



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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 TO REVISE THE LEVEL OF ITS BASIC GAS SUPPLY SERVICE ("BGSS") CHARGE AND TO REVISE THE LEVEL OF ITS CONSERVATION INCENTIVE PROGRAM ("CIP") CHARGES FOR THE YEAR ENDING SEPTEMBER 30, 2016)	DECISION AND ORDER APPROVING INITIAL DECISION AND STIPULATION FOR FINAL BGSS AND CIP RATES
)	BPU DOCKET NO. GR15060642
)	OAL DOCKET NO. PUC 16178-2015 N

Parties of Record:

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

BY THE BOARD:

BACKGROUND

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304, each of New Jersey's four gas distribution companies submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing by June 1 for the BGSS year beginning October 1.

In accordance with the above noted Order, on June 1, 2015, South Jersey Gas Company ("the Company") filed with the Board its annual petition ("Petition") to change its Periodic BGSS rate per therm from \$0.650270 to \$0.529214, a decrease of \$0.121056.¹

According to the Petition, the Company also requested the following rate revisions:

- i) A decrease in the gas cost portion of the Company's D-2² charge per Mcf for Rate Schedule Large Volume Service ("LVS") from \$19.577874 to \$16.545047.

¹ All rates quoted herein include sales and use taxes ("SUT").

² Designed to recover interstate pipeline demand charges.

- ii) An increase in the gas cost portion of the Firm D-2 charge per Mcf for Rate Schedule Electric Generation Service – Large Volume (“EGS-LV”) from \$15.513847 to \$15.581692.
- iii) A decrease in the gas cost portion of the Limited Firm D-2 and Firm D-2 charges per Mcf for Rate Schedules EGS-LV and Firm Electric Service (“FES”) from \$9.788936 Mcf to \$8.272524.
- iv) An increase in the monthly BGSS non-commodity per therm rate applicable to Rate Schedules GSG, General Service – Large Volume (“GSG-LV”), Electric Generation Service (“EGS”), LVS, EGS-LV, and Natural Gas Vehicle (“NGV”) from \$0.106566 to \$0.133252.

The Petition also called for the following changes to the Company’s per therm Conservation Incentive Program (“CIP”)³ rates to be effective as of October 1, 2015:

- i) An increase in the credit of \$0.075785 to \$0.099971 for residential (“RSG”) non-heating customers.
- ii) An increase in the credit of \$0.027283 to \$0.058946 for RSG heating customers.
- iii) An increase in the credit of \$0.003431 to \$0.031700 for GSG customers.
- iv) A change from a charge of \$0.001946 to a credit of \$0.025487 for GSG-LV customers.

The combined proposed changes in the Company’s BGSS and CIP rates were to result in a net decrease of approximately \$15.27 (11.2%) per month for a residential heating customer using 100 therms during a winter month.

After publication of notice in newspapers of general circulation in SJG’s service territory, two public hearings in this matter were held on August 20, 2015, in Voorhees, New Jersey. No members of the public appeared or filed comments related to the Company’s filing.

On August 26, 2015, the Company, the New Jersey Division of Rate Counsel, and Board Staff, (collectively, “the Parties”), executed a stipulation in which the Parties agreed that the requested rates should be approved on a provisional basis (“Stipulation for Provisional BGSS and CIP Rates”) with the rates subject to refund with interest on any net over recovered BGSS balance.

By Order dated September 11, 2015, the Board approved the Stipulation for Provisional BGSS and CIP rates.

³ The CIP was approved by the Board in Docket No. GR0512120 in Board Order dated October 12 and December 12, 2006 and extended by an Order dated January 20, 2010. The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated in the Company’s BGSS Rates. The CIP surcharge is also subject to a return on equity cap of 10.3%.

On October 9, 2015, the Petition was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") William T. Miller for hearing as a contested case.

Stipulation of Settlement⁴

Following review of discovery and subsequent discussions, on March 23, 2016 the Parties executed the March 16, 2016 dated "Stipulation for Final BGSS and CIP Rates" ("Stipulation") agreeing that it would be reasonable and in the public interest for the Board to make "final" the provisional BGSS and CIP rates previously approved in the September 11, 2015 Order, and that there will be no change in the Company's rates as a result of the Stipulation.

Additionally, the Company has committed to continuing to provide the Parties with monthly reports in the form of Exhibits A and B attached to the Stipulation, containing updated information on the BGSS NYMEX and on the per therm net cost of gas.

