



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
www.nj.gov/bpu/

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY) DECISION AND ORDER
GAS COMPANY FOR APPROVAL TO EXTEND THE) EXTENDING PROGRAMS
COMPANY'S BOARD-APPROVED ENERGY)
EFFICIENCY PROGRAMS AND TO TRANSFER)
FUNDING AMONGST THE INDIVIDUAL PROGRAMS) DOCKET NO. GO12060492

(NOTIFICATION LIST ATTACHED)

Parties of Record:

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

BY THE BOARD:

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law by former Governor Corzine based on the New Jersey Legislature's findings that energy efficiency and conservation measures must be essential elements of the State's energy future, and that greater reliance on energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1 (a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility

seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

By Order dated July 24, 2009, the Board authorized South Jersey Gas Company ("SJG" or "Company") to implement five energy efficiency programs: 1) Enhanced Residential Heating, Ventilation, and Air Conditioning ("HVAC") Rebate; 2) Residential Home Performance Finance; 3) Combined Heat and Power ("CHP"); 4) Commercial Customer Direct Install Financing; and 5) Non-Residential Energy Efficiency Investment as part of former Governor Corzine's Economic Stimulus Plan announced in October 2008¹ ("EEP"). The programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings. The SJG programs were to be available to eligible customers for approximately twenty-one (21) months. The program budget, as originally approved, totaled approximately \$17.1 million, but was subsequently reduced to \$16.1 million due to a modification in the CHP budget.²

By Order dated January 19, 2011, the Board authorized SJG to extend the EEP and carryover individual program under-spending of the Original Programs through December 31, 2011³ ("January 2011 Order"). The January 2011 Order also allowed an extension of SJG's monthly program investment and operating and maintenance ("O&M") costs associated with the Original Programs to continue until April 30, 2012. In addition, the January 2011 Order also authorized the Company to reallocate money within the EEP.

June 2012 Filing

On June 6, 2012, SJG filed the instant petition with the Board. In the petition, SJG requested Board approval to extend the EEP and the associated Energy Efficiency Tracker ("EET") through December 31, 2012 ("Petition"). According to the Company, \$14,063,979 of the approved budget has been spent and currently there is \$2,054,297 remaining in the EEP budget. SJG seeks approval to extend the program with no additional budget at this time. The petition does not propose any rate changes.

In addition, while the Petition does not request modification to any of the programs, SJG requests Board approval to transfer money within the EEP. Below is a summary of the proposed re-allocation of remaining \$2,054,297 in the EEP budget:

1. Increase the Enhanced Residential HVAC Rebate Program budget from \$5,186,308 to \$5,586,308;
2. Increase the Residential Home Performance Finance Program budget from \$6,047,532 to \$7,018,945;
3. Reduce the Commercial Direct Install Program budget from \$578,960 to \$126,669;
4. Reduce the Non-Residential Energy Efficiency Program budget from \$2,288,914 to \$1,374,224.

¹ I/M/O Energy Efficiency Programs and Associated Cost Recovery Mechanisms and I/M/O the Petition of South Jersey Gas Company for Approval of Energy Efficiency Program with an Associated Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1; and to Modify Rate Schedule EGS-LV, BPU Docket Nos. EO09010056 and GO09010059, Order dated July 24, 2009.

² By Order dated February 10, 2012, in BPU Docket No. GO11100651, the Board approved modification the CHP program and the CHP program budget was reduced by \$1 million.

³ I/M/O the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program with an Associated Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10110861, Order dated January 19, 2011.

