



Agenda Date: 7/13/22
Agenda Item: 2D

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)
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, 2022)
DECISION AND ORDER APPROVING
INITIAL DECISION AND STIPULATION
FOR FINAL BGSS, BSC, AND CIP
RATES
BPU DOCKET NO. GR21060881
OAL DOCKET NO. PUC 09842-2021

Parties of Record:

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

BY THE BOARD:

On June 1, 2021, South Jersey Gas Company ("South Jersey", or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") seeking approval to modify its Periodic Basic Gas Supply Service ("BGSS"), Balancing Service Clause ("BSC"), and Conservation Incentive Program ("CIP") rates ("2021 BGSS/CIP Petition"). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge ("ALJ") Irene Jones and a stipulation of settlement ("Stipulation") executed by South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

BACKGROUND

By Order dated January 6, 2003 in Docket No. GX01050304, 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 gas cost filing for the BGSS year beginning October 1.¹ In addition, the January 2003 BGSS Order authorized each GDC to 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 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 In re 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, Order dated January 6, 2003 ("January 2003 BGSS Order").

2021 BGSS/CIP PETITION

Pursuant to the January 2003 BGSS Order, on June 1, 2021 the Company filed the 2021 BGSS/CIP Petition requesting authority to increase its current per therm Periodic BGSS rate from \$0.275910 to \$0.505572 effective October 1, 2021.² According to the 2021 BGSS/CIP Petition, the main reasons for the increase in the proposed Periodic BGSS rate include: 1) a significant increase in NYMEX/commodity prices; 2) an increase in demand charges due to the Columbia Gas Transmission (“Columbia”) rate case effective February 1, 2021; and 3) the continued recovery of the costs related to Antero Resources Corporation (“Antero”). As a result of the proposed BGSS rate, the Company would recover its projected under-recovered BGSS balance of \$47.3 million projected through September 30, 2021. To mitigate the proposed BGSS rate, South Jersey included a credit to BGSS gas costs of \$26.2 million that was derived from the Board’s approved margin sharing formula applicable to off-system sales, interruptible sales and transportation, and capacity releases.

By Board Order dated May 5, 2021, South Jersey was authorized to recover \$24,246,131.87 related to the resolution of a contract dispute with Antero through its BGSS rate over a two (2) year period.³ As a result, South Jersey included approximately 50% of the \$24,246,131.87, specifically \$12,123,065.94, of the costs related to the Antero litigation in its requests in the 2021 BGSS/CIP Petition.

In the 2021 BGSS/CIP Petition, the Company also requested the following rate revisions:

- i) A decrease in the gas cost portion of the Company’s D-2⁴ charge per Mcf for Rate Schedule Large Volume Service (“LVS”) from \$16.530999 to \$16.471655;
- 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 \$16.610234 to \$16.541730;
- 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 \$8.265500 to \$8.235828;
- iv) An increase in the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, General Service – Large Volume (“GSG-LV”), Electric Generation Service (“EGS”), LVS, EGS-L, and NGV from \$0.152073 per therm to \$0.167519 per therm;
- v) An increase in the Rider “I” Balancing Service Clause – Large Volume (“BSC-LV”) charges for Opt-Out from \$0.002775 per therm to \$0.002279 per therm, and for Non Opt-Out from \$0.088685 per therm to \$0.074807 per therm; and
- vi) An increase in the Rider “J” Balancing Service Clause – General Service (“BSC-GS”) charge from \$0.088685 per therm to \$0.074807 per therm.

These proposed changes translated to an increase in annual BGSS recoveries of \$63.4 million.

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

³ In re 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, 2021, BPU Docket No. GR20060383, Order dated May 5, 2021 (“May 2021 Order”).

⁴ Designed to recover interstate pipeline demand charges.

In the 2021 BGSS/CIP Petition, South Jersey also requested the following changes to the Company's per therm CIP rates:⁵

- i) A change from a credit rate of \$0.116750 to a credit rate of \$0.006676 for residential ("RSG") non-heating customers;
- ii) A change from a charge of \$0.068327 to a charge of \$0.009715 for RSG heating customers;
- iii) A change from a charge of \$0.028824 to a charge of \$0.025336 for GSG customers; and
- iv) A change from a charge of \$0.017343 to a charge of \$0.015953 for GSG-LV customers.

The proposed changes translated to a decrease in annual CIP recoveries of \$16.3 million.

After publication of notices in newspapers of general circulation in the Company's service territory, public hearings in this matter were conducted on August 12, 2021 at 4:30 p.m. and 5:30 p.m.⁶ No members of the public appeared at the hearings or filed written comments with the Board.

On November 1, 2021, all four (4) GDCs filed an Emergent Motion seeking a waiver of the Board's previous orders and authorizations to permit the GDCs to self-implement periodic BGSS increases based upon a 5% increase of the monthly bill of a typical residential customer using 100 therms to be effective December 1, 2021 on less than the required 30 days' advanced notice, and to implement such increases on the basis of rates in effect as of December 1, 2021 ("Motion").

By Order dated November 17, 2021, the Board approved a stipulation for provisional rates.⁷ The November 2021 Provisional Order authorized South Jersey to implement the BGSS, BSC, and CIP rates proposed in the 2021 BGSS/CIP Petition on a provisional basis. All rates approved in the November 2021 Provisional Order became effective for services rendered on and after December 1, 2021 on a provisional basis, subject to refund. As a result of the November 2021 Provisional Order, a typical residential heating customer using 100 therms per month would see an increase of approximately \$7.46 or 4.9%.

By a separate Order dated November 17, 2021, the Board granted the GDCs Motion to permit a one-time waiver for this BGSS year only of the requirement that notice of a December 1st self-implementing rate increase be filed no later than November 1st as may be indicated in each GDCs' relevant tariff and as provided in the January 2003 BGSS Order. The Board further ordered the

⁵ 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.

⁶ Due to the COVID-19 pandemic, public hearings were held telephonically.

⁷ In re 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, 2022, BPU Docket No. GR21060881, Order dated November 17, 2021 ("November 2021 Provisional Order").

GDCs to file a notice of a December 1, 2021 self-implementing rate increase by November 19, 2021.⁸

On November 18, 2021, SJG filed a notice of intent to self-implement a periodic BGSS rate adjustment based on a 5% increase of the monthly bill of a typical residential customer using 100 therms to be effective December 1, 2021 consistent with the January 2003 BGSS Order and the Board’s ruling of the Motion (“Notice”). The self-implementing rate increase, effective December 1, 2021, resulted in an increase of the per therm BGSS rate from \$0.423086 to \$0.502550, on a provisional basis, subject to refund. As a result, a typical residential customer using 100 therms on a monthly basis would see an increase of \$7.95, or 5.0%, in addition to the impact of the November 2021 Provisional Order.

On December 1, 2021, the Board transmitted this matter to the Office of Administrative Law (“OAL”) as a contested case where it was subsequently assigned to ALJ Irene Jones.

