



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)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO REDUCE)	APPROVING STIPULATION
THE LEVEL OF ITS BASIC GAS SUPPLY)	FOR PROVISIONAL RATES
SERVICE CHARGE FOR BGSS YEAR ENDING)	DOCKET NO. GR10060378
SEPTEMBER 30, 2011)	

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

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

Judith Appel, Esq., Assistant Deputy Rate Counsel and Kurt Lewandowski, Esq., Assistant Deputy Rate Counsel, for the Division of Rate Counsel (Stefanie Brand, Esq., Director)

BY THE BOARD:

Per the generic Order of the Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of the New Jersey's four gas distribution companies ("GDCs"), submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing by June 1 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, ("BGSS") on June 1, 2010, South Jersey Gas Company ("Company", or "SJG") filed with the Board its annual petition to establish new Periodic BGSS ("BGSS-P") rates for the period October 1, 2010 through September 30, 2011. The Company's petition sought to decrease its BGSS-P charge from \$0.8398 per therm to \$0.6887 per therm including taxes. This change, if approved, will decrease the monthly bill of a residential customer utilizing 100 therms of gas during a month by \$15.11 or 10.4%.

The petition also requested that the Board authorize 1) that the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$13.3449 per Mcf, including taxes; (2) the gas cost portion of the Firm D-2 charges remain unchanged at \$15.1393 per Mcf, and the Limited Firm D-2 charges be set at \$6.6724 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion of the D-2 charge at \$6.6724 per Mcf (including taxes) for Rate

Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.1181 per therm (including taxes).

After publication of notice in newspapers of general circulation in SJG's service territory, a public hearing in this matter was held on July 29, 2010, 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, 2010 and/or February 1, 2011 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.

STIPULATION FOR PROVISIONAL RATES

Following discussions among representatives of SJG, Rate Counsel and Board Staff, the only parties to the proceeding at this time (collectively, the "Parties"), the Parties entered into the attached Stipulation for Provisional Rates.

The key provisions of the Stipulation for Provisional Rates are as follows:

- 1) The Parties have determined that additional time is needed to complete the review of Petitioner's proposed BGSS-P rates and related issues. However, the Parties also agree that it would be reasonable for the Board to authorize the following rate changes on a provisional basis, subject to refund with interest on any net over-recovered BGSS balance and an opportunity for a full review at the OAL, if necessary, and final Board approval.
- 2) The Parties stipulate and agree that pending conclusion of any further review and discussions among the Parties, that the Board authorize the following rate changes on a provisional basis: a) the Company's BGSS-P rate should be set at \$0.6887 per therm (including taxes) b) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS should be set at \$13.3449 per Mcf (including taxes); c) the gas cost portion of the Firm D-2 charges remain unchanged at \$15.1393 per Mcf (including taxes), and the Limited Firm D-2 charges should be set at \$6.6724 per Mcf (including taxes) for Rate Schedule EGS-LV; and c) the gas cost portion of the D-2 charge should be set at \$6.6724 per Mcf (including taxes) for Rate Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV should be set at \$0.1181 per therm (including taxes). These rate changes, if approved, would decrease the annual bill of a residential heating customer utilizing 100 therms during a month by \$15.11 or 10.4%.
- 3) A reduction in the threshold for Monthly BGSS rates which was proposed in the Company's base rate case¹, will also be reviewed in this proceeding.

DISSUSSION AND FINDING

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation for Provisional Rates, HEREBY FINDS that subject to the terms and conditions set forth below, the Stipulation for Provisional Rates is reasonable, in the public interest and in

¹ In re Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Other Charges for Gas Service and Other Tariff Revisions, GR10010035.

accordance with the law. Accordingly, the Board HEREBY ADOPTS the Stipulation for Provisional Rates as its own as if fully set forth herein.

The Board HEREBY APPROVES on a provisional basis, the Company's implementation of a decrease in its after-tax per therm BGSS rate to \$0.6887 effective for service rendered on and after the date of this Order. The Board HEREBY APPROVES, on provisional basis the setting of the following rates: 1) the gas cost portion of the D-2 charge for Rate Schedule LVS at \$13.3449 per Mcf (including taxes); 2) the Firm D-2 charges remaining unchanged at \$15.1393 per Mcf (including taxes), and the gas cost portion of the Limited Firm D-2 charges at \$6.6724 per Mcf (including taxes) for Rate Schedule EGS-LV; and 3) the gas cost portion the D-2 charge at \$6.6724 per Mcf (including taxes) for Rate Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.1181 per therm (including taxes) with all changes effective as of the date of this Order. Any net over-recovery on the BGSS balance at the end of BGSS period shall be subject to refund with interest.

The Board HEREBY DIRECTS that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings, if necessary.

