



Agenda Date: 9/7/22  
Agenda Item: IIA

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://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  
 ) OAL DOCKET NO. PUC 04318-22S

**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:

**BACKGROUND AND PROCEDURAL HISTORY**

On April 14, 2022, 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 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, seeking approval of an increase in its operating revenues of approximately \$73.1 million excluding Sales and Use Tax (“SUT”), to be effective for gas service provided on or after May 16, 2022 (“Petition”).<sup>1</sup>

According to the Petition, the primary driver of the proposed rate increase is to provide the Company a reasonable opportunity to earn a fair return on the investments made, so that it can continue to invest in the infrastructure necessary to provide safe and reliable service to its customers. Furthermore, SJG’s request for rate relief is also due to a need to recover greater depreciation expenses, as well as increases to the operations and maintenance (“O&M”) costs incurred by the Company since its prior base rate case.

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<sup>1</sup> 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.

In the Petition, the Company requested a return on equity of 10.75% and approval to implement new depreciation rates.

SJG also sought authority from the Board to do the following:

1. Increase rates and charges for natural gas service that would result from the proposed amendments to the Company's tariff;
2. Amortize previously deferred costs associated with the Company's Pension & OPEB regulatory asset over a three (3) year period;
3. Continue deferral treatment of Pipeline Integrity Management expenses going forward;
4. Continue to defer incremental pension and post-retirement healthcare expenses and amortize the costs associated with the deferral of the incremental pension and postretirement healthcare expenses from the prior rate case over three (3) years;
5. Make an adjustment to O&M expenses to recover the cost of ongoing Pension/OPEB costs that are currently being deferred;
6. Establish Regulatory Assets for: 1) costs related to Transportation Security Administration Directives; 2) Transmission Integrity Management Program costs; and 3) Rate Case Expenses; and
7. Update its tariff for certain modifications and revisions, including the implementation of the Uncollectible Adjustment Clause as a component of its Rider E – Societal Benefits Clause.

By Order dated May 18, 2022, the Board suspended the proposed rate increase until September 13, 2022, and on May 25, 2022, the Board transmitted the matter to the Office of Administrative Law ("OAL") as a contested case, assigned to Administrative Law Judge Jacob S. Gertsman ("ALJ Gertsman").

On July 14, 2022, ALJ Gertsman issued an order granting participant status to Public Service Electric and Gas Company and New Jersey Natural Gas Company.

On July 15, 2022, SJG updated its Petition to include nine (9) months of actual data and three (3) months of estimated data. The requested rate increase was modified to approximately \$73.3 million excluding SUT.

## **DECISION AND FINDINGS**

This matter will not be completed by September 13, 2022, and in order to allow the ALJ sufficient time to conduct the case, 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 January 13, 2023, 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 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

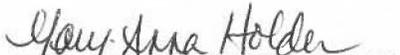
(3) SJG shall serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and where appropriate, the 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 September 13, 2022.

DATED: September 7, 2022

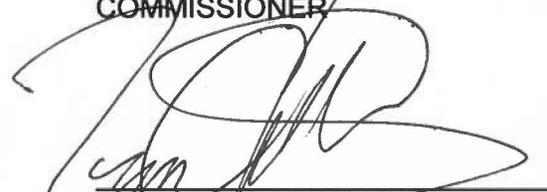
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BY:

  
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COMMISSIONER

  
\_\_\_\_\_  
DR. ZENON CHRISTODOULOU  
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 FOR APPROVAL OF INCREASED  
BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER  
TARIFF REVISIONS

BPU DOCKET NO. GR22040253  
OAL DOCKET NO. PUC 04318-22S

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