



Agenda Date: 9/22/17
Agenda Item: 2L

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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 TO REVISE THE LEVEL)
OF ITS BASIC GAS SUPPLY SERVICE ("BGSS"))
CHARGE AND CONSERVATION INCENTIVE)
PROGRAM ("CIP") CHARGE FOR THE YEAR)
ENDING SEPTEMBER 30, 2018) DECISION AND ORDER
APPROVING STIPULATION FOR
PROVISIONAL BGSS AND CIP RATES
BPU DOCKET NO. GR17060586

Parties of Record:

Stacy A. Mitchell, Esq., on behalf of South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 1, 2017, South Jersey Gas Company ("South Jersey" or "Company") filed a petition ("2017 BGSS/CIP Petition") with the New Jersey Board of Public Utilities ("Board") seeking approval to modify its Periodic Basic Gas Supply Service ("BGSS") and Conservation Incentive Program ("CIP") rates. By this Decision and Order, the Board considers a Stipulation for Provisional Rates ("Stipulation") executed by South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") requesting that the Board approve changes in the Periodic BGSS and CIP rates on a provisional basis, subject to refund with interest.

BACKGROUND

By Order dated January 6, 2003,¹ in Docket No. GX01050304 ("January 2003 BGSS Order"), the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board by June 1 its annual BGSS cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes each GDC to: a) self-implement up to a five (5) percent BGSS increase effective December 1 of the current year and February 1 of the following year with one (1) month's advance notice to the Board and Rate Counsel; and b) implement a decrease in its BGSS rate at any time during the year upon five (5) days' notice to the Board and Rate Counsel.

¹ I/M/O the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq. – BGSS Pricing, BPU Docket No. GX01050304 (January 6, 2003).

In accordance with the January 2003 BGSS Order, on June 1, 2017, the Company filed its 2017 BGSS/CIP Petition with the Board seeking to change its Periodic BGSS rate from \$0.354288² per therm to \$0.340810 per therm. The annual bill impact on a residential heating customer using 1000 therms annually would be a decrease of \$13.48 or 1.1%. This proposed change translated to a decrease in annual BGSS recoveries of \$4.7 million.

In the Petition, the Company also requested the following rate revisions:

- i) A decrease in the gas cost portion of the Company's D-2³ charge per Mcf for Rate Schedule Large Volume Service ("LVS") from \$15.958901 to 15.796918.
- ii) A decrease in the gas cost portion of the Firm D-2 charge per Mcf for Rate Schedule Electric Generation Service – Large Volume ("EGS-LV") from \$15.581692 to 15.491814.
- iii) A decrease in the gas cost portion of the Limited Firm D-2 and Firm D-2 charges per Mcf for Rate Schedules EGS-LV and Firm Electric Service ("FES") from \$7.979450 to \$7.898459.
- iv) An increase in the monthly BGSS non-therm rate applicable to Rate Schedules GSG, General Service – Large Volume ("GSG-LV"), Electric Generation Service ("EGS"), LVS, EGS-LV, and Natural Gas Vehicle ("NGV") from \$0.138735 per therm to \$0.112111 per therm.

The 2017 BGSS/CIP Petition also requested the following changes to the Company's per therm CIP⁴ rates:

- i) A change from a charge of \$0.026597 to a credit of \$0.014347 for residential ("RSG") non-heating customers.
- ii) A change from a charge of \$0.072927 to \$0.078355 for RSG heating customers.
- iii) A change from a charge of \$0.058264 to \$0.057010 for GSG customers.
- iv) A change from a charge of \$0.017656 to a credit of \$0.013816 for GSG-LV customers.

Pursuant to the 2017 BGSS/CIP Petition, the proposed changes in the Company's CIP rates would result in a net increase of approximately \$5.43 (0.4%) for a residential heating customer using 1000 therms annually. The proposed changes translated to an increase in annual CIP recoveries of \$0.2 million.

² Unless otherwise noted, all rates quoted herein include Sales and Use Tax.

³ Designed to recover interstate pipeline demand charges.

⁴ The CIP was approved by the Board in Docket No. GR05120120 in Board Orders dated October 12 and December 12, 2006. By Order dated January 10, 2010 in Docket No. GR05120120, the Board extended the CIP. By Order dated May 21, 2014 in Docket No. GR13030185, the Board authorized South Jersey to continue its CIP. The CIP encourages the Company to foster customer conservation by allowing it to recover margins associated with a defined use per customer. The non-weather related CIP surcharges are subject to tests associated with variable margins and reductions in BGSS related costs. Total CIP surcharges are subject to return on equity limits.

