



Agenda Date: 8/19/15
Agenda Item: 8B

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

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR APPROVAL TO)
CONTINUE ITS ENERGY EFFICIENCY PROGRAMS)
AND ENERGY EFFICIENCY TRACKER PURSUANT)
TO N.J.S.A. 48:3-98.1) ORDER APPROVING
STIPULATION
DOCKET NO. GR15010090

Parties of Record:

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

BY THE BOARD:¹

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) is considering a Stipulation of Settlement (“Stipulation”) executed by South Jersey Gas Company (“SJG” or “Company”), the Staff of the Board (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “the Parties”) which resolves all issues in SJG’s request to continue, with a modification and new Marketing Program, the four energy-efficiency programs (“EEP”) previously approved by the Board.

BACKGROUND AND PROCEDURAL HISTORY

On January 13, 2008, the Global Warming Response Act, L. 2007, c. 340 (“Act”) was signed into law 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

¹ Commissioner Upendra J. Chivukula recused himself due to a possible conflict of interest, and did not participate in the deliberations on this matter.

programs in its service territory on a regulated basis. Investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the 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. N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within 180 days ("Review Period"). Board Staff must review a petition for administrative completeness with respect to the minimum filing requirements set forth in the Board's May 12, 2008 Order² within 30 days of the filing date. If the petition is determined to be complete, the Review Period commences from the date the petition was filed. In the event a petition is determined to be incomplete, the Review Period commences on the date information is provided that allows Staff to find that the filing is administratively complete.

By Order dated July 24, 2009, the Board authorized SJG to implement five EEPs: 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 ("Original Programs") ("July 24 Order").³ The programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings. The Original Programs were to be available to eligible customers for approximately twenty-one (21) months. The July 24 Order also authorized SJG to establish an Energy Efficiency Tracker ("EET") to recover all prudently incurred costs associated with the Original Programs.

By Order dated January 19, 2011, the Board authorized SJG to extend the Original Programs and carryover individual program under-spending of the Original Programs through December 31, 2011 ("January 2011 Order").⁴ The January 2011 Order also allowed 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 Original Programs.

In May 2012, in Docket No. GO12050363, SJG filed a petition with the Board seeking authorization to continue its EEPs, with certain modifications, and to implement new EEPs. ("2012 Petition"). On June 6, 2012, in Docket No. GO12060492, SJG filed a petition with the Board to use unspent funds from the Original Programs. By Order dated August 15, 2012, the Board authorized SJG to further extend the Original Programs and carryover program under-spending from April 2012 until such time as the Board makes a determination in this docket

² In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing In Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164 (May 12, 2008).

³ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms AND In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1; and to Modify Rate Schedule EGS-LV, BPU Docket Nos. EO09010056 and GO09010059 (July 24, 2009).

⁴ In re 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(January 19, 2011).

("August 2012 Order").⁵ The August 2012 Order also approved a re-allocation of the remaining budget among the Original Programs.

By Order dated January 23, 2013, in Docket No. GO12050363, the Board approved a stipulation among the Parties that further extended the 180 day Review Period for the 2012 Petition through June 30, 2013 ("January 2013 Order"). The January 2013 Order also extended the Original Programs and the EET through June 30, 2013 with an "Extension Budget" of \$2,522,469 for the period January 2013 through June 2013.

By Order dated June 21, 2013, the Board authorized SJG to continue to offer four EEPs through June 30, 2015 with an approved budget of \$24 million: (1) the Residential Home Performance and Finance Energy Efficiency Program, (2) the Non-Residential Energy Efficiency Investment Program, (3) the Enhanced Residential HVAC Rebate Program, and (4) the Commercial Customer Direct Install Financing Program ("Existing EEPs").⁶ The June 2013 Order also authorized SJG to continue its EET as the mechanism to recover all prudently incurred costs associated with the EEPs and to continue earning a return on its investments.

January 2015 Filing

On January 20, 2015, SJG filed the instant petition with the Board seeking approval to continue the Existing EEPs for a three year period commencing July 1, 2015 with a total investment and O&M budget of approximately \$56 million ("2015 Petition"). The 2015 Petition sought approval to continue the Company's four (4) Existing EEPs, with one modification to change the repayment term for the Commercial Direct Install Program from two years to three years, and to implement a new Social Marketing and Education Program (the "Proposed EEPs"). SJG proposes to recover costs associated with the Proposed EEPs through the EET as set forth in Rider N of the Company's tariff.

On February 18, 2015, Staff notified SJG that the 2015 Petition was not administratively complete. By filings dated January 23, 2015, January 26, 2015 and March 2, 2015, SJG supplemented the 2015 Petition. On March 19, 2015, Staff notified SJG that with the supplemental information the 2015 Petition was administratively complete. Accordingly, the Review Period commenced on March 2, 2015.

By Order dated February 11, 2015, the Board retained this matter for review and hearing, and as authorized by N.J.S.A. 48:2-32, designated Commissioner Dianne Solomon as the presiding Commissioner with authority to rule on all motions that arise during the proceeding, and establish and modify any schedule that may be set as necessary to secure a just and expeditious determination of the issues. The Board also delegated to Commissioner Solomon the authority to grant a single extension of the Review Period, if requested by the Company and agreed to by the remaining parties. The Order also set February 27, 2015 as the last day for the filing of motions to intervene or participate in this matter.

⁵ In re 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 (August 15, 2012).

⁶ In re 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. GO12050363 (June 21, 2013).

By Order dated April 13, 2015, Commissioner Solomon approved a procedural schedule.

After notice, public hearings were held on April 15, 2015 in Voorhees, New Jersey. No members of the public attended.

By Order dated June 17, 2015 the Board extended the Company's Existing EEP's through August 31, 2015. ("June 2015 Order"). The June 2015 Order did not approve an additional budget for the Existing EEPs during the extension as SJG indicated that approximately \$900,000 remained in the budget approved by the June 2013 Order as of June 30, 2015 which the Company would continue to utilize through August 31, 2015. The June 2015 Order also modified the procedural schedule to allow Rate Counsel additional time, until June 30, 2015, to file its testimony. Subsequently, the Parties agreed to further extend Rate Counsel's time to file testimony until July 31, 2015, and requested Commissioner Solomon's approval which was granted.

STIPULATION

The Parties have conducted several rounds of discovery and have met several times to discuss the issues in the filing. On August 6, 2015, the Parties executed the Stipulation. The Parties have agreed to the following salient terms:⁷

16. The Parties agree that SJG may continue its EE programs, commencing on September 1, 2015 and continuing for a two-year period through August 31, 2017, except as described herein. SJG may also modify its Commercial Direct Install Program repayment period term from two years to three years. SJG may also implement the Social Marketing and Education Program (OPOWER) pilot program. Detailed EE program descriptions agreed upon are attached hereto as Exhibit A (Program Descriptions).

17. The Parties agree that SJG is permitted to shift funds between sub-program components, subject to actual participation levels and overall budget considerations. Consistent with the terms of the June 2013 Order, the Company agrees to provide written notice to Board Staff and Rate Counsel for any proposed changes between residential and commercial program funding levels or any change in incentive amounts resulting from Board approved changes to NJCEP incentive levels, including a description of the proposed budget re-allocation with supporting schedules. The Parties' agreement on the conditional transfer of funds is more fully described at Paragraph 32. Additionally, in light of the two-year extension of SJG's EE programs, the Company is permitted to carry forward up to 15 percent (15%) of its approved residential and commercial program investment to the subsequent year.

18. Furthermore, if approved EE program funds are not fully expended or committed by August 31, 2017, SJG will transfer those amounts to the proposed program work in future years, described further at Paragraph 32.

19. The Parties agree that should there be a prospective change to a NJCEP program for which the Company has a corresponding SJG EE program counterpart, the Company will modify its counterpart program to be consistent with the NJCEP program. The Company agrees to implement such modified offering within sixty (60) days of the BPU Order approving the

⁷ 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 contained in this Order.

modification to the NJCEP program, or a date as determined by the Board unless a longer transition time is necessary to perform the required implementation activities by the Company or if it may better align with SJG EE program implementation dates as determined by the Board. If a longer transition is needed, the company will notify the Parties and explain the reasoning and need for the longer timeframe. The parties acknowledge that since the filing of the underlying petition, the NJCEP has changed the financing terms and interest rates related to Tier 3 under the HPwES program, which will require SJG EE program implementation pursuant to this paragraph.

20. The SJG EE program cost allocation sub-program components of its stipulated investment and O&M expenses are summarized in the cost allocation table below:

Sub-Program Component (\$Millions)	
<u>Program Investment</u>	
Residential Program	\$31.22
Commercial Program	\$2.60
Total Program Investment	\$33.82
<u>Operations and Maintenance</u>	
Administration, Program Management, Quality Assurance/Quality Control and Evaluation	\$2.52
Total Investment and O&M	\$36.34

21. Exhibit B (Summary Budget), attached hereto, shows the total EE program budget of \$36.3 million, comprising a total program investment of \$33.8 million and a total O&M expense of \$2.52 million.

22. The Parties stipulate that EE program cost recovery will continue through a separate component of the EET cost recovery mechanism and operate as previously approved by the Board in its July 2009 Order and its June 2013 Order. EET cost recovery will consist of two parts and be affected through a deferred accounting mechanism. One part will recover the amortization of the capital investments made in participating customer rebates, and incentive payments, and the costs of providing customer financing and a return on the unamortized portion of program investments. The Parties agree that the capital investments will be amortized over a seven-year period on a straight line basis, with the return of the capital investment and return on the unamortized capital investments. In addition to a reduction for the accumulated amortization of its program investments, the Company will deduct the applicable deferred income taxes related to the amortization of program costs. The other part of the EET will recover incremental O&M expenses associated with the EE programs.

23. The Parties agree that the return on the unamortized portion of the program investment be set equal to the weighted average cost of capital ("WACC") utilizing return of 7.03% (10.52% on a pre-tax basis). This WACC of 7.03% is based upon a return on equity of 9.75%, a long term debt cost of 4.21%, a short term debt cost of 0.31% and an equity to capitalization ratio of 51.9%.

EE Program Capital Structure					
March 31, 2015					
<u>Type of Capital</u>	<u>Amount</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	<u>Pre Tax Weighted Cost</u>
Long Term Debt	\$616,677	46.59%	4.21%	1.96%	1.96%
Short Term Debt	\$20,000	1.51%	0.31%	0.00%	0.00%
Common Equity	<u>\$686,975</u>	<u>51.90%</u>	9.75%	<u>5.06%</u>	<u>8.55%</u>
Total	\$1,323,652	100.00%	-	<u>7.03%</u>	<u>10.52%</u>

24. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations as of the date of the next scheduled annual true-up. The Signatory Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over- and under-recoveries until the date of the next scheduled annual true up but in any event, no later than October 1 of the subsequent year.

25. For the initial revenue requirement, the EET rate will commence on September 1, 2015 and be based upon EE program projected expenditures. The monthly over and under recoveries calculation will be based upon actual EET revenues billed monthly under the EET mechanism applied against the monthly EET revenue requirement. The projected annual revenue requirement calculations for the EE programs are attached hereto as Exhibit C (Annual Revenue Requirements). The monthly over-and-under recovery calculation will follow the methodology illustrated in the projected calculation, described below and annexed hereto as Exhibit D (Year 1 Recovery & Interest Schedule). The interest calculation shall be based on the average of the net of tax beginning and ending monthly balance.

26. The Parties accordingly STIPULATE AND AGREE that the current tariff EET rate of \$0.015800 without sales and use tax ("SUT") (or \$0.016900 with SUT) shall be increased to an EET rate of \$0.020000 per therm without SUT (or \$0.021394 per therm, including SUT) effective September 1, 2015. Proposed tariff pages reflecting this EET rate are attached hereto, in blacklined form, as Exhibit E (Tariff Pages).

27. The EET rate set forth in this Stipulation results in an increase of approximately \$0.45 or 0.33% per month, to the average residential heating customer using 100 therms of gas during a winter month.

28. The Parties stipulate that the Company will file an annual cost reconciliation petition ("Annual Filing") to adjust its EET rate on a calendar basis, with copies provided to the Parties, in June with a proposed implementation of the revised EET rate in October. Each Annual Filing will contain a reconciliation of its projected EET costs and recoveries and actual revenue requirements for the relevant period, as well as the items set forth in the minimum filing

requirements (“MFRs”) set forth in Exhibit F attached hereto and made a part of this Stipulation. The Annual Filings shall be made available to other parties to this Stipulation, as well as any other interested members of the public, through the prompt posting of all non-confidential portions of those filings on the Company’s website. The EET rate will be subject to full and complete examination in the context of the annual filing. The EET will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance. The annual filings also will present actual costs since the previous annual review and such costs will then be available for review for reasonableness and prudence. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. Each Annual Filing will contain a reconciliation of its projected EET costs and recoveries, actual revenue requirements for the prior period, and a forecast of revenue requirements for the upcoming 12-month period which shall be based upon the Company’s WACC utilized to set rates in this Stipulation. Any federal or state benefits, if applicable, received by the Company and associated with these programs will be used to reduce the revenue requirement collected from ratepayers.

29. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company’s monthly weighted interest rate obtained on its commercial paper and/or bank credit lines. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. The interest amount charged or credited to the EET will be computed using the methodology set forth in Exhibit D attached hereto and made a part of this Stipulation. The monthly interest shall be based on the net average monthly balance, consistent with the methodology set forth in Exhibit D. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the WACC identified in paragraph 23, above. The true-up calculation of over- and under- recoveries shall be included in the Company’s Annual Filing.

30. Commencing with its next annual filing, SJG will provide separate information for each approved program and extension. For example, separate cost and recovery information will be provided for the programs approved by the July 2009 Order, the January 2011 Order, the June 2013 Order, as well as any program approved in this docket.

31. The Company shall provide to Rate Counsel and Staff the dollar amount and the type of electric measures installed and included in its investments on an annual basis. It shall also provide the estimated savings associated with the gas and electric measures. IMS shall be the source of this data.

32. Based on market response, spending on the aggregate EE programs or any of the individual programs may be accelerated and completed sooner than the proposed period. To provide flexibility to changing market conditions and customer demand during the period beginning September 1, 2015 and ending August 31, 2017, the Parties agree that the Company may transfer EE program funds between its sub-program components to maximize energy savings subject to certain conditions. No proposed transfers shall be made until at least forty-five (45) days after the Company has submitted a written description of the proposed transfers and the rationale for the proposed transfers to the Parties. If any Party objects prior to the close of the 45-day period, then no transfer shall take place and the matter shall be brought to the Board for review and transfer approval, if any. Except where an objection is filed within thirty days to a proposed transfer noted by the Company, no Board Order approving such transfers is required.

33. The Company will continue to provide monthly reports (“Monthly Activity Reports”) to Board Staff and Rate Counsel on EE Program activity and estimated impacts for each calendar month from the Board's approval of the program through August 2017, or such date as the Board approves for the end of the program. SJG will submit detailed data regarding the SJG EE programs and expenses through the Program Manager Data Tracking Sheets (IMS Data Entry Workbooks). The Company will submit each Monthly Activity Report within thirty (30) days of the end of the calendar month covered by the report or consistent with the timing set by NJCEP’s Program Coordinator.

