



**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/)**

ENERGY

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO REDUCE	)	ADOPTING INITIAL DECISION
THE LEVEL OF ITS BASIC GAS SUPPLY	)	APPROVING STIPULATION
SERVICE CHARGE FOR BGSS YEAR ENDING	)	FOR FINAL BGSS RATES
SEPTEMBER 30, 2010	)	
	)	DOCKET NO. GR09060429

Ira G. Megdal, Esquire and Daniel J. Bitonti, Esquire, (Cozen O'Connor, attorneys) for South Jersey Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, Judith Appel, Esq., Assistant Deputy Rate Counsel, and Kurt S. Lewandowski, Esq., Assistant Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities (Paula T. Dow, Attorney General of the State of New Jersey).

**BY THE BOARD:**

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs") submits to the Board by June 1 its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel").

In accordance with the above noted Order, on June 1, 2009, South Jersey Gas Company ("Company" or "SJG") filed its annual petition to establish new Periodic BGSS ("BGSS-P") rates for the period October 1, 2009 through September 30, 2010. The Company's petition sought to decrease its BGSS-P charge from its then current level of \$1.0627 per therm (including taxes) to \$0.8398 per therm (including taxes), effective October 1, 2009. This change, if approved, would decrease the annual bill of a residential customer utilizing 100 therms of gas during a heating month by \$22.24 or 13.3%.

The petition also requested the following revisions: 1) setting the gas cost portion of the Company's D-2 charge for Rate Schedule LVS at \$12.0788 per Mcf, including taxes; (2) setting the gas cost portion of the Firm D-2 charges at \$15.1393 per Mcf including taxes, and \$6.0394 per Mcf, including taxes for Rate Schedule EGS-LV; 3) setting the gas cost portion of the D-2 charge at \$6.0394 per Mcf, including taxes, for Rate Schedule FES; and 4) setting the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.0645 per therm including taxes.

Additionally SJG's petition sought 1) a Storage Incentive Mechanism ("SIM") Accounting Order and; 2) a change to the Company's BGSS tariff. SJG reviews all Rate Schedule GSG customers to determine which customers meet the monthly threshold of 5,000 therms of annualized usage (the "Monthly Threshold"). SJG proposed that if a customer meets the Monthly Threshold, it should be subject to Monthly BGSS pricing on a permanent basis even if its consumption later decreases. Under the current tariff, if the customer has met the Monthly Threshold and subsequently falls below it, the customer is switched back to Periodic BGSS.

After publication of notice in newspapers of general circulation in SJG's service territory, two public hearings in this matter were held on August 11, 2009, in Voorhees, New Jersey. The public notice also advised customers that the Board's January BGSS Order granted the Company the discretion to self-implement an increase in its BGSS rates to be effective December 1, 2009 and/or February 1, 2010 after prior notice to the Board and Rate Counsel, with each increase capped at 5% of the total residential bill. The public notice also stated that the Company is permitted to decrease its BGSS rate at any time upon two weeks notice to the Board and Rate Counsel. No members of the public appeared to provide comments related to the Company's filing.

On September 10, 2009, following review by and subsequent discussions among representatives of SJG, Rate Counsel, and Board Staff, the only parties to this proceeding (collectively, "Parties"), the Parties executed a stipulation agreeing to set the requested BGSS rates on a provisional basis ("Provisional Rate Stipulation") with the rates subject to refund with interest on any net over recovered BGSS balance. The provisional rates reduced the Company's annual revenue request by \$58.6 million in revenues. The Provisional Rate Stipulation solely addressed establishing new provisional BGSS rates for the Company, recognizing that additional time was needed for a complete review of the of Company's 2009 BGSS filing.

By Order dated September 16, 2009, the Board approved the Provisional Rate Stipulation which 1) revised SJG's BGSS-P rate from its then current level of \$1.0627 per therm including taxes to \$0.8398 per therm including taxes and set the following, also on a provisional basis: the D-2 charge for the Rate Schedule LVS at \$12.0788 per Mcf (including taxes; 2) the gas portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV at \$15.1393 per Mcf, and \$6.0394 per Mcf (including taxes), respectively; the gas portion of the D-2 charge for Rate Schedule FES at \$6.0394 per Mcf including taxes; and the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.0645 per therm (including taxes).

This matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") Walter M. Braswell.

Following further review and discussions, the Parties entered into the attached Stipulation for Final BGSS Rates ("Stipulation") dated August 27, 2010 that provides for the Company's previously approved provisional BGSS rates to be made final and permanent. The Parties also agreed: 1) that the Company's request for a SIM Accounting Order be withdrawn from this proceeding; and 2) that SJG's proposal relative to the Monthly Threshold is reasonable and appropriate, and should be approved, provided, however, that upon request by a customer, the Company agrees that it will review the propriety of that customer's Monthly Threshold and, if appropriate, alter the customer's tariff status.

