



Agenda Date: 9/30/14
Agenda Item: 2E

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)	DECISION AND ORDER
JERSEY GAS COMPANY TO REVISE THE LEVEL OF)	APPROVING STIPULATION
ITS BASIC GAS SUPPLY SERVICE ("BGSS") CHARGE)	FOR PROVISIONAL BGSS
AND TO REVISE THE LEVEL OF ITS CONSERVATION)	AND CIP RATES
INCENTIVE PROGRAM ("CIP") CHARGES FOR THE)	
YEAR ENDING SEPTEMBER 30, 2015)	DOCKET NO. GR14050510

Parties of Record:

Ira G. Megdal, Esq., Cozen O'Connor, P.C., on behalf of South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304, each of New Jersey's four gas distribution companies 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 gas distribution company ("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"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after five days' notice to Board Staff and Rate Counsel.

In accordance with the above noted Order, on May 30, 2014, South Jersey Gas Company ("Company" or "SJG") filed its annual BGSS petition with the Board requesting authorization to increase the current level of its periodic BGSS charge from \$0.532500 per therm, including taxes, to \$0.650270 per therm, including taxes for the period October 1, 2014 through September 30, 2015. This increase, if approved, translates into a monthly bill increase of \$11.78 (or 9.3%) for the average residential customer using 100 therms per month.

In its petition, the Company also requested the following after-tax rate revisions:

- i) an increase in the gas cost portion of the Company's D-2¹ charge for Rate Schedule Large Volume Service ("LVS") from \$15.518300 per Mcf to \$19.577874 per Mcf.
- ii) a decrease in the gas cost portion of the Firm D-2 charges for Rate Schedule Electric Generation Service – Large Volume ("EGS-LV") from \$18.154100 per Mcf to \$15.513847 per Mcf.
- iii) an increase in the Limited Firm D-2 charge and D-2 charge for Rate Schedules EGS-LV and Firm Electric Service ("FES"), respectively, from \$7.759100 per Mcf to \$9.788936 per Mcf.
- iv) a decrease in the monthly BGSS non-commodity per therm rate applicable to Rate Schedules General Service ("GSG"), General Service – Large Volume ("GSG-LV"), Electric Generation Service ("EGS"), LVS, EGS-LV, and Natural Gas Vehicle ("NGV") from \$0.148600 per therm to \$0.106566 per therm.

All of the above changes would result in an increase in annual BGSS revenues to the Company of \$25.2 million over the recovery period.

The Company is projecting a deferred gas cost under-recovery of \$49.9 million at the conclusion of the 2013-2014 BGSS year. However, the Company is proposing to recover these costs over a two-year period to mitigate the impact that the traditional one-year recovery period would have on customers' bills. Accordingly, South Jersey's proposed 2014-2015 Periodic BGSS charge seeks recovery of \$25.4 million of this deferred gas cost under-recovery, including carrying costs. The Company proposes to recover the remaining portion of these deferred gas costs during the 2015-2016 BGSS year. According to the petition, any under or over-collection at the conclusion of the 2016 BGSS year will be trued up and reflected in a future annual BGSS filing.

As noted above, the Company has included in its calculation carrying costs associated with the deferred under-recovered gas costs. The Board currently requires interest to be paid on the net monthly BGSS over-recoveries at the overall cost of capital. The Company believes that while it is possible to trace dollars going into the treasury, it is not possible to trace dollars coming out. Thus, there are a mix of all capital sources. Nevertheless, to mitigate the impact on customers, the Company is proposing to utilize its borrowing rates achievable today, which are currently projected to be 1.20%.

The petition also included a Conservation Incentive Program ("CIP²") proposal seeking approval of the following changes to its after-tax per therm CIP rates to be effective as of October 1, 2014:

¹ Designed to recover interstate pipeline demand charges.

² The CIP was approved by the Board in Docket No. GR05120120 in Board Orders dated October 12 and December 12, 2006, and extended by an Order dated January 20, 2010. 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 in the Company's BGSS Rates. The CIP surcharge is also subject to a return on equity cap of 10.3%.