34. The Company will provide all data via the IMS Data Entry Workbooks for the existing EE programs within thirty (30) days of the effective date of the Board Order approving the agreement. The Summary Budget attached hereto as Exhibit B does not include any O&M costs associated with the IMS Data Entry requirements set forth in Paragraphs 33 and 34 and the Company anticipates the need to hire incremental personnel to satisfy this requirement. Should the Company incur incremental O&M costs that exceed the Summary Budget, associated with the addition of personnel or other resources to satisfy this requirement, such additional costs will be subject to review for reasonableness and prudence in the Company’s Annual True-up Proceedings. Even if within the approved budget, all costs are subject to review for reasonableness and prudence within the context of the Company’s Annual True-up Proceedings.

35. The Company will report, on a Quarterly basis: (i) the number of full-time equivalents that the Company hires to perform work associated with SJG EE programs; (ii) the number of full-time equivalents that entities under contract with the Company hire to perform work with the SJG EE programs; (iii) the number of SJG EE program participants; iv) repayment metrics such as, but not limited to, loan performance; and (v) SJG EE program expenditures and commitments.

36. Specific to the OPOWER pilot program, the Company will report on a quarterly basis: (i) projected and actual participation rates; (ii) nature of behavioral changes; (iii) baseline and actual energy savings; and (iv) all other metrics collected from the control group. The Company will provide a description of all metrics proposed to be collected from the control group to BPU staff for approval at least 30 days prior to the launch of the pilot program.

37. The Company agrees to work collaboratively with the Parties and meet on a regular basis over the next eighteen months, but no less than quarterly, to discuss future EE program design, measurement and verification, and data acquisition. The following issues to be addressed in this collaborative process include, but are not limited to, the following:

- a) Standardization of program elements among utilities offering similar programs, including a goal for percentage of projects to be completed in distressed communities;
- b) Standardization of evaluation processes and schedules;
- c) Standardization of data collection and reporting requirements;
- d) Development of energy savings targets;
- e) Development of standardized inputs and methodologies for cost-benefit analyses (“CBAs”) including a standardized method for determination of avoided electric capacity costs and avoided electric and gas distribution costs;
- f) Assuring that utility programs provide incremental benefits that exceed their incremental costs;

- g) Consideration of the revenue and cost impacts resulting from providing incentives to customers converting to natural gas from other fuels; and
- h) Focusing utility programs on markets that are not adequately served by NJCEP programs.

38. All future cost-benefit analyses ("CBAs") of the Company's energy efficiency programs will include the following five cost-benefit tests: the Participant Cost Test ("PCT"), the Program Administrator Cost ("PAC") Test, the Ratepayer Impact Measure ("RIM") Test, the Total Resource Cost ("TRC") Test, and the Societal Cost Test ("SCT"). The Company agrees to include the following in future CBAs:

- a) Identification and explanation of which incentives are to be provided by the company and which by NJCEP;
- b) An estimate of the hypothetical participation rates that would be achieved by the NJCEP programs in the absence of SJG's programs and its supplementary incentives.
- c) The Company will present cost-benefit analyses based on the incremental effect of the utility's programs in addition to the combined-impact CBA that the Company currently provides.
- d) The Company will ensure that its costs and benefits reflect consistent assumptions such that it matches expected incentives to expected incremental costs.
- e) The participant benefit/utility cost associated with interest-free loans will be calculated as the present-value sum of the foregone interest payments, and not as the simple sum.

39. The Parties agree that the Company will commence an independent evaluation of the EE programs by January 1, 2016 to be completed no later than September 1, 2016, and will include, but is not limited to, analyses of the following issues:

- a) What is the incremental benefit of the SJG incentives, over and above the NJCEP-provided incentives?
- b) What modifications to the budgets, marketing approaches, and/or target participation rates would enhance the effectiveness and cost-effectiveness of SJG's programs?
- c) Are customer audits effective at encouraging customers into whole-house or whole-facility programs? Are there ways the realization rate for this transition could be improved?
- d) What insight can be gained into the true magnitudes of the free-ridership and spillover effects?

40. The Company will provide the results of the evaluation, together with all supporting data, analysis and workpapers, to BPU Staff and Rate Counsel no later than September 1, 2016 and will meet with BPU Staff and Rate Counsel no later than October 1, 2016 to discuss the outcome from this evaluation and any implications to be considered for future SJG EE program modifications.

41. The Parties agree that to the extent that the Company requires an extension of time for submittal of the evaluation referenced in paragraphs 39 and 40, the Company will advise Board Staff and Rate Counsel, at least 30 days before the due date, so that a mutually acceptable date for submittal can be agreed upon.

42. The effective date of this Stipulation and tariffs shall be September 1, 2015 unless otherwise specified by the Board in its Order considering this Stipulation. The Company shall provide compliance tariff sheets reflecting the Board's decision in this matter within five days of being served the Board Order but no later than August 29, 2015 unless otherwise specified by the Board.

DISCUSSION AND FINDINGS

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

Although much has changed since the Board initially approved SJGs Energy Efficient Programs on July 24, 2009, the Board remains committed to the principles stated in that Order. Energy efficiency investments, if properly implemented, serve to help the State meet its environmental needs, serve the need to provide jobs in the short term, and can enhance the State's competitiveness, business climate, and economic prospects in the long term. SJG has been able to build on its relationships with customers to help those customers improve the energy efficiency of existing residential and commercial buildings, and by proposing the extension of the EEPs, shows that it is committed to continuing that effort. Additionally, through the OPOWER pilot, the Company is seeking to reach additional customers and educate them on ways to become more energy efficient.

While the Board remains committed to the principles stated in the July 24 Order, it is equally committed to achieving the State's goals in a cost effective and efficient manner. In accord with those goals, the Stipulation requires additional reporting and tracking of expenses of the EEPs. The Stipulation calls for the parties to work collaboratively on a regular basis over the next eighteen months to discuss program design, measurement and verification, so that a thorough and meaningful assessment results, providing guidance on how the EEPs can improve, ensure cost effectiveness and incremental benefits that exceed the incremental costs while aligning the EEPs with the State's energy policy goals and developing a better understanding of how the EEPs operate in tandem with the NJCEP. To assist in this collaborative effort among the Parties, the Stipulation also calls for an independent evaluation of the EEPs to be completed by September 2016.

The Board **FINDS** that SJG's EEPs have assisted in achieving the State's energy efficiency goals. With the additional reporting and expense tracking, independent evaluation and the collaborative review process to assess the Program required by the Stipulation, the Board is **SATISFIED** that this review process will lead to improvements in both SJG's EEPs and in the State's overall energy efficiency programs to the benefit of the State as whole, participants in energy efficiency programs and utility ratepayers.

As a result of the approval of the Stipulation and authorization for SJG to implement the EEPs as described, typical residential customers using 100 therms of gas during a month will see an increase in their monthly bills of \$0.45 or 0.33%.

The Board **HEREBY RATIFIES** all provisional rulings by Commissioner Solomon for the reasons stated in her Orders and decisions.

The effective date of this Order will be August 29, 2015.

The Board **HEREBY DIRECTS** SJG to file tariff sheets consistent with the Stipulation and this Order within five (5) business days from the effective date of this Order.

The Company's rates remain subject to audit by the Board. This Decision Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DATED: 8/19/15

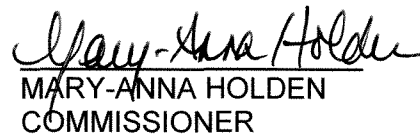
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



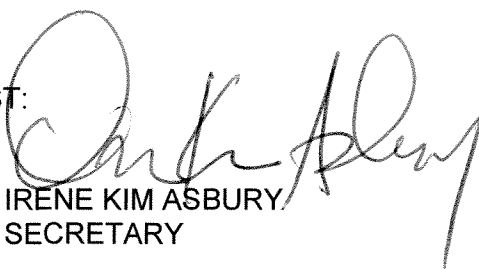
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COMMISSIONER



MARY-ANNA HOLDEN
COMMISSIONER

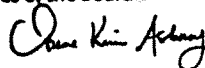


DIANNE SOLOMON
COMMISSIONER

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 ENERGY EFFICIENCY PROGRAMS AND ENERGY EFFICIENCY
TRACKER PURSUANT TO N.J.S.A. 48:3-98.1
BPU DOCKET NO. GR15010090

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August 6, 2015

Irene Kim Asbury, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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RE: In the Matter of the Petition of South Jersey Gas Company for Approval to Continue Its Energy Efficiency Programs and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1 BPU Docket No. GR15010090

Dear Ms. Asbury:

Attached please find a Stipulation of Settlement in the above referenced matter, which has been executed on behalf of South Jersey Gas Company, Board of Public Utilities ("Board") Staff and the Division of Rate Counsel. It is my understanding that this matter will be listed on the Board's August 19, 2015 Agenda for consideration.

If you have any questions, please do not hesitate to contact me.

Very truly yours,

A handwritten signature in black ink, appearing to read "S. Cocchi", is written over a horizontal line.

Steven R. Cocchi

SRC:lvk
Attachment

cc: Attached Service List

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL TO CONTINUE ITS ENERGY EFFICIENCY PROGRAMS AND
ENERGY EFFICIENCY TRACKER PURSUANT TO N.J.S.A. 48:3-98.1
BPU DOCKET NO. GR15010090**

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

IN THE MATTER OF THE PETITION OF : STIPULATION OF SETTLEMENT
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL TO CONTINUE ITS ENERGY : **DOCKET NO. GR15010090**
EFFICIENCY PROGRAMS AND ENERGY :
EFFICIENCY TRACKER PURSUANT TO :
N.J.S.A. 48:3-98.1 :

APPEARANCES:

Ira G. Megdal, Esquire and **Stacy Mitchell, Esquire** (Cozen O'Connor) for South Jersey Gas Company

Felicia Thomas-Friel, Esquire, Deputy Rate Counsel, **Kurt S. Lewandowski, Esquire**, Assistant Deputy Rate Counsel, **Sarah Steindel, Esquire**, Assistant Deputy Rate Counsel, and **Maura Caroselli, Esquire**, Assistant Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (Stefanie A. Brand, Esquire, Director)

Alex Moreau and **Veronica Beke**, Deputy Attorneys General, on behalf of the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey)

TO THE NEW JERSEY BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement addresses issues raised in BPU Docket No. GR15010090, in which South Jersey Gas Company (“SJG” or the “Company”) filed an initial petition on January 20, 2015 requesting that the New Jersey Board of Public Utilities (“BPU” or “Board”) authorize continuation of, with minor modifications, its energy efficiency programs (“EE

programs”) offered to its customers pursuant to N.J.S.A. 48:3-98.1 (the “Statute”).¹ (“2015 Petition”)

The Company requested Board authorization of its EE programs for a three-year period, beginning July 1, 2015 and ending June 30, 2018 with an overall budget of approximately \$56 million. SJG also requested approval to continue its associated cost recovery mechanism, the Energy Efficiency Tracker (“EET”), set forth in Rider “N” of the Company’s Tariff, and to recover all costs associated with its EE program expenditures. The Company additionally sought authorization of a return on and a return of its EE program investments.

The parties to this Stipulation of Settlement are SJG, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Staff with the Board of Public Utilities (“Staff”) (collectively, the “Parties”). Following extensive review and analysis of the supplemental filing to the petition, the petition and its pre-filed testimony and exhibits, several conferences, negotiation discussions, responses to data information requests, and a public hearing held in the service territory, the Parties execute this agreement to resolve the issues in dispute. The Parties hereto AGREE and STIPULATE that:

¹ N.J.S.A. 48:3-98.1(a) authorizes that an electric or gas public utility may provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Utilities seeking cost recovery for energy efficiency and conservation program expenditures may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas, pursuant to N.J.S.A. 48:3-98.1(b). Ratemaking treatment has historically potentially included 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, provided a cost recovery petition is filed with the Board pursuant to N.J.S.A. 48:3-98.1(b).

PROCEDURAL HISTORY

1. On May 12, 2008 (the “May 2008 Order”), the Board issued an Order establishing the procedures by which electric and natural gas utilities can seek approval of energy efficiency and conservation programs on a regulated basis, as envisioned by N.J.S.A. 48:3-98.1. The May 2008 Order required that a utility must meet with Staff and Rate Counsel at least 30 days prior to filing a petition requesting approval of EEPs to discuss the nature of the program and program cost recovery mechanism to be proposed. The May 2008 Order also set forth certain Minimum Filing Requirements (“MFRs”) to be provided with any such filings with the Board.

2. On January 23, 2009, SJG filed a Petition with the Board in BPU Docket Numbers EO09010059 and GO09010056 seeking approval to develop and implement SJG EE programs over a two-year period with an EET. By Order dated July 24, 2009 (“July 2009 Order”), the Board authorized SJG to implement five EE programs: 1) Enhanced Residential Heating, Ventilation, and Air Conditioning (“HVAC”) Rebate; 2) Residential Home Performance Finance; 3) Combined Heat and Power; 4) Commercial Customer Direct Install Financing; and 5) Non-Residential Energy Efficiency Investment as part of the Economic Stimulus Plan announced in October 2008 (“Original EE Programs”).² The programs were designed to complement or supplement existing New Jersey Clean Energy Program (“NJCEP”) offerings. The SJG programs were available to eligible customers for approximately twenty-one (21) months. The July 2009 Order also authorized SJG to establish an Energy Efficiency Tracker (“EET”), which consisted of two parts. One part allowed the Company to earn a return

² In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program with an Associated Energy 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.

on the investment and recover the amortization of the regulatory asset (“RA”) to be created upon SJG balance sheet. The July 2009 Order approved a four year amortization. The other part of the EET recovered incremental operating and maintenance (“O&M”) expenses associated with the EE programs.

3. By Order dated January 19, 2011, the Board authorized SJG to extend the Original EE Programs and carry over individual program under-spending through December 31, 2011³ (“January 2011 Order”). The January 2011 Order also allowed an extension of SJG’s monthly program investment and O&M costs associated with its original EE programs to continue until April 30, 2012. In addition, the January 2011 Order also authorized the Company to reallocate funds within its Original EE programs. On May 3, 2012, SJG filed a Petition in Docket No. GO12050363 seeking to continue its EE programs, with certain modifications, and to implement new EE programs. By Order dated June 21, 2013 (“June 2013 Order”), the Board authorized SJG to continue to offer four EE programs through June 30, 2015 with an approved budget of \$24 million: (1) the Residential Home Performance and Finance Energy Efficiency Program, (2) the Non-Residential Energy Efficiency Investment Program, (3) the Enhanced Residential HVAC Rebate Program, and (4) the Commercial Customer Direct Install Financing Program (“Existing EE programs”).⁴ The June 2013 Order also authorized SJG to continue its

³ In re 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.

⁴ In Re 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. GO12050363, Order dated June 21, 2013. Also, on August 21, 2013, the Board entered an Order in BPU Docket No. GO12050363 adopting a Supplemental Stipulation entered into by the Parties which clarified the incentive amount SJG was authorized to provide through its Commercial Customer Direct Install Financing Program. In the Matter of 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. GO12050363.

EET to recover all prudently incurred costs associated with the EE programs and to continue earning a return on its investments.

CURRENT PETITION

4. The Board's May 2008 Order required that a utility meet with Board Staff and the Division of Rate Counsel at least 30 days prior to filing a Petition requesting approval of EEPs to discuss the nature of the program and program cost recovery mechanism to be proposed. Accordingly, SJG met on two separate occasions, via teleconference, with representatives of Board Staff, and Rate Counsel on December 2, 2014 and December 8, 2014, and provided an overview of the relief to be requested in its forthcoming 2015 Petition, including a description of the proposed EEPs and the proposed cost recovery mechanism.