STIPULATION

SJG, the New Jersey Division of Rate Counsel, and Board Staff (collectively, the "Parties") executed a stipulation of settlement ("Stipulation") participated in discussions, which ultimately resulted in the execution of a Stipulation. The Parties have agreed to the following salient terms⁴:

22. Specifically, the Parties agree to an extension from April 2012 to such time as the Board makes a determination on SJG's newly proposed Energy Efficiency ("EE") Programs in Docket No. GO12050363 to allow SJG to continue monthly investment and incremental operating and maintenance costs associated with the EE Program only to the extent that there remain unspent monies in the original EEP budget. If there are unspent monies in the original EEP budget at the time the Board makes a determination in Docket No. GO12050363, the Company will not roll such unspent monies into the budget for the program in Docket No. GO12050363 or continue to spend the unspent monies unless authorized by the Board.
23. The Parties further agree to the reallocation of money within the EEP budget as set forth in Paragraph 21 to the Stipulation and as set forth on Exhibit 1, attached to the Stipulation.
24. The Parties further agree that any rate changes associated with SJG's EET as a result of the extensions in the Stipulation would take place in SJG's pending EET Petition, Docket No. GO12050363, as well as future EET petitions to be filed by the Company.

DISCUSSION AND FINDINGS

The documentation provided by SJG indicated that the Enhanced Residential HVAC Rebate Program continues to be successful in motivating the Company's customers to take advantage of the NJCEP Home Performance with Energy Star program. The program has enabled 5,132 customers to participate to date, and, according to the Company, has generated energy savings that were over 8% greater than originally forecasted. The Board **HEREBY FINDS** that an increase of the budget for this program by \$400,000 is justified on this record.

Additionally, the Company's documentation states that the Residential Home Performance Finance Program has assisted in the financing of 1,109 loans, versus the original goal of 320 and has generated savings which were over 600% greater than originally forecasted. Accordingly, the Board **HEREBY FINDS** that an increase in the budget for the Residential Home Performance Finance Program of \$971,413 is justified.

The increases in the budgets of the above programs will be offset by transfers from the budgets of the Commercial Direct Install Program and the Non-Residential Energy Efficiency Program. As set forth in the Company's supporting documentation, participation in these two programs has not reached the anticipated levels, nor does it appear that the original funding levels approved for these programs will be utilized prior to December 31, 2012. Therefore, the Board

⁴ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

HEREBY FINDS that a reduction of the Commercial Direct Install Program budget of \$452,261, as well as a reduction of the Non-Residential Energy Efficiency Program budget of \$914,690 will not adversely affect these programs.

Accordingly, the Board, having reviewed the record in this matter to date, including the Petition and the Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with law. The Board **HEREBY APPROVES** the attached Stipulation in its entirety and incorporates its terms and conditions as though fully stated herein.

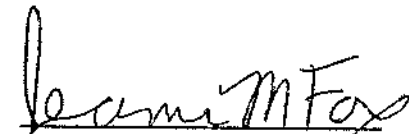
The Company's rates will remain subject to audit by the Board and the Company will continue to file annual true-up filings for review of investments and costs associated with the EE Program.


This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

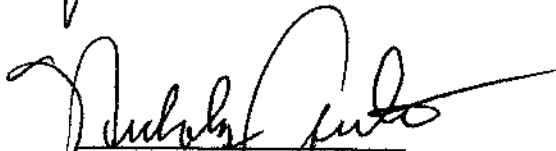
DATED: 8/15/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

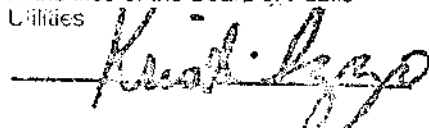

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
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 EXTEND THE COMPANY'S BOARD-APPROVED ENERGY EFFICIENCY PROGRAMS
AND TO TRANSFER FUNDING AMONGST THE INDIVIDUAL PROGRAMS**

DOCKET NO. GO12060492

NOTIFICATION LIST

BOARD OF PUBLIC UTILITIES		
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SJG

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FOR NJ PRACTICE

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August 8, 2012

VIA E-MAIL ONLY

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Newark NJ 07101

Felicia Thomas-Friel, Esq.
Deputy Ratepayer Advocate
Division of Rate Counsel
31 Clinton Street
PO Box 46005
11th Floor
Newark NJ 07101

**Re: In the Matter of the Petition of South Jersey Gas Company for Approval to
Extend the Company's Board-Approved Energy Efficiency Programs and to
Transfer Funding Amongst the Individual Programs
BPU Docket No. GO12060492**

Dear Felicia and Alex:

Attached is the Stipulation in the referenced matter, executed by me. We have now incorporated all changes proposed by the Staff.

