



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF PETITION OF)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO CHANGE)	APPROVING INITIAL
THE LEVEL OF ITS CONSERVATION)	DECISION AND
INCENTIVE PROGRAM CHARGE FOR THE)	STIPULATION
CIP YEAR ENDING SEPTEMBER 30, 2009)	FOR FINAL RATES
)	DOCKET NO. GR08050367

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

On May 30 2008, South Jersey Gas Company ("Company" or "SJG") filed its annual Conservation Incentive Program ("CIP") Charge filing seeking an increase in the CIP rate sufficient to yield a \$3.6 million increase in revenues to SJG. The requested increase, if approved, would have translated into an increase of approximately \$2.34 per month or 1.5% to the average residential heating customer using 100 therms per month and an increase of 8.7% per month for the average residential non-heating customer. The petition sought to (1) revise the level of SJG's CIP recovery rates for the CIP year October 1, 2008 through September 30, 2009, and (2) decrease SJG's Temperature Adjustment Clause ("TAC") rate from \$0.0242 per therm to \$0.0000 per therm. The proposed decrease in annual revenue from the TAC filing was approximately \$8 million, which, if approved, would have translated into a decrease of \$2.42 per month or 1.4 percent for the average residential heating customer using 100 therms per month.

The CIP was approved by the Board in Docket No. GR05120119 in Orders dated October 12 and December 12, 2006 ("CIP Order"). The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated into the Company's BGSS rates which are reviewed in a separate filing. The CIP surcharge is also subject to a return on equity ("ROE") cap. The Company reported total CIP related revenue of \$19.1 million, with \$5.8 million weather related and \$13.3 million non-weather related for the CIP period ending September 2008. A prior year carry-over of non-weather related CIP revenue amounted to an additional \$0.8 million resulting in total non-

weather related CIP revenue of \$14.1 million. Therefore, SJG's proposed reductions in capacity based BGSS costs totaled \$14.3 million.

After publication of notice in newspapers in general circulation within SJG's service territory, a public hearing in this matter was held on August 20, 2008 in Voorhees, New Jersey. No members of the public appeared at the hearing to provide comments related to the Company's request to revise its CIP rates or decrease its TAC rates.

By Order dated December 31, 2008, the Board approved, on a provisional basis, subject to refund with interest on any net over-recovery, the Company's implementation of the following after-tax per therm CIP rates: 1) a charge of \$0.2219 for Group I Residential Non-Heating Customers, 2) a charge of \$0.0707 for Group II Residential Heating Customers, 3) a charge of \$0.0684 for Group III General Service Customers, and 4) a charge of \$0.0062 for Group IV General Service Large Volume customers. These Board approved provisional CIP rates included non-weather related CIP charges of \$16,380,249. The Board also approved on a provisional basis, subject to refund with interest on any net over-recovery, the filed for decrease in the Company's after-tax per therm TAC rate to \$0.0000 and ordered that any residual TAC balance (over or under recovery) be rolled into the weather related component balance of the CIP clause.

The CIP rates reflected in the December 16, 2008, Stipulation resulted in a provisional increase of approximately \$2.64, or 1.6% per month, to the average residential heating customers using 100 therms of gas during a heating month. The overall impact to the average residential non-heating sales customers was an increase of 7.1%, to the average GSG sales customer was an increase of 1.9%, and to the average GSG-LV customer was an increase of 0.6%. The provisional increase in these factors resulted in the recovery of an additional \$4,924,181 over the 2007-2008 CIP recovery amounts.

This matter was transferred to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") W. Todd Miller for a full review.

Following a review by, and subsequent discussions among representatives of SJG, Rate Counsel, and Board Staff, the only parties to these proceedings (collectively, "the Parties") the Parties entered into the attached stipulation dated July 15, 2009 ("Stipulation"). The Parties have determined that it would be reasonable and in the public interest to make final the provisional rates previously approved by the Board in its Order dated December 31, 2008. The Parties have also agreed to work together in the next CIP proceeding to develop additional schedules to be included in future SJG CIP proceedings.