STIPULATION

Following a review of the 2021 BGSS/CIP Petition, the Notice, and discovery, the Parties executed the Stipulation, which provides for the following:⁹

- 24. The provisional BSC and CIP rates previously approved by the Board are prudent and reasonable and should be made final. The Periodic BGSS rates implemented pursuant to the Notice are also prudent and reasonable and should be made final.
- 25. South Jersey previously released the interstate pipeline capacity identified below for the remainder of the contract term to South Jersey Resources Group, LLC (“SJRG”):

Pipeline	Quantity (Dekatherms)
Columbia Gas Transmission, LLC	16,468
Transcontinental Gas Pipe Line Co.	20,000

On the first of the month following the effective date of a Board order approving the Stipulation, this capacity will be released back to South Jersey for the remainder of the contract terms. South Jersey will then temporarily release the capacity back to SJRG until April 1, 2025. The parties reserve their rights to examine any subsequent transactions regarding this capacity in the Company’s future BGSS filings.

- 26. The Company shall file all the Minimum Filing Requirements, attached to the Stipulation as Exhibit C, with all future BGSS filings and 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 is to be completed using information

⁸ In the Matter of the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated November 17, 2021.

⁹ 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.

- 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. Reports filed during the months of July through September shall be submitted for the BGSS proceeding filed in June of that year and the BGSS proceeding for the prior year.
27. Consistent with the Board's November 2021 Provisional Order, the Company will be permitted to recover the costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation over the period ending September 30, 2024.
 28. The Stipulation shall become effective as of the effective date of a Board order approving the Stipulation in accordance with N.J.S.A. 48:2-40 or upon such date thereafter as the Board may specify.
 29. The Stipulation provides a full resolution of the November 2021 Provisional Order.

On June 24, 2022, ALJ Jones issued an Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation, and that the Stipulation disposed of all matters and is consistent with the law.

DISCUSSION AND FINDINGS

The Board carefully reviewed the record in this proceeding, including ALJ Jones' Initial Decision and the Stipulation. The Board **HEREBY FINDS** that the Parties voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FURTHER FINDS** that the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation, attached hereto, as its own, as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** the following rates on a final basis:

- i. A per therm Periodic BGSS rate of \$0.502550;
- ii. The gas cost portion of the D-2 charge for Rate Schedule LVS of \$16.471655 per Mcf;
- iii. The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm of \$16.541730 per Mcf;
- iv. The Limited Firm D-2 for Rate Schedule EGS-LV and the Firm D-2 charge for Rate Schedule FES, respectively, of \$8.235828 per Mcf;
- v. The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV, and NGV of \$0.160178 per therm;
- vi. The Rider "I" Balancing Service Clause – Large Volume ("BSC-LV") charges for Opt-Out of \$0.002279 per therm, and Non Opt-Out of \$0.074807 per therm; and
- vii. The Rider "J" Balancing Service Clause – General Service ("BSC-GS") charge of \$0.074807 per therm.
- viii. The implementation of the following per therm CIP rates:
 - a. a credit rate of \$0.006676 for RSG non-heating customers;
 - b. a charge of \$0.009715 for RSG heating customers;
 - c. a charge of \$0.025336 for GSG customers; and
 - d. a charge of \$0.015953 for GSG - LV customers.

Any net over-recovered BGSS, BSC, and CIP balance at the end of the BGSS period shall be subject to refund with interest. All rate changes shall be effective for service rendered on and after August 1, 2022.

Based upon the Stipulation, a typical residential heating customer would experience no additional bill impact associated with the final rates.

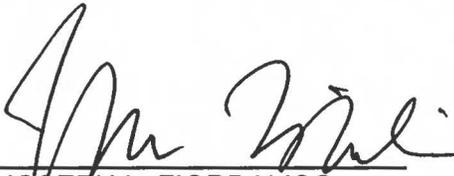
The Board **HEREBY DIRECTS** South Jersey to file tariffs consistent with the Board's Order by July 29, 2022.

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

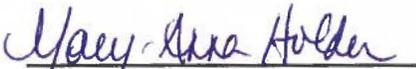
This Order shall be effective July 20, 2022.

DATED: July 13, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

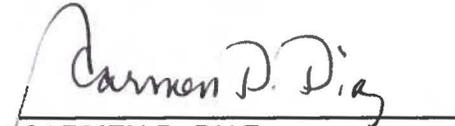


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY

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”) CHARGE FOR THE YEAR ENDING SEPTEMBER 30, 2022

DOCKET NO. GR21060881
OAL DOCKET NO. PUC 09842-2021

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen D. Diaz, Acting Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Office of the General Counsel</u></p> <p>Carol Artale, Esq., Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Esq., Senior Counsel heather.weisband@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Michael Kammer, Director mike.kammer@bpu.nj.gov</p> <p>Paul Lupo paul.lupo@bpu.nj.gov</p> <p>Scott Sumliner scott.sumliner@bpu.nj.gov</p> <p><u>Division of Law</u> 25 Market Street Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>	<p><u>South Jersey Gas Company</u> One South Jersey Plaza Atlantic City, NJ 08401</p> <p>Timothy W. Rundall, Vice President trundall@sjindustries.com</p> <p>Cindy Capozzoli Director, Rates capozzoli@sjindustries.com</p> <p>Carolyn A. Jacobs Regulatory Compliance Specialist cjacobs@sjindustries.com</p> <p>Deborah M. Franco, Esq. VP, Rates, Regulatory & Sustainability 520 Green Lane Union, NJ 07083 dfranco@sjindustries.com</p> <p><u>New Jersey Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli, Esq., Managing Attorney mcaroselli@rpa.nj.gov</p> <p>Kurt Lewandowski, Esq. klewando@rpa.nj.gov</p> <p><u>Rate Counsel Consultants</u></p> <p>Robert J. Henkes Henkes Consulting 7 Sunset Road Old Greenwich, CT 06870 rhenkes@optonline.net</p> <p>John Rosenkranz Synapse Energy Economics, Inc. 485 Massachusetts Avenue, Suite 2 Cambridge, MA 02139 rosenkranz@verizon.net</p>
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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 09842-21

AGENCY DKT. NO. GR21060881

**I/M/O THE PETITION OF SOUTH JERSEY
GAS COMPANY TO REVISE THE LEVEL OF
ITS BASIC GAS SUPPLY SERVICE ("BGSS")
CHARGE AND CONSERVATION INCENTIVE
PROGRAM ("CIP") CHANGES, FOR THE
YEAR ENDING SEPTEMBER 30, 2022**

Deborah M. Franco, Esq., Vice President, Clean Energy & Sustainability,
for petitioner South Jersey Gas Company

Maura Caroselli, Esq., Managing Attorney, for respondent, The New Jersey
Division of Rate Counsel ("Rate Counsel") (Stephanie A. Brand, Director)

Terel Klein and Michael Beck, Deputy Attorney Generals, for respondent,
("Staff") Board of Public Utilities (Matthew J. Platkin, Acting Attorney General
of New Jersey, attorney)

Record Closed: June 21, 2022

Decided: June 24, 2022

BEFORE **IRENE JONES**, ALJ (ret. on recall):

