



Agenda Date: 9/30/14
Agenda Item: I1H

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)
JERSEY GAS COMPANY FOR APPROVAL OF A)
MUNICIPAL CONSENT IN THE CITY OF MARGATE,)
ATLANTIC COUNTY, NEW JERSEY) DOCKET NO. GE14050407

Parties of Record:

Stacy A. Mitchell, Esq., Cozen O'Connor, P.C. on behalf of Petitioner, South Jersey Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

South Jersey Gas Company ("SJG" 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 business of transmission and distribution of natural gas to approximately 360,000 customers within its service territory.

SJG currently provides natural gas service within the City of Margate ("City") to approximately 5,416 residential and 228 commercial customers. The Company's consent to use the streets within the City for the provision of gas service expired on July 31, 1997.¹ On April 17, 2014, the City adopted Ordinance No. 12 of 2014, by which it renewed its consent and granted SJG continued permission to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the City for a period of fifty (50) years. By letter dated May 5, 2014, the Company accepted and agreed to the terms of the consent. Copies of the Ordinance and the letter of acceptance are attached to this Order as Exhibits "A" and "B," respectively.

On May 14, 2014, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, SJG filed a petition requesting that this Board give its approval to the consent adopted by the City. As required by law and after notice, a hearing in this matter was held on June 26, 2014, before William Agee,

¹ The Board notes that municipal consents often expire some time 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 has been assured that pending review of its petition, SJG has continued to provide service to its customers within the City in an uninterrupted manner.

Esq., the Board's duly appointed Hearing Examiner. Appearances were made on behalf of the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff. 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 its petition and exhibits filed with the Board and presented the testimony of Joseph Schneider, its General Manager of System Engineering and Planning. According to Mr. Schneider's testimony, SJG anticipates growth in its defined service territory to be approximately one (1) percent annually for the next three (3) to five (5) years. According to the Company, it has the capacity to ensure continuation of its natural gas service and does not foresee any concerns regarding its ability to meet the existing and future demands of the City.

Rate Counsel, in its written comments to the petition dated August 11, 2014, indicated that it does not object to the Company's petition, and noted that the term of the municipal consent related to the use of streets is limited to fifty (50) years. However, Rate Counsel requests that approval of the petition include certain restrictions which are incorporated into this order.

Following its receipt of Rate Counsel's comments, SJG filed correspondence with the Board on August 12, 2014 indicating that it had no additional comments.

After a full review of the entire record, the Board **HEREBY FINDS** that the municipal consent for use of the streets, which is the subject of this matter, is necessary and proper for the public convenience and properly conserves the public interest, and that SJG has the ability to provide safe, adequate and proper service. The Board **FURTHER FINDS** that the Company has the necessary experience, financial capability, capacity and facilities in the City to continue to provide adequate and appropriate service to its existing customers as well as expected future customers, and that the fifty (50) year duration of the municipal consent to use the streets is consistent with N.J.S.A. 48:3-15. Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the consent granted to SJG by the City for the continued use of its public streets for a period of fifty (50) years for the provision of gas service in the City.

The approval granted hereinabove shall be subject to the following provisions:

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 SJG.
2. This Order shall not effect nor in any way limit the exercise of the authority of this Board of the 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 SJG.
3. In an appropriate subsequent proceeding, SJG 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 the Company's customers in the City 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.
6. The term of the municipal consent as to the right to provide service is not limited by this Order and shall be effective as previously granted by the City.

This Order shall be effective as of October 10, 2014.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

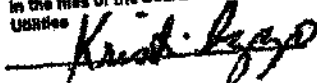

JOSEPH L. FIORDALISO
COMMISSIONER


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 FOR APPROVAL
OF A MUNICIPAL CONSENT IN THE CITY OF MARGATE, ATLANTIC COUNTY,
NEW JERSEY - DOCKET NO. GE14050407

SERVICE LIST

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Exhibit A

ORDINANCE NO. 12 of 2014

AN ORDINANCE GRANTING RENEWED CONSENT AND PERMISSION TO SOUTH JERSEY GAS COMPANY TO USE THE PUBLIC STREETS TO FURNISH GAS FOR LIGHT, HEAT AND POWER IN THE CITY OF MARGATE CITY, ATLANTIC COUNTY

WHEREAS, South Jersey Gas Company, a corporation of the State of New Jersey, provides natural gas service to Margate City pursuant to the municipal consent first granted to South Jersey Gas Company in that certain Ordinance 707 passed on 7/31/1947; and

WHEREAS, South Jersey Gas Company now seeks, pursuant to N.J.S.A. 48:3-15, the consent of Margate City to renew Section 1 of Ordinance 707 applicable to the use of the streets in Margate City by adopting the following Ordinance;

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the City of Margate City, County of Atlantic and State of New Jersey as follows:

Section 1. That exclusive consent and permission is hereby renewed and granted to South Jersey Gas Company to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the City of Margate City in the manner prescribed by N.J.S.A. 48:9-21, and subject to reasonable regulations imposed by ordinance or resolution with respect to the opening of streets and public places, subject to approval of such consent and permission by the Board of Public Utilities.


Section 2. This consent is granted for the entire geographical area of the City of Margate City and extend to the boundaries of the City of Margate City and shall remain in effect for a period of fifty (50) years from the date of final adoption of this Ordinance.

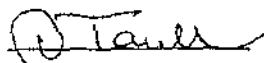
Section 3. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held by any Court of competent jurisdiction to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance.

Section 4. This Ordinance shall take effect immediately upon posting, publication, final passage in the manner prescribed by law, and acceptance by South Jersey Gas Company.

Introduced: April 3, 2014

Adopted: April 17, 2014





Board of Commissioners of the City of Margate City, NJ

LEGAL1167976976

Exhibit B



Gina Merritt-Epps, Esq.
Office of General Counsel and Corporate Secretary
General Counsel and Corporate Secretary

May 5, 2014


(Via email rfreed@margate-nj.com)
Rosemarie A. Freed, RMC
Deputy City Clerk
Municipal Building
9001 Winchester Avenue
Margate City, New Jersey 08402

Re: Acceptance of Ordinance No. 12 of 2014 Granting Municipal Consent to South Jersey Gas Company to Furnish Gas for Light, Heat and Power

Dear Ms. Freed:

I am writing on behalf of South Jersey Gas Company ("SJG") to advise that we received a fully executed copy of Ordinance No. 12 of 2014 (copy attached) granting municipal consent for SJG to provide gas and lay its mains and pipes in the City of Margate. Pursuant to the requirements of N.J.S.A. 48:3-16, SJG hereby accepts Ordinance No. 12 of 2014, as passed.

Very truly yours,


Gina Merritt-Epps
gmerritt@sjindustries.com

Enclosure

cc: John Stanzola, Director, Regulatory Affairs
Sherri Vasu, Supervisor, Revenue Analyst Permits
Abbey Greenberg, Public Affairs Specialist
Stacy A. Mitchell, Esq.