5. SJG submitted several proposals as part of the 2015 Petition. By its 2015 Petition, incorporating the testimonies of Bruce S. Grossman, S. Renee Farmer, and Melissa Bartos, and providing program descriptions and schedules, SJG sought Board approval to continue its four existing EE programs. On its EE program modification requests, SJG requested its Commercial Direct Install Program repayment term be extended from two years to three years; SJG has not proposed modifications to the other three existing EE programs. SJG requested to implement a new Social Marketing and Education Program (collectively, the "Proposed EE programs"). SJG requests a three-year extension to its current programs, commencing July 1, 2015.

6. The proposed EE programs, more fully described in Exhibits BSG-1 and BSG-2 attached to the Direct Testimony of Bruce S. Grossman, accompany the 2015 Petition and are summarized as follows:

- Home Performance and Finance Energy Efficiency Program: This energy efficiency program was proposed at a budget of \$41,506,201. Through this program, SJG will offer a financial package to assist in obtaining whole house energy efficiency, comfort, and savings. SJG will offer up to \$10,000 of zero percent (0%) financing with no money down with a ten-year repayment term to Tier III qualifying customers under the NJCEP Home Performance with Energy Star (“HPwES”) Program.
- Enhanced Residential HVAC Rebate Program: This energy efficiency program is designed to incentivize the installation of high efficiency HVAC equipment and the installation of energy conservation measures at a proposed budget of \$6,619,456. This program will be offered to SJG customers who have received a NJCEP WARMAdvantage rebate. Through this program, SJG will offer either a financing option or rebate option to customers that have WARMAdvantage-eligible HVAC equipment needing imminent replacement. Customers who opt for financing will receive up to \$6,500 towards the cost of the project with no money down at a zero percent (0%) interest rate with a five-year repayment term. Alternatively, qualified NJCEP WarmAdvantage customers may opt to receive a \$500 rebate for the installation of qualified WARM Advantage heating and water heating equipment purchases. Customers may only choose one option, either financing or the rebate, and with both options customers are required to have a HPwES home energy assessment performed by a certified contractor.
- Non-Residential Energy Efficiency Program: This energy efficiency program is designed to generate large energy savings for large commercial and industrial

customers, including housing complexes, municipal buildings, schools, medical facilities, hotels, casinos and industrial users at a proposed budget of \$2,517,964. This program will be offered to SJG non-residential customers eligible for NJCEP C&I incentives. Through this program, SJG offers financing of up to \$100,000 with no money down at a zero percent (0%) interest rate with a five-year repayment term. The total amount financed will not exceed the total project cost, less all NJCEP rebates and incentives, and the needs of the customer are assessed by a representative of the NJCEP Market Manager. Customers are informed about rebates available from NJCEP by SJG personnel and through the NJCEP Program Managers.

- Commercial Direct Install Program: This energy efficiency program is designed to encourage NJCEP Direct Install Program participation by financing the difference between the project cost and the NJCEP Direct Install incentive, which covers 70% of the project cost or a maximum of \$125,000. The Company proposes a budget of \$2,362,995. This program will be offered to SJG customers qualifying for NJCEP Direct Install Program incentives. Through this program, SJG offers financing of up to 30% of the project cost, up to a maximum of \$53,571, with no money down at a zero percent (0%) interest rate with a three-year repayment term.
- Social Marketing and Education Program (OPOWER): The OPOWER pilot program is a marketing/educational program designed to influence customer behavior and increase customer participation in energy efficiency and conservation programs at a proposed budget of \$2,940,700. This new SJG

program will be offered to approximately 170,000 SJG residential customers. These customers will receive four (4) mailed communication pieces per year, providing information on their energy usage, supplemented by digital communications throughout the year. A web portal for customers interested in exploring their energy use and discovering additional energy efficiency utility or statewide programs will be made available. OPOWER will maintain a control group of SJG customers to evaluate whether this program (1) reduces customer energy usage cost by the transfer of information and, (2) increases customer participation rates for companion energy efficiency offerings. OPOWER will maintain a control group of SJG customers to allow results verification within its service territory through a randomized control trial.

7. For its proposed EE programs, the Company sought authorization for the following levels of program-related expenditures over a proposed three-year period, as reflected in the cost allocation table below:

	Sub-Program Component (\$Millions)
<u>Program Investment</u>	
Residential Program	\$46.89
Commercial Program	\$4.00
Total Program Investment	\$50.89
<u>Operations and Maintenance</u>	
Administration, Program Management, Quality Assurance/Quality Control and Evaluation	\$5.06
Total Investment and O&M	\$55.95

The Company therefore requested Board approval of the Proposed EE programs total investment and O&M budget of approximately \$55.95 million.

8. As stated in the 2015 Petition, SJG proposed to recover its costs associated with the Proposed EE programs through the EET, as set forth in Rider N of the Company's tariff and as previously approved by the Board in the July 2009 Order and the June 2013 Order. The proposed EET cost recovery consists of two parts. One part would allow the Company to earn a return on the investment and recover the amortization of the regulatory asset. SJG proposed that the regulatory asset would be amortized over a ten-year period, consistent with the amortization period approved for the Company's Existing EE Programs. The other part of the EET would recover incremental O&M expenses associated with the EE programs. To set an EET rate and calculate the Company's return on its unamortized EE investments, SJG proposed to use the weighted average cost of capital ("WACC") rate of 7.10% (10.59% on a pre-tax basis), the same rate used to set rates in the Company's most recent base rate case in Docket No. GR13111137.

9. SJG will continue to file with the Board, on an annual basis, a petition seeking to establish future EET rates and to adjust its EET rates to reflect over and under recoveries.

10. SJG also requested approval to continue the budget flexibility previously approved by the Board in the June 2013 Order, which allows the Company to respond to market conditions and customer demand during the pendency of the EE programs. The budget flexibility approved in the June 2013 Order permits SJG, upon notice and subject to the opportunity for Rate Counsel or BPU Staff to object, to reallocate funds among the Proposed EE Programs. It does not permit the Company to increase the overall authorized budget. SJG stated that the objective of its proposal in the 2015 Petition is to continue supporting and complementing the objectives and goals of the NJCEP by providing additional funding for already successful programs, as well as to continue promoting energy efficiency, and to support

the goals of the New Jersey Energy Master Plan by reducing energy consumption, producing environmental benefits, and creating green jobs.

11. By filings dated January 23, 2015 and January 26, 2015, SJG submitted additional information related to the 2015 Petition. On February 18, 2015, Staff notified SJG that the 2015 Petition was not administratively complete under the 180-day administrative review period (the “Review Period”).⁵ Subsequently, on March 2, 2015, SJG further supplemented the 2015 Petition to address the deficiencies noted by Staff. On March 19, 2015, Staff notified SJG that, with the supplemental filing, the 2015 Petition was administratively complete therefore the Review Period commenced on March 2, 2015.

12. By Order dated February 11, 2015, the Board retained this matter for review and hearing, and as authorized by N.J.S.A. 48:2-32, designated Commissioner Dianne Solomon as the presiding officer with authority to rule on all motions that arise during the proceeding, and establish and modify any schedule that may be set as necessary to secure a just and expeditious determination of the issues. The Board also delegated to Commissioner Solomon the authority to grant a single extension of the review period, if requested by the Company and agreed to by the remaining parties. The Order also set February 27, 2015 as the last day for the filing of motions to intervene or participate in this matter.

⁵ N.J.S.A. 48:3-98.1 requires the Board to decide cost recovery issues within a 180-day administrative review period. Board Staff must review a petition for administrative completeness with respect to the minimum filing requirements (“MFRs”) set forth in the Board’s May 12, 2008 Order within 30 days. If the petition is determined to be complete, the Review Period commences from the date the petition was filed. If a petition is determined to be incomplete, the Review Period commences on the date information is provided fulfilling all outstanding requirements. In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing In Class I Renewable Energy Resources, and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. EO08030164 (May 12, 2008).

13. By Order dated April 13, 2015, Commissioner Solomon approved a procedural schedule.

14. After notice, two public hearings were held on April 15, 2015 in Voorhees, New Jersey. No members of the public appeared at any of the public hearings. No written comments were received by the BPU, SJG, or Rate Counsel.

15. The Company's Existing EE programs were set to expire June 30, 2015. By Order dated June 17, 2015 in Docket Nos. GR15010090 and GO12050363, the Board extended the Company's Existing EE programs through August 31, 2015. The Order did not approve an additional budget for the Existing EE programs during the extension as SJG indicated that approximately \$900,000 remained in the budget approved by the June 2013 Order as of June 30, 2015, which the Company would continue to utilize through August 31, 2015.

STIPULATED TERMS

16. The Parties agree that SJG may continue its EE programs, commencing on September 1, 2015 and continuing for a two-year period through August 31, 2017, except as described herein. SJG may also modify its Commercial Direct Install Program repayment period term from two years to three years. SJG may also implement the Social Marketing and Education Program (OPOWER) pilot program. Detailed EE program descriptions agreed upon are attached hereto as Exhibit A (Program Descriptions).

17. The Parties agree that SJG is permitted to shift funds between sub-program components, subject to actual participation levels and overall budget considerations. Consistent with the terms of the June 2013 Order, the Company agrees to provide written notice to Board Staff and Rate Counsel for any proposed changes between residential and commercial program

funding levels or any change in incentive amounts resulting from Board approved changes to NJCEP incentive levels, including a description of the proposed budget re-allocation with supporting schedules. The Parties' agreement on the conditional transfer of funds is more fully described at Paragraph 32. Additionally, in light of the two-year extension of SJG's EE programs, the Company is permitted to carry forward up to 15 percent (15%) of its approved residential and commercial program investment to the subsequent year.

18. Furthermore, if approved EE program funds are not fully expended or committed by August 31, 2017, SJG will transfer those amounts to the proposed program work in future years, described further at Paragraph 32.

19. The Parties agree that should there be a prospective change to a NJCEP program for which the Company has a corresponding SJG EE program counterpart, the Company will modify its counterpart program to be consistent with the NJCEP program. The Company agrees to implement such modified offering within sixty (60) days of the BPU Order approving the modification to the NJCEP program, or a date as determined by the Board unless a longer transition time is necessary to perform the required implementation activities by the Company or if it may better align with SJG EE program implementation dates as determined by the Board. If a longer transition is needed, the company will notify the Parties and explain the reasoning and need for the longer timeframe. The parties acknowledge that since the filing of the underlying petition, the NJCEP has changed the financing terms and interest rates related to Tier 3 under the HPwES program, which will require SJG EE program implementation pursuant to this paragraph.

20. The SJG EE program cost allocation sub-program components of its stipulated investment and O&M expenses are summarized in the cost allocation table below:

	Sub-Program Component (\$Millions)
<u>Program Investment</u>	
Residential Program	\$31.22
Commercial Program	\$2.60
Total Program Investment	\$33.82
<u>Operations and Maintenance</u>	
Administration, Program Management, Quality Assurance/Quality Control and Evaluation	\$2.52
Total Investment and O&M	\$36.34

21. Exhibit B (Summary Budget), attached hereto, shows the total EE program budget of \$36.3 million, comprising a total program investment of \$33.8 million and a total O&M expense of \$2.52 million.

22. The Parties stipulate that EE program cost recovery will continue through a separate component of the EET cost recovery mechanism and operate as previously approved by the Board in its July 2009 Order and its June 2013 Order. EET cost recovery will consist of two parts and be affected through a deferred accounting mechanism. One part will recover the amortization of the capital investments made in participating customer rebates, and incentive payments, and the costs of providing customer financing and a return on the unamortized portion of program investments. The Parties agree that the capital investments will be amortized over a seven-year period on a straight line basis, with the return of the capital investment and return on the unamortized capital investments. In addition to a reduction for the accumulated amortization of its program investments, the Company will deduct the applicable deferred income taxes related to the amortization of program costs. The other part of the EET will recover incremental O&M expenses associated with the EE programs.

23. The Parties agree that the return on the unamortized portion of the program investment be set equal to the weighted average cost of capital (“WACC”) utilizing return of

7.03% (10.52% on a pre-tax basis). This WACC of 7.03% is based upon a return on equity of 9.75%, a long term debt cost of 4.21%, a short term debt cost of 0.31% and an equity to capitalization ratio of 51.9%.

EE Program Capital Structure					
March 31, 2015					
<u>Type of Capital</u>	<u>Amount</u>	<u>Ratios</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>	<u>Pre Tax Weighted Cost</u>
Long Term Debt	\$616,677	46.59%	4.21%	1.96%	1.96%
Short Term Debt	\$20,000	1.51%	0.31%	0.00%	0.00%
Common Equity	<u>\$686,975</u>	<u>51.90%</u>	9.75%	<u>5.06%</u>	<u>8.55%</u>
Total	\$1,323,652	100.00%		<u>7.03%</u>	<u>10.52%</u>

24. The Parties agree that any change in the WACC authorized by the Board in a subsequent base rate case will be reflected in the subsequent monthly revenue requirement calculations as of the date of the next scheduled annual true-up. The Signatory Parties further agree that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over- and under-recoveries until the date of the next scheduled annual true up but in any event, no later than October 1 of the subsequent year.

25. For the initial revenue requirement, the EET rate will commence on September 1, 2015 and be based upon EE program projected expenditures. The monthly over and under recoveries calculation will be based upon actual EET revenues billed monthly under the EET mechanism applied against the monthly EET revenue requirement. The projected annual revenue requirement calculations for the EE programs are attached hereto as Exhibit C (Annual Revenue Requirements). The monthly over-and-under recovery calculation will follow the methodology

illustrated in the projected calculation, described below and annexed hereto as Exhibit D (Year 1 Recovery & Interest Schedule). The interest calculation shall be based on the average of the net of tax beginning and ending monthly balance.

26. The Parties accordingly STIPULATE AND AGREE that the current tariff EET rate of \$0.015800 without sales and use tax (“SUT”) (or \$0.016900 with SUT) shall be increased to an EET rate of \$0.020000 per therm without SUT (or \$0.021394 per therm, including SUT) effective September 1, 2015. Proposed tariff pages reflecting this EET rate are attached hereto, in blacklined form, as Exhibit E (Tariff Pages).

27. The EET rate set forth in this Stipulation results in an increase of approximately \$0.45 or 0.33% per month, to the average residential heating customer using 100 therms of gas during a winter month.

28. The Parties stipulate that the Company will file an annual cost reconciliation petition (“Annual Filing”) to adjust its EET rate on a calendar basis, with copies provided to the Parties, in June with a proposed implementation of the revised EET rate in October. Each Annual Filing will contain a reconciliation of its projected EET costs and recoveries and actual revenue requirements for the relevant period, as well as the items set forth in the minimum filing requirements (“MFRs”) set forth in Exhibit F attached hereto and made a part of this Stipulation. The Annual Filings shall be made available to other parties to this Stipulation, as well as any other interested members of the public, through the prompt posting of all non-confidential portions of those filings on the Company’s website. The EET rate will be subject to full and complete examination in the context of the annual filing. The EET will be subject to adjustment and true-up through the deferral process and any required adjustment will be included in the over/under recovered balance. The annual filings also will present actual costs since the

previous annual review and such costs will then be available for review for reasonableness and prudence. Any Board ordered cost recovery adjustments resulting from the review of the actual costs will be made to the over/under deferred balance and reflected in the charges established for the following year pursuant to a Final Board Order. Each Annual Filing will contain a reconciliation of its projected EET costs and recoveries, actual revenue requirements for the prior period, and a forecast of revenue requirements for the upcoming 12-month period which shall be based upon the Company's WACC utilized to set rates in this Stipulation. Any federal or state benefits, if applicable, received by the Company and associated with these programs will be used to reduce the revenue requirement collected from ratepayers.

29. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company's monthly weighted interest rate obtained on its commercial paper and/or bank credit lines. If both commercial paper and bank credit lines have been utilized the weighted average of both sources of capital shall be used. The interest amount charged or credited to the EET will be computed using the methodology set forth in Exhibit D attached hereto and made a part of this Stipulation. The monthly interest shall be based on the net average monthly balance, consistent with the methodology set forth in Exhibit D. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the WACC identified in paragraph 23, above. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing.

30. Commencing with its next annual filing, SJG will provide separate information for each approved program and extension. For example, separate cost and recovery information will be provided for the programs approved by the July 2009 Order, the January 2011 Order, the June 2013 Order, as well as any program approved in this docket.

31. The Company shall provide to Rate Counsel and Staff the dollar amount and the type of electric measures installed and included in its investments on an annual basis. It shall also provide the estimated savings associated with the gas and electric measures. IMS shall be the source of this data.

32. Based on market response, spending on the aggregate EE programs or any of the individual programs may be accelerated and completed sooner than the proposed period. To provide flexibility to changing market conditions and customer demand during the period beginning September 1, 2015 and ending August 31, 2017, the Parties agree that the Company may transfer EE program funds between its sub-program components to maximize energy savings subject to certain conditions. No proposed transfers shall be made until at least forty-five (45) days after the Company has submitted a written description of the proposed transfers and the rationale for the proposed transfers to the Parties. If any Party objects prior to the close of the 45-day period, then no transfer shall take place and the matter shall be brought to the Board for review and transfer approval, if any. Except where an objection is filed within thirty days to a proposed transfer noted by the Company, no Board Order approving such transfers is required.

33. The Company will continue to provide monthly reports (“Monthly Activity Reports”) to Board Staff and Rate Counsel on EE Program activity and estimated impacts for each calendar month from the Board's approval of the program through August 2017, or such date as the Board approves for the end of the program. SJG will submit detailed data regarding the SJG EE programs and expenses through the Program Manager Data Tracking Sheets (IMS Data Entry Workbooks). The Company will submit each Monthly Activity Report within thirty

(30) days of the end of the calendar month covered by the report or consistent with the timing set by NJCEP's Program Coordinator.

34. The Company will provide all data via the IMS Data Entry Workbooks for the existing EE programs within thirty (30) days of the effective date of the Board Order approving the agreement. The Summary Budget attached hereto as Exhibit B does not include any O&M costs associated with the IMS Data Entry requirements set forth in Paragraphs 33 and 34 and the Company anticipates the need to hire incremental personnel to satisfy this requirement. Should the Company incur incremental O&M costs that exceed the Summary Budget, associated with the addition of personnel or other resources to satisfy this requirement, such additional costs will be subject to review for reasonableness and prudence in the Company's Annual True-up Proceedings. Even if within the approved budget, all costs are subject to review for reasonableness and prudence within the context of the Company's Annual True-up Proceedings.

35. The Company will report, on a Quarterly basis: (i) the number of full-time equivalents that the Company hires to perform work associated with SJG EE programs; (ii) the number of full-time equivalents that entities under contract with the Company hire to perform work with the SJG EE programs; (iii) the number of SJG EE program participants; (iv) repayment metrics such as, but not limited to, loan performance; and (v) SJG EE program expenditures and commitments.

36. Specific to the OPOWER pilot program, the Company will report on a quarterly basis: (i) projected and actual participation rates; (ii) nature of behavioral changes; (iii) baseline and actual energy savings; and (iv) all other metrics collected from the control group. The Company will provide a description of all metrics proposed to be collected from the control group to BPU staff for approval at least 30 days prior to the launch of the pilot program.

37. The Company agrees to work collaboratively with the Parties and meet on a regular basis over the next eighteen months, but no less than quarterly, to discuss future EE program design, measurement and verification, and data acquisition. The following issues to be addressed in this collaborative process include, but are not limited to, the following:

- a) Standardization of program elements among utilities offering similar programs, including a goal for percentage of projects to be completed in distressed communities;
- b) Standardization of evaluation processes and schedules;
- c) Standardization of data collection and reporting requirements;
- d) Development of energy savings targets;
- e) Development of standardized inputs and methodologies for cost-benefit analyses (“CBAs”) including a standardized method for determination of avoided electric capacity costs and avoided electric and gas distribution costs;
- f) Assuring that utility programs provide incremental benefits that exceed their incremental costs;
- g) Consideration of the revenue and cost impacts resulting from providing incentives to customers converting to natural gas from other fuels; and
- h) Focusing utility programs on markets that are not adequately served by NJCEP programs.

38. All future cost-benefit analyses (“CBAs”) of the Company’s energy efficiency programs will include the following five cost-benefit tests: the Participant Cost Test (“PCT”), the Program Administrator Cost (“PAC”) Test, the Ratepayer Impact Measure (“RIM”) Test, the Total Resource Cost (“TRC”) Test, and the Societal Cost Test (“SCT”). The Company agrees to include the following in future CBAs:

- a) Identification and explanation of which incentives are to be provided by the company and which by NJCEP;
- b) An estimate of the hypothetical participation rates that would be achieved by the

NJCEP programs in the absence of SJG's programs and its supplementary incentives.

- c) The Company will present cost-benefit analyses based on the incremental effect of the utility's programs in addition to the combined-impact CBA that the Company currently provides.
- d) The Company will ensure that its costs and benefits reflect consistent assumptions such that it matches expected incentives to expected incremental costs.
- e) The participant benefit/utility cost associated with interest-free loans will be calculated as the present-value sum of the foregone interest payments, and not as the simple sum.

39. The Parties agree that the Company will commence an independent evaluation of the EE programs by January 1, 2016 to be completed no later than September 1, 2016, and will include, but is not limited to, analyses of the following issues:

- a) What is the incremental benefit of the SJG incentives, over and above the NJCEP-provided incentives?
- b) What modifications to the budgets, marketing approaches, and/or target participation rates would enhance the effectiveness and cost-effectiveness of SJG's programs?
- c) Are customer audits effective at encouraging customers into whole-house or whole-facility programs? Are there ways the realization rate for this transition could be improved?
- d) What insight can be gained into the true magnitudes of the free-ridership and spillover effects?

40. The Company will provide the results of the evaluation, together with all supporting data, analysis and workpapers, to BPU Staff and Rate Counsel no later than September 1, 2016 and will meet with BPU Staff and Rate Counsel no later than October 1, 2016 to discuss the outcome from this evaluation and any implications to be considered for future SJG EE program modifications.

41. The Parties agree that to the extent that the Company requires an extension of

time for submittal of the evaluation referenced in paragraphs 39 and 40, the Company will advise Board Staff and Rate Counsel, at least 30 days before the due date, so that a mutually acceptable date for submittal can be agreed upon.

42. The effective date of this Stipulation and tariffs shall be September 1, 2015 unless otherwise specified by the Board in its Order considering this Stipulation. The Company shall provide compliance tariff sheets reflecting the Board's decision in this matter within five days of being served the Board Order but no later than August 29, 2015 unless otherwise specified by the Board.

43. 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.

44. 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, the Company, 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. Also, all rates are subject to Board audit.

45. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

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
Ira G. Megdal, Esquire
Cozen O'Connor

JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW
JERSEY
Attorney for Staff of the Board of Public Utilities

By: Veronica Beke
Veronica Beke
Deputy Attorney General

DIVISION OF RATE COUNSEL
Stefanie Brand, Esq.
Director

BY Kurt S. Lewandowski
Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel

Dated: August 6, 2015

SJG WHOLE BUILDING Energy Efficiency Programs Home Performance and Finance Energy Efficiency Program Description

Description of Program	Through this program, SJG will offer eligible customers an aggressive financial package to assist in obtaining whole house energy efficiency, comfort and savings. SJG will provide customers who choose to opt for Tier III of the Home Performance with Energy Star Program up-front financing for up to 100% of the cost of the energy reducing measures at zero (0) interest. The customer will be responsible to repay the loan to SJG over a ten (10) year period.		
Market Segment/ Efficiency Targeted	All residential customers within SJG's service territory that are not income eligible for CLEP Low Income Program services. The purpose of this program is to aggressively boost participation in the NJ Home Performance with Energy Star Program®, and to achieve comprehensive energy savings through additional incentives and financing.		
Delivery Method	This program will be delivered through certified home energy auditors, trained external heating, home improvement and energy service contractors.		
Estimated Program Participants	It is estimated that this plan would generate 4,340 completed homes within the SJG territory.	Estimated Therm Savings and Environmental Benefits	Average annual savings are expected to be 35.2dth per home for a program total of 152,768 dth saved annually. Over a 20 year life, it is expected that 3,055,360 dth will be saved. Environmental savings will amount to 8,124 metric tons of CO2 saved annually, and 162,490 metric tons saved over a 20 year life; as well as 6.4 metric tons of NOx saved annually and 127.8 metric tons saved over a 20 year life.
Link to Existing Programs	This program will link to the Clean Energy Program Low Income, and the NJ Home Performance with Energy Star® program.		

SJG WHOLE BUILDING Energy Efficiency Programs Home Performance and Finance Energy Efficiency Program Description

Existing Incentives	Please refer to the NJCEP website: www.njcleanenergy.com	Proposed Incentive	SJG will offer eligible customers an aggressive financial package to assist in obtaining whole house energy efficiency, comfort and savings. SJG will provide qualifying customers who choose to opt for the Home Performance with Energy Star Program, and can achieve a minimum savings of 20%, with up-front financing for 100% of the cost at zero (0) percent interest. The customer will be responsible to repay the loan over a ten (10) year period. This loan offer will be capped at \$10,000 and it is intended that the customer will pay approximately \$83 per month after all NJCEP applicable rebates are assigned.
Estimated Avoided Air Emissions	All savings data will be calculated by the Clean Energy Program Market Manager, according to their approved protocols.		
Anticipated Job Creation	It is anticipated that there will be a need for additional hiring by HVAC contractors for the volume of work to be generated, along with the retention of 174 jobs that were previously created by the EET program. It is also anticipated that the equivalent of three (3) employees will continue to be needed within SJG to administer and market the programs to both contractors and the public. These three (3) SJG employees will be allocated across all of the EET programs. It is also anticipated that additional resources could be needed to assist in the management of the loan process.		
Marketing Approach	SJG will engage in a multi-tiered approach, marketing to service providers and homeowners through the utilization of direct mail, print and broadcast media channels, bill stuffers, website, community outreach and education, trade ally programs, call center “up-selling”, and contacting customers who have accessed SJG’s Take Control of Your Gas Bill Dashboard.		
Contractor Role	It will be the role of firms who specialize in training, home auditing, home improvement and energy services, to promote, manage, and implement this program. This program will be coordinated between the services of the Residential Market Manager of the NJCEP and SJG.		

SJG WHOLE BUILDING Energy Efficiency Programs Enhanced Residential HVAC Rebate Program Description

<p>Description of Program</p>	<p>Currently, the overwhelming majority of customers with existing HVAC equipment that is being replaced due to immediate or imminent equipment failure opt for standard efficiency for their new units. In order to get on track toward the Energy Master Plan savings targets, the state would need nearly every customer faced with an equipment decision to select high efficiency equipment. Since this decision will most likely only be made once by most households between now and the next twenty (20) years, it is critical to start significantly influencing those purchases now.</p> <p>Accordingly, SJG will offer qualifying customers up to \$6,500 with no down payment and at zero (0) percent interest to finance qualifying central heating and water heating systems, installed concurrently. Customers would be obligated to repay the loans over a 60 month period.</p> <p>Alternatively, customers that do not participate in this financing program will be eligible to receive an enhanced rebate of \$500 for the concurrent installation of a qualifying Warm Advantage central heating and water heating system. To qualify for the enhanced rebate, customers will be required to have a Home Performance with Energy Star (HPwES) audit. These audits will be performed by a certified contractor(s), and would run through the NJCEP program channels for work approvals and the calculation of customer and contractor incentives.</p>
<p>Market Segment/ Efficiency Targeted</p>	<p>Residential customers that have existing HVAC equipment needing immediate or imminent replacement. The program will motivate the installation of high efficiency HVAC and safe water heating equipment, and the installation of additional energy conservation measures. This program will target customers in older existing homes with good potential for whole house energy savings. This program will be utilized as a “driver” to move customers to the proposed Home Performance and Finance Energy Efficiency Program.</p>

**SJG WHOLE BUILDING Energy Efficiency Programs
Enhanced Residential HVAC Rebate Program Description**

<p>Delivery Method</p>	<p>This program will be directly promoted to customers through HVAC contractors. SJG will work with an outside vendor to process incremental rebates. HPwES contractors will perform Tier 1 audits, and will implement Tier II and Tier III improvements, under the Home Performance and Finance Energy Program.</p>		
<p>Estimated Program Participants</p>	<p>It is anticipated that 2,044 customers will participate in this program.</p>	<p align="center">Estimated Therm Savings and Environmental Benefits</p>	<p>It is estimated that the average customer will save approximately 109 therms per year by upgrading to an energy efficient heating and water heating system. It is estimated that this program will generate a total savings of 22,279 dth annually, by the end of the program. Based upon the annual savings, it is estimated that 445,580dth will be saved over the life of the equipment. It is also estimated that 1,185 metric tons of CO₂ will be saved annually, with 23,697 metric tons saved over the 20 year life of the heating equipment; as well as 0.9 metric tons of NO_x annually and 18.6 metric tons over the 20 year life of the heating equipment.</p>

SJG WHOLE BUILDING Energy Efficiency Programs Enhanced Residential HVAC Rebate Program Description

<p>Link to Existing Programs</p>	<ul style="list-style-type: none"> • WARM Advantage • COOL Advantage • Home Performance with Energy Star 		
<p>Existing Incentives</p>	<p>WARM Advantage \$250 - \$500 per heating system, and up to \$1,000 for a qualifying heating and water heating system.</p> <p>HPES Tier I- NJCEP discount on the cost of the audit. Tier II- NJCEP Program offers up to \$1,000 for air and duct sealing. Tier III- choice of rebates ranging from 10% to 50% of the improvements with total rebate cap of \$5,000 or low cost financing through a 3rd party.</p>	<p>Proposed Incentive</p>	<p>SJG will offer up to \$6,500 with no down payment and at zero (0) percent interest to finance qualifying central heating and water heating systems, installed concurrently. Loans would be repaid over a sixty month term. Alternatively, customers who do not participate in the financing plan will be eligible to receive a \$500 incremental rebate to upgrade to an energy efficient heating and water heating system. To qualify for the enhanced rebate, customers will be required to have a Home Performance with Energy Star (HPwES) audit.</p>
<p>Estimated Avoided Air Emissions</p>	<p>All savings will be calculated by the Clean Energy Program Manager, according to approved protocols</p>		

SJG WHOLE BUILDING Energy Efficiency Programs Enhanced Residential HVAC Rebate Program Description

Anticipated Job Creation	It is anticipated that there will be a need for additional hiring by HVAC contractors for the volume of work to be generated, along with the retention of 174 permanent jobs that have been created as a result of bringing the HVAC and Home Performance Programs to the Southern New Jersey region. This program will create the need for additional installers, auditors, and clerical staff. It is also anticipated that the equivalent of three (3) employees will continue to be needed within SJG to administer and market the programs to both contractors and the public. These three (3) SJG employees will be allocated across all of the EET programs. It is also anticipated that additional resources could be needed to assist in the management of the loan process.
Marketing Approach	This program will be marketed using multi-layered approaches. SJG will market the program directly to customers, and will work with local HVAC contractors to ensure that they understand the additional rebates available and the associated requirements. This program will also be used as an initiative to motivate customers to participate in the Home Performance with Energy Star Program.
Contractor Role	It will be the role of any local HVAC contractor who is currently engaged in equipment replacement to make the customer aware of the enhanced rebate opportunity. The program will be coordinated with the residential market manager of the NJCLEP, with assistance from SJG.

