



Agenda Date: 5/23/12  
Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER
SOUTH JERSEY GAS COMPANY TO REDUCE	)	ADOPTING INITIAL DECISION
THE LEVEL OF ITS BASIC GAS SUPPLY	)	APPROVING STIPULATION
SERVICE CHARGE FOR BGSS YEAR ENDING	)	FOR FINAL BGSS RATES
SEPTEMBER 30, 2012	)	
	)	DOCKET NO. GR11060335

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

BY THE BOARD:

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDC") submits to the Board by June 1 its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel").

By this Order, the Board considers the recommendation to finalize BGSS rates previously approved on a provisional basis. There will be no change in South Jersey Gas Company ("SJG" or "Company") BGSS rates at this time as a result of a Board Decision in this matter.

**BACKGROUND**

In accordance with the above noted Order, on June 1, 2011, the Company filed with the Board its annual petition to establish new Periodic BGSS ("BGSS-P") rates for the period October 1, 2011, through September 30, 2012. The Company's petition sought a decrease to its BGSS-P charge from its then current charge of \$0.6887 per therm including taxes to \$0.6493 per therm including taxes, a reduction of \$0.0394 per therm (including taxes) to be effective October 1, 2012. If approved, this change would decrease the monthly bill of a residential heating customer utilizing 100 therms of gas during a month by \$3.94 or 2.9%.

The petition also requested the following revisions: 1) setting the gas cost portion of the Company's D-2 charge for Rate Schedule Large Volume Service ("LVS") at \$13.4544 per Mcf

(including taxes); 2) setting the gas cost portion of the Firm D-2 charges at \$15.2970 per Mcf (including taxes); 3) setting the Limited Firm D-2 charges at \$6.7272 per Mcf (including taxes) for Rate Schedule Electric Generation Service – Large Volume (“EGS-LV”); 3) setting the gas cost portion of the D-2 charge at \$6.7272 per Mcf (including taxes) for Rate Schedule Firm Electric Service (“FES”); and 4) setting the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, Electric Generation Service (“EGS”), LVS and EGS-LV at \$0.1129 per therm (including taxes). These rate changes, if approved, would result in a \$10.6 (including taxes) million decrease in annual revenues to SJG.

After publication of notice in newspapers of general circulation in SJG’s service territory, two public hearings in this matter were held on August 10, 2011, in Voorhees, New Jersey. The public notice advised customers that the Board’s January BGSS Order granted the Company the discretion to self-implement an increase in its BGSS rates to be effective December 1, 2011 and/or February 1, 2012, after prior notice to the Board and Rate Counsel, with each increase capped at 5% of the total residential bill. The public notice also stated that the Company is permitted to decrease its BGSS rate at any time upon two weeks notice to the Board and Rate Counsel. No members of the public appeared to provide comments related to the Company’s filing.

On August 30, 2011, following review by and subsequent discussions among representatives of SJG, Rate Counsel, and Board Staff, (collectively, “Parties”), the Parties executed a stipulation agreeing to set the requested BGSS rates on a provisional basis (“Provisional Rate Stipulation”) with the rates subject to refund with interest on any net over recovered BGSS balance. The provisional rates reduced the Company’s annual revenue request by \$10.6 million. The Provisional Rate Stipulation addressed establishing new provisional BGSS rates, recognizing that additional time was needed for a complete review of the Company’s 2011 BGSS filing.

By Order dated September 22, 2011, the Board approved the Provisional Rates Stipulation which set the following rates: 1) a decrease in SJG’s BGSS rate from \$0.6887 per therm to \$0.6493 per therm; 2) the gas cost portion of the D-2 charge for Rate Schedule LVS at \$13.4544 per Mcf (including taxes); 3) the Firm D-2 charges at \$15.2970 per Mcf (including taxes); 4) the gas cost portion of the Limited Firm D-2 charges at \$6.7272 per Mcf (including taxes) for Rate Schedule EGS-LV; 5) the gas cost portion of the D-2 charge at \$6.7272 per Mcf (including taxes) for Rate Schedule FES; and 6) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS-LVS and EGS-LV at \$0.1129 per therm (including taxes). Any net over-recovery of the BGSS balance at the end of the BGSS period was subject to refund with interest.

