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June 30, 2009

VIA FAX (973) 648-4195
and FEDERAL EXPRESS

Kristi Izzo, Board Secretary
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Re: In the Matter of South Jersey Gas Company's Petition for Approval of an Energy Efficiency Program with an Associated Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1 and to Modify Rate Schedule EGS-LV Docket No. GO09010059

Dear Secretary Izzo:

Enclosed please find a fully executed Stipulation in the above-referenced matter. Please be advised that this matter is scheduled to be on the Board's agenda for July 1, 2009.

Thank you very much for your attention in this matter.

Very truly yours,

COZEN O'CONNOR, PC

By: Daniel J. Bitonti

DJB/lbs
Enclosure
cc: Attached Service List (*via email*)

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I/M/O ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY MECHANISM PROCEEDINGS
BPU DOCKET NO. EO09010056

and

I/M/O 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 NO. GO09010059

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY MECHANISM PROCEEDINGS	**BPU DOCKET NO. EO09010056**
	AND
IN THE MATTER OF 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 NO. GO09010059** **STIPULATION**

APPEARANCES:

Ira G. Megdal, Esq. (Cozen O'Connor, PC, attorneys), for the Petitioner, South Jersey Gas Company

Felicia Thomas-Friel, Esq., Deputy Public Advocate, and Sarah H. Steindel, Esq., Assistant Deputy Public Advocate, Department of the Public Advocate, Division of Rate Counsel (**Ronald K. Chen, Esq.**, Public Advocate, **Stefanie A. Brand, Esq.,** Director)

Caroline Vachier, Jessica L. Campbell, Kerri Kirschbaum, Alex Moreau and Anne Marie Shatto, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Anne Milgram**, Attorney General of New Jersey)

Paul F. Forshay, Esq. (Sutherland Asbill & Brennan, LLP, attorneys), for the Intervenor, New Jersey Large Energy Users Coalition

Richard Webster, Esq. (Eastern Environmental Law Center, attorneys) for Natural Resource Defense Council

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TO THE HONORABLE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. South Jersey Gas Company ("SJG" or the "Company") filed a petition ("Petition") in Docket No. GO09010059 on January 26, 2009, requesting that the New Jersey Board of Public Utilities ("BPU" or the "Board") approve an Energy Efficiency Program ("EEP") and simultaneously approve the recovery of costs for programs included within its proposed EEP through the implementation of an Energy Efficiency Tracker ("EET") charge, pursuant to N.J.S.A. 48:3-98.1; and to modify rate schedule EGS-LV.

2. In furtherance of its commitment to energy efficiency and conservation, SJG has developed and proposed five energy efficiency projects ("Energy Efficiency Projects") in response to N.J.S.A. 26:2C-45 and N.J.S.A. 48:3-98.1 ("RGGI Legislation").

3. The Company represents that these new Energy Efficiency Projects do not duplicate or eliminate any of the New Jersey Clean Energy Programs ("CEP"); rather, they have been designed to complement or supplement the existing CEP offers, either through enhancements of, or additions to such programs. The proposed Energy Efficiency Projects are also intended to increase customer awareness, enhance participation and support utilization of CEP efforts through the State.

4. The Company proposes that the total amount budgeted for the Energy Efficiency Projects is $17,118,275, which will be spent over a two year period. This budgeted amount is based on projected expenditures.

5. On February 18, 2009 a letter was sent to the Company by the then Co-Acting Directors for the Energy Division, Alice Bator and Sheila Iannaccone, informing the Company that its filing was complete and that the 180 day review period commenced on January 26, 2009.

6. By Order dated February 19, 2009, the Board retained this matter for review and hearing, and designated Board President Jeanne M. Fox as the presiding officer.

7. On February 24, 2009, the New Jersey Large Energy Users Coalition ("NJLEUC") filed a Motion to Intervene in this proceeding. The Motion was unopposed and on March 27, 2009, President Fox granted the motion, provided that NJLEUC complies with the schedule adopted for this proceeding on February 25, 2009.

8. On February 25, 2009, President Fox issued an Order setting forth a procedural schedule for this matter.

9. Public Notice was provided and two public hearings on the Company's EEP filing were held on March 4, 2009, in Voorhees, New Jersey. No members of the public appeared at either public hearing.

10. On March 30, 2009, the Natural Resources Defense Council ("NRDC") filed a Motion to Intervene in this proceeding. The Motion was unopposed, and on

April 28, 2009 President Fox granted the motion, provided that NRDC complies with the schedule adopted for this proceeding on February 25, 2009 and commits to working cooperatively, to the fullest extent possible, with the other parties.

11. The parties to this proceeding included the Company, the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), the Staff of the Board ("Board Staff"), NRDC, and NJLEUC.

12. Discovery questions in this matter were propounded by Board Staff and Rate Counsel, and the Company responded thereto.

13. Subsequent to the completion and review of discovery and the two public hearings, representatives of Parties to this proceeding, met to discuss the issues in this case. The Company, Board Staff and Rate Counsel (the "Signatory Parties") agreed that the EEP proposal and associated cost recovery mechanism as set forth herein are reasonable and in the public interest.

14. The Company represents that its proposal is consistent with and meets the goals of New Jersey's Energy Master Plan and the RGGI Legislation in that the Energy Efficiency Projects are geared toward encouraging customers to reduce their overall energy usage.

15. The Company represents that its proposal is also consistent with and meets the goals of the comprehensive Economic Stimulus Plan for New Jersey proposed

by Governor Jon Corzine to create new jobs and to stimulate the New Jersey economy.

Specifically, the Signatory Parties hereby **STIPULATE AND AGREE** to the following:

STIPULATED MATTERS

Programs

16. The Energy Efficiency Projects identified in Appendix A will assist the Company in providing safe, adequate and proper service to its customers and are geared toward encouraging customers to reduce their overall energy usage in support of New Jersey's Energy Master Plan and will create jobs in support of Governor Corzine's Economic Stimulus Plan. Accordingly, the Parties agree that the costs associated with the EEP will be recovered through the implementation of an EET charge, subject to review, as set forth below.

17. Appendix A contains a description of each Energy Efficiency Project, the target market and customer eligibility requirements, the offerings and customer incentives, the delivery methods, the anticipated program participants and related savings estimates, the anticipated job creation estimates, the contracts, a description of the marketing initiatives, how each project compares and/or complements the existing New Jersey Clean Energy program, and the budget for each Energy Efficiency Project.

18. The Company anticipates that the work associated with the EEP will generate approximately 163 incremental jobs in its service territory. The number of jobs is based on agreement by the Parties that 1,820 hours is equal to one full time equivalent (FTE) employee. The Company agrees that it will endeavor to

employ contractors and engineering firms located in New Jersey. The Company's estimate of the workforce necessary for the EEP does not include any ancillary job impacts that will increase the overall benefits generated from the EEP.

19. The Company will take all reasonable and prudent steps to institute the Energy Efficiency Projects upon receipt of a Final Board Order in this proceeding.

20. The Parties stipulate that the Board should approve on an interim basis, subject to refund, cost recovery through the implementation of an EET rate for the Energy Efficiency Projects listed in Appendix A, including incremental Operating and Maintenance Expenses totaling $17,118,275, subject to a prudency review in the Company's Annual EET Filing.

Cost Recovery Mechanism

21. The Parties stipulate that cost recovery through the EET will consist of two parts and be effected through a deferred accounting mechanism. One part will recover the amortization of the investments made in participating customer rebates, incentive payments, and the costs of providing customer financing ("program investments") and a return on the unamortized portion of such program investments. The other part of the EET will recover incremental operating and maintenance ("O&M") expenses associated with the EEP.

22. The Parties stipulate that the return on the unamortized portion of the program investments be set equal to the Weighted Average Cost of Capital ("WACC") utilized to set rates in South Jersey's most recent base rate case BPU Docket

No. GR03080683, which was 7.97% overall (11.20% including income tax). The WACC will be modified to reflect the WACC used to set rates in subsequent South Jersey base rate cases. 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. The 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.

23. The Parties stipulate that the revenue requirement for all EET programs, with the exception of the Combined Heat and Power Program and Distributed Generation Technology (CHP) Program, will include the following:

    1. Return on the unamortized portion of the program investments, utilizing the WACC utilized to set rates in the Company's most recent base rate case.

    2. Amortization of the program investments over four (4) years.

    3. Recovery of reasonable and prudent incremental O&M expenses related to implementation and operation of the EEP. Incremental O&M will include, but not be limited to, program management, information technology, sales and marketing, program evaluation, training and other costs associated with staffing the required workforce and managing the workforce.

    4. The revenue factor, 1.0858 as shown on Appendix B to this Stipulation approved in the Company's most recent base rate case adjusted for the subsequent change in the New Jersey Sales and Use Tax and the elimination of the Corporate Business Tax and Federal Income Tax.

