



Agenda Date: 02/11/2009
Agenda Item: 2F

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu/

DIVISION OF ENERGY AND
OFFICE OF CLEAN ENERGY

IN THE MATTER OF ENERGY EFFICIENCY)
PROGRAMS AND ASSOCIATED COST RECOVERY)
MECHANISM PROCEEDINGS)

ORDER DESIGNATING
COMMISSIONER

DOCKET NO. EO09010056

IN THE MATTER NEW JERSEY NATURAL GAS)
COMPANY FOR APPROVAL OF ENERGY EFFICIENCY)
PROGRAMS WITH AN ASSOCIATED COST)
RECOVERY MECHANISM)

DOCKET NO. GO09010057

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY)
OFFERING AN ECONOMIC ENERGY EFFICIENCY)
STIMULUS PROGRAM IN ITS SERVICE TERRITORY)
ON A REGULATED BASIS AND FOR ASSOCIATED)
COST RECOVERY MECHANISM PURSUANT TO)
N.J.S.A. 48:3-98.1)

DOCKET NO. EO09010058

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)

DOCKET NO. GO09010059

IN THE MATTER OF THE PETITION OF PIVOTAL)
HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS FOR)
APPROVAL OF ENERGY EFFICIENCY PROGRAMS)
AND A REGIONAL GREENHOUSE GAS INITIATIVE)
COST RECOVERY RIDER)

DOCKET NO. GO09010060

(SERVICE LIST ATTACHED)

BY THE BOARD:

In response to Governor Corzine's call to electric and gas utilities to assist in promoting a broad economic recovery in the State while reducing energy consumption and greenhouse gas production, the Board has encouraged the State's utilities to formulate plans for enhanced investments in energy efficiency programs. The Board is also working with the utilities to provide

enhanced investment in infrastructure. I/M/O a Proceeding for Infrastructure Investment and a Cost Recovery Mechanism for All Gas and Electric Utilities, Dkt. No. EO09010049 (January 29, 2009).

Background and Procedural History

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

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

An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board. In determining the recovery of such program costs, the Board "...may take into account the potential for job creation from such programs, the effect on competition for such programs, existing market barriers, environmental benefits, and the availability of such programs in the marketplace." N.J.S.A. 48:3-98.1(b). One of the major objectives of these energy efficiency filings is to create green collar jobs in the State. The utilities will be required to estimate and then track the number of green collar jobs created through the proposed programs.

Utility Filings

The filings described below represent the response of the utilities, thus far.

New Jersey Natural Gas Company

On January 19, 2009, pursuant to N.J.S.A. 48:3-98.1, New Jersey Natural Gas Company ("NJNG") filed a petition requesting approval to implement three energy efficiency programs: 1) Home Performance with Energy Star Enhancements; 2) Enhanced Warm Advantage Rebate Program; and 3) Commercial Customer Direct Install Program. According to the petition, NJNG designed these programs to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offers as enhancements of such programs as the ongoing WarmAdvantage, COOLAdvantage, Home Performance with Energy Star ("HPES"), Commercial Direct Install and Smart Start Building programs. NJNG's programs are intended to increase customer awareness, enhance participation and support utilization of NJCEP efforts throughout the state, promoting a "Whole Building" approach to energy efficiency measures.

NJNG estimates that it will incur approximately \$22,894,000 in additional expenditures, and is proposing to recover all costs through the establishment of an Energy Efficiency Rider that will be collected from all jurisdictional throughput on NJNG's system on an annual basis. NJNG is

requesting recovery of the costs associated with the rebates and customer incentive payments over 4 years, with deferred accounting treatment of Energy Efficiency Program costs and authority to calculate carrying costs associated with the investment related to these costs based upon the weighted average cost of capital ("WACC") including income taxes.

Public Service Electric and Gas Company

On January 21, 2009, Public Service Electric and Gas Company ("PSE&G") submitted a proposal for eight (8) energy efficiency sub-programs that will result in expenditures of approximately \$190 million. This proposal was supplemented on February 4, 2009. PSE&G states that these sub-programs were selected while taking into consideration various factors such as potential for job creation, energy savings, and potential to complement the NJCEP. PSE&G proposes cost recovery through two new Energy Efficiency Economic ("EEE") Stimulus subcomponents of its electric and gas RGGI Recovery Charge ("RRC"). PSE&G is requesting that the carrying charge on its deferred balances for these programs be set based upon its monthly WACC, together with income tax effects and that the WACC be set to reflect current capital market conditions. PSE&G believes that elements of the WACC approved by the Board in the NJNG rate case are reflective of the increased cost of capital.

