



**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 PETITION OF )  
SOUTH JERSEY GAS COMPANY TO CHANGE )  
THE LEVEL OF ITS CONSERVATION )  
INCENTIVE PROGRAM CHARGE FOR THE )  
CIP YEAR ENDING SEPTEMBER 30, 2010 )  
)  
) DOCKET NO. GR09060430

Ira G. Megdal, Esq., and Daniel J. Bitonti, Esq., (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:**

On June 1, 2009, South Jersey Gas Company ("Company" or "SJG") filed its annual Conservation Incentive Program Charge ("CIP") filing seeking a decrease in the CIP rate sufficient to yield a \$6.9 million decrease in revenues to SJG for the CIP year October 1, 2009 through September 30, 2010. The requested decrease translated into a decrease of approximately \$3.13 per month or 1.9% to the average residential heating customer using 100 therms per month, and a decrease of 3.5% per month impact to the average residential non-heating customer, an increase of 0.7% to General Service Gas ("GSG") customers and a 0.8% per month decrease to General Service Large Volume ("GSG-LV") customers. The petition sought to implement CIP recovery rates (all on an after tax basis) of (1) \$0.1424 for Group I Residential Non-Heating customers, a decrease from the then current rate of \$0.2219; 2) \$0.0394 for Group II Residential Heat customers, a decrease from the then current rate of \$0.0707; 3) \$0.0797 for Group III GSG customers, an increase from the then current rate of \$0.0684; and 4) (\$0.0012) for Group IV GSG-LV customers, a decrease from the current rate of \$0.0062.

10/16/10

The CIP was approved by the Board in Docket No. GR05120119 in Orders dated October 12 and December 12, 2006 ("CIP Order"). The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated into the Company's basic gas supply service ("BGSS") rates which are reviewed in a separate filing. The CIP surcharge is also subject to a return on equity ("ROE") cap.

After publication of notice in newspapers in general circulation in SJG's service territory, two public hearings in this matter were held on August 11, 2009 in Voorhees, New Jersey. No members of the public appeared at the hearings to provide comments related to the Company's request to change its CIP rates.

Following preliminary review and discussions, on September 10, 2009, SJG, the Division of Rate Counsel ("Rate Counsel")<sup>1</sup> and Board Staff, the only parties to the proceeding (collectively, "Parties"), executed a stipulation recommending that the Board approve the requested rates on a provisional basis, subject to refund, pending further review. By Order dated September 16, 2009, the Board approved on a provisional basis, subject to refund with interest on any net over-recovery, the Company's implementation of the following after-tax per therm CIP rates as requested by the petition and agreed to by the Parties: 1) a charge of \$0.1424 (including taxes) for Group I Residential Non-Heat Customers, 2) a charge of \$0.0394 (including taxes) for Group II Residential Heat Customers, 3) a charge of \$0.0797 (including taxes) for Group III General Service Customers, and 4) a credit of (\$0.0012) (including taxes) for Group IV General Service Large Volume customers. All rates were effective as of September 16, 2009.

Implementation of the provisional CIP rates resulted in a decrease of approximately \$3.13, or 1.9% per month, to the average residential heating customer using 100 therms of gas during a heating month. The overall impact to the average residential non-heat sales customer was a decrease of 3.5%, per month. The impact on the average GSG sales customer was an increase of 0.7%, and on the average GSG-LV customer a decrease of 0.8%. The provisional revision in SJG's CIP rates were set to result in a total net reduction in CIP revenues of \$6,944,646, which translates into a total CIP revenue recovery of \$13,436,588.

This matter was transferred to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") Walter Braswell for a full review.

Following additional review by, and subsequent discussions among representatives of SJG, Rate Counsel, and Board Staff, the Parties entered into the attached Stipulation for Final CIP Rates dated August 27, 2010 ("Stipulation"). The Parties have determined that it would be reasonable and in the public interest to make final the provisional CIP rates previously approved by the Board in its Order dated September 16, 2009.

On September 1, 2010, ALJ Braswell issued his Initial Decision approving the Stipulation finding that the Parties have voluntarily agreed to the settlement, and the settlement fully disposes of all issues in controversy and is consistent with the law.

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<sup>1</sup> Now constituted as the Division of Rate Counsel.

**DISCUSSION AND FINDING**

The Board, having carefully reviewed the attached 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 if fully set forth herein.

The Board HEREBY APPROVES on a final basis the Company's implementation of the following after-tax per therm CIP factors: 1) a charge of \$0.1424 for Group I Residential Non-Heat Customers; 2) a charge of \$0.0394 for Group II Residential Heat Customers; 3) a charge of \$0.0797 (including taxes) for Group III General Service Customers; and 4) a credit of \$0.0012 (including taxes) for Group IV General Service Large Volume customers, effective for service on and after the date of this Order.

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 effective date of this Order.

The Company's CIP costs will remain subject to audit by the Board. 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.