24. The Parties stipulate that the revenue requirement for the CHP Program will include the following:

1. Amortization of the program investments to recover the CHP Program expenditures over four (4) years.

2. Recovery of reasonable and prudent incremental O&M expenses related to implementation and operation of the CHP Program. Incremental O&M will include, but not be limited to, program management, information technology, sales and marketing, program evaluation, training and other costs associated with staffing the required workforce and managing the workforce.

3. The revenue factor, 1.0858 as shown on Appendix B to this Stipulation approved in the Company's most recent base rate case adjusted for the subsequent change in the New Jersey Sales and Use Tax and the elimination of the Corporate Business Tax and Federal Income Tax.

25. The Parties agree that the Company will forgo its right to earn a return upon the rebate associated with the CHP program until its next base rate case. The Company will continue to recover a return of the rebate, provided, however, that all investments to serve CHP customers and all revenues from CHP customers will be reflected in schedules filed in the Company's next base rate case.

26. Attached to this Stipulation is an initial tariff sheet for the EET as Appendix G, which the Signatory Parties stipulate will be effective as determined by the Board in its Order approving this Stipulation

27. The Signatory Parties stipulate that the revenue requirement stipulated to herein is based upon the projected program investments and projected incremental O&M expenses. To calculate the rate the revenue requirement was divided by the applicable projected therm sales for the 12-month period, representing EEP year one.

28. The Company shall have the discretion to implement a bill credit or a refund at anytime while the EET rate is in effect with five (5) days notice to the Board

Staff and the Division of Rate Counsel. The Company shall have the discretion to file a self-implementing rate reduction without a cap at any time the EET rate is in effect with two (2) weeks notice to the Board Staff and the Division of Rate Counsel.

Budget Flexibility

29. Based on market response, spending on the aggregate EE Program or any of the individual programs may be accelerated and completed sooner than the proposed period. To provide flexibility in responding to market conditions and customer demand during the term of the program, the Parties agree that any individual program under-spending may be carried over from 2009 into 2010. No such under-spending may be carried over beyond December 31, 2010 without the approval of the Board. In addition, based upon market conditions and the level of market response to each individual program, after January 1, 2010 the Company may transfer Program funding between programs in order to maximize energy savings and Program resources, subject to the following procedures. No proposed transfers shall be made until at least sixty (60) days after the Company has submitted to the Signatory Parties, a written description of the proposed transfers, the rationale for the proposed transfers, and a narrative and schedules showing the effect of the proposed transfers on the costs and benefits of the affected programs. If any Signatory Party objects in writing to one or more proposed transfers within forty-five (45) days after the Company has submitted the required information to the Signatory Parties, then no transfer that is a subject of the objection will take effect until after the Board has

approved the transfer. Board Staff shall advise the Board of all proposed transfers of Program funding between programs. Board approval will be required when proposed transfers in the aggregate (i) increase or decrease any program's budget by more than 20 percent, or (ii) involve more than 10 percent of the aggregate Program's budget. For any proposed transfer which does not require Board approval under the parameters described in the preceding sentence, if there has been no objection to the proposed transfer and no notification from Staff indicating that a commissioner wants the Board to review the proposed transfer, then a Secretary's letter will be issued permitting the Company to make the requested change. The Company will also report on this acceleration in its Annual Filing and the monthly reporting described below.

30. The Company will 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 December 2010, or such later date as the Board approves for the end of the program. The Company will include data in these reports consistent with the data reported from the BPU's Clean Energy Program with respect to energy efficiency. The Company will submit its Monthly Activity Reports in a format that can be electronically uploaded to the Clean Energy Program's reporting system. The Company will submit each Monthly Activity Report within thirty (30) days after the end of the calendar month covered by the report. The Company will provide BPU Staff and Rate Counsel with a cost estimate of any

information technology modifications needed to report the data in the required format. If Board Staff and/or Rate Counsel inform the Company to proceed with the necessary IT modifications then all reasonable and prudent costs to provide such electronic data transfer are in the best interest of ratepayers and shall be fully recoverable by the Company.

31. Based on market response, the Company may propose to modify programs during the term of the EE Program. No such modification shall take effect without approval by the Board. To propose a modification, the Company shall submit to the Signatory Parties, in writing, a description of its proposed modifications, the rationale for its proposed modifications, and a narrative and schedules showing the effect of its proposed modifications on the costs and benefits of the affected programs. The Company shall present the proposed modifications to the Board for approval if no objections to the proposed modifications are received within forty-five (45) days after that filing. The Company will also report on these modifications in its Annual Filing and the monthly reporting described above.

32. The Company shall file with the Board its compliance EET tariff and initial EET tariff rate within three business days of the date of the Board Order approving this Stipulation.

33. The initial revenue requirement calculation for the EET will commence during the month in which the EET mechanism is approved by the Board and will be based upon projected expenditures for the EET. The monthly over and under recovery calculation will be based upon actual revenues billed monthly under the EET

mechanism applied against the monthly revenue requirement of the EET. The monthly over and under recovery calculation will follow the methodology illustrated in the sample calculation set forth in Appendix C. The calculation of interest shall be based on the average of the net of tax beginning and ending monthly balance. The annual revenue requirement calculation will follow the methodology set forth in Appendix B attached hereto and made a part of this Stipulation.

34. The Signatory Parties stipulate that the Company will file an annual 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 Appendix D 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 prudency. 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 and actual revenue requirements for the prior period, 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 the Company's most recent base rate case.

35. 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 Appendix C 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 Appendix C. 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 SJG's overall rate of return as in SJG's WACC utilized to set rates in the Company's most recent base rate case (including income tax effects) as identified in Paragraph 22 above. The true-up calculation of over- and under- recoveries shall be included in the Company's Annual Filing. This interest calculation in this paragraph is subject to the condition set forth in paragraph 22.

36. The programs and associated investment costs included in the Annual Filing, as well as the level of the proposed EET rate, will be subject to a full and complete review by Board Staff, Rate Counsel, and Intervenors with opportunity for discovery and filed comments, prior to the issuance of a Board Order establishing the Company's proposed new annual EET rate adjustment. The Signatory Parties are not however, precluded from exercising their statutory rights under the law to the filing of testimony and evidentiary hearings if necessary. The issuance of the Board Order will be preceded by public notice and hearings to the extent required by law.

Minimum Filing Requirements ("MFR")

37. The Company will provide the information set forth in the MFR attached hereto as Appendix D and made a part of this Stipulation, in its Annual Filing. The Company will also provide in each filing a detailed description of the expenditures that are reflected in the EEP in Appendix A.

Rate Design

38. The Signatory Parties stipulate that rate recovery through the EET rate will be non-bypassable except as provided in the Board's Order in the Company's 2003 base rate case, BPU Docket No. GR03080683, and implemented on a volumetric basis (equal charge per therm applied to throughput of all customer classes). The calculation of the initial EET rate is set forth in Appendix B attached hereto and made a part of this Stipulation.

Rate Impact

39. The Signatory Parties stipulate to an initial EET rate of $.0024 per therm, including taxes ($.0022 without taxes), which would result in $1,345,084 in revenue for the initial period, EEP year one, as set forth in Appendix B. The EET rate will result in a rate increase for a typical residential customer using an average of 100 therms of gas during a month of $.24 or 0.1%. The impact on a typical General Service customer using 500 therms during a month would be an increase of $1.20 or 0.2%. The impact for a Large Volume Service sales customer using 63,000 therms in a month would be an increase of $151 or 0.2%. The rate impact of the implementation of the proposed EET rate for each customer class is set forth in Appendix E attached hereto and made a part of this Stipulation.

Program Evaluation

40. Based on the Company's data and analyses performed by Rutgers Center for Energy, Economic and Environmental Policy (CEEEP) on June 18, 2009, the proposed EE programs appear to be cost effective and consistent with the Governor's Economic Stimulus Plan. The future program evaluation will include evaluation for all programs, and the scope of the program evaluation will include:

1. Cost/Benefit analysis, including a Participant Cost Test ("PCT"), Program Administration Cost Test ("PAC"), Ratepayer Impact Measure ("RIM"), Total Resource Cost ("TRC"), and Societal Cost Test ("SCT"), to be performed by CEEEP to be

retained by the Board; using a methodology consistent with the methodology used by the CEEEP and provided to the NJ Clean Energy Program by CEEEP; and

2. Impact evaluation, to be performed by CEEEP or a subcontractor to be retained by CEEEP.

CEEEP will follow its internal procurement process in retaining such subcontractor in accordance with the terms of the contract between CEEEP and the Board. If the Board is unable to retain CEEEP to perform the evaluation services identified above, then such evaluations shall be performed by a third party vendor to be retained by the Board pursuant to State procurement laws.