On March 29, 2016, ALJ Miller issued an Initial Decision adopting the Stipulation, finding that the Parties voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDINGS

Having reviewed the Stipulation and the Initial Decision, and being persuaded that the Parties have thoroughly reviewed the costs for the period at issue, the Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached 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 the Stipulation in their entirety and **HEREBY INCORPORATES** their terms and conditions as if fully set forth herein.

Therefore, the Board **HEREBY DIRECTS** that the Company's per therm BGSS rate of \$0.529214 be made final. Furthermore, the Board **HEREBY APPROVES** the following rates as final:

- i) \$16.545047 per Mcf for the gas cost portion of the D-2 charge for Rate Schedule LVS;
- ii) \$15.581692 per Mcf for the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV;
- iii) \$8.272524 per Mcf for the Limited Firm D-2 charge for Rate Schedule EGS-LV, and the D-2 charge for Rate Schedule FES; and
- iv) \$0.133252 per therm for the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV and NGV.

⁴ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.


The Board also **HEREBY APPROVES** as final the following per therm CIP rates: a credit of \$0.099971 for RSG non-heating customers, a credit of \$0.058946 for RSG heating customers, a credit of \$0.031700 for GSG customers, and a credit of \$0.025487 for GSG - LV customers.

The Company's BGSS and CIP 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.

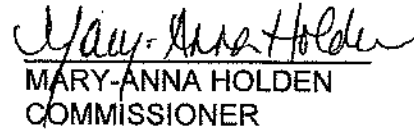
This Order shall be effective on May 7, 2016.

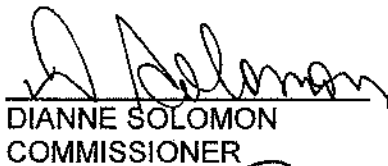
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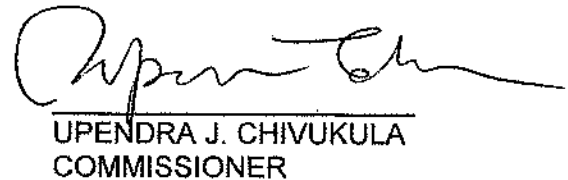
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

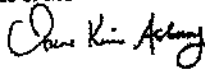

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 to Revise the Level of its Basic Gas Supply Service ("BGSS") Charge and to Revise the Level of its Conservation Incentive Program ("CIP") Charges for the Year Ending September 30, 2016 - BPU Docket GR15060642

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 16178-15

AGENCY DKT. NO. GR15060642

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY TO
REVISE THE LEVEL OF ITS BASIC
GAS SUPPLY SERVICE CHARGE AND
TO REVISE THE LEVEL OF ITS CONSERVATION
INCENTIVE PROGRAM CHARGES FOR THE
YEAR ENDING SEPTEMBER 2016**

Ira G. Megdal, Esq., and Stacy A. Mitchell, Esq., for petitioner, South Jersey Gas Company (Cozen O'Connor)

Felicia Thomas-Friel, Esq. Deputy Rate Counsel, and **Henry M. Ogden, Esq.,** Assistant Deputy Rate Counsel and **Maura Caroselli,** Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Veronica Beke, Deputy Attorneys General, on behalf of Staff of the Board of Public Utilities (Robert Lougy, Acting Attorney General of New Jersey, attorney)

Record Closed: March 24, 2016,

Decided: March 29, 2016

BEFORE **W. TODD MILLER, ALJ:**

This matter was transmitted to the Office of Administrative Law on October 9, 2015, for determination 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 parties have agreed to a settlement and have prepared a Settlement Agreement indicating the terms thereof, which is attached and fully incorporated herein.

I have reviewed the record and the terms of settlement and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I 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 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.

3/29/16
DATE

W. Todd Miller
W. TODD MILLER, ALJ

Date Received at Agency: _____

Date Mailed to Parties: _____

/jb

copy

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR15060642
SOUTH JERSEY GAS COMPANY TO : OAL DOCKET NO. PUC 16178-2015 N
REVISE THE LEVEL OF ITS BASIC GAS :
SUPPLY SERVICE ("BGSS") CHARGE :
AND TO REVISE THE LEVEL OF ITS : STIPULATION FOR FINAL BGSS
CONSERVATION INCENTIVE : AND CIP RATES
PROGRAM ("CIP") CHARGES FOR THE :
YEAR ENDING SEPTEMBER 30, 2016 :**

