



Agenda Date: 9/30/14
Agenda Item: 2N

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

ENERGY

DOCKET NO. GR12060473 – IN THE MATTER OF THE)	ORDER ADOPTING)
PETITION OF SOUTH JERSEY GAS COMPANY FOR)	STIPULATION)
APPROVAL OF AN INCREASE OF THE COST)	
RECOVERY ASSOCIATED WITH ENERGY)	
EFFICIENCY PROGRAMS; AND)	DOCKET NO. GR12060473)
)
DOCKET NO. GR13050435 – IN THE MATTER OF THE)	
PETITION OF SOUTH JERSEY GAS COMPANY FOR)	
APPROVAL OF AN INCREASE OF THE COST)	
RECOVERY CHARGE ASSOCIATED WITH ENERGY)	
EFFICIENCY PROGRAMS (EET CHARGE))	DOCKET NO. GR13050435)

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Ira G. Megdal, Esq., Cozen O’ Connor, on behalf of South Jersey Gas Company

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board”) considers a stipulation of settlement (“Stipulation”) executed by South Jersey Gas Company (“South Jersey” or the “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Parties”) intended to resolve the Company’s 2012 and 2013 Energy Efficiency Tracker (“EET”) True-Up proceedings in Docket Nos., GR12060473 and GR13050435 respectively.

BACKGROUND/PROCEDURAL HISTORY

On January 23, 2009, South Jersey filed a petition with the Board for approval to develop and implement a number of energy efficiency programs (“EETPs”) over a two-year period to promote energy efficiency and conservation while stimulating the State’s economy. The Company also sought Board approval for an associated cost recovery rider mechanism referred to as the EET.

In an Order dated July 24, 2009 (the "July Order")¹, the Board approved the EEPs for South Jersey and authorized the Company to defer and recover all reasonable and prudent costs incurred by adopting the terms of the stipulation entered into among South Jersey, Staff and Rate Counsel. Pursuant to the July Order, the Company is required to submit annual EEP cost true-up filings to establish future EET rates.

The EEP was proposed to authorize short-term large scale investments by South Jersey to improve energy efficiency while addressing Statewide goals for reducing Greenhouse Gas emissions. Additionally, there was a focus in the EEP on stimulating job creation in light of the existing economic conditions.

As stated above, the July Order also authorized the Company to recover all prudent and reasonable revenue requirements associated with the EEPs including both Company investments in the EEPs as well as incremental operating costs. Therefore, the EET cost recovery mechanism provides for two different treatments of the costs. One part allows the Company to earn a return on the investments and recover the amortization of the regulatory asset to be created upon South Jersey's balance sheet that is associated with the Company's investments in EEP related infrastructure. The other part allows recovery of incremental operating and maintenance expenses associated with the EEPs. Pursuant to the July Order, the Company is required to submit annual EEP cost recovery filings to establish future EET rates. Pursuant to the July 24, 2009 Order, the initial EET rate was established as \$0.0024 per therm, including taxes.

On July 9, 2010, the Company submitted its annual filing with the Board which was assigned Docket No. GO10070466 ("July 2010 filing") seeking to increase the EET rate to \$0.0078 per therm, including taxes. On January 13, 2011, public hearings were held in Voorhees, New Jersey. No members of the public attended.

On November 18, 2010, South Jersey filed a letter petition ("Letter Petition") under Docket No. GO10110861, with the Board seeking modification of three aspects of the July 2009 Board Order:

- a. An extension of one year to allow South Jersey to carryover individual program under-spending until December 31, 2011.
- b. An extension of one year to allow South Jersey's monthly investment and incremental operating and maintenance costs associated with the EEPs to continue until April 2012.
- c. Approval to reallocate money within the EEPs' budgets.

In the Letter Petition, the Company did not seek to modify any EEPs approved by the Board, nor did the Company seek an increase in total funding for the EEPs.

By Stipulation dated January 12, 2011, South Jersey, Staff and Rate Counsel agreed to: 1) an extension of one year to allow South Jersey to carryover individual program under-spending until December 31, 2011; 2) an extension of one year to allow South Jersey's monthly program

¹ In re: Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, and to Modify Rate Schedule EGS-LV, BPU Dkt. No. GO09010059.

investment and incremental operating and maintenance costs associated with the EEPs to continue until April 30, 2012; and 3) the reallocation of money within the EEPs' budget as requested forth in the Letter Petition.

The Parties further stipulated that any rate changes in the EET as a result of the extensions would be reviewed in South Jersey's pending 2010 EET Annual True-Up proceeding. The stipulation was approved by a Board Order dated January 19, 2012.