The matter was transferred to the Office of Administrative Law, and assigned to Administrative Law Judge Gail M. Cookson.

Following further review and discussions, the Parties entered into the attached Stipulation for Final BGSS Rates (“Stipulation”) dated May 3, 2012 that provides for the Company’s previously approved provisional BGSS rates to be made final and permanent. Additionally, the Company commits to continuing to provide the Parties with monthly reports in the form of Exhibits A and B to the Stipulation, containing updated information on the BGSS NYMEX and on the per therm net cost of gas.

On May 4, 2012, Administrative Law Judge Gail M. Cookson issued her Initial Decision adopting the Stipulation and 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.

**DISSUSSION AND FINDINGS**

The Board, having carefully reviewed the Initial Decision and the 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 in their entirety, and HEREBY INCORPORATES their terms and conditions as though fully set forth herein.

Accordingly, the Board HEREBY DIRECTS that the decrease in the Company's after-tax per therm BGSS-P rate to \$0.6493 including all applicable taxes be made final. Furthermore, the Board HEREBY APPROVES the following after tax per therm rates on a final basis: 1) the gas cost portion of the D-2 charge for Rate Schedule LVS at \$13.4544 per Mcf; 2) the Firm D-2 charges at \$15.2970 per Mcf ,and the gas cost portion of the Limited Firm D-2 charges at \$6.7272 per Mcf for Rate Schedule EGS-LV; 3) the gas cost portion the D-2 charge at \$6.7272 per Mcf for Rate Schedule FES; and 4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS-LVS and EGS-LV at \$0.1129 per therm.


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

This Order shall be effective June 4, 2012.


The Company's BGSS rates remain subject to audit. 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: 5/23/12


BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

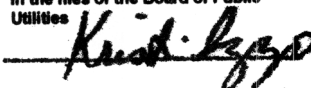
  
JEANNE M. FOX  
COMMISSIONER

  
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  


I/M/O The Annual Filing of South Jersey Gas Company  
 To Reduce the Level of its Basic Gas Supply Charge  
 BPU Docket GR11060335

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<p>Rosalie Romeo          Board of Public Utilities          44 S. Clinton Avenue          P.O. Box 350          Trenton, NJ 08625  <a href="mailto:Rosalie.romeo@bpu.state.nj.us">Rosalie.romeo@bpu.state.nj.us</a></p>	<p>Andrea Crane          The Columbia Group, Inc.          90 Grove Street, Suite 211          Ridgefield, CT 06877  <a href="mailto:ctcolumbia@aol.com">ctcolumbia@aol.com</a></p>	<p>Veronica Beke, DAG          Department of Law &amp; Public Safety          124 Halsey Street, 5<sup>th</sup> Floor          P.O. Box 45029          Newark, NJ 07101  <a href="mailto:Veronica.beke@dol.lps.state.nj.us">Veronica.beke@dol.lps.state.nj.us</a></p>
<p>Kristi Izzo, Secretary          Board of Public Utilities          44 South Clinton Avenue          P.O. Box 350          Trenton, NJ 08625  <a href="mailto:Kristi.izzo@bpu.state.nj.us">Kristi.izzo@bpu.state.nj.us</a></p>	<p>Babette Tenzer, DAG          Department of Law &amp; Public Safety          124 Halsey Street, 5<sup>th</sup> Floor          P.O. Box 45029          Newark, NJ 07101  <a href="mailto:Babette.tenzer@dol.lps.state.nj.us">Babette.tenzer@dol.lps.state.nj.us</a></p>	<p>Alex Moreau, DAG          Department of Law &amp; Public Safety          124 Halsey Street, 5<sup>th</sup> Floor          P.O. Box 45029          Newark, NJ 07101  <a href="mailto:Alex.moreau@dol.lps.state.nj.us">Alex.moreau@dol.lps.state.nj.us</a></p>
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***State of New Jersey***  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**  
**SETTLEMENT**