Customers including those who are protected by the BPU's Winter Moratorium rules will be eligible to participate in this program. However, should any customer fail to repay his or her portion of the costs associated with the measures installed, all such costs will be recovered within the rate recovery mechanism set forth herein.

Reporting

41. The Signatory Parties agree that job creation is an integral aspect of the EE program. Therefore, the Company agrees to report, in the monthly report provided pursuant to Paragraph 30 herein, (i) the number of full-time equivalents that the Company hires to perform work associated with the EE program, and (ii) the number of full-time equivalents that entities under contract with the Company to perform work associated with the Company's EE program

have hired to perform such work. The Parties agree that reporting of job creation in the monthly report will be in the format contained in the Job Creation Questionnaire, attached hereto as Appendix F. For the purpose of reporting jobs associated with the Company's EE programs, "full-time equivalent" means one or more individuals collectively working a total of 1820 hours annually in connection with the Company's EE program.

Job Creation

42. The New Jersey Department of Labor and Workforce Development (LWD) oversees the Green Job Training Partnership program (GJTP), which is intended to help meet the employment needs of the Company and local contractors by providing graduates of the training program to be considered for employment in occupations needed for implementation of the Program. The Company will conduct the following program activities to support and promote the GJTP:

a) Promote awareness and enhanced participation of the GJTP, by providing information from LWD about the GJTP to all contractors located within the Company's service territory who are listed in the NJCEP Home Performance with Energy Star program and are certified by the Building Performance Institute (BPI).

b) Coordinate and conduct at least two outreach meetings each year, inviting all contractors listed in the NJCEP Home Performance with Energy Star program that are BPI certified, and are at a minimum located within the Company's service territory. The outreach meetings will include a presentation regarding the GJTP, in which LWD will participate along with local GJTP grantees for the territory.

c) Serve on at least one GJTP Employer Council.

d) Advise all contractors listed in the NJCEP Home Performance with Energy Star program that are BPI certified and are at a minimum located within the Company's service territory of the benefits of participating on the appropriate GJTP Employer Council.

e) Post information on the Company's website regarding the GJTP and a link to LWD's website. Information on the GJTP can be found at: http://lwd.dol.state.nj.us/labor/employer/training/Apprenticeship.html

f) Post all vacancies for New Jersey-based jobs through the local One-Stop Career Center. A listing of the local One-Stop Career Centers is located at: http://lwd.dol.state.nj.us/labor/wnjpin/findjob/onestop/services.html

g) Inform, in writing, all GJTP grantees of all New Jersey-based entry-level job vacancies within the Company, including positions relating to energy efficiency occupations.

Tariff Provisions for Combined Heat and Power Distributed Generation ("CHP") Technology

43. CHP technology is consistent with SJG's CHP Energy Efficiency Program and can be employed as an effective response to congestion on the power grid. It can also be used in areas where electric transmission lines cannot be built for economic or political reasons.

44. The increased efficiency of CHP improves the economics of power generation when compared to traditional delivery methods. The State of New Jersey recognizes the value of CHP and has established the increased development of CHP facilities as one of its major strategies within the Energy Master Plan.

45. SJG provides service to CHP customers primarily under its EGS-LV rate schedule.

46. The EGS-LV rate schedule establishes benchmark rates. However, recognizing the competitive nature of the CHP marketplace, the EGS-LV rate schedule

allows South Jersey to negotiate rate reductions with potential CHP customers. Under this rate schedule, SJG provides a gas delivery service to CHP customers.

47. As currently structured, the EGS-LV rate schedule limits agreements between SJG and its CHP customers to five years or less. This inhibits the ability of CHP customers to obtain financing.

48. The Parties stipulate that SJG's EGS-LV Rate Schedule shall be amended to remove the limitation regarding five year agreements between SJG and CHP customers.

49. Tariff sheets necessary to implement this modification are attached to this Stipulation as Appendix G.

Government Funding

50. On February 17, 2009, the federal American Recovery and Reinvestment Act of 2009 ("ARRA") (Pub. L. No. 111-5) was signed into law by President Barack Obama. Subject to any restrictions set forth in the ARRA and other applicable law, if the Company gets federal funds or credits directly related to Energy Efficiency Projects through the ARRA, the Company agrees to utilize that money to offset the Energy Efficiency Projects' costs. If funding or credits from the ARRA or any subsequent state or federal action become available to the Company through the State of New Jersey, a County or Municipality for project reimbursement, the Company agrees that any such funds or credits directly applicable to work related to the Energy Efficiency Projects will be

used to benefit customers by offsetting the costs for which recovery will be sought to the extent permitted by law.

51. However, in no case shall the combination of 1.) federal ARRA funding, 2.) NJCEP incentive funding and 3.) incentives provided as part of this approved program (excluding program incentive financing) fund 100% of a project's costs through rebates or other direct incentives. If it is determined that a project would be funded through 100% rebates or incentives the parties agree that, subject to any restrictions set forth in the ARRA and other applicable law, incentive funding approved as part of this program shall be reduced to bring the total rebates and incentives under 100% of the program costs.

NJLEUC Proposal

52. With respect to cost recovery granted by the Board for energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1, NJLEUC has proposed three alternative provisions for large commercial and industrial ("C&I") customers: an opt-out provision, to allow a large C&I customer to opt out of a utility-sponsored energy efficiency program based on the customer's investments or plans to invest in energy efficiency measures of its own; a surcharge phase-out provision, to establish usage-based tiers with the surcharge amount decreasing as consumption increases; and a hard cap provision, to place an annual cap on charges payable by large C&I customers for the utility-sponsored energy efficiency programs.

53. The parties hereby state their support for the establishment of a separate, generic Board proceeding to address the NJLEUC proposals. This statement of support for a generic proceeding does not represent the expression of a position by any party to this Stipulation with respect to the merits of any of the NJLEUC proposals. Aside from this statement of support, the parties reserve all of their rights in any subsequent proceeding to take any position they deem appropriate, to make any arguments they deem appropriate, to offer any alternative proposals, or to seek to expand the scope of a proceeding.

Further Provisions

54. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Signatory Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Signatory 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.

55. It is the intent of the Signatory Parties that the provisions hereof be approved by the Board as being in the public interest. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

56. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, neither SJG, the Board, its Staff, the Intervenors, nor Rate Counsel shall be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. This stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Signatory 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
PETITIONER\

By: Ira G. Megdal

IRA G. MEGDAL, ESQ.
COZEN O'CONNOR, P.C.

DEPARTMENT OF THE PUBLIC ADVOCATE
RONALD K. CHEN, PUBLIC ADVOCATE

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ANNE MILGRAM
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By:

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Deputy Attorney General

Date: June 29, 2009

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SJG WHOLE BUILDING Energy Efficiency Programs

Enhanced Residential HVAC Rebate Program Description

Description of Program	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 2020, it is critical to start significantly influencing those purchases now. Accordingly, SJG would offer enhanced rebates of up to $900 for qualified WARM Advantage heating equipment purchases. However, customers would only be entitled to this enhanced rebate if they agree to have a Home Performance with Energy Star (HPwES) Tier I audit. These audits will be performed by certified contractors. Tier II and Tier III work would also be performed by HPES certified contractors, and would run through the NJCEP program channels for approval of work and calculation of customer and contractor incentives. SJG would co-fund Tier III incentives to customers, and will offer financing for those customers that have received enhanced rebates from the Clean Energy Program to offset costs associated with non-HVAC recommended improvements identified through the audit.		
Market Segment/ Efficiency Targeted	Residential customers that have existing HVAC equipment needing imminent replacement. The program will incent the installation of high efficiency HVAC equipment and the installation of 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.		
Delivery Method	This program will be directly promoted to customers through HVAC contractors. SJG will work with an outside vendor to process incremental rebates. HPES contractors will perform Tier 1 audits, and will impleme Tier II and Tier III improvements, under the Home Performance and Finance Energy Program.		
Estimated Program Participants	It is anticipated that 4,500 customers will apply for the rebate and a Tier I audit.	**Estimated savings**	It is estimated that the average customer will save approximately 151 therms per year by upgrading to an energy efficient heating system. It is estimated that this program will generate a total of 67,950 dth annually.