- i) a decrease from a credit of \$0.032500 to a credit of \$0.075785 for residential ("RSG") non- heating customers.
- ii) a decrease from a charge of \$0.039200 to a credit of \$.027283 for RSG heating customers.
- iii) a decrease from a charge of \$0.039100 to a credit of \$0.003431 for small commercial ("GSG") customers.
- iv) a decrease from a charge of \$0.037200 to a charge of \$0.001946 for large commercial ("GSG-LV") customers.

Implementation of the above proposed changes in the after-tax CIP rates is anticipated to result in a \$21.8 million decrease in revenues for the Company. This CIP-related reduction translates into a monthly bill decrease of \$6.65 (or 5.2%) for the average residential customer using 100 therms per month.

Implementation of the above proposed changes in the combined after-tax BGSS and CIP rates translates into a monthly bill increase of \$5.13 (or 4.0%) for the average residential customer using 100 therms.

After publication of notice in newspapers of general circulation in SJG's service territory, two public hearings in this matter were held on August 19, 2014, in Voorhees, New Jersey. No members of the public appeared to provide comments related to the Company's filing.

STIPULATION FOR PROVISIONAL BGSS AND CIP RATES³

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 BGSS and CIP Rates ("Stipulation") dated September 8, 2014.

The key provisions of the Stipulation are as follows:

- 1) The Parties have determined that additional time is needed to complete a comprehensive review of South Jersey's proposed BGSS rates. 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, subject to the opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board.
- 2) 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 Order to increase the after-tax Periodic BGSS rate to \$0.650270 per therm.

³ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

- 3) 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 after-tax rates on a provisional basis:
 - i) The gas cost portion of the Company's D-2 charge for Rate Schedule LVS to be set at \$19.577874 per Mcf.
 - ii) The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV to be set at \$15.513847 per Mcf.
 - iii) The Limited Firm D-2 charge for Rate Schedule EGS-LV and the D-2 charge for Rate Schedule FES, respectively, to be set at \$9.788936 per Mcf.
 - iv) The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG- LV, EGS, LVS, EGS-LV, and NGV to be set at \$0.106566 per therm.
- 4) Pending the conclusion of further review and discussion among the Parties, it is both reasonable and in the public interest for the Board to authorize the implementation of the following proposed after-tax per therm CIP rates:
 - i) A credit of \$0.075785 for Group I Residential Non-Heat customers;
 - ii) A credit of \$0.027283 for Group II Residential Heat customers;
 - iii) A credit of \$0.003431 for Group III GSG customers;
 - iv) A charge of \$0.001946 for Group IV GSG-LV customers.
- 5) These rate changes will be effective as of October 1, 2014, or as of such date that the Board so decides.
- 6) The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-SCHART-1) (attached as Exhibit A to the Stipulation); and 2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm (attached as Exhibit B to the Stipulation). The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the proposed BGSS and CIP rates, **HEREBY APPROVES** on a provisional basis, a revision to the Company's after-tax per therm Periodic BGSS rate to \$0.650270, a revision of the gas portion of the after-tax per Mcf D-2 charge to \$19.577874 for Rate Schedule LVS, a revision of the gas cost portion of the after tax per Mcf Firm D-2 charge to \$15.513847 for Rate Schedule EGS-LV, a revision of the after tax per Mcf Limited Firm D-2 charge to \$9.788936 for Rate Schedule EGS-LV, a revision of the after-tax per Mcf D-2 charge to \$9.788936 for Rate Schedule FES, and a decrease of the after-tax per therm Monthly BGSS non-commodity rate to \$0.106566 for Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV, and NGV.

The Board further **HEREBY APPROVES** the following after-tax per therm CIP rates on a provisional basis: a credit of \$0.075785 for RSG non-heating customers, a credit of \$0.027283 for RSG heating customers, a credit of \$0.003431 for GSG customers, and a charge of \$0.001946 for GSG - LV Customers. All rate changes shall be effective for service rendered on and after October 1, 2014, or as of such date that the Board so decides and all rates are subject to refund with interest on any net over-recovered balance.

