



**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 )  
JERSEY GAS COMPANY TO REVISE THE LEVELS )  
OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") )  
CHARGES AND ITS TRANSPORTATION )  
INITIATION CLAUSE ("TIC") CHARGE )

DECISION AND ORDER APPROVING  
STIPULATION

BPU DOCKET NO. GR21071016

**Parties of Record:**

**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel  
**Deborah M. Franco, Esq.**, on behalf of South Jersey Gas Company

BY THE BOARD:

On July 30, 2021, South Jersey Gas Company ("SJG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval to revise the rates pertaining to its Transportation Initiation Clause ("TIC"), and two (2) components of the Company's Societal Benefits Charge ("SBC"): the Remediation Adjustment Clause ("RAC") and the Clean Energy Program ("CLEP") ("July 2021 Petition").<sup>1</sup> By this Order, the Board considers a stipulation of settlement ("Stipulation") executed by SJG, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the July 2021 Petition.

**BACKGROUND**

The SBC was created as a result of the Electric Discount and Energy Competition Act. SJG's SBC is comprised of a number of components: the RAC, the CLEP, the USF and the Lifeline Program charges. The RAC allows the Company to adjust its rates to recover reasonably incurred environmental remediation costs associated with the clean-up of its former manufactured gas plant ("MGP") sites, on a deferred basis, over a rolling seven (7) year period, with carrying charges tied to seven (7) year treasuries plus 60 basis points. The CLEP recovers costs associated with energy efficiency and renewable energy programs related to the New Jersey Clean Energy Program. The USF and Lifeline Programs were established to help provide affordable electric

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<sup>1</sup> The Universal Service Fund and Lifeline components of the SBC are addressed in a separate proceeding. Accordingly, SJG proposed no changes to these specific components of the SBC within this filing.

and natural gas service to eligible New Jersey residential customers.

The TIC was designed to recover all reasonable and prudent development and operating costs relating to Electronic Data Interchange (“EDI”). The Board, by Order in Docket No. GX99030121 directed that EDI be implemented to allow information to be exchanged electronically between gas distribution utilities and sellers of gas to customers.

### **JULY 2021 PETITION**

In the July 2021 Petition, SJG sought approval to decrease its per therm RAC rate from \$0.050626 to \$0.048093, resulting in an annual revenue decrease of \$1.3 million.<sup>2</sup> For the CLEP component, SJG sought approval to increase the rate from \$0.028475 to \$0.032984, resulting in an annual revenue increase of \$2.4 million. SJG further sought approval to decrease its TIC rate from \$0.000369 to a credit of \$0.000051, resulting in an annual revenue decrease of \$0.2 million. On a combined basis, the July 2021 Petition sought to increase the overall annual level of its SBC and TIC by \$0.9 million.

On March 28, 2022, SJG submitted updates to the proposed RAC, CLEP and TIC per therm rates to reflect a credit for the Public Utility Assessment costs recovered through the RAC, CLEP and TIC rates during the period October 1, 2020 through February 28, 2022 (“March 2022 Update”).<sup>3</sup> Based upon the March 2022 Update, the data continued to support a combined annual increase of \$0.9 million. The Company proposed to implement a RAC rate of \$0.047912, CLEP rate of \$0.032899 and a TIC credit of \$0.000055.

After publication of notice in the Company's service territory, public hearings in this matter were conducted on December 07, 2021, at 4:30 p.m. and 5:30 p.m.<sup>4</sup> No members of the public attended the public hearings or submitted written comments.

### **STIPULATION**

Following a review of the July 2021 Petition, discovery, and the March 2022 Update, the Parties executed the Stipulation, which provides for the following:<sup>5</sup>

6. The Company's proposed per therm RAC rate component of \$0.047912 should be implemented and made final.
7. The Company's proposed per therm CLEP rate component of \$0.032899 should be implemented and made final.

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<sup>2</sup> All rates quoted herein include all applicable taxes.

<sup>3</sup> In accordance with the rates approved in the Company's last base rate case in BPU Docket No. GR20030243, public utility assessment costs are now recovered through the Company's base rates.

<sup>4</sup> Due to COVID-19 pandemic, public hearings were conducted telephonically.

