



Agenda Date: 3/19/14  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</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 APPROVING
JERSEY GAS COMPANY FOR APPROVAL OF A	)	STIPULATION
STANDARD GAS SERVICE AGREEMENT (EGS-LV)	)	
AND A STANDARD GAS SERVICE AGREEMENT	)	
(EGS-LV) ADDENDUM AND TO MODIFY RATE	)	
SCHEDULE EGS-LV	)	DOCKET NO. GO13060584

**Parties of Record:**

**Ira Megdal, Esq., Cozen O'Connor**, for South Jersey Gas Company  
**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") is considering a stipulation of Settlement ("Stipulation") executed by South Jersey Gas Company ("South Jersey" or "Company"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties").

**BACKGROUND AND PROCEDURAL HISTORY**

On June 28, 2013, South Jersey filed a petition with the Board ("Board") seeking approval of a modified Standard Gas Service Agreement ("the Agreement") to be effective October 1, 2013 under the Company's Tariff for Gas Service, Electric Generation Service – Large Volume ("EGS-LV") Rate Schedule and a Standard Gas Service Agreement EGS-LV Addendum ("Addendum") with its customer, TELP-1 ("TELP"), a Delaware corporation and a subsidiary of Pepco Energy Services, Inc.

South Jersey is also requesting confidential treatment for the petition and Agreement and Addendum. South Jersey filed both a confidential un-redacted copy and a public redacted copy of the Agreement. According to South Jersey, if the reduced rates are made available to the public, South Jersey's competitors will be able to offer similar or lower rates to South Jersey's customers, and thereby unfairly compete with South Jersey. Moreover, if future customers of

South Jersey are made aware of the reduced or negotiated rates made available by South Jersey to TELP, those rates will become a "floor" to future customers. Thus, future customers will insist on having available the lowest rate which has been made available to other customers.

According to the petition, TELP owns and operates what is commonly known as the Midtown Thermal Plant located at 1825 Atlantic Avenue, Atlantic City, New Jersey. The Midtown Thermal Plant provides multiple Atlantic City venues with energy services from a central production facility.

TELP also owns and operates a 5.4 megawatt combined heat and power ("CHP") facility located at the Midtown Thermal Plant that provides steam and chilled water to the Claridge Hotel and Casino, Caesar's Hotel and Casino, Bally's Hotel and Casino, Caesar's Pier Shoppes, Trump Plaza Hotel and Casino and Boardwalk Hall in Atlantic City, New Jersey. In addition, the CHP produces electricity used to cover parasitic loads. Any excess electricity not utilized by the facility is sold into the PJM grid at Locational Marginal Pricing ("LMP") on an hourly basis.

The petition represents that the CHP replaced less efficient, older gas fired boilers that were previously in use at the Midtown Thermal Plant. In addition to the gas service supplying the CHP, the Midtown Thermal Plant has continued to take service from South Jersey under Rate Schedule LVS-FT for firm service up to 1,400 MCFD for boiler use.

On June 1, 2013, TELP and South Jersey entered into a modified Agreement whereby South Jersey agreed to sell and deliver and TELP agreed to purchase and pay for gas delivery service under South Jersey's Rate Schedule EGS-LV for use at the CHP facility.

Pursuant to Special Provision (e) of South Jersey's EGS-LV Rate Schedule, South Jersey may offer a D-1 demand charge and C-3 commodity charge on a negotiated basis so long as the D-1 charge taken in combination with the limited firm C-3 charge, if applicable, is not lower than an amount sufficient to generate a reasonable return on capital investments made by South Jersey and recovery of marginal and embedded costs, including depreciation, to provide service under Rate Schedule EGS-LV. If such an offer is made, it shall be based upon cost of service and value of service considerations including such factors as: (1) proximity of customer to the Company's transmission lines; (2) whether the customer will utilize the Company's interstate pipeline capacity; (3) whether the customer will provide its own gas supply; and (4) other pertinent factors.