The Company is HEREBY DIRECTED 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 gas 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: 9/17/10

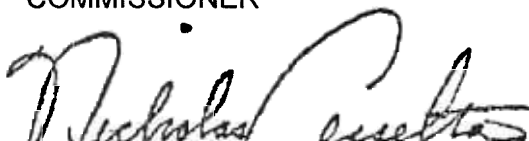
BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT



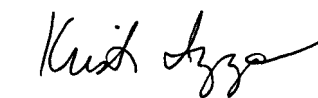
JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

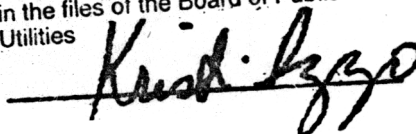

NICHOLAS ASSELTA
COMMISSIONER


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 PETITION OF SOUTH JERSEY GAS COMPANY TO
REDUCE THE LEVEL OF ITS BASIC GAS SUPPLY SERVICE CHARGE
BPU DOCKET NO. GR10060378

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

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
REDUCE THE LEVEL OF ITS BASIC
GAS SUPPLY SERVICE CHARGE FOR
THE BGSS YEAR ENDING SEPTEMBER
30, 2011**

**BPU DOCKET NO. GR10060378
STIPULATION FOR PROVISIONAL
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, 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. PROCEDURAL HISTORY

1 On June 1, 2010, South Jersey Gas Company ("South Jersey," or "Company," or "Petitioner") filed a Petition ("2010 BGSS Petition") for the period October 1, 2010 through September 30, 2011 ("BGSS Year"), in Docket No. GR10060378. That Petition requested that the Board of Public Utilities ("Board") approve a reduction of the level of the Company's periodic Basic Gas Supply Service Clause ("BGSS") charge from its then current level of \$0.8398 per therm (including taxes) to \$0.6887 per therm (including taxes), a reduction of \$0.1511 per therm. A typical residential heating customer using 100 therms per month would see a \$15.11 or 10.6% decrease in their monthly bill. The Company also proposed the following rates: the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$13.3449 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charges remain

unchanged at \$15.1393 per Mcf (including taxes), and the Limited Firm D-2 charges be set at \$6.6724 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion of the D-2 charge be set at \$6.6724 per Mcf (including taxes) for Rate Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV be set at \$0.1181 per therm (including taxes). These changes would result in a decrease in annual revenues of approximately \$38.0 million.

2. A public hearing for the 2010 BGSS Petition was held on July 29, 2010 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.

II. STIPULATION TERMS

3. South Jersey, Staff, and Rate Counsel, the only parties to this proceeding (collectively the "Parties"), 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 BGSS rates and other aspects of the Company's BGSS Petition. However, the Parties agree that the provisional implementation of the proposed BGSS rates, subject to refund with interest on any net over-recovered BGSS balance, 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 a provisional decrease in South Jersey's Periodic BGSS rate from \$0.8398 per therm (including taxes) to \$0.6887 per therm (including taxes) effective September 16, 2010, or on such other date as the Board deems appropriate.

5. 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 following rates on a provisional basis: the gas cost portion of the Company's D-2 charge for Rate Schedule LVS at \$13.3449 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charges remain unchanged at \$15.1393 per Mcf (including taxes), and the Limited Firm D-2 charges at \$6.6724 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion of the D-2 charge at \$6.6724 per Mcf (including taxes) for Rate Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.1181 per therm (including taxes).

6. The proposed Periodic BGSS charge set forth in this Stipulation of \$0.6887 per therm, including taxes, will decrease the bill of a residential customer using 100 therms during a month from \$145.23 to \$130.12. This is a decrease of \$15.11 or 10.6%. This stipulation would result in a reduction in BGSS revenues of \$38.034 million (including taxes) and would result in a total recovery of \$171.4 million (including taxes) in BGSS revenues to the Company.

7. The above BGSS rates are on a provisional basis, subject to refund with interest on any net over-recovered BGSS balance, and opportunity for full review at the OAL, if necessary, and final approval by the Board.

8. The parties further agree and stipulate that the issue of the BGSS Threshold for Monthly BGSS rates, which was proposed in the Company's pending base rate case, Docket No. GR10010035, will be addressed in this proceeding.

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

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

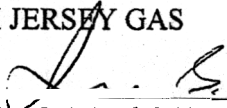
III. MISCELLANEOUS

11. 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.

12. 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, 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 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


Ira G. Megdal, Esq.
Cozen O'Connor

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

Anne Marie Shatto
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

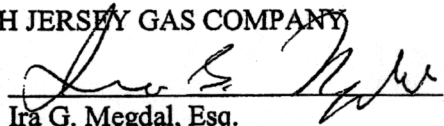
By: _____
Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

Dated: 9/1/2010

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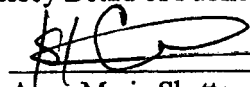
SOUTH JERSEY GAS COMPANY

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ATTORNEY GENERAL OF THE
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Attorney for the Staff of the
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By:


Anne Marie Shatto
Deputy Attorney General

9/2/10

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By:


Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

Dated:

9/1/2010

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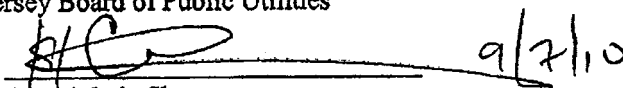
SOUTH JERSEY GAS COMPANY

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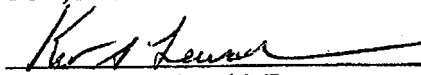
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 9/7/10
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By:


Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

Dated:

9/1/2010