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VP, Rates, Regulatory & Sustainability

February 14, 2023

Electronic Filing

Carmen Diaz
Acting Secretary of the Board
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

**RE: I/M/O The Petition of South Jersey Gas Company to Revise the Level of its Basic Gas Supply Service (“BGSS”) Charge and Conservation Incentive Program (“CIP”) Charge for the Year Ending September 30, 2023
BPU Docket No. GR22060364**

**NOTICE OF INTENT TO EXERCISE SELF-IMPLEMENTING RATE REDUCTION
EFFECTIVE MARCH 1, 2023**

Dear Acting Secretary Diaz:

In accordance with the authority reflected in the New Jersey Board of Public Utilities (“BPU” or “Board”) Order Approving BGSS pricing Structure, dated January 6, 2003, in BPU Docket No. GX01050304 (“January 6th Order”), by this letter, South Jersey Gas Company (“South Jersey” or the “Company”) hereby submits this notice of intent to self-implement a Periodic Basic Gas Supply Service (“Periodic BGSS”) rate reduction from the current provisional rate of \$0.786191 per therm¹ to \$0.627739 per therm effective March 1, 2023 (“Notice”). This rate reduction will decrease the monthly bill of a typical residential heating customer by \$15.85, or 7.7%, as compared to the Company’s current rates. This Notice is hereby made to Board Staff and the New Jersey Division of Rate Counsel pursuant to the terms of the January 6th Order.

¹ All rates stated herein include Sales and Use tax.

On June 1, 2022, South Jersey filed a petition in the above referenced docket seeking approval to increase its Periodic BGSS rate for the 2022/2023 BGSS year ending September 30, 2023 from \$0.502550 per therm to \$0.786191 per therm. The Company's requested increase was based on forecasted information including the May 10, 2022 New York Mercantile Exchange ("NYMEX") natural gas futures settlement prices. By Board Order dated September 7, 2022 in this proceeding, the Board approved a Stipulation authorizing South Jersey to increase its Periodic BGSS rate to \$0.786191 per therm on a provisional basis, subject to refund, effective October 1, 2022.

Since the time of the June 1, 2022 filing, commodity gas costs have decreased significantly. As of February 8, 2023, the 12-month natural gas NYMEX strip price (the average of the monthly futures prices for a 12-month period) for October 2022 through September 2023 decreased by 35 percent from South Jersey's original filing. The January 2023 through March 2023 winter months decreased an average of \$3.6977 per dekatherm (\$0.36977 per therm), or 52 percent. Prices are projected to remain at these lower levels through the foreseeable future. It is prudent for the Company to decrease its Periodic BGSS rate now to reduce the potential for a significant over-recovery and to send the right pricing signals to its customers in a timely manner.

The Company projects that absent this rate reduction effective March 1, 2023, it will end the 2022/2023 BGSS year on September 30, 2023 with an over-recovery balance of approximately \$18.9 million, excluding any unamortized Antero costs.² This rate reduction will enable South Jersey to pass along to customers in a timely manner the savings the Company has achieved as a result of lower-

² By Order dated May 5, 2021 in BPU Docket No. GR20060383, South Jersey was authorized to recover, through its Periodic BGSS rate over a two-year period ending September 30, 2022, \$24.2 million of gas supply and related costs incurred as a result of the resolution of a contract dispute with Antero Resources Corporation ("Antero"), one of the Company's gas suppliers. By Board Order dated November 17, 2021 in BPU Docket No. GR21060881, the Board extended the Antero amortization period through September 2024.

than-forecast gas prices. South Jersey will continue to monitor natural gas market conditions and the Company's costs to determine whether future Periodic BGSS rate related adjustments are appropriate.

In accordance with the Board's March 19, 2020 and June 10, 2020 Orders issued in BPU Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

Please do not hesitate to contact me, should you have any questions.

Respectfully submitted,

SOUTH JERSEY GAS COMPANY



By: _____

Deborah M. Franco
VP – Rates, Regulatory & Sustainability

DMF:clc

cc: Service List (attached)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
TO REVISE THE LEVEL OF ITS BASIC GAS SUPPLY SERVICE (“BGSS”) CHARGE AND
CONSERVATION INCENTIVE PROGRAM (“CIP”) CHARGE FOR THE YEAR
ENDING SEPTEMBER 30, 2023
BPU DOCKET NO. GR22060364**

SERVICE LIST

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SOUTH JERSEY GAS COMPANY

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