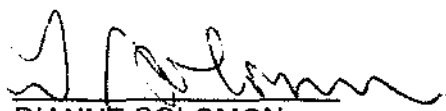
The Board **HEREBY DIRECTS** that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings.


The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2014.

The Company's BGSS and CIP rates remain subject to audit. 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: 9/30/14


BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

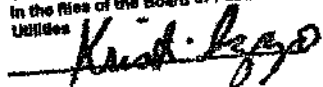

JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA 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 Revise the Level of its Basic Gas Supply Service ("BGSS") Charge and to Revise the Level of its Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2015
Docket No. GR14050510

Ira G. Megdal, Esq.
Cozen O'Connor
Liberty View, Suite 300
457 Haddonfield Road
Cherry Hill, New Jersey 08002
imegdal@cozen.com

Stacy A. Mitchell, Esq.
Cozen O'Connor
Liberty View, Suite 300
457 Haddonfield, Road
Cherry Hill, New Jersey 08002
smitchell@cozen.com

Renee Farmer, Manager
Revenue Requirements
South Jersey Gas Company
One South Jersey Plaza,
Route 54
Folsom, New Jersey 08037
rfarmer@sjindustries.com

Babette Tenzer, DAG
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, New Jersey 07101-45029
babette.tenzer@lps.state.nj.us

Veronica Beke, DAG
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, New Jersey 07101-45029
veronica.beke@lps.state.nj.us

Alex Moreau, DAG
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, New Jersey 07101-45029
alex.moreau@lps.state.nj.us

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625-0003
sbrand@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625-0003
ftomas@rpa.state.nj.us

Henry M. Ogden, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625-0003
hogden@rpa.state.nj.us

James Glassen
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625-0003
glassen@rpa.state.nj.us

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
kristi.izzo@bpu.state.nj.us

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
jerome.may@bpu.state.nj.us

Megan Lupo, Esq.
Counsel's Office
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
megan.lupo@bpu.state.nj.us

Rosalie Serapiglia, Manager
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
rosalie.serapiglia@bpu.state.nj.us

Robert Schultheis, Bureau Chief
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
robert.schultheis@bpu.state.nj.us

Scott Sumliner
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
scott.sumliner@bpu.state.nj.us

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR14050510
SOUTH JERSEY GAS COMPANY TO :
REVISE THE LEVEL OF ITS BASIC GAS : STIPULATION FOR PROVISIONAL
SUPPLY SERVICE ("BGSS") CHARGE : BGSS AND CIP RATES
AND TO REVISE THE LEVEL OF ITS :
CONSERVATION INCENTIVE :
PROGRAM ("CIP") CHARGES FOR THE :
YEAR ENDING SEPTEMBER 30, 2015 :

APPEARANCES:

Ira G. Megdal, Esquire, (Cozen O'Connor, attorneys) on behalf of South Jersey Gas Company ("Petitioner")

Felicia Thomas-Friel, Esquire, Deputy Rate Counsel, Henry M. Ogden, Esquire, Assistant Deputy Rate Counsel and James W. Glassen, Esquire, Assistant Deputy Rate Counsel on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director)

Alex Moreau and Christopher Psihoules, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities ("Staff") (John J. Hoffman, Acting Attorney General of the State of New Jersey)

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On May 30, 2014, South Jersey Gas Company ("South Jersey," or "Company," or "Petitioner") filed a Petition ("Petition"), in Docket No. GR14050510, requesting that the Board of Public Utilities ("Board") approve the Company's proposal to increase the current level of its periodic Basic Gas Supply Service Clause ("BGSS") per-therm charge of \$0.532500¹ to \$0.650270, an increase of \$0.117770, for the period October 1, 2014 through September 30, 2015 ("BGSS/CIP Year"). The Company also proposed the following BGSS rates: 1) the gas

¹ All rates quoted herein include Sales and Use Taxes ("SUT")

cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$19.577874 per Mcf; 2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm be set at \$15.513847 per Mcf; 3) the Limited Firm D-2 charge for Rate Schedule EGS-LV and the D-2 charge for Rate Schedule FES be set at \$9.788936 per Mcf; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV and NGV be set at \$0.106566 per therm. These changes translate to an increase in recoveries of \$25.2 million, including carrying costs.

