



Agenda Date: 6/27/24
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY TO REVISE THE LEVEL OF ITS BASIC GAS SUPPLY SERVICE ("BGSS") CHARGE AND CONSERVATION INCENTIVE PROGRAM ("CIP") CHARGE FOR THE YEAR ENDING SEPTEMBER 30, 2024)	DECISION AND ORDER APPROVING STIPULATION FOR FINAL RATES
)	BPU DOCKET NO. GR23060334
)	OAL DOCKET NO. PUC 10723-2023S

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Sheree L. Kelly, Esq., South Jersey Gas Company

BY THE BOARD:

On June 1, 2023, South Jersey Gas Company ("SJG", or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking approval to: 1) decrease the level of its periodic Basic Gas Supply Service ("BGSS") ("BGSS-P") charge; 2) decrease the level of its Balancing Service Clause ("BSC") charge associated with its Rider "J" - General Service ("BSC-GS"); 3) decrease the level of its BSC charge associated with its Rider "I" - Large Volume ("BSC-LV"); and 4) modify the level of its Conservation Incentive Program ("CIP") rates for the period October 1, 2023 through September 30, 2024 ("2023 BGSS/CIP Petition"). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge ("ALJ") Jacob S. Gertsman, and a stipulation of settlement ("Stipulation") executed by SJG, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") requesting that the Board approve changes to the BGSS-P, BSC, and CIP rates on a final basis.

BACKGROUND

By Order dated January 6, 2003, the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board by June 1 its annual BGSS gas cost filing for the BGSS year beginning October 1.¹ In addition, the January 2003 BGSS Order authorized each GDC to self-implement up to a five percent (5%) BGSS increase effective December 1 of the current year and February 1 of the following year with one (1) month's advance notice to the Board and Rate Counsel, and implement a decrease in its BGSS rate at any time during the year upon five (5) days' notice to the Board and Rate Counsel.

2023 BGSS/CIP PETITION

Pursuant to the January 2003 BGSS Order, on June 1, 2023, the Company filed the 2023 BGSS/CIP Petition requesting authority to decrease its current BGSS-P rate of \$0.627739 per therm to \$0.415037 per therm effective October 1, 2023.² According to the 2023 BGSS/CIP Petition, the proposed decrease in the BGSS-P rate was due primarily to the Company (1) continuing to execute its Gas Procurement Strategy and Plan, which include financial hedging strategies, on file with the Board, (2) maximizing credits to firm customers through the optimization of its gas supply and upstream capacity management, which has resulted in the inclusion of a credit to BGSS gas costs of \$37.4 million in the 2023-2024 BGSS/CIP Year, which represents 85% of the gross margin generated by off-system sales, interruptible sales and transportation and capacity releases, and (3) employing its gas storage resources to reduce exposure to some of the volatility associated with wintertime price swings. As a result of the proposed BGSS-P rate, the Company would recover its projected under-recovered BGSS balance of approximately \$13.9 million through September 30, 2023. In determining the proposed rate, SJG included a credit to BGSS gas costs of \$37.4 million that was derived from the Board's approved margin sharing formula applicable to off-system sales, interruptible sales and transportation, and capacity releases.

By Order dated May 5, 2021, the Board authorized SJG to recover, over a two-year period, \$24,246,132 of gas supply and related costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation ("Antero"), one of the Company's gas suppliers.³ The remaining fifty percent (50%) or \$12,123,066 of the Antero costs would be included for recovery in the Company's 2021-22 BGSS/CIP proceeding. On November 17, 2021, the Board extended the Antero amortization period through September 2024.⁴ The remaining amortization amount of \$7,554,035 is included in the forecasted under recovered balance as of September 30, 2023.

¹ In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated January 6, 2003 ("January 2003 BGSS Order").

² Unless otherwise noted, all rates quoted herein include Sales and Use Tax.

³ In re the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service ("BGSS") Charge and Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2021, BPU Docket No. GR20060383, Order dated May 5, 2021 ("May 2021 Order").

⁴ In re the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service ("BGSS") Charge and Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2022, BPU Docket No. GR21060881, Order dated November 17, 2021.

In the 2023 BGSS/CIP Petition, the Company also requested the following BGSS rates:

- i. the gas cost portion of the Company's D-2 charge for Rate Schedule Large Volume Service ("LVS") be set at \$16.502043 per Mcf;
- ii. the gas cost portion of the Firm D-2 charge for Rate Schedule Electric Generation Service – Large Volume ("EGS-LV") Firm be set at \$16.587216 per Mcf;
- iii. the Limited Firm D-2 charge for Rate Schedule EGS-LV, and the D-2 charge for Rate Schedule Firm Electric Service ("FES"), be set at \$8.251022 per Mcf;
- iv. the monthly BGSS non-commodity rate applicable to Rate Schedules General Service ("GSG"), General Service – Large Volume ("GSG-LV"), Electric General Service ("EGS"), LVS, EGS-LV and Natural Gas Vehicle ("NGV") be set at \$0.145598 per therm;
- v. the Rider "I" BSC-LV charges for Opt-Out be set at \$0.002103 per therm and Non-Opt-Out be set at \$0.081846 per therm; and
- vi. the Rider "J" BSC-GS charge be set at \$0.081846 per therm.

The BGSS and balancing charge changes proposed in the 2023 BGSS/CIP Petition translate to a decrease in annual BGSS recoveries of \$79.3 million.

In the 2023 BGSS/CIP Petition, SJG also requested to implement the following per therm CIP rates:

- i. \$0.045266 for Group I Residential Non-Heat customers;
- ii. \$0.113871 for Group II Residential Heat customers;
- iii. \$0.090600 for Group III GSG customers; and
- iv. \$0.051227 for Group IV GSG-LV customers.

The proposed changes translated to an increase in annual CIP recoveries of \$30.2 million.

On August 29, 2023, in SJG's response to Discovery Request RCR-A-12, the Company updated its CIP rates based on actual data through June 30, 2023. The revised CIP rates are as follows:

- i. \$0.036916 for Group I Residential Non-Heat customers;
- ii. \$0.111741 for Group II Residential Heat customers;
- iii. \$0.088280 for Group III GSG customers; and
- iv. \$0.049526 for Group IV GSG-LV customers.

The revised changes translated to an increase in annual CIP recoveries of \$29.3 million.

After notice, virtual public hearings were held on August 30, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public appeared at the hearings or filed written comments with the Board.

By Order dated September 18, 2023, the Board approved a stipulation for provisional rates executed by the Parties.⁵ By the September 2023 Order, the Board authorized SJG to implement its proposed BGSS-P, BSC, and CIP rates, as updated, effective for services rendered on and after October 1, 2023 on a provisional basis, subject to refund. On October 11, 2023, the 2023 BGSS/CIP Petition was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge (“ALJ”) Jacob S. Gertsman.

ALJ Gertsman held a telephonic prehearing conference on December 14, 2023.

STIPULATION

Following review of the 2023 BGSS/CIP Petition, conducting discovery and discussions among the Parties, the Parties executed the Stipulation, which provides for the following:⁶

14. The provisional rates previously approved by the Board are reasonable and prudent and should be made final. In addition, the Stipulation resolves the two (2) issues described below.