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

Link to existing programs	• WARM Advantage • COOL Advantage • Home Performance with Energy Star		
Existing Incentives	* WARM Advantage $300 - 400 per heating system * HPES Tier I- NJCEP discount on the cost of the audit. Tier II- NJCEP Program offers up to $1000 for air and duct sealing. Tier III- choice of rebates ranging from 10% to 50% of the improvements with total rebate cap of $5000 or low cost financing through a 3rd party	**Proposed SJG Incentive**	This proposed plan will offer an incremental rebate of $900 to customers who upgrade to an energy efficient heating system. A HPES Tier I audit is required to be performed, as a condition to receiving the incremental $900 rebate from SJG. SJG will co-fund the HPES Tier III incentives through up-front financing and additional rebates. For more detail, refer to the Home Performance and Finance Energy Efficiency Program.
Estimated avoided air emissions	All savings will be calculated by the Clean Energy Program Manager, according to approved protocols		
Anticipated Job Creation	We anticipate that there will be need for additional HVAC contractors for the volume of work to be generated. It is estimated that this program could generate 74 HVAC installer and sales jobs, and 6 auditor jobs. It is anticipated that an additional 3 people will be needed within SJG to manage and sell the programs to both contractors and the public. These jobs will be allocated across all of the SJG proposed programs.		
Budget information	See Attachment Exhibit 6 of the SJG filing for categorization of costs.		

SJG WHOLE BUILDING Energy Efficiency Programs

Enhanced Residential HVAC Rebate Program Description

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.
Cost Recovery/ Rate design	O&M for program administration, marketing costs, and recovery of applicable rebates and / or financing costs to be collected through a new rider to be applied consistent with treatment of Societal Benefits Clause
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 Energy Efficiency Programs
Residential Home Performance 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. Customers, who choose to participate at the Tier III of the NJ Home Performance with Energy Star Program, will be provided with 100% of the cost of the gas reducing measures, up to $20,000 through "up-front", 0% financing. The financed amount will be reduced through assigned rebates, proposed to be 50% up to $10,000, from the Clean Energy Program. For income eligible customers who earn less than 400 % of federal poverty guidelines, SJG will provide an additional 25% rebate to offset the cost of energy efficiency measures. SJG will also pay for the cost of the $125 audit for income eligible customers. Customers will be responsible to repay the balance of the loan over 10 years, interest free. Customers, who are financially eligible for the Comfort Partners Low Income Program, or other weatherization agency programs, will be referred to those programs.		
Market Segment/ Efficiency Targeted	All residential customers within the SJG service territory, which 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 320 completed homes within the SJG territory.	**Estimated savings**	It is estimated that this program will enable the Home Performance Program to produce more completions, at an average of 25% savings per home. The actual savings calculations will be performed by the current Residential Market Manager. However, based upon a baseline of 914 therms per home in SJG's territory, these saving would produce a minimum of 7,312dth annually.
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 Energy Efficiency Programs
Residential Home Performance Finance Energy Efficiency Program Description

Existing Incentives	Tier I- NJCEP discount on the cost of the audit. Customer cost is now $125, refundable upon completing Tier III measures. Tier II- NJCEP Program offers up to $1000 for air sealing. Tier III- choice of rebates ranging from 10% to 50% of the improvements with total rebate cap of $5000 or low cost financing through a 3rd party	Proposed Incentive	SJG will offer eligible customers an aggressive financial package to assist in obtaining whole house energy efficiency, comfort and savings. Customers who choose to opt for Tier III of the Home Performance with Energy Star Program will initially be provided by SJG's program to provide, 100% of the cost of the gas reducing measures, through "up-front" financing. This financed amount will be reduced once the customer receives a 50% rebate from the Clean Energy Program, under the Tier III initiative of the Home Performance program, and assigns this the provider of the financing. SJG will then provide an additional 25% rebate to income eligible customers to offset the remaining costs to the customer. This incentive will also be assigned to the finance agent. Customers will be responsible to repay the balance of the loan over 10 years, interest free. This loan offer will be capped at $20,000, per customer. It is intended that income eligible customers will only pay a maximum of less than $42 per month, and non income eligible customers will only pay a maximum of less than $84 per month for 120 months, after all applicable rebates are assigned.	Total Incentive

SJG Energy Efficiency Programs
Residential Home Performance Finance Energy Efficiency Program Description

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	Additional auditors, contractors, and / or contractor employees will be needed as demand for the plan increases over time. However it is estimated that this program could support 2 additional auditors, 6 more installers, 2 air sealers, 2 insulators. It is anticipated that this program would generate the need for an additional sales person, totaling 11 people. An additional 3 people will be needed within SJG to manage and sell the programs to both contractors and the public. These jobs will be allocated across all of the SJG proposed programs.
Budget information	See Exhibit 6 of the SJG filing for categorization of costs.
Marketing Approach	Multi tiered approach: Service providers, and homeowners. direct mail complimented by print and broadcast media channels. Bill stuffers, web site, community outreach and education, trade ally programs, call center "up-selling", and contact customers who have accessed SJG's Take Control of Your Gas Bill Dashboard
Cost Recovery/ Rate design	O&M for program administration, marketing costs, and recovery of applicable rebates and / or financing costs. To be collected through a new rider to be applied consistent with treatment of Societal Benefits Clause
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
Combined Heat and Power Program Description

Description of Program	This program will provide an incentive to promote the efficient generation of electricity, and offset thermal loads otherwise satisfied by boilers. A rate and contract mechanism offset will be designed to stabilize natural gas prices over a fixed term to mitigate the volatility of natural gas prices. SJG will provide a direct incentive to match the incentives of the Clean Energy Program.				
Market Segment/ Efficiency Targeted	Commercial / Industrial Customers with a heavy requirement for thermal load. Will also target localities where anticipated growth is expected to create heavy demand upon the existing power infrastructure. Other localities include areas of electric congestion, areas of contiguous building infrastructure, and areas affected by Local Marginal Pricing. Priority will be given to review medical and institutional facilities, which operate 24 hours per day, 7 days per week on a consistent basis.				
Delivery Method	Engineering firms, energy service companies, mechanical contractors; coordinated by utility sales engineers.				
Estimated Program Participants	3 installations	**Estimated savings**	4.5 MW		
Link to existing programs	Link to the CLEP SmartStart Program				
Existing Incentives	See Attached Table	**Proposed SJG Incentive**	100% Match of the CLEP table of incentive		
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 estimated that approximately 57 people will be needed to develop, design, build, and operate a CHP plant worthy of a $1M incentive				
Budget information	See Attachment Exhibit 6 of the SJG filing for categorization of costs.				

SJG WHOLE BUILDING Energy Efficiency Programs
Combined Heat and Power Program Description

Marketing Approach	Direct contact with customers who fit the profile discussed in market segment, coupled with trade publications, web site, and up channel market allies, such as distributors, engineering firms, developers, mechanical contractors, manufactures, and dealer reps.
Cost Recovery/ Rate design	O&M for program administration, marketing costs, and recovery of applicable rebates and / or financing costs to be collected through a new rider to be applied consistent with treatment of Societal Benefits Clause.
Contractor Role	It will be the role of the contractors and developers will be to sell, install, and where appropriate maintain the equipment. The program will be coordinated with the commercial market manager of the NJCLEP, with assistance from SJG.

SJG WHOLE BUILDING Energy Efficiency Programs
Combined Heat and Power Program Description

TABLE 1: CHP TECHNOLOGY AND INCENTIVE LEVELS

Eligible Technology[1]	Incentive[2] ($/Watt) (Up to $1.0 Million)	Maximum % of Project Cost	Minimum System Size
Level 1 •Fuel cells not fueled by Class I renewable fuel	$4.00/Watt	60%	None
Level 2 •Micro turbines •Internal Combustion Engines •Combustion Turbines	$1.00/Watt	30% [3]	None
Level 3 •Heat Recovery or Other Mechanical Recovery from Existing Equipment Utilizing New Electric Generation Equipment	$0.50/Watt	30%	None

[1] Insert New Jersey's code requirements or any other mandates if applicable to the appropriate technology.

[2] No one particular level will receive more than 50% of the funding, subject to review after 6 months

[3] The maximum % of project cost will go to 40% where a cooling application is used or included with the CHP system.

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

Description of Program	This program will encourage participation and implementation of NJCEP SmartStart Building program qualified measures or improvements identified by the 2009 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 commercial customers whose electric demand is not greater than 200KW, zero (0%) percent, financing for the entire amount of the customer's financial obligation, up to $25,000 to install energy efficiency gas reducing technologies, less the NJCEP rebate received, for a 10 year period.		
Market Segment/ Efficiency Targeted	The program will be marketed to all SJG customers who can install measures which are eligible for either SmartStart Buildings program, or the new NJCEP Direct Install program. ,		
Delivery Method	The improvements will be delivered consistent with existing SmartStart and Direct Install channels. SJG will work with the NJCEP Commercial Market Manager, and will employ the services of another energy engineering company, 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.		
Estimated Program Participants	It is estimated that 300 customers will participate in this program	**Estimated savings**	Energy savings which result from this program will be done by the NJCEP Market Manager, according to approved protocols. However, based on a small GSG customer's average use of 487 th/yr, a 20% savings plan would produce over 97 therms per customer per year, totaling 2,910 dth annually.
Link to existing programs	Directly linked to NJCEP SmartStart Building and new NJCEP Direct Install program		

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

Existing Incentives for 2009	SmartStart- NJCEP rebate incentives vary by measures. No changes to rebate levels proposed Direct install- NJCEP provides 80 percent of the costs of the recommended measures.	**Proposed Incentives**	SJG, either through the Company, or through another lending agency, will provide zero (0) percent financing for the "up-front cost of installing the recommended gas measures, up to $25,000. This financing option is conditioned upon the customer forwarding all CLEP incentives and rebates received under this program to SJG, to the lending agency. If such rebates are not received within 180 days, SJG will apply an interest rate equal to the Company's weighted avg. cost of capital for the duration of the term of the loan.
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 could generate 7 installers, and a variety of sales, and administrative staff persons. It is also anticipated that an additional 3 people will be needed within SJG to manage and sell the programs to both contractors and to the public. These jobs will be allocated across all of the SJG proposed programs.		
Budget information	See Attachment Exhibit 6 of the SJG filing for categorization of costs.		