On August 31, 2010, ALJ Braswell issued his Initial Decision adopting the Stipulation finding that the Parties have voluntarily agreed to the Stipulation as evidenced by their signatures and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

### **DISSUSSION AND FINDINGS**

The Board, having carefully reviewed the Initial Decision and the Stipulation, HEREBY FINDS that subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and Stipulation in their entirety and HEREBY INCORPORATES their terms and conditions as though fully set herein.

Accordingly, the Board HEREBY DIRECTS that the decrease in the Company's after-tax per therm BGSS-P rate to \$0.8398 be made final, effective for service on and after the date of this Order. Furthermore, the Board HEREBY APPROVES the following rates on final basis: 1) a rate of \$12.0788 per Mcf, (including taxes) for the gas cost portion of Petitioner's D-2 charge for Rate Schedule LVS; 2) a rate of \$15.1393 per Mcf, including taxes for the gas cost portion of the Firm D-2 charges, and a rate of \$6.0394 per Mcf including taxes for the gas cost portion of the Limited Firm D-2 charges for Rate Schedule EGS-LV, 3) a rate of \$6.0394 per Mcf (including taxes) for Rate Schedule FES and 4) a rate of \$0.0645 per therm (including taxes) for the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV.

The Board HEREBY DIRECTS the Company to provide electronically to Board Staff and Rate Counsel, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1) and 2) the Cost of Gas per Therm (also known as S-ECHART-2). Each of the above reports is to be completed using information available the first Friday of the month, and submitted to Board Staff and Rate Counsel the following Tuesday.

The Board HEREBY APPROVES SJG's tariff change for the Monthly Threshold as modified by the Stipulation to permit a customer to request review of its eligibility for that pricing.

Finally, the Board HEREBY DIRECTS the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the date of this Order.

The Company's BGSS rates remain subject to audit. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED:

9/16/12

BOARD OF PUBLIC UTILITIES

BY:



LEE A. SOLOMON  
PRESIDENT



JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER



NICHOLAS ASSELTA  
COMMISSIONER



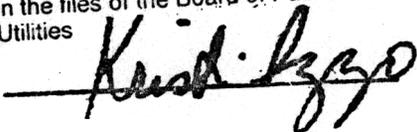
ELIZABETH RANDALL  
COMMISSIONER

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 Petition of South Jersey Gas Company to Change the Level of its Basic Gas Supply Service Docket No. GR09060429

Service List

<p>Stephanie Brand                  Division of Rate Counsel                  31 Clinton Street, 11<sup>th</sup> Floor                  P.O. Box 46005                  Newark, NJ 07101  <a href="mailto:kholmes@rpa.state.nj.us">kholmes@rpa.state.nj.us</a></p>	<p>Judy Appel, Esq.                  Division of Rate Counsel                  31 Clinton Street, 11<sup>th</sup> Floor                  P.O. Box 46005                  Newark, NJ 07101  <a href="mailto:jappel@rpa.state.nj.us">jappel@rpa.state.nj.us</a></p>
<p>Henry M. Ogden, Esq.                  Division of Rate Counsel                  31 Clinton Street, 11<sup>th</sup> Floor                  P.O. Box 46005                  Newark, NJ 07101  <a href="mailto:hogden@rpa.state.nj.us">hogden@rpa.state.nj.us</a></p>	<p>Felicia Thomas-Friel, Esq.                  Division of Rate Counsel                  31 Clinton Street, 11<sup>th</sup> Floor                  P.O. Box 46005                  Newark, NJ 07101  <a href="mailto:ftomas@rpa.state.nj.us">ftomas@rpa.state.nj.us</a></p>
<p>Jerome May, Director                  Division of Energy                  Board of Public Utilities                  Two Gateway Center                  Newark, NJ 07102  <a href="mailto:Jerome.may@bpu.state.nj.us">Jerome.may@bpu.state.nj.us</a></p>	<p>Sheila DeLucia, Bureau Chief                  Division of Energy                  Board of Public Utilities                  Two Gateway Center                  Newark, NJ 07102  <a href="mailto:sheila.iannaccone@bpu.state.nj.us">sheila.iannaccone@bpu.state.nj.us</a></p>
<p>Henry Rich, Supervisor                  Division of Energy                  Board of Public Utilities                  Two Gateway Center                  Newark, NJ 07102  <a href="mailto:henry.rich@bpu.state.nj.us">henry.rich@bpu.state.nj.us</a></p>	<p>Beverly Tyndell, Rate Analyst                  Division of Energy                  Board of Public Utilities                  Two Gateway Center                  Newark, NJ 07102  <a href="mailto:beverly.tyndell@bpu.state.nj.us">beverly.tyndell@bpu.state.nj.us</a></p>
<p>Ira G. Megdal, Esq.                  Cozen O'Connor                  457 Haddonfield Road                  P.O. Box 5459                  Haddonfield, NJ 08002-2220  <a href="mailto:imegdal@cozen.com">imegdal@cozen.com</a></p>	<p>Alex Moreau, Esq.                  Babette Tenzer, Esq.                  Department of Law &amp; Public Safety                  124 Halsey Street                  P.O. Box 45029                  Newark, NJ 07102  <a href="mailto:Alex.moreau@dol.lps.state.nj.us">Alex.moreau@dol.lps.state.nj.us</a>  <a href="mailto:Babette.tenzer@dol.lps.state.nj.us">Babette.tenzer@dol.lps.state.nj.us</a></p>
<p>Samuel A. Pignatelli, Vice President                  Rates &amp; Regulatory Affairs                  South Jersey Gas Company                  One South Jersey Plaza                  Route 54                  Folsom, NJ 08037  <a href="mailto:spignatelli@sjindustries.com">spignatelli@sjindustries.com</a></p>	<p>Daniel J. Bitonti, Esq.                  Cozen O'Connor                  457 Haddonfield Road                  P.O. Box 5459                  Haddonfield, NJ 08002-2220  <a href="mailto:DBitonti@cozen.com">DBitonti@cozen.com</a></p>



