



Agenda Date: 6/17/15
Agenda Item: IIC

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 NEW JERSEY)
NATURAL GAS COMPANY FOR APPROVAL OF A)
MUNICIPAL FRANCHISE IN THE BOROUGH OF BAY)
HEAD, OCEAN COUNTY, NEW JERSEY) DECISION AND ORDER
DOCKET NO. GE14080900

Parties of Record:

Andrew K. Dembia, Esq., on behalf of Petitioner, New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

New Jersey Natural Gas Company ("NJNG" 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 distribution and transportation of natural gas. NJNG distributes natural gas and provides transportation service to over 500,000 residential, commercial and industrial customers located in Monmouth and Ocean counties, and parts of Middlesex, Burlington and Morris counties in New Jersey.

NJNG currently provides natural gas service within the Borough of Bay Head ("Borough") to approximately 1,000 residential and small commercial customers. The Company's consent to serve and use the streets within the Borough for the provision of gas service expired on December 7, 2014.¹ On August 4, 2014, the Borough adopted Resolution No. 2014-126, by which it renewed its consent and granted NJNG continued permission to serve and to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the Borough for a period of fifty (50) years. By letter dated August 8, 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.

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, NJNG has continued to provide service to its customers within the Borough in an uninterrupted manner.

On August 12, 2014, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, NJNG filed a petition requesting that this Board give its approval to the consent adopted by the Borough. As required by law and after notice, a hearing in this matter was held on April 24, 2015 before William Agee, Esq., the Board's duly appointed hearing officer. 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 John B. Wyckoff, P.E., its Director of Engineering. According to Mr. Wyckoff's testimony, NJNG anticipates growth in its defined service territory to be approximately one (1) to one and one-half (1 ½) 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 Borough.

Rate Counsel, in its written comments to the petition dated May 15, 2015 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 consistent with N.J.S.A. 48:3-15 since it 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, NJNG indicated via email that it had no additional comments.

After a full review of the entire record, the Board **HEREBY FINDS** that the municipal consent to serve, and to use the streets to provide service in the Borough, is necessary and proper for the public convenience and properly serves the public interest, and that NJNG 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 Borough to continue to provide adequate and appropriate service to its existing customers as well as expected future customers in the Borough, 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 NJNG by the Borough to continue to provide gas service, and for the continued use of its public streets for that purpose for a period of fifty (50) years.

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 NJNG.
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 NJNG.
3. In an appropriate subsequent proceeding, NJNG 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 Borough 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.

This Order shall be effective as of June 26, 2015.

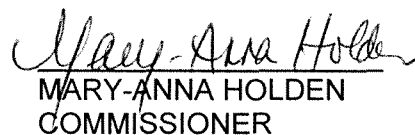
DATED:

June 18, 2015

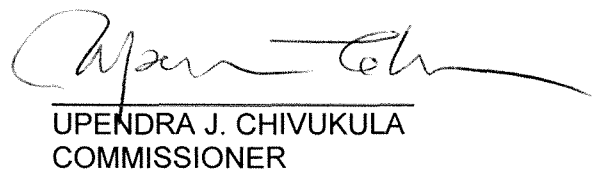
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT

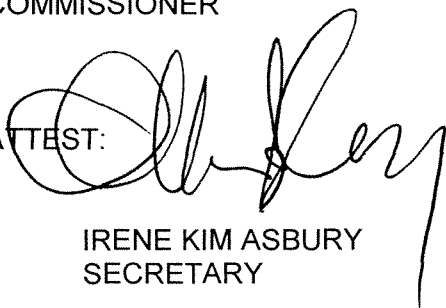

JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

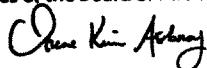

DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


IRENE KIM ASBURY
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 NEW JERSEY NATURAL GAS COMPANY FOR
APPROVAL OF A MUNICIPAL FRANCHISE IN THE BOROUGH OF BAY HEAD, OCEAN
COUNTY, NEW JERSEY - DOCKET NO. GE14080900

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Exhibit A

RESOLUTION 2014-126

WHEREAS, New Jersey Natural Gas Company ("NJNG"), its successors and assigns, obtained the consent of this municipality to exercise its franchise rights by Ordinance dated October 12, 1914 and Resolution dated December 7, 1964, in the Borough of Bay Head for the purpose of furnishing gas therein; and

WHEREAS, said consent is limited to a period of fifty (50) years, and, by the terms thereof, expires December 7, 2014; and

NOW, THEREFORE, BE IT ORDAINED, that New Jersey Natural Gas Company be and it is hereby authorized to lay, maintain and operate its conductors, mains and pipes, together with the appurtenances thereto, in all the public streets, alleys squares and public places in this municipality which are under the control and jurisdiction of the Borough for the purpose of conducting gas, or any other mixture of gases of various type including natural gas, and for the purpose of transmitting and distributing such gas in this municipality for a period of fifty (50) years from the date hereof, upon the following terms and conditions:

That NJNG shall agree that in all cases in which said openings or excavations are made for the purpose aforesaid, the pavement and surface of streets alleys, squares or roadways shall be restored to the same condition as existed prior to the opening thereof.


That NJNG shall conduct the work of laying or maintaining of gas pipelines therein in a careful and prudent manner.

BE IT FURTHER ORDAINED, that NJNG shall file with the clerk of this municipality within sixty (60) days from the date hereof, its acceptance of the terms and provisions of the franchise consent herein granted and its agreement to be bound by the terms and provisions thereof;

BE IT FURTHER ORDAINED, that this resolution shall not become effective unless and until it is approved by the New Jersey Board of Public Utilities.

CERTIFICATION

I, Patricia M. Applegate, Municipal Clerk of the Borough of Bay Head, County of Ocean, do hereby certify the foregoing to be a true copy of a resolution adopted by the Governing Body of the Borough of Bay Head at a meeting held on the 4th day of August, 2014.



Patricia M. Applegate, RMC
Borough Clerk, Borough of Bay Head

Exhibit B



August 8, 2014

Patricia M. Applegate
Borough Clerk
Borough of Bayhead
81 Bridge Avenue
P.O. Box 248
Bay Head, NJ 08742

**Re: Resolution 2014-126
Authorizing the Extension of
Franchise Rights to NJNG**

Dear Ms. Applegate,

New Jersey Natural Gas Company ("NJNG") hereby accepts the terms and provisions of the Franchise Consent granted by the Governing Body of the Borough of Bayhead on August 4, 2014 and hereby agrees to be bound by the terms and provisions thereof.

Please be advised that NJNG will present the resolution to the New Jersey Board of Public Utilities (BPU) for approval. We will provide you with a copy of the final Decision and Order upon its issuance from the BPU.

Very truly yours,

A handwritten signature in cursive script that reads 'Andrew K. Dembia'.

Andrew K. Dembia, Esq.
Regulatory Affairs Counsel

AKD:fk