**I/M/O PETITION OF SOUTH JERSEY GAS  
COMPANY TO REDUCE THE LEVEL OF  
ITS BASE GAS SUPPLY SERVICE.**

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OAL DKT. NO. PUC 12270-11  
AGENCY DKT. NO. GR11060335

**I/M/O PETITION OF SOUTH JERSEY GAS  
COMPANY TO CHANGE THE LEVEL OF  
ITS CONSERVATION INCENTIVE PROGRAM  
(CIP) FOR THE CIP YEAR ENDING SEPTEMBER  
30, 2012.**

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OAL DKT. NO. PUC 12271-11  
AGENCY DKT. NO. GR11060337

**Ira G. Megdal, Esq., and Daniel J. Bitonit, 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 (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

**Felicia Thomas-Friel,** Deputy Rate Counsel, and **Henry M. Ogden and James W. Glassen,** Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director, attorney)

Record Closed: May 3, 2012

Decided: May 4, 2012

BEFORE **GAIL M. COOKSON, ALJ:**

On June 1, 2011, South Jersey Gas Company (Company) filed a petition with the Board of Public Utilities (BPU) for approval of its annual Basic Gas Supply Service (BGSS) rates and its annual Conservation Incentive Program (CIP) rates for the period October 1, 2011, through September 30, 2012. 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 August 10, 2011, in Voorhees, New Jersey. Both petitions proposed reductions in the rates of service relating to these clauses of the Company's tariff. By Orders signed on September 22, 2011, the BPU approved Stipulations for Provisional Rates for both the BGSS and CIP rates. The files were transmitted to the Office of Administrative Law (OAL), on or before October 11, 2011, for consolidation and 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 cases were assigned to the undersigned on October 27, 2011

A prehearing conference was convened telephonically on November 29, 2011. The hearings for the presentation of the pre-filed direct testimony and cross-examination of the witnesses were set down for April 4 and 5, 2012. Over the course of several case status telephonic conferences, the parties reported during a scheduled telephone status call that they were in the process of resolving the issues in dispute. Accordingly, the hearings were adjourned to April 27, 2012. Prior to the conduct of those hearings, the parties reported further progress on settlement but the need to conduct some additional financial due diligence.

On May 3, 2012, I received electronically two fully-executed Stipulations of all parties to this matter – one for the BGSS and one for the CIP - with a request that I enter an Initial Decision Settlement and transmit same to the Board. These agreements more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the Company but in sum, accept the provisional BGSS and CIP rates as the final rates.

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 and is consistent with law.

I **CONCLUDE** that the Stipulations meet 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.

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.



\_\_\_\_\_  
May 4, 2012

DATE

\_\_\_\_\_  
GAIL M. COOKSON, ALJ

Date Received at Agency: \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

id



A PENNSYLVANIA PROFESSIONAL CORPORATION

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THOMAS MCKAY, III  
ATTORNEY RESPONSIBLE  
FOR NJ PRACTICE

**Daniel J. Bitonti**  
Direct Phone 856-910-5009  
dbitonti@cozen.com

May 3, 2012

VIA E-MAIL (ILA.DHABLIWALA@OAL.STATE.NJ.US)

Honorable Gail M. Cookson, A.L.J.  
Office of Administrative Law  
33 Washington Street  
Newark, NJ 07102

**Re: *In the Matter of the Petition of South Jersey Gas Company to Reduce the Level of Its Basic Gas Supply Service Charge (BGSS)***  
***BPU Docket No. GR11060335; OAL Docket No. PUC 12270-2011N***

Dear Judge Cookson:

Enclosed please find the Stipulation of Settlement in the above-referenced matter executed by all the parties. We transmit to you for your review and look forward to the issuance of an Initial Decision. If we can be of any assistance in this process, please advise.

Respectfully,

COZEN O'CONNOR, PC

A handwritten signature in black ink, appearing to read "Daniel J. Bitonti".