In reaching the negotiated rate, South Jersey represents that it took into account cost of service and value of service considerations consistent with Special Provision (e). Specifically, TELP will not use South Jersey's interstate pipeline capacity but rather, will provide its own gas supply to the City Gate Station.

Moreover, TELP and the Company assert that several energy efficiency projects have been implemented at the Midtown Thermal Plant, including by the addition of variable frequency drives to the cooling tower, condenser water pumps improvements and automation controls to help ensure that the plant runs on the lowest electric consumption to meet the system's needs. As a result of the use of the CHP facility, South Jersey and TELP maintain that electricity is also being produced more efficiently and cleanly to the benefit of the residents of Atlantic City and New Jersey.

The petition also noted that the New Jersey Energy Master Plan ("NJEMP") has called for 1,500 megawatts of CHP generation and that TELP's CHP generation capacity will contribute to the NJEMP goals. According to TELP, having a reduced rate will assist in offsetting the capital costs of the CHP project and make the project economical over the long term. Service to customers under the EGS-LV tariff are subject to collection of the full Societal Benefits Charge ("SBC") set forth in South Jersey's SBC tariff, except for service certified as attributable to "sale for resale" electric service.

Rate Counsel and Staff propounded discovery upon the Company, and all such discovery has been answered. In addition to the many written discovery responses, the Parties also held discovery/settlement conferences in this matter. On March 5, 2014, South Jersey, Rate Counsel, and Staff executed a Stipulation whereby the Parties have resolved the issues in this matter.

### **STIPULATION**

The Stipulation provides for the following:

- The parties agree that South Jersey and TELP, through mutual consent, may modify the contract demand under the Agreement without further approval of the Board, but not more frequently than once in a twelve-month period.
- The parties agree that the Agreement should be approved effective upon service of the Board order approving this Stipulation unless a later date is indicated in the Order pursuant to N.J.S.A. 48:2-40.
- The Parties agree that with respect to the request for confidential treatment of certain information that is claimed to be commercially sensitive or proprietary, that if and when a request for release of such data is made under the Open Public Records Act N.J.S.A. 47:1A-1 et seq., pursuant to N.J.A.C. 14:1-12, then the Board's Custodian of Records should decide this issue. The parties further agree that until such time as the Board's Custodian of Records renders a decision, such information shall continue to be treated as confidential information.

### **DISCUSSION AND FINDINGS**

After reviewing the petition, the TELP Agreement and Addendum, and the Stipulation, the Board is satisfied that the TELP Agreement will not have a financial impact on other ratepayers. The Board is also satisfied that the TELP Agreement meets the requirements of the Company's previously approved tariff for EGS-LV. Therefore, the Board **HEREBY FINDS** that this project qualifies for Special Provision (e) of South Jersey's EGS-LV tariff given that (1) the use of CHP is consistent with the NJEMP and that approval of the Agreement will enable TELP to run the CHP more economically while providing cleaner energy in a more efficient manner, and (2) the Agreement provides a sufficient return on capital investments made by South Jersey along with recovery of marginal and embedded costs.

The Board turns to the proposed treatment of the SBC. N.J.S.A. 48:3-60.1 ("Section 60.1") states:

Notwithstanding the provisions of any other law, rule, regulation, or order to the contrary, gas public utilities shall not impose a societal benefits charge pursuant to section 12 of P.L.1999, c.23 (C.48:3-60), or any other charge designed to recover the costs for social, energy efficiency, conservation, environmental or renewable energy programs, on natural gas delivery service or a commodity that is used to generate electricity that is sold for resale.

Prior to the adoption of Section 60.1, such sales were subject to the SBC pursuant to N.J.S.A. 48:3-60(a)(1).

By Secretary's letter dated June 21, 2011, the Board set forth a procedure to effectuate N.J.S.A. 48:3-60.1 which requires gas public utilities to obtain an annual certification ("Annual Certification") from each customer seeking exemption from paying the SBC and the other charges. The Annual Certification requires the customer to certify what percentage of the gas it purchased is used to generate electricity that is "sold for resale" for purposes of Section 60.1.