On June 1, 2011, the Company submitted its Second Annual EET True-up filing with the Board. This filing was assigned Docket No. GR11060336. In this June 2011 filing, South Jersey proposed to increase the existing EET rate to \$0.0096 per therm, including taxes. On September 13, 2012, the Board issued an Order approving an increase in the EET rate to \$0.0096 per therm, including taxes, thereby resolving the First and Second Annual EET Filings.

On May 3, 2012, a petition was filed by South Jersey to implement a new set of EEPs in Docket No. GO12050363 (the "EEP II Petition").

During the pendency of the EEP II Petition, on June 6, 2012, South Jersey filing a Petition in Docket No. GO12060492 seeking to extend the EEP and EET through December 31, 2012 to permit the Company to spend the remaining unexpended EEP funds. Pursuant to Board Order dated August 15, 2012, the Board approved a settlement among South Jersey, Staff and Rate Counsel, authorizing the extension of South Jersey's EEP until the remaining unexpended funds were exhausted or until approval of a new set of EEPs was implemented, whichever occurred first.

On June 1, 2012, the Company submitted its Third Annual EET Filing with the Board seeking to increase the EET rate to \$0.0119 per therm, including taxes. This filing was assigned Docket No. GR12060473. Public hearings in this matter were held on August 7, 2013. No members of the public attended.

On January 15, 2013, during the pendency of the EEP II Petition and the Third Annual EET Filing, the Parties entered into a Stipulation in Docket No. GO12050363 extending the EEP and the EET through June 30, 2013. On January 23, 2013, the Board approved the Stipulation which developed an "Extension Budget" for the period January 2013 through June 2013. The total of the Extension Budget was \$2,522,469.

On May 31, 2013, the Company submitted its Fourth Annual EET Filing with the Board seeking to increase the EET rate to \$0.0134 per therm, including taxes. This filing was assigned Docket No. GR13050435. Public hearings on the Fourth EET Filing were held on January 29, 2014. No members of the public attended.

On June 14, 2013, the Parties entered into a Stipulation resolving the EEP II Petition, agreeing that South Jersey could continue its Residential Home Performance and Finance Energy Efficiency Program, its Non-Residential Energy Efficiency Investment Program, its Enhanced Residential HVAC Rebate Program and its Commercial Customer Direct Install Financing Program through June 2015, pursuant to the terms and agreements set forth in the Stipulation, and agreeing to an initial rate of \$0.0035, including taxes, associated with the approved programs (the "EET Extension Rate"). That Stipulation was approved by way of Board Order dated June 21, 2013.

As previously stated, the Company, Rate Counsel and Staff are seeking to resolve the outstanding Third and Fourth Annual EET Filings, and to do so, entered into the Stipulation on September 11, 2014.

STIPULATION

The Parties have agreed to the following salient terms²:

1. The Parties agree that it would be reasonable and in the public interest to resolve the issues raised in Docket Nos. GR12060473 and GR13050435 by virtue of the Stipulation.
2. The Parties agree that the increase from the current tariff EET rate for the original program of \$0.0090 without sales and use tax ("SUT") (or \$0.0096 with SUT) to the filed EET rate of \$0.0125 per therm without SUT, (or \$0.0134 per therm, including SUT), in the Fourth Annual EET Filing in Docket No. GR13050435 should be implemented. This rate will be combined with the EET Extension Rate of \$0.0033 per therm without sales and use tax (or \$0.0035 per therm, including SUT), approved in Docket No. GO12050363, for a total EET rate of \$0.0158 without SUT (or \$0.0169 including SUT).
3. The Parties further agree that the EET rate set forth in this Stipulation results in an increase of approximately \$0.37 or 0.29% per month to the average residential heating customer using 100 therms of gas during a winter month.
4. The Parties agree that South Jersey will submit a Compliance Filing incorporating the EET rate approved by the Board within 7 days of such approval.

DISCUSSION AND FINDING

The Board has carefully reviewed the 2012 and 2013 Annual True-Up filings and the Stipulation in this matter. Accordingly, the Board **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues and is in public interest. The Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

The Board **HEREBY DIRECTS** the Company to file within seven (7) days of the effective date of this Order, the appropriate revised tariff sheets consistent with the terms of this Order. The rates authorized herein shall be effective for service rendered on or after the later of October 1, 2014 and the date of service of this Order.

