



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st 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 TO REVISE THE LEVELS OF ITS)
SOCIETAL BENEFITS CLAUSE ("SBC") CHARGES AND)
ITS TRANSPORTATION INITIATION CLAUSE ("TIC"))
CHARGE) ORDER APPROVING)
STIPULATION)
DOCKET NO. GR22070467)

Parties of Record:

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

BY THE BOARD:

On July 29, 2022, South Jersey Gas Company ("SJG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval to revise the rates related to its Transportation Initiation Clause ("TIC") and two (2) components of its Societal Benefits Charge ("SBC"): the Remediation Adjustment Clause ("RAC") and the Clean Energy Program ("CLEP") Clause ("Petition"). 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.

BACKGROUND

Pursuant to the Electric Discount and Energy Competition Act, the Board permits each electric public utility and gas public utility to recover certain costs through its respective SBC.¹ SJG's SBC is comprised of the RAC, the CLEP, the Universal Service Fund ("USF"), and the Lifeline Program ("Lifeline") 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 the costs associated with energy efficiency programs related to the New Jersey Clean Energy Program. The USF and Lifeline Programs help provide affordable electric and natural gas service to eligible New Jersey residential customers.

¹ N.J.S.A. 48:3-60(a).

By Order dated June 9, 1999, the Board ordered implementation of the Electronic Data Interchange (“EDI”) to facilitate electronic exchange of information between gas distribution utilities and third party suppliers.² The TIC was designed to recover all reasonable and prudent development and operating costs related to the EDI.

Petition

In the Petition, SJG sought to increase the overall annual revenue level of its SBC and TIC charges by \$1.9 million for the 2022-2023 clause year from November 1 through October 31.³ Specifically, the Company sought to: 1) increase its per-therm RAC rate from \$0.047912 to \$0.054031, an increase in annual revenues of \$3.3 million; 2) decrease its per-therm CLEP rate from \$0.032899 to \$0.030063, a decrease in annual revenues of \$1.5 million; and 3) increase its per-therm TIC rate from (\$0.000055) to \$0.000263, an increase in annual revenues of \$0.1 million.

Through discovery, SJG provided updated information to include actual data through August 31, 2022 (“Update”). Based upon the Update, the Company revised its originally proposed CLEP rate from \$0.030063 to \$0.031280 per therm and its originally proposed TIC rate from \$0.0002630 to \$0.000244 per therm; the Company did not propose changes to its RAC rate.

Following publication of notice, virtual public hearings were conducted on January 11, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public attended or filed comments with the Board in this matter.

STIPULATION

Following a review of the Petition, discovery, and Update, the Parties have executed the Stipulation, which provides as follow:⁴

7. The Company’s proposed per therm RAC rate component of \$0.054031 should be implemented and made final.
8. The Company’s proposed per therm CLEP rate component of \$0.031280 should be implemented and made final.
9. The Company’s proposed TIC rate per therm of \$0.000244 should be implemented and made final.
10. The combined RAC, CLEP and TIC rate changes will result in an overall SBC rate of \$0.101911 per therm and TIC rate of \$0.000244 per therm effective upon Board approval, which represents a monthly increase of \$0.48, or approximately 0.26%, from a bill of \$190.65 to \$191.13 for a residential heating customer using 100 therms of natural gas during a winter heating month, compared to rates in effect on March 1, 2023.
11. 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.

² In re the Rate Unbundling Filings by Gas Public Utilities Pursuant to Section 10, Subsection A of the Electric Discount and Energy Competition Act of 1999, BPU Docket Nos. GX99030121, GO99030122, GO99030123, GO99030124, and GO99030125, Order dated June 9, 1999.

³ All rates quoted herein include Sales and Use Tax (“SUT”).

⁴ Although summarized in this Order, should there be any conflict between this summary and the Stipulation the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

12. The Company represents that no MGP-related properties were leased or sold during the RAC remediation period for which this RAC rate is established.
13. 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. This Stipulation also does not include any costs associated with incentive compensation or pension costs incurred during the period set forth in the petition.
14. 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.

DISCUSSION AND FINDINGS

The Board reviewed the entire record in this proceeding, including the Petition the Update, and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. As such, the Board **HEREBY ADOPTS** the Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions imposed in this Order.

Consistent with the Stipulation, the Board **HEREBY APPROVES** SJG’s implementation of the following per-therm rates effective April 1, 2023:

- A RAC rate of \$0.054031;
- A CLEP rate of \$0.031280; and
- A TIC rate of \$0.000244.

The adjustments to the RAC and CLEP components of the SBC result in a revised overall SBC rate of \$0.101911 per therm and a TIC rate of \$0.000244 per therm, effective for service rendered on and after April 1, 2023.

Based upon the Board’s approval of the Stipulation, a residential heating customer using 100 therms per month will experience a monthly bill increase of \$0.48 or 0.24%.

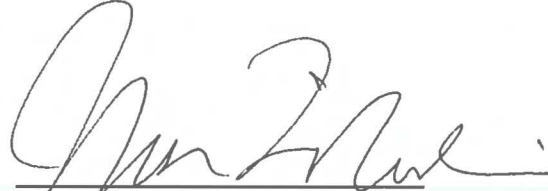
The Board **HEREBY DIRECTS** SJG to file revised tariffs by March 31, 2023.