After reviewing the documents in this case, the Board **AGREES** that TELP is subject to collection of the full SBC set forth in South Jersey's tariff, except for that portion of the gas service certified as attributable to "sale for resale" electric service.

With respect to the request for confidential treatment of certain information that is claimed to be commercially sensitive or proprietary, the Board **AGREES** that this issue should be decided by the Board's Custodian of Records pursuant to the Board's rules, if and when a request for release of such data is made under the Open Public Records Act pursuant to N.J.A.C. 14:1-12 but until such time as the Board's Custodian of Records renders a decision, such information shall continue to be treated as confidential information pursuant to the agreement of the Parties.

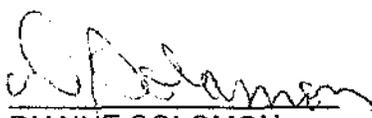
Accordingly, the Board **HEREBY APPROVES** the Stipulation and the TELP Agreement and Addendum described above.

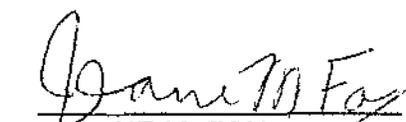
This Order shall become effective on April 1, 2014.

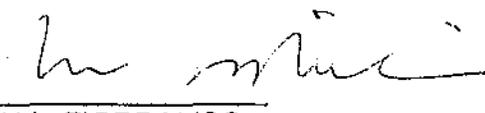
The Company's rates will remain subject to audit by the Board. This Decision and Order does not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

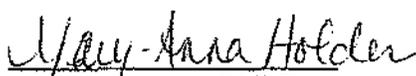
DATED: 3/19/2014

BOARD OF PUBLIC UTILITIES  
BY:

  
DIANNE SOLOMON  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

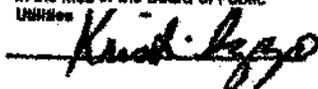
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
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 for Approval of a Standard Gas Service Agreement (EGS-LV) and a Standard Gas Service Agreement (EGS-LV) Addendum and to Modify Rate Schedule EGS-LV  
Docket No. GO13060584

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**PUBLIC COPY**

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

**IN THE MATTER OF THE PETITION OF : STIPULATION OF  
SOUTH JERSEY GAS COMPANY FOR : SETTLEMENT  
APPROVAL OF A STANDARD GAS SERVICE :  
AGREEMENT (EGS-LV) AND A STANDARD : BPU DOCKET NO. GO13060584  
GAS SERVICE AGREEMENT (EGS-LV) :  
ADDENDUM AND TO MODIFY RATE :  
SCHEDULE EGS-LV :**

**APPEARANCES:**

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

Felicia Thomas-Friel, Deputy Rate Counsel, Henry M. Ogden, Kurt S. Lewandowski (Stefanie Brand, Director, Division of Rate Counsel)

Alex Moreau and Veronica Beke, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey)

**TO THE HONORABLE BOARD OF PUBLIC UTILITIES:**

1. On June 28, 2013, South Jersey Gas Company ("South Jersey," "Company," or "Petitioner") filed a "Public Copy" of a Petition with the New Jersey Board of Public Utilities ("Board") seeking approval of a Standard Gas Service Agreement ("Agreement") under Petitioner's Tariff for Gas Service effective October 1, 2013, Electric Generation Service -- Large Volume ("EGS-LV") Rate Schedule and a Standard Gas Service Agreement EGS-LV Addendum ("Addendum") with its customer, TELP-1 ("TELP"), a Delaware corporation and a subsidiary of Pepco Energy Services, Inc. Together the Standard Agreement and the Addendum will be referred to as the "Agreement." In addition, South Jersey filed an unredacted "Confidential Copy" with the Custodian of the Board.

**PUBLIC COPY**

2. TELP is a Delaware corporation and a subsidiary of Pepco Energy Services, Inc. TELP owns and operates what is commonly known as the Midtown Thermal Plant located at 1825 Atlantic Avenue, Atlantic City, New Jersey. The Midtown Thermal Plant provides multiple Atlantic City venues with energy services from a central production facility.

