

ACES
GUIDANCE DOCUMENT
April 2014
Natural Gas Supply Service Contract with
South Jersey Energy Company

Please sign the attached contract, and:

E-Mail the signed contract to:

Tracy Williams, Contract Administrator
twilliams@sjindustries.com
SOUTH JERSEY ENERGY COMPANY
One White Horse Pike
Hammonton, NJ 08037

The Alliance for Competitive Energy Services (ACES) is pleased to provide you with the following information about the winning ACES natural gas supplier and your district's new natural gas supply contract.

ACES is the energy aggregation program of the New Jersey School Boards Association, New Jersey Association of School Business Officials, and the New Jersey Association of School Administrators.

ACES accepted bids from 6 suppliers including South Jersey Energy following a rigorous RFB process. This process permitted ACES to accept bids electronically to allow ACES to lock-in advantageous pricing quickly on your behalf.

ACES has awarded a contract to South Jersey Energy to provide natural gas service to your school district. South Jersey Energy will begin to serve your district's natural gas account(s) in June 2014 for a 7-month term. The bid accepted will provide the districts with natural gas pricing based on the two components 1) the so-called "up-charge", which consists of all non-commodity costs such as the costs of interstate pipeline capacity to move the gas from the wellhead regions primarily in the Gulf of Mexico to the local utility distribution systems, as well as balancing and storage costs, supplier margins and applicable taxes; and 2) commodity costs which is the cost of natural gas, as determined by a standard market index, the NYMEX price.

With respect to commodity costs, ACES will lock-in prices for a fixed term and volume based on market conditions. Until commodity prices are locked-in, South Jersey Energy will charge the monthly rate based on the NYMEX natural gas price.

Your district's previously-executed resolution authorized ACES to conduct a procurement process for natural gas. This process was reviewed and approved by the New Jersey Department of Community Affairs.

The bid price in the new contract will provide savings relative to comparable rates for gas supply charged by the gas utility.

Please be aware that your district's current natural gas utility will continue to provide gas delivery service through its pipes and meters, and will continue to answer your questions regarding delivery of natural gas to your facilities.

Your next step is for your district's Business Administrator (or other designated individual) to sign and return the Contracts included in this package as soon as possible.

Please sign the attached contract, and:

- Retain one original executed contract for your records;
- E-Mail original executed contract to:

Tracy Williams – Contract Administrator
twilliams@sjindustries.com
SOUTH JERSEY ENERGY
One White Horse Pike
Hammonton, NJ 08037

The account number(s) South Jersey Energy will serve are listed on Attachment 1 of the Contract. Please review this list to confirm that all accounts have been included.

Starting in June, if you have any questions about your natural gas account(s) please feel free to contact Victoria Marchese at 609/694-1109.

In addition, please contact Carol Friedman of Gabel Associates, the Administrator of the ACES Energy Aggregation Program at 732/296-0770 or e-mail Carol.Friedman@gabelassociates.com with any additional questions.

A summary of the Contract's key provisions follows:

Services: Under the contract, South Jersey Energy will supply commodity, interstate transportation and other related services for the natural gas supply for each account listed on Attachment I. The price you pay to South Jersey Energy includes the cost of natural gas supply, interstate transportation, taxes and other costs South Jersey Energy incurs to bring natural gas supply to your utility's in-state transportation system. Local Delivery Service - the delivery of natural gas from your utility to your facilities - has not been deregulated and will still be the responsibility of your local utility.

Term: The term of the contract is 7-months from June 2014 through December 2014.

Delivery: If South Jersey Energy fails to provide service, then your local utility will automatically provide natural gas to your district with no action on your part. If this were to occur, South Jersey Energy will be liable to pay you for the economic damage between the two rates.

Billing: Districts will not receive a separate bill directly from South Jersey Energy for natural gas supply; it will appear as a line item on your utility bill.

Payment: Payment is due within forth-five (45) days of the date of the South Jersey Energy invoice. South Jersey Energy may charge a late fee for late payment of one percent per month for payment after forty-five (45) days.

Pricing: The rate your district will pay is set forth in the attached award letter.

Switch over to new Supplier: The switch-over process is currently underway in order for your district to receive natural gas supply from South Jersey Energy starting with your meter read date in June 2014.