



**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 PETITION OF	)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO CHANGE	)	APPROVING INITIAL
THE LEVEL OF ITS CONSERVATION INCENTIVE	)	DECISION AND STIPULATION
PROGRAM (CIP) CHARGES FOR THE CIP YEAR	)	FOR FINAL CIP RATES
ENDING SEPTEMBER 30, 2012	)	
	)	DOCKET NO. GR11060337

**Ira G. Megdal, Esq.**, for petitioner South Jersey Gas Company (Cozen O’Conner)  
**Stefanie A. Brand**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Per the Orders of the New Jersey Board of Public Utilities (“Board”) dated October 12, 2006 and January 20, 2010 in Docket No. GR05121019 (“CIP Orders”), South Jersey Gas Company (“Company” or “SJG”) submits to the Board its annual Conservation Incentive Program (“CIP”) filing for the CIP year beginning October 1 by June 1 of that year.

The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated into the Company’s Basis Gas Supply Service (“BGSS”) rate which are reviewed in a separate filing. The CIP surcharge is also subject to a return on equity cap of 10%.

In accordance with the above noted CIP Orders, on June 1, 2011, SJG filed its annual CIP petition (“Petition”) with the Board seeking a decrease in CIP rates to SJG for the CIP year October 1, 2011 through September 30, 2012.

By this Order, the Board considers the recommendation to finalize CIP rates previously approved on a provisional basis. There will be no change in SJG’s CIP rates at this time.

The Petition sought to implement the following CIP rate changes on a per therm after-tax basis: 1) \$0.0507 for Group I Residential Non-Heating customers; 2) \$0.0095 for Group II Residential Heat customers; 3) \$0.0002 Group III General Service Gas (“GSG”) customers, and 4) \$0.0018 for Group IV General Service Gas Large Volume (“GSG-LV”) customers. The Company’s proposal translates into the following decreases: 1) approximately \$3.46 per month or 2.5% in

the gas bill for the average residential heating customer using 100 therms of gas during a month; 2) approximately \$0.66 or 2.3% per month for residential non-heating sales customer using 15 therms of gas per month; 3) approximately \$21.00 or 3.4% per therm for a GSG sales customer using 500 therms per month, and 4) approximately \$43.81 or 0.3% per month for GSG-LV customers using 15,646 therms of gas a month.

Approval of this request would have generated a total net decrease of \$12,922,824 in revenues to SJG, which results in a total recovery of \$2,654,101 in CIP related revenues for the period.

After publication of notice in newspapers in general circulation in the Company's service territory, two public hearings in this matter were held on August 10, 2011 in Voorhees, New Jersey. No members of the public appeared at either of the hearings.

SJG, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties") determined that additional time was needed to complete the review of SJG's proposed CIP rates, and agreed that provisional approval of the proposed rate changes was reasonable. The Company's current CIP rates were approved by the Board on a provisional basis by Order dated September 22, 2011 in the instant docket. The matter was transmitted to the Office of Administrative Law for full review and an Initial Decision, and then returned to the Board for a Final Decision.

### **STIPULATION**

Subsequent to the issuance of discovery and responses thereto by the Company, and additional review by and subsequent discussions, the Parties entered into the attached Stipulation for Final CIP Rates dated May 3, 2012 ("Stipulation"). The Parties have determined that it would be reasonable and in the public interest to make final the provisional CIP rates previously approved by the Board in its Order dated September 22, 2011.

On May 4, 2012, Administrative Law Judge Gail M. Cookson issued her Initial Decision approving the Stipulation in its entirety finding that the Parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives, and that the settlement fully disposes all issues in controversy and is consistent with the law.

### **DISCUSSION AND FINDING**

The Board, having carefully reviewed the attached Initial Decision and Stipulation, HEREBY FINDS that, subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and Stipulation in their entirety, and HEREBY INCORPORATES their terms and conditions, as if fully set forth herein.

The Board HEREBY DIRECTS that the following after-tax per therm CIP rates be made final: 1) \$0.0507 for Group I Residential Non-Heating customers; 2) \$0.0095 for Group II Residential Heat customers; 3) \$0.0002 for Group III GSG, and 4) \$0.0018 for Group IV GSLV customers.


The Company is HEREBY DIRECTED to file the appropriate tariff sheets conforming to the terms and conditions of this Order no later than seven (7) business days from the effective date of this Order.

The Company's CIP 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.

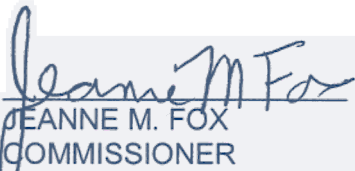
This Order is effective for service rendered on and after June 4, 2012.

