



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

RELIABILITY & SECURITY

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)
CLIFTON, NEW JERSEY ON APRIL 9, 2010)

DECISION AND ORDER

DOCKET NO. GO11110825

Party of Record:

David K. Richter, Esq., for Public Service Electric and Gas Company

BY THE BOARD:

This matter has been opened to the Board of Public Utilities ("Board") following an investigation by the Board's Bureau of Pipeline Safety ("BPS") of a natural gas incident that occurred on April 9, 2010 at a single-family residence located at 64 Rutgers Place, Clifton, New Jersey. The BPS conducted a detailed and comprehensive investigation which included a review of Company procedures, actions, and other circumstances surrounding the incident. Based on this investigation, it was determined that a build-up of natural gas inside the residence was the likely source of the explosion and fire, however, the source of the ignition could not be determined with certainty.

The investigation disclosed that PSE&G received a markout request on February 1, 2010 for a proposed underground oil tank excavation at 64 Rutgers Place. The markout was performed and a subsequent construction inspection located a gas service line in close proximity to the proposed excavation site. The construction inspector noted that no gas service valve was shown on the electronic service record. A paper service record located in PSE&G office files indicated the gas service contained a curb shut-off valve; however, there was no evidence that the electronic record was corrected or that the construction inspector was aware of the valve's existence.

On February 9, 2010, a construction inspector was at the site during removal of the oil tank and generated a PSE&G "225 order" to replace the gas service pipeline at this location. The Company made a mark-out request to replace the service, however, the request was not acted upon and the service line was never replaced. The Company closed out the project following the

excavation. On April 6, 2010 an emergency markout was requested for soil remediation work at 64 Rutgers Place at the previous oil tank excavation site. PSE&G performed the markout but did not recognize the work to be performed as high risk and requiring a construction inspection.

On April 9, 2010, a PSE&G gas appliance service technician was dispatched to investigate a damaged gas service pipeline at 64 Rutgers Place. An oil-tank excavation contractor had been performing soil remediation when they damaged the line. After arriving at the residence, the service technician notified street department personnel that additional assistance was needed. PSE&G supervisors and inspectors arrived and were unsuccessful in accessing a curb shut-off valve prior to the house explosion. Street department personnel arrived shortly after the explosion and proceeded to shut off gas service to the house.

During the course of the investigation, the BPS identified several missed opportunities to take investigative and mitigative action on the part of PSE&G operations personnel prior to the incident on April 9, 2010. As a result of the investigation and subsequent follow-up inquiries, the BPS issued a notice of probable violation to PSE&G in a letter dated May 3, 2011. PSE&G filed an answering certification on May 23, 2011.

PSE&G and Board Staff engaged in settlement negotiations pertaining to the notice of probable violation. As a result of those negotiations, PSE&G and Board Staff reached a settlement on the relevant issues and on January 19, 2012 entered into the Stipulation and Settlement Agreement ("Stipulation") that, among other things, provides for a one-time payment to the Treasurer of the State of New Jersey in the amount of One Hundred Fifty Thousand Dollars (\$150,000).

The Stipulation further provides that PSE&G has agreed to take the following actions and process enhancements identified by the BPS:¹

- Within three (3) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Dispatch Procedures to more specifically address the following:
 - i. Enable multiple resources to be dispatched simultaneously for gas facility damage with reported leaking gas from pulled or damaged services and mains as reported by the initial notifier. Resources, such as a street leader, inspector, and/or street crew experienced and trained to expeditiously address and remedy the specific emergency required by the emergency notification need to be deployed without delay. If PSE&G receives a call from an emergency responders on the emergency hotline located in its dispatch office for a similar occurrence, then a street crew will be immediately dispatched to respond to the gas facility damage; and
 - ii. Develop and provide training for dispatchers to expedite dispatch orders for facility damage with reported leaking gas from pulled or damaged services and mains in a quick and efficient manner to all resources required by the emergency

¹ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

notification. Amend and enhance the "quick questions card" for dispatchers to use in gathering information needed for facility damage calls with reported leaking gas from pulled or damaged services and mains. As part of this process, PSE&G shall forward a copy of the "quick questions card" for NJBPU Bureau of Pipeline Safety ("BPS") review. Use lessons learned from the Clifton incident and other incidents that PSE&G has experienced to develop training and procedure improvements. Provide the "BPS" with the amended training requirements and procedure improvements prior to the implementation of the amended training. These training procedures should include all requirements of this settlement and prior settlements with the Board.

- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Distribution Standards ("GDS") to more specifically address the following with respect to high risk excavations that PSE&G is made aware of: Revise its GDS, Part 4—Operations, Chapter 5—Mark-outs, Section 1.2—High Risk Excavations to cover a broader array of potential high risk excavation activities, such as soil remediation following an underground tank removal. In addition, PSE&G shall:
 - i. Determine and implement a mechanism to address high risk activities near a gas facility that have not been completed on a project site and will be ongoing or intermittent for a specified or unspecified time period;
 - ii. Recognize that construction inspection surveillance, full time or occasional, may be necessary until all work has been completed on a project site that may continue to be classified as high risk;
 - iii. Ensure that, if PSE&G procedures or the circumstances of an excavation require that the location of a valve that may be exercised in the event of an emergency on a high risk excavation, the valve must be located and be accessible to ensure operation prior to any excavation work and failure to locate and make this valve accessible will require appropriate remedial work by PSE&G prior to permitting the excavation to go forward, barring an emergency; and
 - iv. Provide the BPS with the amended procedures in accordance with N.J.A.C. 14:7-1.23. These procedures should specifically recognize that certain high risk activities, including the removal of an oil tank near a gas line, can be part of a process that may require multiple excavations and other associated work and PSE&G procedures must include a method of ensuring that such activities will be included in the classification and monitoring of high risk activities. This process is dependent on receipt of a valid mark out request and an accurate description of excavation work to be performed on such a request. These requirements shall make it necessary for PSE&G to provide surveillance,

where appropriate in its evaluation, of an excavation site or open high risk activity.

- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Distribution Standards (“GDS”) to more specifically address the following with respect to PSE&G personnel requests for the installation of a valve resulting from a determination that no valve is located at a high risk excavation: In instances where no valve is indicated on a record, PSE&G procedures shall document the fact that a valve exists and the record shall be updated, that a valve does not exist and shall be installed, or that a valve does not exist and is not warranted for the identified location. PSE&G shall provide the BPS with the amended procedures in accordance with N.J.A.C. 14:7-1.23.

- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance mark-out personnel and construction inspector training to more specifically address high risk excavation and other activities in close proximity to PSE&G’s underground gas facilities in conjunction with lessons learned from this incident and other incidents that PSE&G has experienced. PSE&G shall require follow-up training to satisfy the requirements of N.J.A.C. 14:7-1.22(c)(5). The training shall include:
 - i. Enhancing mark-out personnel and construction inspector training to more specifically recognize high risk excavation activities and the need for construction inspection;
 - ii. Training mark-out personnel to look for and mark-out valves that may be exercised in the event of an emergency on a high risk excavation. This valve must be located and be accessible to ensure operation prior to excavation work;
 - iii. Addressing Abnormal Operating Conditions (AOC’s). When PSE&G is made aware of a high risk situation around its gas facilities, it becomes a potential condition; and
 - iv. Holding a training review session with BPS staff prior to implementation of the amended training.

- Within four (4) months of a BPU order approving the Stipulation, PSE&G shall develop an annual awareness program for underground oil tank excavators covering the applicable regulations of the Underground Facility Protection Act, excavation safety practices, protection and support of underground utility facilities, and coordination with underground utility facility owners. The program shall be developed by PSE&G with input from the three other natural gas utilities, updated annually, and shared with the other gas utilities to cover statewide underground oil tank excavators. Prior to the implementation of the awareness program, PSE&G shall hold a review session with the BPS and provide the BPS with a proposed schedule for the 2012 awareness program session(s) to be held with the underground oil tank excavators. The need for subsequent annual awareness program sessions shall be evaluated annually

by the four gas utilities and the BPS. The BPS shall make the final decision after the evaluation. Agreed upon subsequent annual awareness program sessions shall be communicated in writing to the BPS at least one month in advance of the scheduled session date.

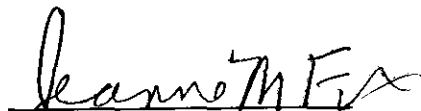
The Board has reviewed the Stipulation and HEREBY FINDS it to be a reasonable settlement of the outstanding issues, in the public interest, in accordance with law and in accordance with the intent and purpose of the Natural Gas Pipeline Safety Act of 1968 as amended, 49 U.S.C. 1671 et seq. and all regulations 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 Stipulation 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 as presented.

