



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)
FRANKLIN, GLOUCESTER COUNTY, NEW JERSEY) DOCKET NO. GE13030251

Parties of Record:

Stacy A. Mitchell, Esq., on behalf of Petitioner, South Jersey Gas Company
Stefanie A. Brand, Esq., Director, 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 Franklin ("Township") to approximately 1,631 residential customers, 69 commercial customers and 1 industrial customer. The Company's consent from the Township expired on September 16, 1997.¹ On May 8, 2012, the Township renewed its consent by adopting Ordinance No. 0-8-12 which gave SJG exclusive and perpetual consent and permission to lay and construct its facilities within the public rights-of way. By letter dated June 11, 2012, the Company accepted and agreed to 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.

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.

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, Engineering Services. According to Mr. Dippo's testimony, SJG anticipates growth in its defined service territory to be approximately 1% annually for the next 3 to 5 years. According to the Company, it has the capacity to ensure continuation of its safe, adequate and proper natural gas service and does not foresee any concerns regarding its ability to meet the existing and future demands of the Township.

While not opposed to its approval, Rate Counsel, in its written comments to the petition dated July 9, 2013, 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. Rate Counsel maintains that grants in perpetuity are not favored under New Jersey law, and under N.J.S.A. 48:2-14, the Board can impose conditions on its approvals, including limiting the consent to a reasonable term.

According to SJG, pursuant to the decisions rendered in In re Petition of South Lakewood Water Co., 61 N.J. 230 (1972), and Township of Dover v. United Water Toms River, OAL BPU Docket No. WC97080581 (July 6, 2005) (Order adopting Initial Decision) ("United Water"), the municipal consent granting a utility the right to provide service within a given municipality constitutes the "franchise" pursuant to which the utility is permitted to provide service; that consent is governed solely by N.J.S.A. 48:2-14 which imposes no durational limitation. The additional consent relating to the use of the streets provides the additional authority necessary for the utility to construct and maintain its infrastructure in the public right-of-way in order to furnish service. According to SJG, pursuant to N.J.S.A. 48:3-15, the use of streets consent is statutorily limited to duration of 50 years. Therefore, according to SJG, the legislature has thus provided a mechanism requiring a municipality and a franchisee to confer every 50 years to renew the consent for use of the streets without limiting the duration of the consent to serve. Moreover, SJG asserts that perpetual franchises are not novel and have been approved by the Board historically in United Water, *supra*, and In re City of Trenton and New Jersey-American Water Company, Inc., BPU Docket No. WM08010063 (April 3, 2009) (approving 3 franchises of perpetual duration).

The Board has reviewed Rate Counsel's recommendations and the opposition submitted by SJG, and has determined that there is no legal bar to the grant of a municipal consent with any unlimited duration. As indicated in its reply, SJG consents to a limitation of 50 years on the use of the streets granted by the Township.

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 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 of Franklin for the provision of gas service in the Township as sought in the Company's petition.

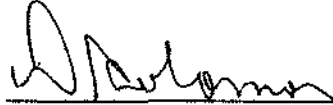
The approvals granted hereinabove shall be subject to the following provisions:


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. 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.
4. The rates for service to the Company's customers in the Township shall continue to be those set out 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.
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 the use of the streets. The term of the consent as to the right to provide service is not limited by this Order and shall be effective as granted by the Township.


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

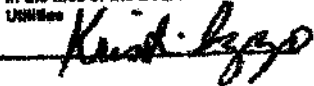

JOSEPH L. FIORDALISO
COMMISSIONER


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 FRANKLIN,
GLOUCESTER COUNTY, NEW JERSEY - DOCKET NO. GE13030251

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EXHIBIT

A

TOWNSHIP OF FRANKLIN
 COUNTY OF GLOUCESTER
 O-8-12

ORDINANCE GRANTING CONSENT AND PERMISSION
 TO SOUTH JERSEY GAS TO FURNISH GAS FOR LIGHT,
 HEAT AND POWER IN FRANKLIN TOWNSHIP

WHEREAS, The Township Committee believes 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 of the Township of Franklin, in the County of Gloucester, and the State of New Jersey would be in the best interest of the residents of Franklin Township;

NOW, THEREFORE, BE IT ORDAINED, by the Township Committee of the Township of Franklin, County of Gloucester, State of New Jersey as follows:

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

Section 2. That exclusive and perpetual 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 Franklin Township in the manner required by R.S. 48-9-21, and subject to reasonable regulations imposed by ordinances, 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.

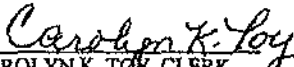
Section 3. The consent granted in Sections 1 and 2 are granted for the entire geographical area of Franklin Township and extend to the boundaries of Franklin Township. Provided, however, that the consents granted in Sections 1 and 2 are restricted to existing residential, commercial, and industrial buildings, or replacements thereof, in existence on the date of introduction of this Ordinance.

Section 4. The said South Jersey Gas Company shall within thirty (30) days after the passage of this ordinance file with the Township 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 5. This ordinance shall take effect after its final passage and publication according to law.

ATTEST:

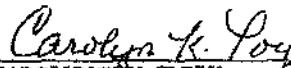
TOWNSHIP OF FRANKLIN


 CAROLYN K. TOY, CLERK


 JOSEPH C. PETSCH, MAYOR

CERTIFICATION

I, CAROLYN TOY, Clerk of the Township of Franklin, County of Gloucester, do hereby certify that the foregoing ordinance was introduced at a regular meeting of the Township of Franklin held on Tuesday, April 10, 2012, and thereafter duly advertised in the legal newspaper of the Township at least 10 days prior to it being considered for final passage and adoption at a subsequent meeting to be held on May 8, 2012, at which time any person interested therein will be given an opportunity to be heard.


 CAROLYN TOY, CLERK

EXHIBIT

B



South Jersey Industries

*Where we put all of our energy**

EXHIBIT "B"

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

June 11, 2012

Via Certified Mail

Mayor Joseph C. Petsch
1571 Delsea Drive
Franklinville, New Jersey 08322

Re: South Jersey Gas Company
- Acceptance of Ordinance No. 0-8-12 Granting Consent and Permission to South Jersey Gas to Furnish Gas for Light, Heat and Power in Franklin Township.

Dear Mayor Petsch,

I am writing on behalf of South Jersey Gas Company ("SJG") to advise that on or about May 15, 2012, SJG received a fully executed copy of Ordinance No. 0-8-12 (copy attached) granting municipal consent for SJG to provide gas and lay its pipes, mains and related appurtenances and facilities in the Township of Franklin, County of Gloucester, New Jersey (the "Township"). Pursuant to the requirements of N.J.S.A. 48:3-16, SJG hereby accepts Ordinance No. 0-8-12 as passed.

Please also note that we will be filing the bond required pursuant to Section 4 of the Ordinance via separate correspondence to the Township Clerk, Ms. Carolyn Toy.

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



South Jersey Industries

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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.
C. Toy