



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625
www.nj.gov/bpu

ENERGY

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, 2012)
DECISION AND ORDER
APPROVING STIPULATION
FOR PROVISIONAL BGSS
RATES
DOCKET NO. GR11060335

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

Stefanie Brand, Esq., Director for the New Jersey Division of Rate Counsel

BY THE BOARD:

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No.GX01050304 ("January BGSS Order"), each of 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, on June 1, 2011, 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, 2011 through September 30, 2012. The Company's petition sought a decrease of \$0.0394 to its BGSS-P charge from \$0.6887 per therm including taxes to \$0.6493 per therm including taxes. This change, if approved, will decrease the monthly bill of a residential heating customer utilizing 100 therms of gas during a month by \$3.94 or 2.9%.

The petition also requested the following: 1) setting the gas cost portion of the Company's D-2 charge for Rate Schedule Large Volume Service ("LVS") at \$13.4544 per Mcf (including taxes);

2) leaving the gas cost portion of the Firm D-2 charges unchanged at \$15.2970 per Mcf (including taxes); 3) setting the Limited Firm D-2 charges at \$6.7272 per Mcf (including taxes) for Rate Schedule Electric Generation Service-Large Volume ("EGS-LV"); 4) setting the gas cost portion of the D-2 charge at \$6.67272 per Mcf (including taxes) for Rate Schedule FES; and 4) setting the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV at \$0.1129 per therm (including taxes). These changes would result in a decrease in annual revenues of approximately \$10.6 million.

After publication of notice in newspapers of general circulation in SJG's service territory, a public hearing¹ in this matter was held on August 10, 2011, 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, 2011 and/or February 1, 2012 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 BGSS RATES²

Following discussions among representatives of SJG, Rate Counsel and Board Staff, the only parties to the proceeding at this time (collectively, the "Parties"), entered into the attached Stipulation for Provisional BGSS Rates dated August 30, 2011.

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 agree that pending conclusion of any further review and discussions among the Parties, it would be reasonable and in the public interest for the Board to authorize the following rate changes on a provisional basis: a) the Company's BGSS-P rate should be set at \$0.6493 per therm (including taxes); b) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS should be set at \$13.4544 per Mcf (including taxes); c) the gas cost portion of the Firm D-2 charges should remain unchanged at \$15.2970 per Mcf (including taxes), and the Limited Firm D-2 charges should be set at \$6.7272 per Mcf (including taxes) for Rate Schedule EGS-LV; d) the gas cost portion of the D-2 charge should be set at \$6.7272 per Mcf (including taxes) for Rate Schedule FES; and d) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV should be set at \$0.1129 per therm (including taxes).

¹ The stipulation states that one public hearing was held in Voorhees on August 10, 2011; however, there were actually two public hearings that were noticed and held in Voorhees on August 10, 2011.

² Although summarized in this Order, the detailed terms of the stipulation control, subject to the findings and conclusions of this Order.

- 3) These BGSS-P rate changes, if approved, would decrease the monthly bill of a residential heating customer utilizing 100 therms during a winter month by \$3.94 from \$137.66 to \$133.72 or 2.9%.

DISSUSSION AND FINDING

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation for Provisional BGSS Rates, HEREBY FINDS that subject to the terms and conditions set forth below, the Stipulation for Provisional BGSS Rates is reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Stipulation for Provisional BGSS 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-P rate to \$0.6493 effective as of October 1, 2011. The Board HEREBY APPROVES, on a provisional basis the setting of the following rates, effective as of October 1, 2011: 1) the gas cost portion of the D-2 charge for Rate Schedule LVS at \$13.4544 per Mcf (including taxes); 2) the Firm D-2 charges remaining unchanged at \$15.2970 per Mcf (including taxes), and the gas cost portion of the Limited Firm D-2 charges at \$6.7272 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion the D-2 charge at \$6.7272 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 \$0.1129 per therm (including taxes). Any net over-recovery of the BGSS balance at the end of the 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.

