



**State of New Jersey  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102  
www.nj.gov/bpu/**

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH )  
JERSEY GAS COMPANY TO CHANGE THE )  
LEVEL OF ITS TEMPERATURE ADJUSTMENT )  
CLAUSE )  
AND )

DECISION AND ORDER  
APPROVING STIPULATION  
FOR PROVISIONAL RATES  
DOCKET NO. GR05110978

IN THE MATTER OF THE PETITION OF SOUTH )  
JERSEY GAS COMPANY TO CHANGE THE )  
LEVEL OF ITS TEMPERATURE ADJUSTMENT )  
CLAUSE )  
DOCKET NO. GR06100751

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

On November 17, 2005 and October 26, 2006, South Jersey Gas Company ("South Jersey" or "Company") filed its Petitions in these two matters with the New Jersey Board of Public Utilities ("Board") seeking to modify its Temperature Adjustment Clause ("TAC") Charge. This Decision and Order addresses outstanding issues in these two proceedings.

The background to each of these two proceedings is as follows:

In Docket No. GR91071243J, the Board approved the adoption of a Temperature Adjustment Clause ("TAC") for South Jersey. The TAC was designed to adjust the Company's revenues when colder or warmer than normal temperatures were experienced. The revenue adjustment was effectuated through a credit or surcharge applied to customers' bills during a subsequent year. The TAC has now been rolled into the Conservation Incentive Program ("CIP") Charge, for periods after the recoveries addressed by Docket Nos. GR05110978 and GR06100751 are completed.

Docket No. GR05110978

By a Petition filed November 17, 2005, South Jersey sought authorization to recover a \$903,325 net deficiency in its TAC, for the 2004-2005 TAC period. The rate change proposed in that

Petition would have resulted in a rate increase of \$0.29 to a residential customer's bill of 100 therms per month, or an increase of 0.2%.

Docket No. GR05110978 was retained at the Board.

Following a discovery process, the Company, Board Staff ("Staff") and the Division of Rate Counsel (Rate Counsel), the only parties to this proceeding (collectively, "the Parties") met to resolve the matters in Docket No. GR05110978.

#### Docket No. GR06100751

By a Petition filed October 26, 2006, South Jersey sought to recover an \$8,295,342 net deficiency in its TAC resulting from temperatures being 12.5% warmer than normal in the 2005-2006 TAC period. The rate change proposed in the Petition would have resulted in a rate increase of \$2.50 to a residential customer's bill of 100 therms per month, or an increase of 1.6%. The proposal in that Petition would have increased the then-existing TAC rate by \$0.0250 per therm, from \$0.0039 to \$0.0289 per therm. The Petition in Docket No. GR06100751 was filed while the Petition in Docket No. GR05110972 was still pending and superseded the rate proposals in that filing. The TAC is applicable to Rate Schedules RSG, GSG and GSG-LV.

Docket No. GR06100751 was retained at the Board.

Following a discovery process, the Company, Staff and Rate Counsel, again the only parties to the proceeding, met to resolve the matters in Docket No. GR06100751. A public hearing was held relative to both Petitions on October 2, 2007, in Voorhees, New Jersey. No members of the public appeared in opposition to the Petitions.

On October 22, 2007, the Parties executed a Stipulation resolving these docket numbers on a provisional basis.

#### STIPULATED MATTERS

The Parties have discussed the various outstanding issues in these dockets and, as a result, have entered into the attached Stipulation. The Stipulation provides for the following:

- TAC Revenue Deficiency - The parties hereto agree that South Jersey had a net TAC revenue deficiency of \$8,028,569 as of July 31, 2007. It is this net deficiency that is used to calculate South Jersey's stipulated TAC rate increase. Therefore, the parties agree that South Jersey should increase its current TAC rate of \$0.0036 per therm, by \$0.0190 per therm, resulting in a TAC rate of \$0.0242 per therm, including taxes on a provisional basis.
- TAC Rate - This TAC rate of \$0.0242 per therm, including taxes, shall be applicable to Rate Schedules RSG, GSG and GSG-LV. Customers exempt from Sales and Use Tax will pay a TAC rate of \$0.0226.

TAC Balances - The parties recognize that Rate Counsel and Staff have not had the opportunity to fully examine all TAC balances. This Stipulation shall not prejudice any party's right to examine existing TAC balances in South Jersey's current CIP proceeding.

- Tariffs - Following approval of this Stipulation by an Order of the Board, South Jersey will submit revised tariff sheets that conform to the terms of the Stipulation. Such tariff sheets will be submitted within ten (10) business days of the effective date of a Board Order.