On June 1, 2021, South Jersey ("Company" or "Petitioner") filed a petition, with the Board of Public Utilities, seeking to increase the level of the Company's BGSS charge. It also requested to decrease the level of its BSC charge associated with its Rider "J" - General Service (BSC-GS);

to decrease the level of its BSC charge associated with its Rider "I" – Large Volume (BSC-LV); and decrease the level of its CIP charge for the period October 1, 2021, through September 30, 2022 ("2021-22 BGSS/CIP Year"). If approved, the requested Periodic BGSS rate would result in a monthly increase of \$22.96, or 15.3%, for a residential heating customer using 100 therms of natural gas during a winter month. The Company also proposed the following BGSS rates: 1) the gas cost portion of the Company's D-2 charge for Rate Schedule Large Volume Service (LVS) be set at \$16.471655 per Mcf; 2) the gas cost portion of the Firm D-2 charge for Rate Schedule Electric Generation Service – Large Volume (EGS-LV) Firm be set at \$16.541730 per Mcf; 3) the Limited Firm D-2 charge for Rate Schedule EGS-LV, and the D-2 charge for Rate Schedule Firm Electric Service (FES), be set at \$8.235828 per Mcf; 4) the monthly BGSS non-commodity 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) would be set at \$0.167519 per therm; 5) the Rider "I" BSC-LV charges for Opt-Out be set at \$0.002279 per therm and Non Opt-Out be set at \$0.074807 per therm; and 6) the Rider "J" BSC-GS charge be set at \$0.074807 per therm.

By Order dated May 5, 2021, Petitioner the Board of Public Utilities ("Board" authorized the Petitioner to recover, through its Periodic BGSS rate over a two-year period, \$24,246,132 of gas supply and related costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation ("Antero"), one of the Company's gas suppliers. Further, the Board approved, on a final basis, the Periodic BGSS rate of \$0.275910 per therm, consisting of fifty percent (50%), or \$12,123,066, recovery of Antero costs within the 2020-21 BGSS/CIP Year, and ordered the remaining fifty percent (50%), or \$12,123,066, to be recovered in the 2021-22 BGSS/CIP Year. The Order further approved an amortization of the Antero costs that would result in the full recovery of these costs by September 30, 2022. These proposed changes increased annual BGSS recoveries of \$63.4 million, including taxes.

The Petition also sought Board approval to implement per therm CIP rates effective October 1, 2021. In sum, the proposed changes results in a decrease in annual CIP recoveries of \$16.3 million, including taxes. Pursuant to the Board's May 21 Order, a Variable Margin Revenue Test was established under which recoverable non-weather CIP amounts must not exceed 6.5% of aggregate variable margin revenues for the twelve-month period which ended on June 30, 2021. Pursuant to the Board's April 7, 2021, Order in BPU Docket Nos. QO19010040 and GO20090618, the recoverable non-weather CIP amounts shall not exceed 4.0% of the aggregate variable margin revenues under the Variable Margin Revenue Test for the period July

1, 2021 through June 30, 2022. The petition sets forth the CIP performance consistent with the prior Board Orders. The stipulation of settlement which is attached hereto sets forth a customer's new proposed rates compared to present rates.

Following public notice published in newspapers of general circulation within South Jersey's service territory, two (2) telephonic public hearings were held on August 12, 2021, at 4:30 PM and 5:30 PM.⁶ No members of the public attended via telephone to express their views on this filing. By Order dated November 17, 2021, the Board approved changes in the Company's Periodic BGSS, Monthly BGSS, BSC, and CIP rates on a provisional basis ("Provisional Order"). These changes, reflected in attached stipulation of settlement executed by the Parties, became effective on a provisional basis, subject to refund, for service rendered on or after December 1, 2021. The Periodic BGSS, Monthly BGSS, and BSC rates approved by the Provisional Order were as follows:

- i. A per therm Periodic BGSS rate of \$0.423086;
- ii. The gas cost portion of the D-2 charge for Rate Schedule LVS of \$16.471655 per Mcf;
- iii. The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm of \$16.541730 per Mcf;
- iv. The Limited Firm D-2 for Rate Schedule EGS-LV and the Firm D-2 charge for Rate Schedule FES, respectively, of \$8.235828 per Mcf;
- v. The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV, and NGV of \$0.160178 per therm; The Rider "I" Balancing Service Clause – Large Volume ("BSC-LV") charges for Opt-Out of \$0.002279 per therm, and Non-Opt-Out of \$0.074807 per therm; and
- vi. The Rider "J" Balancing Service Clause – General Service ("BSC-GS") charge of \$0.074807 per therm. 20.

The CIP rates approved by the Provisional Order were as follows:

- I. a credit rate of \$0.006676 for RSG non-heating customers;
- II. a charge of \$0.009715 for RSG heating customers;
- III. a charge of \$0.025336 for GSG customers; and
- IV. a charge of \$0.015953 for GSG

LV customers. Consistent with the requirements in the January 2003 BGSS Order, on November 18, 2021, South Jersey submitted a notice of intent to self-implement a Periodic BGSS rate adjustment based upon a 5% increase of the monthly bill of a typical residential customer using 100 therms, effective December 1, 2021 ("Notice"). The Notice was made to Staff and Rate Counsel pursuant to the terms of the January 2003 BGSS Order and the November 17th Orders. The 5% self-implementing increase, effective December 1, 2021, resulted in a Periodic BGSS rate. As a result, a typical residential customer using 100 therms on a monthly basis would see an increase of \$7.95, or 5.0%.¹

Subsequently, the parties met and agreed to a provisional settlement. On September 23, 2016, a Board Order issued that approved, on a provisional basis, the Company's proposed BGSS and CIP rates. The provisional rates increased the BGSS rate to approximately 5%. Other rate schedule changes were also approved by the Board¹. The CIP rates were also changed, provisionally, as set forth in the attached stipulation.

On December 2, 2021, the matter was transmitted to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to 13. A telephone prehearing conference was held on December 21, 2021 and a procedural schedule was established. Evidentiary hearings were scheduled for April 11, 12, 2022 but adjourned because the parties negotiating a settlement. A Stipulation of Settlement was filed on June 21, 2022.

I have reviewed the record and terms of the Stipulation of Settlement and **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and is hereby concluded.

¹In re 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, Order dated November 17, 2021 ("November 17th Order"). 8
In re 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, Order dated January 6, 2003 ("January 2003 BGSS Order"). 9 of \$0.502550 per therm.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

June 24, 2022



DATE

IRENE JONES, ALJ

Date Received at Agency:

June 24, 2022

Date Mailed to Parties:

June 24, 2022

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

IN THE MATTER OF THE PETITION OF	:	BPU DOCKET NO. GR21060881
SOUTH JERSEY GAS COMPANY TO	:	OAL DOCKET NO. PUC 09842- 21
REVISE THE LEVEL OF ITS BASIC GAS	:	
SUPPLY SERVICE (“BGSS”) CHARGE	:	STIPULATION
AND CONSERVATION INCENTIVE	:	FOR FINAL BGSS/CIP RATES
PROGRAM (“CIP”) CHARGE FOR THE	:	
YEAR ENDING SEPTEMBER 30, 2022	:	
	:	

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJI Utilities Inc., for Petitioner South Jersey Gas Company

Maura Caroselli, Esq., Managing Attorney, Gas and Clean Energy, for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin, Acting Attorney General** of the State of New Jersey)

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This Stipulation is intended to make final, as modified herein, the provisional Basic Gas Supply Service (“BGSS”), Balancing Service Clause (“BSC”), and Conservation Incentive Program (“CIP”) rates previously approved by the New Jersey Board of Public Utilities (“Board”) by Order dated November 17, 2021 in Docket No. GR21060881 (“Proceeding”). The parties to this Proceeding are South Jersey Gas Company (“South Jersey” or “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the New Jersey Board of Public Utilities (“Staff”) (collectively, “Parties”).