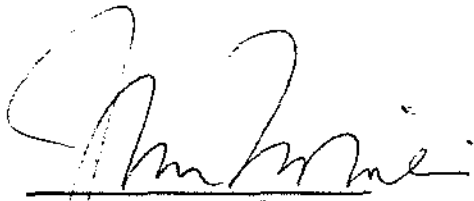
² Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

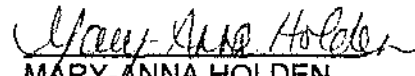
The Company's EEP costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 9/30/14

BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

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



DOCKET NO. GR12060473 – IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF AN INCREASE OF THE COST RECOVERY ASSOCIATED WITH ENERGY EFFICIENCY PROGRAMS; AND

DOCKET NO. GR13050435 – IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL OF AN INCREASE OF THE COST RECOVERY CHARGE ASSOCIATED WITH ENERGY EFFICIENCY PROGRAMS (EET CHARGE)

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

IN THE MATTER OF THE PETITION OF : PETITION
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF AN INCREASE OF THE : BPU DOCKET NO. GR12060473
COST RECOVERY ASSOCIATED WITH :
ENERGY EFFICIENCY PROGRAMS :

IN THE MATTER OF THE PETITION OF : PETITION
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF AN INCREASE OF THE : BPU DOCKET NO. GR13050435
COST RECOVERY ASSOCIATED WITH :
ENERGY EFFICIENCY PROGRAMS ("EET : STIPULATION OF SETTLEMENT
CHARGE") :

APPEARANCES:

Ira G. Megdal, Esquire, (Cozen O'Connor, attorneys) for South Jersey Gas Company ("Petitioner")

Felicia Thomas-Friel, Esquire, Deputy Rate Counsel, **Christine Juarez, Esquire**, Assistant Deputy Rate Counsel, and **Kurt S. Lewandowski, Esquire**, Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel, **Stefanie Brand, Director**, ("Rate Counsel")

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

TO: THE HONORABLE BOARD OF PUBLIC UTILITIES:

1. This Stipulation is intended to resolve the outstanding issues in two Energy Efficiency Tracker ("EET") True-Up proceedings, Docket Nos. GR12060473 and GR13050435, by which South Jersey Gas Company ("Petitioner", "South Jersey" or the "Company") seeks to increase its EET rate. The parties to this proceeding include South Jersey, the New Jersey

Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively, the "Parties"). Following notice and public hearings held in South Jersey's service territory, review and analysis of the Petition, Exhibits, and Discovery, the Parties to this proceeding agree and stipulate to the following Procedural History and Stipulated Terms of settlement:

PROCEDURAL HISTORY

2. On January 26, 2009, South Jersey filed a Petition with the Board in Docket Numbers GO09010059 and LO09010056 seeking approval to develop and implement a number of energy efficiency programs ("EETPs") that were to be made available to South Jersey customers over a two-year period in order to promote energy efficiency and conservation while stimulating the State's economy.

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

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

5. According to South Jersey, its proposed EETPs were consistent with the focus of *N.J.S.A. 26:2C-45* Regional Greenhouse Gas Initiative Legislation ("RGGI Legislation"), the New Jersey Energy Master Plan, and the then existing Governor's economic stimulus goals, and they are geared toward encouraging customers to reduce their overall energy usage. The EETPs also have the beneficial effect of creating additional jobs in the energy efficiency market.

6. In an Order dated July 24, 2009 (the "July Order"), the Board approved South Jersey's EEPs and the recovery of costs incurred by adopting the terms of the Stipulation entered into among the Parties, South Jersey, Board Staff, and the Department of the Public Advocate, Division of Rate Counsel.

7. The Company was authorized by virtue of the July Order to recover all revenue requirements associated with the EEPs. Cost recovery was through the creation of an EET, which consisted of two parts. The first part of the EET allowed the Company to earn a return on the investment and recover the amortization of the regulatory asset to be created upon South Jersey's balance sheet. The second part of the EET allowed the Company to recover incremental operating and maintenance ("O&M") expenses associated with the EEPs.

8. Pursuant to the July Order, the initial EET rate was established as \$0.0024 per therm, including taxes. The Company was further required to submit an annual EEP cost recovery filing to establish future EET rates.

9. On July 9, 2010, the Company submitted its First Annual EET Filing with the Board in Docket No. GO10070466. Therein, the Company sought to increase the then existing EET rate to \$0.0078 per therm, including taxes. Following proper notice, public hearings were held on January 13, 2011. No members of the public attended.

10. In the interim, on November 18, 2010, South Jersey filed a Letter Petition with the Board under Docket No. GO10110861, seeking modification of three aspects of the July Order:

- a. An extension of one year to allow South Jersey to carryover individual program under-spending until December 31, 2011:

- b. An extension of one year to allow South Jersey's monthly investment and incremental operating and maintenance costs associated with the EEPs to continue until April 2012; and,
- c. Approval to reallocate money within the EEP budgets.