Issue I – SJG’s Existing Contracts with Adelphia Gateway (“Adelphia”) and Columbia Gas Transmission, LLC (“Columbia”)

15. SJG is a party to a pipeline transportation agreement with Adelphia that has a primary term that expires August 31, 2027 (“Adelphia Agreement”). SJG has a right exercisable no later than 12 months prior to the expiration date of the primary term, August 31, 2026, to extend or terminate the Adelphia Agreement. SJG also has a firm transportation agreement with Columbia (Contract Number 284291) (“Columbia Agreement”) that is used to transport natural gas received under the Adelphia Agreement from the interconnection between Adelphia and Columbia to the interconnection between SJG and Columbia. The Columbia Agreement has a primary term that expires October 31, 2027, subject to SJG’s right of first refusal.

⁵ In re the Petition of South Jersey Gas Company to Revise the Level of its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charge for the Year Ending September 30, 2024, BPU Docket No. GR23060334, Order dated September 18, 2023 (“September 2023 Order”).

⁶ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

16. To resolve issues associated with the recovery of the costs incurred under the Adelpia Agreement and the Columbia Agreement during the respective primary terms of those Agreements, SJG will continue its current practice of crediting BGSS-P customers 100 percent of any capacity release credits, off-system sales margins, or other margins derived from the use of the firm transportation capacity created by the Adelpia Agreement and the Columbia Agreement for the remainder of the primary terms of each of those Agreements, specifically August 31, 2027 for the Adelpia Agreement, and October 31, 2027 for the Columbia Agreement.⁷
17. In SJG's future annual BGSS proceedings, the Parties will have the right to review the prudence of the Adelpia and Columbia Agreements provided that any such review with respect to costs incurred during the primary term of those Agreements must be undertaken no later than during SJG's 2025-2026 BGSS proceeding which would commence with the Company's annual BGSS filing to be made on or before June 1, 2025. No later challenges to the prudence of costs incurred by SJG during the primary terms of the Adelpia Agreement or the Columbia Agreement will be permitted. In its 2025-2026 BGSS filing, SJG will set forth its plans to terminate or continue the Adelpia Agreement and the Columbia Agreement for the period beyond the primary term expiration dates set forth in Paragraph 15 above. In addition, SJG will include testimony in its 2025-2026 BGSS filing addressing the operational and cost consequence of its plans for contracting for firm upstream pipeline capacity following the expiration of the primary terms of the Adelpia and Columbia Agreements.

Issue II – Principles Governing the Achievement of “Category Two” BGSS Gas Cost Savings From Reductions of Upstream Capacity on a Long-term Basis

18. In accordance with the Board's Order dated May 21, 2014 in Docket No. GR13030185, under SJG's CIP, SJG's ability to recover CIP-related accruals of non-weather related margins is tied to the Company's ability to demonstrate that SJG attained BGSS savings equal to at least 75 percent of such CIP margins.⁸ Such savings are categorized as Category One, Category Two or Category Three savings. Category Two BGSS Gas Cost Savings arise from reductions of upstream capacity for periods of at least one (1) year. These savings may include, but are not limited to, those that arise from contract terminations, asset management agreements (“AMAs”), releases of capacity to affiliates or non-affiliates, contract restructurings or reductions in the commodity cost of gas supply effectuated through purchasing strategies. On a prospective basis, SJG's efforts to attain such BGSS savings will be undertaken utilizing a competitive process that is intended to achieve capacity reductions that do not compromise the reliability of supply that is required to meet the design day requirements of the Company's firm customers. To the extent that SJG enters transactions with affiliates to attain Category Two BGSS Gas Cost Savings, such transactions will be subject to the

⁷ The crediting of 100 percent of capacity release credits, off-system sales margins and other margins derived from the use of the capacity was approved in the Company's 2022/2023 BGSS/CIP proceeding.

⁸ In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order dated May 21, 2014 (“May 2014 Order”).

principle that the expected benefits to BGSS customers are of equal to, or greater than, those that could be obtained in a transaction with a non-affiliate.

19. Under the Federal Energy Regulatory Commission's ("FERC") regulations, SJG may undertake the following transactions to attain Category Two BGSS Gas Cost Savings, consistent with the Board's May 2014 Order.⁹
 - (i) AMAs for one (1) year or more;¹⁰
 - (ii) Pipeline capacity releases of one (1) year or less at market-based rates determined by competitive bidding; and
 - (iii) Releases of pipeline capacity for one (1) year and one (1) day or more at the maximum FERC-approved rates.

In determining the mixture of AMAs, biddable capacity release and maximum rate capacity releases for one (1) year plus one (1) day or more or, SJG will attempt to maximize the value of the transactions for the benefit of BGSS-P customers by using a competitive bidding process to maximize the value of its AMAs/capacity releases based on information available at the time the competitive bidding process is conducted.

20. In addition, SJG currently releases 46,468 Dekatherms per day of firm transportation capacity provided by Columbia and Transcontinental Gas Pipe Line, LLC under capacity release agreements that will expire March 31, 2025. Following the expiration of these capacity release agreements, this firm transportation capacity will be included in the upstream firm capacity portfolio that is available to meet SJG's firm customers' design day requirements. The Stipulation will not prevent SJG from including this capacity in future AMAs or capacity releases intended to achieve Category Two BGSS savings if SJG determines that such AMAs or releases represent the appropriate way to attain such savings based up the Company's analysis of available competitive alternatives.
21. SJG's annual BGSS filing is subject to Minimum Filing Requirements ("MFR") that were attached as Exhibit C to its 2023 BGSS/CIP Petition. In SJG's future annual BGSS filings, as part of MFR Number 6, SJG will submit testimony describing its efforts to meet the Category Two BGSS Savings Cost "Savings Test" in a manner that complies with the terms of the Stipulation.
22. The Stipulation resolves all issues associated with SJG's past and present releases of capacity to achieve Category Two BGSS Gas Cost Savings under its CIP.
23. Each month, the Company will continue to provide electronically, to the Parties in this proceeding, the following updated information: 1) the BGSS NYMEX Updated Report (also known as S-SCHART-1) attached to the Stipulation as Exhibit A; and 2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm (attached to the Stipulation as Exhibit B). The chart reflected on

⁹ Id.

¹⁰ These agreements typically provide compensation for the right to manage capacity and provide access to supply during certain periods required by FERC's regulations.

Exhibit A to the Stipulation is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B to the Stipulation is to be submitted to the Parties on approximately the 15th of the following month. After the annual BGSS proceeding is filed each year, the monthly reports filed with the Board thereafter shall be updated to reflect the current BGSS year and upcoming BGSS year until the next annual BGSS filing occurs.

24. The Stipulation provides a final resolution in this proceeding. All issues related to SJG's BGSS and CIP costs for the year ending September 30, 2023, are resolved.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in this proceeding, including the 2023 BGSS/CIP Petition, the September 2023 Order, ALJ Gertsman's Initial Decision, and the attached Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, 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 set forth in this Order.

