

State of New Jersey
DIVISION OF RATE COUNSEL
140 EAST FRONT STREET, 4TH FL
P.O. BOX 003
TRENTON, NJ 08625

RECEIVED

MAR 15 2016

BOARD OF PUBLIC UTILITIES
MAIL ROOM

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

March 15, 2016

Via Hand-Delivery and Electronic Mail

Honorable Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company for
Approval of a Municipal Consent in the Township of Monroe,
Gloucester County
BPU Docket No.: GE15101198**

Dear Secretary Asbury:

Please accept for filing an original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") concerning the above-referenced Verified Petition of South Jersey Gas Company ("SJG" or "Company") for approval of a municipal consent in the Township of Monroe, Gloucester County. We enclose one additional copy. Please date stamp the copy as "filed" and return it to us in the enclosed self-addressed, stamped envelope. Thank you for your consideration and attention to this matter.

*Case Mgmt
List Copies*

Tel: (609) 984-1460 • Fax: (609) 292-2923 • Fax: (609) 292-2954
<http://www.state.nj.us/publicadvocate/utility> E-Mail: niratepayer@rpa.state.nj.us

New Jersey Is An Equal Opportunity Employer • Printed on Recycled Paper and Recyclable

Background

The Company filed the above-referenced Petition on October 19, 2015, seeking approval, pursuant to N.J.S.A. 48:2-14, N.J.S.A. 48:3-15 and N.J.A.C. 14:1-5.5, of Township of Monroe Ordinance O:31-2015 granting the Company consent to provide natural gas utility service, and to construct and maintain pipes and related facilities in streets and other public areas, within the Township. SJG currently provides natural gas service to approximately 11,472 residential customers, 626 commercial customers and 3 industrial customers within the Township. Petition, ¶ 2. The Company anticipates customer growth within its service territory of approximately 1% annually for the next 3 to 5 years. Id. SJG represents that it has the capacity necessary to ensure a continuation of its natural gas service and does not foresee any concerns regarding its ability to meet the existing and future demands of the Township. Id., ¶ 3.

The Company services its customers within the Township through its Glassboro Division customer service center located at 142 South Main St., Glassboro, New Jersey. SJG anticipates that its Glassboro Division will continue to service its customers in the Township, with no changes in its location or hours of operation. Petition, ¶ 4.

The Township granted the Company consent and permission to provide natural gas utility service and to construct and maintain pipes and related facilities in streets and other public areas within the Township by Ordinance adopted on September 11, 1947. Petition, ¶ 5 and Exs. A and B. Pursuant to N.J.S.A. 48:3-15, the Company's right to use the streets within the Township for the provision of service statutorily expired on September 11, 1997. Petition, ¶ 6; see Ex. A.

In Ordinance O:31-2015, adopted on September 18, 2015, the Township set forth certain limits on its renewed consent and permission to SJG, including limiting the consent to a period of fifty years from the date of its final adoption. Petition, ¶ 7 and Ex. B. On September 22,

2015, the Company accepted and agreed to the terms and conditions of the municipal consent in Ordinance O:31-2015, pursuant to N.J.S.A. 48:3-16. Petition, ¶ 8 and Ex. C.

At the hearing held by the hearing officer for the Board of Public Utilities on this Petition on February 17, 2016, Joseph R. Schneider, General Manager of System Engineering and Planning, testified that the Company has the capacity to meet the existing and future needs of customers located within the municipality. 8T:L13-16 & 9T:L7-10 (2/17/16). No one has contacted our office with any objection regarding this matter.

Rate Counsel Position

The Company represents that it has the capacity necessary to continue providing natural gas service to its customers located in the Township. Petition, ¶ 3. For this reason, and the fact that the municipal consent in Ordinance O:31-2015 is limited to the statutory maximum fifty year term, Rate Counsel does not object to approval of SJG's Petition. Rate Counsel recommends that the Board's Order specifically provide that its approval does not include authorization to include in rate base any specific assets that may be constructed as a result of approval of this Petition. The determination of any assets to be included in rate base and any ratemaking impacts as a result of the municipal consent should be addressed in a future base rate case or other appropriate proceeding.

Accordingly, Rate Counsel recommends that any Board Order approving the Company's Petition contain the following language:


1. As required by N.J.S.A. 48:3-15, the municipal consent for the use of streets and other public places is limited to a term not exceeding fifty years.
2. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever any value of any tangible or intangible assets now owned or hereafter to be owned by the Petitioner.

3. This Order shall not affect, nor in any way limit, the exercise of the authority of this Board or of this State, in any future Petition or in any proceedings with respect to rates, franchises, service, financing, accounting, capitalization, depreciation, or in any other matter affecting the Petitioner.

These provisions will satisfy the concerns of Rate Counsel that the Company is in compliance with the proper statutory framework, that Board approval is limited to the municipal consent, and that there is no authorization to include any specific assets or amounts in rate base, nor authorization for any other ratemaking treatment. If the Board adopts these conditions, Rate Counsel is not opposed to approval of the above-referenced Petition.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
Brian Weeks, Esq.
Deputy Rate Counsel

BW/kf

c: Service List (by regular mail)
Electronic service to: Stacy M. Barnes, Esq.

In the Matter of the Petition of
South Jersey Gas Company
for Approval of a Municipal Consent
in the Township of Monroe,
Gloucester County
BPU Docket No.: GE15101198

Honorable Irene Kim Asbury
Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Brian O. Lipman, Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Brian Weeks, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Shelly Massey, Paralegal
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Jerome May, Director
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Edward Beslow, Esq.
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Megan Lupo
NJ Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

William Agee, Esq.
NJ Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

John Masiello
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

Stacy Peterson
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Stacey M. Barnes, Esq.
South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, NJ 08037

Alex Moreau, DAG
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Veronica Beke, DAG
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Abbey Greenberg
Public Affairs Specialist
South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, NJ 08037

Caroline Vachier, DAG
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Christopher Psihoules, DAG
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Sharon Wright, Deputy Clerk
Monroe Township
125 Virginia Avenue
Williamstown, NJ 08094

John Stanziola, Director
Revenue Affairs
South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, NJ 08037

Robert Fatzinger
South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, NJ 08037

Clerk, Board of Chosen Freeholders
2 South Broad Street
Woodbury, NJ 08096

Stacy A. Mitchell, Esq.
Cozen O'Connor
457 Haddonfield Road, Suite 300
P.O. Box 5459
Cherry Hill, NJ 08002

Ira G. Megdal, Esq.
Cozen O'Connor
457 Haddonfield Road, Suite 300
P.O. Box 5459
Cherry Hill, NJ 08002