BY: DANIEL J. BITONTI

DJB/lbs  
Enclosure

cc: Electronic Service List



**STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW  
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION  
OF SOUTH JERSEY GAS COMPANY  
TO REDUCE THE LEVEL OF ITS BASIC  
GAS SUPPLY SERVICE CHARGE**

:  
: **BPU DOCKET NO. GR11060335**  
: **OAL DKT. NO. PUC 12270-2011N**  
:  
: **STIPULATION FOR FINAL BGSS**  
: **RATES**  
:

**APPEARANCES:**

**Ira G. Megdal, Esquire and Daniel J. Bitonti, Esquire**, (Cozen O'Connor, attorneys)  
for South Jersey Gas Company ("Petitioner")

**Felicia Thomas-Friel, Esq., Deputy Rate Counsel and Henry M. Ogden, Esq. and  
James W. Glassen, Assistant Deputies Rate Counsel**, on behalf of the New Jersey Division of  
Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director)

**Veronica Beke and Alex Moreau, Deputy Attorneys General**, on behalf of the Staff of  
the Board of Public Utilities ("Staff") (Jeffrey S. Chiesa, Attorney General of the State of New  
Jersey).

**TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:**

**I. INTRODUCTION**

1 This Stipulation is intended to make final the provisional Basic Gas Supply Service  
("BGSS") rates previously approved by the Board in GR11060335 ("this Proceeding").

**II. PROCEDURAL HISTORY**

2. On June 1, 2011, South Jersey Gas Company ("South Jersey", "the Company") filed  
a Petition ("Petition") for the period October 1, 2011 through September 30, 2012 ("BGSS  
year") in Docket No. GR11060335. That Petition requested that the Board of Public Utilities  
("Board") approve a reduction in the level of the company's periodic Basic Gas Supply Service

Charge (“BGSS”) from its then current level of \$0.6887 per therm (including taxes) to \$0.6493 per therm (including taxes), a reduction of \$0.0394 per therm. A typical residential heating customer using 100 therms per month would see a \$3.94 or 2.9% decrease in their monthly bill.

The Petition also requested the Board to: (1) authorize that the gas cost portion of the D-2 charge for the Rate Schedule LVS be set at \$13.4544 per Mcf (including taxes); (2) authorize that the gas portion of the Firm and Limited Firm D-2 charges for Rate Schedule EGS-LV be set at \$15.2970 per Mcf, and \$6.7272 per Mcf (including taxes), respectively; (3) authorize that the gas portion of the D-2 charge for Rate Schedule FES be set at \$6.7272 per Mcf (including taxes); and (4) authorize the monthly non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS and EGS-LV be set at \$0.1129 per therm (including taxes). These changes would result in a decrease in annual revenues of \$10.6 million including taxes.

4. Two duly noticed public hearings for the Petition were held on August 10, 2011, 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 to provide comments relating to the Company’s request to decrease its Periodic BGSS rates.

5. By Board Order and Decision dated September 22, 2011, the Board approved, on a provisional basis, subject to refund with interest on any net over recovery, a provisional decrease in South Jersey’s BGSS rate to \$0.6493 per therm (including taxes) from \$0.6887 per therm (including taxes). Additionally, in December 2011, the Company provided its Periodic BGSS customers a \$20 million dollar bill credit. The average residential heating customer had a credit of \$63 posted to their account.

6. On October 11, 2011, the instant matter was transmitted to the Office of Administrative Law and subsequently assigned to the Honorable Gail M. Cookson, Administrative Law Judge (OAL Docket Number PUC 12270-2011N).

7. All discovery propounded upon Petitioner has been answered.

### **III. STIPULATED TERMS**

8. South Jersey, Board Staff and Rate Counsel (collectively the "Parties"), the only parties to these proceedings, have discussed certain matters at issue in this proceeding. As a result of those discussions, the Parties have determined that it would be reasonable and in the public interest to make final the provisional BGSS rates previously approved in the September 22, 2011 Order.

9. The Parties accordingly **STIPULATE AND AGREE** that the BGSS rates contained in the stipulation approved by the Board's Decision and Order approving Stipulation for Provisional BGSS Rates in this docket, dated September 22, 2011, should be made final. There will be no change in South Jersey's rates as a result of this stipulation.

10. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-SChart 1), attached hereto as Exhibit A; and 2) a monthly report of unitized credits to the BGSS (ISG, Cogeneration, TSG-F, Off System Sales, Capacity Releases, Gas to Electric and Supplier Refunds) and the associated dollar amounts (attached hereto as Exhibit B). The chart reflected in Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit B is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

11. South Jersey will submit a Compliance Filing incorporating the rates made final herein within 7 business days of a Board Order approving this Stipulation.

#### IV. MISCELLANEOUS

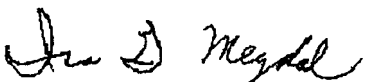
12. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

13. It is specifically understood and agreed that this Stipulation represents a negotiated final agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. Also, all rates are subject to Board audit.

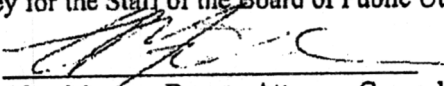
14. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation for review and issuance of an appropriate Initial Decision as well as a subsequent Board Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

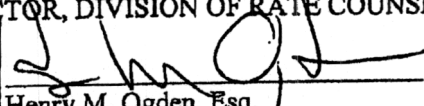
SOUTH JERSEY GAS COMPANY

By:   
Ira G. Megdal, Esq.  
Cozen O'Connor

JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities

By:   
Alex Moreau, Deputy Attorney General

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF RATE COUNSEL

By:   
Henry M. Ogden, Esq.  
Assistant Deputy Rate Counsel

Dated: May 3, 2012

**S-SCHART-1**  
**BGSS NYMEX Update Report**  
**As of April 13, 2012**

Month	a	b	c = b - a		d	e	f = d - e	g = c x f
	BGSS	NYMEX	Incr/ (Decr)	% Chg	Sales forecast (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-10	\$ 4.717	\$ 3.730	\$ (0.987)		1,332,207	460,000	872,207	(\$860,868)
Nov-10	\$ 5.377	\$ 4.289	\$ (1.088)		2,721,772	1,269,554	1,452,218	(\$1,580,014)
