



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
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 CONSERVATION INCENTIVE)
PROGRAM CHARGE FOR THE CIP YEAR ENDING)
SEPTEMBER 30, 2011)
DECISION AND ORDER
APPROVING STIPULATION FOR
PROVISIONAL CIP RATES
DOCKET NO. GR10060379

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

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Judith Appel, Esq.** and **Kurt Lewandowski, Esq.,** Assistant Deputy Rate Counsels for the Division of Rate Counsel (**Stefanie A. Brand, Esq.,** Director)

Anne Marie Shatto, Esq., Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow,** Attorney General of New Jersey)

BY THE BOARD:

On June 1, 2010, South Jersey Gas Company ("Company" or "SJG") submitted its annual Conservation Incentive Program ("CIP") filing for the CIP year beginning on October 1, 2010 and ending on September 30, 2011 ("CIP Petition"). The CIP Petition seeks authorization to implement the following CIP rate changes on a per therm after-tax basis, effective as of October 1, 2010: 1) \$0.0949 for Group I Residential Non-Heating customers, a decrease from the current rate of \$0.1424; 2) \$0.0441 for Group II Residential Heat customers, an increase from the current rate of \$0.0394; 3) \$0.0422 for Group III General Service (GSG) customers, a decrease from the current rate of \$0.0797; and 4) \$0.0046 for Group IV General Service Large Volume (GSG-LV) customers, an increase from the current rate of (\$0.0012).

Approval of the Company's proposal would result in a \$1,022,343 reduction in revenues to SJG, and an increase of approximately \$0.47 per month or 0.3% to the average residential heating customer using 100 therms of gas during a heating month. The proposed impact on the average residential non-heat sales customer is a decrease of 2.4% per month. The proposed impact on the average GSG sales customer is a decrease of 2.7%, and on the average GSG-LV customer is an increase of 0.6% per month. As proposed, the CIP rates are set to recover \$14,527,181 in CIP related revenues.

After publication of notice in newspapers in general circulation in SJG's service territory, two public hearings in this matter were held on July 29, 2010 in Voorhees, New Jersey. No

members of the public appeared at the hearing to provide comments related to the Company's request to revise its CIP rates.

Following a review by, and subsequent discussions among representatives of SJG, the, Division of Rate Counsel ("Rate Counsel"), and Board Staff, the only parties to this proceeding (collectively, the "Parties"), on September 9, 2010, the Parties entered into the attached Stipulation for Provisional CIP Rates. The Parties determined that the rates proposed in the CIP Petition should be implemented on a provisional basis at this time, subject to refund on any net over recovered CIP balance. The Parties recognize that additional time is needed to allow for a complete review of the CIP Petition, and recommend that, pending their review and final determination by the Board, with an opportunity for full review at the Office of Administrative Law, the Board should authorize on a provisional basis, subject to refund on any net over recovered CIP balance, the Company's CIP rate proposal.

STIPULATION FOR PROVISIONAL CIP RATES

The key provisions of the Stipulation are as follows:

- 1) Pending the conclusion of a further review and discussions among the Parties, it would be both reasonable and in the public interest for the Board to authorize the implementation of the following provisional CIP rates, subject to refund on any net over recovered CIP balance, on a per therm after tax basis, effective as of October 1, 2010: 1) \$0.0949 for Group I Residential Non-Heating customers, a decrease from the current rate of \$0.1424; 2) \$0.0441 for Group II Residential Heat customers, an increase from the current rate of \$0.0394; 3) \$0.0422 for Group III General Service (GSG) customers, a decrease from the current rate of \$0.0; and 4) \$0.0046 for Group IV General Service Large Volume (GSG-LV) customers, an increase from the current rate of (\$0.0012).
- 2) The CIP rates set forth in this Stipulation for Provisional CIP Rates result in an increase of approximately \$0.47, or 0.3% 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 is a decrease of 2.4%. This impact to the average GSG sales customer is a decrease of 2.8% and to the average GSG-LV customer, is an increase of 0.6%.

DISCUSSION AND FINDING

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation for Provisional CIP Rates, HEREBY FINDS that, subject to the terms and conditions set forth below, the Stipulation for Provisional CIP Rates is reasonable, in the public interest and in accordance with the law. The Board HEREBY ADOPTS the Stipulation for Provisional CIP Rates as its own, as if fully set forth herein. Any net over-recovery on the CIP balance at the end of the 2011 CIP year shall be subject to refund.

The Board HEREBY APPROVES on provisional basis, the Company's implementation of the following after-tax per therm CIP rates: 1) \$0.0949 for Group I Residential Non-Heat Customers; 2) \$0.0441 for Group II Residential Heat Customers; 3) \$0.0422 for Group III General Service Customers and 4) \$0.0046 for Group IV General Service Large Volume customers, effective for service rendered on and after the date of this Order.

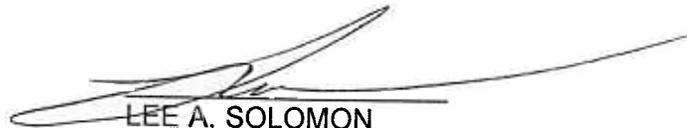
The Board HEREBY ORDERS that the CIP Petition be transmitted to the Office of Administrative Law for full review and an Initial Decision and then returned to the Board for a Final Decision.

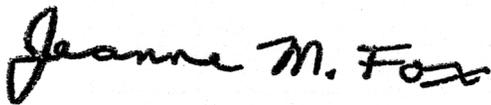
Finally, the Board HEREBY DIRECTS the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the date of this Order.