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

Marketing Approach	SJG will partner with TRC, and other local energy engineering firms to promote this program by working with contractors, local business organizations, and Chambers of Commerce, industry and trade groups. SJG will also frequently promote this offer through our Web Site, and various print publications.
Cost Recovery/ Rate design	O&M for program administration, marketing costs, and recovery of applicable rebates and / or financing costs to be collected through a new rider to be applied consistent with treatment of Societal Benefits Clause.
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.

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 accounts, including but not limited to: multifamily housing complexes, institutions, municipal complexes, schools, medical facilities, hotels and casinos, and industrial users. The major thrust of this program is to provide a maximum of $100,000 of "up-front" financing options and an additional incentive to non residential customers. SJG is also proposing to buy down the difference to install whole building energy efficient technologies, devices, analytical studies, and recommended equipment which would reduce natural gas consumption, and yield the customer positive cash flows over time, for the customer. The needs of the customer would be assessed by a representative if the NJ Clean Energy Program Market Manager and the project would be coordinated with the NJCEP Market Manager. This incentive will be matched with CLEP incentives up to $100,000. The maximum amount of financing, after all applicable incentives are assigned to SJG will be $100,000.		
Market Segment/ Efficiency Targeted	The plan is applicable to all non residential 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.		
Estimated Program Participants	It is estimated that 32 customers will participate in this program.	**Estimated savings**	The savings calculations will be performed by the Commercial Market Manager for the NJCLEP, however based on the average savings of 2,522 Dth per customer experience by SJG in 2006, it is estimated that this program could generate 80,704 dth annually.

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

Link to existing programs	Link to the Clean Energy Program SmartStart Program		
Existing Incentives	See Current 2009 CLEP TRC Filing	**Proposed SJG Incentives**	SJG, a finance agency, will finance any outstanding balance up to $100,000 after all applicable CLEP and SJG incentives and rebates are applied. This financing option is conditioned upon the customer forwarding all CLEP incentives and rebates received under this program, to SJG, to the lending agency. If such rebates are not received within 180 days, SJG will apply an interest rate equal to the Company's weighted cost of capital for the duration of the term of the loan.
Estimated avoided air emissions	Will follow approved CLEP Protocol		
Anticipated Job Creation	It is believed that this program could generate 6 installers, and a variety of sales, administrative, and engineering positions. It is also anticipated that an additional 3 people will be needed within SJG to manage and sell the programs to both contractors and the public. These jobs will be allocated across all of the SJG proposed programs.		
Budget information	See Exhibit 6 of the SJG filing for categorization of costs.		
Marketing Approach	The approach to this program will entail a multi-level 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. In addition, the communication will need to be supplemented with coordinated utility sales efforts.		
Cost Recovery/ Rate design	O&M for program administration, marketing costs, and recovery of applicable rebates and / or financing costs to be collected through a new rider to be applied consistent with treatment of Societal Benefits Clause.		

South Jersey Gas Company

Energy Efficiency Tracker
Revenue Requirement and Rate Calculation Year 1

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1 Total
Net Monthly Investment	$1,043,863	$1,086,105	$1,087,207	$605,877	$563,727	$717,757	$825,293	$817,793	$1,683,025	$473,357	$497,357	$523,857	
Less CHP Rebate									($1,000,000)				
Net Monthly Investment	$1,043,863	$1,086,105	$1,087,207	$605,877	$563,727	$717,757	$825,293	$817,793	$683,025	$473,357	$497,357	$523,857	$8,925,215
Cumulative Investment	$1,043,863	$2,129,968	$3,217,175	$3,823,051	$4,386,778	$5,104,535	$5,929,828	$6,747,621	$7,430,645	$7,904,002	$8,401,359	$8,925,215	
Less Accumulated Amortization	$0	($21,747)	($66,121)	($133,146)	($212,793)	($304,184)	($410,529)	($534,067)	($674,642)	($850,281)	($1,035,781)	($1,231,642)	
Less Accumulated Deferred Tax	($428,861)	($866,141)	($1,294,579)	($1,515,961)	($1,714,840)	($1,972,176)	($2,267,549)	($2,552,777)	($3,186,476)	($3,308,791)	($3,436,914)	($3,571,668)	
Net Investment	$615,002	$1,242,079	$1,856,474	$2,173,945	$2,459,145	$2,828,175	$3,251,750	$3,660,778	$3,569,527	$3,744,931	$3,928,664	$4,121,906	
Rate of Return (11.2% / 12)	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	
Required Net Operating Income	$5,740	$11,594	$17,328	$20,292	$22,954	$26,398	$30,352	$34,170	$33,318	$34,955	$36,670	$38,474	$312,244
Incremental O&M After Tax	$29,950	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$198,034
After Tax Amortization	$0	$12,863	$26,247	$39,645	$47,111	$54,058	$62,903	$73,073	$83,150	$103,890	$109,723	$115,852	$728,516
Operating Income	$35,690	$39,737	$58,856	$75,217	$85,345	$95,736	$108,535	$122,523	$131,749	$154,126	$161,674	$169,606	$1,238,795
Revenue Factor	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	
Revenue Requirement	$38,752	$43,147	$63,906	$81,671	$92,668	$103,951	$117,847	$133,035	$143,053	$167,350	$175,545	$184,159	$1,345,084
Revenue Requirement Excluding SUT	$36,217	$40,324	$59,725	$76,328	$86,605	$97,150	$110,138	$124,332	$133,694	$156,402	$164,061	$172,111	$1,257,088
Therms													565,123,418
Rate Per Therm Excluding SUT													$0.0022
Rate Per Therm Including SUT													$0.0024

South Jersey Gas Company

Energy Efficiency Tracker
Revenue Requirement and Rate Calculation Year 2

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Year 2 Total
Net Monthly Investment	$565,217	$541,217	$477,567	$467,567	$1,467,567	$497,567	$587,042	$1,563,042	$473,977	$0	$0	$0	
Less CHP Rebate					($1,000,000)			($1,000,000)					
Net Monthly Investment	$565,217	$541,217	$477,567	$467,567	$467,567	$497,567	$587,042	$563,042	$473,977	$0	$0	$0	$4,640,760
Cumulative Investment	$9,490,432	$10,031,649	$10,509,215	$10,976,782	$11,444,349	$11,941,915	$12,528,957	$13,091,999	$13,565,975	$13,565,975	$13,565,975	$13,565,975	
Less Accumulated Amortization	($1,438,418)	($1,656,968)	($1,886,794)	($2,126,570)	($2,376,086)	($2,656,176)	($2,946,633)	($3,249,320)	($3,584,570)	($3,929,694)	($4,274,819)	($4,619,943)	
Less Accumulated Deferred Tax	($3,718,930)	($3,851,494)	($3,953,276)	($4,046,861)	($4,547,285)	($4,636,633)	($4,758,482)	($5,276,286)	($5,333,281)	($5,191,490)	($5,049,699)	($4,907,908)	
Net Investment	$4,333,085	$4,523,187	$4,669,146	$4,803,351	$4,520,978	$4,649,106	$4,823,842	$4,566,393	$4,648,125	$4,444,792	$4,241,458	$4,038,124	
Rate of Return (11.2% / 12)	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	0.9334%	
Required Net Operating Income	$40,445	$42,219	$43,582	$44,834	$42,199	$43,395	$45,026	$42,623	$43,386	$41,488	$39,590	$37,692	$506,478
Incremental O&M After Tax	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$0	$0	$0	$128,651
After Tax Amortization	$122,308	$129,273	$135,942	$141,827	$147,589	$165,674	$171,805	$179,039	$198,300	$204,141	$204,141	$204,141	$2,004,180
Operating Income	$177,047	$185,787	$193,818	$200,956	$204,082	$223,363	$231,125	$235,956	$255,981	$245,629	$243,731	$241,833	$2,639,309
Revenue Factor	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	1.0858	
Revenue Requirement	$192,238	$201,727	$210,448	$218,198	$221,593	$242,527	$250,956	$256,201	$277,944	$266,704	$264,643	$262,582	$2,865,762
Revenue Requirement Excluding SUT	$179,662	$188,530	$196,680	$203,924	$207,096	$226,661	$234,538	$239,441	$259,760	$249,256	$247,330	$245,404	$2,678,282
Year 1 (Over)/Under Recovered Balance	$568	$702	$698	$583	$644	$973	$1,434	$1,863	$1,907	$1,784	$1,289	$840	$13,386
Total Revenue Requirement	$180,329	$189,232	$197,378	$204,507	$207,739	$227,634	$235,973	$241,304	$261,667	$251,040	$248,619	$246,244	$2,691,668
Therms													565,123,418
Rate Per Therm Excluding SUT													$0.0048
Rate Per Therm Including SUT													$0.0051