APPEARANCES:

Ira G. Megdal, Esquire, and Stacy Mitchell, Esquire (Cozen O'Connor, attorneys) on behalf of South Jersey Gas Company ("Petitioner")

Felicia Thomas-Friel, Esquire, Deputy Rate Counsel, and Henry M. Ogden, Esquire, Assistant Deputy Rate Counsel and Maura Caroselli, Assistant Deputy Rate Counsel on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") (Stefanie A. Brand, Director)

Alex Moreau and Veronica Beke, Deputy Attorneys General, on behalf of the Staff of the Board of Public Utilities ("Staff") (Robert Lougy, Acting 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") and Conservation Incentive Program ("CIP") rates previously approved by the Board on September 11, 2015 in Docket No. GR15060642 (this "Proceeding").

II. PROCEDURAL HISTORY

2. On June 1, 2015, South Jersey Gas Company ("South Jersey," or "Company," or "Petitioner") filed a Petition ("Petition"), Docket No. GR15060642, seeking to revise the level of its BGSS charges and to revise the level of its CIP charges for the period October 1, 2015

through September 30, 2016. The Company requested that the Board of Public Utilities ("Board") approve the Company's proposal to decrease the current level of its Periodic BGSS per-therm charge of \$0.650270¹ to \$0.529214, a decrease of \$0.121056, or a monthly decrease of \$12.11, or 8.9%, for a residential heating customer using 100 therms of gas during a winter month.

3. Within the Petition and related entirely to the BGSS, South Jersey requested that the Board authorize the following: (1) the gas cost portion of the Company's D-2 charge for Rate Schedule LVS be set at \$16.545047 per Mcf; (2) the gas cost portion of the Firm D-2 charge for Rate Schedule EGS-LV Firm be set at \$15.581692 per Mcf; (3) the Limited Firm D-2 charge for Rate Schedule EGS-LV and the D-2 charge for Rate Schedule FES be set at \$8.272524 per Mcf; and (4) the monthly BGSS non-commodity rate applicable to Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV and NGV be set at \$0.133252 per therm. These changes would result in a decrease in annual BGSS revenues of \$26.5 million, excluding taxes, and \$28.4 million including taxes.

4. Related to the CIP, within the Petition South Jersey also requested that the Board approve the implementation of the following per therm CIP factors, effective October 1, 2015:

- \$(0.099971) for Group I Residential Non-Heat customers;
- \$(0.058946) for Group II Residential Heat customers;
- \$(0.031700) for Group III General Service (GSG) customers; and
- \$(0.025487) for Group IV General Service Large Volume (GSG-LV) customers.

The requested CIP rates would result in a monthly decrease of \$3.16, or 2.3% per month, for a residential heating customer using 100 therms of gas during a winter month. The impact on a residential non-heating customer using 15 therms of gas during a month is a decrease

¹ All rates stated herein are inclusive of all related taxes.

of \$0.36, or 1.3%. The impact on a GSG customer using 500 therms of gas during a month is a decrease of \$14.13, or 2.3%. The impact on a GSG-LV customer using 15,646 therms of gas a month is a decrease of \$429.22, or 3.3%.

5. As proposed, the net annual revenue decrease to the Company from the BGSS and CIP revisions would be approximately \$39.7 million (including taxes). The combined proposed changes in the Company's BGSS and CIP rates would result in a net decrease of approximately 11.2% or \$15.27 per month for the residential heat customer using 100 therms during the month.

6. Two duly noticed public hearings for the Petition were held on August 20, 2015 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 attended.

7. By Order and Decision dated September 11, 2015, the Board approved, on a provisional basis, the BGSS and CIP rates proposed in Docket No. GR15060642. Included in the Order was Board approval of the following, as requested by the Company: (1) a revision to its after-tax Periodic BGSS rate of \$0.529214 per-therm; (2) a revision to the gas portion of its after-tax D-2 charge to \$16.545047 per Mcf for Rate Schedule LVS; (3) a revision to the gas portion of its after-tax Firm D-2 charge to \$15.581692 per Mcf for Rate Schedule EGS-LV and a revision to the gas portion of the after-tax Limited Firm D-2 rate to \$8.272524 per Mcf for Rate Schedule EGS-LV; (4) a revision to the gas portion of its after-tax D-2 charge of \$8.272524 per Mcf for Rate Schedule FES and an increase in its after-tax per-therm Monthly BGSS non-commodity rate to \$0.133252, for Rate Schedules GSG, GSG-LV, EGS, LVS, EGS-LV and NGV.