The combined proposed changes in the Company's BGSS and CIP rates would result in a net decrease of approximately \$8.05 or 0.7% for the average residential heating customer using 1000 therms annually.

After publication of notice in newspapers of general circulation in South Jersey's service territory, two public hearings in this matter were held on August 29, 2017, in Voorhees, New Jersey. No members of the public appeared or filed comments related to the Company's filing.

STIPULATION

Following further review and discussions, on September 5, 2017, the Parties executed the Stipulation. The Stipulation provides for the following:⁵

16. 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. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS rate of up to 5% to be effective December 1, 2017 and February 1, 2018, if the Company determines that such increases are necessary to permit it to avoid a BGSS under recovery balance at September 30, 2018.
17. Accordingly, the Parties 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 decrease the current level of South Jersey's Periodic BGSS rate of \$0.354288 per therm (including taxes), to \$0.340810 per therm (including taxes), effective October 1, 2017, or on such other date as the Board deems appropriate.
18. The Parties further 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 \$15.796918 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm to be set at \$15.491814 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 \$7.898459 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 \$0.112111 per therm (including taxes).
19. The proposed Periodic BGSS rate of \$0.340810 will decrease the bill of a residential customer using 100 therms during a winter month from \$119.82 to \$118.47, a decrease of \$1.35 or 1.1%.

⁵ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

20. Additionally, the Parties 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) (\$0.014347) for Group I Residential Non-Heat customers, a decrease from the current rate of \$0.026597; (2) \$0.078355 for Group II Residential Heat customers, an increase from the current rate of \$0.072927; (3) \$0.057010 for Group III General Service (GSG) customers, a decrease from the current rate of \$0.058264; and (4) (\$0.013816) for Group IV General Service Large Volume (GSG-LV) customers, a decrease from the current rate of \$0.017656. It is agreed by the Parties that these rate changes will be effective as of October 1, 2017, or as of such date that the Board so decides. The proposed provisional CIP rate changes translate to an increase in CIP-related recoveries of \$0.2 million and are subject to an opportunity for a full review at the OAL, if necessary, and final approval by the Board.
21. The proposed CIP rates result in an increase of \$0.55, or 0.5%, 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 \$0.62 or 2.4%. The impact on a GSG customer using 500 therms of gas in a month is a decrease of \$0.63 or 0.10%. The impact on a GSG-LV customer using 15,646 therms of gas in a month is a decrease of \$492.42 or 4.5%.
22. Combining the BGSS recovery reductions of \$4.7 million with CIP-related recoveries of \$0.2 million, results in a provisional recovery reduction of \$4.5 million and a net decrease of \$0.80, or 0.6%, to the monthly bill of a residential heating customer using 100 therms.
23. 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 to the Stipulation as Exhibit A; and 2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm (attached to the Stipulation as Exhibit B). The chart reflected on Exhibit A of the Stipulation 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 of the Stipulation is to be submitted to the Parties on approximately the 15th of the following month.

DISCUSSION AND FINDINGS

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation. The Board **FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board, having carefully reviewed the BGSS and CIP rates at issue and the record to date in this proceeding, **HEREBY APPROVES** the following on a provisional basis, subject to refund:

The Company's per therm Periodic BGSS rate of \$0.340810;

The gas cost portion of the D-2 charge for Rate Schedule LVS of \$15.796918 per Mcf;

The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm of \$15.491814 per Mcf;

The Limited Firm D-2 for Rate Schedule EGS-LV and the Firm D-2 charge for Rate Schedule FES, respectively, of \$7.898459 per Mcf; and

The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV of \$0.112111 per therm.

The Board also **HEREBY APPROVES** per therm CIP rates on a provisional basis: a credit of \$0.014347 for RSG non-heating customers; a charge of \$0.078355 for RSG heating customers, a charge of \$0.057010 for GSG customers; and a credit of \$0.013816 for GSG - LV customers.

All rate changes shall be effective for service rendered on and after October 1, 2017, 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 OAL for review and evidentiary hearings, if needed.

The Board **HEREBY ORDERS** South Jersey to file tariffs consistent with the Board's Order by October 1, 2017.

The Company's costs, including those related to BGSS and CIP, 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.

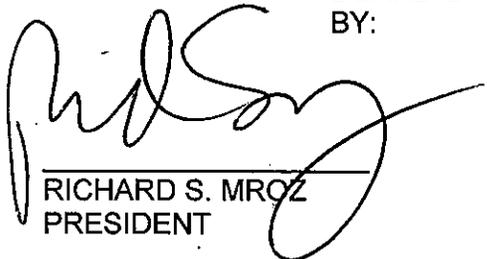
This Order shall be effective September 29, 2017.