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

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BOARD OF PUBLIC UTILITIES  
NEWARK, N.J.

**INITIAL DECISION**

**SETTLEMENT**

OAL DOCKET NO. PUC 13437-09

AGENCY DKT NO. GR09060429

**IN THE MATTER OF THE PETITION OF SOUTH  
JERSEY GAS COMPANY TO REDUCE THE  
LEVEL OF ITS BASIC GAS SUPPLY SERVICE  
CHARGE**

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**Ira G. Megdal, Esq., and Daniel J. Bitonti, Esq** for petitioner, South Jersey Gas  
Company (Cozen O'Connor)

**Alex Moreau, Deputy Attorney General, for respondent (Paula T. Dow, Attorney  
General of New Jersey)**

**Judith Appel, Esq. and Kurt Lewandowski, Esq., appearing on behalf of the  
Division of Rate Counsel**

Record Closed: August 30, 2010

Decided: August 31, 2010

**BEFORE WALTER M. BRASWELL, ALJ:**

This matter was transmitted to the Office of Administrative Law (OAL) on  
November 19, 2009 for resolution as a contested case pursuant to N.J.S.A. 16:41C-  
8.7(b) 3.

A telephone pre-hearing was conducted on December 16, 2009. Public hearings were held in August 2009. Evidentiary hearings were scheduled for June 3, 30 and July 12, 2010. The hearing dates were adjourned due to the parties' ongoing settlement discussions. A status conference was conducted on August 12, 2010 wherein the parties agreed to a Stipulation. On August 30, 2010 a copy of the fully executed Settlement Agreement was received by the OAL indicating the terms of the agreement, which are incorporated herein by reference.

Having reviewed the contents of the attached Settlement Agreement, **FIND:**

- 1 The parties have voluntarily agreed to the settlement as evidenced by their signatures and/or the signatures of their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I approve the settlement and, therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

DATE August 31, 2010

Date Received at Agency:

Date Mailed to Parties:  
ljb

Walter M. Braswell  
WALTER M. BRASWELL, ALJ  
9/1/10 E. J. Rues  
\_\_\_\_\_

**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION :  
OF SOUTH JERSEY GAS COMPANY : BPU DOCKET NO. GR09060429  
TO CHANGE THE LEVEL OF ITS BASIC :  
GAS SUPPLY SERVICE CHARGE FOR : OAL Docket No. PUCRL 13437-  
THE BGSS YEAR ENDING : 2009N  
SEPTEMBER 30, 2010 :**

**STIPULATION FOR FINAL  
BGSS RATES**

**APPEARANCES:**

Ira G. Megdal, Esquire and Daniel J. Bitonti, Esquire, (Cozen O'Connor, attorneys) for South Jersey Gas Company ("Petitioner")

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, Judith Appel, Esq., Assistant Deputy Rate Counsel, and Kurt S. Lewandowski, Esq., Assistant Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director)

Alex Moreau, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Staff")(Paula T. Dow, Attorney General of the State of New Jersey).

**TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:**

**I. INTRODUCTION**

1. This Stipulation is intended to make final the provisional rates in BPU Docket No. GR09060429.

**II. PROCEDURAL HISTORY**

2. On June 1, 2009, South Jersey Gas Company filed a Petition for the period October 1, 2009 through September 30, 2010 ("BGSS year") in Docket No. GR09060429. That Petition requested that the Board of Public Utilities ("Board") approve a reduction in the level of the

company's periodic Basic Gas Supply Service Charge ("BGSS") from its then current level of \$1.0627 per therm (including taxes) to \$0.8398 per therm (including taxes), a reduction of \$.2229 per therm.

3. The Petition also requested the Board to: (1) authorize that the gas cost portion of the D-2 charge for the Rate Schedule LVS be set at \$12.0788 per Mcf (including taxes); (2) authorize that the gas portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV be set at \$15.1393 per Mcf, and \$6.0394 per Mcf (including taxes), respectively; (3) authorize that the gas portion of the D-2 charge for Rate Schedule FES be set at \$6.0394 per Mcf (including taxes); and (4) authorize the non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV be set at \$0.0645 per therm (including taxes).

4. A duly noticed public hearing for the Petition was held on August 11, 2009, in Voorhees, New Jersey. The public hearing was noticed in newspapers of general circulation within South Jersey's service territory. No members of the public appeared to provide comments relating to the Company's request to decrease its Periodic BGSS rates.

5. By Board Order and Decision dated September 16, 2009, the Board approved, on a provisional basis, subject to refund with interest on any net over recovery, a provisional decrease in South Jersey's after tax BGSS rate to \$0.8348 per therm (including taxes) from \$1.0627 per therm (including taxes).

6. As a result of the September 16, 2009 Order, the average residential heating customer using 100 therms of gas during a heating month experienced a decrease of approximately \$22.24, or 13.3% per month.

7. The Petition also sought a change to Petitioner's BGSS tariff. Currently the Company reviews all Rate Schedule GSG customers to determine which customers meet the threshold of 5,000 therms of annualized usage (the "Monthly Threshold"). If a customer meets the Monthly Threshold, it is subject to Monthly BGSS pricing in the following year. If the customer has met the Monthly Threshold and subsequently falls below it, the customer is switched back to Periodic BGSS.

8. By the Petition, South Jersey proposed that once a GSG customer meets the Monthly Threshold and is determined to be a Monthly BGSS customer, it will remain a Monthly BGSS customer thereafter.

9. In addition, South Jersey also sought a Storage Incentive Mechanism ("SIM") Accounting Order.

### III. STIPULATION TERMS

10. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only parties to these proceedings, have discussed certain matters at issue in this proceeding. As a result of those discussions, the Parties have determined that it would be reasonable and in the public interest to make final the provisional BGSS rates previously approved in the September 16, 2009 Order.

11. The Parties accordingly **STIPULATE AND AGREE** that the BGSS rates contained in the stipulation approved by the Board's Decision and Order approving Stipulation for Provisional Rates in this docket, dated September 16, 2009, should be made final and permanent.

12. The Parties further **STIPULATE AND AGREE** that South Jersey's request for a SIM Accounting Order is withdrawn. The Parties further **STIPULATE AND AGREE** that Petitioner's proposal relative to the Monthly Threshold is reasonable and appropriate, and should be approved, provided, however, that upon request by a customer, South Jersey agrees that it will review the propriety of that customer's Monthly Threshold, and if appropriate alter the customer's tariff status.

13. All gas costs incurred during the 2009-2010 BGSS Year may be reviewed during the 2010-2011 BGSS proceeding.

14. South Jersey will submit a Compliance Filing incorporating the rates made final and permanent herein, and the Monthly Threshold tariff change within 7 days of a Board Order approving this Stipulation.

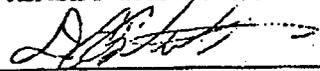
#### **IV. MISCELLANEOUS**

15. 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 issues addressed in this Stipulation as though this Stipulation had not been signed.

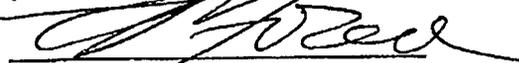
16. It is specifically understood and agreed that this Stipulation represents a negotiated final agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. Also, all rates are subject to Board audit.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation for review and issuance of an appropriate initial decision as well as a subsequent Board 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.  
Daniel J. Bitonti, Esq.  
Cozen O'Connor

PAULA T. DOW  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

By:   
Alex Moreau, Deputy Attorney General

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:   
Kurt S. Lewandowski, Esq.  
Assistant Deputy Rate Counsel

Dated: 8/27/10