<sup>5</sup> Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

8. The Company's proposed TIC credit rate per therm of \$0.000055 should be implemented and made final.
9. These final RAC, CLEP and TIC per therm rates reflect a credit for the public utility assessment costs recovered through the RAC, CLEP and TIC rates during the period October 1, 2020 through February 28, 2022.
10. The Company shall include in its next annual SBC filing (including RAC, CLEP and TIC) credits for public utility assessments costs recovered through the SBC during the period March 1, 2022 through May 31, 2022.
11. The combined RAC, CLEP and TIC rate changes will result in an overall increase of \$0.13, or 0.08%, for a residential heating customer using 100 therms of natural gas during a winter heating month.
12. The Parties agree that SJG's MGP remediation costs will remain subject to Board audit. SJG will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC.
13. The Company represents that no MGP related properties were leased or sold during the RAC remediation period for which this RAC rate is established.
14. SJG also represents that the Stipulation does not include recovery of any administrative, legal, consulting, or other costs associated with Natural Resource Damage ("NRD") related to MGP claims, or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the July 2021 Petition.
15. The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties' review of SJG's expenditures and reconciliation thereof in SJG's future RAC and/or SBC proceedings.
16. The Parties agree that the terms of the Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amount that were or could be included in the calculation of the Company's deferred RAC balance, except as described in Paragraph 14 of the Stipulation with respect to NRD-related costs and incentive compensation costs or pension costs.
17. The Company agrees that it will include in its future RAC filings responses to the minimum filing requirements ("MFRs") as set forth in Exhibit A to the Stipulation. At a minimum, the Company agrees to provide electronic copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel.

### **DISCUSSION AND FINDINGS**

The Board reviewed the record in this proceeding, including the July 2021 Petition, the March 2022 Update, discovery responses and the attached Stipulation. The Board **HEREBY FINDS**

that the Stipulation is reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

The Board **HEREBY APPROVES** the Company's implementation of the following per therm rates: a RAC rate of \$0.047912, a CLEP rate of \$0.032899, and a TIC credit of \$0.000055 for service rendered on or after June 1, 2022. Based upon the Stipulation, the monthly bill impact on a typical residential heating customer using 100 therms in a winter month is an increase of \$0.13 or 0.08%.

The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets conforming to the terms and conditions of this Order by May 31, 2022.

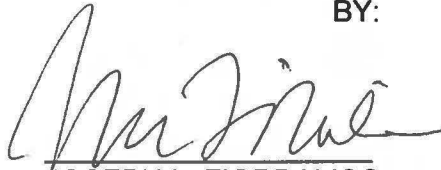
The Board **FURTHER ORDERS** that the NRD related costs should continue to be deferred until such time as the Board addresses the rate recoverability of NRD related costs via the RAC mechanism.

The Company's costs, including those related to the SBC and TIC, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is May 11, 2022.


DATED: May 4, 2022

BOARD OF PUBLIC UTILITIES  
BY:

  
JOSEPH L. FIORDALISO  
PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:

  
CARMEN D. DIAZ  
ACTING SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO REVISE THE LEVEL OF  
ITS SOCIETAL BENEFIT CLAUSE ("SBC") CHARGES AND ITS TRANSPORTATION INITIATION  
CLAUSE ("TIC") CHARGE