8. In the September 11, 2015 Order, the Board also approved, on a provisional basis, the Company's implementation of the following per therm CIP rates: (1) an after-tax per-therm credit of \$(0.099971) for Group I RSG Non-Heating Customers; (2) a credit of \$(0.058946) for Group II RSG Heating Customers; (3) a credit of \$(0.031700) for Group III GSG Customers; and (4) a credit of \$(0.025487) for Group IV GSG-LV Customers.

9. All changes to the Company's BGSS and CIP rates became effective, on a provisional basis, for service rendered on or after October 1, 2015.

10. As of the date of this Stipulation for Final BGSS and CIP Rates, all discovery that has been propounded upon Petitioner has been responded to by Petitioner, as it relates to this Proceeding.

III. STIPULATED TERMS

11. The parties to this Proceeding, South Jersey, Rate Counsel and Staff, (collectively the "Parties"), have discussed certain matters at issue in this proceeding. The Parties have determined that it is reasonable and in the public interest to make final the provisional BGSS and CIP rates previously approved in the September 11, 2015 Order.

12. Pursuant to the Board's October 12, 2006 and January 21, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges were required to be offset by reductions in BGSS costs. Subsequently, pursuant to the Board's May 21, 2014 Order, in Docket No. GR13030185, which approved the continuation of the CIP, CIP non-weather related margin recoveries are subject to a Modified BGSS Savings Test with three categories of BGSS Savings: (1) permanent savings achieved through permanent capacity releases; (2) gas cost savings from reductions of capacity on a long-term basis; i.e. for periods of at least one year; and

(3) savings associated with avoided capacity costs to meet residential customer growth. The Company sought to return an estimated total of \$(16.6) million of excess CIP related margins, with \$(13.0) million weather related and \$(3.6) million non-weather related, for the CIP period ending September 2016. Because this non-weather related margin component is a credit, the Modified BGSS Savings test is not implicated.

13. Rider M of South Jersey's tariff contains a Board approved Return-On-Equity ("ROE") limitation on recoveries from customers pursuant to the CIP, consistent with South Jersey's former Temperature Adjustment Clause (the "ROE Test"). Under this provision, the CIP may not contribute towards earnings in excess of a 9.75% ROE. Since the total CIP is a credit amount rather than a deficiency, the ROE test is not applicable.

14. The Parties agree that the provisional BGSS and CIP rates contained in the Stipulation approved by the Board's Decision and Order dated September 21, 2015, in BPU Docket No. GR15060642, should be made final. There will be no change in South Jersey's rates as a result of this Stipulation.

15. The Company agrees to continue to provide to the Parties in this proceeding, on a monthly basis, the following updated, electronically submitted information: (1) the BGSS NYMEX Update Report (also known as S-SCHART-1) attached hereto as Exhibit A; and (2) a monthly report (also known as S-SCHART-2) showing the calculation of net gas per therm, attached hereto as Exhibit B. The chart reflected on 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 on Exhibit B is to be submitted to the Parties on approximately the 15th of the following month.

IV. MISCELLANEOUS

16. 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.

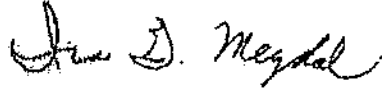
17. It is specifically understood and agreed that this Stipulation represents a negotiated final agreement and has been made exclusively for the purpose of this Proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented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

18. 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.

19. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and 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

ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: _____
Alex Monahan
Deputy Attorney General
03/22/2016

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: _____
Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel
March 23, 2016

