

associated services, elimination of fifty-two (52) regulator stations, and the installation of excess flow valves in the municipalities of Atlantic City, Ventnor City, Margate, Longport, Ocean City, Wildwood, North Wildwood, Wildwood Crest, and West Cape May. Pursuant to the SHARP Order, annual SHARP investments were not to exceed \$34.5 million, plus or minus fifteen percent (15%). The SHARP Order also authorized SJG to recover annual revenue requirements associated with the SHARP Program through an annual base rate adjustment, to be implemented on a provisional basis, pending a prudency review in future base rate cases. According to the Company, it has replaced approximately 92 miles of main and 11,090 services under SHARP as of June 30, 2017.

Storm Hardening and Reliability Program II Petition

On November 2, 2017, SJG filed a petition for approval of a second phase to its SHARP ("SHARP II") and an associated cost recovery mechanism. The Company proposed a three-year program, with a total investment level of approximately \$110.25 million. The Company proposed to include in SHARP II four system enhancement projects within the coastal regions, including (1) EFV; (2) the Absecon Island Loop Project; (3) the Ocean City Loop Project; and (4) the Brigantine Beach Project.

SJG requested approval to make annual base rate adjustment filings similar to those approved in SHARP during the three year program to include investments made through June 30th of each year. The Company represented that the annual base rate adjustment filings would be updated by July 15th to provide actual data through June 30th, and the rate adjustment would be effective on October 1st. The Company proposed to make its first SHARP II rate adjustment filing on April 1, 2019, and states that there would be no rate adjustment or customer bill impact from SHARP II until October 1, 2019. It further states that its last SHARP II rate adjustment filing would be made in 2021.

The Company requested a revenue requirement that utilizes a net investment, with a return that will be calculated utilizing a Weighted Average Cost of Capital of 6.8% which includes a return on equity of 9.6% and an equity-to-capitalization ratio of 52.50%, amongst other items. The Company estimated that the base rate increase to the average residential hearing customer using 100-therms a month would be approximately \$1.10, or 0.8%, at the time of the first base rate adjustment on October 1, 2019.

DISCUSSION

The Board has determined that the SHARP II petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** Dianne Solomon as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board **HEREBY DIRECTS** that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by January 12, 2018. Any party wishing to file a motion for admission of counsel, pro-hac vice, should do so concurrently with any motion to intervene or participate. Commissioner Solomon, as the presiding officer, will render a decision with regard to any pending motions following the expiration of the January 12, 2018 deadline.

Also in the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

This Order shall be effective December 29, 2017.

DATED: 12/19/17

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
COMMISSIONER



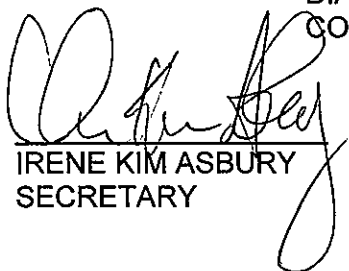
RICHARD S. MROZ
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER

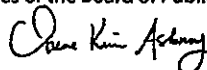


DIANNE SOLOMON
COMMISSIONER

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 FOR APPROVAL
TO CONTINUE ITS STORM HARDENING AND RELIABILITY PROGRAM ("SHARP II") AND
ASSOCIATED RECOVERY MECHANISM
DOCKET NO GO17111130

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