On July 15, 2009, ALJ Miller issued his Initial Decision approving the Stipulation finding that it meets the requirements of N.J.A.C. 1:1-19.1.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the attached Initial Decision and Stipulation in this proceeding, HEREBY FINDS that, subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with law. Accordingly, the Board HEREBY ADOPTS the Initial Decision and the Stipulation in their entirety and HEREBY INCORPORATES their terms and conditions, as if fully set forth herein.

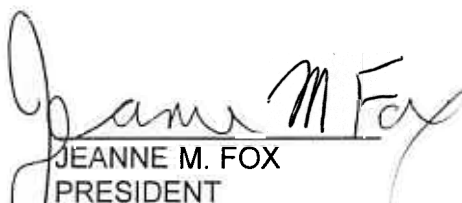
The Board HEREBY APPROVES on a final basis, the Company's implementation of the following after-tax per therm CIP factors: 1) a charge of \$0.2219 for Group I Residential Non-Heat Customers, 2) a charge of \$0.0707 for Group II Residential Heat Customers, 3) a charge of \$0.0684 for Group III General Service Customers, and 4) a charge of \$0.0062 for Group IV General Service Large Volume customers, all effective as of the date of this Order. The Board also approves as final, the Company's after-tax per therm TAC rate of \$0.0000.

The Board HEREBY DIRECTS the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order within seven (7) business days from the effective date of this Order.

The Company's gas costs will remain subject to audit by the Board. 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.

DATED: 8/19/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

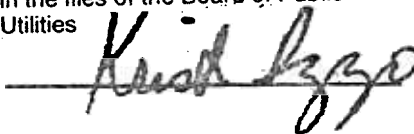

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
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 change the Level of its Conservation Incentive Program Charge
Docket No. GR08050367

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

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A copy of the administrative law judge's
decision is enclosed.

This decision was mailed to the
parties on JUL 20 2009.



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 12097-2008

AGENCY DKT. NO. GR08050367

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO CHANGE
THE LEVEL OF ITS CONSERVATION
INCENTIVE PROGRAM CHARGE**

Ira G. Megdal, Esq., for petitioner, South Jersey Gas Company (Cozen
O'Connor, attorneys)

Sarah H. Steindel and **Henry M. Ogden**, Assistant Deputy Public Advocates,
Stefanie A. Brand, Director, Department of the Public Advocate, Division
of Rate Counsel

Alex Moreau and **Kerri A. Kirschbaum**, Deputy Attorneys General, on behalf of
the Staff Public Utilities

Record Closed: July 15, 2009

Decided: July 15, 2009

BEFORE W. TODD MILLER, ALJ:

This matter was transmitted to the Office of Administrative Law on December 2, 2008, for determination as a contested case, pursuant to N.J.S.A. 52:14B-1 to -15 and N.J.S.A. 52:14F-1 to -13.

have reviewed the record and the terms of settlement and I **FIND**:


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

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

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.

7-15-09
DATE


W. TODD MILLER, ALJ

Date Received at Agency:

JUL 20 2009

Date Mailed to Parties:

JUL 20 2009



A PENNSYLVANIA PROFESSIONAL CORPORATION

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July 15, 2009

VIA E-MAIL AND FACSIMILE

Kristi Izzo, Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

RECEIVED
2009 JUL 15 P 2:01
OFFICE OF PUBLIC UTILITIES
NEWARK, NJ

- Re: In the Matter of the Petition of South Jersey Gas Company to Change the Level of Its Conservation Incentive Program Charge for the CIP Year Ending September 30, 2009**
BPU Docket No. GR08050367
OAL Docket No. PUCRA 12097-2008S
- Re: In the Matter of the Petition of South Jersey Gas Company to Change the Level of Its Basic Gas Supply Service Charge for the BGSS Year Ending September 30, 2009**
BPU Docket No. GR08050366
OAL Docket No. PUCRA 12098-2008S

Dear Secretary Izzo:

Enclosed for filing, please find fully-executed Stipulations for each of the above-referenced matters. Please be advised that the original signature pages will follow under separate cover.

Kristi Izzo, Secretary
July 15, 2009
Page 2

It is anticipated that this matter will be heard at the Board's July 29, 2008, Agenda meeting.

