



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

WATER

IN THE MATTER OF THE BOARD'S INVESTIGATION  
INTO RELIABILITY ISSUES RELATED TO NEW  
JERSEY AMERICAN'S SWIMMING RIVER  
TREATMENT PLANT PIPE BRIDGE FAILURE

- ) RELIABILITY MASTER TO
- ) REVIEW THE DESIGN,
- ) OPERATION AND
- ) MAINTENANCE STANDARDS
- ) OF NJAW'S SWIMMING RIVER
- ) TREATMENT PLANT PIPE
- ) BRIDGE AND DEVELOP
- ) RECOMMENDATIONS TO
- ) THE BOARD
- )
- ) DOCKET NO. WO12070659

**Parties of Record:**

**Michael A. Sgro**, Vice President, General Counsel & Secretary, New Jersey American Water Company, Inc.

BY THE BOARD:

The Board of Public Utilities ("Board") is empowered to ensure that regulated public utilities provide safe, adequate and proper service to the citizens of New Jersey. N.J.S.A. 48:2-23.

Pursuant to N.J.S.A. 48:2-13, the Board has been vested by the Legislature with the general supervision and regulation of and jurisdiction and control over all public utilities, "so far as may be necessary for the purpose of carrying out the provisions of [Title 48]." The courts of this State have held that the grant of power by the Legislature to the Board is to be read broadly, and that the provisions of the statute governing public utilities are to be construed liberally. See, e.g. In re Public Service Electric and Gas Company, 35 N.J. 358, 371 (1961); Township of Deptford v. Woodbury Terrace Sewerage Corp. 54 N.J. 418, 424 (1969); Bergen County v. Dep't of Public Utilities, 117 N.J. Super. 304 (App. Div. 1971). The Board is also vested with the authority, pursuant to N.J.S.A. 48:2-19, to investigate any public utility, and, pursuant to N.J.S.A. 48:2-16 and 48:2-40, to issue orders to public utilities.

New Jersey American Water ("NJAW" or the "Company") is an investor owned public water utility subject to the jurisdiction of the Board. NJAW operates the Swimming River Treatment Plant in Middletown, New Jersey which uses three transmission mains that cross the Swimming River Treatment Plant Pipe Bridge, to serve 22 municipalities, in the Company's service territory in Monmouth County. On June 29, 2012, the Swimming River Pipe Bridge collapsed, severing the water mains, and touching off a countywide water emergency. The incident resulted in approximately 95,000 NJAW customers in 22 Monmouth County communities being subject to a precautionary boil water advisory and outdoor water ban. Approximately 200 customers lost water service for a short period of time.

Hurricane Irene, which made land-fall in August of 2011, damaged the pipe bridge but after an inspection by a NJAW hired engineering firm, it was deemed fit for service. Nonetheless, NJAW has advised that an engineering project had been launched prior to the June 29, 2012, collapse to do repair work to strengthen the bridge. These repairs were not completed.

In order to properly discharge its statutory responsibilities, as summarized above, and based on the recommendation of Board Staff, the Board has determined that it needs to complete a thorough investigation of the issues raised by the aforementioned incident, with the aid of a qualified engineering firm and Special Reliability Master ("SRM"). The Scope-of-Work would include a critique of the system design in light of the recent incident; an assessment of NJAW's operating and maintenance practices; an examination of the inspection that determined that the bridge was fit for continued use after Hurricane Irene and recommendations for improvements. As the investigation moves forward, the Board may need additional consulting services in other specific areas.

The Board must approve the firm and the Scope-of-Work to be completed. NJAW has identified Mr. Jerry J. Notte and his firm, CH2M Hill as a Special Reliability Master ("SRM") to make the review. NJAW has also identified a Scope-of-Work. Board Staff has recommended approval of the retention of Mr. Jerry J. Notte and his firm, CH2M Hill, citing Mr. Notte's previous work on water utility reliability issues in the State as well as the valued resources his firm can provide when identifying the cause(s) of the bridge failure and recommending any appropriate procedural changes deemed necessary.

