



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)	DECISION AND ORDER
JERSEY GAS COMPANY TO CHANGE THE LEVEL OF)	ADOPTING STIPULATION
ITS SOCIETAL BENEFITS CHARGE ("SBC") AND ITS)	
TRANSPORTATION INITIATION CHARGE ("TIC"))	DOCKET NO. GR11070438
)	
IN THE MATTER OF THE PETITION OF SOUTH)	
JERSEY GAS COMPANY TO CHANGE THE LEVEL OF)	
ITS SOCIETAL BENEFITS CHARGE ("SBC") AND ITS)	
TRANSPORTATION INITIATION CHARGE ("TIC"))	DOCKET NO. GR12070717

Parties of Record:

Ira G. Megdal, Esq., for petitioner South Jersey Gas Company (Cozen O'Connor)
Stefanie A. Brand, Esq., Director, for the New Jersey Division of Rate Counsel

BY THE BOARD:

On July 22, 2011, South Jersey Gas Company ("SJG" or "Company") filed a petition in Docket No. GR11070438 to increase the annual revenue level of its combined Societal Benefits Clause ("SBC") and Transportation Initiation Clause ("TIC") by 3.5% or approximately \$31.3 million for the period of November 2011 through October 2012 ("2011 Petition"). The Company sought to change the rates associated with certain components of its SBC: the Remediation Adjustment Clause ("RAC") and the Clean Energy Program ("CLEP") charge.

The SBC was created as a result of the Electric Discount and Energy Competition Act, and is comprised of a number of components: the RAC, the CLEP, the Universal Service Fund ("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 year period with carrying charges tied to seven-year treasuries plus sixty basis points. The CLEP promotes both energy efficiency and renewable energy programs. The USF and Lifeline Programs were established to help provide affordable electric and natural gas service to eligible New Jersey

residential customers. The USF and Lifeline components of the SBC are addressed in a different docket.

The Board, in its Order in Docket No. GX99030121 dated March 22, 2000, directed that Electronic Data Interchange ("EDI") be implemented in the natural gas industry to allow information to be exchanged electronically between the gas distribution utilities and sellers of gas to customers. The TIC was designed to recover all EDI development and operating costs, including consulting and EDI transaction costs.

In the 2011 Petition, the Company sought after tax per therm rates of \$0.0384 for the RAC, \$0.0339 for the CLEP, and \$0.0012 for the TIC. This matter was transmitted to the Office of Administrative Law on August 4, 2011, and assigned to Administrative Law Judge ("ALJ") Gail Cookson.

On September 22, 2011, during the pendency of the 2011 Petition, the Board approved an Initial Decision and Stipulation in previously filed SBC matters, Docket Nos. GR09010091 and GR09080716, which implemented a RAC rate component of \$0.0349 per therm, a CLEP rate component of \$0.0173 per therm, and a TIC rate of \$0.0006 per therm for services rendered on or after October 1, 2011.

Public hearings on the 2011 Petition were held on January 17, 2012 in Voorhees, New Jersey after publication of notice in newspapers in general circulation within the Company's service territory. Several members of the public appeared and spoke in opposition to the requested rate increases.

On July 31, 2012, SJG filed a petition to increase the annual revenue level of its combined SBC and TIC by 1.49% or by approximately \$11.8 million¹ for the period of November 2012 through October 2013 ("2012 Petition"). The Company sought a RAC factor of \$0.0272 per therm, after tax; a CLEP factor of \$0.0435 per therm, after tax, and a TIC factor of \$0.0018 per therm, after tax. The rates proposed by this petition, if approved, would result in an increase of \$1.97 per month or 1.49% for the typical residential customer using 100 therms of gas during a winter heating month.

During the pendency of the 2012 Petition, the Board approved a stipulation in a previously filed SBC matter, Docket No. GR10100734, which implemented a RAC rate component of \$0.0378 per therm, a CLEP rate component of 0.0243 per therm, and a TIC rate of \$0.0006 per therm, effective for service rendered on or after October 1, 2012.