**SJG WHOLE BUILDING Energy Efficiency Programs
Non Residential Energy Efficiency Investment Program Description**

Description of Program	This program is designed to generate large energy savings for larger commercial / industrial customers, including but not limited to, multifamily housing complexes, institutions, municipal complexes, schools, medical facilities, hotels, casinos, and industrial users. The program will provide a zero (0) percent financing option up to a maximum of \$100,000 for a 5-year period to qualifying SJG non-residential customers. The total financed amount will not exceed the total project cost, less all NJCEP rebates and incentives. The needs of the customer would be assessed by a representative of the NJ Clean Energy Program (NJCEP) Market Manager and the project would be coordinated with the NJCEP Market Manager.
Market Segment/ Efficiency Targeted	The plan is applicable to all nonresidential customers within the SJG service territory, however the program will be specifically targeted to larger commercial / industrial customers, housing complexes (both affordable and market based), and the above named groups of customers mentioned earlier.
Delivery Method	The selection of program delivery personnel will be determined by SJG. Program implementation and sales will include outside resources, along with SJG staff. The actual work will be performed by area mechanical contractors, engineering firms, and energy services companies. This program will be offered in cooperation with the assistance of the current NJCEP Commercial Market Manager.

**SJG WHOLE BUILDING Energy Efficiency Programs
Non Residential Energy Efficiency Investment Program Description**

<p>Estimated Program Participants</p>	<p>It is estimated that 40 customers will participate in this program.</p>	<p>Estimated Therm Savings and Environmental Benefits</p>	<p>The savings calculations will be performed by the Commercial Market Manager for the NJCEP. However, based upon the average expected customer savings of 2,692 dth annually, it is estimated that this program could generate savings of 107,680 dth annually. Over a 20 year mechanical life, it is estimated that 2,153,600 dth will be saved. Those savings are estimated to save 5,727 metric tons of CO2 annually, and 114,532 metric tons of CO2 over the life of the equipment; as well as 4.5 metric tons of NOx annually and 90 metric tons of NOx over the life of the equipment.</p>
<p>Link to Existing Programs</p>	<p>Link to the New Jersey Clean Energy Program SmartStart, Pay for Performance and Custom Measures Programs.</p>		
<p>Existing Incentives</p>	<p>See NJCEP website: www.njcleanenergy.com/commercial-industrial/home/home</p>		

SJG WHOLE BUILDING Energy Efficiency Programs Non Residential Energy Efficiency Investment Program Description

Proposed Incentives	SJG will provide financing up to \$100,000 at zero (0) percent interest for a five (5) year period to any qualifying non-residential customer. The total financed amount will not exceed the total project cost, less all NJCEP rebates and incentives.
Estimated Avoided Air Emissions	Will follow approved NJCEP Protocol.
Anticipated Job Creation	This program will retain 14 installers, and a variety of sales, administrative and engineering positions.
Marketing Approach	SJG will utilize a multi-level marketing approach. This program will require marketing from energy service providers and developers, coupled with web site applications, heavy business outreach and education, trade ally programs, trade publications, and contractor outreach.
Contractor Role	It will be the role of energy service contracting firms, energy engineering companies, and engineers who specialize in large applications, to promote, design, and install energy efficiency measures. The program will be coordinated with the commercial market manager of the NJCEP, with assistance from SJG.

**SJG WHOLE BUILDING Energy Efficiency Programs
Commercial Customer Direct Install Financing Program**

Description of Program	This program will encourage participation and implementation of qualified measures or improvements identified by the 2015 NJCEP Direct Install program. The current Clean Energy Plan targets customers with electric demand of < 200 KW demand, however the plan is silent on the size of customers based upon natural gas usage. It is therefore anticipated that SJG will offer qualifying commercial customers whose electric demand is not greater than 200KW, zero (0%) percent financing for 30% of the total cost of the project up to \$53,571, to install approved energy efficient technologies for a 3 year period.
Market Segment/ Efficiency Targeted	The program will be marketed to all SJG customers who can install measures which are eligible for the NJCEP Direct Install program.
Delivery Method	The improvements will be delivered consistent with existing Direct Install channels. SJG will work with the NJCEP Commercial Market Manager to raise awareness of new financing options with active contractors and commercial customers. This program will also be supported by managerial and sales staff provided by SJG.

**SJG WHOLE BUILDING Energy Efficiency Programs
Commercial Customer Direct Install Financing Program**

<p>Estimated Program Participants</p>	<p>It is estimated that 100 customers will participate in this program.</p>	<p>Estimated Therm Savings and Environmental Benefits</p>	<p>Energy savings which result from this program will be calculated by the NJCEP Market Manager, according to approved protocols. However, based upon on a small commercial customer's average use of 396 dth/yr, a 15% energy savings would produce savings of over 59 dth/yr per customer, totaling 5,940 dth annually or 118,800dth in lifetime savings. The program is also estimated to save 316 metric tons of CO2 annually and 6,318 metric tons of CO2 over the expected life of the mechanical equipment; as well as 0.25 metric tons of NOx annually and 5 tons of NOx over the life of the mechanical equipment.</p>
<p>Link to Existing Programs</p>	<p>Directly linked to NJCEP Direct Install program.</p>		

**SJG WHOLE BUILDING Energy Efficiency Programs
Commercial Customer Direct Install Financing Program**

Existing Incentives	Direct Install- NJCEP currently provides 70 percent of the costs of the recommended measures.	Proposed Incentives	SJG will provide zero (0) percent financing for 30% of the total cost of installing the recommended measures, up to \$53,571.
Estimated Avoided Air Emissions	To be calculated by the NJCEP Market Manager, according to approved protocols.		
Anticipated Job Creation	It is anticipated that this program would retain 6 installers, and a variety of sales, and administrative staff personnel.		
Marketing Approach	SJG will partner with the NJCEP Market Manager, and other local energy engineering firms, to promote this program by working with contractors, local business organizations, Chambers of Commerce, industry and trade groups. SJG will also frequently promote this offer through our website and various print publications.		
Contractor Role	It will be the role of energy service contracting firms, energy engineering companies, and engineers who specialize in large applications, to promote, design, and install energy efficiency measures. The program will be coordinated with the commercial market manager of the NJCLEP, with assistance from SJG.		

Social Marketing and Education Program

Program Description

South Jersey Gas will contract with OPOWER to conduct a 2-year program to serve as both an energy-efficiency program that influences customer behavior, and as a means to leverage customer participation in other energy-efficiency and conservation programs. As part of this program, approximately 170,000 residential customers will receive four (4) mailed communication pieces per year that provide relevant information on their energy usage, supplemented with digital communications throughout the year. There will also be a web portal available to customers interested in exploring their energy usage further and in discovering additional utility or statewide programs that may be available to them. Through the use of control groups, this program has been shown to be successful in reducing customer energy usage cost-effectively by the transfer of information alone, and also in increasing customer participation rates in companion energy-efficiency programs. OPOWER will maintain a control group of SJG customers to allow result verification within our service territory.

Target Market and Availability

This program will be targeted to residential customers throughout the SJG service territory based on energy usage. This program will follow the standard approach to running behavioral programs by establishing a randomized trial that includes treatment and control groups. The platform will be designed to follow the evaluation protocol standards of the US Department of Energy.

Offerings and Customer Incentives

This program is designed to motivate customers to reduce their energy consumption, and their environmental footprint, by comparing them to other similar homeowners through customized energy reports.

Delivery Method

This program will be directly promoted to customers through a partnership with OPOWER. This company is well known throughout the energy industry, and is guided by respected former energy regulators. This program has been successfully implemented in New Jersey since 2010 as part of New Jersey Natural Gas Company's SAVEGREEN Program. OPOWER serves more than 90 utility partners and their solutions have been deployed to millions of homes and businesses across North America, Europe and Asia.

Anticipated Program Participants and Related Savings Estimates

It is anticipated that 170,000 customers will participate in this program over a two (2) year period. It is anticipated that during the two (2) year life of the program, 84,241 dth savings can be claimed. In terms of environmental benefits, over the two (2) year life of the program, it is expected that 4,480 metric tons of CO₂ will be saved and 3.5 metric tons of NO_x will be saved.

Anticipated Job Creation Estimates

This program is not expected to generate full time employment; however it may require the need for some temporary staff.

NJCEP Similarities and Differences

This program is not tied to any of the current NJCEP programs. However, it will be similar to the program approved by the NJBPU for New Jersey Natural Gas in 2010.

NJCEP Program Complements

The SJG initiative will not complement the NJCEP. The SJG initiative will geographically complement the existing New Jersey Natural Gas Program, which has been in existence since 2010.

Budget

South Jersey will commit up to \$2,009,546 for this program segment over a two (2) year timeframe.

South Jersey Gas Company
Sep 2015 - Aug 2017 EEP Budget

	Home Performance	Enhanced HVAC	Commercial Direct Install	Non- Residential	OPOWER	Total
Administration and Program Development	\$ 204,129	\$ 189,830	\$ 55,365	\$ 106,756	\$ 29,600	\$ 585,680
Sales / Call Center/ Marketing / Website	\$ 260,325	\$ 260,325	\$ 129,424	\$ 129,424	\$ 196,600	\$ 976,099
Training	\$ 63,216	\$ 63,216	\$ -	\$ -	\$ 4,800	\$ 131,232
Rebate Processing / Inspections / Quality Control - External	\$ 233,157	\$ 233,157	\$ 37,584	\$ 75,168	\$ -	\$ 579,067
Evaluation	\$ 45,960	\$ 73,663	\$ 29,435	\$ 50,942	\$ 48,000	\$ 248,000
Total Incremental O & M	<u>\$ 806,787</u>	<u>\$ 820,192</u>	<u>\$ 251,809</u>	<u>\$ 362,290</u>	<u>\$ 279,000</u>	<u>\$ 2,520,077</u>
Total Incremental Investment	\$ 26,317,002	\$ 3,169,000	\$ 1,400,000	\$ 1,200,000	\$ 1,730,546	\$ 33,816,548
Total Budget	<u>\$ 27,123,789</u>	<u>\$ 3,989,192</u>	<u>\$ 1,651,809</u>	<u>\$ 1,562,290</u>	<u>\$ 2,009,546</u>	<u>\$ 36,336,626</u>

South Jersey Gas Company
Energy Efficiency Program Extension
Annual Revenue Requirements

	Year 1	Year 2	Year 3	Year 4
<u>DIRECT PROGRAM INVESTMENTS</u>				
Annual Investment	\$ 1,329,102	\$ 1,152,444	\$ -	\$ -
Cumulative Investment	\$ 1,329,102	\$ 2,481,546	\$ 2,481,546	\$ 2,481,546
Less Accumulated Amortization	\$ (132,704)	\$ (434,960)	\$ (789,466)	\$ (1,143,973)
Less Accumulated Deferred Tax	\$ (488,728)	\$ (836,031)	\$ (691,215)	\$ (546,399)
Net Investment	\$ 707,669	\$ 1,210,556	\$ 1,000,865	\$ 791,175
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	\$ 61,187	\$ 120,143	\$ 115,402	\$ 93,342
Incremental O&M Pre Tax	\$ 274,869	\$ 196,958	\$ -	\$ -
Pre Tax Amortization	\$ 132,704	\$ 302,256	\$ 354,507	\$ 354,507
Operating Income	\$ 468,760	\$ 619,356	\$ 469,908	\$ 447,849
Revenue Factor	1.08209	1.08209	1.08209	1.08209
Revenue Requirement	\$ 507,240	\$ 670,199	\$ 508,483	\$ 484,613
Revenue Requirement Excluding SUT	\$ 474,056	\$ 626,354	\$ 475,218	\$ 452,909
<u>LOANS</u>				
Annual Investment	\$ 16,919,012	\$ 14,415,990	\$ -	\$ -
Less Loan Repayments	\$ (872,133)	\$ (2,768,672)	\$ (3,821,967)	\$ (3,718,633)
Net Investment	\$ 16,046,879	\$ 11,647,318	\$ (3,821,967)	\$ (3,718,633)
Cumulative Investment	\$ 16,046,879	\$ 27,694,198	\$ 23,872,231	\$ 20,153,598
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	\$ 1,011,717	\$ 2,435,950	\$ 2,695,641	\$ 2,297,681
Incremental O&M Pre Tax	\$ 1,086,371	\$ 961,879	\$ -	\$ -
Operating Income	\$ 2,098,089	\$ 3,397,829	\$ 2,695,641	\$ 2,297,681
Revenue Factor	1.08209	1.08209	1.08209	1.08209
Revenue Requirement	\$ 2,270,321	\$ 3,676,757	\$ 2,916,926	\$ 2,486,298
Revenue Requirement Excluding SUT	\$ 2,121,795	\$ 3,436,222	\$ 2,726,099	\$ 2,323,643
<u>RATE CALCULATION</u>				
Revenue Requirement For Direct Investments Excluding Taxes	\$ 474,056	\$ 626,354	\$ 475,218	\$ 452,909
Revenue Requirement For Loans Programs Excluding Taxes	\$ 2,121,795	\$ 3,436,222	\$ 2,726,099	\$ 2,323,643
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ -	\$ 174,843	\$ (1,651)	\$ (849)
Total Revenue Requirements	\$ 2,595,851	\$ 4,237,419	\$ 3,199,666	\$ 2,775,703
Therms	619,355,430	557,130,037	557,130,037	557,130,037
Rate Per Therm Excluding SUT	\$ 0.004191	\$ 0.007606	\$ 0.005743	\$ 0.004982
Rate Per Therm Including SUT	\$ 0.004494	\$ 0.008156	\$ 0.006159	\$ 0.005342
<u>Annual Bill Impact</u>				
Residential Non Heat (200 Therms)	\$ 0.90	\$ 0.73	\$ (0.40)	\$ (0.16)
Residential Heat (776 Therms)	\$ 3.49	\$ 2.84	\$ (1.55)	\$ (0.63)
General Service (3,955 Therms)	\$ 17.77	\$ 14.49	\$ (7.90)	\$ (3.23)
General Service - Large Volume (179,482 Therms)	\$ 806.59	\$ 657.26	\$ (358.43)	\$ (146.64)

South Jersey Gas Company
Energy Efficiency Program Extension
Annual Revenue Requirements