I. PROCEDURAL HISTORY

1. On June 1, 2021, South Jersey filed a petition, in Docket No. GR21060881, with the Board seeking authority to 1) increase the level of the Company's BGSS charge; 2) decrease the level of its BSC charge associated with its Rider "J" - General Service (BSC-GS); 3) decrease the level of its BSC charge associated with its Rider "I" - Large Volume (BSC-LV); and 4) decrease the level of its CIP charge for the period October 1, 2021 through September 30, 2022 ("2021-22 BGSS/CIP Year") ("Petition").

2. In the Petition, the Company proposed to increase the then-current level of its per therm Periodic BGSS charge of \$0.275910 to \$0.505572, an increase of \$0.229662 per therm, for the 2021-22 BGSS/CIP Year.¹ As compared to a current bill calculated based upon rates in effect as of July 1, 2021, the requested Periodic BGSS rate would result in a monthly increase of \$22.96, or 15.3%, for a residential heating customer using 100 therms of natural gas during a winter month.

3. The Company also proposed the following BGSS rates: 1) the gas cost portion of the Company's D-2 charge for Rate Schedule Large Volume Service (LVS) be set at \$16.471655 per Mcf; 2) the gas cost portion of the Firm D-2 charge for Rate Schedule Electric Generation Service - Large Volume (EGS-LV) Firm be set at \$16.541730 per Mcf; 3) the Limited Firm D-2 charge for Rate Schedule EGS-LV, and the D-2 charge for Rate Schedule Firm Electric Service (FES), be set at \$8.235828 per Mcf; 4) the monthly BGSS non-commodity 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) be set at \$0.167519 per therm; 5) the Rider "I" BSC-LV charges for Opt-Out be set at \$0.002279 per therm and Non-

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

Opt-Out be set at \$0.074807 per therm; and 6) the Rider “J” BSC-GS charge be set at \$0.074807 per therm.

4. By Order dated May 5, 2021, South Jersey was authorized to recover, through its Periodic BGSS rate over a two-year period, \$24,246,132 of gas supply and related costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation (“Antero”), one of the Company’s gas suppliers.² The Board approved, on a final basis, the Periodic BGSS rate of \$0.275910 per therm, consisting of fifty percent (50%), or \$12,123,066, recovery of Antero costs within the 2020-21 BGSS/CIP Year, and ordered the remaining fifty percent (50%), or \$12,123,066, to be recovered in the 2021-22 BGSS/CIP Year. As such, the Board, via the May 5 Order, approved an amortization of the Antero costs that would result in the full recovery of these costs by September 30, 2022.

5. These proposed changes translate to an increase in annual BGSS recoveries of \$63.4 million, including taxes.

6. The Petition also sought Board approval to implement per therm CIP rates effective October 1, 2021 including the following:

- A credit rate of \$0.006676 for Group I Residential Non-Heat customers;
- A rate of \$0.009715 for Group II Residential Heat customers;
- A rate of \$0.025336 for Group III GSG customers; and
- A rate of \$0.015953 for Group IV GSG-LV customers.

7. As compared to a current bill calculated based upon rates in effect as of July 1, 2021, the requested CIP rates would result in a monthly decrease of \$5.86, or 3.9% for a residential

² In re 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, 2021, BPU Docket No. GR20060383, Order dated May 5, 2021 (“May 5 Order”).

heating customer using 100 therms of natural gas during a winter month. The proposed bill impact on a residential non-heating customer using 15 therms of natural gas during a month is an increase of \$1.66, or 5.8%. The proposed bill impact on a GSG customer using 500 therms of natural gas during a month is a decrease of \$1.74, or 0.3%. The proposed bill impact on a GSG-LV customer using 15,646 therms of natural gas in a month is a decrease of \$238.89, or 1.4%.

8. These proposed changes translate to a decrease in annual CIP recoveries of \$16.3 million, including taxes.

9. To promote conservation, the CIP was devised as an incentive-based program in which South Jersey is required to limit the recovery of non-weather-related margin revenue loss to the level of BGSS cost reductions South Jersey is able to achieve. Because of these BGSS savings, customer bills will not increase as a result of the Company's recovery of such non-weather-related margin revenue losses through the CIP mechanism.

10. Pursuant to the Board's October 12, 2006 and January 21, 2010 Orders, any non-weather-related CIP surcharges must be offset by reductions in BGSS costs.³ In addition, 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.⁴

³ In re the Matter of Petition of South Jersey Gas Company for Authority to Implement a Conservation and Usage Adjustment, BPU Docket No. GR05121019, Orders dated October 12, 2006 and January 21, 2010.

⁴ In re the Matter of Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order dated May 21, 2014 ("May 21 Order").

11. Also pursuant to the Board's May 21 Order, a Variable Margin Revenue Test was established under which recoverable non-weather CIP amounts must not exceed 6.5% of aggregate variable margin revenues for the twelve-month period which ended on June 30, 2021. Pursuant to the Board's April 7, 2021 Order in BPU Docket Nos. QO19010040 and GO20090618, the recoverable non-weather CIP amounts shall not exceed 4.0% of the aggregate variable margin revenues under the Variable Margin Revenue Test for the period July 1, 2021 through June 30, 2022.⁵

12. In computing the non-weather CIP value, the margin impact of weather is first to be deducted from the total CIP charge or credit. As noted above, the non-weather-related CIP component shall be subject to a dual eligibility test comprised of the Modified BGSS Savings Test and the Variable Margin Revenue Test. 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.

13. South Jersey provided that its non-weather-related margin excess is \$10.1 million. This amount was determined by subtracting the weather-related deficiency component of \$18.1 million from the total CIP deficiency of \$7.9 million. In its Petition, South Jersey seeks to credit \$10.1 million of non-weather-related margin through the CIP in the 2021-22 BGSS/CIP Year.

14. South Jersey indicated that its permanent BGSS savings realized from the permanent capacity releases or contract terminations (Category One of the Modified BGSS Savings Test) total \$5.3 million. 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 \$1.9

⁵ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and GO20090618, Order dated April 7, 2021.

million. BGSS savings realized from avoided capacity costs to meet residential customer growth (Category Three of the Modified BGSS Savings Test) total \$0.2 million. Using these values, the total BGSS savings for the 2021-22 BGSS/CIP Year is \$7.4 million. Since the non-weather-related CIP amount is a credit to customers, the Modified BGSS Savings Test and the Variable Margin Revenue Test are not applicable.

15. 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 (“ROE Test”). Under this provision, the CIP may not contribute toward earnings in excess of a 9.60% ROE. After recovery of the CIP margin revenues, South Jersey anticipated its ROE for the period October 1, 2020 through September 30, 2021 to be 8.35%. As a result, the ROE Test will not act as a limitation on South Jersey’s recovery through the CIP for the forthcoming 2021-22 BGSS/CIP Year. This projected ROE is calculated on Exhibit A to the Petition.