South Jersey Gas Company
Energy Efficiency Tracker Amortization of Investment

	Total Program	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Month 1	$1,043,863	$0	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747
Month 2	$1,086,105	$0	$0	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627
Month 3	$1,087,207	$0	$0	$0	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650
Month 4	$605,877	$0	$0	$0	$0	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622
Month 5	$563,727	$0	$0	$0	$0	$0	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744
Month 6	$717,757	$0	$0	$0	$0	$0	$0	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953
Month 7	$825,293	$0	$0	$0	$0	$0	$0	$0	$17,194	$17,194	$17,194	$17,194	$17,194
Month 8	$817,793	$0	$0	$0	$0	$0	$0	$0	$0	$17,037	$17,037	$17,037	$17,037
Month 9	$1,683,025	$0	$0	$0	$0	$0	$0	$0	$0	$0	$35,063	$35,063	$35,063
Month 10	$473,357	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,862	$9,862
Month 11	$497,357	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,362
Month 12	$523,857	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 13	$565,217	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 14	$541,217	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 15	$477,567	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 16	$467,567	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 17	$1,467,567	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 18	$497,567	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 19	$587,042	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 20	$1,563,042	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Month 21	$473,977	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$16,565,975	$0	$21,747	$44,374	$67,024	$79,647	$91,391	$106,344	$123,538	$140,575	$175,638	$185,500	$195,862
Cumulative Amortization			$21,747	$66,121	$133,146	$212,793	$304,184	$410,529	$534,067	$674,642	$850,281	$1,035,781	$1,231,642

South Jersey Gas Company
Energy Efficiency Tracker Amortization of Investment

	Total Program	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24
Month 1	$1,043,863	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747	$21,747
Month 2	$1,086,105	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627	$22,627
Month 3	$1,087,207	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650	$22,650
Month 4	$605,877	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622	$12,622
Month 5	$563,727	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744	$11,744
Month 6	$717,757	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953	$14,953
Month 7	$825,293	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194	$17,194
Month 8	$817,793	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037	$17,037
Month 9	$1,683,025	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063	$35,063
Month 10	$473,357	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862	$9,862
Month 11	$497,357	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362	$10,362
Month 12	$523,857	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914	$10,914
Month 13	$565,217	$0	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775	$11,775
Month 14	$541,217	$0	$0	$11,275	$11,275	$11,275	$11,275	$11,275	$11,275	$11,275	$11,275	$11,275	$11,275
Month 15	$477,567	$0	$0	$0	$9,949	$9,949	$9,949	$9,949	$9,949	$9,949	$9,949	$9,949	$9,949
Month 16	$467,567	$0	$0	$0	$0	$9,741	$9,741	$9,741	$9,741	$9,741	$9,741	$9,741	$9,741
Month 17	$1,467,567	$0	$0	$0	$0	$0	$30,574	$30,574	$30,574	$30,574	$30,574	$30,574	$30,574
Month 18	$497,567	$0	$0	$0	$0	$0	$0	$10,366	$10,366	$10,366	$10,366	$10,366	$10,366
Month 19	$587,042	$0	$0	$0	$0	$0	$0	$0	$12,230	$12,230	$12,230	$12,230	$12,230
Month 20	$1,563,042	$0	$0	$0	$0	$0	$0	$0	$0	$32,563	$32,563	$32,563	$32,563
Month 21	$473,977	$0	$0	$0	$0	$0	$0	$0	$0	$0	$9,875	$9,875	$9,875
Total	$16,565,975	$206,775	$218,551	$229,826	$239,775	$249,516	$280,091	$290,457	$302,687	$335,250	$345,124	$345,124	$345,124
Cumulative Amortization		$1,438,418	$1,656,968	$1,886,794	$2,126,570	$2,376,086	$2,656,176	$2,946,633	$3,249,320	$3,584,570	$3,929,694	$4,274,819	$4,619,943
After Tax Amortization Calculation:													
Monthly Amortization Total		$206,775	$218,551	$229,826	$239,775	$249,516	$280,091	$290,457	$302,687	$335,250	$345,124	$345,124	$345,124
Tax Factor		0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915
After Tax Amortization		$122,308	$129,273	$135,942	$141,827	$147,589	$165,674	$171,805	$179,039	$198,300	$204,141	$204,141	$204,141

South Jersey Gas Company

Energy Efficiency Tracker
Deferred Tax Calculation

Year 1

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Monthly Investment		$1,043,863	$1,086,105	$1,087,207	$605,877	$563,727	$717,757	$825,293	$817,793	$1,683,025	$473,357	$497,357	$523,857	$9,925,215
Tax Deduction		$1,043,863	$1,086,105	$1,087,207	$605,877	$563,727	$717,757	$825,293	$817,793	$1,683,025	$473,357	$497,357	$523,857	$9,925,215
Book Amortization		$0	($21,747)	($44,374)	($67,024)	($79,647)	($91,391)	($106,344)	($123,538)	($140,575)	($175,638)	($185,500)	($195,862)	($1,231,642)
Net		$1,043,863	$1,064,358	$1,042,832	$538,852	$484,080	$626,365	$718,949	$694,255	$1,542,449	$297,718	$311,857	$327,995	$8,693,573
Year 1 Deferred Tax	41.084%	$428,861	$437,281	$428,437	$221,382	$198,879	$257,336	$295,373	$285,228	$633,700	$122,315	$128,123	$134,753	$3,571,668
Accumulated Deferred Tax		$428,861	$866,141	$1,294,579	$1,515,961	$1,714,840	$1,972,176	$2,267,549	$2,552,777	$3,186,476	$3,308,791	$3,436,914	$3,571,668	

Year 2

		Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Monthly Investment		$565,217	$541,217	$477,567	$467,567	$1,467,567	$497,567	$587,042	$1,563,042	$473,977	$0	$0	$0	$6,640,760
Tax Deduction		$565,217	$541,217	$477,567	$467,567	$1,467,567	$497,567	$587,042	$1,563,042	$473,977	$0	$0	$0	$6,640,760
Book Amortization		($206,775)	($218,551)	($229,826)	($239,775)	($249,516)	($280,091)	($290,457)	($302,687)	($335,250)	($345,124)	($345,124)	($345,124)	($3,388,301)
Net		$358,441	$322,666	$247,741	$227,791	$1,218,050	$217,476	$296,585	$1,260,355	$138,727	($345,124)	($345,124)	($345,124)	$3,252,459
Year 2 Deferred Tax	41.084%	$147,262	$132,564	$101,782	$93,586	$500,424	$89,348	$121,849	$517,804	$56,994	($141,791)	($141,791)	($141,791)	$1,336,240
Accumulated Deferred Tax		$3,718,930	$3,851,494	$3,953,276	$4,046,861	$4,547,285	$4,636,633	$4,758,482	$5,276,286	$5,333,281	$5,191,490	$5,049,699	$4,907,908	

South Jersey Gas Company
Energy Efficiency Tracker - Incremental Operating and Maintenance Budget

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1
Enhanced Residential HVAC	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 95,600
Home Performance Financing	$ 13,700	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 96,200
Combined Heat and Power	$ 7,867	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 1,667	$ 26,200
Commercial Direct Install	$ 10,900	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 62,600
Non Residential Energy Efficiency	$ 10,200	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 54,200
Total Budget	$ 50,633	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 334,800
After Tax O&M Calculation:													
Monthly Budget	$ 50,633	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 25,833	$ 334,800
Tax Factor	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915
Incremental O&M - After-Tax	$29,950	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$15,280	$198,034

	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Total Year 2
Enhanced Residential HVAC	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 7,967	$ 71,700
Home Performance Financing	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 7,500	$ 67,500
Combined Heat and Power	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Commercial Direct Install	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 4,700	$ 42,300
Non Residential Energy Efficiency	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 36,000
Total Budget	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 217,500
After Tax O&M Calculation:										
Monthly Budget	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 24,167	$ 217,500
Tax Factor	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	0.5915	
Incremental O&M - After-Tax	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$14,295	$ 128,651