The Board **HEREBY APPROVES** the following on a final basis:

- i. A per therm BGSS-P rate of \$0.415037;
- ii. The gas cost portion of the D-2 charge for Rate Schedule LVS of \$16.502043 per Mcf;
- iii. The gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm of \$16.587216 per Mcf;
- iv. The Limited Firm D-2 for Rate Schedule EGS-LV and the Firm D-2 charge for Rate Schedule FES, respectively, of \$8.251022 per Mcf;
- v. The monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV, and NGV of \$0.145598 per therm;
- vi. The Rider "I" BSC-LV charges for Opt-Out of \$0.002103 per therm and Non-Opt-Out be set at \$0.081846 per therm; and
- vii. The Rider "J" BSC-GS charge of \$0.081846 per therm.
- viii. The implementation of the following per therm CIP rates:
 - a. a rate of \$0.036916 for RSG Non-Heat customers;
 - b. a rate of \$0.111741 for RSG Heating customers;
 - c. a rate of \$0.088280 for GSG customers; and
 - d. a rate of \$0.049526 for GSG - LV customers.

Any net over-recovered BGSS, BSC, and CIP balance at the end of the BGSS period shall be subject to refund with interest.

Based upon the Stipulation, a typical residential heating customer using 100 therms in a winter month, would see no further impact on their monthly bill.

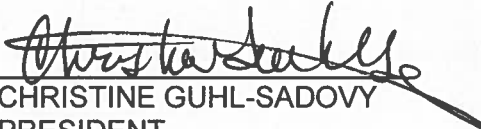
The Board **HEREBY DIRECTS** SJG to file tariffs consistent with the Board's Order by July 15, 2024.

The Company's costs, including those related to BGSS, BSC and CIP, remain subject to audit. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.


This Order shall be effective July 7, 2024.

DATED: June 27, 2024

BOARD OF PUBLIC UTILITIES
BY:

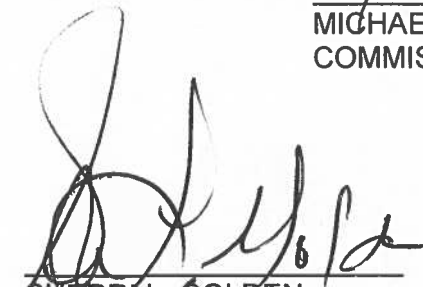

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 LEVEL OF ITS BASIC GAS SUPPLY SERVICE ("BGSS") CHARGE AND CONSERVATION INCENTIVE PROGRAM ("CIP") CHARGE FOR THE YEAR ENDING SEPTEMBER 30, 2024

BPU DOCKET NO. GR23060334
OAL DOCKET NO. PUC 10723-2023S

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 10723-23

AGENCY DKT. NO. GR23060334

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
REVISE THE LEVEL OF ITS BASIC GAS
SUPPLY SERVICE (BGSS) CHARGE AND
CONSERVATION INCENTIVE PROGRAM
(CIP) CHARGE FOR THE YEAR ENDING
SEPTEMBER 30, 2024**

Sheree L. Kelly, Regulatory Affairs Counsel for petitioner, South Jersey Gas Company

Kenneth T. Maloney, Esq. for petitioner, South Jersey Gas Company (Cullen and Dykman LLP, attorneys)

Terel Klein and **Matko Ilic**, Deputy Attorneys General, for Staff of the Board of Public Utilities (Matthew J. Platkin, Attorney General of New Jersey, attorney)

Maura Caroselli, Esq., Managing Attorney, and **Brian Lipman**, Director, for Division of Rate Counsel

Record Closed: May 20, 2024

Decided: May 21, 2024

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition filed on June 1, 2023, by South Jersey Gas Company (SJG or Company) requesting that the Board of Public Utilities (Board) approve the Company's request to revise the level of its Basic Gas Supply Service (BGSS) charge, and to revise the level of its Conservation Incentive Program (CIP) charge, for the year ending September 30, 2024.

The petition was transmitted to the Office of Administrative Law (OAL) on October 11, 2023, for determination as a contested case, and assigned to the undersigned, who conducted the initial telephone prehearing conference on November 2, 2023. Duly noticed public hearings were held virtually prior to the transmittal to the OAL on August 30, 2023, at 4:30 p.m. and 5:30 p.m. No members of the public appeared at either hearing and no written comments were received. Prior to the commencement of the evidentiary hearings, the parties filed on May 20, 2024, a Stipulation of Settlement (J-1), resolving all issues in this proceeding. Said Stipulation has been signed by petitioner, Staff of the Board of Public Utilities, and Division of Rate Counsel. It indicates the terms of settlement and is attached and fully incorporated herein.

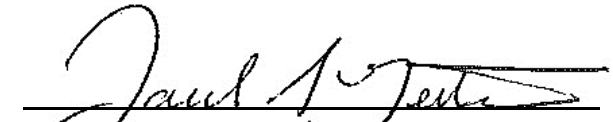
I have reviewed the terms of settlements and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlement fully disposes of all issues in controversy between the parties and is consistent with the law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

May 21, 2024 _____
DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency: _____

Date Mailed to Parties: _____

JSG/nn

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement

Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

May 17, 2024

Via Electronic MailThe Honorable Jacob Gertsman, ALJ
Office of Administrative Law
3444 Quakerbridge Rd, Bldg 9
Trenton, NJ 08619**Re: In the Matter of the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charge for the Year Ending September 30, 2024
BPU DOCKET NO. GR23060334
OAL DOCKET NO. PUC 10723-2023S**

Dear Judge Gertsman:

Enclosed please find a fully executed Stipulation of Settlement for Your Honor’s consideration, with reference to the above captioned matter. If same meets with Your Honor’s approval, we respectfully request that an Initial Decision be issued and that this matter be returned to the Board of Public Utilities for disposition.

Respectfully submitted,



Sheree L. Kelly, Esq.

Enclosure

cc: See attached Service List

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
TO REVISE THE LEVEL OF ITS BASIC GAS SUPPLY SERVICE (“BGSS”) CHARGE AND
CONSERVATION INCENTIVE PROGRAM (“CIP”) CHARGE FOR THE YEAR
ENDING SEPTEMBER 30, 2024
BPU DOCKET NO. GR23060334**

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

IN THE MATTER OF THE PETITION OF	:	BPU DOCKET NO. GR23060334
SOUTH JERSEY GAS COMPANY TO	:	OAL Docket No. PUC 10723-2023S
REVISE THE LEVEL OF ITS BASIC GAS	:	
SUPPLY SERVICE (“BGSS”) CHARGE	:	STIPULATION FOR FINAL
AND CONSERVATION INCENTIVE	:	BGSS/CIP RATES
PROGRAM (“CIP”) CHARGE FOR THE	:	
YEAR ENDING SEPTEMBER 30, 2024	:	
	:	

APPEARANCES:

Dominick DiRocco, Esq., VP, Rates & Regulatory Affairs, SJI Utilities Inc., for Petitioner South Jersey Gas Company.

Maura Caroselli, Esq., Managing Attorney, Gas and Clean Energy, **Andrew Gold, Esq.**, Assistant Deputy Rate Counsel, **Mamie W. Purnell, Esq.**, Assistant Deputy Rate Counsel, **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, and **Sarah Steindel, 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, Acting Attorney General of the State of New Jersey).

**TO THE HONORABLE JACOB S. GERTSMAN, ADMINISTRATIVE LAW JUDGE,
AND THE BOARD OF PUBLIC UTILITIES:**

1. This Stipulation is intended to make final the provisional Basic Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) rates for South Jersey Gas Company (“South Jersey” or “Company”) previously approved by the New Jersey Board of Public Utilities (“Board”) by Order dated September 18, 2023 in the above captioned proceeding and to resolve all other issues in this proceeding.

