



South Jersey Gas

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John F. Stanziola

Director, Government & Regulatory Affairs

Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

March 11, 2013

RE: Utility Consolidated Billing/Purchase of Receivables

Dear Ms. Izzo:

On behalf of South Jersey Gas Company ("South Jersey" or the "Company") I would like the offer comments relative to the Board of Public Utilities Staff Proposal regarding Utility Consolidated Billing and the Purchase of Receivables.

South Jersey has been an active member in the POR/PTC Working Group since its creation in January of 2011. The Company appreciates the opportunity to participate and comment on the proposal. We believe that an open collaborative process provides for the valuable exchange of information which ultimately results in more effective and efficient policies. We commend the Board of Public Utilities ("Board") for this practice and are hopeful that you continue it in the future. With regard to the Staff Proposal South Jersey offers the following comments:

1. Customer Eligibility – Class

Staff is proposing that consolidated billing with POR be offered for small to mid-sized commercial customers. Specifically for South Jersey Gas Company, Board Staff is recommending that our current practice be expanded to include rate classes GSG and GSG-LV. South Jersey is in agreement with Staff's recommendation. We are willing to offer consolidated billing with POR for customers in these rate classes provided that we are able to implement a fee that appropriately compensates us for the expenses and risk associated with providing this service. Additionally, Board Staff has requested information regarding the GSG and GSG-LV rate classes. The information requested is provided below:

General Service (GSG)

All commercial and industrial customers who do not qualify for any other rate schedule are served under GSG service. Customers served under the GSG tariff may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service, a customer must hold clear and marketable title to gas that is made available for delivery to the customer's facility on the Company's system. In 2012 there were 23,358 customers served under GSG. The average annual usage per customer was 345.2 Dts. with total annual consumption at 8,101,154 Dts.

General Service- Large Volume (GSG-LV)

All commercial and industrial customers who would not qualify for any other rate schedules (other than GSG) and who has an annualized usage of 100,000 therms or more. A customer qualifying for service under GSG-LV may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this rate schedule, a customer must hold a clear and marketable title to gas that is made available for delivery to the



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customer's facility on the Company's system. In 2012 there were 169 customers served under GSG-LV. The average annual usage per customer was 15,617.9 Dts. with total annual consumption at 2,581,023 Dts.

2. Customer Eligibility – 12 Month Restriction

Staff is proposing that a utility would not be able to deny UCB/POR to a customer that has been dropped from UCB/POR to dual billing within the past 12 months, if the customer makes payments that bring the account to a point where it is not 90 days or more in arrears. While South Jersey is in agreement with the 12 month time frame, we believe providing this service for customers who are up to 90 days in arrears places an undue burden on the company and ultimately our customers. We urge Staff to reconsider this proposal and allow South Jersey the ability to deny the customer the UCB/POR option for twelve months or until the customer's credit worthiness returns to an acceptable level.

3. Payment to TPS

Staff's proposal continues South Jersey's current practice to pay Third Party Suppliers ("TPSs") 5 days after the end of each calendar month. We fully support the proposal.

4. Drop to Dual Bills

The Staff is proposing that electric utilities customer's account must be in arrears 120 days before an EDC may drop the customer to dual billing. The current EDC practice provides for a 60 day arrearage period. Also the Staff is proposing that TPSs be given an EDI notice of at least 45 days from the last meter reading if a utility intends to drop a customer from dual billing. South Jersey offers no comments on the 60 to 120 proposal directed specifically to EDCs, but believes the 45 day period for an EDI notice should be reduced to 15 days as that is ample time for the marketer to be able to change billing scenarios, and at 45 days puts an additional bill cycle of risk onto South Jersey.

5. Arrearage Reports

Staff's proposal includes a provision for utilities to provide TPSs monthly customer arrearage reports identifying the amounts owed for both the TPS and utility within specified time frames. We oppose this requirement for customers being served under the UCB/POR scenario, however, would be agreeable to provide the appropriate TPS arrearage information for those customers approaching arrearage of 120 days. Also note that South Jersey is requesting that no changes be made prior to March 1, 2014. The Company is in the process of completely overhauling and upgrading its Customer Information System (CIS). The CIS project is an extremely complex and valuable project which will provide increased customer satisfaction and business agility. The program which originated with its design in 2010 is in its major implementation phase. The new CIS is expected to be placed into service during the month of February 2014. Modifications to our current system or the new CIS design prior to this in service date will be extremely difficult to accomplish and result in significant cost increases and delay. We therefore urge Staff to consider our situation and request that any modifications to South Jersey's current COB/POR practices be made effective no sooner than March 1, 2014.



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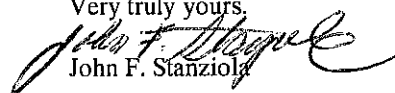
6. Discount Factors/Consolidated Billing Fees

Board Staff is proposing that there not be an increase or creation of a discount factor or fee regardless of more significant utility requirements or an expansion of dual billing/purchase of receivables to additional customer classes. South Jersey is not in agreement with the Staff's position and strongly suggests that the Staff reconsider this position

South Jersey currently provides UCB/POR to residential customers only and charges TPSs a \$0.075 billing fee and a \$0.90 receivable fee per customer. The Staff is now proposing that this service be provided to GSG and GSG/LV customers. As a result of this Working Group activity, the Company took the opportunity to review its current charges methodologies and is of the opinion that a POR discount fee similar to its percentage of uncollectible accounts is a fair and more equitable approach for providing this service. This methodology is consistent with long-standing Board policy within base rate proceedings and provides a much more balanced approach for services provided to TPSs. We believe this discount rate should be based on historical data and recommend that an annual fee be established consistent with the prior year's results or the average of the prior 3 years. We also believe that the discount rate be uniform regardless of customer class. Finally, South Jersey is of the opinion that any modifications to current requirements must include a consideration of the costs associated with providing these increased services. Utilities should not be required to wait until a base rate proceeding to address the issue of costs. The Company therefore requests that the Staff consider our proposal to modify our POR fee within the confines of this working group proceeding.

Thank you once again for the opportunity to provide comments and we hope you find these comments beneficial. As always, South Jersey looks forward to working with the Board, its Staff and all other stakeholders on all matters pertaining to public policy and the provision of service to our customers.

Very truly yours,


John F. Stanziola

CC: Jerome May
Jackie Galka
Alice Bator