South Jersey Gas Company
Energy Efficiency Tracker
Monthly Recovery and Interest Calculation

		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Period Volumes		28,198,304	29,646,462	29,456,552	24,627,977	27,166,606	41,088,524	60,555,416	78,645,727	80,500,121	75,326,408	54,431,195	35,476,123	565,123,416
Recovery Rate		$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	
Recoveries		$62,036	$65,222	$64,804	$54,182	$59,767	$90,395	$133,222	$173,021	$177,100	$165,722	$119,749	$78,052	$1,243,272
Revenue Requirements Excluding SUT		$36,217	$40,324	$59,725	$76,328	$86,605	$97,150	$110,138	$124,332	$133,694	$156,402	$164,061	$172,111	$1,257,088
Less Recoveries		$62,036	$65,222	$64,804	$54,182	$59,767	$90,395	$133,222	$173,021	$177,100	$165,722	$119,749	$78,052	$1,243,272
Monthly (Over)/Under Recovered Balance		($25,819)	($24,898)	($5,079)	$22,146	$26,839	$6,755	($23,084)	($48,688)	($43,406)	($9,321)	$44,313	$94,059	$13,816
Beginning (Over)/Under Recovered Balance		$0	($25,819)	($50,717)	($55,796)	($33,650)	($6,811)	($56)	($23,140)	($71,828)	($115,235)	($124,556)	($80,243)	$0
Ending (Over)/Under Recovered Balance		($25,819)	($50,717)	($55,796)	($33,650)	($6,811)	($56)	($23,140)	($71,829)	($115,235)	($124,556)	($80,243)	$13,816	$13,816
Average (Over)/Under Recovered Balance (Net of Taxes)	0.5915	($7,636)	($22,636)	($31,501)	($26,454)	($11,987)	($2,031)	($6,880)	($28,087)	($55,324)	($70,918)	($60,569)	($19,646)	
Interest (To Customers) / To Company	1.50%	($10)	($28)	($39)	($33)	($15)	($3)	($9)	($35)	($69)	($89)	($76)	($25)	($430)
(Over)/Under Recovered Balance to be Recovered in Year 2														$13,386

		Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total
Period Volumes		28,198,304	29,646,462	29,456,552	24,627,977	27,166,606	41,088,524	60,555,416	78,645,727	80,500,121	75,328,408	54,431,195	35,476,123	565,123,416
Recovery Rate		$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	$0.0048	
Recoveries		$135,352	$142,303	$141,391	$118,214	$130,400	$197,225	$290,666	$377,499	$386,401	$361,576	$261,270	$170,295	$2,712,592
Revenue Requirements Excluding SUT		$179,682	$188,530	$196,680	$203,924	$207,096	$226,661	$234,538	$239,441	$259,760	$249,256	$247,330	$245,404	$2,678,282
Interest		($430)												($430)
Less Recoveries		$135,352	$142,303	$141,391	$118,214	$130,400	$197,225	$290,666	$377,499	$386,401	$361,576	$261,270	$170,295	$2,712,592
Monthly (Over)/Under Recovered Balance		$43,880	$46,227	$55,289	$85,709	$76,696	$29,436	($56,128)	($138,059)	($126,640)	($112,320)	($13,940)	$75,109	($34,740)
Beginning (Over)/Under Recovered Balance		$13,816	$57,696	$103,923	$159,212	$244,922	$321,618	$351,054	$294,926	$156,867	$30,227	($82,093)	($96,033)	$13,816
Ending (Over)/Under Recovered Balance		$57,696	$103,923	$159,212	$244,922	$321,618	$351,054	$294,926	$156,867	$30,227	($82,093)	($96,033)	($20,924)	($20,924)
Average (Over)/Under Recovered Balance (Net of Taxes)	0.5915	$21,150	$47,798	$77,822	$119,523	$167,554	$198,943	$191,049	$133,818	$55,333	($15,339)	($52,681)	($34,590)	
Interest (To Customers) / To Company (Net of Taxes)	1.50%	$26	$60	$97	$149	$209	$249	$239	$167	$69	($19)	($66)	($43)	$1,136

SJG INFRASTRUCTURE INVESTMENT PROGRAM

CALCULATION OF INTEREST CHARGES

Year 1 Assumptions:	Projected Annual	Projected Monthly	Actual Annual
Total Capital Expenditures	$28,500,000		$26,000,000
Revenue Requirement - Year 1	$4,000,000	$444,444	$3,650,000
Total Sales (KWh)	4,000,000,000		4,200,000,000
Recovery Rate	$0.0010		$0.0010
Total Amount Actually Collected			$4,200,000

Revenue Breakdown:	Jan	Feb	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Year 1				8.50%	9.00%	13.00%	16.00%	16.00%	13.00%	8.50%	8.00%	8.00%	100.00%
Interest Rate (Annual - Assuming Fixed Rate)													
Year 1				5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	

Year 1 - As Projected Initially Based on Uniform Monthly Rev. Req.	April '09	May '09	June '09	July '09	Aug. '09	Sept. '09	Oct. '09	Nov. '09	Dec. '09	Total
Revenue Requirement	$444,444	$444,444	$444,444	$444,444	$444,444	$444,444	$444,444	$444,444	$444,444	$4,000,000
Monthly Recoveries	(340,000)	(360,000)	(520,000)	(640,000)	(640,000)	(520,000)	(340,000)	(320,000)	(320,000)	($4,000,000)
(Over)/Under Recovery	$104,444	$84,444	($75,556)	($195,556)	($195,556)	($75,555)	$104,444	$124,444	$124,444	$0
Beginning Balance - (Over)/Under Recovery	$0	$104,444	$188,889	$113,333	($82,222)	($277,778)	($353,333)	($248,889)	($124,444)	
Ending Balance (Over)/Under Recovery	$104,444	$188,889	$113,333	($82,222)	($277,778)	($353,333)	($248,889)	($124,444)	$0	
Average Balance (Over)/Under	$52,222	$146,667	$151,111	$15,556	($180,000)	($315,556)	($301,111)	($186,667)	($62,222)	
Interest Rate (Monthly)	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	
Interest (To Customer) /To Company	$218	$611	$630	$65	($750)	($1,315)	($1,255)	($778)	($259)	($2,833)

Year 1 - Actual	April '09	May '09	June '09	July '09	Aug. '09	Sept. '09	Oct. '09	Nov. '09	Dec. '09	Total
Revenue Requirement	$0	$200,000	$350,000	$400,000	$400,000	$500,000	$600,000	$600,000	$600,000	$3,650,000
Monthly Recoveries	(357,000)	(378,000)	(546,000)	(672,000)	(672,000)	(546,000)	(357,000)	(336,000)	(336,000)	($4,200,000)
(Over)/Under Recovery	($357,000)	($178,000)	($196,000)	($272,000)	($272,000)	($46,000)	$243,000	$264,000	$264,000	($550,000)
Beginning Balance - (Over)/Under Recovery	$0	($357,000)	($535,000)	($731,000)	($1,003,000)	($1,275,000)	($1,321,000)	($1,078,000)	($814,000)	
Ending Balance (Over)/Under Recovery	($357,000)	($535,000)	($731,000)	($1,003,000)	($1,275,000)	($1,321,000)	($1,078,000)	($814,000)	($550,000)	
Average Balance (Over)/Under	($178,500)	($446,000)	($633,000)	($867,000)	($1,139,000)	($1,298,000)	($1,199,500)	($946,000)	($682,000)	
Interest Rate (Monthly)	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	
Interest (To Customer) /To Company	($744)	($1,858)	($2,638)	($3,613)	($4,746)	($5,408)	($4,998)	($3,942)	($2,842)	($30,788)

APPENDIX C
PAGE 2 OF 2

Year 2 Assumptions:	Projected Annual	Projected Monthly	Actual Annual
Total Cumulative Capital Expenditures	$34,200,000		$36,000,000
Revenue Requirement - Year 2	$6,000,000	$500,000	$6,315,000
Year 1 True-Up (Over)/Under	($550,000)	($45,833)	($550,000)
Year 1 Interest (To Customer)/To Company	($30,788)	($2,566)	($30,788)
Total Amount to be Collected	$5,419,213	$451,601	$5,734,213
Total Sales (KWh)	4,250,000,000		4,200,000,000
Recovery Rate	$0.0013		$0.0013
Total Amount Actually Collected			$5,355,457.06

Revenue Breakdown:	Jan	Feb	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	
Year 2	6.00%	6.00%	6.50%	7.00%	8.00%	10.50%	12.00%	12.00%	10.50%	7.50%	7.00%	7.00%	100.00%
Interest Rate (Annual - Assuming Fixed Rate)													
Year 2	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	4.80%	

Year 2 - As Projected Initially Based on Uniform Monthly Rev. Req.