It would be appreciated if Alex would execute the same ASAP and circulate to the parties. Then it would be appreciated if Felicia would do the same.

Alex Moreau, Esq.
Felicia Thomas-Friel, Esq.
August 8, 2012
Page 2

Thank you for your attention to this matter.

Sincerely,

COZEN O'CONNOR, PC


By: Ira G. Megdal

IGM:bab
Attachment

cc: Service List Attached (*via e-mail only*)

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

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL TO EXTEND THE COMPANY'S : BPU DOCKET NO. GO12060492
BOARD-APPROVED ENERGY EFFICIENCY :
PROGRAMS AND TO TRANSFER FUNDING :
AMONGST THE INDIVIDUAL PROGRAMS :

STIPULATION

APPEARANCES:

**Ira G. Megdal, Esquire and Daniel J. Bitonti, Esquire, (Cozen O'Connor, attorneys)
for South Jersey Gas Company**

**Henry M. Ogden and James W. Glassen, Assistant Deputies Rate Counsel, on behalf
of the Division of Rate Counsel, Stefanie Brand, Director**

**Veronica Beke and Alex Moreau, Deputy Attorneys General, on behalf of the Staff
of the Board of Public Utilities ("Staff") (Jeffrey S. Chiesa, Attorney General of the State of
New Jersey).**

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

I. INTRODUCTION

1. This Stipulation is intended to resolve the outstanding issues in Docket No. GO12060492, which was assigned to the Petition that South Jersey Gas Company ("South Jersey" or "Company") filed with the New Jersey Board of Public Utilities ("Board") on June 6, 2012.

II. PROCEDURAL HISTORY

2. On January 23, 2009, South Jersey Gas Company filed a Petition with the Board in Docket Numbers GO09010059, EO09010056 and EO09010057 seeking approval to develop

and implement a number of energy efficiency programs (“EEPs”) that were to be made available to South Jersey customers over a two-year period in order to promote energy efficiency and conservation while stimulating the State’s economy.

3. At the same time, the Company sought Board approval for an associated cost recovery rider mechanism.

4. The EEPs were designed to complement and supplement the then existing aspects of New Jersey’s Clean Energy Program (“CEP”) and the Company’s Conservation Incentive Program (“CIP”) in an attempt to encourage higher levels of participation in South Jersey’s service territory.

5. Consistent with the focus of *N.J.S.A. 26:2C-45* (“Regional Greenhouse Gas Initiative Legislation” or “RGGI Legislation”), the New Jersey Energy Master Plan and the Governor’s economic stimulus goals, the EEPs proposed by South Jersey were geared toward encouraging customers to reduce their overall energy usage. The EEPs would also have the beneficial effect of creating additional jobs in the energy efficiency market.

6. In an Order dated July 24, 2009 (the “July Order”), the Board approved the EEPs for South Jersey and the recovery of costs incurred by adopting the terms of the stipulation entered into among South Jersey, Board Staff and the Division of Rate Counsel (“Rate Counsel”) (collectively, the “Parties”)¹ on June 30, 2009 (the “2009 Stipulation”). See *In the Matter of South Jersey Gas Company's Petition for Approval of an Energy Efficiency Program with an Associated Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1 and to Modify Rate Schedule EGS-LV, BPU Docket No. GO09010059*.

¹ While the Natural Resource Defense Council and the New Jersey Large Energy Users Coalition were intervenors in the original filing, neither signed the Stipulation approved by the July Order.

7. The 2009 Stipulation established specific budgets for the specific programs for Year 1 and Year 2 EE Programs and contained the following provision:

- Based upon market conditions and level of market response to each individual program, after January 1, 2010, the Company may transfer funding between programs in order to maximize energy savings and program resources, subject to certain procedures.

On November 18, 2010, South Jersey filed with the Board a Petition (“Letter Petition”) under Docket No. GO10110861, seeking modification of the July Order.

8. By Order dated January 19, 2011, the Board approved a Stipulation whereby the Parties agreed to 1) an extension of one year to allow South Jersey to carryover individual program under-spending until December 31, 2011; 2) an extension of one year to allow South Jersey’s monthly program investment and incremental operating and maintenance costs associated with the EEPs to continue until April 30, 2012; and 3) the reallocation of money within the EEPs budget as set forth in that Letter Petition.