3. TELP also owns and operates a 5.4 megawatt combined heat and power (CHP) facility located at the Midtown Thermal Plant that provides steam and chilled water to the Claridge Hotel and Casino, Caesar's Hotel and Casino, Bally's Hotel and Casino, Caesar's Pier Shoppes, Trump Plaza Hotel and Casino and Boardwalk Hall in Atlantic City, New Jersey. In addition, the CHP produces electricity used to cover parasitic loads. Any excess electricity not utilized by the facility is sold into the PJM grid at Locational Marginal Pricing (LMP) on an hourly basis.

4. The CHP facility replaced less efficient, older gas fired boilers that were previously in use at the Midtown Thermal Plant. In addition to the gas service supplying the CHP, the Midtown Thermal Plant has continued to take service from South Jersey under Rate Schedule LVS-FT for firm service up to 1,400 MCFD for boiler use.

5. On June 1, 2013, TELP and South Jersey entered into a modified agreement ("the Agreement") whereby South Jersey agreed to sell and deliver and TELP agreed to purchase and pay for gas delivery service under South Jersey's Rate Schedule EGS-LV for use at the CHP facility. The Agreement is attached to this Stipulation as Exhibit "A."

6. Discovery was propounded upon the Petitioner, and all such discovery has been answered in full.

## PUBLIC COPY

7. In addition to the many written discovery responses, the Signatory Parties to this Stipulation, including South Jersey, Division of Rate Counsel ("Rate Counsel"), and Staff of the Board of Public Utilities ("Staff")(collectively, the "parties"), also held discovery/settlement conferences in this matter.

8. Pursuant to Special Provision (e) of South Jersey's EGS-LV Rate Schedule, South Jersey may offer a D-1 demand charge and C-3 commodity charge on a negotiated basis so long as the D-1 charge taken in combination with the limited firm C-3 charge, if applicable, is not lower than an amount sufficient to generate a reasonable return on capital investments made by South Jersey and recovery of marginal and embedded costs, including depreciation, to provide service under Rate Schedule EGS-LV.

9. In reaching the negotiated rate, South Jersey took into account cost of service and value of service considerations consistent with Special Provision (e). Specifically, TELP will not use South Jersey's interstate pipeline capacity but rather, will provide its own gas supply to the City Gate Station.

10. Moreover, several energy efficiency projects have been implemented at the Midtown Thermal Plant, including by adding variable frequency drives to cooling tower and condenser water pumps improvements and automation controls to help ensure that the plant runs on the lowest electric consumption to meet the system's needs. As a result of the CHP facility, electricity is also being produced more efficiently and cleanly for the benefit of the residents of Atlantic City and New Jersey.

PUBLIC COPY

11. New Jersey has called for 1,500 megawatts of CHP generation in the New Jersey Energy Master Plan ("NJEMP").

12. TELP's generation capacity will contribute to the NJEMP goals. According to TELP, having a reduced rate will assist in offsetting the capital costs of the CHP project and make the project economical over the long term. The project is consistent with the NJEMP thus TELP's reduced rate qualifies as a discounted gas service rate agreement under Special Provision (e) of the EGS-LV rate schedule.

13. Service to TELP is subject to collection of the full Societal Benefits Charge ("SBC") set forth in SJG's SBC tariff, except for service certified as attributable to "sale for resale" electric service.

14. The parties agree that South Jersey and TELP, through mutual consent, may modify the contract demand under the Agreement without further approval of the Board, but not more frequently than once in a twelve-month period.

15. The parties agree that the Agreement should be approved effective upon service of the Board order approving this Stipulation unless a later date is indicated in the Order pursuant to N.J.S.A. 48:2-40.

16. The parties agree that with respect to the request for confidential treatment of certain information that is claimed to be commercially sensitive or proprietary, that if and when a request for release of such data is made under the Open Public Records Act, N.J.S.A. 47:1A-1 et seq., pursuant to N.J.A.C. 14:1-12, then the Board's Custodian of Records should decide this

**PUBLIC COPY**

issue. The parties further agree that until such time as the Board's Custodian of Records renders a decision, such information shall continue to be treated as confidential information.

