



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)
JERSEY GAS COMPANY FOR APPROVAL OF A) DECISION AND ORDER
MUNICIPAL CONSENT IN THE TOWNSHIP OF)
HAMILTON, ATLANTIC COUNTY, NEW JERSEY) DOCKET NO. GE13030248

Parties of Record:

Stacy A. Mitchell, Esq., on behalf of Petitioner, South Jersey Gas Company
Stefanie A. Brand, Esq., Director, on behalf of the Division of Rate Counsel

BY THE BOARD:

South Jersey Gas Company ("SJG" or "Company"), a regulated utility subject to the jurisdiction of the Board of Public Utilities ("Board"), is a corporation duly organized under the laws of the State of New Jersey engaged in the business of transmission and distribution of natural gas to approximately 360,000 customers within its service territory.

SJG currently provides natural gas service within the Township of Hamilton ("Township") to approximately 6,994 residential, 446 commercial and 7 industrial customers. The Company's most recent consent from the Township expired on October 6, 1997.¹ On February 6, 2012, the Township renewed its consent by adopting Ordinance No. 1711-2012 which gave SJG exclusive consent and permission to furnish gas service in the Township and to lay and construct its facilities within the public rights-of way for a period of 50 years from the date of approval by the Board. By letter dated March 13, 2012, the Company accepted and agreed to

¹ The Board notes that municipal consents often expire some time prior to their renewal even when the Company initiates the renewal process prior to the expiration of the previous term. This is primarily the result of the time necessary for a municipality to fulfill the legal requirements that attend to all formal actions it must take along with the additional time for hearing and Board approval as required by law. The Board has been assured that pending review of its petition; SJG has continued to provide service to its customers within the Township in an uninterrupted manner.

the terms of the consent. Copies of the Ordinance and the letter of acceptance are attached to this Order as Exhibits "A" and "B," respectively.

On March 25, 2013, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, SJG filed a petition requesting that this Board give its approval to the consent adopted by the Township. As required by law, and after notice, a hearing in this matter was held on June 12, 2013, before Edward D. Beslow, Esq., the Board's duly appointed Hearing Examiner. Appearances were made on behalf of the Company, the Division of Rate Counsel ("Rate Counsel") and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

At hearing, the Company relied on its petition and exhibits filed with the Board and presented the testimony of Charles F. Dippo, its Senior Vice-President of Engineering Services and System Integrity. Mr. Dippo testified that the Company has provided continuous service to the Township and retains the financial, facility base, operational expertise and capacity to continue to maintain safe, adequate and proper service in the Township which he believes will experience a 1% annual growth in the number of customers served over the next 3 to 5 years.

By letter dated July 9, 2013, Rate Counsel submitted its comments to the petition. While not opposed to its approval, Rate Counsel recommended that the Board condition its approval on the limitation of the consent to a reasonable period not to exceed 50 years, and that any Order approving the consent reserve ratemaking issues for future proceedings and contain the term and conditions that have traditionally been made part thereof.

In addition, Rate Counsel argues that the petition in this matter is governed by two related statutes. Rate Counsel notes that N.J.S.A. 48:2-14 requires the Board's approval before a municipal consent to serve the municipality is valid. Rate Counsel also maintains that N.J.S.A. 48:3-11 governs a municipal grant to a utility to use the municipality's streets and other places, and that N.J.S.A. 48:3-15 limits such a grant to a term not to exceed 50 years. In this case, Rate Counsel does not object to the consent to provide service for a term of 50 years, but recommends that the Board specifically limit the grant to use the streets to the same term as set out in N.J.S.A. 48:3-15.

The Company responded to Rate Counsel's comments by objecting to the proposed limitation/modification of the duration of the Consent. SJG argued that the imposition by the Board of any limitation on the duration of the Consent would be contrary to the expressed intent of the Township, unsupported by the record in the proceeding and inconsistent with existing law.

After a full review of the entire record, the Board **HEREBY FINDS** that the municipal consent, which is the subject of this matter, is necessary and proper for the public convenience and properly conserves the public interest, and that SJG has the ability to install the appropriate infrastructure to allow it to provide safe, adequate and proper service. The Board **FURTHER FINDS** that the Company has the necessary experience, financial capability, capacity and facilities in the Township of Hamilton to continue to provide adequate and appropriate service to its existing customers. Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, **HEREBY APPROVES** the consent granted to SJG by the Township for the provision of gas service in the Township as sought in the Company's petition. The Board **FURTHER FINDS** that there is no

need to specifically limit the time period for the use of the streets as Section 4 of the Ordinance specifically limits "the permission and consent" granted by the Ordinance to a period of 50 years from the date of Board approval.

The approvals granted hereinabove shall be subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by SJG.
2. This Order shall not effect nor in any way limit the exercise of the authority of this Board of the State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting SJG.
3. The rates for service to SJG's customers in the Borough shall continue to be those set in the Company's current tariff approved by and on file with the Board. These rates shall remain in effect until otherwise approved by the Board.
4. In an appropriate subsequent proceeding, SJG shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
5. Approval of this municipal consent does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.
6. The Company has agreed to a 50-year limitation on the consent for use of the streets. The term of the consent as to the right to provide services is limited to a term of 50 years by the consent granted by the Township and approved by this Order.