Dec-10	\$ 6.067	\$ 4.486	\$ (1.581)		4,192,278	3,331,407	860,871	(\$1,361,036)
Jan-11	\$ 6.365	\$ 5.814	\$ (0.551)		4,743,887	4,266,928	476,959	(\$262,804)
Feb-11	\$ 6.393	\$ 5.320	\$ (1.073)		4,044,841	3,548,161	496,680	(\$532,938)
Mar-11	\$ 6.338	\$ 4.816	\$ (1.522)		3,339,759	2,197,429	1,142,330	(\$1,738,626)
Apr-11	\$ 6.133	\$ 3.842	\$ (2.291)		1,674,952	460,000	1,214,952	(\$2,783,455)
May-11	\$ 6.178	\$ 4.271	\$ (1.907)		923,202	450,000	473,202	(\$902,396)
Jun-11	\$ 6.278	\$ 4.155	\$ (2.123)		604,646	460,000	144,646	(\$307,083)
Jul-11	\$ 6.403	\$ 4.717	\$ (1.686)		594,501	460,000	134,501	(\$226,769)
Aug-11	\$ 6.486	\$ 4.370	\$ (2.116)		633,053	460,000	173,053	(\$366,180)
Sep-11	\$ 6.526	\$ 3.857	\$ (2.669)		688,851	390,000	298,851	(\$797,633)
<b>Avg Total \$</b>	<b>\$ 6.105</b>	<b>\$ 4.472</b>	<b>\$ (1.633)</b>	<b>-26.7%</b>	<b>25,493,949</b>	<b>17,753,479</b>	<b>7,740,470</b>	<b>(\$11,719,803)</b>
Oct-11	\$ 4.644	\$ 3.759	\$ (0.885)		1,231,524	410,000	821,524	(\$727,049)
Nov-11	\$ 5.097	\$ 3.524	\$ (1.573)		2,657,010	1,309,554	1,347,456	(\$2,119,549)
Dec-11	\$ 5.550	\$ 3.364	\$ (2.186)		4,380,276	2,726,407	1,653,869	(\$3,615,357)
Jan-12	\$ 5.762	\$ 3.084	\$ (2.678)		4,922,390	3,261,928	1,660,462	(\$4,446,717)
Feb-12	\$ 5.729	\$ 2.678	\$ (3.051)		4,237,598	2,878,161	1,359,437	(\$4,147,642)
Mar-12	\$ 5.631	\$ 2.446	\$ (3.185)		3,484,833	1,832,429	1,652,404	(\$5,262,908)
Apr-12	\$ 5.455	\$ 2.191	\$ (3.264)		1,725,677	410,000	1,315,677	(\$4,294,370)
May-12	\$ 5.480	\$ 1.981	\$ (3.499)		931,318	410,000	521,318	(\$1,824,092)
Jun-12	\$ 5.529	\$ 2.084	\$ (3.445)		608,704	390,000	218,704	(\$753,435)
Jul-12	\$ 5.594	\$ 2.202	\$ (3.392)		599,574	390,000	209,574	(\$710,875)
Aug-12	\$ 5.647	\$ 2.287	\$ (3.360)		638,125	380,000	258,125	(\$867,300)
Sep-12	\$ 5.677	\$ 2.330	\$ (3.347)		694,938	370,000	324,938	(\$1,087,567)
<b>Avg Total \$</b>	<b>\$ 5.483</b>	<b>\$ 2.661</b>	<b>\$ (2.822)</b>	<b>-51.5%</b>	<b>26,111,967</b>	<b>14,768,479</b>	<b>11,343,488</b>	<b>(\$29,856,860)</b>