I. PROCEDURAL HISTORY

2. On June 1, 2023, South Jersey filed a petition, in Docket No. GR23060334, with the Board seeking authority to: 1) decrease the level of its Periodic Basic Gas Supply Service (“BGSS”) charge; 2) decrease the level of its Balancing Service Clause (“BSC”) charge associated with its Rider “J” - General Service (BSC-GS); 3) decrease the level of its BSC

charge associated with its Rider “I” – Large Volume (BSC-LV); and 4) increase the level of its Conservation Incentive Program (“CIP”) charge for the period October 1, 2023 through September 30, 2024 (“2023-24 BGSS/CIP Year”) (“Petition”).

3. By the Petition, the Company proposed to decrease the current level of its Periodic BGSS charge of \$0.627739 per therm, to \$0.415037 per therm, a decrease of \$0.212702 per therm for the 2023-24 BGSS/CIP Year.¹ The requested Periodic BGSS rate reduced the monthly bill of a residential heating customer using 100 therms by \$21.27, or 11.1%.

4. The Company also proposed the following BGSS rates: 1) the gas cost portion of the Company’s D-2 charge for Rate Schedule Large Volume Service (“LVS”) be set at \$16.502043 per Mcf;² 2) the gas cost portion of the Firm D-2 charge for Rate Schedule Electric Generation Service – Large Volume (“EGS-LV”) Firm be set at \$16.587216 per Mcf; 3) the Limited Firm D-2 charge for Rate Schedule EGS-LV, and the D-2 charge for Rate Schedule Firm Electric Service (“FES”), be set at \$8.251022 per Mcf; 4) the monthly BGSS non-commodity rate applicable to Rate Schedules General Service (“GSG”), General Service – Large Volume (“GSG-LV”), Electric General Service (“EGS”), LVS, EGS-LV and Natural Gas Vehicle (“NGV”) be set at \$0.145598 per therm; 5) the Rider “I” BSC-LV charges for Opt-Out be set at \$0.002103 per therm and Non-Opt-Out be set at \$0.081846 per therm; and 6) the Rider “J” BSC-GS charge be set at \$0.081846 per therm.

5. By Order dated May 5, 2021, South Jersey was authorized to recover, through its Periodic BGSS rate over a two-year period, \$24,246,132 of gas supply and related costs incurred

¹ All rates quoted herein include applicable taxes.

² Measurement of natural gas equivalent to 1000 cubic feet.

as a result of the resolution of a contract dispute with Antero Resources Corporation (“Antero”), one of the Company’s gas suppliers.³ By the May 2021 Order, the Board approved, on a final basis, the Periodic BGSS rate of \$0.275910 per therm, which provided for a recovery of 50% or \$12,123,066 of the Antero costs in the 2020-21 BGSS/CIP Year. The Board also ordered the remaining 50% or \$12,123,066 of Antero cost to be recovered in the 2021-22 BGSS/CIP Year. Thus, in the May 2021 Order, the Board approved an amortization of the Antero costs that would have resulted in full recovery by September 30, 2022. By Board Order dated November 17, 2021, the Board extended the Antero amortization period through September 2024.⁴ The remaining amortization of \$7,554,035 was included in the forecast under recovered balance as of September 30, 2023, and reflected in the derivations of the BGSS rates in this proceeding.

6. The proposed rate changes translated to a decrease in annual BGSS recoveries of \$79.3 million.

7. The Petition also sought Board approval to implement per therm CIP rates effective October 1, 2023 including the following:

- A rate of \$0.045266 for Group I Residential Non-Heat customers;
- A rate of \$0.113871 for Group II Residential Heat customers;
- A rate of \$0.090600 for Group III GSG customers; and
- A rate of \$0.051227 for Group IV GSG-LV customers.

³ In the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charges for the Year Ending September 30, 2021, BPU Docket No. GR20060383, Order dated May 5, 2021 (“May 2021 Order”).

⁴ In re the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charges for the Year Ending September 30, 2022, BPU Docket No. GR21060881, Order dated November 17, 2021.

8. In response to data request RCR-A-12, the Company provided updated CIP schedules based upon actual data through June 30, 2023, resulting in the following rates per therm: i) \$0.036916 for Group I Residential Non-Heat customers; ii) \$0.111741 for Group II Residential Heat customers; iii) \$0.088280 for Group III GSG customers; and iv) \$0.049526 for Group IV GSG-LV customers.

9. As compared to a current bill calculated based on rates in effect as of June 1, 2023, the updated requested CIP rates resulted in a monthly increase of \$8.21, or 4.3% for a residential heating customer using 100 therms in a month. The proposed monthly bill impact on a residential non-heating customer using 15 therms of natural gas in a month was a decrease of \$0.23, or 0.6%. The proposed monthly bill impact on a GSG customer using 500 therms of natural gas in a month is an increase of \$30.07, or 3.5%. The proposed monthly bill impact on a GSG-LV customer using 15,646 therms of natural gas was an increase of \$574.53, or 3.4%.

10. The updated proposed rate changes translate to an increase in annual CIP recoveries of \$29.3 million.

11. Following public notice published in newspapers of general circulation in South Jersey's service territory, two (2) public hearings for this proceeding were held on August 30, 2023 at 4:30 PM and 5:30 PM. No members of the public appeared at the public hearings or provided written comments.

12. By Order dated September 18, 2023, the Board approved, on a provisional basis, the BGSS and CIP rates proposed in this proceeding ("Provisional Rates").⁵ All changes to the

⁵ In re the Petition of South Jersey Gas Company to Revise the Level of Its Basic Gas Supply Service ("BGSS") Charge and Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2024, BPU Docket No. GR23060334, Order dated September 18, 2023.

BGSS and CIP rates became effective on a provisional basis, subject to refund for service rendered on or after October 1, 2023.

13. On October 11, 2023, the Board transmitted this matter to the Office of Administrative Law (“OAL”) as a contested case. The matter was assigned to the Honorable Jacob S. Gertsman. A prehearing conference was held on November 2, 2023. Several status and settlement conferences were held thereafter. These conferences have resulted in this Stipulation.

II. STIPULATED TERMS

South Jersey, Board Staff (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”), the only parties to this proceeding, hereby stipulate and agree as follows:

14. The Provisional Rates previously approved by the Board are reasonable and prudent and should be made final. In addition, this Stipulation resolves the two (2) issues described below.

Issue I – South Jersey’s Existing Contracts with Adelphia Gateway (“Adelphia”) and Columbia Gas Transmission, LLC (“Columbia”)

15. South Jersey is a party to a pipeline transportation agreement with Adelphia that has a primary term that expires August 31, 2027 (“Adelphia Agreement”). South Jersey has a right exercisable no later than 12 months prior to the expiration date of the primary term, August 31, 2026, to extend or terminate the Adelphia Agreement. South Jersey also has a firm transportation agreement with Columbia (Contract Number 284291) (“Columbia Agreement”) that is used to transport natural gas received under the Adelphia Agreement from the interconnection between Adelphia and Columbia to the interconnection between South Jersey

and Columbia. The Columbia Agreement has a primary term that expires October 31, 2027, subject to South Jersey's right of first refusal.