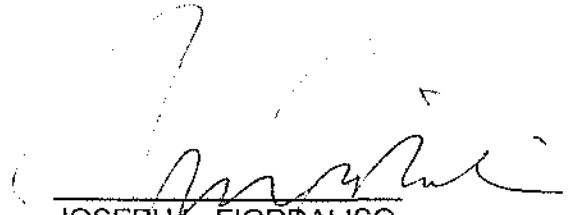
This Order shall be effective as of May 2, 2014.

DATED: 4/24/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
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 FOR
APPROVAL OF A MUNICIPAL CONSENT IN THE TOWNSHIP OF HAMILTON,
ATLANTIC COUNTY, NEW JERSEY - DOCKET NO. GE13030248

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EXHIBIT

A

EXHIBIT "A"

TOWNSHIP OF HAMILTON
ATLANTIC COUNTY, NJ

ORDINANCE #1711-2012

AN ORDINANCE GIVING AND GRANTING CONSENT AND PERMISSION TO THE SOUTH JERSEY GAS COMPANY, A CORPORATION OF THE STATE OF NEW JERSEY, TO FURNISH GAS FOR LIGHT, HEAT AND POWER IN THE TOWNSHIP OF HAMILTON IN THE COUNTY OF ATLANTIC AND STATE OF NEW JERSEY.

The members of the Township Committee of the Township of Hamilton do ordain:

Section 1. That exclusive consent and permission to furnish gas for light, heat and power in the Township of Hamilton, County of Atlantic, State of New Jersey, is hereby given and granted to South Jersey Gas Company, a corporation of the State of New Jersey, subject to approval of such consent and permission by the Board of Public Utilities of the State of New Jersey.

Section 2. That exclusive consent and permission is hereby given to South Jersey Gas Company to lay and construct its pipes and mains and related appurtenances and facilities within the streets, alleys, squares and public places within the Township of Hamilton in the manner required by N.J.S.A. 48:9-21, in each case for the purpose of furnishing gas and subject to reasonable regulations imposed by ordinance or resolution with respect to the opening of streets and public places, subject to approval of such consent and permission by the Board of Public Utilities.

Section 3. The consents granted in Sections 1 and 2 are granted for the entire geographical area of the Township of Hamilton and extend to the boundaries of the Township of Hamilton.


Section 4. Following adoption and final passage of this ordinance, and acceptance thereof by South Jersey Gas Company, the permission and consent granted herein shall continue and be in full force and effect for a period of fifty (50) years from the date of its approval by the New Jersey Board of Public Utilities. South Jersey Gas Company may furnish gas under the terms and conditions hereof at, and after, the expiration of the term of this ordinance while seeking further renewal of Township consent.

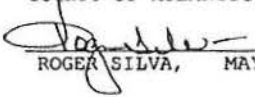
Section 5. The said South Jersey Gas Company shall within thirty (30) days after the passage of this ordinance file with the City Clerk a bond in the amount of One Thousand Dollars (\$1,000.00) conditioned upon the restoration of any street or public place which may be opened by it in a manner satisfactory to the Director of the Department of Public Works.

Section 6. This ordinance shall take effect after its final passage and publication according to law.

TOWNSHIP COMMITTEE OF THE
TOWNSHIP OF HAMILTON,
COUNTY OF ATLANTIC, N.J.

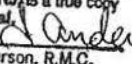
ATTEST:


JOAN I. ANDERSON, R.M.C.
TOWNSHIP CLERK


ROGER SILVA, MAYOR

ROLL CALL: CAIN "YES"
DIX "YES"
GATTO "YES"
KESSELMAN "YES"
SILVA "YES"

ORDINANCE #1711-2012 INTRODUCED AND PASSED FIRST READING ~~COMMUNICATE~~ OF TOWNSHIP CLERK
ORDINANCE #1711-2012 ADOPTED February 6, 2012.

I, hereby certify the foregoing extract of the minutes of the Township Committee, Township of Hamilton, Atlantic County, NJ, is a true copy of the original.
DATE: 2-7-12

Joan I. Anderson, R.M.C.
TOWNSHIP CLERK

EXHIBIT

B

EXHIBIT "B"



South Jersey Industries

*Where we put all of our energy**

Jennifer L. Cohen, Esq.
Office of Corporate Counsel and Secretary
Director, Legal Affairs

March 13, 2012.

Via Certified Mail

Mayor Roger Silva
6101 Thirteenth Street
Mays Landing, New Jersey 08330

Re: South Jersey Gas Company
- Acceptance of Ordinance No. 1711-2012 Granting Municipal Consent and
Permission to Provide Gas

Dear Mayor Silva,

I am writing on behalf of South Jersey Gas Company ("SJG") to advise that on February 20, 2012 SJG received a fully executed copy of Ordinance No. 1711-2012 (copy attached) granting municipal consent for SJG to provide gas and lay its pipes, mains and related appurtenances and facilities in the Township of Hamilton, Atlantic County, New Jersey. Pursuant to the requirements of N.J.S.A. 48:3-16, SJG hereby accepts Ordinance No. 1711-2012 as passed.

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

Thank you.

Very truly yours,

Jennifer L. Cohen
jcohen@sjindustries.com

cc. G. Merritt-Epps, Esq.
J. Stanziola
D. Spinella
I. Megdal, Esq.
S. Mitchell, Esq.