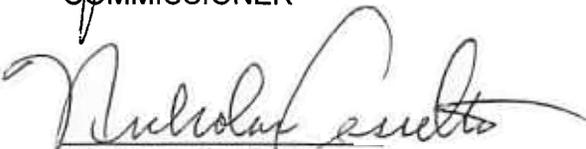
DATED: 9/16/10

BOARD OF PUBLIC UTILITIES  
BY:

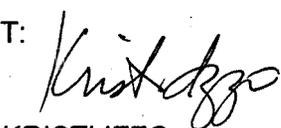
  
LEE A. SOLOMON  
PRESIDENT

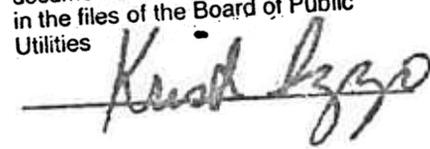
  
JEANNE M. FOX  
COMMISSIONER

  
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 Petitions of South Jersey Gas Company to Change the Level of Its  
Conservation Incentive Program (CIP) for the CIP Year Ending 2010 Docket No. GR09060430  
Service List

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



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

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BOARD OF PUBLIC UTILITIES  
NEWARK, N.J.

**INITIAL DECISION**

**SETTLEMENT**

CAL DOCKET NO. PUC 13436-09

AGENCY DKT NO. GR09060430

**IN THE MATTER OF THE PETITION OF SOUTH  
JERSEY GAS COMPANY TO CHANGE THE  
LEVEL OF ITS CONSERVATION INCENTIVE  
PROGRAM CHARGES**

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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.

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

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.

August 31, 2010  
DATE

Date Received at Agency

Date Mailed to Parties:  
ljb

Walter M. Braswell  
WALTER M. BRASWELL, ALJ  
9/1/10 E2 Beh

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

**IN THE MATTER OF THE PETITION OF  
SOUTH JERSEY GAS COMPANY TO CHANGE  
THE LEVEL OF ITS CONSERVATION  
INCENTIVE PROGRAM CHARGE FOR THE  
YEAR ENDING SEPTEMBER 30, 2010**

**BPU DOCKET NO.  
GR09060430**

**OAL Docket No. PUCRL 13436-  
2009N**

**STIPULATION FOR FINAL  
CIP 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 previously approved by the Board in Docket No. GR09060430.

**II. PROCEDURAL HISTORY**

2. On June 1, 2009, South Jersey submitted its annual Conservation Incentive Program ("CIP") filing for the period October 1, 2009 through September 30, 2010 in the above-referenced docket.

3. The Petition requested that the Board of Public Utilities ("Board") approve the implementation of after-tax per therm CIP factors of \$0.1424 for Group I Residential Non-Heat customers, \$0.0394 for Group II Residential Heat customers, \$0.0797 for Group III General

Service (GSG) customers and (\$0.0012) for Group IV General Service Large Volume (GSG-LV) customers effective October 1, 2009. The requested CIP factors would result in a decrease of approximately \$3.13, or 1.9% per month, to the average residential heat customer using 100 therms of gas during a heating month. The impact to the average residential non-heat customer is a decrease of 3.5% per month. The impact to the average GSG customer is an increase of 0.7% and to the average GSG-LV customer is a decrease of 0.8% per month.

4. A duly noticed public hearing on the 2009 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 change its CIP rates.

5. By Order dated September 16, 2009, the Board approved, on a provisional basis, the Company's implementation of the following after-tax per therm CIP rates: 1) a charge of \$0.1424 (including taxes) for Group I Residential Non-Heat Customers, 2) a charge of \$0.0394 (including taxes) for Group II Residential Heat Customers, 3) a charge of \$0.0797 (including taxes) for Group III General Service Customers, and 4) a charge of (\$0.0012) (including taxes) for Group IV General Service Large Volume customers, effective as of September 16, 2009.

6. The CIP rates set forth in the Stipulation were to result in a total net reduction of \$6,944,646, which results in a total recovery of \$13,436,588.

### III. STIPULATED TERMS

7. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only parties to these proceedings, have discussed certain matters at issue in these proceedings. 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 rates previously approved by the Board in its Order dated September 16, 2009.

8. The Parties accordingly **STIPULATE AND AGREE** that the provisional CIP rates contained in the Stipulation approved by the Board's Decision and Order dated September 16, 2009 in BPU Docket No. GR09060430 should be made final.

9. Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the rate changes approved by the Board, in this docket, within 7 days of such approval.

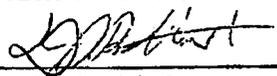
#### IV. MISCELLANEOUS

10. 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.

11. 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.

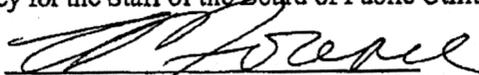
WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that an initial decision approving the stipulation be issued as soon as reasonably possible and that the Board likewise issue an appropriate Order approving the Stipulation in its entirety.

SOUTH JERSEY GAS COMPANY

By: 

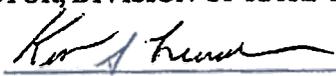
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Daniel J. Bitonti, Esq.  
Cozen O'Connor

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