



Agenda Date: 10/22/14

Agenda Item: IIA

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 TOWNSHIP OF)
SOUTHAMPTON, BURLINGTON COUNTY, NEW)
JERSEY) DOCKET NO. GE14090957

Parties of Record:

Stacy A. Mitchell, Esq., Cozen O'Connor, P.C., on behalf of South Jersey Gas Company
Stefanie A. Brand, Esq., Director, Division of Rate Counsel

BY THE BOARD¹:

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 does not currently provide natural gas service within the Township of Southampton ("Township"). On August 19, 2014, the Township adopted Ordinance No. 2014-21 which granted SJG (1) exclusive and perpetual consent and permission to furnish gas for light, heat and power in the Eagles Mere Development ("Development"), located in Southampton, Burlington County, New Jersey; and (2) exclusive consent and permission to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the Township for a period of fifty (50) years. By letter dated September 3, 2014, 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 September 5, 2014, 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 Township. As required by law and after notice, a hearing in this matter was held on October 2, 2014, before

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

William Agee, 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 Joseph Schneider, General Manager of System Engineering and Planning. According to Mr. Schneider's testimony, SJG anticipates serving approximately 125 customers in the development. According to the Company, it 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 Development.

Rate Counsel, in its written comments to the petition dated October 3, 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 October 3, 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 Township, 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 Township to continue to provide adequate and appropriate service to its existing customers as well as expected future customers, and that the fifty (50) year duration of the municipal consent to use the streets is consistent with N.J.S.A. 48:3-15. Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the consent granted to SJG by the Township for the provision of gas service in the Township 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:

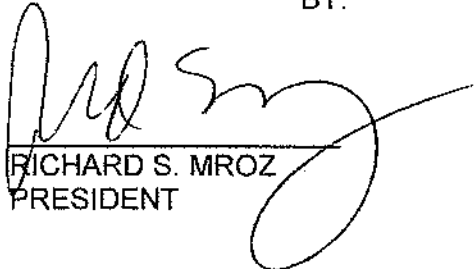
1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by SJG.
2. This Order shall not affect, nor in any way limit, the exercise of the authority of this Board of the State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting SJG.

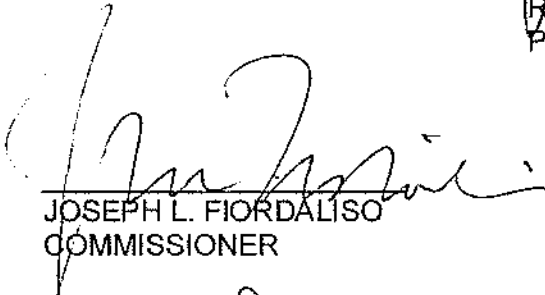
3. In an appropriate subsequent proceeding, SJG shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
4. The rates for service to the Company's customers in the Development shall be those set out in the Company's 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 fifty (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 Township.

This Order shall be effective as of October 31, 2014.

DATED: 10/22/14

BOARD OF PUBLIC UTILITIES
BY:

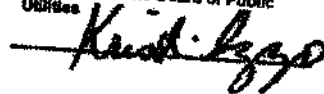

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



ATTEST:

KRISTI IZZO
SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL
OF A MUNICIPAL CONSENT IN THE TOWNSHIP OF SOUTHAMPTON
DOCKET NO. GE14090957

SERVICE LIST

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Exhibit A

SOUTHAMPTON TOWNSHIP

Ordinance No. 2014-
21

AN ORDINANCE

GRANTING CONSENT AND PERMISSION TO SOUTH JERSEY GAS COMPANY TO FURNISH NATURAL GAS FOR LIGHT, HEAT AND POWER IN THE TOWNSHIP OF SOUTHAMPTON

WHEREAS, pursuant to N.J.S.A. 48:3-15, the South Jersey Gas Company, a New Jersey corporation licensed by the New Jersey Board of Public Utilities seek consent and permission from the Township of Southampton to furnish gas for light, heat and power in the Eagles Mere development in the Township of Southampton, County of Burlington and State of New Jersey; and

WHEREAS, the Mayor and Committee of the Township of Southampton conclude that granting said consent shall enhance the health, safety and welfare of the citizens of the Township of Southampton.

