Staff of the  
New Jersey Board of Public Utilities

Dated:

By:

  
Jessica L. Campbell, *Caroline Vachier*  
Deputy Attorney General  
on behalf of the New Jersey Board  
of Public Utilities