16. To resolve issues associated with the recovery of the costs incurred under the Adelphia Agreement and the Columbia Agreement during the respective primary terms of those Agreements, South Jersey will continue its current practice of crediting BGSS-P customers 100 percent of any capacity release credits, off-system sales margins, or other margins derived from the use of the firm transportation capacity created by the Adelphia Agreement and the Columbia Agreement for the remainder of the primary terms of each of those Agreements, specifically August 31, 2027 for the Adelphia Agreement, and October 31, 2027 for the Columbia Agreement.⁶

17. In South Jersey's future annual BGSS proceedings, the Parties will have the right to review the prudence of the Adelphia and Columbia Agreements provided that any such review with respect to costs incurred during the primary term of those Agreements must be undertaken no later than during South Jersey's 2025-2026 BGSS proceeding which would commence with the Company's annual BGSS filing to be made on or before June 1, 2025. No later challenges to the prudence of costs incurred by South Jersey during the primary terms of the Adelphia Agreement or the Columbia Agreement will be permitted. In its 2025-2026 BGSS filing, South Jersey will set forth its plans to terminate or continue the Adelphia Agreement and the Columbia Agreement for the period beyond the primary term expiration dates set forth in Paragraph 15 above. In addition, South Jersey will include testimony in its 2025-2026 BGSS filing addressing the operational and cost consequence of its plans for contracting for firm upstream pipeline

⁶ The crediting of 100 percent of capacity release credits, off-system sales margins and other margins derived from the use of the capacity was approved in the Company's 2022/2023 BGSS/CIP proceeding.

capacity following the expiration of the primary terms of the Adelphia and Columbia Agreements.

Issue II – Principles Governing the Achievement of “Category Two” BGSS Gas Cost

Savings From Reductions of Upstream Capacity on a Long-term Basis

18. In accordance with the Board’s Order dated May 21, 2014 in Docket No. GR13030185, under South Jersey’s CIP, South Jersey’s ability to recover CIP-related accruals of non-weather related margins is tied to the Company’s ability to demonstrate that South Jersey attained BGSS savings equal to at least 75 percent of such CIP margins.⁷ Such savings are categorized as Category One, Category Two or Category Three savings. Category Two BGSS Gas Cost Savings arise from reductions of upstream capacity for periods of at least one (1) year. These savings may include, but are not limited to, those that arise from contract terminations, asset management agreements (“AMAs”), releases of capacity to affiliates or non-affiliates, contract restructurings or reductions in the commodity cost of gas supply effectuated through purchasing strategies. On a prospective basis, South Jersey’s efforts to attain such BGSS savings will be undertaken utilizing a competitive process that is intended to achieve capacity reductions that do not compromise the reliability of supply that is required to meet the design day requirements of the Company’s firm customers. To the extent that South Jersey enters transactions with affiliates to attain Category Two BGSS Gas Cost Savings, such transactions will be subject to the principle that the expected benefits to BGSS customers are of equal to, or greater than, those that could be obtained in a transaction with a non-affiliate.

⁷ In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185 (“May 2014 Order”).

19. Under the Federal Energy Regulatory Commission’s (“FERC”) regulations, South Jersey may undertake the following transactions to attain Category Two BGSS Gas Cost Savings, consistent with the Board’s May 2014 Order.⁸

- (i) AMAs for one (1) year or more;⁹
- (ii) Pipeline capacity releases of one (1) year or less at market-based rates determined by competitive bidding; and
- (iii) Releases of pipeline capacity for one (1) year and one (1) day or more at the maximum FERC-approved rates.

In determining the mixture of AMAs, biddable capacity release and maximum rate capacity releases for one (1) year plus one (1) day or more or, South Jersey will attempt to maximize the value of the transactions for the benefit of BGSS-P customers by using a competitive bidding process to maximize the value of its AMAs/capacity releases based on information available at the time the competitive bidding process is conducted.

20. In addition, South Jersey currently releases 46,468 Dekatherms per day of firm transportation capacity provided by Columbia and Transcontinental Gas Pipe Line, LLC under capacity release agreements that will expire March 31, 2025. Following the expiration of these capacity release agreements, this firm transportation capacity will be included in the upstream firm capacity portfolio that is available to meet South Jersey’s firm customers’ design day requirements. This Stipulation will not prevent South Jersey from including this capacity in future AMAs or capacity releases intended to achieve Category Two BGSS savings if South

⁸ Id.

⁹ These agreements typically provide compensation for the right to manage capacity and provide access to supply during certain periods required by FERC’s regulations.

Jersey Gas determines that such AMAs or releases represent the appropriate way to attain such savings based up the Company's analysis of available competitive alternatives.

21. South Jersey's annual BGSS filing is subject to Minimum Filing Requirements ("MFR") that are attached hereto as Exhibit C. In South Jersey's future annual BGSS filings, as part of MFR Number 6, South Jersey will submit testimony describing its efforts to meet the Category Two BGSS Savings Cost "Savings Test" in a manner that complies with the terms of this Stipulation.

22. This Stipulation resolves all issues associated with South Jersey's past and present releases of capacity to achieve Category Two BGSS Gas Cost Savings under its CIP.

III. OTHER ISSUES

23. Each month, the Company will continue to provide electronically, to the Parties in this proceeding, the following updated information: 1) the BGSS NYMEX Updated Report (also known as S-SCHART-1) attached hereto as Exhibit A; and 2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm (attached hereto as Exhibit B). The chart reflected on Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month. After the annual BGSS proceeding is filed each year, the monthly reports filed with the Board thereafter shall be updated to reflect the current BGSS year and upcoming BGSS year. Monthly reports will continue to be filed with the Parties using the current BGSS year and upcoming BGSS year until the next annual BGSS filing occurs.

24. This Stipulation provides a final resolution in this proceeding. All issues related to South Jersey's BGSS and CIP costs for the year ending September 30, 2023, are resolved.

IV. MISCELLANEOUS

25. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. If this Stipulation is not adopted in its entirety by the Board, 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.

26. It is specifically understood and agreed that this Stipulation represents a negotiated final agreement and has been made exclusively for the purpose of this Proceeding. Except as expressly provided herein, South Jersey, Board Staff, and Rate Counsel 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 remain subject to Board audit.

27. The Parties acknowledge that a Board Order approving this Stipulation will become effective with service of said Board Order, or on such date after the service thereof as the Board may specify, in accordance with *N.J.S.A.* 48:2-40.