The Company's CIP costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

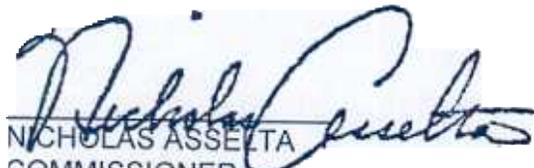
DATED: 9/17/10

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT

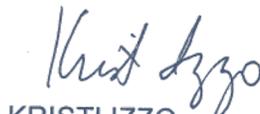

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

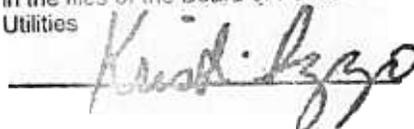

NICHOLAS ASSELTA
COMMISSIONER


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. GR10060379

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR10060379
SOUTH JERSEY GAS COMPANY TO CHANGE :
THE LEVEL OF ITS CONSERVATION : STIPULATION FOR
INCENTIVE PROGRAM (CIP) CHARGES FOR : PROVISIONAL CIP RATES
THE CIP YEAR ENDING SEPTEMBER 30, 2011 :

APPEARANCES:

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

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

Anne Marie Shatto, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Staff") (Paula T. Dow, Attorney General of New Jersey)

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1. On June 1, 2010, South Jersey Gas Company ("South Jersey," "Company" or "Petitioner") submitted its annual Conservation Incentive Program ("CIP") filing for the period October 1, 2010 through September 30, 2011 ("CIP Year") in the above-referenced docket. That petition requested that the Board of Public Utilities ("Board") approve the implementation of after-tax per therm CIP rates of \$0.0949 for Group I Residential Non-Heat customers, \$0.0441 for Group II Residential Heat customers, \$0.0422 for Group III General Service (GSG) customers and \$0.0046 for Group IV General Service Large Volume (GSG-LV) customers effective October 1, 2010. The requested CIP rates would result in an increase of approximately

\$0.47, or 0.3% per month, to the average residential heat customer using 100 therms of gas during a heating month. The proposed impact to the average residential non-heat sales customer was a decrease of 2.4% per month. The proposed impact to the average GSG sales customer was a decrease of 2.8% and to the average GSG-LV customer was an increase of 0.6% per month.

2. Pursuant to the Board's October 12, 2006 Order in Docket No. GR05121020, any non-weather related CIP surcharges must be offset by reductions in capacity related BGSS costs. The Company estimates total CIP related revenue of \$20.1 million, with \$5.6 million weather related and \$14.4 million non-weather related for the CIP period ending September 2010. The BGSS savings for the period October 2010 through September 2011 is \$8.9 million, capping total recovery at \$14.5 million. Therefore, South Jersey's carry forward to the 2011 CIP year is \$5.5 million.

3. Public hearings on this Petition were held on July 29, 2010, in Voorhees, New Jersey. The public hearings were 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.

II. STIPULATED TERMS

4. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only Parties to this proceeding, have discussed certain matters at issue in this proceeding. As a result of those discussions, the Parties have determined that additional time is needed to complete a comprehensive review of South Jersey's proposed CIP rates and other aspects of the Company's CIP petition. However, the Parties agree that the provisional implementation of the proposed CIP rates is reasonable at this time. These rate changes will be effective as of October 1, 2010, or as of such date that the Board so decides. These changes are on a provisional basis subject to

opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board.

5. Accordingly, the Parties stipulate and agree that, pending the conclusion of further review and discussion among the Parties, it would be both reasonable and in the public interest for the Board to authorize the implementation of the following proposed per therm after tax CIP rates, effective as of October 1, 2010: (1) \$0.0949 for Group I Residential Non-Heat customers, a decrease from the current rate of \$0.1424; (2) \$0.0441 for Group II Residential Heat customers, an increase from the current rate of \$0.0394; (3) \$0.0422 for Group III General Service (GSG) customers, a decrease from the current rate of \$0.0797; and (4) \$0.0046 for Group IV General Service Large Volume (GSG-LV) customers, an increase in the current rate of (\$0.0012). These CIP rates are on a provisional basis, subject to an opportunity for full review at the OAL, if necessary, and final approval by the Board.

6. The CIP rates set forth in this Stipulation result in an increase of approximately \$0.47, or 0.3% 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 is a decrease of 2.4%, the impact to the average GSG sales customer is a decrease of 2.8% and the impact to the average GSG-LV customer is an increase of 0.6%.

7. The CIP rates set forth in this Stipulation will result in a total reduction of \$1,022,343, which results in a total recovery of \$14,527,181

8. Attached to the Stipulation are the proposed tariff sheets to implement the terms of this Stipulation.

9. The undersigned recommend that the Board transmit this matter to the OAL for a hearing of all issues, including provisional rates, if necessary.

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 interim agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, or 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 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.
Daniel J. Bitonti, Esq.
Cozen O'Connor

**STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL**

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

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

By: _____
Anne Marie Shatto
Deputy Attorney General

Dated: 9/9/10

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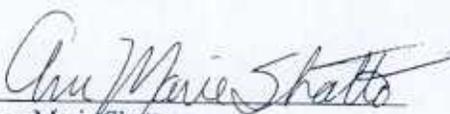
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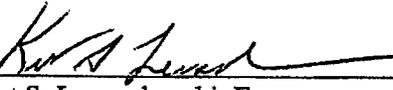
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