16. The charts below demonstrate the impact of the proposed BGSS and CIP rate changes on a residential heating customer using 100 therms of natural gas in a month and 1,000 therms annually, as compared to a bill calculated based on rates in effect on July 1, 2021.

100 Monthly Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$150.04	\$173.00	\$22.96	15.3%
Rider “J” BSC	\$150.04	\$148.65	(\$1.39)	(0.9)%
CIP	\$150.04	\$144.18	(\$5.86)	(3.9)%
Combined	\$150.04	\$165.75	\$15.71	10.5%

1,000 Annual Therms	Current Bill	Proposed Bill	Change (\$)	Change (%)
BGSS	\$1,521.40	\$1,751.06	\$229.66	15.1%
Rider "J" BSC	\$1,521.40	\$1,507.52	(\$13.88)	(0.9)%
CIP	\$1,521.40	\$1,462.78	(\$58.62)	(3.9)%
Combined	\$1,521.40	\$1,678.57	\$157.17	10.3%

17. Following public notice published in newspapers of general circulation within South Jersey's service territory, two (2) telephonic public hearings for this Petition were held on August 12, 2021 at 4:30 PM and 5:30 PM.⁶ No members of the public attended via telephone to express their views on this filing, and no members of the public provided written comments to the Board.

18. By Order dated November 17, 2021, the Board approved changes in the Company's Periodic BGSS, Monthly BGSS, BSC, and CIP rates on a provisional basis ("Provisional Order"). These changes, reflected in a stipulation executed by the Parties, became effective on a provisional basis, subject to refund, for service rendered on or after December 1, 2021.

19. The Periodic BGSS, Monthly BGSS, and BSC rates approved by the Provisional Order were as follows:

- i. A per therm Periodic BGSS rate of \$0.423086;
- ii. The gas cost portion of the D-2 charge for Rate Schedule LVS of \$16.471655 per Mcf;
- iii. The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm of \$16.541730 per Mcf;
- iv. The Limited Firm D-2 for Rate Schedule EGS-LV and the Firm D-2 charge for Rate Schedule FES, respectively, of \$8.235828 per Mcf;
- v. The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV, and NGV of \$0.160178 per therm;

⁶ Telephonic public hearings were held due to the Covid-19 Pandemic.

- vi. The Rider “I” Balancing Service Clause – Large Volume (“BSC-LV”) charges for Opt-Out of \$0.002279 per therm, and Non-Opt-Out of \$0.074807 per therm; and
- vii. The Rider “J” Balancing Service Clause – General Service (“BSC-GS”) charge of \$0.074807 per therm.

20. The CIP rates approved by the Provisional Order were as follows:

- i. a credit rate of \$0.006676 for RSG non-heating customers;
- ii. a charge of \$0.009715 for RSG heating customers;
- iii. a charge of \$0.025336 for GSG customers; and
- iv. a charge of \$0.015953 for GSG - LV customers.

21. In a separate Order dated November 17, 2021,⁷ the Board granted the four (4) New Jersey Gas Distribution Utilities’ (“GDCs”) request for a waiver of a timing requirement and authorized the GDCs to provide notice of self-implementing 5% rate increases, effective December 1, 2021, as permitted under the Board’s January 2003 BGSS Order.⁸ As such, the Board Ordered that any notice of a December 1, 2021 self-implementing rate increase be filed with Staff and Rate Counsel by no later than November 19, 2021.

22. Consistent with the requirements in the January 2003 BGSS Order, on November 18, 2021, South Jersey submitted a notice of intent to self-implement a Periodic BGSS rate adjustment based upon a 5% increase of the monthly bill of a typical residential customer using 100 therms, effective December 1, 2021 (“Notice”). The Notice was made to Staff and Rate Counsel pursuant to the terms of the January 2003 BGSS Order and the November 17th Orders. The 5% self-implementing increase, effective December 1, 2021, resulted in a Periodic BGSS rate

⁷ In re 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, Order dated November 17, 2021 (“November 17th Order”).

⁸ In re 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, Order dated January 6, 2003 (“January 2003 BGSS Order”).

of \$0.502550 per therm. As a result, a typical residential customer using 100 therms on a monthly basis would see an increase of \$7.95, or 5.0%.

23. As of the date of this Stipulation for Final BGSS, BSC and CIP Rates, all discovery that has been propounded upon the Company related to this Proceeding has been answered. The Parties have discussed the matters at issue in this Proceeding resulting in the agreement reflected in this Stipulation.

II. STIPULATED TERMS

Based upon the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** as follows:

24. The provisional BSC and CIP rates previously approved by the Board are prudent and reasonable and should be made final. The Periodic BGSS rates implemented pursuant to the Notice are also prudent and reasonable and should be made final.

25. South Jersey previously released the interstate pipeline capacity identified below for the remainder of the contract term to South Jersey Resources Group, LLC ("SJRG"):

Pipeline	Quantity (Dekatherms)
Columbia Gas Transmission, LLC	16,468
Transcontinental Gas Pipe Line Co.	20,000

On the first of the month following the effective date of a Board order approving this Stipulation, this capacity will be released back to South Jersey for the remainder of the contract terms. South Jersey will then temporarily release the capacity back to SJRG until April 1, 2025. The parties reserve their rights to examine any subsequent transactions regarding this capacity in the Company's future BGSS filings.

26. The Company shall file all the Minimum Filing Requirements (“MFRs”), attached hereto as Exhibit C, with all future BGSS filings and 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. Reports filed during the months of July through September shall be submitted for the BGSS proceeding filed in June of that year and the BGSS proceeding for the prior year.

27. Consistent with the Board’s November 17th Order in this Proceeding, the Company will be permitted to recover the costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation over the period ending September 30, 2024.

28. This Stipulation shall become effective as of the effective date of a Board order approving this Stipulation in accordance with N.J.S.A. 48:2-40 or upon such date thereafter as the Board may specify.

29. This Stipulation provides a full resolution of the Proceeding.

III. MISCELLANEOUS

30. This Stipulation fully disposes of all issues in controversy in this Proceeding, is consistent with law and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event that any provision of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed

with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that the Board, in any applicable order, does not adopt this Stipulation in its entirety, 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.

31. This Stipulation shall be binding on the Parties for all purposes herein.

32. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties 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. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving, rejecting, or modifying this Stipulation shall 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.

33. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

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:

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6/21/22

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By:

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Managing Attorney, Gas and Clean Energy

GR21060881

Dated: June 21, 2022

SOUTH JERSEY GAS COMPANY
S-SCHART-1
BGSS NYMEX Update Report
As of May 6, 2022

Exhibit A

Month	a	b	c = b - a		d	e	f = d - e	g = c x f
	BGSS 10/21/2021	NYMEX 5/6/2022	Incr/ (Decr)	% Chg	Sales forecast (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-20	\$ 2.101	\$ 2.101	\$ -		1,152,302	640,000	512,302	\$0
Nov-20	\$ 2.996	\$ 2.996	\$ -		2,712,580	1,375,926	1,336,654	\$0
Dec-20	\$ 2.896	\$ 2.896	\$ -		4,663,012	2,824,926	1,838,086	\$0
Jan-21	\$ 2.467	\$ 2.467	\$ -		5,844,362	4,158,818	1,685,544	\$0
Feb-21	\$ 2.760	\$ 2.760	\$ -		4,852,324	3,405,575	1,446,749	\$0
Mar-21	\$ 2.854	\$ 2.854	\$ -		3,801,809	1,800,561	2,001,248	\$0
Apr-21	\$ 2.586	\$ 2.586	\$ -		1,909,784	1,030,000	879,784	\$0
May-21	\$ 2.925	\$ 2.925	\$ -		933,587	450,000	483,587	\$0
Jun-21	\$ 2.984	\$ 2.984	\$ -		600,996	450,000	150,996	\$0
Jul-21	\$ 3.617	\$ 3.617	\$ -		631,841	450,000	181,841	\$0
Aug-21	\$ 4.044	\$ 4.044	\$ -		630,723	450,000	180,723	\$0
Sep-21	\$ 4.370	\$ 4.370	\$ -		631,184	450,000	181,184	\$0
Avg Total \$	\$ 3.050	\$ 3.050	\$ -	0.0%	28,364,503	17,485,806	10,878,697	\$0
Oct-21	\$ 5.841	\$ 5.841	\$ -		1,318,330	850,000	468,330	\$0
Nov-21	\$ 5.115	\$ 6.202	\$ 1.087		2,813,895	1,464,868	1,349,027	\$1,466,392
Dec-21	\$ 5.346	\$ 5.447	\$ 0.101		4,966,217	2,643,922	2,322,295	\$234,552
Jan-22	\$ 5.461	\$ 4.024	\$ (1.437)		6,248,270	3,500,949	2,747,321	(\$3,947,900)
Feb-22	\$ 5.375	\$ 6.265	\$ 0.890		5,336,109	3,665,745	1,670,364	\$1,486,624
Mar-22	\$ 5.095	\$ 4.568	\$ (0.527)		4,053,727	2,043,068	2,010,659	(\$1,059,617)
Apr-22	\$ 4.027	\$ 5.336	\$ 1.309		2,060,879	880,000	1,180,879	\$1,545,771
May-22	\$ 3.926	\$ 7.267	\$ 3.341		1,034,850	650,000	384,850	\$1,285,784
Jun-22	\$ 3.963	\$ 8.043	\$ 4.080		653,383	620,000	33,383	\$136,203
Jul-22	\$ 4.004	\$ 8.128	\$ 4.124		654,216	540,000	114,216	\$471,027
Aug-22	\$ 4.008	\$ 8.110	\$ 4.102		655,023	530,000	125,023	\$512,844
Sep-22	\$ 3.990	\$ 8.068	\$ 4.078		693,844	650,000	43,844	\$178,796
Avg Total \$	\$ 4.679	\$ 6.442	\$ 1.762	37.7%	30,488,743	18,038,552	12,450,191	\$2,310,475

Footnotes:

a : Nymex rate used for Notice of Intent to self-implement a Periodic BGSS rate adjustment based on 5% increase in monthly residential customer using 100 therms effective December 1, 2021. Notice of Intent was filed November 18, 2021 - Petition GR21060881

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used (see footnote a)

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

	Actual Oct-21	Actual Nov-21	Actual Dec-21	Actual Jan-22	Actual Feb-22	Actual Mar-22	Actual Apr-22	Projected May-22	Projected Jun-22	Projected Jul-22	Projected Aug-22	Projected Sep-22	Total
1 NYMEX - 10/21/21 - Included in BGSS Notice of Intent *	\$5,841	\$5,115	\$5,346	\$5,461	\$5,375	\$5,095	\$4,027	\$3,926	\$3,963	\$4,004	\$4,008	\$3,990	
2 NYMEX - Actual Settlement	\$5,841	\$6,202	\$5,447	\$4,024	\$6,265	\$4,568	\$5,336	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	
3 Breakdown of Gross Cost of Gas Per Therm:													
4 Flowing Gas Cost	0.1895	0.7008	0.3741	0.4329	0.2554	0.2160	0.3906	0.2875	0.2925	0.4286	0.5260	0.4702	0.3580
5 Gas Withdrawn From Storage Cost	0.0104	0.1221	0.1091	0.1364	0.1018	0.1265	0.0320	0.0075	0.0086	0.0117	0.0169	0.0054	0.0908
6 Hedged Volumes Delivered Cost	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
7 Pipeline Demand Cost	0.9907	0.3266	0.2034	0.1247	0.1102	0.1904	0.2329	0.4583	0.7265	0.8981	1.1165	0.9154	0.2824
8 Storage Demand Cost	0.0023	0.0017	0.0015	0.0015	0.0012	0.0014	0.0022	0.0044	0.0060	0.0064	0.0080	0.0054	0.0022
9 Peaking Cost	0.0031	0.0030	0.0038	0.0114	0.0024	0.0018	0.0008	0.0036	0.0059	0.0070	0.0093	0.0075	0.0046
10 Weighted Average Fuel Cost	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 Variable Pipeline Cost	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
12 Other Costs	0.0212	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0005
13 Total Gross Cost of Gas Per Therm	\$1,217.2	\$1,154.1	\$0,692.0	\$0,707.0	\$0,471.1	\$0,536.1	\$0,658.5	\$0,761.3	\$1,039.4	\$1,351.8	\$1,676.8	\$1,404.0	\$0,738.4
14													
15	Actual	Actual	Actual	Actual	Actual	Weighted							
16	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Average
17													
18 NYMEX - Actual Settlement	\$2,101	\$2,996	\$2,896	\$2,467	\$2,760	\$2,854	\$2,586	\$2,925	\$2,984	\$3,617	\$4,044	\$4,370	
19 Breakdown of Gross Cost of Gas Per Therm:													
20 Flowing Gas Cost	0.4002	0.2701	0.2992	0.2219	0.2728	0.1154	0.1717	0.2124	0.2762	0.2388	0.2618	0.2598	0.2264
21 Gas Withdrawn From Storage Cost	0.0134	0.0551	0.0704	0.0668	0.0702	0.0477	0.0156	0.0078	0.0034	0.0080	0.0297	0.0130	0.0492
22 Hedged Volumes Delivered Cost	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
23 Pipeline Demand Cost	1.0581	0.3658	0.1848	0.1220	0.1361	0.1527	0.2303	0.4742	0.8211	0.9557	1.0888	0.9964	0.2821
24 Storage Demand Cost	0.0031	0.0018	0.0020	0.0015	0.0016	0.0011	0.0023	0.0045	0.0064	0.0071	0.0074	0.0066	0.0023
25 Peaking Cost	0.0072	0.0028	0.0057	0.0006	0.0141	0.0017	0.0009	0.0035	0.0066	0.0078	0.0093	0.0077	0.0051
26 Weighted Average Fuel Cost	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
27 Variable Pipeline Cost	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
28 Other Costs	0.0000	(0.0022)	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0628	0.0000	0.0000	0.0413	0.0026
29 Total Gross Cost of Gas Per Therm	\$1,482.1	\$0,693.4	\$0,562.1	\$0,412.8	\$0,494.8	\$0,318.6	\$0,420.8	\$0,702.4	\$1,176.5	\$1,217.4	\$1,397.1	\$1,324.7	\$0,567.8

