



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**Two Gateway Center, Suite 801**  
**Newark, NJ 07102**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

**RELIABILITY & SECURITY**

IN THE MATTER OF ALLEGATIONS OF VIOLATIONS  
OF PIPELINE SAFETY REGULATIONS BY PUBLIC )  
SERVICE ELECTRIC and GAS COMPANY WITH )  
RESPECT TO A GAS PIPELINE INCIDENT IN )  
TEANECK, NEW JERSEY ON JULY 17, 2008 )

**DECISION AND ORDER**

**DOCKET NO. GO11010025**

(SERVICE LIST ATTACHED)

**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 July 17, 2008 at a single-family residence located at 1320 Hastings Street, Teaneck, 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 actual cause of the incident and source of the ignition could not be determined with certainty.

The investigation disclosed that on July 5, 2008, a resident approached a PSE&G electric lineman working on Hastings Street and indicated that he smelled gas. The smell was initially attributed to a burned-out transformer. Neither the electric worker nor the resident reported the gas odor complaint to the PSE&G gas division. Additionally, on July 12, 2008 and July 17, 2008 (prior to the incident) two different PSE&G gas personnel were dispatched to investigate reports of a gas odor / leak at nearby residences in close proximity to 1320 Hastings Street. PSEG records indicate that on both occasions the gas service specialist conducted a leak investigation, but did not find any significant readings indicating an immediate hazard. These leak investigations did not include a foundation check or an attempt to make personal contact with the occupants of the adjacent properties. In addition, PSEG records indicate that meter readings at 1320 Hastings Street increased considerably between June 2008 and the billing cycle just prior to the incident on July 17, 2008.

Company records also revealed that there was an abandoned "service stub"<sup>1</sup> which was still physically connected to the gas main located in front of 1326 Hastings Street. This service stub was originally installed on April 21, 1927. A new service line was installed at this location on November 9, 1999. Idle stub services were also subsequently discovered during Staff's investigation near 1313, 1320, and 1321 Hastings Street. The additional idle service stubs were disconnected from the gas main shortly after the incident. While the active stubs discovered by BPS were not determined to be a contributing factor to this particular incident, the stub in front of 1326 Hastings Street was found to be slightly leaking and could have impacted the gas odor / leak investigation performed by PSE&G on July 12, 2008.

During the course of the investigation, the BPS identified missed opportunities to take investigative and mitigative action on the part of PSE&G operations personnel prior to the incident on July 17, 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 on March 9, 2010. PSE&G filed an answering certification on March 30, 2010.

PSE&G and Board Staff engaged in settlement negotiations. As a result of those negotiations, PSE&G and Board Staff reached a settlement on the relevant issues and on January 26, 2011 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 Two Hundred Thousand Dollars (\$200,000).

The Stipulation further provides that PSE&G has agreed to take the following actions and process enhancements identified by BPS:<sup>2</sup>

Within six (6) months of a Board order approving the Stipulation, PSE&G must train all field and customer-contact employees, including Company-wide PSE&G electric division employees, on procedures to follow when (i) the employee is informed of a gas odor or leak complaint by the public; (ii) the employee hears, sees, smells or learns of a gas odor or leak; or (iii) any other gas-related situation arises that require immediate attention. These training procedures must be submitted for review by the BPS and PSE&G shall submit a semi-annual report documenting the training, including employee name, position and date trained. (A list of gas employees who are Operator Qualified can be submitted where such employees have previously received appropriate notification training). PSE&G shall provide new electric and gas employees with this training within 90 days of commencement of employment.

Within six (6) months of a Board order approving the Stipulation, PSE&G will revise its leak investigation procedures and training so that, if the cause of a reported or discovered leak or gas odor is not readily ascertainable to a PSE&G Gas employee during the odor investigation, the PSE&G Gas employee will attempt to make personal contact with occupants of the reported leak location and occupants of the adjacent properties as part of the leak investigation to rule out the possibility of entry of gas into buildings or homes. In addition, the PSE&G gas employee shall investigate all gas facilities in the proximity of the reported leak location and adjacent properties to rule out a potential gas source with respect to the reported odor/leak complaint.