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

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Presiding Administrative Law Judge and requests that (1) the Administrative Law Judge issue an initial decision approving this Stipulation in its entirety, and (2) 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: _____
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on behalf of South Jersey Gas Company

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By:  _____
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Managing Attorney, Gas and Clean Energy

Dated: May 17, 2024

S-SCHART-1
BGSS NYMEX Update Report
As of June 2, 2023

<u>Month</u>	<i>a</i>	<i>b</i>	<i>c = b - a</i>		<i>d</i>	<i>e</i>	<i>f = d - e</i>	<i>g = c x f</i>
	<u>FORECAST</u>	<u>NYMEX 6/2/2023</u>	<u>Incr/ (Decr)</u>	<u>% Chg</u>	<u>Sales forecast (dths)</u>	<u>Hedged volume (dths)</u>	<u>Unhedged volume (dths)</u>	<u>Change in value unhedged</u>
Oct-22	\$ 7.391	\$ 6.868	\$ (0.523)		1,285,150	850,000	435,150	(\$227,583)
Nov-22	\$ 7.457	\$ 5.186	\$ (2.271)		3,026,305	1,438,766	1,587,539	(\$3,605,301)
Dec-22	\$ 7.571	\$ 6.712	\$ (0.859)		4,978,371	2,828,496	2,149,875	(\$1,846,743)
Jan-23	\$ 7.663	\$ 4.709	\$ (2.954)		6,343,809	3,472,430	2,871,379	(\$8,482,054)
Feb-23	\$ 7.342	\$ 3.109	\$ (4.233)		5,470,997	3,860,578	1,610,419	(\$6,816,904)
Mar-23	\$ 2.396	\$ 2.451	\$ 0.055		4,200,826	2,149,913	2,050,913	\$112,800
Apr-23	\$ 2.477	\$ 1.991	\$ (0.486)		2,107,483	1,040,000	1,067,483	(\$518,797)
May-23	\$ 2.646	\$ 2.117	\$ (0.529)		1,096,955	450,000	646,955	(\$342,239)
Jun-23	\$ 2.191	\$ 2.181	\$ (0.010)		693,852	450,000	243,852	(\$2,439)
Jul-23	\$ 2.336	\$ 2.172	\$ (0.164)		682,132	450,000	232,132	(\$38,070)
Aug-23	\$ 2.419	\$ 2.299	\$ (0.120)		692,014	450,000	242,014	(\$29,042)
Sep-23	\$ 2.415	\$ 2.316	\$ (0.099)		694,997	450,000	244,997	(\$24,255)
Avg Total \$	\$ 4.525	\$ 3.509	\$ (1.016)	-22.5%	31,272,891	17,890,183	13,382,708	(\$21,820,625)
Oct-23	\$ 2.520	\$ 2.448	\$ (0.072)		1,360,009	450,000	910,009	(\$65,521)
Nov-23	\$ 2.974	\$ 2.921	\$ (0.053)		3,111,877	1,031,154	2,080,723	(\$110,278)
Dec-23	\$ 3.470	\$ 3.404	\$ (0.066)		5,103,815	2,002,398	3,101,417	(\$204,694)
Jan-24	\$ 3.719	\$ 3.669	\$ (0.050)		6,622,333	2,677,158	3,945,175	(\$197,259)
Feb-24	\$ 3.635	\$ 3.598	\$ (0.037)		5,713,692	2,603,513	3,110,179	(\$115,077)
Mar-24	\$ 3.323	\$ 3.324	\$ 0.001		4,309,300	1,690,608	2,618,692	\$2,619
Apr-24	\$ 3.004	\$ 3.035	\$ 0.031		2,170,761	450,000	1,720,761	\$53,344
May-24	\$ 2.998	\$ 3.022	\$ 0.024		1,131,530	450,000	681,530	\$16,357
Jun-24	\$ 3.147	\$ 3.135	\$ (0.012)		756,219	450,000	306,219	(\$3,675)
Jul-24	\$ 3.288	\$ 3.250	\$ (0.038)		754,745	450,000	304,745	(\$11,580)
Aug-24	\$ 3.329	\$ 3.301	\$ (0.028)		758,364	450,000	308,364	(\$8,634)
Sep-24	\$ 3.293	\$ 3.269	\$ (0.024)		755,967	450,000	305,967	(\$7,343)
Avg Total \$	\$ 3.225	\$ 3.198	\$ (0.027)	-0.8%	32,548,612	13,154,831	19,393,781	(\$651,741)

Footnotes:

a : Nymex price shown for October 2022 - February 2023 is from annual BGSS periodic rate filing - June 1, 2022 Docket No. GR22060364 (Nymex as of 5/10/22). For March '23 - May '23, the NYMEX reflects the 2/8/23 prices utilized in the Company's self implementing March 1, 2023 rate reduction. NYMEX price shown for June 2023 - September 2024 is from annual BGSS periodic filing - June 1, 2023 Docket No. GR23060334 (Nymex as of 5/10/23).

b: Nymex price as of date of the report

c: Increase/Decrease in the Nymex price compared to price reflective in forecast used for rate setting (see footnote a)

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: Unhedged volume consists of sales volume forecast less hedged volume

g: Not necessarily representative of a change in under/over-recovery value

South Jersey Gas Company
Calculation of Net Cost of Gas Per Therm

	Projected Oct-23	Projected Nov-23	Projected Dec-23	Projected Jan-24	Projected Feb-24	Projected Mar-24	Projected Apr-24	Projected May-24	Projected Jun-24	Projected Jul-24	Projected Aug-24	Projected Sep-24	Weighted Average
1 Projected NYMEX October '23 – September '24 reflects the 5/10/23 NYMEX utilized in the June 1, 2023 filing.	\$2.520	\$2.974	\$3.470	\$3.719	\$3.635	\$3.323	\$3.004	\$2.998	\$3.147	\$3.288	\$3.329	\$3.293	
2 Breakdown of Gross Cost of Gas Per Therm:													
3 Flowing Gas Cost	0.7419	0.6002	0.3391	0.2876	0.2293	0.2073	0.1937	0.2631	0.3134	0.4283	0.6040	0.4366	0.2974
4 Gas Withdrawn From Storage Cost	0.0188	0.0969	0.0931	0.0863	0.0921	0.0601	0.0302	0.0053	0.0063	0.0086	0.0130	0.0041	0.0656
5 Hedged Volumes Delivered Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
6 Pipeline Demand Cost	0.9602	0.4784	0.1905	0.1203	0.1159	0.1419	0.2097	0.4542	0.7456	0.9241	1.1925	0.9434	0.2710
7 Storage Demand Cost	0.0049	0.0021	0.0018	0.0014	0.0015	0.0011	0.0019	0.0031	0.0052	0.0063	0.0083	0.0066	0.0021
8 Peaking Cost	0.0053	0.0042	0.0062	0.0093	0.0033	0.0028	0.0012	0.0039	0.0066	0.0082	0.0106	0.0089	0.0051
9 Weighted Average Fuel Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
10 Variable Pipeline Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
11 Other Costs	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
12 Total Gross Cost of Gas Per Therm	\$1.7311	\$1.1818	\$0.6306	\$0.5050	\$0.4422	\$0.4131	\$0.4367	\$0.7297	\$1.0771	\$1.3755	\$1.8283	\$1.3994	\$0.6413
13													
14	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected	
15	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Total
16 Price per DT: October '22 - February '23 reflects the 5/10/22 NYMEX used in the Company's June 1, 2022 filing, March '23 - April '23 reflects the 2/8/23 NYMEX utilized in the Company's self-implementing March 1, 2023 rate reduction, May '23 – September '23 reflects the 5/10/23 NYMEX utilized in the June 1, 2023 filing.	\$7.391	\$7.457	\$7.571	\$7.663	\$7.342	\$2.396	\$2.477	\$2.646	\$2.191	\$2.336	\$2.419	\$2.415	
17 NYMEX - Actual Settlement Per DT	\$6.868	\$5.186	\$6.712	\$4.709	\$3.109	\$2.451	\$1.991	\$2.117	\$2.181				
18 Breakdown of Gross Cost of Gas Per Therm:													
19 Flowing Gas Cost	0.5782	0.8328	0.7454	0.2884	0.3077	0.2197	0.2755	0.2655	0.2950	0.5417	0.7014	0.5387	0.4084
20 Gas Withdrawn From Storage Cost	0.0877	0.2867	0.2829	0.2797	0.3039	0.2340	0.0151	0.0511	0.0071	0.0098	0.0128	0.0040	0.2043
21 Hedged Volumes Delivered Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
22 Pipeline Demand Cost	0.8392	0.4253	0.1893	0.1384	0.1589	0.1639	0.2574	0.5282	0.7319	0.9447	1.1237	0.9547	0.3104
23 Storage Demand Cost	0.0052	0.0020	0.0021	0.0018	0.0017	0.0013	0.0025	0.0046	0.0060	0.0070	0.0092	0.0074	0.0027
24 Peaking Cost	0.0042	0.0038	0.0212	0.0017	0.0052	0.0017	0.0014	0.0018	0.0059	0.0092	0.0110	0.0094	0.0059
25 Weighted Average Fuel Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
26 Variable Pipeline Cost	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
27 Other Costs	0.0170	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0281	0.0000	0.0000	0.0000	0.0015
28 Total Gross Cost of Gas Per Therm	\$1.5316	\$1.5505	\$1.2409	\$0.7100	\$0.7774	\$0.6204	\$0.5519	\$0.8513	\$1.0741	\$1.5124	\$1.8581	\$1.5143	\$0.9332

