



Agenda Date: 1/25/17
Agenda Item: 8D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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)	ORDER EXTENDING
JERSEY GAS COMPANY FOR APPROVAL TO)	CURRENT PROGRAM
CONTINUE ITS ENERGY EFFICIENCY PROGRAMS)	
AND ENERGY EFFICIENCY TRACKER PURSUANT TO)	DOCKET NO. GR15010090
<u>N.J.S.A. 48:3-98.1</u>)	
)	
AND)	
)	
IN THE MATTER OF THE PETITION OF SOUTH)	
JERSEY GAS COMPANY FOR APPROVAL OF AN)	
ENERGY EFFICIENCY PROGRAM ("EEP") WITH AN)	
ASSOCIATED ENERGY EFFICIENCY TRACKER)	
("EET") PURSUANT TO <u>N.J.S.A. 48:3-98.1</u>)	DOCKET NO. GO12050363

Parties of Record:

Stacy A. Mitchell, Esq., South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

Background and Procedural History

On January 13, 2008, 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 programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the New Jersey Board of Public Utilities ("Board"), including a return on equity, or other incentives or rate mechanisms

that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board.

By Order dated July 24, 2009 ("July 2009 Order"), the Board authorized South Jersey Gas Company ("SJG" or "Company") to implement five energy efficiency programs ("EEPs"): 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 Programs"). The programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings. The SJG programs were to be available to eligible customers for approximately twenty-one (21) months. The July 2009 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 ("January 2011 Order"), the Board authorized SJG to extend the Original Programs and carryover individual program under-spending of the Original Programs through December 31, 2011.² The January 2011 Order also allowed an extension of SJG's monthly program investment and operating and maintenance ("O&M") costs associated with the Original Programs to continue until April 30, 2012. In addition, the January 2011 Order also authorized the Company to reallocate money within the Original Programs.

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

On August 19, 2015, the Board issued an Order in Docket No. GR15010090 adopting a Stipulations of Settlement entered into by and among the Company, the Staff of the Board and the New Jersey Division of Rate Counsel authorizing SJG to continue its EEPs through August 2017, as well as resolving all other issues in the proceeding pursuant to the terms and conditions set forth in the Stipulation.

¹ 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, Order dated July 24, 2009.

² 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.

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. GO12050363, Order dated June 21, 2013.

The Program budget, as originally approved, totaled approximately \$36.3 million. To date, SJG has spent \$22.2 million of the 36.3 million approved Program budget.

November 2016 Filing

On November 4, 2016, SJG filed a petition with the Board requesting approval of an extension to the Company's existing energy-efficiency programs. In its petition, SJG seeks an extension of the term of the current programs through December 31, 2018. No other modifications to the programs have been requested. This request was made due to the desire of SJG to align its Programs with the Strategic Plan of the NJCEP, which is currently being developed by the Board's Office of Clean Energy ("OCE"). The Strategic Plan is anticipated to be completed and approved by mid-2017. SJG asserts that the "Company's Program has demonstrated significant value to SJG's customers in the form of creating greater customer engagement into the suite of NJCEPs. This is supported by the Program evaluation completed by APRISE, Inc. wherein it found that "SJG's [EEPs] have increased investments in energy efficiency and resulted in high natural gas savings and other non-energy benefits."

The Company is not seeking approval of any additional funding for the current Program, and no modifications to the current Program are proposed. Rather, SJG will continue to utilize its existing Board-approved energy efficiency program budget of \$36.3 million.

On December 12, 2016, Rate Counsel submitted a letter to the Board stating that it found the Company's request to be reasonable and that it would not object to the Company's request, provided that the Company would not exceed its budget and that no other program modifications would be made.

DISCUSSION AND FINDING

The Board has carefully reviewed the petition submitted by the Company and the letter submitted by Rate Counsel. The costs and expenditures of the extended Program are restricted to the budget approved in August 19, 2015 Stipulation, and will be the subject of a full review for reasonableness and prudence in future annual true-up proceedings. This 12-month extension will provide time for the Company to develop a Program that aligns with the NJCEP in a way that will enhance the Strategic Plan currently being developed, while permitting SJG to continue offering its energy efficiency programs.

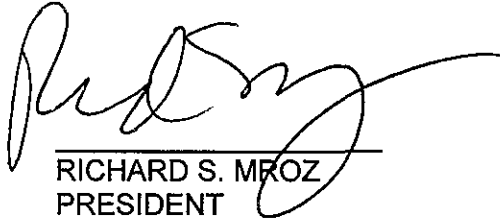
The Board is satisfied and **HEREBY FINDS** that extending the term of the current Program to December 31, 2018, and allowing the current Program as approved in the August 2015 Order to continue until that same date is reasonable and is in the public interest. Therefore, the Board **HEREBY ORDERS** that the Program shall be extended to December 31, 2018. All other aspects of the program as approved in the August 2015 Order shall remain unchanged, including the funding and budget level.

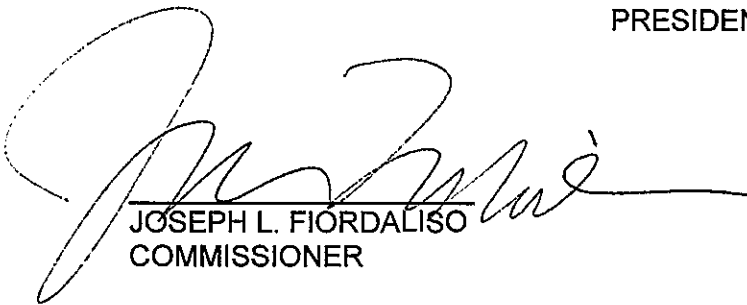
The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

The Board Order shall be effective as of February 4, 2017.

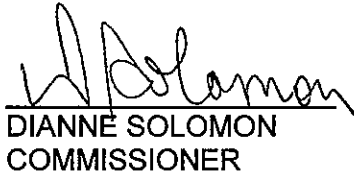
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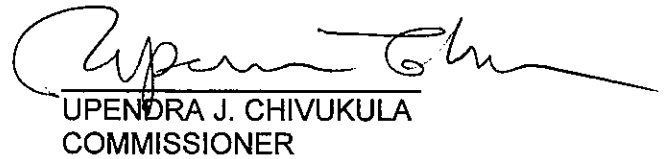
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

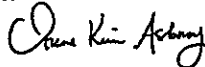

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
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 AND
IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY PROGRAM ("EEP") WITH AN ASSOCIATED
ENERGY EFFICIENCY TRACKER ("EET") PURSUANT TO N.J.S.A. 48:3-98.1**

DOCKET NOS. GR15010090 and GO12050363

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