**Footnotes:**

- a : Nymex rate used for annual BGSS periodic rate filing
- b : Nymex rate as of date of the report
- c : Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d : Sales forecast (includes fuel requirement)
- e : 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- f : 'Unhedged' volume consists of sales volume forecast less 'hedged' volume
- g : Not necessarily representative of a change in under/over-recovery value

South Jersey Gas Company  
Calculation of Net Cost of Gas Per Therm

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Actual Feb-12	Actual Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	Total
1 NYMEX - 5/10/11 - Included in BGSS Filing	\$4.4130	\$4.5770	\$4.7920	\$4.9080	\$4.8970	\$4.8370	\$4.7070	\$4.7300	\$4.7690	\$4.8140	\$4.8390	\$4.8480	
2 NYMEX - Actual Settlement	\$3.9659	\$3.5240	\$3.3640	\$3.0840	\$2.6780	\$2.4460							
3 <b>Breakdown of Gross Cost of GasPer Therm:</b>													
4 Flowing Gas Cost	\$0.9797	\$0.6112	\$0.3468	\$0.2914	\$0.2402	\$0.1971	\$0.3818	\$0.4490	\$0.5564	\$0.9597	\$1.1171	\$0.8957	\$0.4031
5 Gas Withdrawn From Storage Cost	\$0.1306	\$0.1920	\$0.4539	\$0.2642	\$0.2069	\$0.1540	\$0.0359	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.1741
6 Hedged Volumes Delivered Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0040	\$0.0065	\$0.0073	\$0.0078	\$0.0053	\$0.0027	\$0.0016
7 Pipeline Demand Cost	\$0.5058	\$0.2175	\$0.1309	\$0.0818	\$0.0790	\$0.1174	\$0.0862	\$0.1692	\$0.2829	\$0.3659	\$0.4203	\$0.3746	\$0.1511
8 Storage Demand Cost	\$0.0070	\$0.0039	\$0.0035	\$0.0027	\$0.0040	\$0.0041	\$0.0287	\$0.0564	\$0.0942	\$0.1219	\$0.1400	\$0.1255	\$0.0239
9 Peaking Cost	\$0.0245	\$0.0519	\$0.0170	\$0.0159	\$0.0035	\$0.0043	\$0.0090	\$0.0060	\$0.0100	\$0.0130	\$0.0149	\$0.0488	\$0.0139
10 Weighted Average Fuel Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0036	\$0.0066	\$0.0110	\$0.0142	\$0.0162	\$0.0139	\$0.0025
12 Other Costs	\$0.0131	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0003	\$0.0005	\$0.0008	\$0.0011	\$0.0012	\$0.0011	\$0.0006
13 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.6608</b>	<b>\$1.0766</b>	<b>\$0.9521</b>	<b>\$0.6560</b>	<b>\$0.5335</b>	<b>\$0.4769</b>	<b>\$0.5495</b>	<b>\$0.6942</b>	<b>\$0.9627</b>	<b>\$1.4834</b>	<b>\$1.7150</b>	<b>\$1.4624</b>	<b>\$0.7707</b>
14													
15													
16													
17													
18 NYMEX - Actual Settlement	\$3.730	\$4.289	\$4.486	\$5.814	\$5.320	\$4.816	\$3.842	\$4.271	\$4.155	\$4.717	\$4.370	\$3.857	
19 <b>Breakdown of Gross Cost of GasPer Therm:</b>													
20 Flowing Gas Cost	\$0.8606	\$0.6856	\$0.6165	\$0.5933	\$0.4132	\$0.3557	\$0.3553	\$0.4825	\$0.6626	\$1.5203	\$1.0955	\$0.7647	\$0.5409
21 Gas Withdrawn From Storage Cost	\$0.1203	\$0.3563	\$0.3947	\$0.0904	\$0.0924	\$0.1700	\$0.0293	\$0.0208	\$0.0295	\$0.0373	\$0.0035	\$0.0412	\$0.1403
22 Hedged Volumes Delivered Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23 Pipeline Demand Cost	\$0.4424	\$0.2113	\$0.0927	\$0.0517	\$0.0551	\$0.0825	\$0.1073	\$0.2417	\$0.3953	\$0.6651	\$0.5748	\$0.4839	\$0.1346
24 Storage Demand Cost	\$0.0031	\$0.0030	\$0.0098	\$0.0007	\$0.0028	\$0.0020	\$0.0025	\$0.0069	\$0.0171	\$0.0180	\$0.0194	\$0.1764	\$0.0081
25 Peaking Cost	\$0.0110	\$0.0517	\$0.0299	\$0.0154	\$0.0055	\$0.0340	\$0.0061	\$0.0046	\$0.0074	\$0.0128	\$0.0106	\$0.0307	\$0.0183
26 Weighted Average Fuel Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
27 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
28 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
29 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.4373</b>	<b>\$1.3079</b>	<b>\$1.1436</b>	<b>\$0.7516</b>	<b>\$0.5689</b>	<b>\$0.6442</b>	<b>\$0.5005</b>	<b>\$0.7565</b>	<b>\$1.1120</b>	<b>\$2.2536</b>	<b>\$1.7039</b>	<b>\$1.497</b>	<b>\$0.8422</b>

**Footnotes:**

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
- Pipeline Demand Cost = Fixed Pipeline costs
- Storage Demand Cost = Fixed Storage related costs
- Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
- Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
- Variable Pipeline Cost = Pipeline Charge per therm shipped