Footnotes:

* Nymex rate used for Notice of Intent to self-implement a Periodic BGSS rate adjustment based on 5% increase in monthly residential customer using 100 therms effective December 1, 2021. Notice of Intent was filed November 18, 2021 - Petition GR21060881

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

	Actual Oct-21	Actual Nov-21	Actual Dec-21	Actual Jan-22	Actual Feb-22	Actual Mar-22	Actual Apr-22	Projected May-22	Projected Jun-22	Projected Jul-22	Projected Aug-22	Projected Sep-22	Total
Credits, Refunds, & Recoveries Per Therm:													
1 Asset Management Credits													
2 Off-system sales	(\$0.1176)	(\$0.2132)	(\$0.1220)	(\$0.0705)	(\$0.0633)	(\$0.0788)	(\$0.0570)	(\$0.0519)	(\$0.0832)	(\$0.0997)	(\$0.1264)	(\$0.1048)	(\$0.0885)
3 Capacity release	(\$0.0202)	(\$0.0239)	(\$0.0222)	(\$0.0212)	(\$0.0182)	(\$0.0094)	(\$0.0107)	(\$0.0404)	(\$0.0633)	(\$0.0775)	(\$0.0983)	(\$0.0792)	(\$0.0247)
4 On System Credits to BGSS-P Customers	(\$0.0039)	(\$0.0040)	(\$0.0010)	(\$0.0012)	(\$0.0015)	(\$0.0003)	(\$0.0039)	(\$0.0015)	(\$0.0020)	(\$0.0023)	(\$0.0038)	(\$0.0029)	(\$0.0018)
5 Supplier Refunds	(\$0.0021)	(\$0.0073)	(\$0.0006)	\$0.0000	\$0.0000	\$0.0000	(\$0.1402)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	(\$0.0152)
6 Gas for Company Use	(\$0.0007)	(\$0.0003)	(\$0.0002)	(\$0.0002)	(\$0.0002)	(\$0.0004)	(\$0.0006)	(\$0.0007)	(\$0.0012)	(\$0.0018)	(\$0.0022)	(\$0.0015)	(\$0.0005)
7 Line Loss	\$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
8 Transfer to Non BGSS-P Customers	(\$0.2519)	(\$0.1671)	(\$0.1917)	(\$0.1521)	(\$0.1484)	(\$0.1741)	(\$0.1833)	(\$0.1971)	(\$0.2400)	(\$0.3190)	(\$0.3402)	(\$0.3221)	(\$0.1831)
9 Other	\$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
10 Total Credits, Refunds, & Recoveries Per Therm	(\$0.3964)	(\$0.4158)	(\$0.3376)	(\$0.2451)	(\$0.2315)	(\$0.2631)	(\$0.3957)	(\$0.2916)	(\$0.3897)	(\$0.5003)	(\$0.5710)	(\$0.5105)	(\$0.3137)
11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Line 10)	\$0.8208	\$0.7384	\$0.3543	\$0.4619	\$0.2396	\$0.2729	\$0.2628	\$0.4698	\$0.6497	\$0.8515	\$1.1057	\$0.8935	\$0.4248

	Actual Oct-20	Actual Nov-20	Actual Dec-20	Actual Jan-21	Actual Feb-21	Actual Mar-21	Actual Apr-21	Actual May-21	Actual Jun-21	Actual Jul-21	Actual Aug-21	Actual Sep-21	Weighted Average
Credits, Refunds, & Recoveries:													
1 Asset Management Credits													
2 Off-system sales	(\$0.1350)	(\$0.1984)	(\$0.1045)	(\$0.0601)	(\$0.0538)	(\$0.0590)	(\$0.0204)	(\$0.0558)	(\$0.1088)	(\$0.1271)	(\$0.1613)	(\$0.1298)	(\$0.0763)
3 Capacity release	(\$0.0144)	(\$0.0152)	(\$0.0093)	(\$0.0075)	(\$0.0093)	(\$0.0054)	(\$0.0048)	(\$0.0105)	(\$0.0174)	(\$0.0239)	(\$0.0234)	(\$0.0234)	(\$0.0096)
4 On System Credits to BGSS-P Customers	(\$0.0036)	(\$0.0017)	(\$0.0009)	(\$0.0006)	(\$0.0009)	(\$0.0008)	(\$0.0010)	(\$0.0026)	(\$0.0026)	(\$0.0028)	(\$0.0036)	(\$0.0030)	(\$0.0012)
5 Supplier Refunds	(\$0.0005)	\$0.0000	(\$0.0002)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	(\$0.0000)	(\$0.0003)	(\$0.0000)	\$0.0000	(\$0.0000)
6 Gas for Company Use	(\$0.0009)	(\$0.0004)	(\$0.0002)	(\$0.0002)	(\$0.0002)	(\$0.0002)	(\$0.0002)	(\$0.0004)	(\$0.0007)	(\$0.0007)	(\$0.0009)	(\$0.0009)	(\$0.0003)
7 Line Loss	\$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
8 Transfer to Non BGSS-P Customers	(\$0.2810)	(\$0.1677)	(\$0.1528)	(\$0.1463)	(\$0.1475)	(\$0.1493)	(\$0.1636)	(\$0.1891)	(\$0.2667)	(\$0.2888)	(\$0.3897)	(\$0.2787)	(\$0.1712)
9 Other	\$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
10 Total Credits, Refunds, & Recoveries	(\$0.4353)	(\$0.3833)	(\$0.2680)	(\$0.2147)	(\$0.2117)	(\$0.2147)	(\$0.1901)	(\$0.2584)	(\$0.3961)	(\$0.4437)	(\$0.5796)	(\$0.3358)	(\$0.2587)
11 Total Net Cost Per Therm (Page 1 Line 29 less Page 2 Line 11)	\$1.0467	\$0.3101	\$0.2941	\$0.1980	\$0.2832	\$0.1039	\$0.2307	\$0.4440	\$0.7803	\$0.7738	\$0.8176	\$0.8889	\$0.3091

South Jersey Gas Company
2021/22 BGSS Filing
MINIMUM FILING REQUIREMENT (MFR) INDEX