After publication of notice in newspapers in general circulation, a public hearing on the 2012 Petition was held on June 12, 2013 in Voorhees, New Jersey. No members of the public appeared at the hearing to provide comments related to the Company's request to revise its SBC and TIC rates. The 2012 Petition was retained at the Board.

¹ The originally stated amount in the 2012 Petition was \$13.3 million, which was based on previous rate calculations that were not updated. On August 29, 2012, the Company circulated an amended case summary indicating the correct amount of the proposed increase; \$11.8 million.

Following a review by, and subsequent discussions among representatives of SJG, the Division of Rate Counsel, and Board Staff, the only parties to these proceedings (collectively, "the Parties"), the Parties entered into the attached Stipulation dated July 1, 2013. The Stipulation resolves the issues resulting from the 2011 Petition and the 2012 Petition, Docket Nos. GR11070438 and GR12070717.

The salient terms of the Stipulation are as follows:

The RAC rate of \$0.0272 per therm (including taxes) requested in the 2012 Petition should be implemented and made final;

The CLEP rate of \$0.0435 per therm (including taxes) requested in the 2012 Petition should be implemented and made final;

The TIC rate of \$0.0018 per therm (including taxes) requested in the 2012 Petition should be implemented and made final;

The above terms and the resulting changes in revenue are set forth in Table I below.

	Proposed Rates (Including Taxes)	Current Rates (Including Taxes)	Proposed Change in Rates	Projected Volumes (therms)	Increase/(Decrease) Revenue
RAC	\$ 0.0272	\$ 0.0349	\$ (0.0077)	614,845,795	\$ (4,734,312.62)
CLEP	\$ 0.0435	\$ 0.0173	\$ 0.0262	614,695,455	\$ 16,105,020.92
TIC	\$ 0.0018	\$ 0.0006	\$ 0.0012	378,524,360	\$ 454,229.23
Total	\$ 0.0725	\$ 0.0528	\$ 0.0197		\$ 11,824,937.53

The Company incurred expenditures of \$14.7 million in MGP remediation costs during the 2012 Remediation Year. This amount has been reduced by insurance proceeds of \$6.4 million.

SJG's MGP remediation costs will remain subject to Board audit. Additionally, SJG will continue to conduct an annual audit of the RAC to assess the validity of expenses being charged to the RAC. SJG also represents that the Stipulation does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damages ("NRD") related MGP claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the Petitions. The Company further represents that no remediation properties were leased or sold during the RAC remediation periods for which the current RAC rate is being established.

The Company agrees to provide a final reconciliation of its annual RAC recovery factor 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 adjustment 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.

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 hard copies of the filings and the MFRs to the Board, Rate Counsel and the consultant to Rate Counsel. A Board Order approving this Stipulation will become effective upon 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.

Following acceptance of the Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the final SBC rates approved by the Board within 7 days of such approval.

On July 1, 2013, ALJ Gail Cookson issued her Initial Decision adopting the Stipulation as it relates to the 2011 Petition, finding that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record to date in these proceedings and the attached Initial Decision and Stipulation, **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation as its own, in their entirety, incorporating the terms and conditions thereof into this Order as if they were set forth at length herein.

The Board **HEREBY DIRECTS** that the rates for Docket Nos. GR11070438 and GR12070717 be implemented for service rendered on and after the effective date. As a result of this approval, typical residential customers using 100 therms of gas in a winter month will see an increase in their monthly bills of approximately \$0.98.

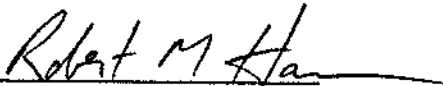
The effective date of this Order is August 1, 2013.


The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within seven (7) days from the effective date of this Order.


The Company's gas and remediation costs remain subject to audit by the Board. 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.