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<sup>1</sup> A service stub is an active pressurized service lateral that extends from the main to the property but is not physically connected to the meter and has never been used or is no longer in use.

<sup>2</sup> 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.

- Within six (6) months of a Board order approving the Stipulation, PSE&G will evaluate its meter reading/billing system and implement a related process so that excessive gas meter reads are promptly communicated to Gas Delivery to determine reasons for significant increases in the volume of gas going through the meter. As part of this process, PSE&G shall develop a report for BPS review upon request by BPS, showing significant increases/decreases in gas meter reads and their resolution.

Within six (6) months of a Board order approving the Stipulation, PSE&G will investigate whether it is possible to generate a report detailing multiple leak notifications for a particular street or municipality for the prior 30-day period, which leaks were found to have no cause or were referred to the street department for follow-up. This report, if capable of being generated, would be reviewed by PSE&G, on a weekly basis, to ensure that appropriate action is taken during subsequent leak notifications on the same street or in the same municipality. If PSE&G determines that the Company is unable to generate such a report due to system limitations, PSE&G shall so inform the BPS in writing, explaining why such a report cannot be generated and suggesting alternative means of addressing the issue. If PSE&G is successful in generating such a report, PSE&G will then develop a process that will include (i) training of employees (ii) submission of training documentation to BPS and (iii) written notification to the Board upon full implementation of the process.

In addition, PSE&G will conduct a study, and prepare a related report, detailing by district the number of gas service stubs, location, service size and material, and submit this report to the BPU within ninety (90) days of a Board order approving the Stipulation. This includes stub services that were used and now cut off or terminated as well as service lines and other extensions which were installed, but were not and are not connected to a structure or meter, except those lines that have been idle for less than 12 months as of the date of the report. This report will not contain information regarding the length of each stub, as this information is not readily obtainable. PSE&G will agree to fund the costs associated with conducting this study and preparing this report.

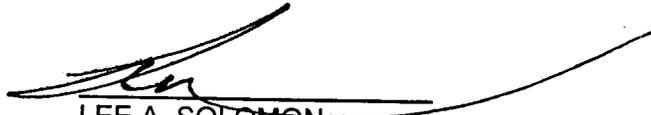
The Board notes that issues concerning stub removal or potential violations of Applicable Laws relating to stub services were reserved in the Stipulation and may be addressed by the Board and/or PSE&G in the future.

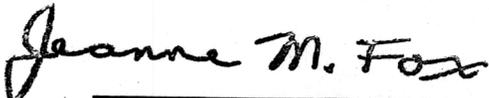
The Board has reviewed the Stipulation and HEREBY FINDS it to be a reasonable settlement of the outstanding issues, in the public interest, in accordance with law and in accordance with law and in accordance with the intent and purpose of the Natural Gas Pipeline Safety Act of 1968 as amended, 49 U.S.C.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

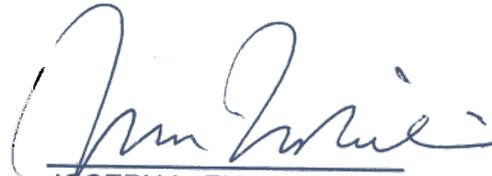
Accordingly, the Board HEREBY ORDERS PSE&G to comply with the terms of the Stipulation as presented.

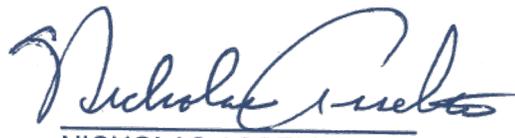
DATED: 2/10/11

BOARD OF PUBLIC UTILITIES  
BY:

  
LEE A. SOLOMON  
PRESIDENT

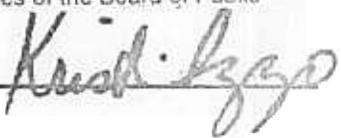
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
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 TEANECK, NEW JERSEY ON JULY 17, 2008

BPU DOCKET NO. GO11010025

**SERVICE LIST**

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STIPULATION AND SETTLEMENT  
AGREEMENT

) Notice of Probable Violation No. PS # 7-10  
) Docket No. GO11010025  
)

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 26 day of January 2011.