	Year 5	Year 6	Year 7	Year 8
<u>DIRECT PROGRAM INVESTMENTS</u>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Cumulative Investment	\$ 2,481,546	\$ 2,481,546	\$ 2,481,546	\$ 2,481,546
Less Accumulated Amortization	\$ (1,498,479)	\$ (1,852,986)	\$ (2,207,492)	\$ (2,429,295)
Less Accumulated Deferred Tax	\$ (401,583)	\$ (258,767)	\$ (111,951)	\$ (21,345)
Net Investment	\$ 581,484	\$ 371,793	\$ 162,103	\$ 30,906
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	\$ 71,283	\$ 49,223	\$ 27,164	\$ 8,613
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 354,507	\$ 354,507	\$ 354,507	\$ 221,803
Operating Income	\$ 425,789	\$ 403,730	\$ 381,670	\$ 230,416
Revenue Factor	1.08209	1.08209	1.08209	1.08209
Revenue Requirement	\$ 460,742	\$ 436,872	\$ 413,002	\$ 249,330
Revenue Requirement Excluding SUT	\$ 430,600	\$ 408,292	\$ 385,983	\$ 233,019
<u>LOANS</u>				
Annual Investment	\$ -	\$ -	\$ -	\$ -
Less Loan Repayments	\$ (3,499,744)	\$ (3,201,375)	\$ (2,839,575)	\$ (2,631,700)
Net Investment	\$ (3,499,744)	\$ (3,201,375)	\$ (2,839,575)	\$ (2,631,700)
Cumulative Investment	\$ 16,653,854	\$ 13,452,479	\$ 10,612,904	\$ 7,981,204
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	\$ 1,918,374	\$ 1,566,421	\$ 1,250,253	\$ 966,514
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -
Operating Income	\$ 1,918,374	\$ 1,566,421	\$ 1,250,253	\$ 966,514
Revenue Factor	1.0821	1.0821	1.0821	1.0821
Revenue Requirement	\$ 2,075,853	\$ 1,695,009	\$ 1,352,886	\$ 1,045,856
Revenue Requirement Excluding SUT	\$ 1,940,050	\$ 1,584,120	\$ 1,264,380	\$ 977,435
<u>RATE CALCULATION</u>				
Revenue Requirement For Direct Investments Excluding Taxes	\$ 430,600	\$ 408,292	\$ 385,983	\$ 233,019
Revenue Requirement For Loans Programs Excluding Taxes	\$ 1,940,050	\$ 1,584,120	\$ 1,264,380	\$ 977,435
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ (698)	\$ (731)	\$ (597)	\$ (334)
Total Revenue Requirements	\$ 2,369,952	\$ 1,991,681	\$ 1,649,765	\$ 1,210,120
Therms	557,130,037	557,130,037	557,130,037	557,130,037
Rate Per Therm Excluding SUT	\$ 0.004254	\$ 0.003575	\$ 0.002961	\$ 0.002172
Rate Per Therm Including SUT	\$ 0.004562	\$ 0.003834	\$ 0.003175	\$ 0.002329
<u>Annual Bill Impact</u>				
Residential Non Heat (200 Therms)	\$ (0.16)	\$ (0.15)	\$ (0.13)	\$ (0.17)
Residential Heat (776 Therms)	\$ (0.61)	\$ (0.56)	\$ (0.52)	\$ (0.65)
General Service (3,955 Therms)	\$ (3.09)	\$ (2.88)	\$ (2.60)	\$ (3.35)
General Service - Large Volume (179,482 Therms)	\$ (140.00)	\$ (130.66)	\$ (118.28)	\$ (151.84)

**South Jersey Gas Company
Energy Efficiency Program Extension
Annual Revenue Requirements**

	<u>Year 9</u>	<u>Year 10</u>	<u>Year 11</u>	<u>Year 12</u>	<u>Year 13</u>
<u>DIRECT PROGRAM INVESTMENTS</u>					
Annual Investment	\$ -	\$ -	\$ -	\$ -	\$ -
Cumulative Investment	<u>\$ 2,481,546</u>	<u>\$ 2,481,546</u>	<u>\$ 2,481,546</u>	<u>\$ 2,481,546</u>	<u>\$ 2,481,546</u>
Less Accumulated Amortization	\$ (2,481,546)	\$ (2,481,546)	\$ (2,481,546)	\$ (2,481,546)	\$ (2,481,546)
Less Accumulated Deferred Tax	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Net Investment	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	<u>\$ 535</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Pre Tax Amortization	\$ 52,251	\$ -	\$ -	\$ -	\$ -
Operating Income	<u>\$ 52,786</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>
Revenue Factor	1.08209	1.08209	1.08209	1.08209	1.08209
Revenue Requirement	<u>\$ 57,119</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>
Revenue Requirement Excluding SUT	<u>\$ 53,382</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ (0)</u>
<u>LOANS</u>					
Annual Investment	\$ -	\$ -	\$ -	\$ -	\$ -
Less Loan Repayments	\$ (2,631,700)	\$ (2,631,700)	\$ (2,016,825)	\$ (700,975)	\$ -
Net Investment	<u>\$ (2,631,700)</u>	<u>\$ (2,631,700)</u>	<u>\$ (2,016,825)</u>	<u>\$ (700,975)</u>	<u>\$ -</u>
Cumulative Investment	\$ 5,349,504	\$ 2,717,805	\$ 700,979	\$ 4	\$ 4
Rate of Return (Pre Tax)	10.52%	10.52%	10.52%	10.52%	10.52%
Required Net Operating Income (Based on Avg. Annual Investment)	<u>\$ 689,660</u>	<u>\$ 412,805</u>	<u>\$ 159,713</u>	<u>\$ 22,525</u>	<u>\$ 0</u>
Incremental O&M Pre Tax	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Income	<u>\$ 689,660</u>	<u>\$ 412,805</u>	<u>\$ 159,713</u>	<u>\$ 22,525</u>	<u>\$ 0</u>
Revenue Factor	1.0821	1.0821	1.0821	1.0821	1.0821
Revenue Requirement	<u>\$ 746,274</u>	<u>\$ 446,692</u>	<u>\$ 172,824</u>	<u>\$ 24,374</u>	<u>\$ 0</u>
Revenue Requirement Excluding SUT	<u>\$ 697,452</u>	<u>\$ 417,469</u>	<u>\$ 161,518</u>	<u>\$ 22,779</u>	<u>\$ 0</u>
<u>RATE CALCULATION</u>					
Revenue Requirement For Direct Investments Excluding Taxes	\$ 53,382	\$ (0)	\$ (0)	\$ (0)	\$ (0)
Revenue Requirement For Loans Programs Excluding Taxes	\$ 697,452	\$ 417,469	\$ 161,518	\$ 22,779	\$ 0
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs	\$ (202)	\$ 92	\$ 229	\$ 199	\$ 153
Total Revenue Requirements	<u>\$ 750,633</u>	<u>\$ 417,561</u>	<u>\$ 161,747</u>	<u>\$ 22,978</u>	<u>\$ 153</u>
Therms	557,130,037	557,130,037	557,130,037	557,130,037	557,130,037
Rate Per Therm Excluding SUT	<u>\$ 0.001347</u>	<u>\$ 0.000749</u>	<u>\$ 0.000290</u>	<u>\$ 0.000041</u>	<u>\$ -</u>
Rate Per Therm Including SUT	<u>\$ 0.001444</u>	<u>\$ 0.000803</u>	<u>\$ 0.000311</u>	<u>\$ 0.000044</u>	<u>\$ -</u>
<u>Annual Bill Impact</u>					
Residential Non Heat (200 Therms)	\$ (0.17)	\$ (0.13)	\$ (0.10)	\$ (0.05)	\$ (0.01)
Residential Heat (776 Therms)	\$ (0.69)	\$ (0.50)	\$ (0.38)	\$ (0.21)	\$ (0.03)
General Service (3,955 Therms)	\$ (3.50)	\$ (2.53)	\$ (1.95)	\$ (1.06)	\$ (0.17)
General Service - Large Volume (179,482 Therms)	\$ (158.84)	\$ (115.05)	\$ (88.31)	\$ (47.92)	\$ (7.90)

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 6
Superseding First Revised Sheet No. 6**

RESIDENTIAL SERVICE (RSG)

APPLICABLE TO USE OF SERVICE FOR:

All residential purposes. Customer may elect Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service RSG, a customer must hold clear and marketable title to gas that is made available for delivery to the customer's residence on the Company's system.

CHARACTER OF SERVICE Firm Sales Service and Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge: \$9.6300 per month

Delivery Charge:

(a) All consumption for customers who elected to transfer from Firm Sales Service to Firm Transportation Service \$~~.650293645799~~ per therm

(b) All consumption for customers who elect Firm Sales Service \$~~.650293645799~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service. See Rider "A" of this Tariff.

APPLICABLE RIDERS:

Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff.

Transportation Initiation Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "C" of this Tariff.

Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.

Temperature Adjustment Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "F" of this Tariff.

1) Please refer to Appendix A for components of Monthly Rates and Price to Compare

Issued _____
by South Jersey Gas Company,
J. DuBois, President

Effective with service rendered
on and after _____

Filed pursuant to Order in Docket No. _____ of the Board of
Public Utilities, State of New Jersey, dated _____

SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 10
Superseding First Revised Sheet No. 10**

GENERAL SERVICE (GSG)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule. A customer qualifying for service under Rate Schedule GSG may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$29.1575 per month

Delivery Charges:

(a) All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service

All therms \$~~.543577539083~~ per therm

(b) All consumption for customers who elect Firm Sales Service

All therms \$~~.543577539083~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service

See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (o).

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 14
Superseding First Revised Sheet No. 14**

GENERAL SERVICE – LARGE VOLUME (GSG-LV)

APPLICABLE TO USE OF SERVICE FOR:

All Commercial and Industrial Customers who would not qualify for any other Rate Schedule (other than Rate Schedule GSG), and who has an annualized usage of 100,000 therms or more,. A customer qualifying for service under Rate Schedule GSG-LV may elect either Firm Sales Service or Firm Transportation Service. To be eligible for Firm Transportation Service under this Rate Schedule GSG-LV, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:

\$160.50 per month

Delivery Charges:

- (a) All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service ⁽²⁾

Demand Charge:

D-1FT: \$9.630000 per Mcf of Contract Demand

Volumetric Charge:

C-1FT: \$~~3.48675344184~~ per therm

- (b) All consumption for customers who elect Firm Sales Service

Demand Charge:

D-1: \$9.630000 per Mcf of Contract Demand

Volumetric Charge:

C-1: \$~~3.48675344184~~ per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates and Price to Compare.

⁽²⁾ See Special Provision (p) of this Rate Schedule GSG-LV, regarding appropriate balancing charges.

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on and after _____

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 19
Superseding First Revised Sheet No. 19**

COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

APPLICABLE TO USE OF SERVICE FOR:

All customers having a Firm Contract Demand, and an average annual daily Firm usage of 100 Mcf per day or more. To be eligible for service under this Rate Schedule CTS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system. Provided, however, that any customer receiving service under this Rate Schedule CTS prior to August 29, 2003 shall continue to be eligible to receive service under this Rate Schedule CTS, notwithstanding the foregoing, if said customers continues to have a Firm Contract Demand of 100 Mcf per day or more. Further provided, however, that if a customer ceases to receive service under this Rate Schedule CTS, and seeks to return to service under this Rate Schedule CTS, said customer must meet all requirements for eligibility as though applying for service in the first instance.

CHARACTER OF SERVICE:

Firm Transportation Service and Limited Firm Transportation Service

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge: \$642.00 per month

Delivery Charges:

Demand Charge: D-IFT: \$29.3408 per Mcf of Contract Demand

Volumetric Charges:

C-IFT:

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service \$100668096174 per therm

Limited Firm:

Customer Charge: \$107.00 per month

Delivery Charges:

Volumetric Charges:

C-IFT:

All consumption for customers who elected to transfer from Sales Service to Firm Transportation Service \$127726123232 per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 27
Superseding First Revised Sheet No. 27**

LARGE VOLUME SERVICE (LVS)

APPLICABLE TO USE OF SERVICE FOR:

Firm Sales Service and Firm Transportation Service pursuant to this Rate Schedule LVS, shall be available to all Industrial Customers with a Contract Demand and a minimum annualized average use of 200 Mcf per day. To be eligible for Firm Transportation Service under this Rate Schedule LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service, Limited Firm Sales Service, Firm Transportation Service, and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Firm:

Customer Charge:

\$963.0000 per month

Delivery Charge:

- (a) All consumption for customers who elected to transfer from Firm Sales Service to Firm Transportation Service

Demand Charge:

D-1FT: \$15.926100 per Mcf of Contract Demand

Volumetric Charge:

C-1FT: \$.100561096067 per therm

- (b) All consumption for customers who elect Firm Sales Service

Demand Charge:

D-1: \$15.926100 per Mcf of Contract Demand

Volumetric Charge:

C-1: \$.100561096067 per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 28
Superseding First Revised Sheet No. 28**

**LARGE VOLUME SERVICE (LVS)
(continued)**

Basic Gas Supply Service ("BGSS") Charge:

Demand Charge:

D-2: \$19.577874 per Mcf of Contract Demand.

Volumetric Charge:

C-2: See Rider "A" of this Tariff.

Limited Firm:

Customer Charge:

\$107.0000 per month

Delivery Charge:

- (a) All consumption for customers who elected to transfer from Firm Sales Service to Firm Transportation Service

Volumetric Charge:

C-1FT: \$.~~166426161932~~ per therm

- (b) All consumption for customers who elect Firm Sales Service

Volumetric Charge:

C-1FT: \$.~~166426161932~~ per therm

Basic Gas Supply Service ("BGSS") Charge:

Volumetric Charge:

C-2: See Rider "A" of this Tariff.

PRICE TO COMPARE:

The Company will provide the Price to Compare for an LVS customer, at said customer's request.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (h).

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Effective with service rendered
on and after _____

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SOUTH JERSEY GAS COMPANY

Second Revised Sheet No. 33

B.P.U.N.J. No. 11 - GAS

Superseding First Revised Sheet No. 33

FIRM ELECTRIC SERVICE (FES)

APPLICABLE TO USE OF SERVICE FOR:

All gas that is purchased or transported to generate electricity. Provided, however, that in order to qualify for this Rate Schedule FES, a customer must have a Winter Daily Contract Demand of 1,000 Mcf per day or more, or a Summer Daily Contract Demand of 2,000 Mcf per day or more, or both. To be eligible for Firm Transportation Service under this Rate Schedule FES, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service.

MONTHLY RATE ⁽¹⁾⁽²⁾

WINTER (November – March):

Demand Charge:

- D-1 \$3.100000 per Mcf of Winter Daily Contract Demand
- D-2 \$9.788936 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge:

- C-1: \$.065226060732 per therm of consumption
 - C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
 - C-3: \$.174300 per therm of consumption
 - C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.
- Minimum Bill:** The monthly D-1 and D-2 charges, irrespective of use.

SUMMER (April – October):

Demand Charge:

- D-1 \$3.1000 per Mcf of Summer Daily Contract Demand
- D-2 \$9.788936 per Mcf of Daily Billing Determinant or \$0 for Firm Transportation customers

Volumetric Charge:

- C-1: \$.065226060732 per therm of consumption
- C-2: FES Monthly Commodity Rate, pursuant to Rider "A" and Special Provision (x), OR Customer Owned Gas Clause, Rider "D"
- C-3: \$.174300 per therm of consumption
- C-4: Escalator Rate – Charge may change monthly pursuant to Standard Gas Service Addendum.