DATED: 9/22/17

BOARD OF PUBLIC UTILITIES
BY:



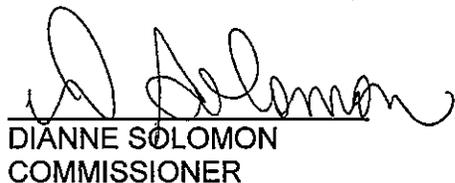
JOSEPH L. FIORDALISO
COMMISSIONER



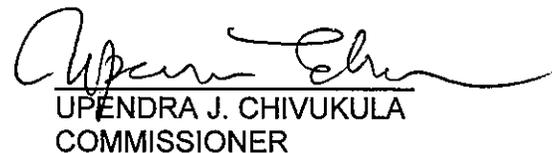
RICHARD S. MROZ
PRESIDENT



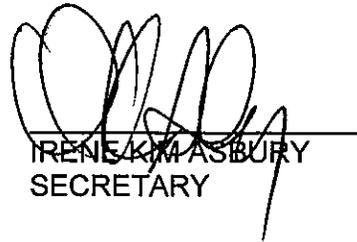
MARY-ANNA HOLDEN
COMMISSIONER



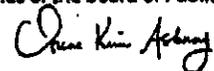
DIANNE SOLOMON
COMMISSIONER



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 South Jersey Gas Company to Revise the Level of its Basic Gas Supply Service ("BGSS") Charge and Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2018 - BPU Docket GR17060586

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR17060586
SOUTH JERSEY GAS COMPANY TO :
REVISE THE LEVEL OF ITS BASIC GAS : STIPULATION FOR PROVISIONAL
SUPPLY SERVICE (“BGSS”) CHARGE : BGSS/CIP RATES
AND CONSERVATION INCENTIVE :
PROGRAM (“CIP”) CHARGE FOR THE :
YEAR ENDING SEPTEMBER 30, 2018 :
:

APPEARANCES:

Stacy A. Mitchell, Regulatory Affairs Counsel, for Petitioner South Jersey Gas Company.

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, and **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director).

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

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On June 1, 2017, South Jersey Gas Company (“South Jersey” or “Company”) filed a Petition (“Petition”), in Docket No. GR17060586, requesting that the Board of Public Utilities (“Board”) approve the Company’s proposal to decrease the current level of its periodic Basic Gas Supply Service Clause (“BGSS”) per therm charge of \$0.354288¹ to \$0.340810, a decrease of \$0.013478 per therm, for the period October 1, 2017 through September 30, 2018 (“BGSS/CIP Year”). The requested periodic BGSS rate would result in a monthly decrease of

¹ All rates quoted herein include Sales and Use Taxes (“SUT”).

\$1.35, or 1.1%, for a residential heating customer using 100 therms of gas during a winter month.

2. The Company also proposed the following BGSS rates: 1) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$15.796918 per Mcf; 2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm be set at \$15.491814 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 \$7.898459 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 \$0.112111 per therm.

3. These proposed changes translate to a decrease in annual BGSS recoveries of \$4.7 million.

4. The Petition also requested that the Board approve the implementation of per therm Conservation Incentive Program ("CIP") rates of (\$0.014347) for Group I Residential Non-Heat customers, \$0.078355 for Group II Residential Heat customers, \$0.057010 for Group III General Service (GSG) customers and (\$0.013816) for Group IV General Service Large Volume (GSG-LV) customers, effective October 1, 2017. The requested CIP rates would result in a monthly increase of \$0.55 or 0.5%, for a residential heating customer using 100 therms of gas during a winter month. The proposed bill impact on a residential non-heating customer using 15 therms of gas during a month is a decrease of (\$0.62), or (2.4%). The proposed bill impact on a GSG customer using 500 therms of gas during a month is a decrease of (\$0.63), or (0.10%). The proposed bill impact on a GSG-LV customer using 15,646 therms of gas a month is a decrease of (\$492.42), or (4.5%).

5. These proposed changes translate to an increase in annual CIP recoveries of \$0.2 million.

6. Pursuant to the Board's October 12, 2006 and January 21, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges are required to be offset by reductions in BGSS costs. Subsequently, pursuant to the Board's May 21, 2014 Order in Docket No. GR13030185 approving the continuation of the CIP, CIP non-weather related margin recoveries are subject to a Modified BGSS Savings Test with three categories of BGSS Savings: (1) permanent savings achieved through permanent capacity releases; (2) gas cost savings from reductions of capacity on a long-term basis; i.e. for periods of at least one year; and (3) savings associated with avoided capacity costs to meet residential customer growth.

