



Agenda Date: 3/9/11
Agenda Item: IIA-2

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 NEW JERSEY
NATURAL GAS COMPANY FOR APPROVAL OF A
MUNICIPAL FRANCHISE IN THE BOROUGH OF)
OCEAN GATE, OCEAN COUNTY)

ORDER

DOCKET NO. GE10110856

Tracey Thayer, Esq., Wall, New Jersey, on behalf of Petitioner, New Jersey Natural Gas Company

Judith B. Appel, Esq., Assistant Deputy Rate Counsel, Newark, New Jersey, on behalf of the Division of Rate Counsel

BY THE BOARD:

New Jersey Natural Gas Company ("NJNG" or "Company"), a regulated utility subject to the jurisdiction of the Board of Public Utilities ("Board"), is a corporation duly organized under the laws of the State of New Jersey engaged in the distribution and transportation of natural gas. NJNG distributes natural gas and provides transportation service to over 490,000 residential, commercial and industrial customers located in Monmouth and Ocean counties and parts of Middlesex, Burlington and Morris counties in New Jersey.

NJNG is presently providing natural gas service within the Borough of Ocean Gate ("Borough") in Ocean County, New Jersey and its current franchise with the Borough expired on August 10, 2010, after a term of fifty (50) years.¹

On September 29, 2010, the Borough Council adopted Ordinance 547-10 renewing NJNG's franchise for a period of fifty (50) years. A copy of this Ordinance, including the terms therein, is attached as Exhibit "A" to this Order. By letter dated October 19, 2010, a copy of which is attached as Exhibit "B" to this Order, NJNG accepted and agreed to the terms and conditions of the franchise.

¹The Board would note, as reflected in the record, that municipal consents often expire sometime prior to their renewal even when the Company initiates the renewal process prior to the expiration of the previous term. This is primarily the result of the time necessary for a municipality to fulfill the legal requirements that attend to all formal actions it must take along with the additional time for hearing and Board approval as required by law. The Board would also note that during the lapse of time between the expiration of the subject consent and its renewal, NJNG continued to provide uninterrupted safe and adequate gas service to its customers in the Borough at rates set out in its tariff and previously approved by the Board.

On November 19, 2010, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, NJNG filed a petition requesting that the Board approve the consent adopted by the Borough. As required by law, and after public notice, a hearing in this matter was held on February 3, 2011, at the Board's Newark offices. Appearances were made on behalf of the Company, the Board's Staff and the Division of Rate Counsel ("Rate Counsel"). No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

At hearing, the Company relied on the testimony of John B. Wyckoff, its Manager of Engineering. Mr. Wyckoff testified that the Company continues to have sufficient capacity, staff and expertise to ensure its ability to continue to provide safe, adequate and proper service to its approximately 1,100 customers located within the Borough in a manner that preserves the public interests. He stated that the customers in the Borough would continue to be served by the Lakewood business office located at 775 Vassar Avenue, Lakewood, New Jersey 08701. He also noted that the Company has another business office in Ocean County located in Manahawkin.

By letter dated February 16, 2011, Rate Counsel indicated that it did not have any objections to the approval of the subject consent.

After a full review of the entire record, the Board HEREBY FINDS that the municipal consent is necessary and proper for the public convenience and properly conserves the public interests and that the Company continues to have the ability to provide safe, adequate and proper service to its customers located in the Borough of Ocean Gate. Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, HEREBY APPROVES the consent granted to New Jersey Natural Gas Company by the Borough of Ocean Gate for the provision of gas utility service in the Borough as sought in NJNG's petition.

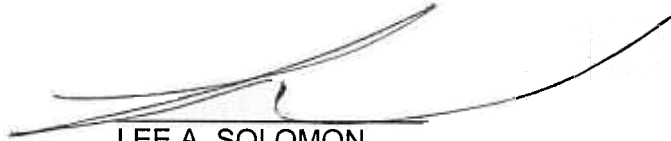
The approvals granted hereinabove shall be subject to the following terms and conditions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by New Jersey Natural Gas Company.
2. This Order shall not effect nor in any way limit the exercise of the authority of this Board or of this State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting New Jersey Natural Gas Company.
3. In an appropriate subsequent proceeding, New Jersey Natural Gas Company shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
4. The rates for service to NJNG's customers in the Borough shall continue to be those set out in the Company's current tariff approved by and on file with the Board. These rates shall remain in effect until otherwise approved by the Board.
5. Approval of this municipal consent does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the

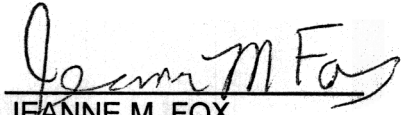
franchise, including, but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.

