



Agenda Date: 9/16/09
Agenda Item: Late Starter A

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)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO CHANGE)	
THE LEVEL OF ITS CONSERVATION INCENTIVE)	APPROVING STIPULATION FOR
PROGRAM CHARGE FOR THE CIP YEAR ENDING)	PROVISIONAL CIP RATES
SEPTEMBER 30, 2010)	DOCKET NO. GR09060430

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

On June 1, 2009, South Jersey Gas Company ("Company" or "SJG") submitted its annual Conservation Incentive Program ("CIP") filing for the CIP year ending September 30, 2010 ("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, 2009: 1) \$0.1424 for Group I Residential Non-Heating customers, a decrease from the current rate of \$0.2219; 2) \$0.0394 for Group II Residential Heat customers, a decrease from the current rate of \$0.0707; (3) \$0.0797 for Group III General Service (GSG) customers, an increase from the current rate of \$0.0684; and (4) (\$0.0012) for Group IV General Service Large Volume (GSG-LV) customers, a decrease from the current rate of \$0.0062. The Company's proposal would result in a \$6,944,646 reduction in revenues to SJG, and a decrease of approximately \$3.31 per month or 1.9% to the average residential heating customer using 100 therms of gas during a heating month. The Company reported total CIP related revenue of \$13.4 million for the CIP year ending September 30, 2009, with approximately (\$0.3) million weather related and \$13.7 million non-weather related.

After notice in newspapers of general circulation in SJG's service territory, a public hearing in this matter was held on August 11, 2008 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 Department of the Public Advocate, Division of Rate Counsel, and Board Staff, the only parties to this proceeding (collectively, "the Parties"), 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. 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 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 amongst 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 on a per therm after tax basis, effective as of September 16, 2009: 1) \$0.1424 for Group I Residential Non-Heating customers, a decrease from the current rate of \$0.2219; 2) \$0.0394 for Group II Residential Heat customers, a decrease from the current rate of \$0.0707; (3) \$0.0797 for Group III General Service (GSG) customers, an increase from the current rate of \$0.0684; and (4) (\$0.0012) for Group IV General Service Large Volume (GSG-LV) customers, a decrease in the current rate of \$0.0062.
- 2) The CIP rates set forth in this Stipulation for Provisional CIP Rates result in a decrease of approximately \$3.31, 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-heating sales customer is a decrease of 3.5%, to the average GSG sales customer is an increase of 0.7% and to the average GSG-LV customer, a decrease of 0.8%.

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 2010 CIP year shall be subject to refund with interest.

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

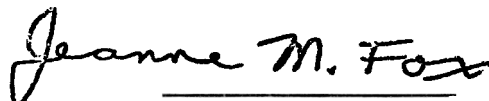
The Board HEREBY ORDERS that the CIP Petition be transmitted to the Office of Administrative Law for full review and an Initial Decision and then returned to the Board for a Final Decision.


The Board HEREBY ACCEPTS the revised tariff sheets as conforming to the agreement of the Parties to be effective for service rendered on and after the date of this Order.

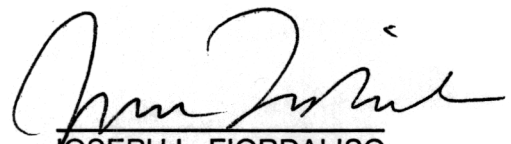
The Company's CIP costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

DATED: 9/16/09

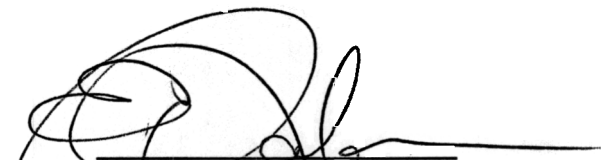
BOARD OF PUBLIC UTILITIES
BY:

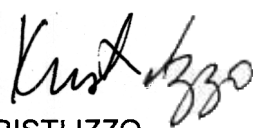

JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER

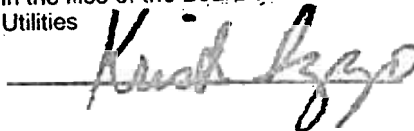

JOSEPH L. FIORDALISO
COMMISSIONER


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
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**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 (CIP) CHARGES**

**BPU DOCKET NO.
GR09060430**

**STIPULATION FOR
PROVISIONAL CIP RATES**

APPEARANCES:

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

Judith Appel, Assistant Deputy Public Advocate, on behalf of the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel")

Alex Moreau, Deputy Attorney General, on behalf of the Staff of the Board of Public Utilities ("Staff")(Anne Milgram, Attorney General of New Jersey)

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1 On June 1, 2009, South Jersey Gas Company ("South Jersey," "Company" or "Petitioner") submitted its annual Conservation Incentive Program ("CIP") filing for the period October 1, 2009 through September 30, 2010 ("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 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 proposed impact to the average residential non-heat customer was a decrease of 3.5% per month. The proposed impact to the average GSG customer was an increase of 0.7% and to the average GSG-LV customer was a decrease of 0.8% per month.