7. Also pursuant to the Board's Order in Docket No. GR13030185, a Variable Margin Revenue Test was established, under which recoverable non-weather CIP amounts shall not exceed 6.5 percent of aggregate variable margin revenues.

8. The Company seeks to recover an estimated total of \$22.7 million of CIP related margin, of which \$17.6 million is weather-related margin revenues. The weather-related component of the CIP is recovered through the CIP. However, this portion is not subject to the Modified BGSS Savings Test.

9. In computing the non-weather CIP value, the margin impact of weather is first to be deducted from the total CIP charge or credit. The non-weather related CIP component shall be subject to a dual eligibility test comprised of the Modified BGSS Savings Test and a Margin Revenue Test established in the CIP Continuation Stipulation. In order to be eligible for

recovery, non-weather related CIP impacts must pass both cost recovery tests. Amounts that do not pass one or both tests may still be recoverable in future years.

10. South Jersey's non-weather related margin is \$5.1 million. This was established by subtracting the weather related component of \$17.6 million, from the total CIP amount of \$22.7 million. Thus, South Jersey seeks to recover total non-weather related margin revenue through the CIP totaling \$5.1 million.

11. South Jersey's permanent BGSS savings realized from the permanent capacity releases or contract terminations (Category One of the Modified BGSS Savings Test) total \$2.2 million per year. BGSS savings realized from gas cost savings from reductions of capacity on a long-term basis (Category Two of the Modified BGSS Savings Test) total \$6.1 million. BGSS savings realized from avoided capacity costs to meet residential customer growth (Category Three of the Modified BGSS Savings Test) total \$0.4 million. Therefore, the total BGSS savings for the 2017-2018 CIP year is \$8.7 million. This amount exceeds the \$5.1 million of non-weather related margin revenue that will be recovered through the CIP, thus the Modified BGSS Savings Test has been met.

12. South Jersey's non-weather related margin of \$5.1 million does not exceed 6.5% of aggregate variable revenues of \$197,134,444, or \$12,813,934, thus the Variable Margin Revenue test has been met.

13. Rider M of South Jersey's tariff contains a Board approved Return-On-Equity ("ROE") limitation on recoveries from customers pursuant to the CIP, consistent with South Jersey's former Temperature Adjustment Clause ("TAC") (the "ROE Test"). Under this provision, the CIP may not contribute towards earnings in excess of a 9.75% ROE. After

recovery of the CIP margin revenues, South Jersey's ROE for the period October 1, 2016 through September 30, 2017 is projected to be 6.53%. As a result, the ROE test will not act as a limitation on South Jersey's recovery through the CIP for the forthcoming 2017-2018 CIP year. This projected ROE is calculated on Exhibit A to the Petition.

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

100 Monthly Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$119.82	\$118.47	(\$1.35)	(1.1%)
CIP	\$119.82	\$120.37	\$0.55	0.5%
Combined	\$119.82	\$119.02	(\$0.80)	(0.6%)

1,000 Annual Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$1,217.45	\$1,203.97	(\$13.48)	(1.1%)
CIP	\$1,217.45	\$1,222.88	\$5.43	0.4%
Combined	\$1,217.45	\$1,209.40	(\$8.05)	(0.7%)

15. Following public notice published in newspapers of general circulation within South Jersey's service territory, two public hearings for this Petition were held on August 29, 2017 in Voorhees, New Jersey. No members of the public appeared or provided written comments.

II. STIPULATED TERMS

16. South Jersey, Board Staff, and the New Jersey Division of 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 an opportunity for full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order ("Generic BGSS Order") in BPU Docket No. GX01050304, New Jersey's four gas distribution companies ("GDCs"), by June 1, submit to the Board their annual BGSS gas cost filings for the BGSS year beginning in October. The Company may therefore seek to implement provisional increases in its BGSS rate of up to 5% to be effective December 1, 2017 and February 1, 2018, if the Company determines that such increases are necessary to permit it to avoid a BGSS under-recovered balance at September 30, 2018. The Company may also implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

17. 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 decrease the current level of South Jersey's Periodic BGSS rate of \$0.354288 per therm (including taxes), to \$0.340810 per therm (including taxes), effective October 1, 2017, or on such other date as the Board deems appropriate.

18. 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 \$15.796918 per Mcf (including taxes); 2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm to be set at \$15.491814 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 \$7.898459 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 \$0.112111 per therm (including taxes).

19. The proposed Periodic BGSS rate of \$0.340810 will decrease the bill of a residential customer using 100 therms during a winter month from \$119.82 to \$118.47, a decrease of \$1.35 or 1.1%.