DATED: 3/9/11

BOARD OF PUBLIC UTILITIES
BY:



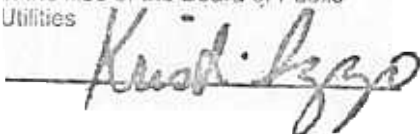
LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER
JOSEPH L. FIORDALISO
COMMISSIONER
NICHOLAS ASSELTA
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



**I/M/O THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF A
MUNICIPAL FRANCHISE IN THE BOROUGH OF OCEAN GATE, OCEAN COUNTY**

BPU DOCKET NO. GE10110856

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ORDINANCE # 547-10

**AN ORDINANCE OF THE BOROUGH OF OCEAN GATE,
COUNTY OF OCEAN, STATE OF NEW JERSEY GRANTING
THE NEW JERSEY NATURAL GAS COMPANY FRANCHISE
RIGHTS IN THE BOROUGH OF OCEAN GATE**

WHEREAS, New Jersey Natural Gas Company obtained the consent of this municipality to exercise its franchise rights by ordinance dated August 10, 1960, to lay and maintain gas mains, pipes and services pipes, in and under the surface of any or all of the roads, streets, avenues, highways and public places, for the purpose of furnishing gas therein; and

WHEREAS, said consent is limited to a period of fifty (50) years and by the terms thereof expires on August 10, 2010; and

WHEREAS, New Jersey Natural Gas Company is desirous of obtaining consent of the municipality to continue serving the municipality;

NOW, THEREFORE, BE IT ORDAINED, that New Jersey Natural Gas company be and it is hereby authorized to lay, maintain and operate its conductors, mains and pipes together with the appurtenances thereto, in all the public streets, alleys, squares and public places in this municipality which are under the control and jurisdiction of the Borough for the purpose of conducting gas, or any mixture of gases of various types including natural gas, for the purpose of transmitting and distributing such gas in this municipality for a period of fifty (50) years from the date hereof, upon the following terms and conditions;

That New Jersey Natural Gas Company shall agree that, in all cases in which street openings or excavations are made for the purposes of the said the pavement and the surface of the streets, alleys, squares or roadways shall be restored to the same condition as existed prior to the opening thereof.

That New Jersey Natural Gas Company shall conduct the work of the laying or maintaining of gas pipes therein in a careful and prudent manner.

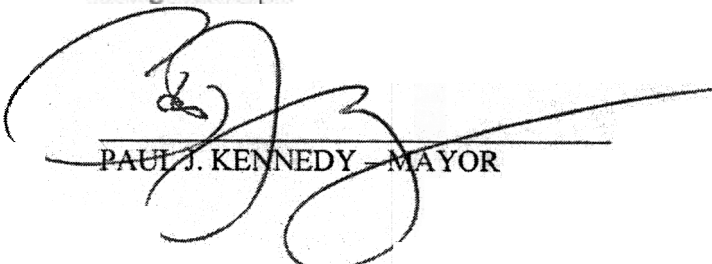
BE IT FURTHER ORDAINED, that New Jersey Natural Gas company shall file with the Clerk of this Municipality, within sixty (60) days from the date hereof, its acceptance of the terms and provisions of the franchise consent herein granted and its agreement to be bound by the terms and provisions thereof.

BE IT FURTHER ORDAINED, that this ordinance shall not become effective until it is approved by the Board of Public Utilities of the State of New Jersey.

NOTICE

PUBLIC NOTICE is hereby given that the foregoing ordinance was introduced and passed on first reading of the Borough Council of the Borough of Ocean Gate, in the County of Ocean, held on August 25, 2010, and will come on for a second reading, public hearing and final passage at a regular meeting of said Borough Council to be held on September 29, 2010, at Borough Council Chambers, 801 Ocean Gate Avenue, Ocean Gate, New Jersey, at 1:00 P.M., or as soon thereafter as the matter can be reached, at which last mentioned date, hour and place any person desiring to be heard either for or against the adoption of the within ordinance will be given an opportunity to be so heard.


Ileana Vazquez-Gallipoli
Acting Municipal Clerk


PAUL J. KENNEDY - MAYOR

ATTEST


Ileana Vazquez-Gallipoli
Acting Municipal Clerk



October 19, 2010

Ileana Vazquez-Gallipoli
Borough of Ocean Gate
801 Ocean Gate Ave
Ocean Gate, NJ
New Jersey 08740-0100

**Re: Ordinance #547-10
Authorizing the Extension of
Franchise Rights to NJNG**

Dear Mr. Mutter,

New Jersey Natural Gas Company ("NJNG") hereby accepts the terms and provisions of the Franchise Consent granted by the Borough Council on September 29, 2010 and hereby agrees to be bound by the terms and provisions thereof.

Please be advised that NJNG will present the resolution to the New Jersey Board of Public Utilities (BPU) for approval. We will provide you with a copy of the final Decision and Order upon its issuance from the BPU.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Tracey Thayer'.

Tracey Thayer, Esq.
Director, Regulatory Affairs Counsel

TT:fk