2. A public hearing on this 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.

II. STIPULATED TERMS

3 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 factors is reasonable at this time.

4. 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 September 16, 2009: (1) \$0.1424 for Group I Residential Non-Heat customers, a decrease from the current rate of \$0.2219; (2) \$0.0394 for Group II Residential Heat customers, a decrease from the current rate of \$0.0707; (3) \$0.0797 for Group III General Service (GSG) customers, an increase from the current rate of \$0.0684; and (4) (\$0.0012) for Group IV General Service Large Volume (GSG-LV) customers, a decrease in the current of

\$0.0062. These CIP rates are on a provisional basis, subject to an opportunity for full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

5. The CIP rates set forth in this Stipulation result in a decrease of approximately \$3.31, 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 is a decrease of 3.5%, the impact to the average GSG sales customer is an increase of 0.7% and the impact to the average GSG-LV customer is a decrease of 0.8%.

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

7. Attached to the Stipulation are the tariff sheets implementing the terms of this Stipulation.

8. 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

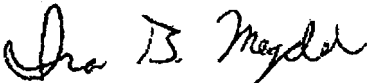
9. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to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

10. 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

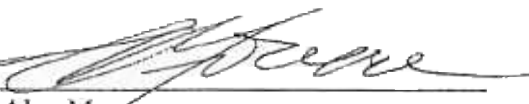
By: 
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Cozen O'Connor

RONALD K. CHEN
PUBLIC ADVOCATE OF NEW JERSEY

STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: _____
Judith Appel
Assistant Deputy Public Advocate

ANNE MILGRAM
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By: 
Alex Moreau
Deputy Attorney General

Dated: _____

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 B. Megdal
Ira G. Megdal, Esq.
Cozen O'Connor

RONALD K. CHEN
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STEFANIE A. BRAND, DIRECTOR
DIVISION OF RATE COUNSEL

By: Judith Appel
Judith Appel
Assistant Deputy Public Advocate

ANNE MILGRAM,
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By: _____
Alex Moreau
Deputy Attorney General

Dated: 9/10/09

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 9 - GAS

**Third Revised Sheet No. 97d
Superseding Second Sheet No. 97d**

**CONSERVATION INCENTIVE PROGRAM
(Continued)**

- mechanism. The Deficiency or Excess shall be calculated each month by multiplying the result obtained from subtracting the Baseline Usage per Customer from the Actual Usage per Customer by the actual number of customers, and then multiplying the resulting terms by the Margin Revenue Factor.
- (d) Recovery of any Deficiency in accordance with Paragraph (c), above, associated with non-weather related changes in customer usage will be limited to the level of BGSS savings achieved as provided for in the 2006 Order of the Board of Public Utilities in Docket No. GR05121019. The value of the weather-related changes in customer usage shall be calculated in accordance with Rider F to this tariff.
- (e) Except as limited by Paragraph (d), above, the amount to be surcharged or credited to the Customer Class Group shall equal the aggregate Deficiency or Excess for all months during the Annual Period determined in accordance with the provisions herein, divided by the FAU for the Customer Class Group.
- (f) The currently effective CIP Factor by Customer Class Group are as follows:

	Group I: RSG <u>Non-Heating</u>	Group II: RSG <u>Heating</u>	Group III: <u>GSG</u>	Group IV: <u>GSG-LV</u>
CIP Factors Per Therm	\$0.1328	\$0.0367	\$0.0744	(\$0.0011)
Applicable Revenue Tax Factor	.0019	1.0019	1.0019	1.0019
CIP Factors Per Therm	\$0.1331	\$0.0368	\$0.0745	(\$0.0011)
Applicable NJ Sales Tax Factor	<u>1.07</u>	<u>1.07</u>	<u>1.07</u>	<u>1.07</u>
CIP Factors Per Therm with NJ Sales Tax	<u>\$0.1424</u>	<u>\$0.0394</u>	<u>\$0.0797</u>	<u>(\$0.0012)</u>

- (g) The CIP shall not operate to cause the Company to earn in excess of its allowed rate of return on common equity of 10.00% for any twelve month period ending September 30; any revenue which is not recovered will not be deferred. For purposes of this paragraph (f), the Company's rate of return on common equity shall be calculated by dividing the Company's net income for such annual period by the Company's average 13 month common equity balance for such annual period, all data as reflected in the Company's monthly reports to the Board of Public Utilities. The Company's net income shall be calculated by subtracting from total net income the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) On-System Capacity Release; (4) Off-System Sales and Capacity Release; and (5) the Storage Incentive Mechanism.
- (h) As used in this Rider "M", the following terms shall have the meanings ascribed to them herein:

Issued September 16, 2009
by South Jersey Gas Company,
E. Graham, President

Effective with service rendered
on and after September 16, 2009

Filed pursuant to Order in Docket No. GR09060430 of the Board of
Public Utilities, State of New Jersey, dated September 16, 2009