9. On May 2, 2012, South Jersey filed a Petition in Docket No. GO12050363 for approval a new energy efficiency program (“EEP II”); and to continue its existing Energy Efficiency Tracker (“EET”) to recover all costs associated with the EEP II. That new program will be implemented should the Board approve the same and at such time that the Board shall set.

10. In the interim, however, by the present Petition, South Jersey seeks authorization to extend its existing EEP and EET, because funds remain unexpended under its current EEP. According to South Jersey, the proposed extension would allow for the continuation of the energy efficiency and the employment benefits currently being enjoyed by South Jersey customers, and employees within South Jersey’s service area.

11. In its Petition, the Company states that it currently has \$2,054,297 of funds remaining in its EEP budget. As originally approved, the program budget totaled approximately \$17.1 million. Subsequently, and pursuant to a stipulation and Board Order dated February 10, 2012 in Docket No. GO11100651, a modification to the EEP's Combined Heat and Power ("CHP") Program was approved and the CHP Program budget was reduced by \$1,000,000. As a result, the original EEP program budget of \$17.1 million was reduced to approximately \$16.1 million.

12. To date, South Jersey states that it has spent \$14,063,979 of the \$16,118,276 approved EEP budget. A detailed breakdown of authorized spending and life-to-date spending for each EEP program is attached hereto as Exhibit 1. However, as per the stipulation in GO10110861, the extension of one year to allow South Jersey to make program investments and incur incremental operational and maintenance costs associated with the EEPs expired at the end of April 2012.

13. As such, South Jersey proposed an extension until December 31, 2012 to make monthly program investments and incur incremental operational and maintenance costs associated with its current EEPs.

14. South Jersey states that its EEP programs have demonstrated significant value to our customers in the form of creating greater customer engagement into the suite of NJ Clean Energy Programs. South Jersey further states that in most cases, participant goals that were originally set for the programs were exceeded, thereby generating a greater consumer participation rate in the NJ Clean Energy Program.

15. For example, the Company states that the design of one of its residential energy programs, the Enhanced Residential HVAC Rebate Program, has enabled 5,132 customers to

participate in a program that helped to offset the higher cost of installing high efficiency heating equipment. The Company states that this program generated energy savings that were over 8% greater than the original forecast and served 14% more customers than the original forecast.

16. South Jersey further states that through its Home Performance Finance and Energy Improvement Plan, the Company was able to assist in the financing of 1,109 loans, versus an original goal of 320 participants, and motivated 32 contractors to become accredited Home Performance contractors. Further, the Company states, this program generated savings which were over 600% greater than the original forecast.

17. South Jersey also states that its Non-Residential Efficiency Investment Plan, benefitting the commercial sector, provided both capital and additional incentives to 50 customers, which consequently produced energy savings that were nearly 92% greater than what was originally forecasted and served 56% more accounts than anticipated.

18. South Jersey states that its EEP programs, in coordination with the NJ Clean Energy Program, helped to stimulate and create 112 permanent jobs in the residential programs, plus 200 construction and 12 full time jobs in the Combined Heat and Power market in Southern New Jersey.

19. South Jersey also seeks Board approval to transfer money within the EEP. The Company does not seek to modify the EEPs; rather the Company states that based upon market responses to specific programs, a modification of the EEP budget by reallocating dollars among the EEP is necessary.

20. South Jersey believes that the best utilization of the remaining \$2,054,297 of EEP funds would be to modify the budget, as follows:

- the Enhanced Residential HVAC Rebate Program budget would be increased from \$5,186,308 to \$5,586,308;
- the Home Performance Financing Program budget would be increased from \$6,047,532 to \$7,018,945;
- the Commercial Direct Install Program budget would be decreased from \$578,930 to \$126,669;
- the Non-Residential Energy Efficiency Program budget would be decreased from \$2,288,914 to \$1,374,224; and
- the Combined Heat and Power Program budget would be decreased from \$2,016,592 to \$2,012,130.