2. Although the Company is projecting a deferred gas cost under-recovery of \$49.9 million at the conclusion of the 2013-2014 BGSS year, the Company is proposing to recover these costs over a two-year period to mitigate the impact that the traditional one-year recovery period would have on customer bills.

3. Accordingly, South Jersey's proposed 2014-2015 Periodic BGSS charge seeks recovery of \$25.4 million of this deferred gas cost under-recovery, including carrying costs. South Jersey proposes to recover the remaining portion of these deferred gas costs during the 2015-2016 BGSS year. Any under or over-collection at the conclusion of the 2016 BGSS year will be trued-up and reflected in a future annual BGSS filing, as is usually done.

4. South Jersey has included in its calculation carrying costs associated with the deferred under-recovered gas costs. The Board currently requires interest to be paid on the net monthly BGSS over-recoveries at the overall cost of capital. South Jersey believes that while it is possible to trace dollars going into the treasury, it is not possible to trace dollars coming out. Thus, they are a mix of all capital sources. Nevertheless, to mitigate the impact on customers,

the Company is proposing to utilize its borrowing rates achievable today, which are currently projected to be 1.20%.

5. The Petition also requested that the Board approve the implementation of per therm Conservation Incentive Program ("CIP") rates of \$(0.075785) for Group I Residential Non-Heat customers, \$(0.027283) for Group II Residential Heat customers, \$(0.003431) for Group III General Service (GSG) customers and \$0.001946 for Group IV General Service Large Volume (GSG-LV) customers, effective October 1, 2014. The requested CIP rates would result in a monthly decrease of \$6.65 or 5.2% for a residential heating customer using 100 therms of gas during a winter month. The proposed impact on a residential non-heating customer using 15 therms of gas during a month is a decrease of \$0.65, or 2.5%. The proposed impact on a GSG customer using 500 therms of gas during a month is a decrease of \$21.27, or 3.7%. The impact on a GSG-LV customer using 15,646 therms of gas a month is a decrease of \$551.58, or 3.1%.

6. Pursuant to the Board's October 12, 2006 and January 21, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges must be offset by reductions in BGSS costs. The Company seeks to return an estimated total of \$5.1 million of excess CIP related margins, with (\$10.3) million weather related and \$5.2 million non-weather related, for the CIP period ending September 2015. The Company asserts that BGSS savings for the period October 2014 through September 2015 is \$10.4 million, thus the BGSS savings test is met. The Company further asserts that recovery of the \$5.2 million margin deficiency results in a return on equity of 8.78 percent, which is less than the Company's approved return on equity of 10.3 percent, and thus the ROE test has been met.

7. The charts below demonstrate the impact of the proposed BGSS and CIP rate changes on a residential sales customer using 100 therms in a month and 1,000 therms annually.

100 Monthly Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$127.22	\$139.00	\$11.78	9.3%
CIP	\$127.22	\$120.57	(\$6.65)	(5.2%)
Combined	\$127.22	\$132.35	\$5.13	4.0%

1,000 Annual Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$1,290.09	\$1,407.86	\$117.77	9.1%
CIP	\$1,290.09	\$1,223.61	(\$66.48)	(5.2%)
Combined	\$1,290.09	\$1,341.38	\$51.29	4.0%

8. Two duly noticed public hearings for this Petition were held on August 19, 2014 in Voorhees, New Jersey. The public hearings were noticed in newspapers of general circulation within South Jersey's service territory. No members of the public attended.