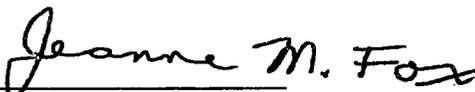
DISCUSSION AND FINDINGS

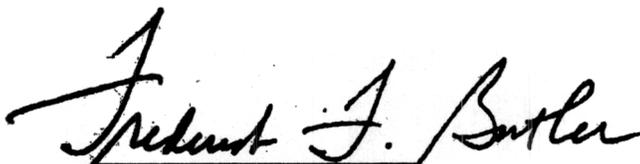
The Board, having reviewed the record to date in this proceeding and the attached Stipulation, FINDS that the Stipulation represents a fair and reasonable resolution of the issues, is consistent with the law and is in the public interest. Accordingly, the Board HEREBY ADOPTS the attached Stipulation as its own, and incorporates its provisions herein, as if they were fully set forth herein, and HEREBY APPROVES an increase in the Company's current TAC rate of \$0.0036 per therm, by \$0.0190 per therm, resulting in a TAC rate of \$0.0242 per therm, including taxes, on a provisional basis. The net effect of the implementation of these rates will be a rate increase of \$2.03 to a residential customer's bill of 100 therms per month, or an increase of 1.3%. This TAC rate shall be applicable to rate schedules RSG, GSG and GSG-LV. Customers exempt from SUT will pay a TAC rate of \$0.0226, on a provisional basis. These above rate changes are to take effect on the date of this Decision and Order.

The Board HEREBY DIRECTS the Company to file tariff sheets with the Board that conform to the terms and conditions of this order within ten (10) days from the date of this Order.

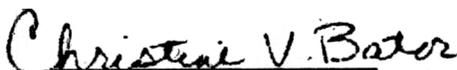
DATED: 10/25/07

BOARD OF PUBLIC UTILITIES  
BY:

  
JEANNE M. FOX  
PRESIDENT

  
FREDERICK F. BUTLER  
COMMISSIONER

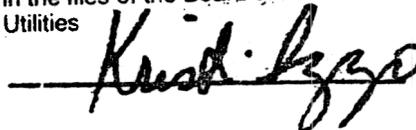
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
CHRISTINE V. BATOR  
COMMISSIONER

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

ATTEST:

  
KRISTI IZZO  
SECRETARY



**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO CHANGE  
THE LEVEL OF ITS TEMPERATURE ADJUSTMENT CHARGE**

**BPU DOCKET NO. GR05110978**

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO CHANGE  
THE LEVEL OF ITS TEMPERATURE ADJUSTMENT CHARGE**

**BPU DOCKET NO. GR06100751**

<p>Stephanie Brand Department of the Public Advocate Division of Rate Counsel 31 Clinton Street, 11<sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101 kholmes@rpa.state.nj.us</p>	<p>Sarah H. Steindel., Esq. Department of the Public Advocate Division of Rate Counsel 31 Clinton Street, 11<sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101 ssteinde@rpa.state.nj.us</p>
<p>Henry M. Ogden, Esq. Department of the Public Advocate Division of Rate Counsel 31 Clinton Street, 11<sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101 hogden@rpa.state.nj.us</p>	<p>Felicia Thomas-Friel, Esq. Department of the Public Advocate Division of Rate Counsel 31 Clinton Street, 11<sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101 fthomas@rpa.state.nj.us</p>
<p>Nusha Wyner, Director Division of Energy Board of Public Utilities Two Gateway Center Newark, NJ 07102 nusha.wyner@bpu.state.nj.us</p>	<p>Sheila Iannaccone Division of Energy Board of Public Utilities Two Gateway Center Newark, NJ 07102 sheila.iannaccone@bpu.state.nj.us</p>
<p>Henry Rich, Supervisor Division of Energy Board of Public Utilities Two Gateway Center Newark, NJ 07102 henry.rich@bpu.state.nj.us</p>	<p>Beverly Tyndell, Rate Analyst Division of Energy Board of Public Utilities Two Gateway Center Newark, NJ 07102 beverly.tyndell@bpu.state.nj.us</p>
<p>Ira G. Megdal, Esq. Cozen O'Connor 457 Haddonfield Road P.O. Box 5459 Haddonfield, NJ 08002-2220 imegdal@cozen.com</p>	<p>Babette Tenzer, Esq. Department of Law &amp; Public Safety 124 Halsey Street P.O. Box 45029 Newark, NJ 07102 Babette.tenzer@dol.lps.state.nj.us</p>
<p>Samuel A. Pignatelli, Vice President Rates &amp; Regulatory Affairs South Jersey Gas Company One South Jersey Plaza Route 54 Folsom, NJ 08037 spignatelli@sjindustries.com</p>	



## **II. PROCEDURAL HISTORIES**

### **A. Docket No. GR05110978**

In Docket No. GR91071243J, the Board ordered the adoption of a Temperature Adjustment Clause ("TAC") for the Petitioner. The TAC was designed to adjust the Company's revenues when colder than normal, or warmer than normal, temperatures were experienced. The revenue adjustment was effectuated through a credit or surcharge applied to customer's bills during a subsequent year. The TAC has now been succeeded by the Conservation Incentive Program ("CIP") Charge, for periods after the recoveries required by Docket Nos. GR05110978 and GR06100751 are completed.