Dated: March 16, 2016

EXHIBIT A

S-SCHART-1
BGSS NYMEX Update Report
As of February 5, 2016

Month	a BGSS	b NYMEX	c = b - a Incr/ (Decr)	% Chg	d Sales forecast (dths)	e Hedged volume (dths)	f = d - e Unhedged volume (dths)	g = c x f Change in value unhedged
Oct-14	\$ 4.422	\$ 3.984	\$ (0.438)		1,161,046	410,000	751,046	(\$328,958)
Nov-14	\$ 4.467	\$ 3.726	\$ (0.739)		2,621,459	1,780,000	841,459	(\$621,838)
Dec-14	\$ 4.573	\$ 4.282	\$ (0.291)		4,242,300	1,885,000	2,357,300	(\$685,974)
Jan-15	\$ 4.640	\$ 3.189	\$ (1.451)		4,694,879	2,090,000	2,604,879	(\$3,779,679)
Feb-15	\$ 4.614	\$ 2.866	\$ (1.748)		4,048,049	2,295,000	1,753,049	(\$3,064,330)
Mar-15	\$ 4.519	\$ 2.894	\$ (1.625)		3,325,251	2,200,000	1,125,251	(\$1,828,533)
Apr-15	\$ 4.072	\$ 2.590	\$ (1.482)		1,616,278	425,000	1,191,278	(\$1,765,474)
May-15	\$ 4.046	\$ 2.517	\$ (1.529)		849,793	440,000	409,793	(\$626,673)
Jun-15	\$ 4.064	\$ 2.815	\$ (1.249)		512,758	435,000	77,758	(\$97,120)
Jul-15	\$ 4.088	\$ 2.773	\$ (1.315)		473,511	430,000	43,511	(\$57,217)
Aug-15	\$ 4.083	\$ 2.866	\$ (1.197)		492,505	455,000	37,505	(\$44,893)
Sep-15	\$ 4.088	\$ 2.638	\$ (1.430)		579,419	460,000	119,419	(\$170,769)
Avg Total \$	\$ 4.305	\$ 3.097	\$ (1.208)	-28.1%	24,617,248	13,305,000	11,312,248	(\$13,071,359)
Oct-15	\$ 2.919	\$ 2.563	\$ (0.356)		1,070,153	475,000	595,153	(\$211,874)
Nov-15	\$ 3.021	\$ 2.033	\$ (0.988)		2,492,384	1,313,546	1,178,838	(\$1,164,692)
Dec-15	\$ 3.196	\$ 2.206	\$ (0.990)		4,205,186	2,348,459	1,856,727	(\$1,838,160)
Jan-16	\$ 3.306	\$ 2.372	\$ (0.934)		4,890,462	3,246,611	1,643,851	(\$1,535,357)
Feb-16	\$ 3.295	\$ 2.189	\$ (1.106)		4,162,171	2,761,623	1,400,548	(\$1,549,006)
Mar-16	\$ 3.245	\$ 2.063	\$ (1.182)		3,293,752	1,574,139	1,719,613	(\$2,032,583)
Apr-16	\$ 3.083	\$ 2.137	\$ (0.946)		1,493,092	485,000	1,008,092	(\$953,656)
May-16	\$ 3.083	\$ 2.202	\$ (0.881)		813,575	490,000	323,576	(\$285,070)
Jun-16	\$ 3.112	\$ 2.260	\$ (0.852)		553,667	470,000	83,667	(\$71,284)
Jul-16	\$ 3.147	\$ 2.323	\$ (0.824)		542,339	460,000	82,339	(\$67,847)
Aug-16	\$ 3.153	\$ 2.352	\$ (0.801)		553,864	460,000	93,864	(\$75,185)
Sep-16	\$ 3.145	\$ 2.359	\$ (0.786)		602,835	445,000	157,835	(\$124,058)
Avg Total \$	\$ 3.142	\$ 2.255	\$ (0.887)	-28.2%	24,673,481	14,529,378	10,144,103	(\$9,908,772)