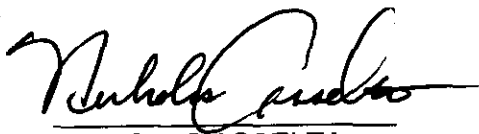
DATED: 2/10/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

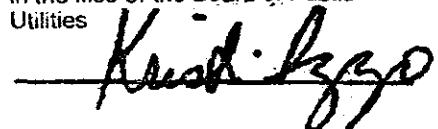

NICHOLAS ASSELTA
COMMISSIONER


MARYANNA HOLDEN
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 CLIFTON, NEW JERSEY ON APRIL 9, 2010

BPU DOCKET NO. GO11110825

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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 CLIFTON, NEW JERSEY)
ON APRIL 9, 2010)
)
)
)
_____)

STIPULATION AND SETTLEMENT
AGREEMENT

Notice of Probable Violation No. PS # 8-11
Docket No. GO11110825

This Stipulation and Settlement Agreement (“Stipulation”) is entered into by and between the Staff of the New Jersey Board of Public Utilities and Public Service Electric and Gas Company (“PSE&G”) (collectively referred to herein as the “Parties”) as of this 17 day of January, 2012.

WHEREAS, on April 9, 2010 an explosion and fire occurred at a residence located at 64 Rutgers Place in Clifton, New Jersey (“the Incident”); and

WHEREAS, the Bureau of Pipeline Safety (“BPS”) 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, 49 U.S.C. Section 1671, *et seq.* and the Natural Gas Safety Act, N.J.S.A. § 48:10-2 *et seq.* (collectively “Applicable Laws”); and

WHEREAS, as part of the investigation, the BPS advised PSE&G that it had found certain probable violations of Applicable Laws; and

WHEREAS, on May 3, 2011 the BPS issued a Notice of Probable Violation, captioned as PS#8-11 (the “Notice”); 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 Notice listed above, in a comprehensive settlement in accordance with the terms of this Stipulation. 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 Notice issue, 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, the Company, without any admission of any violation of law or wrongdoing, shall make a one-time payment of One Hundred Fifty Thousand Dollars (\$150,000) to the Treasurer of the State of New Jersey. This Stipulation represents a settlement of all claims the Board may have against the Company regarding violations of the Applicable Laws in connection with the Incident. No later than thirty (30) days after the date that the Board enters an Order approving this Stipulation. PSE&G will send a check for One Hundred Fifty Thousand Dollars (\$150,000) payable to the Treasurer of the State of New Jersey to Joseph J. Potena, Chief Fiscal Officer, Board of Public Utilities, 44 South Clinton Avenue, 7th Floor, P.O. Box 350, Trenton, New Jersey 08625. A copy of this check shall be provided to Geoffrey Gersten, Deputy General, Department of Law and Public Safety, 124 Halsey Street, 5th Floor, Newark, New Jersey 07102.

2. PSE&G agrees that it will not seek to recover any portion of the One Hundred Fifty Thousand Dollar (\$150,000) amount from ratepayers.

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

4. In addition, PSE&G hereby agrees to take the following measures:

- Within three (3) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Dispatch Procedures to more specifically address the following:
 - (i) Enable multiple resources to be dispatched simultaneously for gas facility damage with reported leaking gas from pulled or damaged services and mains as reported by the initial notifier. Resources, such as a street leader, inspector, and/or street crew experienced and trained to expeditiously address and remedy the specific emergency required by the emergency notification need to be deployed without delay. If PSE&G receives a call from emergency responders on the emergency hotline located in its dispatch office for a similar occurrence, then a street crew will be immediately dispatched to respond to the gas facility damage; and
 - (ii) Develop and provide training for dispatchers to expedite dispatch orders for facility damage with reported leaking gas from pulled or damaged services and mains in a quick and efficient manner to all resources required by the emergency notification. Amend and enhance the "quick questions card" for dispatchers to use in gathering information needed for facility damage calls with reported leaking gas from pulled or damaged services and mains.

As part of this process, PSE&G shall forward a copy of the "quick questions card" for NJBPU Bureau of Pipeline Safety ("BPS") review. Use lessons learned from the Clifton incident and other incidents that PSE&G has experienced to develop training and procedure improvements. Provide the "BPS" with the amended training requirements and procedure improvements prior to the implementation of the amended training. These training procedures should include all requirements of this settlement and prior settlements with the Board.

- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Distribution Standards ("GDS") to more specifically address the following with respect to high risk excavations that PSE&G is made aware of: Revise its GDS, Part 4-Operations, Chapter 5-Mark-outs, Section 1.2-High Risk Excavations to cover a broader array of potential high risk excavation activities, such as soil remediation following an underground tank removal. In addition, PSE&G shall:
 - (a) Determine and implement a mechanism to address high risk activities near a gas facility that have not been completed on a project site and will be ongoing or intermittent for a specified or unspecified time period;
 - (b) Recognize that construction inspection surveillance, full time or occasional, may be necessary until all work has been completed on a project site that may continue to be classified as high risk;
 - (c) Ensure that, if PSE&G procedures or the circumstances of an excavation require that the location of a valve that may be exercised in the event of an emergency on a high risk excavation, the valve must be located and be accessible to ensure operation prior to any excavation work and failure to locate and make this valve accessible will require appropriate remedial work by PSE&G prior to permitting the excavation to go forward, barring an emergency; and
 - (d) Provide the BPS with the amended procedures in accordance with N.J.A.C. 14:7-1.23. These procedures should specifically recognize that certain high risk activities, including the removal of an oil tank near a gas line, can be part of a process that may require multiple excavations and other associated work and PSE&G procedures must include a method of ensuring that such activities will be included in the classification and monitoring of high risk activities. This process is

dependent on receipt of a valid mark out request and an accurate description of excavation work to be performed on such a request. These requirements shall make it necessary for PSE&G to provide surveillance, where appropriate in its evaluation, of an excavation site or open high risk activity.

- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance its Gas Distribution Standards (“GDS”) to more specifically address the following with respect to PSE&G personnel requests for the installation of a valve resulting from a determination that no valve is located at a high risk excavation: In instances where no valve is indicated on a record, PSE&G procedures shall document the fact that a valve exists and the record shall be updated, that a valve does not exist and shall be installed, or that a valve does not exist and is not warranted for the identified location. PSE&G shall provide the BPS with the amended procedures in accordance with N.J.A.C. 14:7-1.23.
- Within four (4) months of a BPU Order approving the Stipulation, PSE&G shall amend and enhance mark-out personnel and construction inspector training to more specifically address high risk excavation and other activities in close proximity to PSE&G’s underground gas facilities in conjunction with lessons learned from this incident and other incidents that PSE&G has experienced. PSE&G shall require follow-up training to satisfy the requirements of N.J.A.C. 14:7-1.22(c)(5). The training shall include:
 - (i) Enhancing mark-out personnel and construction inspector training to more specifically recognize high risk excavation activities and the need for construction inspection;
 - (ii) Training mark-out personnel to look for and mark-out valves that may be exercised in the event of an emergency on a high risk excavation. This valve must be located and be accessible to ensure operation prior to excavation work;
 - (iii) Addressing Abnormal Operating Conditions (AOC’s). When PSE&G is made aware of a high risk situation around its gas facilities, it becomes a potential condition; and (iv) holding a training review session with BPS staff prior to implementation of the amended training.
- Within four (4) months of a BPU order approving the Stipulation, PSE&G shall develop an annual awareness program for underground oil tank excavators covering the applicable regulations of the Underground Facility Protection Act, excavation safety practices, protection and support of underground utility facilities, and coordination with underground utility facility owners. The program shall be developed by PSE&G with input from

the three other natural gas utilities, updated annually, and shared with the other gas utilities to cover statewide underground oil tank excavators. Prior to the implementation of the awareness program, PSE&G shall hold a review session with the BPS and provide the BPS with a proposed schedule for the 2012 awareness program session(s) to be held with the underground oil tank excavators. The need for subsequent annual awareness program sessions shall be evaluated annually by the four gas utilities and the BPS. The BPS shall make the final decision after the evaluation. Agreed upon subsequent annual awareness program sessions shall be communicated in writing to the BPS at least one month in advance of the scheduled session date.

5. PSE&G's participation in this Stipulation is neither an admission of any violation of Applicable Laws or wrongdoing by PSE&G, and does not constitute any admission of liability.

6. 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 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.

7. Should PSE&G default in either paying amounts set forth in Paragraph 1 above, or in implementing the process improvement measures and other requirements set forth in Paragraph 4 above, the Board shall be entitled to enforce the order pursuant to the Penalty Enforcement Law of 1999 as amended, N.J.S.A. 2A:58-10 et seq. or enter a judgment in the Superior Court of New Jersey, or other appropriate forum against PSE&G and to take such steps as it deems reasonable to collect the amount due plus interest thereon and to otherwise enforce this Stipulation.

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

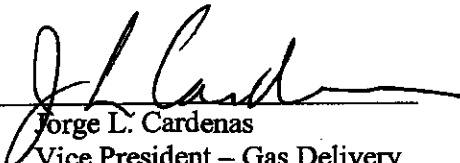
9. Upon approval of this Stipulation by the Board, it shall then constitute the entire agreement between the BPS and PSE&G with respect to the Incident and the above referenced matters, including the Notice, and shall operate as complete and final disposition of the investigation by the Board subject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

10. 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 this Stipulation.

11. This Stipulation may be executed in as many counterparts as there are signatures, thereof, each of which shall be 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 thereto.


12. 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 duly authorized officers or officials.

By: 
Jorge L. Cardenas
Vice President – Gas Delivery
Public Service Electric and Gas Company

Dated: January 16, 2012

Paula T. Dow
Attorney General of New Jersey
Attorney for Board Staff

By: 
Geoffrey Gersten
Deputy Attorney General

Dated: January 16, 2012