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ Please refer to Special Provision (p)

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 40
Superseding First Revised Sheet No. 40**

ELECTRIC GENERATION SERVICE (EGS)

APPLICABLE TO USE OF SERVICE FOR:

Residential, commercial and industrial uses for electric generation facilities; all Prime Movers; and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS, a customer must have a Firm Daily Contract Demand of less than 200 Mcf per day; provided, however, that a residential EGS customer will have no Firm Daily Contract Demand. To be eligible for Firm Transportation Service under this Rate Schedule EGS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service and Firm Transportation Service

MONTHLY RATE: ⁽¹⁾⁽²⁾

Residential Customer Charge:

\$9.630000 per month

Residential Delivery Charge

Residential Volumetric Charge:

\$ ~~246426241932~~ per therm

Commercial and Industrial Customer Charge:

\$26.75 per month

Commercial and Industrial Delivery Charge:

Commercial and Industrial Demand Charge:

D-I Charge:

\$6.955000 per Mcf of contract

Volumetric Charges:

Winter Season (effective during billing months of November through March):

All Consumption for Firm Sales Service

\$ ~~236661232467~~ per therm

All Consumption for Firm Transportation Service

\$ ~~236661232467~~ per therm

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ See Special Provision (k) of this Rate Schedule EGS, regarding appropriate balancing charges.

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SOUTH JERSEY GAS COMPANY

Second Revised Sheet No. 41

B.P.U.N.J. No. 11 - GAS

Superseding First Revised Sheet No. 41

ELECTRIC GENERATION SERVICE (EGS)
(Continued)

Summer Season (effective during billing months of April through October):

	All Consumption for Firm Sales Service	\$.204561200067 per therm
	All Consumption for Firm Transportation Service	\$.204561200067 per therm

Basic Gas Supply Service ("BGSS") Charge:

All Consumption See Rider "A" of this Tariff.

LINE LOSS:

Line Loss shall be 1.43% as provided in Special Provision (p).

APPLICABLE RIDERS:

Basic Gas Supply Service Clause:	BGSS charges are depicted in Rider "A" of this Tariff.
Societal Benefits Clause:	The rates set forth above have been adjusted, pursuant to Rider "E" of this Tariff.
Balancing Service Clause	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "J" of this Tariff. However, also see Special Provision (k) regarding Rider "I".
Energy Efficiency Tracker:	The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "N" of this Tariff.

TERMS OF PAYMENT:

Payment of all bills must be received in full at the Company's designated office within fifteen (15) days of the billing date; provided however, the Company shall take into account any postal service delays of which the Company is advised. If the fifteenth (15th) day falls on a non-business day, the due date shall be extended to the next business day. Should the customer fail to make payment as specified, the Company may, beginning on the twenty-sixth (26th) day, assess simple interest at a rate equal to the prime rate as published in the Money Rates column in The Wall Street Journal. A late payment charge shall not be assessed on a residential customer, or on State, county or municipal government entities.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

**Second Revised Sheet No. 45
Superseding First Revised Sheet No. 45**

ELECTRIC GENERATION SERVICE – LARGE VOLUME (EGS-LV)

APPLICABLE TO USE OF SERVICE FOR:

All commercial and industrial electric generation facilities; all Prime Movers and all engine driven equipment (whether or not used for electric generation). Provided, however, that in order to be eligible for this Rate Schedule EGS-LV, a customer must have a Firm Daily Contract Demand of 200 Mcf per day or more. To be eligible for Firm Transportation Service under this Rate Schedule EGS-LVS, a customer must hold clear and marketable title to gas that is made available for delivery to customer's facility on the Company's system.

CHARACTER OF SERVICE:

Firm Sales Service, Firm Transportation Service, Limited Firm Sales Service and Limited Firm Transportation Service.

MONTHLY RATE: ⁽¹⁾

Customer Charge:
\$192.60 per month

FIRM:

Demand Charges: ⁽²⁾

D-1 \$20.426254 per Mcf of Firm Daily Contract Demand.
D-2 \$15.513823 per Mcf of Firm Daily Contract Demand or \$0 for Firm Transportation customers.

Volumetric Charge:

C-1: \$.065226060732 per therm of consumption
C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR
Customer Owned Gas Clause, Rider "D"

Minimum Bill: Monthly D-1 and D-2 charges, irrespective of use.

LIMITED FIRM:

Demand Charge:

D-2 \$9.788936 per Mcf of Limited Firm Daily Contract Demand or \$0 for Limited Firm Transportation customers

Volumetric Charge: ⁽²⁾

C-1: \$.065226060732 per therm of consumption
C-2: As depicted in the Monthly BGSS Subrider of Rider "A" of this Tariff, OR
Customer Owned Gas Clause, Rider "D"
C-3 \$1.174300 per therm for all consumption within Limited Firm Contract Demand level.¹

⁽¹⁾ Please refer to Appendix A for components of Monthly Rates.

⁽²⁾ Please refer to Special Provision (j).

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SOUTH JERSEY GAS COMPANY

Second Revised Sheet No. 62

B.P.U.N.J. No. 11 - GAS

Superseding First Revised Sheet No. 62

NATURAL GAS VEHICLE (NGV)

APPLICABLE TO:

This service will be available to Commercial and Industrial customers who will utilize natural gas, for the purpose of providing vehicle fuel at Company-operated fueling stations or at separately metered customer-operated fueling stations.

CHARACTER OF SERVICE:

Firm Sales Service or Firm Transportation Service

COMPRESSED NATURAL GAS VEHICLE SERVICE AT COMPANY OPERATED FUELING STATIONS

This part of the service is available for refueling vehicles with compressed natural gas to customers who refuel at Company operated fueling stations. All service at Company operated fueling stations shall be Firm Sales Service. Provided, however, that in the Company's sole discretion, it may allow for Firm Transportation service for a Customer-specific dedicated dispenser or time fill system (separately metered) at a Company operated fueling station.

Rate for Monthly Consumption

Volumetric Charge

C-1: \$0.~~065226060732~~ per therm (\$0.~~081532075945~~ GGE*)

Distribution Charge: \$0.143500 per therm (\$0.179375 GGE*)

Compression Charge: \$0.582040 per therm (\$0.727550 GGE*)

Commodity Charges

All consumption for customers who elected Firm Sales Service

Basic Gas Supply Service ("BGSS") Charge:

See Rider "A" of this Tariff.
BGSS rate * GGE Factor 1.25 = GGE

GGE indicates Gasoline Gallon Equivalent. The gasoline gallon equivalent shall be determined in accordance with local standards. The point of sale price to the Customer shall be displayed in gasoline gallon equivalents at public access dispensers at Company operated fueling stations, and shall be calculated as C-1 + Distribution Charge + Compression Charge + New Jersey Motor Vehicle Fuel Tax + Federal Excise Tax + BGSS.

Commodity charges do not include State of New Jersey Motor vehicle fuel tax and Federal Excise Tax. As of July 1, 2011 these taxes were \$0.0525 and \$0.183 per gallon, respectively and shall be charged at the prevailing rate when applicable. The Company is under no obligation to determine if a customer is exempt from taxation.

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SOUTH JERSEY GAS COMPANY

B.P.U.N.J. No. 11 - GAS

Second Revised Sheet No. 63
Superseding First Revised Sheet No. 63

NATURAL GAS VEHICLE (NGV)
(continued)

NATURAL GAS VEHICLE SERVICE AT CUSTOMER OPERATED FUELING STATIONS

This part of the service is available for the sale of separately metered uncompressed gas for the use of the customer solely as a vehicle fuel as follows:

The customer agrees to obtain and maintain, at its expense, all necessary certificates, licenses and regulatory approvals and pay all taxes levied on the gas compressed for refueling the customer's vehicles;

If the customer provides natural gas for resale as a motor fuel, the customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and on the sale thereof and for the metering of such sale in accordance with local standards and regulations; and

The customer must execute a Standard Gas Service Agreement (NGV) for not less than 12 months and must produce evidence of Land Rights.

Rate for Monthly Consumption

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$40.13
1,000-4,999 Cf/hour	\$80.25
5,000-24,999 Cf/hour	\$214.00
25,000 and greater Cf/hour	\$642.00

Volumetric Charges

C-1: \$0.065226060732 per therm (\$0.008153275945 GGE)

Distribution Charge: \$0.143500 per therm (\$0.179375 GGE)

Basic Gas Supply Service ("BGSS") Charge:

All consumption for customers who elect Firm Sales Service See Rider "A" of this Tariff.

The customer shall pay all related motor vehicle taxes directly to the taxing entity. Such taxes shall be incremental to charges paid to the Company for the cost of receiving service under this rate schedule.

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SOUTH JERSEY GAS COMPANY

Second Revised Sheet No. 64

B.P.U.N.J. No. 11 - GAS

Superseding First Revised Sheet No. 64

**NATURAL GAS VEHICLE (NGV)
(continued)**

DELIVERY SERVICE FOR NATURAL GAS VEHICLES

This part of service is available for delivery of customer owned natural gas for use in compression and dispensing equipment at the Customer's premises, as follows:

The customer must purchase under a contract with an initial term of not less than one year an adequate supply of natural gas of a quality acceptable to the Company, and must make arrangements by which such volumes of natural gas can be delivered into the Company's distribution system at the Customer's expense.

By taking service under this part, the Customer warrants that it has good and legal title to all gas supplied to the Company, and agrees to indemnify, defend and hold the Company harmless from any loss, claims or damages in regard to such title.

Rate for Delivery Service

Monthly Customer Charge

The monthly customer charge shall be determined in accordance with the maximum delivery capability requested by the customer.

0-999 Cf/hour	\$40.13
1,000-4,999 Cf/hour	\$80.25
5,000-24,999 Cf/hour	\$214.00
25,000 and greater Cf/hour	\$642.00

Volumetric Charge

C-1: ~~\$0.065226060732~~ per therm (~~\$0.081532075915~~ GGE)

Distribution Charge: \$0.143500 per therm (\$0.179375 GGE)

Sales taxes are not included in the above basic charges. The Company is under no obligation to determine if a customer is exempt from taxation. Customers seeking tax exemption must file verification with the Company.

APPLICABLE RIDERS FOR COMPANY OWNED AND CUSTOMER OWNED STATIONS:

- Basic Gas Supply Service Clause: BGSS charges are depicted in Rider "A" of this Tariff for Firm Sales Service.
- Societal Benefits Clause: The rates set forth above have been adjusted, as is appropriate, pursuant to Rider "E" of this Tariff.
- Balancing Service Clause: All gas transported under this Rate Schedule NGV is subject to balancing requirements pursuant to Rider "I" or Rider "J" of this Tariff.

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Filed pursuant to Order in Docket No. _____ of the Board of
Public Utilities, State of New Jersey, dated _____

SOUTH JERSEY GAS COMPANY

**First Revised Sheet No. 107
Superseding Original Sheet No. 107**

B.P.U.N.J. No. 11 - GAS

RIDER "N"

ENERGY EFFICIENCY TRACKER ("EET")

APPLICABLE TO:

Rate Schedule RSG	-	Residential
Rate Schedule GSG	-	General Service
Rate Schedule GSG-LV	-	General Service- Large Volume
Rate Schedule CTS	-	Comprehensive Transportation Service
Rate Schedule LVS	-	Large Volume Service
Rate Schedule FES	-	Firm Electric Service
Rate Schedule EGS	-	Electric Generation Service
Rate Schedule EGS-LV	-	Electric Generation Service- Large Volume
Rate Schedule IGS	-	Interruptible Gas Service
Rate Schedule ITS	-	Interruptible Transportation Service
Rate Schedule NGV	-	Natural Gas Vehicle

This Rider "N" shall be known as the Energy Efficiency Tracker ("EET"). For financial accounting purposes the Company shall record a return on and a return of investments in energy efficiency programs, (as approved by the Board in Docket No. GO09010059, in an Order dated July 24, 2009, and as approved by the Board at Docket No. GO12050363, in an Order dated June 21, 2003 and Docket No. GR15010090, in an Order dated _____), and recover all incremental operating and maintenance expenses of the programs, subject to the EET. The calculation will use the weighted average cost of capital as identified in the respective Orders referenced above.

The EET rate will be calculated annually using projected data and subject to a true-up at the end of the EET year (September 30th) with simple interest on net over/under recoveries. Interest associated with over recoveries will be credited against the EET, while interest associated with under recoveries will be charged to the EET. The interest on monthly EET under and over recoveries shall be the interest rate based on the Company's weighted interest rate for the corresponding month obtained on its commercial paper and bank credit lines but shall not exceed the Company's weighted average cost of capital utilized to set rates in its most recent base rate case.

This EET will be effectuated through a volumetric rate applied to customers' bills. The Company shall make an annual EET rate filing in June of each year with a proposed implementation of the revised EET rate in October. Included in the filing will be a list of efficiency programs offered and eligible for recovery under the EET.

The Company shall have the discretion to implement a bill credit or a refund at any time during the EET Year with five (5) days notice to the BPU Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing EET rate reduction at any time with two (2) weeks notice to the BPU Staff and the Division of Rate Counsel.

Rate Schedules subject to this Rider will be charged the following volumetric rate:

EET Factor per therm	\$0.012500
EET Extension Factor per therm	\$0.003300
EET Rate per therm	\$0.019991045800
Applicable Revenue Tax Factor	\$0.00000940022
Total EET Rate Factor per therm	\$0.02000045800
Applicable NJ Sales Tax Factor	\$0.001394407
EET Rate per therm with NJ Sales Tax	\$0.0213949016900

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SOUTH JERSEY GAS COMPANY
 Schedule of Rate Components
 Appendix A - Effective _____

RESIDENTIAL GAS SERVICE (RSG)

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>RESIDENTIAL FIRM TRANS SERV (RSG FTS) - HEAT CUSTOMER</u>						
Customer Charge	9.000000				0.630000	9.630000
CIP			(0.025442)	(0.000056)	(0.001785)	(0.027283)
Delivery Charge:						
COST OF SERVICE	0.498637				0.034905	0.533542
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
BSC "J" BUY-OUT PRICE - Rate set monthly						
Total	0.498637	0.047100	0.061862	0.000166	0.042528	0.650293

RESIDENTIAL FIRM SALES SERV (RSG FSS) - HEAT CUSTOMER

Customer Charge	9.000000				0.630000	9.630000
Basic Gas Supply Service (BGSS):		0.606395		0.001334	0.042541	0.650270
CIP			(0.025442)	(0.000056)	(0.001785)	(0.027283)
Delivery Charge:						
COST OF SERVICE	0.498637				0.034905	0.533542
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
Total	0.498637	0.047100	0.061862	0.000166	0.042528	0.650293

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective

<u>RESIDENTIAL FIRM TRANS SERV (RSG FTS) - NONHEAT CUSTOMER</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	9.000000				0.630000	9.630000
CIP			(0.070672)	(0.000155)	(0.004958)	(0.075785)
Delivery Charge:						
COST OF SERVICE	0.498637				0.034905	0.533542
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
BSC "J" BUY-OUT PRICE - Rate set monthly						
Total	0.498637	0.047100	0.061862	0.000166	0.042528	0.650293
 <u>RESIDENTIAL FIRM SALES SERV (RSG FSS) - NONHEAT CUSTOMER</u>						
Customer Charge	9.000000				0.630000	9.630000
Basic Gas Supply Service (BGSS):		0.606395		0.001334	0.042541	0.650270
CIP			(0.070672)	(0.000155)	(0.004958)	(0.075785)
Delivery Charge:						
COST OF SERVICE	0.498637				0.034905	0.533542
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
Total	0.498637	0.047100	0.061862	0.000166	0.042528	0.650293