South Jersey Gas Company

On January 23, 2009, South Jersey Gas Company ("SJG") filed a petition requesting authorization to implement five Energy Efficiency programs ("EEP") on an expedited basis in the second quarter of 2009. The five programs include an Enhanced Residential HVAC Rebate Program, the Residential Home Performance Finance and Energy Improvement Plan, the Commercial Customer Direct Install Financing Program, the Combined Heat and Power and Distributed Generation Technology Programs.

SJG asserts that the EEPs are geared toward encouraging customers to reduce their overall energy usage as well as toward creating additional jobs in the energy efficiency market. SJG proposes to target in these EEPs the residential as well as the Commercial and Industrial (C&I) segments. SJG seeks authority to spend approximately \$17,118,275 with recovery of all revenue requirements associated with the EEP through an Energy Efficiency Tracker ("EET"), which would consist of two parts. One part would earn a return on the EEP costs and recover the amortization of the regulatory asset ("RA") to be created upon SJG's balance sheet. The other part of the EET would recover incremental operating and maintenance ("O&M") expenses associated with the EEP. SJG is also requesting that the return on its RA be set equal to the WACC utilized in the Company's most recent base rate case. SJG requests that the Board retain jurisdiction of this matter and not transfer the matter to the Office of Administrative Law, to assure expedition.

Elizabethtown Gas Company

On February 5, 2009, pursuant to N.J.S.A. 48:3-98.1, Elizabethtown Gas Company ("ETG") filed a petition requesting approval to implement six (6) Initial Energy Efficiency Programs for a two year period and two Base Energy Efficiency Programs that will be implemented on a longer term basis. According to the petition, ETG's Energy Efficiency Programs are designed to complement or supplement the offers contained in the existing NJCEP offers and include a Whole House EE Program, a Residential Expanded Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program, a Small Commercial Customer Energy Efficiency Program, a Large Commercial Customer Energy Efficiency Program, a Combined Heat and Power Program and a Gas Cooling Program. They are intended to increase customer awareness, enhance participation and support utilization of the NJCEP while creating additional jobs in the energy efficiency market. The estimated cost for the two year period is approximately \$10,506,000 for Initial Energy Efficiency Programs and \$4,168,000 for Base Energy

Efficiency Programs. ETG proposes recovering these costs through the implementation of a new N.J.S.A. 48:3-98.1(b) Rider to be effective as of April 1, 2009. Specifically, ETG proposes to amortize the regulatory assets from the EE programs over five years utilizing the after tax return on capital, grossed up for the revenue expansion factor most recently established by the Board, unless the Board establishes a new pre-tax return on capital in the Company's expected March 1, 2009 base rate case filing.

Atlantic City Electric Company, Rockland Electric Company, and Jersey Central Power & Light Company

Each of these companies submitted a letter or proposal on January 20, 2009, but has not yet filed a formal petition with the Board. It is expected that petitions seeking authorization for energy efficiency programs and cost recovery mechanisms as described in those informal submissions will be filed shortly.


DISCUSSION

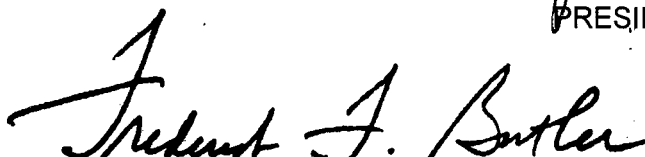
The Board has determined that the petitions described above, as well as the petitions which are expected to be filed conforming to the descriptions in the January 20, 2009 letters should be retained by the Board for hearing and, as authorized by N.J.S.A. 48:2-32, **HEREBY DESIGNATES** President Jeanne Fox or her designee as the presiding officer who is authorized to rule on all motions that arise during the proceedings and modify any schedules that may be set as necessary to secure just and expeditious determination of the issues.


The Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

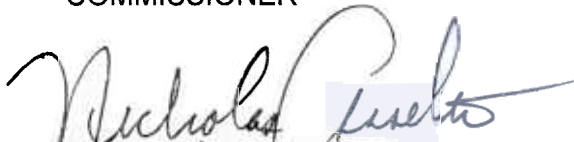
DATED: 2/19/09

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public
Utilities