Accordingly, the Board **HEREBY DIRECTS** that NJAW retain Jerry J. Notte of CH2M Hill as the SRM, to evaluate the design, operation, maintenance, reliability, safety and performance standards as they pertain to the Swimming River Treatment Plant Pipe Bridge, per the Scope-of-Work, attached hereto, including a review of the inspection following Hurricane Irene that deemed the bridge appropriate for continued use, and make recommendations to the Company and the Board on the appropriate course of action necessary to ensure adequate reliability and safety at the Swimming River Treatment Plant facility.

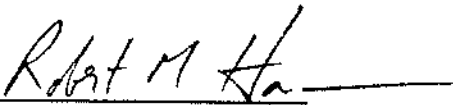
The SRM shall have the responsibility to identify to Board Staff any special needs that require the procurement of additional consulting services, so that Board Staff may seek approval of the Board.

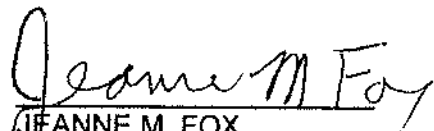
The Board **HEREBY ORDERS** NJAW to pay all associated costs required to assist the Board and its Staff in the resolution of this matter. The Board retains sole discretion in determining the necessity of whether additional resources are required and directs the Company to provide its full cooperation in all aspects of this investigation.

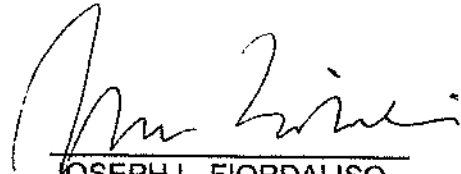
This Order shall be effective as is dated below.

DATED: 8/15/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER


  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA 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 THE BOARD'S INVESTIGATION INTO RELIABILITY ISSUES RELATED  
TO NEW JERSEY AMERICAN'S SWIMMING RIVER TREATMENT PLANT PIPE BRIDGE  
FAILURE – Docket No. WO12070659

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## **Proposed Scope of Work for Special Reliability Master**

### **Purpose**

In anticipation of an August 15, 2012, Order of the New Jersey Board of Public Utilities ("Board" or "BPU") and in consultation with Board Staff, New Jersey-American Water Company, Inc. ("NJAWC" or the "Company") proposes to hire a Special Reliability Master ("Consultant") to evaluate the circumstances related to the Company's Swimming River Water Treatment Plant ("SRWTP") pipe bridge collapse on June 29, 2012.

### **Scope of Work**

The Consultant will review the June 29, 2012, incident and the condition of the pipe bridge prior to the incident. This review shall include:

1. An assessment of the Company's historic operation and maintenance practices (emphasis on inspections) with respect to the SRWTP pipe bridge and appurtenant piping, including any inspection logs/records since 2000.
2. Review the circumstances surrounding the bridge collapse at New Jersey American's Swimming River Treatment Plant on June 29, 2012, and critique the Company's restoration efforts after the collapse, including the deployment of resources to restore operations, service to customers and the Company's communications with government officials and customers.
3. Review and critique the Company's efforts post-Hurricane Irene related to restoring service at the Swimming River treatment plant, including the deployment of resources to restore operations, the restoration of service to customers and the Company's communications with government officials and customers.
4. Review of the post-Hurricane Irene inspection that determined that the SRWTP pipe bridge was fit for continued use.
5. Review the impact of Hurricane Irene on the bridge and related piping and the Company's plans and projects post-Irene to: assess any damage to the SRWTP pipe bridge assets; assess the condition of those assets; inspect and recommend repairs to those assets; develop a plan to implement any recommended repairs determined to be necessary; and the extent to which an effective interim monitoring protocol was established and maintained. This review should assess whether the company acted prudently from an engineering and utility operating perspective to develop and implement a project(s) to complete repairs in a timely fashion.
6. Review the Company's governance related to prioritization of capital projects that were identified to complete repairs to the pipe bridge assets after Hurricane Irene, and assess whether sufficient controls were in place to provide budgeted funds and effective project timing.