17. This Stipulation is being made in order to resolve the issues in the pending docket. The stipulated positions represent compromises by the parties made in lieu of more costly litigation and in the interests of administrative expediency. This Stipulation is executed without prejudice to the positions of said parties in other pending or future proceedings, in this or any other forum, except as expressly provided in this Stipulation.

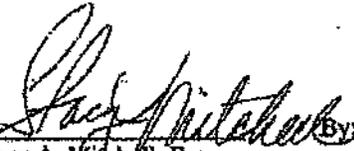
18. The undersigned parties consider the stipulation of this matter to bind the parties hereto.

19. This Stipulation contains interdependent terms vital to the agreement as a whole that are intended to be accepted and approved in their entirety absent modification. If any modification is made to the terms of this Stipulation, the signatory parties each must be given the right to be placed in the position it was in before the Stipulation was entered into, and the aggrieved party shall not be bound to proceed with the Stipulation and shall have the ability to re-open the matter on all issues addressed herein to resume the proceeding as if no agreement had been reached.

20. WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a decision and order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

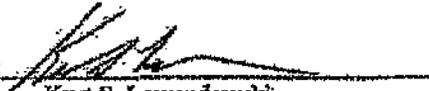
SOUTH JERSEY GAS COMPANY

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ACTING ATTORNEY GENERAL  
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Attorney for the Staff of the  
Board of Public Utilities

By:   
Stacy A. Mitchell, Esq.  
Cozen O'Connor

By:   
Veronica Beke  
Deputy Attorney General

STEFANIE BRAND, DIRECTOR,  
DIVISION OF RATE COUNSEL

By:   
Kurt S. Lewandowski,  
Assistant Deputy Rate Counsel

DATED: March 5, 2014

# EXHIBIT "A"

SOUTH JERSEY GAS COMPANY

R.P.U.N.J. No. 10 - GAS

Original Sheet No. 150

STANDARD GAS SERVICE AGREEMENT (EGS)

This Agreement entered into this 1st day of June, 2013, by and between South Jersey Gas Company, a New Jersey Corporation, hereinafter referred to as "Seller" or "Company" and TELP-1, a Delaware Corporation hereinafter referred to as "Buyer."

WITNESSETH:

Subject to the terms and conditions contained herein, Seller agrees to sell and deliver and Buyer agrees to purchase and pay for services required by Buyer under Rate Schedule EGS [ ] or Rate Schedule EGS-LV [X] at 1E25 Atlantic Ave. Atlantic City, NJ 08401 as follows:

ARTICLE I
Term of Agreement

This Agreement shall be effective from the date of execution. The sale and purchase of gas hereunder shall commence on June 1, 2013 and continue until May 31, 2028, and subject to Seller's possession of an adequate supply of gas (except for Rate Schedule EGS-LV customers electing Rider "D" and Rate Schedule EGS Firm Transportation customers), shall continue thereafter from year to year unless and until terminated upon written notice given by either party to the other, at least six (6) months prior to the end of any yearly term, or the initial term.

ARTICLE II
Facilities Charge

In consideration for Seller's agreement to provide service as described in this agreement, Buyer agrees to pay a facilities charge of \$ -0- at the time of execution of Standard Gas Service Agreement (EGS), which represents the initial estimate of the capital cost of providing service to the Buyer's facility or some agreed upon portion thereof. This payment will be refunded or credited against the customer security deposit, after the first month of the provision of gas service to the customer. If the Buyer terminates this agreement or fails to initiate service hereunder, or fails to make any deposit required by Article III, this sum shall be retained by the Seller.

ARTICLE III
Commitment Fee

Each potential payment obligation of Buyer under this Article III, shall be deposited with the Company twelve (12) months in advance, without interest, if gas service commences more than twelve (12) months from the effective date of this agreement, the Buyer shall pay to Seller, a nonrefundable commitment fee of \$ -0-, which shall be equal to one month's minimum bill, and shall pay an equal amount on each anniversary date of the effective date of this Standard Gas Service Agreement (EGS), until gas service commences.