DOCKET NO. GR21071016

SERVICE LIST

<p><b><u>South Jersey Gas Company</u></b> 520 Green Lane Union, NJ 07083</p> <p>Deborah M. Franco, Esq. <a href="mailto:dfranco@sjindustries.com">dfranco@sjindustries.com</a></p> <p>1 South Jersey Place Atlantic City, NJ 08401</p> <p>Cindy Capozzoli, Director <a href="mailto:ccapozzoli@sjindustries.com">ccapozzoli@sjindustries.com</a></p> <p>Carolyn Jacobs <a href="mailto:cjacobs@sjindustries.com">cjacobs@sjindustries.com</a></p> <p><b><u>New Jersey Division of Rate Counsel:</u></b> 140 East Front Street, 4<sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625</p> <p>Brian O. Lipman, Esq., Director <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p> <p>Maura Caroselli, Esq. <a href="mailto:mcaroselli@rpa.nj.gov">mcaroselli@rpa.nj.gov</a></p>	<p><b><u>Board of Public Utilities</u></b> 44 South Clinton Avenue, 1<sup>st</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Carmen Diaz, Acting Secretary <a href="mailto:board.secretary@bpu.nj.gov">board.secretary@bpu.nj.gov</a></p> <p>Stacy Peterson, Deputy Executive Director <a href="mailto:stacy.peterson@bpu.nj.gov">stacy.peterson@bpu.nj.gov</a></p> <p><u>Office of the Chief Counsel</u></p> <p>Abe Silverman, Esq., General Counsel <a href="mailto:abe.silverman@bpu.nj.gov">abe.silverman@bpu.nj.gov</a></p> <p>Carol Artale, Esq., Deputy General Counsel <a href="mailto:carol.artale@bpu.nj.gov">carol.artale@bpu.nj.gov</a></p> <p>Heather Weisband, Esq., Senior Counsel <a href="mailto:heather.weisband@bpu.nj.gov">heather.weisband@bpu.nj.gov</a></p> <p><b><u>Division of Energy</u></b></p> <p>Paul Lupo, Bureau Chief <a href="mailto:paul.lupo@bpu.nj.gov">paul.lupo@bpu.nj.gov</a></p> <p>Jason Forsythe <a href="mailto:jason.forsythe@bpu.nj.gov">jason.forsythe@bpu.nj.gov</a></p> <p><b><u>New Jersey Division of Law</u></b> Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG <a href="mailto:pamela.owen@law.njoag.gov">pamela.owen@law.njoag.gov</a></p> <p>Michael Beck, DAG <a href="mailto:michael.beck@law.njoag.gov">michael.beck@law.njoag.gov</a></p> <p>Terel Klein, DAG <a href="mailto:terel.klein@law.njoag.gov">terel.klein@law.njoag.gov</a></p> <p>Daren Eppley, DAG <a href="mailto:daren.eppley@law.njoag.gov">daren.eppley@law.njoag.gov</a></p>
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520 Green Lane  
Union, NJ 07083

T: (908) 662-8448  
F: (908) 662-8496

dfranco@sjindustries.com

Deborah M. Franco, Esq.  
VP, Rates, Regulatory & Sustainability

April 22, 2022

Carmen Diaz, Acting Secretary  
Office of the Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause BPU Docket No. GR21071016**

Dear Acting Secretary Diaz:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of South Jersey Gas Company, the Staff of the Board of Public Utilities, and the Division of Rate Counsel. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in black ink, appearing to read "Deborah M. Franco".

Deborah M. Franco

DMF:caj  
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY  
TO REVISE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE (“SBC”)  
AND ITS TRANSPORTATION INITIATION CLAUSE (“TIC”)  
BPU DOCKET NO. GR21071016**

**SERVICE LIST**

**NJ BOARD OF PUBLIC UTILITIES**

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[aida.camacho@bpu.nj.gov](mailto:aida.camacho@bpu.nj.gov)

Stacy Peterson  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[stacy.peterson@bpu.nj.gov](mailto:stacy.peterson@bpu.nj.gov)

Jason Forsythe  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[jason.forsythe@bpu.nj.gov](mailto:jason.forsythe@bpu.nj.gov)

Paul Lupo  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[paul.lupo@bpu.nj.gov](mailto:paul.lupo@bpu.nj.gov)

Cindy Bianco  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[cindy.bianco@bpu.nj.gov](mailto:cindy.bianco@bpu.nj.gov)

**DIVISION OF RATE COUNSEL**

Maura Caroselli  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mcaroselli@rpa.nj.gov](mailto:mcaroselli@rpa.nj.gov)

Brian Lipman  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625  
[blipman@rpa.nj.gov](mailto:blipman@rpa.nj.gov)

**RATE COUNSEL CONSULTANTS**

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870  
[rhenkes@optonline.net](mailto:rhenkes@optonline.net)

**DIVISION OF LAW**

Terel Klein, Esq., DAG  
Dept. of Law & Public Safety  
Division of Law  
R.J. Hughes Justice Complex  
25 Market Street  
P.O. Box 112  
Trenton, NJ 08625  
[terel.klein@law.njoag.gov](mailto:terel.klein@law.njoag.gov)