Footnotes:

include footnote referencing Notice to self implement rate reduction

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
Pipeline Demand Cost = Fixed Pipeline costs
Storage Demand Cost = Fixed Storage related costs
Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
Variable Pipeline Cost = Pipeline Charge per therm shipped

South Jersey Gas Company
Calculation of Net Cost of Gas Per Therm

	Projected Oct-23	Projected Nov-23	Projected Dec-23	Projected Jan-24	Projected Feb-24	Projected Mar-24	Projected Apr-24	Projected May-24	Projected Jun-24	Projected Jul-24	Projected Aug-24	Projected Sep-24	Weighted Average
Credits, Refunds, & Recoveries Per Therm:													
1 Asset Management Credits													
2 Off-system sales	(\$0.1197)	(\$0.1230)	(\$0.0487)	(\$0.0374)	(\$0.0352)	(\$0.0447)	(\$0.0265)	(\$0.0562)	(\$0.0942)	(\$0.1132)	(\$0.1486)	(\$0.1192)	(\$0.0529)
3 Capacity release	(\$0.0481)	(\$0.1761)	(\$0.0706)	(\$0.0654)	(\$0.0590)	(\$0.0781)	(\$0.0106)	(\$0.0230)	(\$0.0378)	(\$0.0463)	(\$0.0608)	(\$0.0473)	(\$0.0622)
4 On System Credits to BGSS-P Customers	(\$0.0092)	(\$0.0053)	(\$0.0025)	(\$0.0012)	(\$0.0014)	(\$0.0020)	(\$0.0030)	(\$0.0050)	(\$0.0078)	(\$0.0085)	(\$0.0129)	(\$0.0091)	(\$0.0031)
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	(\$0.0009)	(\$0.0004)	(\$0.0002)	(\$0.0003)	(\$0.0003)	(\$0.0003)	(\$0.0003)	(\$0.0005)	(\$0.0008)	(\$0.0008)	(\$0.0007)	(\$0.0008)	(\$0.0004)
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	(\$0.2411)	(\$0.2103)	(\$0.1651)	(\$0.1624)	(\$0.1571)	(\$0.1611)	(\$0.1612)	(\$0.1910)	(\$0.2208)	(\$0.2768)	(\$0.3472)	(\$0.2688)	(\$0.1773)
9 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10 Total Credits, Refunds, & Recoveries Per Therm	(\$0.4190)	(\$0.5151)	(\$0.2870)	(\$0.2668)	(\$0.2530)	(\$0.2863)	(\$0.2017)	(\$0.2756)	(\$0.3614)	(\$0.4455)	(\$0.5702)	(\$0.4453)	(\$0.2958)
11 Total Net Cost Per Therm (Page 1 Line 29 less Page 2 Line 11)	\$1.3122	\$0.6666	\$0.3436	\$0.2382	\$0.1892	\$0.1268	\$0.2350	\$0.4540	\$0.7157	\$0.9299	\$1.2581	\$0.9542	\$0.3455

	Actual Oct-22	Actual Nov-22	Actual Dec-22	Actual Jan-23	Actual Feb-23	Actual Mar-23	Actual Apr-23	Actual May-23	Actual Jun-23	Projected Jul-23	Projected Aug-23	Projected Sep-23	Total
Credits, Refunds, & Recoveries Per Therm:													
1 Asset Management Credits													
2 Off-system sales	(\$0.1388)	(\$0.1214)	(\$0.0941)	(\$0.0582)	(\$0.0602)	(\$0.0639)	(\$0.0610)	(\$0.1227)	(\$0.1717)	(\$0.1208)	(\$0.1463)	(\$0.1206)	(\$0.0836)
3 Capacity release	(\$0.0363)	(\$0.2241)	(\$0.1077)	(\$0.0782)	(\$0.0883)	(\$0.0842)	(\$0.0371)	(\$0.0638)	(\$0.0866)	(\$0.0500)	(\$0.0606)	(\$0.0484)	(\$0.0861)
4 On System Credits to BGSS-P Customers	(\$0.0139)	(\$0.0043)	(\$0.0021)	(\$0.0024)	\$0.0040	(\$0.0004)	(\$0.0026)	(\$0.0054)	(\$0.0059)	(\$0.0090)	(\$0.0127)	(\$0.0092)	(\$0.0024)
5 Supplier Refunds	(\$0.0004)	\$0.0000	\$0.0000	(\$0.0005)	(\$0.0016)	\$0.0000	(\$0.0086)	(\$0.0050)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	(\$0.0014)
6 Gas for Company Use	(\$0.0026)	(\$0.0009)	(\$0.0007)	(\$0.0006)	(\$0.0006)	(\$0.0005)	(\$0.0006)	(\$0.0013)	(\$0.0024)	(\$0.0013)	(\$0.0010)	(\$0.0013)	(\$0.0008)
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	(\$0.2721)	(\$0.2403)	(\$0.1816)	(\$0.1808)	(\$0.1786)	(\$0.1421)	(\$0.1731)	(\$0.1636)	(\$0.1922)	(\$0.2667)	(\$0.3155)	(\$0.2578)	(\$0.1874)
9 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10 Total Credits, Refunds, & Recoveries Per Therm	(\$0.4640)	(\$0.5911)	(\$0.3863)	(\$0.3207)	(\$0.3253)	(\$0.2911)	(\$0.2829)	(\$0.3617)	(\$0.4588)	(\$0.4478)	(\$0.5361)	(\$0.4373)	(\$0.3617)
11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Line 10)	\$1.0676	\$0.9595	\$0.8546	\$0.3893	\$0.4521	\$0.3293	\$0.2690	\$0.4896	\$0.6153	\$1.0646	\$1.3220	\$1.0769	\$0.5714

South Jersey Gas Company
MINIMUM FILING REQUIREMENT (MFR)