Pursuant to this Article III, Buyer hereby deposits with the Company, and the Company hereby acknowledges a deposit of \$ -0-.

Issued January 15, 2010
by South Jersey Gas Company,
E. Graham, President

Effective with service rendered
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR10810035 of the Board of
Public Utilities, State of New Jersey, dated September 17, 2010

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No. 151

STANDARD GAS SERVICE AGREEMENT (SGS)  
(Continued)

ARTICLE IV

Buyer Security Deposit

Seller may require from Buyer a security deposit which will be due before the commencement of gas service. This deposit will be equal to the estimated amount of two (2) monthly billings for Buyers served under Rate Schedule EGS-LV and intending to utilize Rider D and for Rate Schedule EGS Plus Transportation customers and three (3) monthly billings for Buyers intending to utilize the Company's gas supply.

ARTICLE V

Duly Constituted Authorities

The rates of Seller, and the respective obligations of the parties under this Agreement, are subject to valid laws, orders, rules, and regulations of duly constituted authorities having jurisdiction. The rates, terms, and conditions of this Agreement are subject to change as may be lawfully required or permitted by the Board of Public Utilities of New Jersey, or successor agencies.

ARTICLE VI

Tariff for Gas Service

All terms and conditions set forth in Seller's Tariff for Gas Service B.P.U.N.J. No. 9 - Gas are incorporated herein by reference. All sales are subject to the General Terms and Conditions of Seller's Tariff for Gas Service and more specifically by the conditions contained in the Rate Schedule contracted for herein.

ARTICLE VII

Service Volumes

1. For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demands shall be:
  - a. Firm - \_\_\_\_\_ Mcf per day, to be the first gas through the meter each day.
  - b. Limited Firm - \_\_\_\_\_ Mcf per day, to be the next gas through the meter each day.
2. Buyer hereby elects, by signing in the space below to provide its own gas pursuant to Rider D. All or any portion of Buyer's Firm Daily Contract Demand and Limited Firm Daily Contract Demand, pursuant to this Article VII of the Standard Gas Service Agreement (SGS), may be met through Rider D, and Seller has no obligation to sell gas to Buyer under any other article, paragraph or provision of Rate Schedule EGS-LV or the Standard Gas Service Agreement (SGS).

Buyer hereby elects Rider D Catrina W. Jurek

For service rendered under Rate Schedule EGS-LV, customer's Firm and Limited Firm Daily Contract Demand levels provided pursuant to Rider D shall be:

Issued January 15, 2010  
by South Jersey Gas Company,  
R. Graham, President

Effective with service rendered  
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR10010835 of the Board of  
Public Utilities, State of New Jersey, dated September 17, 2010

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 18-GAS

Original Sheet No. 152

STANDARD GAS SERVICE AGREEMENT (SGS)  
(Continued)

a. Firm - \_\_\_\_\_ REDACTED

b. Limited Firm - \_\_\_\_\_ REDACTED

3. For service rendered under Rate Schedule BGS, customer's Firm Daily Contract Demand shall be:

\_\_\_\_\_ Mcf per day, to be the first gas through the meter each day.

4. For service rendered under Rate Schedule BGS Firm Transportation Service  
The Company agrees to transport and deliver to the Buyer at the Buyer's facility designated on the first page of this Agreement such quantity of gas that Buyer makes available from time to time; provided, however, Company shall not be obligated to transport and deliver more than \_\_\_\_\_ Mcf per day which will be Buyer's Contract Demand.

It is understood by Buyer and Seller, that by electing to take delivery of gas under Rate Schedule BGS Firm Transportation Service, Buyer forgoes any right or entitlement to purchase the Company's firm system gas, during the term of this Agreement. After the term of this Agreement, if Buyer requests that the Company sell firm system gas to the Buyer, the Buyer shall be treated as a new applicant for service, with no greater entitlement to firm gas sales service than is had by any other New Customer.