**South Jersey Gas Company**  
**Calculation of Net Cost of Gas Per Therm**

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Actual Feb-12	Actual Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	Total
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
1 Asset Management Credits													
2 Off-system sales	(\$0.0026)	(\$0.0665)	(\$0.0396)	(\$0.0231)	(\$0.0236)	(\$0.0276)	(\$0.0038)	(\$0.0076)	(\$0.0124)	(\$0.0163)	(\$0.0188)	(\$0.0164)	(\$0.0236)
3 Capacity release	(\$0.0656)	(\$0.0627)	(\$0.0325)	(\$0.0276)	(\$0.0225)	(\$0.0267)	(\$0.0093)	(\$0.0188)	(\$0.0304)	(\$0.0406)	(\$0.0467)	(\$0.0402)	(\$0.0289)
4 On System Credits to BGSS-P Customers	(\$0.0398)	(\$0.0043)	\$0.0060	(\$0.0013)	(\$0.0012)	(\$0.0012)	(\$0.0041)	(\$0.0090)	(\$0.0129)	(\$0.0124)	(\$0.0191)	(\$0.0125)	(\$0.0041)
5 Supplier Refunds	(\$0.0007)	\$0.0000	(\$0.0012)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	(\$0.0002)
6 Gas for Company Use	(\$0.0015)	(\$0.0006)	(\$0.0005)	(\$0.0003)	(\$0.0003)	(\$0.0003)	(\$0.0000)	(\$0.0001)	(\$0.0001)	(\$0.0002)	(\$0.0002)	(\$0.0002)	(\$0.0003)
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	(\$0.2564)	(\$0.1706)	(\$0.1612)	(\$0.1356)	(\$0.1325)	(\$0.1294)	(\$0.1706)	(\$0.1786)	(\$0.2464)	(\$0.5560)	(\$0.5966)	(\$0.3931)	(\$0.1850)
9 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10 Total Credits, Refunds, & Recoveries Per Therm	(\$0.3666)	(\$0.3047)	(\$0.2290)	(\$0.1878)	(\$0.1800)	(\$0.1852)	(\$0.1878)	(\$0.2140)	(\$0.3022)	(\$0.6255)	(\$0.6813)	(\$0.4624)	(\$0.2420)
11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Line 10)	\$1.2942	\$0.7718	\$0.7231	\$0.4682	\$0.3535	\$0.2917	\$0.3617	\$0.4803	\$0.6605	\$0.8580	\$1.0337	\$1.0000	\$0.5287

	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
<b>Credits, Refunds, &amp; Recoveries:</b>													
1 Asset Management Credits	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
2 Off-system sales	(\$0.0073)	(\$0.0083)	(\$0.0554)	(\$0.0212)	(\$0.0073)	(\$0.0032)	(\$0.0035)	(\$0.0061)	(\$0.0163)	(\$0.0399)	(\$0.0080)	(\$0.0030)	(\$0.0162)
3 Capacity release	(\$0.1258)	(\$0.0626)	(\$0.0301)	(\$0.0134)	(\$0.0139)	(\$0.0237)	(\$0.0121)	(\$0.0327)	(\$0.0504)	(\$0.0948)	(\$0.0827)	(\$0.0613)	(\$0.0282)
4 On System Credits to BGSS-P Customers	(\$0.0079)	(\$0.0045)	(\$0.0023)	(\$0.0013)	(\$0.0014)	(\$0.0029)	(\$0.0046)	(\$0.0016)	(\$0.0096)	(\$0.0095)	(\$0.0077)	(\$0.0056)	(\$0.0030)
5 Supplier Refunds	\$0.0000	\$0.0000	(\$0.0005)	(\$0.0000)	\$0.0000	(\$0.0036)	\$0.0000	\$0.0000	\$0.0000	(\$0.0000)	(\$0.0001)	(\$0.0031)	(\$0.0006)
6 Gas for Company Use	(\$0.0014)	(\$0.0005)	(\$0.0004)	(\$0.0003)	(\$0.0003)	(\$0.0003)	(\$0.0004)	(\$0.0007)	(\$0.0012)	(\$0.0016)	(\$0.0016)	(\$0.0014)	(\$0.0005)
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	(\$0.2224)	(\$0.1701)	(\$0.1466)	(\$0.1433)	(\$0.1514)	(\$0.1679)	(\$0.1769)	(\$0.2363)	(\$0.3560)	(\$0.9956)	(\$0.5606)	(\$0.3218)	(\$0.1922)
9 Over / Under Recovery & Interest to Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
10 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.5973	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries	(\$0.3648)	(\$0.2460)	(\$0.2353)	(\$0.1795)	(\$0.1745)	\$0.3957	(\$0.1975)	(\$0.2774)	(\$0.4336)	(\$1.1416)	(\$0.6607)	(\$0.3962)	(\$0.1566)
12 Total Net Cost Per Therm (Page 1 Line 29 less Page 2 Line 11)	\$1.0725	\$1.0618	\$0.9083	\$0.5721	\$0.3944	\$1.0399	\$0.3030	\$0.4791	\$0.6784	\$1.1120	\$1.0432	\$1.101	\$0.6856