



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 9<sup>th</sup> Floor**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

ENERGY

IN THE MATTER OF THE GENERIC PROCEEDING TO )  
CONSIDER PROSPECTIVE STANDARDS FOR GAS )  
DISTRIBUTION UTILITY RATE DISCOUNTS AND  
ASSOCIATED CONTRACT TERMS AND  
CONDITIONS; SOUTH JERSEY GAS COMPANY'S  
COMPLIANCE FILING TO IMPLEMENT THE  
TARIFF CHANGES

ORDER

DOCKET NO. GT11090617

- Stefanie A. Brand, Director**, New Jersey Division of Rate Counsel
- Kenneth T. Maloney**, Cullen and Dykman LLP
- Mary Patricia Keefe, Esq.**, Vice President, Regulatory Affairs, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company
- David K. Richter**, Assistant General Regulatory Counsel PSE&G
- Tracey Thayer**, Director, Regulatory Affairs New Jersey Natural Gas
- Ira G. Megdal, Esq.**, Cozen O'Connor, on behalf of South Jersey Gas Company
- Murray E. Bevan**, Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of the Electric Customer Group
- James H. Laskey**, Norris McLaughlin & Marcus, P.A., on behalf of the Independent Energy Producers of New Jersey
- Jeffrey W. Mayes**, General Counsel, Monitoring Analytics, LLC Independent Market Manager for PJM
- Catherine E. Tamasik**, DeCotiis, FitzPatrick & Cole, LLP, on behalf of North American Energy Alliance / Ocean Peaking Power, LLC
- Steven S. Goldenberg**, Fox Rothschild LLP, on behalf of the New Jersey Large Energy Users Coalition

BY THE BOARD<sup>1</sup>.

On October 25, 2010, the New Jersey Board of Public Utilities ("Board") issued a notice opening a review of off-tariff agreements offered by the gas utilities ("GDCs") to customers with the ability to physically by-pass the GDC's distribution and/or transmission system, as well as for other economic reasons. After a series of stakeholder meetings and the submission of comments and reply comments, by Order dated August 18, 2011 in Docket No. GR10100761, the Board directed the GDCs to file tariffs that set forth the criteria that the company will use to determine whether to offer a discounted rate, as well as the minimum information that a gas

<sup>1</sup>Commissioner Joseph L. Fiordaliso was the hearing officer in this proceeding.

customer must provide when requesting a discounted rate from a GDC. Further, the GDCs were to describe the application process.

On September 19, 2011 South Jersey Gas Company ("SJG") submitted proposed tariff sheets; however, after submission the company identified some typographical errors and re-submitted a revised filing on September 29, 2011. SJG entitled its filing "Rate Schedule Electric Generation Service – Large Volume (EGS-LV)," describing the basis for consideration of discounted rates and the minimum information that a customer must produce when requesting a discounted rate. Board staff circulated the proposed tariff sheets to the service list for comment.

The New Jersey Large Energy Users Coalition ("NJLEUC"), in its comments submitted on November 8, 2011, stated that while SJG's filing was largely compliant with the Board Order, it still required a critical modification. More specifically, NJLEUC requested that the Board direct SJG to extend the availability of bypass related discounted rates and charges beyond the EGS-LV class to include all customers with a viable bypass threat.

The Division of Rate Counsel ("Rate Counsel") posed a similar argument to the one made by NJLEUC. Rate Counsel commented that SJG was proposing tariff provisions that would apparently apply to only a limited class of customers. Rate Counsel's concerns with SJG's proposal were two fold. First, SJG would be limiting rate discounts to large electric generators. Second, SJG did not incorporate language that Rate Counsel believed was mandated by the August 18<sup>th</sup> Order into the FES rate schedule. Rate Counsel requested that SJG be directed to fully comply with the Board's Order and include all customers seeking a rate discount.

In its November 28, 2011 response, SJG recognized NJLEUC's comments regarding its proposed tariff sheets and countered their suggestion. SJG argued that this proceeding was born out of a Public Service Electric & Gas Company case that dealt with contracts for generators, exclusively. Further, SJG maintained that there was nothing in the Board's Order that stated the tariff proposals must be broader than the original scope of the proceeding. The company opposed any expansion of the scope of the rate discounts but agreed to comply if directed to do so by the Board. On February 17, 2012, SJG made a revised tariff filing which incorporated an expansion of rate discounts to qualifying customers in all rate classes.

By letter dated March 1, 2012, Rate Counsel submitted additional comments in this matter. In its letter, Rate Counsel requested that the Board direct SJG to modify its proposed tariff language to include a provision explicitly stating that all rate discounts will be subject to approval by the Board. Rate Counsel further requested that SJG modify its proposed new tariff language to include a provision stating that the new language applies to rate discounts being sought by customers under the EGS-LV and FES rate schedules, as well as requests for discounts from customers taking service under other SJG rate schedules. In addition, Rate Counsel requested that SJG be ordered to file revised tariffs that limit rate discounts for reasons other than physical bypass to circumstances in which a rate discount is necessary to preserve existing revenues or create new revenues that would not exist in the absence of a discount. Finally, Rate Counsel requested that the Board consider requiring SJG, as well as two other GDCs, to amend their tariffs to provide that the discounted rates, but not necessarily other discounted rate contract information, will be made public upon Board approval.

By letter dated March 7, 2012, SJG indicated that the company was amenable to making the edits requested by Rate Counsel should the Board agree that they are necessary.

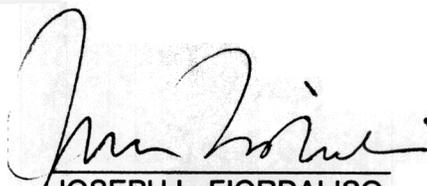
The Board has reviewed the February filing made by SJG. The proposed tariff outlines the procedure a customer must follow when requesting a discounted rate. Because the company must justify the rate discount when it files for approval of the contract, the Board is not persuaded that further limitation on the ability to offer such discounts is needed. Any requests to treat information as confidential must conform to the Board's regulations at N.J.A.C. 14:1-12. However, the Board shares the concerns expressed in Rate Counsel's March 1, 2012 letter with respect to clarifying that any agreement reached between the company and the customer remains subject to Board approval, and that the general terms and conditions are applicable to all customers seeking rate discounts, including EGS-LV and FES customers requesting discounts. Accordingly, the Board HEREBY ORDERS SJG to file revised tariffs that incorporate the above clarifications, to be effective for service rendered on or after April 1, 2012.

DATED:

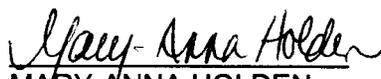
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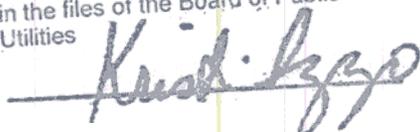
  
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ATTEST:

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 A GENERIC PROCEEDING TO CONSIDER PROSPECTIVE  
STANDARDS FOR GAS DISTRIBUTION UTILITY RATE DISCOUNTS AND ASSOCIATED  
CONTRACT TERMS AND CONDITIONS  
BPU DOCKET NOS. GR10100761 & ER10100762

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