11. In the Letter Petition, South Jersey did not seek to modify any EEPs approved by the Board, nor did the Company seek an increase in total funding for the EEPs.

12. The relief sought by way of the Letter Petition was approved by Board Order dated January 19, 2011.

13. On June 1, 2011, the Company submitted its Second Annual EET Filing with the Board in Docket No. GR11060336. Therein, the Company sought to increase the then existing EET rate to \$0.0096 per therm, including taxes. Following proper notice, public hearings on this matter were held on August 10, 2011. No members of the public attended.

14. Thereafter, on September 13, 2012, the Board issued an Order approving an increase in the EET rate to \$0.0096 per therm, including taxes, thereby resolving the First and Second Annual EET Filings.

15. On May 3, 2012, a petition was filed by South Jersey to implement a new set of EEPs in Docket No. GO12050363 (the "EEP II Petition").

16. During the pendency of the EEP II Petition, on June 6, 2012, South Jersey filed a Petition in Docket No. GO12060492 seeking to extend the EEP and EET through December 31, 2012 to permit the Company to spend the remaining unexpended EEP funds. Pursuant to Board Order dated August 15, 2012, the Board approved a settlement between South Jersey, Staff and Rate Counsel. The Board authorized the extension of South Jersey's EEP until the remaining

unexpended funds were exhausted or until approval of a new set of EEPs was implemented, whichever occurred first.

17. On June 1, 2012, the Company submitted its Third Annual EET Filing with the Board seeking to increase the EET rate to \$0.0119 per therm, including taxes. This filing was assigned Docket No. GR12060473.

18. Public hearings in this matter were held on August 7, 2013. The public hearings were noticed in newspapers of general circulation within South Jersey's service territory. No members of the public attended.

19. On January 15, 2013, during the pendency of the EEP II Petition and the Third Annual EET Filing, the Parties entered into a Stipulation extending the EEP and the EET through June 30, 2013 in Docket No. GO12050363. On January 23, 2013, the Board approved the Stipulation which developed an "Extension Budget" for the period January 2013 through June 2013. The total of the Extension Budget was \$2,522,469.

20. On May 31, 2013, the Company submitted its Fourth Annual EET Filing with the Board seeking to increase the EET rate to \$0.0134 per therm, including taxes. This filing was assigned Docket No. GR13050435. It is the Third and Fourth Annual EET Filing that is the subject of and will be resolved by this Stipulation.

21. Public hearings in this matter were held on January 29, 2014. The public hearings were noticed in newspapers of general circulation within South Jersey's service territory. No members of the public attended.

22. On June 14, 2013 the Parties entered into Stipulation resolving the EEP II Petition, agreeing that South Jersey could continue its Residential Home Performance and Finance Energy Efficiency Program, its Non-Residential Energy Efficiency Investment Program,

its Enhanced Residential HVAC Rebate Program and its Commercial Customer Direct Install Financing Program through June 2015, pursuant to the terms and agreements set forth in the Stipulation, and agreeing to an initial rate of \$0.0035, including taxes, associated with the approved programs (the "EET Extension Rate"). That Stipulation was approved by way of Board Order dated June 21, 2013.

23. Discovery has been propounded upon Petitioner and all such discovery has been answered.

STIPULATED TERMS

24. The Parties, having discussed certain matters at issue in this proceeding, agree that it would be reasonable and in the public interest to resolve the issues raised in Docket Nos. GR12060473 and GR13050435 by virtue of this Stipulation.

25. The Parties accordingly **STIPULATE AND AGREE** that the increase from the current tariff EET rate for the original program of \$.0090 without sales and use tax ("SUT") (or \$.0096 with SUT) to the filed EET rate of \$.0125 per therm without SUT, (or \$.0134 per therm, including SUT), in the Fourth Annual EET Filing in Docket No. GR13050435 should be implemented. This rate will be combined with the EET Extension Rate of \$.0033 per therm without Sales and Use Tax (or \$.0035 per therm, including SUT), approved in Docket No. GO12050363, for a total EET rate of \$.0158 without SUT (or \$.0169, including SUT).

26. The EET rate set forth in this Stipulation results in an increase of approximately \$0.37 or 0.29% per month, to the average residential heating customer using 100 therms of gas during a winter month.

27. Following acceptance of this Stipulation by an Order of the Board, South Jersey will submit a Compliance Filing incorporating the EET rate approved by the Board within 7 days of such approval.

MISCELLANEOUS

28. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

29. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, South Jersey, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. Also, all rates are subject to Board audit.

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

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY

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Dated: 9/11/19