



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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 FOR APPROVAL OF A)
MUNICIPAL CONSENT IN THE CITY OF PORT)
REPUBLIC, ATLANTIC COUNTY, NEW JERSEY)

DECISION AND ORDER

DOCKET NO. GE13080695

Parties of Record:

Stacy A. Mitchell, Esq., on behalf of Petitioner, South Jersey Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD:

South Jersey Gas Company ("SJG" or "Company"), a regulated utility subject to the jurisdiction of the Board of Public Utilities ("Board"), is a corporation duly organized under the laws of the State of New Jersey engaged in the business of transmission and distribution of natural gas to approximately 360,000 customers within its service territory.

SJG currently provides natural gas service within the City of Port Republic ("City") to approximately 8 residential customers. On July 12, 2013, the City adopted Ordinance No. 04-2013 which gave SJG exclusive and perpetual consent and permission to furnish gas service to the City and to lay and construct its facilities within the public rights-of-way. By letter dated July 11, 2013, the Company accepted and agreed to the terms of the consent. Copies of the Ordinance and the letter of acceptance are attached to this Order as Exhibits "A" and "B," respectively.

On August 1, 2013, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, SJG filed a petition requesting that this Board give its approval to the consent adopted by the City. As required by law and after notice, a hearing in this matter was held on December 11, 2013, before Edward D. Beslow, Esq., the Board's duly appointed Hearing Examiner. Appearances were made on behalf of the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

At hearing, the Company relied on its petition and exhibits filed with the Board and presented the testimony of Robert Fatzinger its Senior Vice-President, Engineering Services. According

to Mr. Fatzinger's testimony, SJG anticipates growth in its defined service territory to be approximately 1% annually for the next 3 to 5 years. He further estimated that over the next 10 year period, the Company anticipated an increase of 1,250 customers. Mr. Fatzinger stated that the Company has the capacity to ensure continuation of its natural gas service and does not foresee any concerns regarding its ability to meet the existing and future demands of the City.

While not opposed to its approval, Rate Counsel, in its written comments to the petition dated January 30, 2014, recommended that the Board condition its approval on the limitation of the consents, both as to the furnishing of service and use of the streets, to a reasonable period not to exceed 50 years, and that any Order approving the consents reserve ratemaking issues for future proceedings. Rate Counsel maintains that grants in perpetuity are not favored under New Jersey law, and under N.J.S.A. 48:2-14, the Board can impose conditions on its approvals, including limiting the consent to a reasonable term.

The Company responded to Rate Counsel's comments by letter dated February 18, 2014, objecting to the proposed limitation/modification of the duration of the consent to serve, but agreed that there is a 50-year limit on the right to use the streets. SJG argued that the imposition by the Board of any limitation on the duration of the consent to serve would be contrary to the expressed intent of the City, unsupported by the record in the proceeding and inconsistent with existing law.

After a full review of the entire record, including the comments of Rate Counsel and the Company's reply, the Board **HEREBY FINDS** that the municipal consent, which is the subject of this matter, is necessary and proper for the public convenience and properly conserves the public interest, and that SJG has the ability to install the appropriate infrastructure to allow it to provide safe, adequate and proper service. The Board **FURTHER FINDS** that the Company has the necessary experience, financial capability, capacity and facilities in the City to continue to provide adequate and appropriate service to its existing customers. Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the consent granted to SJG by the City for the provision of gas service in the City as sought in the Company's petition, and **HEREBY APPROVES** the consent to use the streets limited to a period of 50 years as agreed to by the Company.

The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by SJG.
2. This Order shall not affect, nor in any way limit, the exercise of the authority of this Board of the State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting SJG.
3. In an appropriate subsequent proceeding, SJG shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.