The Company’s costs will remain subject to audit by the Board. This Order shall not preclude or prohibit the Board from taking further action relating to any such audit.

The effective date of this Order is March 13, 2023.

DATED: March 6, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



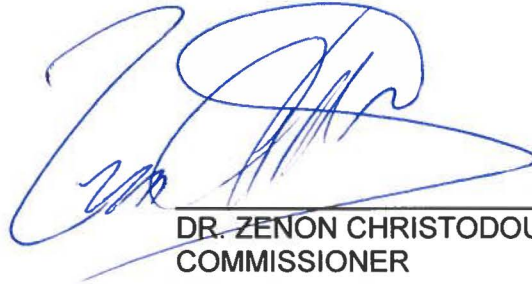
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

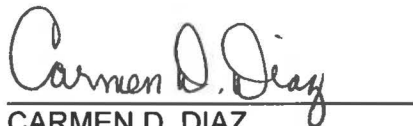


ROBERT M. GORDON
COMMISSIONER



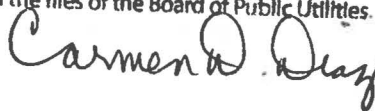
DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING 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 REVISE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE (“SBC”) CHARGES AND ITS TRANSPORTATION INITIATION CLAUSE (“TIC”) CHARGE

BPU DOCKET NO. GR22070467

SERVICE LIST

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

IN THE MATTER OF THE	:	
PETITION OF SOUTH JERSEY	:	BPU DOCKET NO. GR22070467
GAS COMPANY TO REVISE THE	:	
LEVELS OF ITS SOCIETAL	:	STIPULATION OF SETTLEMENT
BENEFITS CLAUSE (“SBC”)	:	
CHARGES AND ITS	:	
TRANSPORTATION INITIATION	:	
CLAUSE (“TIC”) CHARGE	:	

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, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, 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**, Attorney General of the State of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This stipulation of settlement (“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 an increase in its Remediation Adjustment Clause (“RAC”) charge, and a decrease in its Clean Energy Program (“CLEP”) charge, both components of the SBC, as well as an increase 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 New Jersey Board of Public Utilities (“Staff”) (collectively, “Parties”).

I. PROCEDURAL HISTORY

1. On July 29, 2022, 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. GR22070467, seeking to increase the overall annual revenue level of its SBC and TIC charges by \$1.9 million, including taxes (“Petition”).

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

2. In its Petition, South Jersey requested that: (i) the per therm RAC rate be increased to \$0.054031 from its current level of \$0.047912; (ii) the per therm CLEP rate be decreased to \$0.030063 from its current level of \$0.032899; and (iii) the per therm TIC rate be increased from its current level of (\$0.000055) to \$0.000263.¹ The rates requested in the Petition were derived utilizing actual information for the period November 2021 through June 2022, and projected information for the period July 2022 through October 2023.

3. As stated in the Petition, the Universal Service Fund ("USF") and Lifeline components of the SBC were addressed in a separate proceeding.²

4. On September 23, 2022, the Company provided updated schedules based on actual data as of August 31, 2022, resulting in: (i) a per therm RAC rate of \$0.054031; (ii) a per therm CLEP rate of \$0.031280; and (iii) a per therm TIC rate of \$0.000244.

5. Following proper notice, two (2) virtual public hearings were held in this Proceeding on January 11, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public were in attendance to express their views on this filing and no written comments were received by the Board, South Jersey, or Rate Counsel.

6. The Parties engaged in discovery in this Proceeding and all such discovery has been answered by the Company.

II. STIPULATED TERMS

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

¹ All rates quoted herein include sales and use taxes.

² In re the 2022/2023 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor within the Societal Benefits Charge Rate – Order Approving Interim USF Rates and Lifeline Rates, BPU Docket No. ER22060374, Order dated September 28, 2022.

follows:

7. The Company's proposed per therm RAC rate component of \$0.054031 should be implemented and made final.

8. The Company's proposed per therm CLEP rate component of \$0.031280 should be implemented and made final.

9. The Company's proposed TIC rate per therm of \$0.000244 should be implemented and made final.

10. The combined RAC, CLEP and TIC rate changes will result in an overall SBC rate of \$0.101911 per therm and TIC rate of \$0.000244 per therm effective upon Board approval, which represents a monthly increase of \$0.48, or approximately 0.26%, from a bill of \$190.65 to \$191.13 for a residential heating customer using 100 therms of natural gas during a winter heating month, compared to rates in effect on March 1, 2023.

11. 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.

12. The Company represents that no MGP-related properties were leased or sold during the RAC remediation period for which this RAC rate is established.

13. 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.³ This Stipulation also does not include any costs associated with incentive compensation or pension costs incurred during the period set forth in the petition.

³ 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 reasonable and recoverable through the RAC.

14. 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.

15. The Parties agree that the terms of this Stipulation shall 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 13 above with respect to NRD-related costs and incentive compensation costs or pension costs.

16. 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.

17. 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.

18. 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

19. 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.


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

21. 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.


22. 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

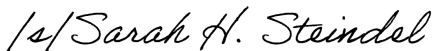
By: 
Deborah M. Franco, Esq.
Vice President, Rates, Regulatory & Sustainability

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

By: 

Terel Klein
Deputy Attorney General

BRIAN O. LIPMAN
DIRECTOR, DIVISION OF RATE COUNSEL

By: 

Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

Dated: February 23, 2023