Sincerely,

COZEN O'CONNOR, PC

By: 
Stacy A. Mitchell

SAM:es
Enclosures

cc: Honorable W. Todd Miller (w/enc., via email)
Service List (w/enc., via email)

**In the Matter of the Petition of
South Jersey Gas Company to Change the Level of its
Conservation Incentive Program Charge
BPU Docket No. GR08050367
OAL Docket No. PUCRA-12097-2008S**

-and-

**In the Matter of the Petition of South Jersey Gas Company
to Change the Level of its Basic Gas Supply Service Charge
BPU Docket No. GR08050366
OAL Docket No. PUCRA 12098-2008S**

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

IN THE MATTER OF THE PETITION OF : **BPU DOCKET NO.**
SOUTH JERSEY GAS COMPANY TO CHANGE : **GR08050367**
THE LEVEL OF ITS CONSERVATION :
INCENTIVE PROGRAM CHARGE FOR THE : **OAL DOCKET NO. PUCRA**
CIP YEAR ENDING SEPTEMBER 30, 2009 : **12097-2008S**

: **STIPULATION**

APPEARANCES:

Ira G. Megdal, Esquire, (Cozen O'Connor, attorneys) for South Jersey Gas Company ("Petitioner")

Sarah H. Steindel and Henry M. Ogden, Assistant Deputy Public Advocates, on behalf of the New Jersey Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel")

Alex Moreau and Kerri A. Kirschbaum, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities ("Staff")(Anne Milgram, Attorney General of the State of New Jersey).

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

This stipulation is intended to make final the provisional rates previously approved in by the Board in Docket No. GR08050367.

II. PROCEDURAL HISTORY

2. On May 30, 2008, South Jersey submitted its annual CIP filing for CIP year 2009, October 1, 2008 through September 30, 2009 in the above-referenced docket.

3. The 2008 Petition requested that the Board approve the implementation of after-tax per therm CIP factors of \$0.2373 for Group I Residential Non-Heat customers, \$0.0677 for Group II Residential Heat customers, \$0.0627 for Group III General Service (GSG) customers and \$0.0051 for Group IV General Service Large Volume (GSG-LV) customers effective as of October 1, 2008. The requested CIP factors would result in an increase of approximately \$2.34,

or 1.5% per month, to the average residential heat customer using 100 therms of gas during a heating month. The impact to the average residential non-heat customer is an increase of 8.7% per month. The impact to the average GSG customer is an increase of 1.7% and to the average GSG-LV customer is an increase of 0.5% per month. These new factors would result in the recovery of an additional \$3,654,209 in revenues over the 2007-2008 CIP recovery amount.

4. A public hearing on the 2008 Petition was held on August 20, 2008, in Voorhees, New Jersey. The public hearing was noticed in newspapers of general circulation within South Jersey's service territory. No members of the public appeared to provide comments relating to the Company's request to increase its CIP rates.

5. By Order dated December 31, 2008, the Board approved, on a provisional basis, the Company's implementation of the following after-tax per therm CIP rates: 1) a charge of \$0.2219 (including taxes) for Group I Residential Non-Heat Customers, 2) a charge of \$0.0707 (including taxes) for Group II Residential Heat Customers, 3) a charge of \$0.0684 (including taxes) for Group III General Service Customers, and 4) a charge of \$0.0062 (including taxes) for Group IV General Service Large Volume customers, effective as of the date of the Order. The Board also approved, on a provisional basis, the Company's implementation of a decrease in the Company's after-tax per therm TAC rate to \$0.0000 effective as of the date of the Order.

6. In accordance with the Stipulation approved by the Board in its Order dated December 31, 2008, the provisional CIP rates approved in that Order included non-weather related CIP charges of \$16,380,249, offset by \$18,216,314 in BGSS savings eligible to offset non-weather related CIP surcharges.

7. The December 31, 2008 Order resulted in a provisional increase in the CIP rates of approximately \$2.64, or 1.6% per month, to the average residential heating customer using 100 therms of gas during a heating month. The overall impact to the average residential non-heat sales customer was an increase of 7.1%, to the average GSG sales customer an increase of 1.9%, and to the average GSG-LV customer an increase of 0.6%. The provisional CIP factored resulted in the recovery of an additional \$4,924,181 over the 2007-2008 CIP recovery amount

8 In Docket No. GR05121019, by Board Order dated December 12, 2006, as part of the implementation of the CIP, the Board ordered that the provisions of South Jersey's Temperature Adjustment Clause ("TAC") related to over and under-recovery of prior period rate credits or charges would continue until such time as there was no remaining balance to be refunded or surcharged to customers. South Jersey represents that its accounting records show that this occurred in November 2008. The Company represents that any remaining over/under recovery was rolled into the weather component balance of the CIP clause.