Pamela Owen, DAG  
Dept. of Law & Public Safety  
Division of Law  
R.J. Hughes Justice Complex  
25 Market Street  
P.O. Box 112  
Trenton, NJ 08625  
[pamela.owen@law.njoag.gov](mailto:pamela.owen@law.njoag.gov)

Carolyn A. Jacobs  
Regulatory Compliance Specialist Sr.  
SJI Utilities Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401  
[cjacobs@sjindustries.com](mailto:cjacobs@sjindustries.com)

### **SOUTH JERSEY GAS COMPANY**

Deborah M. Franco, Esq., VP  
Rates, Regulatory and Sustainability  
SJI Utilities Inc.  
520 Green Lane  
Union, NJ 07083  
[dfranco@sjindustries.com](mailto:dfranco@sjindustries.com)

Sheree Kelly  
Regulatory Affairs Counsel  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[skelly@sjindustries.com](mailto:skelly@sjindustries.com)

Cindy Capozzoli, Director  
SJI Utilities Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401  
[ccapozzoli@sjindustries.com](mailto:ccapozzoli@sjindustries.com)

Kenneth Sheppard, Project Manager  
South Jersey Gas Company  
1 South Jersey Place  
Folsom, NJ 08037  
[ksheppard@sjindustries.com](mailto:ksheppard@sjindustries.com)

James G. Fredericks, Rate Analyst Lead  
South Jersey Gas Company  
1 South Jersey Place  
Atlantic City, NJ 08401  
[jfredericks@sjindustries.com](mailto:jfredericks@sjindustries.com)

Karen J. Crispin, Senior Rate Analyst  
South Jersey Gas Company  
1 South Jersey Place  
Atlantic City, NJ 08401  
[kcrispin@sjindustries.com](mailto:kcrispin@sjindustries.com)



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

<b>IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO REVISE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") CHARGES AND ITS TRANSPORTATION INITIATION CLAUSE ("TIC") CHARGE</b>	<b>:</b> <b>:</b> <b>:</b> <b>:</b> <b>:</b> <b>:</b> <b>:</b>	<b>BPU DOCKET NO. GR21071016 STIPULATION OF SETTLEMENT</b>
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**APPEARANCES:**

**Deborah M. Franco, Esq.**, Vice President, Rates, Regulatory and Sustainability, for South Jersey Gas Company, Petitioner.

**Maura Caroselli, Esq.**, Managing Attorney, Gas and Clean Energy, for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director).

**Terel Klein**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Acting, Attorney General of the State of New Jersey).

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

This Stipulation is intended to resolve the pending Societal Benefits Clause ("SBC") proceeding (hereinafter referred to as "Proceeding") by which South Jersey Gas Company ("South Jersey" or "Company") seeks to increase the annual revenue level of its SBC through a decrease in its Remediation Adjustment Clause ("RAC") charge, and an increase in its Clean Energy Program ("CLEP") charge, both components of the SBC, as well as a decrease in its Transportation Initiation Clause ("TIC") charge. The parties to this Proceeding are South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively, "Parties").

**I. PROCEDURAL HISTORY**

1. On July 30, 2021, consistent with N.J.S.A. 48:2-21, South Jersey filed a petition with the New Jersey Board of Public Utilities ("Board") in Docket No. GR21071016, seeking approval to increase the overall annual revenue level of its SBC and TIC charges by \$0.9 million, including

taxes. Specifically, the petition sought a decrease in South Jersey's RAC charge and an increase in its CLEP charge, both components of the SBC, and a decrease to the TIC charge.

2. In its petition, South Jersey requested that: (i) the per therm RAC rate be decreased to \$0.048093 from its current level of \$0.050626; (ii) the per therm CLEP rate be increased to \$0.032984 from its current level of \$0.028475; and (iii) to decrease the per therm TIC rate from its current level of \$0.000369 to a credit rate of \$0.000051. The rates requested in the petition were derived utilizing actual information for the period November 2020 through May 2021, and projected information for the period June 2021 through October 2022.<sup>1</sup>

3. As stated in the petition, the Universal Service Fund ("USF") and Lifeline components of the SBC ("USF/Lifeline") were addressed in a separate proceeding in Docket No. ER21060939 and are not a part of this Proceeding.

