



Agenda Date: 5/18/22
Agenda Item: IIB

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH) ORDER SUSPENDING
JERSEY GAS COMPANY FOR APPROVAL OF) INCREASES, CHANGES OR
INCREASED BASE TARIFF RATES AND) ALTERATIONS IN RATES FOR
CHARGES FOR GAS SERVICE, CHANGES TO) SERVICE
DEPRECIATION RATES AND OTHER TARIFF)
REVISIONS) BPU DOCKET NO. GR22040253

Parties of Record:

Deborah M. Franco, Esq., SJI Utilities, Inc. on behalf of South Jersey Gas Company
Brian O. Lipman, Esq., Director, Division of Rate Counsel

BY THE BOARD:

On April 14, 2022, pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.A.C. 14:1-5.12, South Jersey Gas Company ("SJG" or "Company"), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition for approval of an increase in its operating revenues of approximately \$73 million including Sales and Use Tax, to be effective for gas service provided on or after May 16, 2022.¹ The Company also sought Board approval to implement new depreciation rates and requested a return on equity of 10.75%.

According to the petition, the Company's base rates and charges for natural gas service are not sufficient, at their current level. Additionally, SJG argued that the requested rate relief is due to a need to recover greater depreciation expenses, as well as increases to the operations and maintenance costs incurred by the Company since its prior base rate case that have impacted its cost of service.

The Company is seeking authorization to amortize previously deferred costs associated with the Company's Pension & OPEB regulatory asset. The forecasted deferred amount of \$636K as of August 31, 2022 is proposed to be amortized over a 3-year period. SJG is also seeking authorization to establish a 3-year amortization of \$507K of over-refunded ARAM amortization, to

¹ By letter dated April 19, 2022, the Company indicated that it would not implement rates on an interim basis prior to the effective date of the Board's initial suspension order in this matter. However, the Company noted that it does not waive its right to implement the proposed rates at the conclusion of the eight-month suspension period, should the Board not issue a final Decision and Order by the end of this period.

amortize previously authorized deferred costs associated with Pipeline Integrity Management of \$4.7 million, and the costs associated with the Board's Management Audit of \$598K over the same 3-year period.

Additionally, the Company proposed to retain its existing authority to establish a regulatory asset in which the incremental costs associated with a Transmission Integrity Management Program incurred between rate cases will be tracked and deferred for later review and recovery in rates. The Company also proposed to establish regulatory assets to defer any costs which would otherwise be expensed related to the Transportation Security Administration Security Directives, and for those associated with RNG/CNG O&M Expenses.

As the proposed revisions, if approved, will increase existing rates and change or alter existing classifications in the Company's tariff, it is **HEREBY ORDERED** that:

(1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until September 13, 2022, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;

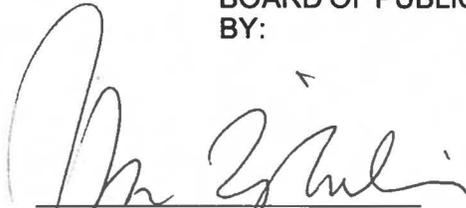
(2) SJG shall, at least 10 days prior to the date set for hearing on the petition by the Office of Administrative Law ("OAL"), file with this Board, and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and

(3) SJG shall serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and where appropriate, the executive officer of each affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of Service of this Order shall be filed with the Board.

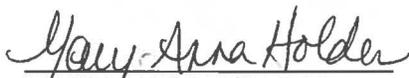
This Order shall be effective on May 25, 2022.

DATED: May 18, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

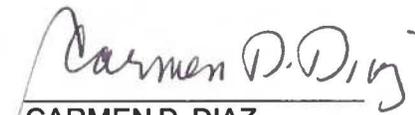


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF INCREASED
BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER
TARIFF REVISIONS

BPU DOCKET NO. GR22040253

SERVICE LIST

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