Minimum Filing Requirement	
1.	<p>Motion, Supporting Testimony & Tariff Modifications In support of its filing, a GDC should provide supporting testimony which addresses any material events or major factors affecting either the prior period's deferred gas balance or its forecasted BGSS rate. In addition to the associated motion, redlined tariff sheets should be provided for all proposed tariff changes.</p>
2.	<p>Computation of Proposed BGSS Rates A summary schedule should show all of the forecasted BGSS cost components and applicable credits which comprise the basis for the proposed BGSS rates that are to become effective October 1st. The cost components and applicable credits should be provided with all material amounts broken out separately. A plain English explanation in narrative form regarding this summary schedule should be provided.</p>
3.	<p>Public Notice with Proposed Impact on Bills A copy of the Company's Public Notice should be provided with details concerning the impact of the proposed BGSS rates on typical gas bills at various winter therm utilization levels.</p>
4.	<p>Actual and Forecasted Refund Amounts Schedules should be provided which show actual and estimated supplier refund amounts for the reconciliation period as well as the estimated supplier refunds for the projected period beginning October 1st. The schedule should identify the supplier refunds by month and should provide associated information on the applicable FERC docket involved. A plain English explanation in narrative form should be provided.</p>
5.	<p>Cost of Gas Sendout by Component Monthly data showing the derivation of all cost components shown on the BGSS Computation Schedule should be provided for the reconciliation and projected periods. The monthly data should also provide detail on applicable volumes by customer classification.</p>
6.	<p>BGSS Contribution and Credit Offsets Monthly data showing the derivation of all BGSS cost offsets, including interruptible margins, capacity transactions, pipeline refunds and other credits should be provided for the reconciliation and projected periods. Any applicable FERC Orders will be included. All calculations showing how such offsets were determined should be included. A plain English explanation in narrative form should be provided regarding the BGSS contribution and Credit Offsets. In addition, the Company shall document through testimony for any non-bid releases and/or affiliate contracts, the decision-making process that the Company went through in each case to arrive at its determination to release capacity on a non-biddable basis or enter into any affiliate contract. Such testimony shall include documentation showing the impact that the non-biddable capacity release or affiliate contract was projected to have on total BGSS costs at the time the Company committed to the transaction. In addition, for each non-biddable capacity release, the Company shall determine whether the transaction could have been structured as an off-system sale, and, if so demonstrate that prior to releasing the capacity, the Company compared the benefit to Periodic BGSS customers of making the capacity release compared to the benefit that could have been achieved by structuring the transaction as an off-system sale and the Company shall provide documentation supporting this comparison in its filing.</p>
7.	<p>Over/Under Recovery Comparisons Schedules should be provided which show the derivation of the monthly over or under recoveries plus cumulative balances for the reconciliation and projected period. For the reconciliation period, a schedule should also show the calculation of the monthly actual or estimated accrued interest. These schedules should include prospective data shown for the projected period based on the prevailing BGSS rate and, alternatively, based on the requested BGSS rate.</p>
8.	<p>Wholesales Gas Pricing Assumptions The GDC should provide schedules which detail the monthly gas prices for the reconciliation and projected periods. The schedules should show the prices utilized in developing the existing BGSS rate and those utilized for projecting the proposed BGSS rate. To the degree third party price indexes or forecasts are the basis for such gas prices, associated documentation should also be provided. A plain English explanation in narrative form regarding these schedules should be provided.</p>
9.	<p>Gas Cost Under recovery Adjustment ("GCUA") Recoveries and Balances Schedules should be provided that show monthly data for the GCUA since its inception. The data should provide the unamortized balances, recoveries, and accrued interest by month with any associated workpapers.</p>
10.	<p>Historical Service Interruptions A schedule should be provided which details any service interruptions during the past 12 months. The schedule should show the dates of the interruptions, the service categories affected, the number of customers affected and whether each interruption was operational or economic in nature.</p>

South Jersey Gas Company
MINIMUM FILING REQUIREMENT (MFR)

Minimum Filing Requirement	
11. Gas Price Hedging Activities	The GDC should provide copies of its last four quarterly hedging reports as filed with the Board. It should also provide a schedule covering both the reconciliation and projected period which shows monthly gas purchases volume requirements and price hedged volumes broken down into discretionary and non-discretionary components which allow evaluation of compliance with the GDC's established hedging objectives. A plain English explanation in narrative form regarding these hedging activities should be provided. The Company shall include in all future its next annual BGSS filings testimony that reflects these goals/targets and how the Company managed to such goals/targets.
12. Storage Gas Volumes, Prices and Utilization	Schedules should be provided which show the GDC's monthly data for LNG, LPG, and pipeline storage volumes. The schedules should show volumes and dollars for balances, injections, and withdrawals with all data shown on a Dekatherm basis.
13. Affiliate Gas Supply Transactions	The GDC's filing should have disclosure of all gas supply and capacity transactions with any affiliates during the reconciliation or forecasted periods. The disclosure should provide the nature, terms, and conditions of any such transactions, the dates of the transactions, and evidence that the gas supply or capacity resources transactions were at market rates. It should also provide delivery points for all purchase and sale transactions and comparable daily or monthly price index information for purchase and sale transactions done at a fixed price.
14. Projected Supply and Demand Data with Design Peak Day	Schedules should be provided that show the GDC's firm requirements and gas supplies by component on an annual, heating season and non-heating season basis. The data should be provided for the reconciliation period and the two prior and two prospective annual periods.
15. Actual Peak Day Supply and Demand	The GDC should provide data for the five highest demand days for each of the last three years, showing date, temperature or heating degree day, firm and interruptible volumes and the sources of supply used to meet the associated volume requirement.
16. Capacity Contract Changes	The GDC filing should provide details concerning any changes to its interstate pipeline contracts (entitlements, storage capacities, daily deliverability, transportation, or associated costs) which have been made or occurred during the past 24 months or are planned for the next 12 months. To the degree any significant changes have been made or are planned, a narrative should discuss operational and cost consequences as well as the rationale for the changes.
17. FERC Pipeline Activities	The GDC's filing should provide details on any pending FERC dockets which should affect the cost of services received from the GDC's supplying pipelines. The GDC should also provide details concerning its participation in such dockets and a listing of any filings or testimony made by the GDC or on its behalf.
18. Changes to Firm Transportation and Storage Contracts.	
19. Monthly S-CHART-1 and S-CHART-2	After the annual BGSS proceeding is filed each year, the monthly reports filed with the Board thereafter shall be updated to reflect the current BGSS year and upcoming BGSS year. Monthly reports will continue to be filed with the Parties using the current BGSS year and upcoming BGSS year until the next annual BGSS filing occurs
20. AMA Management Fee Analysis	To the extent the Company enters into baseload Asset Management Agreements ("AMAs") (defined as a transaction with a fixed gas purchase obligation for any day of the term of the AMA), the Company will prepare an analysis produced at the time the AMA is executed that will set forth how much, if any, of the AMA management fee will be excluded from the formula used to determine AMA management fee sharing between the Company and its Periodic BGSS customers because the excluded portion of the fee is the product of an agreement by the Company to provide the Asset Manager with a benefit under the AMA that is forecasted to increase the commodity costs to Periodic BGSS customers. The analysis will calculate a) the lowest estimated delivered price on the contract capacity path up to and including the Company city gate compared to b) the estimated commodity cost per month under the contract price of the AMA. The result of this comparison or c) delta, represents an excess in commodity cost that will be subtracted from d) the AMA management fee arriving at e) the net amount that will be subject to the sharing formula over the term of the AMA.