DATED: 7/19/13

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

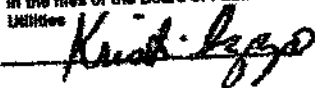

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Societal Benefits Charge ("SBC") and the Level of its Transportation Initiation Charge ("TIC") Docket No. GR11070438

In the Matter of the Petition of South Jersey Gas Company to Change the Level of its Societal Benefits Charge ("SBC") and the Level of its Transportation Initiation Charge ("TIC") Docket No. GR12070717

Service List

<p>Stefanie A. Brand, Esq., Director Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-003 sbrand@rpa.state.nj.us</p>	<p>Alex Moreau, Esq. Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102 Alex.moreau@dol.lps.state.nj.us</p>
<p>Felicia Thomas-Friel, Esq. Henry M. Ogden, Esq. Division of Rate Counsel 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-003 ftomas@rpa.state.nj.us hogden@rpa.state.nj.us</p>	<p>Veronica Beke, Esq. Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102 Veronica.beke@dol.lps.state.nj.us</p>
<p>Jerome May, Director Division of Energy Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350 jerome.may@bpu.state.nj.us</p>	<p>Robert Schultheis, Bureau Chief Division of Energy Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350 robert.schultheis@bpu.state.nj.us</p>
<p>Stacy A. Mitchell, Esq. Cozen O'Connor 457 Haddonfield Road Suite 300 Haddonfield, NJ 08002-2220 smitchell@cozen.com</p>	<p>Scott Sumliner, Accountant I Division of Energy Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, NJ 08625-0350 scott.sumliner@bpu.state.nj.us</p>
<p>Ira G. Megdal, Esq. Cozen O'Connor 457 Haddonfield Road Suite 300 Haddonfield, NJ 08002-2220 imegdal@cozen.com</p>	<p>Babette Tenzer, Esq. Division of Law 124 Halsey Street Post Office Box 45029 Newark, NJ 07102 Babette.tenzer@dol.lps.state.nj.us</p>



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

**I/M/O PETITION OF SOUTH JERSEY GAS
COMPANY TO CHANGE THE LEVEL OF
ITS SOCIETAL BENEFITS CLAUSE ("SBC")
AND ITS TRANSPORTATION INITIATION
CLAUSE ("TIC").**

OAL DKT. NO. PUC 09866-11
AGENCY DKT. NO. GR11070438

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq., for petitioner South Jersey Gas Company (Cozen O'Connor, attorneys)

Alex Moreau and Veronica Beke, Deputy Attorneys General, for the Staff of the Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey, attorney)

Henry M. Ogden and James W. Glassen, Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director, attorney)

Record Closed: July 1, 2013

Decided: July 1, 2013

BEFORE GAIL M. COOKSON, ALJ:

On July 22, 2011, South Jersey Gas Company (Company) filed a petition with the Board of Public Utilities (BPU) for approval of its request to increase the level of the Company's annual Societal Benefit Clause (SBC), including its components of the Remediation Adjustment Clause (RAC) and Clean Energy Program (CLEP), and to increase the level of its Transportation Initiation Clause (TIC). The petition was transmitted to the Office of Administrative Law (OAL), where it was filed on August 11, 2011, for

hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to- 13. The case was assigned to the undersigned on August 23, 2011.

A prehearing conference was convened telephonically on or about November 29, 2011. The Company provided public notice of its filing and the opportunity for the public to be heard on the level of these clauses was held on January 17, 2012, in Voorhees, New Jersey. The hearings for the presentation of the pre-filed direct testimony and cross-examination of the witnesses were set down initially for March 14, 2012. Over the course of several case status telephonic conferences, the parties reported that they were in the process of resolving the issues in dispute, as well as those for a related but separate filing by the Company. The case was closely monitored to ensure progress on the filing and the hearing dates adjusted or adjourned as necessary.

