



New Jersey Board of Public Utilities

NEWS RELEASE

For Immediate Release:
February 10, 2012

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BPU Completes Investigation of Pipeline Safety Violations

TRENTON, N.J. – The New Jersey Board of Public Utilities (BPU) today approved a settlement of an enforcement action with Public Service Electric and Gas Company (PSE&G) in connection with a natural gas explosion in Clifton on April 9, 2010. In the agreement, PSE&G will make a one-time payment of \$150,000 to the State of New Jersey. Also during the investigation, the BPU staff discovered that excavator, Castlton Environmental Contractors failed to comply with the Underground Protection Act.

“New Jersey’s natural gas pipeline safety regulations are among the strictest in the country and all suspected violations are fully investigated,” said Bob Hanna, President of the NJ Board of Public Utilities. “It is critical that all excavators, whether homeowners or contractors, call the 811 - Call Before You Dig hotline at least three business days prior to outdoor construction or digging.”

The investigation into PSE&G and Castlton, of Nanuet, NY, began after an explosion and fire at an unoccupied residence at 64 Rutgers Place in Clifton, NJ. The explosion caused extensive damage to the property and damaged two surrounding residences. The force of the explosion and the subsequent fire resulted injuries to several responding firefighters and PSE&G employees. As a result of the incident, the BPU’s Division of Reliability and Security commenced with an investigation. In the course of the investigation, staff evaluated both PSE&G and Castlton’s compliance with all applicable laws and regulations pertaining to natural gas facilities including the Natural Gas Safety Pipeline Safety Act.

While in the midst of the inquiry, staff advised PSE&G representatives that probable violations were discovered and on May 3, 2011, issued a Notice of Probable Violation. As a compromise of civil penalties and without admitting any violation of law or wrongdoing, PSE&G agreed to make a one-time payment of \$150,000 to the State of New Jersey. PSE&G also agreed that it would not seek to recover any of the monies from ratepayers. In addition, PSE&G agreed to take the following measures within three months of a Board Order:

- Amend and enhance its Gas Dispatch Procedures.
- Amend and enhance its Gas Distribution Standards.
- Develop an annual awareness program for underground oil tank excavators.

- Amend and enhance mark-out personnel and construction inspector training to address high risk excavation and other activities in close proximity to PSE&G's underground gas facilities.
- Amend and enhance its Gas Distribution Standards to address personnel requests for the installation of a valve resulting from a determination that no valve is located at a high risk excavation.

On July 27, 2011, BPU Staff also issued a Notice of Probably Violation to and Offer of Settlement in the amount of \$100,000 to Castlton Environmental Contractors for their violations. The BPU and Castlton were unable to reach a settlement agreement. As such, the BPU determined that the next step for enforcement is the issuance of an Administrative Order and Notice of Civil Administrative Penalty Assessment (AONOCAPA).

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About the New Jersey Board of Public Utilities (NJBPU)

The NJBPU is a state agency and regulatory authority mandated to ensure safe, adequate and proper utility services at reasonable rates for New Jersey customers. Critical services regulated by the NJBPU include natural gas, electricity, water, wastewater, telecommunications and cable television. The Board has general oversight responsibility for monitoring utility service, responding to consumer complaints, and investigating utility accidents. To find out more about the NJBPU, visit our web site at www.nj.gov/bpu.