21. The Petition did not propose any rate changes.

III. STIPULATED TERMS

22. The Parties have discussed certain matters at issue in this proceeding. As a result of those discussions, the Parties agree that it would be reasonable and in the public interest to resolve the issues raised in the Petition.

Specifically, the Parties **STIPULATE AND AGREE** to an extension from April 2012 to such time as the Board makes a determination on South Jersey's newly proposed Energy Efficiency Programs in Docket No. GO12050363 to allow South Jersey to continue monthly investment and incremental operating and maintenance costs associated with the EE Program only to the extent that there remain unspent monies in the original EEP budget. If there is unspent monies in the original EEP budget at the time the Board makes a determination in Docket No. GO12050363, the Company will not roll such unspent monies into the budget for the program in Docket No. GO12050363 or continue to spend the unspent monies unless authorized

by the Board.

23. The Parties further **STIPULATE AND AGREE** to the reallocation of amounts within the Company's EE Programs budget, as set forth in Paragraph 20 herein, and as set forth on Exhibit 1, attached hereto.

24. The Parties further **STIPULATE AND AGREE** that any rate changes associated with South Jersey's EET as a result of the extensions stipulated herein would take place in South Jersey's pending EET Petition, Docket No. GO12050363, as well as future EET petitions to be filed by the Company.

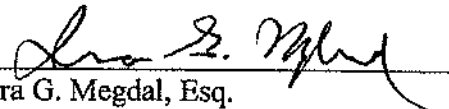
IV. MISCELLANEOUS

25. 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.

26. It is specifically understood and agreed that this Stipulation represents a negotiated 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.

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

JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: _____
Veronica Beke, Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

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

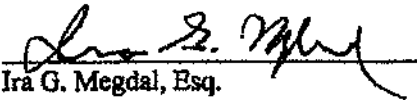
Dated: 8/8/2012

South Jersey Gas Company
Energy Efficiency Programs

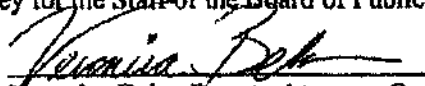
	Life-to-Date Spending @ 4/30/12	Total SPU Approved Spend (January 19, 2011)	Variance	Proposed New Budget	Variances from Existing Budget
Incentival O & M					
Combined Heat and Power	\$ 12,130				
Commercial Direct Install	\$ 126,869				
Enhanced Residential HVAC	\$ 921,397				
Non Residential Energy Efficiency	\$ 190,864				
Home Performance Financing	\$ 805,835				
Total Administrative Costs	\$ 2,056,895				
Program Investments					
Combined Heat and Power	\$ 2,000,000				
Commercial Direct Install	\$ 4,079,850				
Enhanced Residential HVAC	\$ 683,360				
Non Residential Energy Efficiency	\$ 5,244,074				
Home Performance Financing	\$ 12,007,084				
Total Program Investment	\$ 12,007,084				
Total Costs					
Combined Heat and Power	\$ 2,012,130	\$ 2,016,592	\$ (4,462)	\$ 2,012,130	\$ (4,462)
Commercial Direct Install	\$ 126,869	\$ 578,930	\$ (452,061)	\$ 126,869	\$ (452,061)
Enhanced Residential HVAC	\$ 5,007,047	\$ 5,186,308	\$ (185,261)	\$ 5,886,308	\$ 400,000
Non Residential Energy Efficiency	\$ 874,224	\$ 2,288,914	\$ (1,414,690)	\$ 1,374,224	\$ (914,690)
Home Performance Financing	\$ 6,049,909	\$ 6,047,532	\$ 2,377	\$ 7,018,945	\$ 971,413
Grand Total	\$ 14,063,979	\$ 16,118,276	\$ (2,054,297)	\$ 16,118,276	\$ -

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.

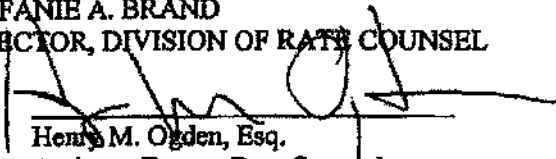
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Dated: 8/8/2012