On July 1, 2013, I received electronically the fully-executed Stipulation of all parties to this matter with a request that I enter an Initial Decision Settlement and transmit same to the Board. The agreement more completely sets forth the terms and conditions of the settlement of all issues raised by the filing. In addition, as set forth more completely in the Stipulation, it also resolves the Company's filing under BPU Docket GR12070717, not previously transmitted to the OAL, for an annual review of its RAC, TIC, SBC and CLEP rate components for the period subsequent to that of this filing. The Company agrees that it will continue to conduct an audit of the RAC each year to assess the validity of those expenses.

I have reviewed the record and terms of the Stipulations and **FIND:**

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

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

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 (45) 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.



July 1, 2013

DATE

GAIL M. COOKSON, ALJ

Date Received at Agency:

7/1/13

Date Mailed to Parties:

id

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

IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
CHANGE THE LEVEL OF ITS SOCIETAL
BENEFITS CHARGE ("SBC") AND ITS
TRANSPORTATION INITIATION CHARGE
("TIC")

BPU DOCKET NO. GR11070438
PUC09866-2011N

IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
CHANGE THE LEVEL OF ITS SOCIETAL
BENEFITS CHARGE ("SBC") AND ITS
TRANSPORTATION INITIATION CHARGE
("TIC")

BPU DOCKET NO. GR12070717

STIPULATION

APPEARANCES:

Ira G. Megdal, Esquire and Stacy A. Mitchell, Esquire, (Cozen O'Connor, attorneys)
for South Jersey Gas Company ("Petitioner")

Henry M. Ogden and James W. Glassen, Assistant Deputies Rate Counsel, on behalf
of the Division of Rate Counsel, Stefanie Brand, Director, ("Rate Counsel")

Veronica Beke and Alex Moreau, Deputy Attorneys General, on behalf of the Staff of
the Board of Public Utilities ("Staff") (John J. Hoffman, Attorney General of the State of New
Jersey).

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

1. This Stipulation is intended to resolve the outstanding issues in two pending Societal Benefits Clause ("SBC") matters, hereinafter referred to as the "2011 SBC Petition" (Docket No. GR11070438) and the "2012 SBC Petition" (Docket No. GR12070717), by which South Jersey Gas Company ("South Jersey" or the "Company") seeks an increase to certain SBC charges. The Parties participating in these proceedings include South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively, the "Parties"). Upon notice and public hearings held in South

Jersey's service territory, review and analysis of the Petitions, Pre-Filed Exhibits, Discovery, and participation in several conferences, the Parties to these proceedings agree and stipulate to the following procedural history and stipulated terms of settlement.

PROCEDURAL HISTORY

I. The 2011 SBC Petition (BPU Docket No. GR11070438)

2. By Petition filed July 22, 2011 under BPU Docket No. GR11070438, consistent with N.J.S.A. 48:2-21, South Jersey, a public utility corporation of the State of New Jersey, requested that the Board of Public Utilities ("Board") authorize an increase in the annual level of its SBC Charge by \$31.3 million, of which \$17.3 million represented an increase to South Jersey's Remediation Adjustment Clause ("RAC") for the remediation year August 1, 2010 to July 31, 2011 ("2011 Remediation Year"), \$13.6 million represented an increase to South Jersey's Clean Energy Program ("CLEP") charges for the period November 1, 2011 through October 31, 2012 and \$0.4 million represented an increase in the Company's annual level of its Transportation Initiation Clause ("TIC").

3. In support of the 2011 SBC Petition, South Jersey submitted the following summary of the Remediation Adjustment Clause and Rate Calculation:

**SOUTH JERSEY GAS COMPANY
REMEDIATION ADJUSTMENT CLAUSE
SUMMARY AND RATE CALCULATION**

REMEDIATION YEAR	<u>Projected Aug '10 - July '11</u>
AMORTIZATION OF RECOVERABLE COST	\$8,430,401
LESS: DEFERRED TAX BENEFIT	<u>\$467,802</u>
AMORTIZATION	<u><u>\$7,962,599</u></u>

RECOVERY YEAR	Projected Nov '11 - Oct '12
AMORTIZATION	\$7,962,599
CARRYING COST	\$1,402,729
SUBTOTAL	\$9,365,328
PRIOR YEAR RECONCILIATION	\$13,875,781
EXPENSES TO BE RECOVERED	\$23,241,109

4. At the time of the filing of the 2011 SBC Petition, the RAC rate was \$.0118 per therm, the CLEP rate was \$.0129 per therm and the TIC rate was \$.0002 per therm.