SOUTH JERSEY GAS COMPANY
 Schedule of Rate Components
 Appendix A - Effective _____

<u>GENERAL SERVICE (GSG)</u>						
<u>GENERAL SERVICE FIRM TRANS (GSG FTS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	27.250000				1.907500	29.157500
CIP			(0.003200)	(0.000007)	(0.000224)	(0.003431)
Delivery Charge:						
COST OF SERVICE	0.398903				0.027923	0.426826
TIC			0.000956	0.000002	0.000067	0.001025
SBC						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
BSC "J" BUY-OUT PRICE - Rate set monthly						
Total	0.398903	0.047100	0.061862	0.000166	0.035546	0.543577

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

<u>GENERAL SERVICE FIRM SALES (GSG FSS)</u> <u>- Less than 5,000 Therms Annually</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	27.250000				1.907500	29.157500
CIP			(0.003200)	(0.000007)	(0.000224)	(0.003431)
Basic Gas Supply Service (BGSS):		0.606395		0.001334	0.042541	0.650270
Delivery Charge:						
COST OF SERVICE	0.398903				0.027923	0.426826
TIC			0.000956	0.000002	0.000067	0.001025
SBC						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
Total	0.398903	0.047100	0.061862	0.000166	0.035546	0.543577

<u>GENERAL SERVICE FIRM SALES (GSG FSS)</u> <u>- 5,000 Therms Annually or Greater</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	27.250000				1.907500	29.157500
Basic Gas Supply Service (BGSS):						RATE SET MONTHLY
CIP			(0.003200)	(0.000007)	(0.000224)	(0.003431)
Delivery Charge:						
COST OF SERVICE	0.398903				0.027923	0.426826
TIC			0.000956	0.000002	0.000067	0.001025
SBC						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
Total	0.398903	0.047100	0.061862	0.000166	0.035546	0.543577

SOUTH JERSEY GAS COMPANY
Schedule of Rate Components
Appendix A - Effective _____

GENERAL SERVICE-LV (GSG-LV)

<u>GENERAL SERVICE - LV FTS (GSG-LV-FT)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	150.000000				10.500000	160.500000
D-1 Demand Charge	9.000000				0.630000	9.630000
CIP			0.001815	0.000004	0.000127	0.001946
Delivery Charge: COST OF SERVICE	0.216751				0.015173	0.231924
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
BSC "J" BUY-OUT PRICE - Rate set monthly						
Total	0.216751	0.047100	0.061862	0.000166	0.022796	0.348675

GENERAL SERVICE FIRM SALES- LV (GSG-LV FSS)

<u>GENERAL SERVICE FIRM SALES- LV (GSG-LV FSS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Customer Charge	150.000000				10.500000	160.500000
D-1 Demand Charge	9.000000				0.630000	9.630000
Basic Gas Supply Service (BGSS):						RATE SET MONTHLY
CIP			0.001815	0.000004	0.000127	0.001946
Delivery Charge: COST OF SERVICE	0.216751				0.015173	0.231924
TIC			0.000956	0.000002	0.000067	0.001025
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
TAC			0.000000	0.000000	0.000000	0.000000
EET			0.019991	0.000009	0.001394	0.021394
BSC "J" BS-1		0.047100		0.000100	0.003300	0.050500
Total	0.216751	0.047100	0.061862	0.000166	0.022796	0.348675

SOUTH JERSEY GAS COMPANY
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COMPREHENSIVE TRANSPORTATION SERVICE (CTS)

<u>COMPREHENSIVE FIRM TRANS SERV (CTS FTS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>Firm</u>						
Customer Charge	600,000000				42,000000	642,000000
Delivery Charge:						
D-1 DEMAND CHARGE	27,421300				1,919500	29,340800
C-1 FT VOLUMETRIC CHARGE						
C-1 COST OF SERVICE	0,033123				0,002319	0,035442
SBC:						
CLEP			0,024657	0,000054	0,001730	0,026441
RAC			0,000458	0,000001	0,000032	0,000491
USF			0,015800	0,000000	0,001100	0,016900
Total SBC			0,040915	0,000055	0,002862	0,043832
EET			0,019991	0,000009	0,001394	0,021394
Total C-1 VOLUMETRIC CHARGE	0,033123		0,060906	0,000064	0,006575	0,100668
BS-1 ALL THERMS		0,011800		0,000000	0,000800	0,012600
BS-1 (Opt Out Provision) ALL THERMS		0,002500		0,000000	0,000200	0,002700
BUY-OUT PRICE						RATE SET MONTHLY
<u>Limited Firm</u>						
Customer Charge	100,000000				7,000000	107,000000
Delivery Charge:						
C-1 FT VOLUMETRIC CHARGE						
C-1 COST OF SERVICE	0,058400				0,004100	0,062500
SBC:						
CLEP			0,024657	0,000054	0,001730	0,026441
RAC			0,000458	0,000001	0,000032	0,000491
USF			0,015800	0,000000	0,001100	0,016900
Total SBC			0,040915	0,000055	0,002862	0,043832
EET			0,019991	0,000009	0,001394	0,021394
Total C-1 VOLUMETRIC CHARGE	0,058400		0,060906	0,000064	0,008356	0,127726
BS-1 ALL THERMS		0,011800		0,000000	0,000800	0,012600
BS-1 (Opt Out Provision) ALL THERMS		0,002500		0,000000	0,000200	0,002700
BUY-OUT PRICE						RATE SET MONTHLY

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<u>ELECTRIC GENERATION SERVICE (EGS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Residential						
Customer Charge	9.000000				0.630000	9.630000
Basic Gas Supply Service (BGSS):		0.606395		0.001334	0.042541	0.650270
Delivery Charge						
COST OF SERVICE	0.122100				0.008600	0.130700
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC			0.040915	0.000055	0.002862	0.043832
EET			0.019991	0.000009	0.001394	0.021394
Balancing Charge BSC"J" BS-1		0.047100		0.000100	0.003300	0.050500
Total C-1 VOLUMETRIC CHARGE (FSS & FTS)	0.122100	0.047100	0.060906	0.000164	0.016156	0.246426

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<u>ELECTRIC GENERATION SERVICE-LV (EGS-LV)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Firm						
Customer Charge	180.000000				12.600000	192.600000
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	19.089957				1.336297	20.426254
D-2 DEMAND BGSS(applicable to Sales Customers Only)		14.467095		0.031828	1.014900	15.513823
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE			0.060906	0.000064	0.004256	0.065226
C-2 BGSS						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
Limited Firm						
D-2 DEMAND BGSS(applicable to Sales Customers Only)		9.128456		0.020083	0.640398	9.788936
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE			0.060906	0.000064	0.004256	0.065226
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011400	0.174300
C-2 BGSS						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY
BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700

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<u>FIRM ELECTRIC SALES (FES)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Winter						
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	2.897200				0.202800	3.100000
D-2 DEMAND BGSS(applicable to Sales Customers Only)		9.128456		0.020083	0.640398	9.788936
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE			0.060906	0.000064	0.004256	0.065226
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011400	0.174300
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)						RATE SET MONTHLY
C-2 BGSS/COGC						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY
Summer						
D-1 DEMAND (Rate is negotiated. Shown here is the benchmark rate.)	2.897200				0.202800	3.100000
D-2 DEMAND BGSS(applicable to Sales Customers Only)		9.128456		0.020083	0.640398	9.788936
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE			0.060906	0.000064	0.004256	0.065226
C-3 All Therms (Rate is negotiated. Shown here is the benchmark rate.)	0.162900				0.011400	0.174300
C-4 Escalator Rate (To be determined as prescribed in the Company's Tariff)						RATE SET MONTHLY
C-2 BGSS/COGC						RATE SET MONTHLY
BSC "I" CASH OUT CHARGE (CREDIT)						RATE SET MONTHLY

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NATURAL GAS VEHICLE (NGV)

	<u>BASE RATE</u>	<u>BGSS</u>	<u>RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>Company Operated Fueling Stations</u>						
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE	0.000000		0.060906	0.000064	0.004256	0.065226
Distribution Charge:	0.133800			0.000300	0.009400	0.143500
Compression Charge	0.542769			0.001194	0.038077	0.582040
Basic Gas Supply Service (BGSS):						RATE SET MONTHLY
Rider "I" - BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
Rider "I" - BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
Rider "J" - BS-1		0.047100		0.000100	0.003300	0.050500
<u>Customer Operated Fueling Stations</u>						
Service Charge						
0 - 999 CF/hour	37.500000				2.625000	40.125000
1,000 - 4,999 CF/hour	75.000000				5.250000	80.250000
5,000 - 24,999 CF/hour	200.000000				14.000000	214.000000
25,000 or Greater CF/hour	600.000000				42.000000	642.000000
C-1 CLEP			0.024657	0.000054	0.001730	0.026441
C-1 RAC			0.000458	0.000001	0.000032	0.000491
C-1 USF			0.015800	0.000000	0.001100	0.016900
EET			0.019991	0.000009	0.001394	0.021394
Total C-1 VOLUMETRIC CHARGE			0.060906	0.000064	0.004256	0.065226
Distribution Charge:	0.133800			0.000300	0.009400	0.143500
Basic Gas Supply Service: (applicable Sales Customers only)						RATE SET MONTHLY
Rider "I" - BS-1 ALL THERMS		0.011800		0.000000	0.000800	0.012600
Rider "I" - BS-1 (Opt Out Provision) ALL THERMS		0.002500		0.000000	0.000200	0.002700
Rider "J" - BS-1		0.047100		0.000100	0.003300	0.050500

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INTERRUPTIBLE SERVICE, YARD & STREET LIGHTING

	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
<u>INTERRUPTIBLE TRANSPORTATION (ITS)</u>						
SERVICE CHARGE	100.000000				7.000000	107.000000
TRANS CHARGE A	0.028400				0.002000	0.030400
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC:			0.040915	0.000055	0.002862	0.043832
EET			0.019991	0.000009	0.001394	0.021394
TRANS CHARGE B	0.093200				0.006500	0.099700
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC:			0.040915	0.000055	0.002862	0.043832
EET			0.019991	0.000009	0.001394	0.021394
TRANS CHARGE C	0.153200				0.010700	0.163900
SBC:						
CLEP			0.024657	0.000054	0.001730	0.026441
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC:			0.040915	0.000055	0.002862	0.043832
EET			0.019991	0.000009	0.001394	0.021394

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<u>INTERRUPTIBLE GAS SALES (IGS)</u>	<u>BASE RATE</u>	<u>BGSS</u>	<u>OTHER RIDERS</u>	<u>PUA</u>	<u>NJ SALES TAX</u>	<u>TARIFF RATE</u>
Commodity						Rate Set Monthly
SBC:						
RAC			0.000458	0.000001	0.000032	0.000491
USF			0.015800	0.000000	0.001100	0.016900
Total SBC:			0.016258	0.000001	0.001132	0.017391
EET			0.019991	0.000009	0.001394	0.021394
<u>YARD LIGHTING SERVICE (YLS)</u>						
MONTHLY CHARGE / INSTALL	7.178664	4.636800			0.827082	12.642546
<u>STREET LIGHTING SERVICE (SLS)</u>						
MONTHLY CHARGE / INSTALL	7.738706	6.955200			1.028573	15.722479

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Heat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.650270	0.000000	0.650270
Cost of Service	0.533542	0.533542	0.000000
CLEP	0.026441	0.026441	0.000000
RAC	0.000491	0.000491	0.000000
TAC	0.000000	0.000000	0.000000
CIP	(0.027283)	(0.027283)	0.000000
USF	0.016900	0.016900	0.000000
TIC	0.001025	0.001025	0.000000
EET	0.021394	0.021394	0.000000
BSC "J" BS-1	0.050500	0.050500	0.000000
Price to Compare	1.273280	0.623010	0.650270

NonHeat Residential Rate Schedule:

	RSG FSS	RSG-FTS	Difference
BGSS	0.650270	0.000000	0.650270
CIP	(0.075785)	(0.075785)	0.000000
Cost of Service	0.533542	0.533542	0.000000
CLEP	0.026441	0.026441	0.000000
RAC	0.000491	0.000491	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.016900	0.016900	0.000000
TIC	0.001025	0.001025	0.000000
EET	0.021394	0.021394	0.000000
BSC "J" BS-1	0.050500	0.050500	0.000000
Price to Compare	1.224778	0.574508	0.650270

GSG

(Under 5,000 Therms annually)

	GSG FSS	GSG-FTS	Difference
BGSS	0.650270	0.000000	0.650270
CIP	(0.003431)	(0.003431)	0.000000
Cost of Service	0.426826	0.426826	0.000000
CLEP	0.026441	0.026441	0.000000
RAC	0.000491	0.000491	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.016900	0.016900	0.000000
TIC	0.001025	0.001025	0.000000
EET	0.021394	0.021394	0.000000
BSC "J" BS-1	0.050500	0.050500	0.000000
Price to Compare	1.190416	0.540146	0.650270

GSG

(5,000 therms annually or greater)

	GSG FSS	GSG-FTS	Difference
BGSS	0.396094	0.000000	0.396094
CIP	(0.003431)	(0.003431)	0.000000
Cost of Service	0.426826	0.426826	0.000000
CLEP	0.026441	0.026441	0.000000
RAC	0.000491	0.000491	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.016900	0.016900	0.000000
TIC	0.001025	0.001025	0.000000
EET	0.021394	0.021394	0.000000
BSC "J" BS-1	0.050500	0.050500	0.000000
Price to Compare	0.936240	0.540146	0.396094

GSG-LV

Prior to 7/1/97

	GSG-LV FSS	GSG-LV-FTS	Difference
BGSS	0.396094	0.000000	0.396094
CIP	0.001946	0.001946	0.000000
Cost of Service	0.231924	0.231924	0.000000
CLEP	0.026441	0.026441	0.000000
RAC	0.000491	0.000491	0.000000
TAC	0.000000	0.000000	0.000000
USF	0.016900	0.016900	0.000000
TIC	0.001025	0.001025	0.000000
EET	0.021394	0.021394	0.000000
BSC "J" BS-1	0.050500	0.050500	0.000000
Price to Compare	0.746715	0.350621	0.396094

Minimum Filing Requirements (“MFRs”)

1. Direct employment impacts, including a breakdown by sub-program.
2. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation.
3. For the review period, actual revenues, by month and by rate class recorded under the programs.
4. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period.
5. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.
6. The interest expense to be charged or credited to ratepayers each month.
7. A schedule showing budgeted versus actual program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives, including inspections and quality control, program implementation (all contract costs), evaluation, and any other costs.
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period.
9. Supporting details for all administrative costs included in the revenue requirement.
10. Information supporting the carrying cost used for the unamortized costs.
11. Number of program participants, including a breakdown by sub-program.
12. Estimated demand and energy savings, including a breakdown by sub-program.
13. Emissions reductions from the Program, including a breakdown by sub-program.
14. Estimated free ridership and spillover.

15. Participant costs (net of utility incentives), including a breakdown by sub-program.
16. Results of program evaluations, including a breakdown by sub-program.
17. For programs that provide incentives for conversion of energy utilization to natural gas from other energy sources (e.g., converting from electric to gas furnaces) the company shall identify:
 - i. the number of such projects;
 - ii. an estimate of the increase in annual gas demand and energy associated with these projects; and
 - iii. the avoided use of electricity and/or other fuels.