DATED: 5/23/12

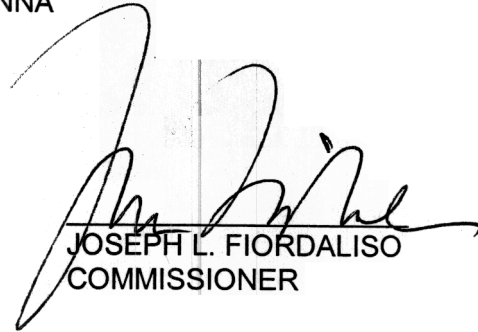
BOARD OF PUBLIC UTILITIES  
BY:



ROBERT M. HANNA  
PRESIDENT



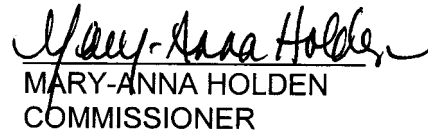
JEANNE M. FOX  
COMMISSIONER



JOSEPH L. FIORDALISO  
COMMISSIONER

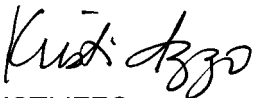


NICHOLAS ASSELTA  
COMMISSIONER



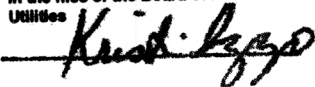
MARY-ANNA HOLDEN  
COMMISSIONER

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 Change the Level of its Conservation  
 Incentive Program (CIP) Charges for the CIP  
 Year ending September 30, 2012  
 Docket No. GR11060337  
Service List

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***State of New Jersey***  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**  
**SETTLEMENT**

**I/M/O PETITION OF SOUTH JERSEY GAS  
COMPANY TO REDUCE THE LEVEL OF  
ITS BASE GAS SUPPLY SERVICE.**

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OAL DKT. NO. PUC 12270-11  
AGENCY DKT. NO. GR11060335

**I/M/O PETITION OF SOUTH JERSEY GAS  
COMPANY TO CHANGE THE LEVEL OF  
ITS CONSERVATION INCENTIVE PROGRAM  
(CIP) FOR THE CIP YEAR ENDING SEPTEMBER  
30, 2012.**

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OAL DKT. NO. PUC 12271-11  
AGENCY DKT. NO. GR11060337

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

**Alex Moreau and Veronica Beke,** Deputy Attorneys General, for the Staff of the Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

**Felicia Thomas-Friel,** Deputy Rate Counsel, and **Henry M. Ogden and James W. Glassen,** Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director, attorney)

Record Closed: May 3, 2012

Decided: May 4, 2012

BEFORE **GAIL M. COOKSON, ALJ:**

On June 1, 2011, South Jersey Gas Company (Company) filed a petition with the Board of Public Utilities (BPU) for approval of its annual Basic Gas Supply Service (BGSS) rates and its annual Conservation Incentive Program (CIP) rates for the period October 1, 2011, through September 30, 2012. The Company provided public notice of its filing and the opportunity for the public to be heard on the level of these clauses was held on August 10, 2011, in Voorhees, New Jersey. Both petitions proposed reductions in the rates of service relating to these clauses of the Company's tariff. By Orders signed on September 22, 2011, the BPU approved Stipulations for Provisional Rates for both the BGSS and CIP rates. The files were transmitted to the Office of Administrative Law (OAL), on or before October 11, 2011, for consolidation and hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to- 13. The cases were assigned to the undersigned on October 27, 2011.

A prehearing conference was convened telephonically on November 29, 2011. The hearings for the presentation of the pre-filed direct testimony and cross-examination of the witnesses were set down for April 4 and 5, 2012. Over the course of several case status telephonic conferences, the parties reported during a scheduled telephone status call that they were in the process of resolving the issues in dispute. Accordingly, the hearings were adjourned to April 27, 2012. Prior to the conduct of those hearings, the parties reported further progress on settlement but the need to conduct some additional financial due diligence.

On May 3, 2012, I received electronically two fully-executed Stipulations of all parties to this matter – one for the BGSS and one for the CIP - with a request that I enter an Initial Decision Settlement and transmit same to the Board. These agreements more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the Company but in sum, accept the provisional BGSS and CIP rates as the final rates.

have reviewed the record and terms of the Stipulations and **FIND:**

- 1 The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
  
2. The settlement fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the Stipulations meet the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



\_\_\_\_\_  
May 4, 2012

DATE

\_\_\_\_\_  
GAIL M. COOKSON, ALJ

Date Received at Agency: \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

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