5. The 2011 SBC Petition requested a RAC rate of \$.0384 per therm, a CLEP rate of \$.0339 per therm and a TIC rate of \$.0012 per therm.

6. The proposed rate level changes would result in a bill increase for a typical residential heating customer using 100 therms of gas during a winter heating month of \$4.86, or 3.5%, from \$137.66 to \$142.52.

7. South Jersey stated that the Universal Service Fund ("USF") and Lifeline components of the SBC (hereinafter USF/Lifeline) were addressed in a separate proceeding, by Order dated October 13, 2011 in Docket No. ER11070397 approving a statewide rate of \$.0185 per therm after-tax effective November 1, 2011.

8. On August 4, 2011, the Board transferred the matter to the Office of Administrative Law ("OAL") as a contested case and OAL Docket No. PUC09866-2011N was assigned to be heard before Administrative Law Judge Gail Cookson.

9. On September 22, 2011, during the pendency of the 2011 SBC Petition, the Board approved an Initial Decision and Stipulation in previously filed SBC matters, Docket Nos. GR09010091 and GR09080716, which implemented on a final basis the RAC rate component of \$0.0349 per therm, the CLEP rate component of \$0.0173 per therm, and the TIC rate component of \$0.0006 per therm, for services rendered on or after October 1, 2011.

10. Public hearings in this matter were held on January 17, 2012 in Voorhees, New Jersey. The public hearings were noticed in newspapers of general circulation within South Jersey's service territory. Several members of the public appeared and made statements opposing South Jersey's request on the record.

11. Discovery has been propounded upon Petitioner, and all such discovery has been answered.

II. The 2012 SBC Petition (BPU Docket No. GR12070717)

12. By Petition filed July 31, 2012 under BPU Docket No. GR12070717, consistent with N.J.S.A. 48:2-21, South Jersey requested an increase in the annual level of its SBC Charge by \$0.0197 per therm or \$11.8 million, of which (\$0.0077) per therm or (\$4.7 million) represented a decrease to South Jersey's RAC for the remediation year August 1, 2011 to July 31, 2012 ("2012 Remediation Year"), \$0.0262 per therm or \$16.1 million represented an increase to South Jersey's CLEP charges for the period November 1, 2012 through October 31, 2013 and \$0.0012 per therm or \$0.4 million represented an increase in the Company's annual level of its TIC.

13. In support of the 2012 SBC Petition, South Jersey submitted the following summary of the Remediation Adjustment Clause and Rate Calculation:

**SOUTH JERSEY GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE
SUMMARY AND RATE CALCULATION**

REMEDIATION YEAR	<u>Projected Aug '11 - July '12</u>
AMORTIZATION OF RECOVERABLE COST	\$9,060,593
LESS: DEFERRED TAX BENEFIT	<u>\$262,256</u>
AMORTIZATION	<u>\$8,798,337</u>
RECOVERY YEAR	<u>Projected Nov '12 - Oct '13</u>
AMORTIZATION	\$8,798,337
CARRYING COST	\$769,621
SUBTOTAL	<u>\$9,594,958</u>
PRIOR YEAR RECONCILIATION	<u>\$6,032,869</u>
EXPENSES TO BE RECOVERED	<u>\$15,627,827</u>

14. At the time the 2012 SBC Petition was filed, the RAC rate was \$0.0349 per therm, the CLEP rate was \$0.0173 and the TIC rate was \$0.0006 per therm.