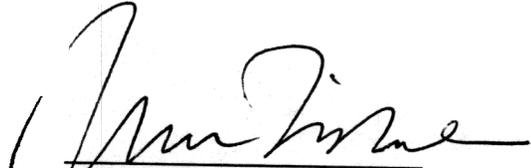
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

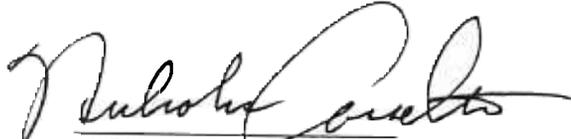
DATED: 9/22/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

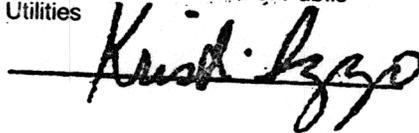

JOSEPH L. FIORDALISO
COMMISSIONER


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


KRISTI IZZO

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. GR11060335
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR11060335
SOUTH JERSEY GAS COMPANY TO :
REDUCE THE LEVEL OF ITS BASIC : STIPULATION FOR PROVISIONAL
GAS SUPPLY SERVICE CHARGE : 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)

Alex Moreau, 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, 2011, South Jersey Gas Company ("South Jersey," or "Company," or "Petitioner") filed a Petition ("2011 BGSS Petition") for the period October 1, 2011 through September 30, 2012 ("BGSS Year"), in Docket No. GR11060335. 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 \$0.6887 per therm (including taxes) to \$0.6493 per therm (including taxes), a reduction of \$0.0394 per therm. A typical residential heating customer using 100 therms per month would see a \$3.94 or 2.9% decrease in their monthly bill. The Company also proposed the following rates: 1) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$13.4544 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charges be set at

\$15.2970 per Mcf (including taxes), and the Limited Firm D-2 charges be set at \$6.7272 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion of the D-2 charge be set at \$6.7272 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 \$0.1129 per therm (including taxes). These changes would result in a decrease in annual revenues of approximately \$10.6 million including taxes.

2. A public hearing for the 2011 BGSS Petition was held on August 10, 2011 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

\$0.6887 per therm (including taxes) to \$0.6493 per therm (including taxes) effective October 1, 2011, or on such other date as the Board deems appropriate.

5. The Parties further 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 \$13.4544 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charges remain unchanged at \$15.2970 per Mcf (including taxes), and the Limited Firm D-2 charges at \$6.7272 per Mcf (including taxes) for Rate Schedule EGS-LV; 3) the gas cost portion of the D-2 charge at \$6.7272 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 \$0.1129 per therm (including taxes).

6. The proposed Periodic BGSS charge set forth in this Stipulation of \$0.6493 per therm, including taxes, will decrease the bill of a residential customer using 100 therms during a winter month from \$137.66 to \$133.72. This is a monthly decrease of \$3.94 or 2.9%. This stipulation would result in a reduction in BGSS revenues of approximately \$10.6 million (including taxes) and would result in a total recovery of approximately \$218.2 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. Attached to this Stipulation are proposed tariff sheets to implement the terms of this Stipulation.

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

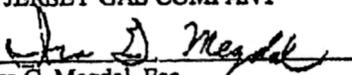
III. MISCELLANEOUS

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.

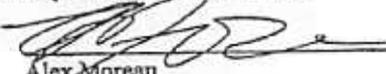
11. It is specifically understood and agreed that this Stipulation represents a negotiated interim agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or 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.

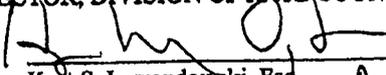
SOUTH JERSEY GAS COMPANY

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Attorney for the Staff of the
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Alex Moreau
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Kurt S. Lewandowski, Esq. August 30, 2011
Assistant Deputy Rate Counsel
HENRY M. OGDEN

Dated: _____