II. STIPULATED TERMS

9. 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. 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. These changes are on a provisional basis subject to opportunity for full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

10. 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 order to increase the current level of South Jersey's Periodic BGSS rate of \$0.532500 per therm (including taxes), to \$0.650270 per therm (including taxes), effective October 1, 2014, or on such other date as the Board deems appropriate.

11. 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 BGSS rates on a provisional basis: 1) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$19.577874 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm be set at \$15.513847 per Mcf (including taxes); 3) the Limited Firm D-2 charge for Rate Schedule EGS-LV and the D-2 charge for Rate Schedule FES, respectively, be set at \$9.788936 per Mcf (including taxes); and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV and NGV be set at \$0.106566 per therm (including taxes).

12. The proposed Periodic BGSS rate of \$0.650270 will increase the bill of a residential customer using 100 therms during a winter month from \$127.22 to \$139.00, an increase of \$11.78 or 9.3%.

13. Additionally, 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 implementation of the following proposed per therm CIP rates: (1) \$(0.075785) for Group I Residential Non-Heat customers, a decrease from the current rate of \$(0.032500); (2) \$(0.027283) for Group II Residential Heat customers, a decrease from the current rate of \$0.039200; (3) \$(0.003431) for Group III General Service (GSG) customers, a decrease from the current rate of \$0.039100; and (4) \$0.001946 for Group IV General Service Large Volume (GSG-LV) customers, a decrease from the current rate of \$0.037200. It is agreed by the Parties that these rate changes will be effective as of October 1, 2014, or as of such date that the Board so decides. The proposed provisional CIP rate changes translate to a decrease in CIP-related recoveries of \$20.3 million and are subject to an opportunity for a full review at the OAL, if necessary, and final approval by the Board.

14. The proposed CIP rates result in a decrease of \$6.65, or 5.2% per month, to the residential heating customer using 100 therms. The impact on a residential non-heat customer using 15 therms of gas in a month is a decrease of \$0.65 or 2.5%. The impact on a GSG customer using 500 therms of gas in a month is a decrease of \$21.27 or 3.7%. The impact on a GSG-LV customer using 15,646 therms of gas in a month is a decrease of \$551.58 or 3.1%.

15. Combining the BGSS recovery increases (\$25.2 million) with the CIP recovery reductions (\$20.3 million) results in a provisional recovery of \$4.9 million, and a net increase of \$5.13 (4.0%) in the monthly bill of a residential heating customer using 100 therms.

16. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX

Update Report (also known as S-SCHART-1) attached hereto as Exhibit A; and 2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm (attached hereto as Exhibit B). The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

17. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

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

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

III. MISCELLANEOUS

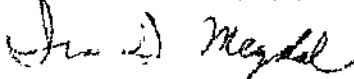
20. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

21. 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

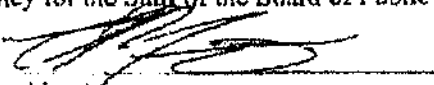


By:

Ira G. Megdal, Esq.
Cozen O'Connor

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

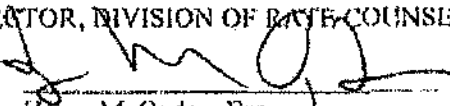
By:



Alex Moreau
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By:



Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated: September 8, 2014

**S-SCHART-1
BGSS NYMEX Update Report**

	<i>a</i>	<i>b</i>	<i>c = b - a</i>		<i>d</i>	<i>e</i>	<i>f = d - e</i>	<i>g = c x f</i>
<u>Month</u>	<u>BGSS</u>	<u>NYMEX</u>	<u>Incr/</u>	<u>% Chg</u>	<u>Sales</u>	<u>Hedged</u>	<u>Unhedged</u>	<u>Change in</u>
			<u>(Decr)</u>		<u>forecast (dths)</u>	<u>volume (dths)</u>	<u>volume (dths)</u>	<u>value unhedged</u>
Oct-12			\$ -				-	\$0
Nov-12			\$ -				-	\$0
Dec-12			\$ -				-	\$0
Jan-13			\$ -				-	\$0
Feb-13			\$ -				-	\$0
Mar-13			\$ -				-	\$0
Apr-13			\$ -				-	\$0
May-13			\$ -				-	\$0
Jun-13			\$ -				-	\$0
Jul-13			\$ -				-	\$0
Aug-13			\$ -				-	\$0
Sep-13			\$ -				-	\$0
<hr/>								
<u>Avg Total \$</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>
<hr/>								
Oct-13			\$ -				-	\$0
Nov-13			\$ -				-	\$0
Dec-13			\$ -				-	\$0
Jan-14			\$ -				-	\$0
Feb-14			\$ -				-	\$0
Mar-14			\$ -				-	\$0
Apr-14			\$ -				-	\$0
May-14			\$ -				-	\$0
Jun-14			\$ -				-	\$0
Jul-14			\$ -				-	\$0
Aug-14			\$ -				-	\$0
Sep-14			\$ -				-	\$0
<hr/>								
<u>Avg Total \$</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>#DIV/0!</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>\$0</u>

Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing
- b: Nymex rate as of date of the report
- c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d: Sales forecast (includes fuel requirement)
- e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume
- g: Not necessarily representative of a change in under/over-recovery value

South Jersey Gas Company
 Calculation of Net Cost of Gas Per Therms

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	Total
1 NYMEX - \$11.214 - Included in BOSS Filing													
2 NYMEX - Actual Settlement													
3 Breakdown of Gross Cost of Gas Per Therms:													
4 Flowing Gas Cost													
5 Gas Withdrawn From Storage Cost													
6 Hedged Volume Differential Cost													
7 Pipeline Demand Cost													
8 Storage Demand Cost													
9 Peaking Cost													
10 Weighted Average Fuel Cost													
11 Variable Pipelines Cost													
12 Other Costs													
13 Total Gross Cost of Gas Per Therms													
14													
15													
16													
17													
18 NYMEX - Actual Settlement													
19 Breakdown of Gross Cost of Gas Per Therms:													
20 Flowing Gas Cost													
21 Gas Withdrawn From Storage Cost													
22 Hedged Volume Delivered Cost													
23 Pipeline Demand Cost													
24 Storage Demand Cost													
25 Peaking Cost													
26 Weighted Average Fuel Cost													
27 Variable Pipelines Cost													
28 Other Costs													
29 Total Gross Cost of Gas Per Therms	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

Assumptions:
 Flowing Gas Cost = Gas purchased for delivery to city gas during month - not injected into storage
 Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, loss, line loss
 Hedged Volume Delivered Cost = Hedged Volume delivered to city gas - not injected into storage
 Pipeline Demand Cost = Fixed Pipeline costs
 Storage Demand Cost = Fixed Storage related costs
 Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc.
 Weighted Average Fuel Cost = Commodity x Btu / % for each pipeline - represents portion of gas shipped that is received by pipeline
 Variable Pipelines Cost = Pipelines Charge per therm shipped

South Jersey Gas Company
Calculation of Net Cost of Gas Per Therms

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	Total
\$0.0890	\$0.0100	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

Credits, Refunds, & Recoveries Per Therms

- 1 Asset Management Credits
- 2 Off-system sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Other
- 10 Total Credits, Refunds, & Recoveries Per Therms
- 11 Total Net Cost Per Therm (From Lines 1-13 less Page 2 Line 10)

	Actual Oct-12	Actual Nov-13	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Actual May-13	Actual Jun-13	Actual Jul-13	Actual Aug-13	Actual Sep-13	Weighted Average
\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000

Credits, Refunds, & Recoveries

- 1 Asset Management Credits
- 2 Off-system sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Other
- 10 Total Credits, Refunds, & Recoveries
- 11 Total Net Cost Per Therm (From Lines 1-13 less Page 2 Line 10)