NOW, THEREFORE, BE IT ORDAINED AND ENACTED BY THE MAYOR AND TOWNSHIP COMMITTEE OF THE TOWNSHIP OF SOUTHAMPTON, COUNTY OF BURLINGTON, STATE OF NEW JERSEY, AS FOLLOWS:

Section 1. That exclusive and perpetual consent and permission to furnish gas for light, heat and power in that part of the Township of Southampton, County of Burlington, State of New Jersey, depicted on Exhibit "A", (The Eagles Mere Development) is hereby given and granted to South Jersey Gas Company, a New Jersey corporation, subject to approval of such consent and permission by the Board of Public Utilities of the State of New Jersey. Exhibit A is attached hereto and incorporated herein.

Section 2. That exclusive 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 Township of Southampton 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 of the State of New Jersey.

Section 3. South Jersey Gas Corporation further recognizes that additional permissions and approvals may be necessary from the County of Burlington, the New Jersey Pinelands Commission and/or the State of New Jersey depending upon the location of improvements.

Section 4. Section 2 of this consent shall remain in effect for a period of fifty (50) years from the date of final adoption of this Ordinance by Mayor and Committee of the Township of Southampton.

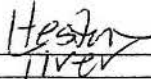
Section 5. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held by any court of competent jurisdiction to be unconstitutional or invalid, such decision shall not affect the remaining portions of this Ordinance.

Section 6. This Ordinance shall take effect after immediately upon its final passage and publication according to law, and acceptance by South Jersey Gas Company.

ACTION ON INTRODUCTION:

Motion made by:

Motion seconded by:



VOTE:

Committeeman Heston:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeeman Raftery:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeewoman Rossell:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeeman Tiver:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Mayor Young, Sr.:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present

ACTION ON ADOPTION (after public hearing)

Motion made by: LIVER

Motion seconded by: Raftery

VOTE:

Committeeman Heston:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeeman Raftery:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeewoman Rossell:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Committeeman Tiver:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present
Mayor Young, Sr.:	<input checked="" type="radio"/> Yes	No	Abstain	Not Present

 CERTIFICATION

I HEREBY CERTIFY that the foregoing is a true copy of the ordinance that was introduced after first reading at a meeting of the Southampton Township Committee held on July 15, 2014 and adopted after a public hearing at a meeting of the Southampton Township Committee held on August __, 2014.

Kathleen D. Hoffman
 Kathleen D. Hoffman, RMC
 Township Clerk / Administrator

Exhibit B



Gina Merritt-Epps, Esq.
Office of General Counsel and Corporate Secretary
General Counsel and Corporate Secretary

September 3, 2014

(Via email khoffman@southamptonnj.org)
Kathy Hoffman, Township Administrator
Southampton Township
5 Retreat Road
Southampton, NJ 08088

Re: Acceptance of Ordinance No. 2014-21 Municipal Consent for the Provision of Service
and Use of the Streets

Dear Ms. Hoffman:

I am writing on behalf of South Jersey Gas Company ("SJG") to advise that we received a fully executed copy of Ordinance No. 2014-21 (copy attached) granting municipal consent for SJG to provide gas and lay its mains and pipes in the Township of Southampton. Pursuant to the requirements of N.J.S.A. 48:3-16, SJG hereby accepts Ordinance No. 2014-21, as passed.

Please do not hesitate to call if you have any questions. Thank you.

Very truly yours,

Gina Merritt-Epps
gmerritt@sjindustries.com

Enclosure

cc: John Stanzioia, Director, Regulatory Affairs
Sherri Ramos, Supervisor, Revenue Analyst Permits
Abbey Greenberg, Public Affairs Specialist
Stacy A. Mitchell, Esq.