20. 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) (\$0.014347) for Group I Residential Non-Heat customers, a decrease from the current rate of \$0.026597; (2) \$0.078355 for Group II Residential Heat customers, an increase from the current rate of \$0.072927; (3) \$0.057010 for Group III General Service (GSG) customers, a decrease from the current rate of \$0.058264; and (4) (\$0.013816) for Group IV General Service Large Volume (GSG-LV) customers, a decrease from the current rate of \$0.017656. It is agreed by the Parties that these rate changes will be effective as of October 1, 2017, or as of such date that the Board so decides. The proposed provisional CIP rate changes translate to an increase in CIP-

related recoveries of \$0.2 million and are subject to an opportunity for a full review at the OAL, if necessary, and final approval by the Board.

21. The proposed CIP rates result in an increase of \$0.55, or 0.5%, 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 (\$0.62) or (2.4%). The impact on a GSG customer using 500 therms of gas in a month is a decrease of (\$0.63) or (0.10%). The impact on a GSG-LV customer using 15,646 therms of gas in a month is a decrease of (\$492.42) or (4.5%).

22. Combining the BGSS recovery reductions of (\$4.7) million with CIP-related recoveries of \$0.2 million, results in a provisional recovery reduction of (\$4.5) million and a net decrease of (\$0.80), or (0.6%), to the monthly bill of a residential heating customer using 100 therms.

23. 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.

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

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

III. MISCELLANEOUS

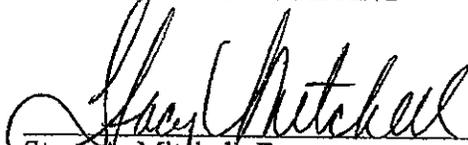
24. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to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

25. 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:



Stacy A. Mitchell, Esq.
Regulatory Affairs Counsel

CHRISTOPHER PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By:

Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By:

Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated: September 5, 2017

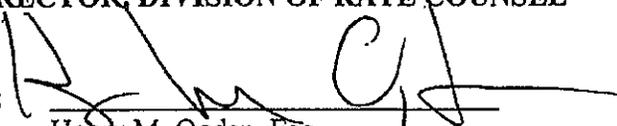
SOUTH JERSEY GAS COMPANY

By: _____
Stacy A. Mitchell, Esq.
Regulatory Affairs Counsel

CHRISTOPHER PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 
Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated: September 5, 2017

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

<u>Month</u>	<u>a</u> BGSS	<u>b</u> NYMEX	<u>c = b - a</u> Incr/ (Decr)	<u>% Chg</u>	<u>d</u> Sales forecast (dths)	<u>e</u> Hedged volume (dths)	<u>f = d - e</u> Unhedged volume (dths)	<u>g = c x f</u> Change in value unhedged
Oct-16			\$ -				-	\$0
Nov-16			\$ -				-	\$0
Dec-16			\$ -				-	\$0
Jan-17			\$ -				-	\$0
Feb-17			\$ -				-	\$0
Mar-17			\$ -				-	\$0
Apr-17			\$ -				-	\$0
May-17			\$ -				-	\$0
Jun-17			\$ -				-	\$0
Jul-17			\$ -				-	\$0
Aug-17			\$ -				-	\$0
Sep-17			\$ -				-	\$0
Avg Total \$	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	0	0	\$0
Oct-17			\$ -				-	\$0
Nov-17			\$ -				-	\$0
Dec-17			\$ -				-	\$0
Jan-18			\$ -				-	\$0
Feb-18			\$ -				-	\$0
Mar-18			\$ -				-	\$0
Apr-18			\$ -				-	\$0
May-18			\$ -				-	\$0
Jun-18			\$ -				-	\$0
Jul-18			\$ -				-	\$0
Aug-18			\$ -				-	\$0
Sep-18			\$ -				-	\$0
Avg Total \$	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0	0	0	\$0

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 Therm

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

Footnotes:

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
 Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
 Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - 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 fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
 Variable Pipeline Cost = Pipeline Charge per therm shipped

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

	Estimate Oct-17	Estimate Nov-17	Estimate Dec-17	Estimate Jan-18	Estimate Feb-18	Estimate Mar-18	Estimate Apr-18	Estimate May-18	Estimate Jun-18	Estimate Jul-18	Estimate Aug-18	Estimate Sep-18	Total
Credits, Refunds, & Recoveries Per Therm:													
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 Therm	\$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
11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Line 10)	\$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

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	Weighted Average
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	\$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
11 Total Net Cost Per Therm (Page 1 Line 29 less Page 2 Line 11)	\$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