4. Following proper notice, telephonic public hearings were held in this matter on December 7, 2021. No members of the public were in attendance via telephone.<sup>2</sup>

5. Discovery was propounded and answered by the Company.

## II. **STIPULATED TERMS**

Based upon the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** as follows:

6. The Company's proposed per therm RAC rate component of \$0.047912 should be implemented and made final.

7. The Company's proposed per therm CLEP rate component of \$0.032899 should be implemented and made final.

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<sup>1</sup> All rates quoted herein include sales and use taxes.

<sup>2</sup> Public hearings were conducted telephonically due to the COVID-19 pandemic.

8. The Company's proposed TIC credit rate per therm of \$0.000055 should be implemented and made final.
9. These final RAC, CLEP and TIC per therm rates reflect a credit for public utility assessment costs recovered through the RAC, CLEP and TIC rates during the period October 1, 2020 through February 28, 2022.<sup>3</sup>
10. The Company shall include in its next annual SBC filing (including RAC, CLEP and TIC) credits for public utility assessments costs recovered through the SBC during the period March 1, 2022 through May 31, 2022.
11. The combined RAC, CLEP and TIC rate changes will result in an overall increase of \$0.13, or 0.08%, for a residential heating customer using 100 therms of natural gas during a winter heating month.
12. The Parties agree that South Jersey's Manufactured Gas Plant ("MGP") remediation costs will remain subject to Board audit. South Jersey will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC.
13. The Company represents that no MGP related properties were leased or sold during the RAC remediation period for which this RAC rate is established.
14. South Jersey also represents that this Stipulation does not include recovery of any administrative, legal, consulting, or other costs associated with Natural Resource Damage ("NRD") related to MGP claims, or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the petition.<sup>4</sup>

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<sup>3</sup> In accordance with the rates approved in the Company's last base rate case in BPU Docket No. GR20030243, public utility assessment costs are now recovered through the Company's base rates.

<sup>4</sup> Pursuant to the Board's Order dated April 27, 2021 in BPU Docket No. GR20070504 *In the Matter of the Petition of South Jersey Gas Company to Change the Levels of its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause ("TIC")*, beginning with the RAC remediation year commencing August 1, 2019, NRD-related costs that are incurred by the Company will be deferred in a regulatory asset account with carrying costs, pending a decision by the Board as to whether such costs are recoverable through the RAC.

15. The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties' review of South Jersey's expenditures and reconciliation thereof in South Jersey's future RAC and/or SBC proceedings.

16. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could be included in the calculation of the Company's deferred RAC balance, except as described in Paragraph 14 above with respect to NRD-related costs and incentive compensation costs or pension costs.

17. The Company agrees that it will include in its future RAC filings responses to the minimum filing requirements ("MFRs") as set forth in Exhibit A to this Stipulation. At a minimum, the Company agrees to provide electronic copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel.

18. The Parties further acknowledge that a Board Order approving, rejecting, or modifying this Stipulation shall become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

19. Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the final rates approved by the Board within ten (10) days of such approval.

### **III. MISCELLANEOUS**

20. This Stipulation fully disposes of all issues in controversy in this proceeding, is consistent with law, and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its

entirety. In the event that any provision of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event that the Board, in any applicable order, does not adopt this Stipulation in its entirety, 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.


21. This Stipulation shall be binding on the Parties for all purposes herein.

22. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties 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. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving, rejecting, or modifying this Stipulation shall become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

23. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

**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:   
Deborah M. Franco, Esq.  
Vice President, Rates, Regulatory & Sustainability

**MATTHEW J. PLATKIN**  
**ACTING ATTORNEY GENERAL OF NEW JERSEY**  
Attorney for the Staff of the Board of Public Utilities

By:  April 20, 2022  
Terel Klein  
Deputy Attorney General

**BRIAN O. LIPMAN**  
**DIRECTOR, DIVISION OF RATE COUNSEL**

By:  April 22, 2022  
Maura Caroselli, Esq.  
Assistant Deputy Rate Counsel

Dated: \_April 20, 2022