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

EXHIBIT B

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

	Actual Oct-15	Actual Nov-15	Actual Dec-15	Estimate Jan-16	Estimate Feb-16	Estimate Mar-16	Estimate Apr-16	Estimate May-16	Estimate Jun-16	Estimate Jul-16	Estimate Aug-16	Estimate Sep-16	Total
1 NYMEX - \$/11/15 - Included in BOSS Filing	\$2,919	\$3,021	\$3,196	\$3,306	\$3,295	\$3,245	\$3,083	\$4,083	\$3,112	\$3,147	\$3,153	\$3,145	\$3,145
2 NYMEX - Actual Settlement	\$2,563	\$2,033	\$2,206	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000	\$0,000
3 Breakdown of Gross Cost of Gas Per Therm:													
4 Flowing Gas Cost	0.5989	0.4205	0.1554	0.2118	0.2126	0.2445	0.2018	0.3350	0.3375	0.4739	0.6101	0.5236	0.2650
5 Gas Withdrawn From Storage Cost	0.0505	0.1552	0.1185	0.1372	0.1114	0.0573	0.0245	0.0000	0.0000	0.0000	0.0000	0.0817	0.0817
6 Hedged Volume Delivered Cost	0.0090	0.0000	0.0000	0.0038	0.0054	0.0055	0.0032	0.0170	0.0210	0.0197	0.0166	0.0125	0.0065
7 Pipeline Demand Cost	0.5172	0.3526	0.1999	0.0883	0.0880	0.1005	0.1488	0.3271	0.5115	0.8554	0.7023	0.6525	0.2033
8 Storage Demand Cost	0.0056	0.0026	0.0026	0.0017	0.0017	0.0028	0.0023	0.0043	0.0070	0.0088	0.0089	0.0083	0.0238
9 Peaking Cost	0.0508	0.0345	0.0304	0.0620	0.0972	0.0119	0.0029	0.0061	0.0098	0.0119	0.0117	0.0109	0.0293
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	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
12 Other Costs	0.0084	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
13 Total Gross Cost of Gas Per Therm	\$1,1773	\$0,9854	\$0,9067	\$0,1077	\$0,4564	\$0,4703	\$0,3903	\$0,6796	\$0,8688	\$1,1967	\$1,3495	\$1,2178	\$0,9882
14													
15													
16													
17													
18 NYMEX - Actual Settlement	\$3,984	\$3,728	\$4,282	\$3,189	\$2,866	\$2,894	\$0,590	\$2,517	\$2,815	\$2,773	\$2,886	\$3,957	\$3,957
19 Breakdown of Gross Cost of Gas Per Therm:													
20 Flowing Gas Cost	0.8258	0.5719	0.3816	1.3263	0.5446	0.5032	0.2728	0.3891	0.4540	0.6402	0.5647	0.5455	0.6038
21 Gas Withdrawn From Storage Cost	0.0705	0.2973	0.1692	0.1747	0.1210	0.1047	0.0152	0.0064	0.0011	0.0503	0.0738	0.1016	0.1172
22 Hedged Volume 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	0.5976	0.2395	0.1150	0.1310	0.0806	0.0728	0.1071	0.2395	0.4967	0.5940	0.6154	0.6284	0.1578
24 Storage Demand Cost	0.0050	0.0103	0.0011	0.0015	0.0016	0.0015	0.0034	0.0047	0.0086	0.0103	0.0083	0.0089	0.0356
25 Peaking Cost	0.0189	0.0251	0.0085	0.0482	0.0198	0.0132	0.0082	0.0149	0.0277	0.0369	0.0433	0.0206	0.0206
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	0.0082	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 Total Gross Cost of Gas Per Therm	\$1,5360	\$1,1441	\$0,6746	\$1,6817	\$0,7176	\$0,6994	\$0,4663	\$0,5440	\$1,0657	\$1,3120	\$1,3035	\$1,3653	\$0,9063

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 Volume Delivered Cost = Hedged Volume 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 % 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-15	Actual Nov-15	Actual Dec-15	Estimate Jan-16	Estimate Feb-16	Estimate Mar-16	Estimate Apr-16	Estimate May-16	Estimate Jun-16	Estimate Jul-16	Estimate Aug-16	Estimate Sep-16	Total
1 Asset Management Credits													
2 Offsystem sales													
3 Capacity release													
4 On System Credits to BGSS-P Customers													
5 Supplier Refunds													
6 Gas for Company Use													
7 Line Loss													
8 Transfer to Non BGSS-P Customers													
9 Other													
10 Total Credits, Refunds, & Recoveries Per Therm													
11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Lines 10)													

Credits, Refunds, & Recoveries Per Therm:

- 1 Asset Management Credits
- 2 Offsystem sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Other
- 10 Total Credits, Refunds, & Recoveries Per Therm
- 11 Total Net Cost Per Therm (Page 1 Line 13 less Page 2 Lines 10)

	Actual Oct-15	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Weighted Average
1 Asset Management Credits													
2 Offsystem sales													
3 Capacity release													
4 On System Credits to BGSS-P Customers													
5 Supplier Refunds													
6 Gas for Company Use													
7 Line Loss													
8 Transfer to Non BGSS-P Customers													
9 Other													
10 Total Credits, Refunds, & Recoveries													
11 Total Net Cost Per Therm (Page 1 Line 22 less Page 2 Lines 11)													

Credits, Refunds, & Recoveries:

- 1 Asset Management Credits
- 2 Offsystem sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Other
- 10 Total Credits, Refunds, & Recoveries
- 11 Total Net Cost Per Therm (Page 1 Line 22 less Page 2 Lines 11)