ARTICLE VIII  
Rates

\_\_\_\_\_ As provided in the Monthly Rate section of Rate Schedule BGS; or

X Negotiated rates pursuant to Special Provision (e) of Rate Schedule BGS-LV:

D-1 charge will be

REDACTED

Limited Firm:

C-3 charge will be

REDACTED

Issued January 15, 2010  
by South Jersey Gas Company,  
E. Graham, President

Effective with service rendered  
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR10010035 of the Board of  
Public Utilities, State of New Jersey, dated September 17, 2010

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10 - GAS

Original Sheet No. 153

STANDARD GAS SERVICE AGREEMENT (SGS)  
(Continued)

ARTICLE IX  
Election

By checking the box at the end of this sentence, customer elects to take balancing service under Rider "T", rather than under Rider "T" to this Tariff.

ARTICLE X  
Opt-Out Provision

Buyer (a Rate Schedule BGS-LV customer) hereby elects, by initialing in the space provided, for a term co-extensive with the Term of Agreement set forth in Article I, to provide his own interstate pipeline capacity and gas supply to Seller's City Gate Station. By making such election, Seller becomes eligible to pay the lower BS-1 Volumetric Charge pursuant to Rider "T". If Buyer does not make this election, Buyer will pay the higher BS-1 Volumetric Charge, pursuant to Rider "T". Buyer will be subject to the opt-out provisions provided for in the Company's tariff.

  
Initials

ARTICLE XI  
Force Majeure

In the event of either party being rendered unable wholly or in part, by force majeure to carry out its obligations, other than the obligations to make payment of amounts accrued and due hereunder at the time thereof, it is agreed that on such party's giving notice and full particulars of such force majeure in writing or by e-mail to the other party within a reasonable time after the occurrence of the cause relied on, the obligations of both parties, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period and such cause shall so far as possible be remedied with all reasonable dispatch.

Neither party shall be liable in damages to the other for any act, omission, or circumstances occasioned by, or in consequence of force majeure, as defined in Company's Tariff for Gas Service, B.P.U.N.J. No. 9 - Gas.

Such causes or contingencies affecting the performance by either party, however, shall not relieve it of liability unless such party shall give notice and full particulars of such cause or contingency in writing or by e-mail to the other party as soon as possible after the occurrence relied upon, nor shall such causes or contingencies affecting the performance by either party hereunder relieve it of liability in the event of its failure to use due diligence to remedy the situation, nor shall such causes or contingencies affecting the performance hereunder relieve either party from its obligation to make payments of amounts then due hereunder in respect of all gas theretofore delivered.

ARTICLE XII  
Miscellaneous

This Agreement supersedes and cancels as of the effective date hereof all prior contracts and supplemental agreements, oral or written, between the parties hereto for the sale of gas by the Seller to the Buyer.

No waiver by either party of any one or more defaults by the other in the performance of any provisions of this Agreement shall operate or be construed as a waiver of any future default or defaults, whether of a like or a different character.

Issued January 15, 2010  
by South Jersey Gas Company,  
E. Graham, President

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on and after September 17, 2010

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 10- GAS

Original Sheet No. 154

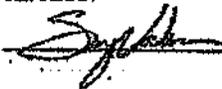
STANDARD GAS SERVICE AGREEMENT (SGS)  
(Continued)

This Agreement shall be interpreted, performed and enforced in accordance with the laws of the State of New Jersey.

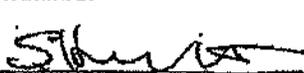
This Agreement shall be binding upon, and inure to the benefit of the parties hereto and their respective successors and assigns, but shall not be assigned or be assignable by Buyer without the consent in writing of Seller first obtained.

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first above written.