## **Access**

The Company shall make reasonable accommodations for the Consultant's access to:

1. The SRWTP location and physical assets, including the pipe bridge and pipelines.
2. The Company's documents related to the SRWTP pipe bridge assets, including those requested by the BPU in Kenneth Sheehan's letter to the Company dated July 2, 2012, and documents produced in response to that letter.
3. Company personnel.

## **Deliverables**

The Consultant shall provide a written report which shall include:

1. The Consultant's findings regarding the probable cause of the June 29, 2012, bridge collapse, the Company's response thereto, including its relative operating and maintenance (inspection) practices since 2000, restoration efforts, resource deployment and communications with government officials, customers and other stakeholders.
2. The Consultant's findings regarding the Company's response to Hurricane Irene on August 28, 2011, as it related to the SWRTP pipe bridge, including its restoration efforts, resource deployment and communications with government officials, customers and other stakeholders.
3. The Consultant's findings regarding the Company's response to the impact of Hurricane Irene on the SRWTP pipe bridge, including the Consultant's assessment whether or not the Company acted prudently from engineering and utility operating perspectives to assess, identify, develop and implement the project or projects necessary to repair the pipe bridge assets.
4. The Consultant's findings regarding the Company's governance related to the prioritization of the projects needed to repair the pipe bridge assets, including the Consultant's assessment of whether or not the Company's governance was adequate to ensure that the projects were funded timely and appropriately, and that projects were prudently and effectively prioritized.

### **Period of Performance**

The Consultant shall complete the reviews and assessments described above so that findings and recommendations are presented to the Board at its November 15, 2012, agenda meeting or sooner if the Consultant's findings and recommendations are available sooner.

### **Special Requirements**

The Consultant shall ensure and certify that any personnel, working on behalf of the Consultant, shall have appropriate training and shall have, wear, and utilize any appropriate personal protective equipment for the environment, consistent with the Company's applicable safety and technical requirements and applicable industry standards.

The Consultant shall have the responsibility to identify to the Board Staff any special needs relative to the Project that require additional consulting services, which the Consultant is unable to provide directly, so that Board Staff may seek approval of the Board for obtaining such additional services.

### **Confidentiality**

The Consultant, and any persons (whether employees or subcontractors) working for Consultant, shall enter into a confidentiality agreement with the Company with respect to New Jersey American's right to have confidential treatment accorded to material, information, whether written or oral, or items, provided to Consultant and/or its employees and subcontractors during and in connection with the Project, that may constitute or contain confidential or proprietary information or trade secrets relating to New Jersey American's business, or which otherwise may be deemed by New Jersey American to be of a market-sensitive, competitive and potentially adverse to the conduct of its business, confidential or proprietary in nature, including with respect to matters of water system security (hereinafter referred to as "Confidential Information"), in order to provide adequate protection to New Jersey American with respect to any such Confidential Information without, however, prejudicing the rights or interests of the Consultant under the Consulting Agreement.

Notwithstanding the above, the final results and report developed by the Consultant, which shall take into account the Confidentiality Agreement, will not themselves be considered confidential and will be made available for public review and dissemination as determined by the Board; provided, however, that if the Consultant determines that it is impossible to avoid disclosure of Confidential Information in the final report, after discussion with the Company, the Consultant shall prepare a confidential un-redacted version of the final report for the Board's view and a redacted version of the final report for public distribution.

## Contacts

The Consultant shall forward all Project correspondence, including data requests, site inspection requests, interview requests, progress reports, draft and final Project Reports to the Board Staff and designated Company Representative listed below:

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