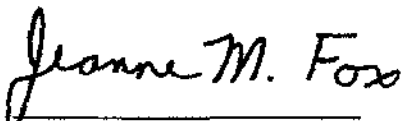
4. The rates for service to the Company's customers in the City shall continue to be those set out in the Company's current tariff approved by and on file with the Board. These rates shall remain in effect until otherwise approved by the Board.
5. Approval of this municipal consent does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.
6. The Company has agreed to a 50-year limitation on the consent for the use of the streets as set out in N.J.S.A. 48:3-15. The term of the consent as to the right to provide service is not limited by this Order and shall be effective as granted by the City.

This Order shall be effective as of May 2, 2014.

DATED: 4/24/14

BOARD OF PUBLIC UTILITIES
BY:

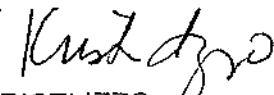

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER

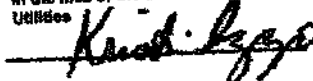

JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA 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 MUNICIPAL CONSENT IN THE CITY OF PORT REPUBLIC,
ATLANTIC COUNTY, NEW JERSEY - DOCKET NO. GE13030256

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EXHIBIT

A

**CITY OF PORT REPUBLIC
ORDINANCE 04-2013
SOUTH JERSEY GAS**

AN ORDINANCE giving and granting consent and permission to South Jersey Gas company, a corporation of the State of New Jersey, to furnish gas for light, heat and power in the City of Port Republic, in the County of Atlantic and State of New Jersey:

The governing body of the City of Port Republic does ordain:

Section 1. That exclusive and perpetual consent and permission to furnish gas for light, heat and power in the City of Port Republic, County of Atlantic, State of New Jersey, is hereby given and granted to South Jersey Gas Company, a corporation of the State of New Jersey, subject to approval of such consent and permission by the Board of Public Utilities of the State of New Jersey.

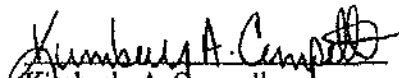
Section 2. That exclusive and perpetual consent and permission is hereby given to South Jersey Gas Company to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the City of Port Republic in the manner required by N.J.S.A. 48:9-21, and subject to reasonable regulations imposed by ordinance or resolution with respect to the opening of streets and public places, subject to approval of such consent and permission by the Board of Public Utilities.

Section 3. The consents granted in Sections 1 and 2 are granted for the entire geographical area of the City of Port Republic and extend to the boundaries of the City of Port Republic.

Section 4. This ordinance shall take effect after its final passage and publication according to law.


Gary B. Giberson, Mayor

7-12-13
Dated


Kimberly A. Campellone
Acting Municipal Clerk

Councilmember	AYE	NAY	ABSENT	ABSTAIN
Richard B. ...	✓		✓	
Richard B. ...	✓			
Richard B. ...	✓			
Richard B. ...	✓			
Richard B. ...	✓			
Richard B. ...	✓			

EXHIBIT

B



Gina Merritt-Epps, Esq.
General Counsel &
Corporate Secretary

July 11, 2013

(Via email at portrepublic.cityclerk@comcast.net)


Kimberly A. Campellone
Acting Municipal Clerk
Registrar Vital Statistics
143 Main Street
Port Republic, NJ 08241

Re: Acceptance of Ordinance No. 04-2013 Granting Municipal Consent to Provide Natural Gas by South Jersey Gas Company

Dear Ms. Campellone:

I am writing on behalf of South Jersey Gas Company ("SJG") to advise that we received a fully executed copy of Ordinance No. 04-2013 (copy attached) granting municipal consent for SJG to provide gas and lay its mains and pipes in the City of Port Republic. Pursuant to the requirements of N.J.S.A. 48:3-16, SJG hereby accepts Ordinance No. 04-2013, as passed.

Very truly yours,


Gina Merritt-Epps
gmerritt@sjindustries.com

Enclosure

cc: (all via e-mail)
John Stanziola, Director of Regulatory Affairs
Sherri Vasu, Supervisor Revenue Analyst Permits
Abbey Greenberg, Public Affairs Specialist
Ira G. Megdal, Esq.
Stacy A. Mitchell, Esq.