15. The 2012 SBC Petition requested a RAC rate of \$0.0272 per therm, a CLEP rate of \$0.0435 per therm and a TIC rate of \$0.0018 per therm.

16. The proposed rate changes would result in a bill increase for a typical residential heating customer using 100 therms of gas during a winter heating month of \$1.97, or 1.49%, from \$132.42 to \$134.39.

17. South Jersey stated that the USF/ Lifeline components of the SBC were addressed in a separate proceeding, by Order dated October 4, 2012 in Docket No. ER12060565 approving a statewide rate of \$0.0184 per therm after-tax effective October 15, 2012.

18. On September 13, 2012, during the pendency of the 2011 and 2012 SBC Petitions, the Board approved an Initial Decision and Stipulation in a previously filed SBC matter, Docket No. GR10100734, which implemented on a final basis the RAC rate component of \$0.0378 per therm, the CLEP rate component of \$0.0243 per therm, and the TIC rate component of \$0.0006 per therm, effective for services rendered on or after October 1, 2012.

19. Public hearings in this matter were held on June 12, 2013 in Voorhees, New Jersey. The public hearings were noticed in newspapers of general circulation within South Jersey's service territory. No members of the public appeared.

20. Discovery has been propounded upon Petitioner, and all such discovery has been answered.

21. Numerous settlement discussions were held among the Parties, and this process resulted in certain agreements for purposes of this Stipulation.

STIPULATED TERMS

22. The Parties accordingly **STIPULATE AND AGREE** that the RAC rate component of \$0.0272 per therm requested in the 2012 SBC Petition should be implemented and made final.

23. The Parties further **STIPULATE AND AGREE** that the CLEP rate component requested in the 2012 SBC Petition of \$.0435 per therm should be implemented and made final.

24. The Parties further **STIPULATE AND AGREE** that the TIC rate component requested in the 2012 SBC Petition of \$.0018 per therm should be implemented and made final.

25. The Parties agree that the Company incurred expenditures of \$14.7 million in Manufactured Gas Plant ("MGP") remediation costs during the 2012 Remediation Year and that this amount has been reduced by insurance proceeds of \$6.4 million.

26. The Parties agree that the South Jersey's MGP remediation costs will remain subject to Board audit. Additionally, South Jersey will continue to conduct an annual audit of the RAC to assess the validity of expenses being charged to the RAC. South Jersey also represents that this Stipulation does not include the recovery of any administrative, legal, consulting or other costs associated with NRD related MGP claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the Petitions. The Company further represents that no remediation properties were leased or sold during the RAC remediation periods for which the current RAC rate is being established.

27. The SBC rates and other changes set forth in this Stipulation result in a bill increase of approximately \$0.98, or 0.75%, per month for the average residential heating customer using 100 therms of gas during a winter month. These new factors will result in the recovery of an additional \$5.7 million over the current recovery amount.

28. 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 adjustment 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.


29. 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 have been included in the calculation of SJG's deferred RAC balance through and at December 31, 2012 except as described in paragraph 26 above with respect to NRD related costs and incentive compensations costs.

30. 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 hard copies of the filings and the MFRs to the Board, Rate Counsel and the consultant to Rate Counsel. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon 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.

31. Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the final SBC rates approved by the Board within 7 days of such approval.

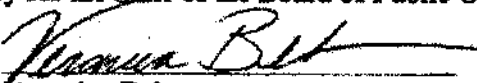
SOUTH JERSEY GAS COMPANY

By:


Ira G. Megdal, Esq.
Cozen O'Connor

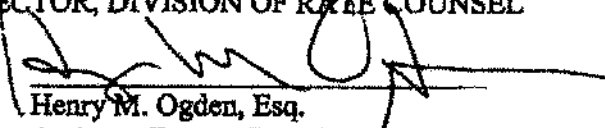
JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By:

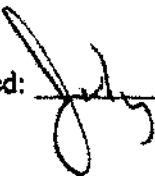

Veronica Beke
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By:


Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated:

 July 1, 2013