	Jan. '10	Feb. '10	March '10	April '10	May '10	June '10	July '10	Aug. '10	Sept. '10	Oct. '10	Nov. '10	Dec. '10	Total
Revenue Requirement	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$500,000	$6,000,000
Interest	(30,788)												(30,788)
Monthly Recoveries	(325,153)	(325,153)	(352,249)	(379,345)	(433,537)	(569,017)	(650,306)	(650,306)	(569,017)	(406,441)	(379,345)	(379,345)	(5,419,213)
(Over)/Under Recovery	$144,060	$174,847	$147,751	$120,655	$66,463	($69,017)	($150,306)	($150,306)	($69,017)	$93,559	$120,655	$120,655	$550,000
Beginning Balance - (Over)/Under Recovery	($550,000)	($405,940)	($231,093)	($83,342)	$37,313	$103,776	$34,759	($115,547)	($265,852)	($334,869)	($241,310)	($120,655)	
Ending Balance (Over)/Under Recovery	($405,940)	($231,093)	($83,342)	$37,313	$103,776	$34,759	($115,547)	($265,852)	($334,869)	($241,310)	($120,655)	$0	
Average Balance (Over)/Under	($477,970)	($318,517)	($157,217)	($23,014)	$70,545	$69,268	($40,394)	($190,699)	($300,361)	($288,090)	($180,983)	($60,328)	
Interest Rate (Monthly)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Interest (To Customer) /To Company	($1,912)	($1,274)	($629)	($92)	$282	$277	($162)	($763)	($1,201)	($1,152)	($724)	($241)	($7,691)

Year 2 - Actual	Jan. '10	Feb. '10	March '10	April '10	May '10	June '10	July '10	Aug. '10	Sept. '10	Oct. '10	Nov. '10	Dec. '10	Total
Revenue Requirement	$378,900	$378,900	$410,475	$442,050	$505,200	$663,075	$757,800	$757,800	$663,075	$473,625	$442,050	$442,050	$6,315,000
Interest	(30,788)												(30,788)
Monthly Recoveries	(321,327)	(321,327)	(348,105)	(374,882)	(428,437)	(562,323)	(642,655)	(642,655)	(562,323)	(401,659)	(374,882)	(374,882)	(5,355,457)
(Over)/Under Recovery	$26,785	$57,573	$62,370	$67,168	$76,763	$100,752	$115,145	$115,145	$100,752	$71,966	$67,168	$67,168	$928,756
Beginning Balance - (Over)/Under Recovery	($550,000)	($523,215)	($465,642)	($403,272)	($336,104)	($259,341)	($158,589)	($43,443)	$71,702	$172,454	$244,419	$311,587	
Ending Balance (Over)/Under Recovery	($523,215)	($465,642)	($403,272)	($336,104)	($259,341)	($158,589)	($43,443)	$71,702	$172,454	$244,419	$311,587	$378,755	
Average Balance (Over)/Under	($536,607)	($494,429)	($434,457)	($369,688)	($297,722)	($208,965)	($101,016)	$14,129	$122,078	$208,437	$278,003	$345,171	
Interest Rate (Monthly)	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	
Interest (To Customer) /To Company	($2,146)	($1,978)	($1,738)	($1,479)	($1,191)	($836)	($404)	$57	$488	$834	$1,112	$1,381	($5,900)

APPENDIX D

Minimum Filing Requirements

1. Direct FTE employment impact, including a breakdown by project, as defined in paragraph 41 of the Stipulation.
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 project.
12. Estimated demand and energy savings, including a breakdown by project.
13. Emissions reductions from the Program, including a breakdown by project.
14. Estimated free ridership and spillover.
15. Participant costs (net of utility incentives), including a breakdown by project.
16. Results of program evaluations, including a breakdown by project.

Note: Based on $.0024 rate

RATE IMPACT

Residential Service (RSG)

Therm Level	Bill as of June 30, 2009(1)	Bill as of July 1, 2009 (2)	Dollar Increase	Percent Increase
25	$47.64	$47.70	$0.06	0.1%
100	$167.28	$167.52	$0.24	0.1%
200	$326.80	$327.28	$0.48	0.2%

General Service (GSG) (Using less than 5,000 therms per year)

Therm Level	Bill as of June 30, 2009(1)	Bill as of July 1, 2009 (2)	Dollar Increase	Percent Increase
500	$769.33	$770.53	$1.20	0.2%
1,000	$1,519.93	$1,522.33	$2.40	0.2%
2,000	$3,021.13	$3,025.93	$4.80	0.2%

Large Volume Service- Sales (LVS)

Therm Level	Bill as of June 30, 2009(1)	Bill as of July 1, 2009 (2)	Dollar Increase	Percent Increase
63,000	$71,016	$71,167	$151	0.2%

(1) Based upon current Delivery Rates, Basic Gas Supply Service (BGSS) and Capital Investment Recovery charges in effect May 1, 2009 and assumes that the customer receives BGSS service from South Jersey Gas.
(2) Same as (1) except includes change in EET.

PUBLIC UTILITY STIMULUS FILINGS
JOB CREATION SURVEY INSTRUCTIONS

IN THE MATTER OF ____

DOCKET NO. _______________

PART A: Program information

Please provide the following information related to each program contained in the Company's Energy Efficiency filing:

(1) Budget
(2) Total time
(3) Type of building
(4) Number of projects

PART B: Typical project

In order to provide a better understanding of the Company's estimates, the following questions ask about a typical project under this filing:

(1) What is the size of a typical or average project in this program? Indicate the estimate in square feet.
(2) How much will the typical project described above cost to complete?
(3) How long (in days) will it take to complete the typical project described above?
(4) What is the total number of workers (FTE) needed to complete this project?

PART C: Jobs

The Company's filing indicated the total number of jobs that will be necessary to complete this project. This section asks more detailed questions about those.

(1) *Total number of jobs from filing:* Please identify the total number of jobs created listed in the Company's filing. Please update if this figure has changed.

(2) *Source of formula for jobs estimate:* What is the source or formula the Company used to create the job projects? Please include supporting documentation.

(3) *Occupation title:* What is the title of the occupation?

(4) *Total jobs:* Please provide the average number of people in this position the Company estimates will be needed for the program. Also provide the Company's minimum and maximum estimates, based on demand for this program.

(5) *New jobs:* Please provide the average number of ***new*** people in this position the Company estimates will be needed for the program. Also provide the Company's minimum and maximum estimates, based on demand for this program.

Public Utility Stimulus Filings
Job Creation Survey Instructions

(6) *Requirements:*

(a) *Minimum education:* What is the minimum education level needed for people in this occupation?

(b) *Certifications:* What types of certifications are necessary for people in this occupation, if any?

(c) *Skills:* What specific skills are necessary for people in this occupation?

(7) *Entry level:* Is this occupation one that can be filled by entry-level workers without training or experience? Check 'Y' for YES or 'N' for NO.

PART D: Contracts

Some of the work identified in the Company's filing will be contracted out. This section asks specific questions about these proposed contracts.

(1) *Type of contract:* What type of business services will this contract target?

(2) *Number of this type:* How many contracts of this type do you expect to make?

(3) *Number of projects:* How many projects will be served by this type of contract?

(4) *Estimated number of workers:* How many workers will be employed by this contract?

(5) *Estimated number of new workers:* How many new workers will be hired to fulfill this contract?

(6) *Occupation titles of workers:* What are the specific occupation titles of workers who will be help fulfill this contract?

PART E: Comments

Please provide any additional information that will be helpful in evaluating the job creation portion of your filing.

<Company name>

PART A: Program information

Program:

Budget:
Total time:
Type of building:
Number of projects:

PART B: Typical project

(1) Size of a typical building project for this program: ________ sq ft.
(2) Cost of a typical project, as described in (1), above: $________
(3) Time (in days) to complete this typical project: ________ days
(4) Number of workers needed for typical project: ________ workers

PART C: Jobs

(1) Total number of jobs from filing: <from filing>

(2) Source of formula for jobs estimate (please attach documentation): ____________________

(3) Occupation title	(4) total jobs			(5) new jobs			(6) Requirements			(7) Entry level
	min	max	avg	min	max	avg	(a) Minimum education	(b) Certifications	(c) Skills	
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N
										__Y __N

PART D: Contracts

(1)Type of contract	(2) Number of this type	(3) Number of projects	(4) Estimated number of workers	(5) Estimated number of new workers	(5) Occupation titles of workers

PART E: Comments

APPENDIX G

Revised Tariff Language to be Agreed Upon By the Parties