III. STIPULATED TERMS

9. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only parties to these proceedings, have discussed certain matters at issue in these proceedings. As a result of those discussions, the Parties have determined that it would be reasonable and in the public interest to make final the provisional rates previously approved by the Board in its Order dated December 31, 2008.

10. The Parties accordingly **STIPULATE AND AGREE** that the provisional CIP rates contained in the Stipulation approved by the Board's Decision and Order dated December 31, 2008 in BPU Docket No. GR08050367 should be made final.

11. The Parties further stipulate and agree to maintain the TAC rate at \$0.0000.

12. The Parties agree, in the context of the 2009-2010 CIP proceeding, to work together to develop the additional schedule or schedules which would be appropriate for each annual CIP petition.

13. Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the provisional rate changes approved by the Board within 7 days of such approval.

IV. MISCELLANEOUS

14. 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.

15. It is specifically understood and agreed that this Stipulation represents a negotiated final 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: 

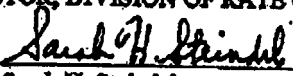
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STEPHANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Sarah H. Steindel
Assistant Deputy Public Advocate

Dated: _____

Docket No. GR0805367 – In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Conservation Incentive Program Charge

Jerome May, Director, Division of Energy, presented this matter.

BACKGROUND AND DISCUSSION:

On May 30 2008, South Jersey Gas Company ("SJG" or "Company") filed its annual Conservation Incentive Program ("CIP") Charge filing for the CIP year 2009 ending September 30, 2009. The Petition sought to revise the level of SJG's CIP rates sufficient to yield a \$3.6 million increase in revenues to SJG. The Company's request would have translated into an increase of approximately \$2.34 per month or 1.5% to the average residential heating customer using 100 therms per month. The petition also sought to decrease SJG's Temperature Adjustment Clause ("TAC") rate from \$0.0242 per therm to \$0.0000 per therm including taxes. The proposed decrease in annual revenue from the TAC filing is approximately \$8 million, which if approved would have translated into a decrease of \$2.42 per month or 1.4 percent for the average residential heating customer using 100 therms per month.

By Order dated December 31, 2008, the Board approved, on a provisional basis, the Company's implementation of the following after-tax per therm CIP rates: 1) a charge of \$0.2219 for Group I Residential Non-Heating Customers, 2) a charge of \$0.0707 for Group II Residential Heating Customers, 3) a charge of \$0.0684 for Group III General Service Customers, and 4) a charge of \$0.0062 for Group IV General Service Large Volume Customers, effective as of the date of the Order. The Board also approved, on a provisional basis, the Company's implementation of a decrease in the Company's after-tax per therm TAC rate to \$0.0000 effective as of the date of the Order.

The provisional CIP rates resulted in an increase of approximately \$2.64, or 1.6% per month, to the average residential heating customers using 100 therms of gas during a heating month. The overall impact to the average residential non-heating sales customers was an increase of 7.1%. The Board approved CIP factors resulted in the recovery of an additional \$4,924,181 over the 2007-2008 CIP recovery amounts. The Company reported total CIP related revenue of \$19.1 million, with \$5.8 million weather related and \$13.3 million non-weather related for the CIP period ending September 2008. A prior year carry-over of non-weather related CIP revenue amounted to an additional \$0.8 million resulting in total non-weather CIP revenue of \$14.1 million. Therefore, SJG's proposed reductions in capacity based BGSS costs totaled \$14.3 million.

Following a review and subsequent discussions, representatives of SJG, the Public Advocate, Division of Rate Counsel, and Board Staff, entered into a stipulation dated July 15, 2009 to to make the provisional rates approved on December 31, 2008 final.

On July 15, 2009, Administrative Law Judge Miller issued his Initial Decision approving the July 15, 2009 stipulation and recommended Board approval of the July 15, 2009 Stipulation.

The Board approved Staff's recommendation to adopt the Initial Decision and the Stipulation with rates effective on and after the date of the Board Order.