By a Petition filed November 17, 2005, South Jersey sought authorization to recover a \$903,325 net deficiency in its TAC. The net deficiency arose in the Base Year October 1, 2004 to May 31, 2005. The rate change proposed in that Petition would have resulted in a rate increase for a typical residential heating customer using 100 therms of gas during a winter heating month of \$0.29, or 0.2%.

Discovery has been propounded upon the Petitioner, and all discovery has been answered.

Docket No. GR05110978 was retained at the Board.

Following the answering of discovery, the parties met to resolve the matters in Docket No. GR05110978

### **B. Docket No. GR06100751**

By a Petition filed October 26, 2006, South Jersey sought to recover an \$8,295,342 net deficiency in its TAC resulting from temperatures being 12.5% warmer than normal. This was a cumulative net deficiency arising in the Base Years October 1, 2004 to May 31, 2005 and

October 1, 2005 to May 31, 2006. The rate change proposed in the Petition would have resulted in a rate increase for a typical residential heating customer, using 100 therms of gas during a winter heating month of \$2.50 or 1.6%. The proposal in that Petition would have increased the then-existing TAC rate by \$0.0250 per therm, from \$0.0039 to \$0.0289 per therm. The Petition in Docket No. GR06100751 was filed while the Petition in Docket No. GR05110978 was still pending and superseded the rate proposals in that filing. The TAC is applicable to Rate Schedules RSG, GSG and GSG-LV.

Discovery has been propounded upon the Petitioner, and all discovery has been answered.

Docket No. GR06100751 was retained at the Board.

Following the answering of discovery, the parties met to resolve the matters in Docket No. GR06100751

### **III. RESOLUTION OF THE TAC PROCEEDINGS**

#### **A. TAC Revenue Deficiency**

The Company's current TAC rate is \$0.0036 per therm excluding taxes, or \$0.0039 including taxes. The parties hereto agree that South Jersey had a net cumulative TAC revenue deficiency of \$8,028,569 as of July 31, 2007. This was a cumulative net deficiency and it arose during the Base Years October 1, 2004 to May 31, 2005 and October 1, 2005 to May 31, 2006. These cumulative balances are reduced by an overrecovery of \$266,774 arising from the TAC rate established in South Jersey's Global Settlement, Docket No. GR03080683, *et al.* It is this net deficiency of \$8,028,569 that is used to calculate South Jersey's stipulated TAC rate increase. The net cumulative TAC revenue deficiency does not include a deficiency associated with the Company's CIP. Therefore, the parties agree that South Jersey should increase its

current TAC rate by 90 per therm excluding taxes, \$0.0203 including taxes, resulting TAC rate of \$0.022 per therm, excluding taxes, or \$0.0242 per therm, including taxes

#### TAC Rate

This TAC rate of \$0.0242 per therm, including taxes, shall be applicable to Rate schedules RSG, GSG, GSG-LV. Customers exempt from TAC pay TAC rate of 0.0226

#### **C** TAC Balances

The parties recognize that Rate Counsel and Staff have not had the opportunity to fully examine all TAC balances. As a result, the TAC rate of 0.0242 per therm, including taxes, will be provisional, subject to refund. This Stipulation shall not prejudice any party's right to examine existing TAC balances. South Jersey' current CIP proceeding, Docket No. GR01060354

#### **IV.** TARIFFS

With the approval of this Stipulation by an Order of the Board, South Jersey will submit revised tariff sheets incorporating the changes approved by the Board. Such tariff sheets will be submitted within 30 days of the effective date of Board Order

#### **V** MISCELLANEOUS

The parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

This stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all matters addressed in this Stipulation as though this Stipulation had been signed.

It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of the referenced proceedings. Except as expressly provided herein, neither South Jersey, the Board, Staff, nor Rate Counsel shall be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

WHEREFORE, the parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

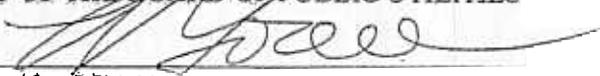
SOUTH JERSEY GAS COMPANY

By:

  
Ira G. Megdal, Esq.  
Cezem O'Connor

ANNE MILGRAM, ATTORNEY GENERAL  
OF THE STATE OF NEW JERSEY FOR THE  
STAFF OF THE BOARD OF PUBLIC UTILITIES

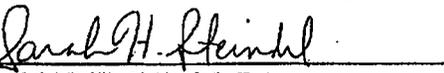
By:

  
Alex Moreau  
Deputy Attorney General

RONALD K. CHEN  
PUBLIC ADVOCATE OF NEW JERSEY

STEPHANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:

  
Sarah H. Steindel, Esq.,  
Assistant Deputy Public Advocate

Dated: October 22, 2007