



Agenda Date: 3/12/12
Agenda Item: 2D

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 GENERIC PROCEEDING TO) ORDER
CONSIDER PROSPECTIVE STANDARDS FOR GAS)
DISTRIBUTION UTILITY RATE DISCOUNTS AND)
ASSOCIATED CONTRACT TERMS AND CONDITIONS;)
NEW JERSEY NATURAL GAS COMPANY'S COMPLIANCE)
FILING TO IMPLEMENT THE TARIFF CHANGES)
) DOCKET NO. GT11090618

Parties of Record:

Felicia Thomas-Friel, Esq., Deputy Rate Counsel and **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Stefanie A. Brand**, Director)
Kenneth T. Maloney and **Deborah M. Franco**, Cullen and Dykman LLP, and **Mary Patricia Keefe, Esq.** Vice President, Regulatory Affairs, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company
David K. Richter, Assistant General Regulatory Counsel PSE&G
Tracey Thayer, Director, Regulatory Affairs New Jersey Natural Gas
Ira G. Megdal, Esq., Cozen O'Connor, on behalf of South Jersey Gas Company
Murray E. Bevan, Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of the Electric Customer Group
James H. Laskey, Norris McLaughlin & Marcus, P.A., on behalf of the Independent Energy Producers of New Jersey
Jeffrey W. Mayes, General Counsel, Monitoring Analytics, LLC Independent Market Manager for PJM
Catherine E. Tamasik, DeCotiis, FitzPatrick & Cole, LLP, on behalf of North American Energy Alliance / Ocean Peaking Power, LLC
Steven S. Goldenberg, Fox Rothschild LLP, on behalf of the New Jersey Large Energy Users Coalition

BY THE BOARD¹:

On October 25, 2010, the New Jersey Board of Public Utilities ("Board") issued a notice opening a review of off-tariff agreements offered by the gas utilities ("GDCs") to customers with the ability to physically by-pass a GDC's distribution and/or transmission system, as well as for

¹Commissioner Joseph L. Fiordaliso was the hearing officer in this proceeding.

other economic reasons. After a series of stakeholder meetings and the submission of comments and reply comments, by Order dated August 18, 2011, in Docket No. GR10100761, the Board directed the GDCs to file tariffs that set forth the criteria that the company will use to determine whether to offer a discounted rate, as well as the minimum information that a gas customer must provide when requesting a discounted rate from a GDC. Further, the GDCs were to describe the application process.

On September 12, 2011, New Jersey Natural Gas Company ("NJNG") submitted proposed tariff sheets entitled "Conditions Under Which Rate Discounts Shall Be Considered," describing the basis for consideration of discounted rates and the minimum information that a customer must produce when requesting a discounted rate. Board staff circulated the proposed tariff sheets to the service list for comment. After review of those comments, by letter dated January 23, 2012, NJNG re-submitted the proposed tariff sheets contacting a slight modification to Tariff Sheet No. 38, Section 11-2. Upon submitting this revised filing, NJNG asked that the September 12, 2011, filing be disregarded altogether.

The New Jersey Large Energy Users Coalition ("NJLEUC"), in their comments submitted on January 12, 2012, noted a concern with regard to the NJNG compliance filing. Specifically, NJLEUC interpreted the language set forth in Section 11.2 of its Standard Terms and Conditions to exclude from eligibility for bypass related rate discounts existing customers that do not intend to expand their natural gas utilization as part of a bypass. NJLEUC requested that the language be amended to accommodate existing customers without the requirement of expansion of natural gas utilization.

Rate Counsel argued that the NJNG tariff proposal, along with two other GDC's filings, was inconsistent with the Board's intent to limit rate discounts to circumstances where discounts are necessary to preserve or create revenues for the benefit of the utility's other ratepayers. Rate Counsel also requested that NJNG be directed to re-submit a proposed tariff with language that clearly limits discounts per the Board's August 18th Order.

In its January 23, 2012, revised filing, NJNG modified Tariff Sheet No. 38, Section 11-2. The company omitted the following language from its most recent filing: "expanding its natural gas utilization." By doing so, NJNG clarified that existing customers who do not intend to expand their natural gas utilization may indeed be eligible for bypass-related rate discounts provided that they satisfy the remaining tariff requirements.

By letter dated March 1, 2012, Rate Counsel reiterated its request that the Board order NJNG to file revised tariffs that limit rate discounts. In addition, Rate Counsel requested that the Board consider requiring NJNG, as well as Elizabethtown Gas Company and South Jersey Gas Company to amend their tariffs to provide that discounted rates, but not necessarily other discounted rate contract information, will be made public upon Board approval.


The Board has reviewed the January 23, 2012, filing made by NJNG. The proposed tariff outlines the procedure a customer must follow when requesting a discounted rate and clearly states that any agreement reached between the company and the customer remains subject to Board approval. Because the company must justify the rate discount when it files for approval of the contract, the Board is not persuaded that further limitation on the ability to offer such discounts is needed.

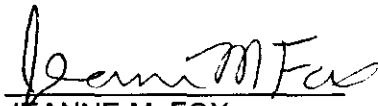
Any requests to treat information as confidential must conform to the Board's regulations at N.J.A.C. 14:1-12.

Therefore, the Board HEREBY FINDS the proposed tariff is consistent with the August 18, 2011, Order. Accordingly, the Board HEREBY APPROVES the proposed tariff sheets, effective for service rendered on or after April 1, 2012.


DATED: 3/12/2012

BOARD OF PUBLIC UTILITIES
BY:



ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

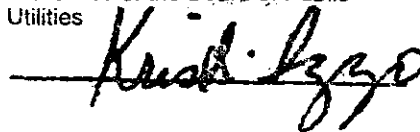

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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 A GENERIC PROCEEDING TO CONSIDER PROSPECTIVE
STANDARDS FOR GAS DISTRIBUTION UTILITY RATE DISCOUNTS AND
ASSOCIATED CONTRACT TERMS AND CONDITIONS
BPU DOCKET NO. GT11090618

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