WHEREAS, on July 17, 2008 an explosion and fire occurred at a residence located at 1320 Hastings Street in Teaneck, 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. Section 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 March 9, 2010 the BPS issued a Notice of Probable Violation, captioned as PS#7-10 (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, except for any reserved rights set forth in Paragraph 6 herein; 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 two hundred thousand dollars (\$200,000) 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, except for any reserved rights set forth in Paragraph 6 herein. 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 two hundred thousand dollars (\$200,000) 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, 7<sup>th</sup> 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, 5<sup>th</sup> Floor, Newark, New Jersey 07101.

2. PSE&G agrees that it will not seek to recover any portion of the two hundred thousand dollar (\$200,000) 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, Board Orders, or 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 six (6) months of a BPU order approving the Stipulation, PSE&G must train all field and customer-contact employees, including Company-wide PSE&G electric division employees, on procedures to follow when (i) the employee is informed of a gas odor or leak complaint by the public; (ii) the employee hears, sees, smells or learns of a gas odor or leak; or (iii) any other gas-related situation arises that require immediate attention. These training procedures must be submitted for review by the BPS and PSE&G shall submit a semi-annual report documenting the training, including employee name, position and date trained. (A list of gas employees who are Operator Qualified can be submitted where such employees have previously received appropriate notification training). PSE&G shall provide new electric and gas employees with this training within 90 days of commencement of employment.

Within six (6) months of a BPU order approving the Stipulation, PSE&G will revise its leak investigation procedures and training so that, if the cause of a reported or discovered leak or gas odor is not readily ascertainable to a PSE&G Gas employee during the odor investigation, the PSE&G Gas employee will attempt to make personal contact with occupants of the reported leak location and occupants of

the adjacent properties as part of the leak investigation to rule out the possibility of entry of gas into buildings or homes. In addition, the PSE&G gas employee shall investigate all gas facilities in the proximity of the reported leak location and adjacent properties to rule out a potential gas source with respect to the reported odor/leak complaint.

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5. PSE&G will conduct a study, and prepare a related report, detailing by district the number of gas service stubs, location, service size and material, and submit this report to the BPU within ninety (90) days of a BPU order approving the Stipulation. This includes stub services that were used and now cut off or terminated as well as service lines and other extensions which were installed, but were not and are not connected to a structure or meter, except those lines that have been idle for less than 12 months as of the date of the report. This report will not contain information regarding the length of each stub, as this information is not readily obtainable. PSE&G will agree to fund the costs associated with conducting this study and preparing this report.

6. Issues concerning stub removal or potential violations of Applicable Laws relating to stub service are specifically reserved by the parties and may be addressed by the Board and/or PSE&G in the future. This includes stub services that were used and now cut off or terminated as well as service lines and other extensions which were installed, but were not and are not connected to a structure or meter, except those lines

that have been idle for less than 12 months as of the date of the report. The parties may advance any arguments relating to stub service or stub removal in any such future proceeding if one should occur.

7. 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.

8. 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.

9. Should PSE&G default in either paying or spending the amounts set forth in Paragraphs 1 and 5 above, or in implementing the process improvement measures and other requirements set forth in Paragraph 4 and 5 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.

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

11. 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 and subject to the reservation of rights set forth in Paragraph 6 above.

12. 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.

13. 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.

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

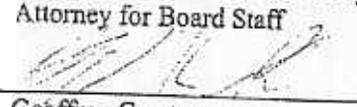
NOW THEREFORE, the Parties cause this Stipulation to be executed by their duly authorized officers or officials.

By:   
Jorge L. Cardenas  
Vice President – Gas Delivery

Dated: January 26, 2011

Public Service Electric and Gas Company

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

By:   
Geoffrey Gersten  
Deputy Attorney General

Dated: January 26, 2011