ATTEST:

  
\_\_\_\_\_

ATTEST:

  
\_\_\_\_\_

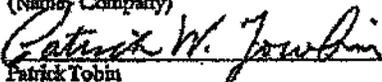
SOUTH JERSEY GAS COMPANY

By:   
\_\_\_\_\_

Vice President & Treasurer  
(Title)

SELLER

TELP-1  
(Name Company)

  
\_\_\_\_\_

Vice President Asset Management  
(Title)

BUYER

Issued January 15, 2010  
by South Jersey Gas Company,  
E. Graham, President

Effective with service rendered  
on and after September 17, 2010

Filed pursuant to Order in Docket No. GR16016035 of the Board of  
Public Utilities, State of New Jersey, dated September 17, 2010

**STANDARD GAS SERVICE AGREEMENT (EGS-LV) ADDENDUM**

THIS ADDENDUM entered into this 1st day of June, 2013, by and between South Jersey Gas Company, a New Jersey corporation, hereinafter referred to as "Seller" or "Company," and TELP-1, a Delaware corporation, hereinafter referred to as "Buyer," modifies and amends the Standard Gas Service Agreement (EGS-LV) ("Service Agreement") of the same date. This Addendum and the Service Agreement are sometimes hereafter collectively referred to as the "Agreement."

**WITNESSETH:**

WHEREAS, Buyer and Seller wish to amend and modify the Service Agreement; and

WHEREAS, Buyer and Seller wish to incorporate the terms of this Addendum into the Service Agreement; and

WHEREAS, Buyer and Seller wish to maintain the Service Agreement in full force and effect, except where amended or modified by this Addendum.

NOW, THEREFORE, Buyer and Seller intending to be legally bound hereby, in consideration of mutual promises and agreements contained herein agree as follows:

1. Condition Precedent. A condition precedent to the obligations, rights and duties of Buyer and Seller under the Service Agreement and this Addendum is a final order of approval of the New Jersey Board of Public Utilities or its successors, authorizing the making, execution and implementation of the Agreement, which order has become non-appealable through the passage of time ("Approval Order").

2. Effective Date. Unless an Approval Order provides otherwise, the Service Agreement and this Addendum shall be effective as of the date of the Approval Order.

3. Confidentiality.

A. The terms of the Agreement providing for charges for service provided by Seller, as well as all information provided by Seller to Buyer during the negotiation process leading to the Agreement and this Addendum shall be considered Confidential Information by Buyer and by Seller. Buyer and Seller agree to take all necessary and appropriate steps to keep confidential and protect the Confidential Information, including: (i) restricting access to Confidential Information to those employees who have a "need to know" and requiring such employees to review the terms of this Confidentiality paragraph and to agree to abide by the terms of this Confidentiality paragraph and (ii) not disclosing or allowing access to such Confidential Information by any third party except as authorized by Buyer and Seller, in writing.

B. The Confidential Information will lose its status as Confidential Information if: (i) it becomes generally available to the public other than through a breach of this Confidentiality paragraph or (ii) the disclosure of the Confidential Information is required by any law, or the order of any administrative agency or court having jurisdiction over the subject matter of the Agreement.

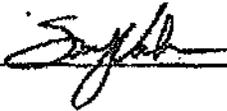
C. Notwithstanding the foregoing, Confidential Information may be disclosed to employees of the New Jersey Board of Public Utilities, or any successor agency thereto, and to the parties in any proceeding before the New Jersey Board of Public Utilities or any successor agency thereto, and if such disclosure is made, the parties shall use their best efforts to secure the execution of an appropriate Confidentiality Agreement, or the entry of an appropriate Protective Order, by which the persons receiving the Confidential Information are bound.

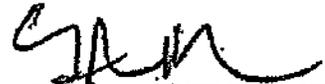
PUBLIC COPY

IN WITNESS WHEREOF, the parties have duly executed this Addendum as of the date first above written.

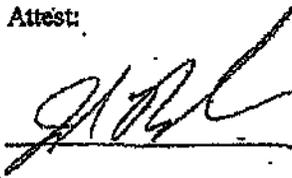
Seller:  
SOUTH JERSEY GAS COMPANY

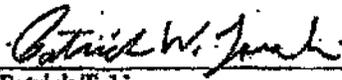
Attest:

  
\_\_\_\_\_

By:   
\_\_\_\_\_  
Stephen H. Clark  
Vice President & Treasurer

Buyer:  
TELP-1

Attest:  
  
\_\_\_\_\_

By:   
\_\_\_\_\_  
Patrick Tobin  
Vice President Asset Management