Minimum Filing Requirement	Schedule(s)
<p>1. Motion, Supporting Testimony & Tariff Modifications In support of its filing, a GDC should provide supporting testimony which addresses any material events or major factors affecting either the prior period's deferred gas balance or its forecasted BGSS rate. In addition to the associated motion, redlined tariff sheets should be provided for all proposed tariff changes.</p>	<p>Exhibit D - Testimony of Karen J. Crispin Exhibit E - Testimony of Maria C. Mendoza Schedule KJC-17</p>
<p>2. Computation of Proposed BGSS Rates A summary schedule should show all of the forecasted BGSS cost components and applicable credits which comprise the basis for the proposed BGSS rates that are to become effective October 1st. The cost components and applicable credits should be provided with all material amounts broken out separately. A plain English explanation in narrative form regarding this summary schedule should be provided.</p>	<p>Schedule KJC-1, KJC-3, KJC-6 Exhibit D - Testimony of Karen J. Crispin Schedule MCM-12 Exhibit E - Testimony of Maria C. Mendoza</p>
<p>3. Public Notice with Proposed Impact on Bills A copy of the Company's Public Notice should be provided with details concerning the impact of the proposed BGSS rates on typical gas bills at various winter therm utilization levels.</p>	<p>Attached as Exhibit B to the Petition</p>
<p>4. Actual and Forecasted Refund Amounts Schedules should be provided which show actual and estimated supplier refund amounts for the reconciliation period as well as the estimated supplier refunds for the projected period beginning October 1st. The schedule should identify the supplier refunds by month and should provide associated information on the applicable FERC docket involved. A plain English explanation in narrative form should be provided.</p>	<p>Schedule MCM-8 Exhibit E - Testimony of Maria C. Mendoza</p>
<p>5. Cost of Gas Sendout by Component Monthly data showing the derivation of all cost components shown on the BGSS Computation Schedule should be provided for the reconciliation and projected periods. The monthly data should also provide detail on applicable volumes by customer classification.</p>	<p>Schedule KJC-1, KJC-2, KJC-4, KJC-5, KJC-7, KJC-8, KJC-11, KJC-13, KJC-15 Schedule MCM-2, MCM-3</p>
<p>6. BGSS Contribution and Credit Offsets Monthly data showing the derivation of all BGSS cost offsets, including interruptible margins, capacity transactions, pipeline refunds and other credits should be provided for the reconciliation and projected periods. Any applicable FERC Orders will be included. All calculations showing how such offsets were determined should be included. A plain English explanation in narrative form should be provided regarding the BGSS contribution and Credit Offsets. In addition, the Company shall document through testimony for any non-bid releases and/or affiliate contracts, the decision-making process that the Company went through in each case to arrive at its determination to release capacity on a non-biddable basis or enter into any affiliate contract. Such testimony shall include documentation showing the impact that the non-biddable capacity release or affiliate contract was projected to have on total BGSS costs at the time the Company committed to the transaction. In addition, for each non-biddable capacity release, the Company shall determine whether the transaction could have been structured as an off-system sale, and, if so demonstrate that prior to releasing the capacity, the Company compared the benefit to Periodic BGSS customers of making the capacity release compared to the benefit that could have been achieved by structuring the transaction as an off-system sale and the Company shall provide documentation supporting this comparison in its filing.</p>	<p>Schedule KJC-9, KJC-12 Schedule MCM-8 Exhibit E - Testimony of Maria C. Mendoza</p>
<p>7. Over/Under Recovery Comparisons Schedules should be provided which show the derivation of the monthly over or under recoveries plus cumulative balances for the reconciliation and projected period. For the reconciliation period, a schedule should also show the calculation of the monthly actual or estimated accrued interest. These schedules should include prospective data shown for the projected period based on the prevailing BGSS rate and, alternatively, based on the requested BGSS rate.</p>	<p>Schedule KJC-3, KJC-10, KJC-14</p>
<p>8. Wholesales Gas Pricing Assumptions The GDC should provide schedules which detail the monthly gas prices for the reconciliation and projected periods. The schedules should show the prices utilized in developing the existing BGSS rate and those utilized for projecting the proposed BGSS rate. To the degree third party price indexes or forecasts are the basis for such gas prices, associated documentation should also be provided. A plain English explanation in narrative form regarding these schedules should be provided.</p>	<p>Schedule MCM-2, MCM-5 (Confidential), MCM-14 Exhibit E - Testimony of Maria C. Mendoza</p>

South Jersey Gas Company
2021/22 BGSS Filing
MINIMUM FILING REQUIREMENT (MFR) INDEX

Minimum Filing Requirement	Schedule(s)
<p>9. Gas Cost Underrecovery Adjustment ("GCUA") Recoveries and Balances</p> <p>Schedules should be provided that show monthly data for the GCUA since its inception. The data should provide the unamortized balances, recoveries, and accrued interest by month with any associated workpapers.</p>	N/A
<p>10. Historical Service Interruptions</p> <p>A schedule should be provided which details any service interruptions during the past 12 months. The schedule should show the dates of the interruptions, the service categories affected, the number of customers affected and whether each interruption was operational or economic in nature.</p>	Schedule KJC-16
<p>11. Gas Price Hedging Activities</p> <p>The GDC should provide copies of its last four quarterly hedging reports as filed with the Board. It should also provide a schedule covering both the reconciliation and projected period which shows monthly gas purchases volume requirements and price hedged volumes broken down into discretionary and non-discretionary components which allow evaluation of compliance with the GDC's established hedging objectives. A plain English explanation in narrative form regarding these hedging activities should be provided. The Company shall include in all future its next annual BGSS filings testimony that reflects these goals/targets and how the Company managed to such goals/targets.</p>	Schedule MCM-5 (Confidential), MCM-9 Exhibit E - Testimony of Maria C. Mendoza
<p>12. Storage Gas Volumes, Prices and Utilization</p> <p>Schedules should be provided which show the GDC's monthly data for LNG, LPG, and pipeline storage volumes. The schedules should show volumes and dollars for balances, injections, and withdrawals with all data shown on a Decatherm basis.</p>	Schedule KJC-7, KJC-15 Schedule MCM-3
<p>13. Affiliate Gas Supply Transactions</p> <p>The GDC's filing should have disclosure of all gas supply and capacity transactions with any affiliates during the reconciliation or forecasted periods. The disclosure should provide the nature, terms, and conditions of any such transactions, the dates of the transactions, and evidence that the gas supply or capacity resources transactions were at market rates.</p>	Schedule MCM-10 (Confidential)
<p>14. Projected Supply and Demand Data with Design Peak Day</p> <p>Schedules should be provided that show the GDC's firm requirements and gas supplies by component on an annual, heating season and non-heating season basis. The data should be provided for the reconciliation period and the two prior and two prospective annual periods.</p>	Schedule MCM-1, MCM-4, MCM-6
<p>15. Actual Peak Day Supply and Demand</p> <p>The GDC should provide data for the five highest demand days for each of the last three years, showing date, temperature or heating degree day, firm and interruptible volumes and the sources of supply used to meet the associated volume requirement.</p>	Schedule MCM-7
<p>16. Capacity Contract Changes</p> <p>The GDC filing should provide details concerning any changes to its interstate pipeline contracts (entitlements, storage capacities, daily deliverability, transportation, or associated costs) which have been made or occurred during the past 24 months or are planned for the next 12 months. To the degree any significant changes have been made or are planned, a narrative should discuss operational and cost consequences as well as the rationale for the changes.</p>	Schedule MCM-13 Exhibit E - Testimony of Maria C. Mendoza
<p>17. FERC Pipeline Activities</p> <p>The GDC's filing should provide details on any pending FERC dockets which should affect the cost of services received from the GDC's supplying pipelines. The GDC should also provide details concerning its participation in such dockets and a listing of any filings or testimony made by the GDC or on its behalf.</p>	Schedule MCM-11
<p>18. Changes to Firm Transportation and Storage Contracts</p>	Schedule MCM-13