



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR APPROVAL TO REVISE)
THE COST RECOVERY CHARGE ASSOCIATED WITH)
ENERGY EFFICIENCY PROGRAMS ("EET CHARGE")) ORDER APPROVING
STIPULATION
DOCKET NO. GR21060950

Parties of Record:

Deborah M. Franco, Esq., for South Jersey Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 30, 2021, South Jersey Gas Company ("SJG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking authorization to decrease its Energy Efficiency Tracker ("EET") rate ("June 2021 Petition"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by SJG, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, "Parties"), intended to resolve the Company's requests related to the June 2021 Petition.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated July 24, 2009, the Board authorized SJG to implement a number of Energy Efficiency Programs ("EETPs") over a two (2) year period to promote energy efficiency and conservation while stimulating the State's economy.¹ The July 2009 Order also authorized the Company to defer and recover all reasonable and prudent costs associated with the EETPs

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and In re the Petition of South Jersey Gas Company for Approval of Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1; and to Modify Rate Schedule EGS-LV, BPU Docket Nos. EO09010056 and GO09010059, Order dated July 24, 2009 ("July 2009 Order"). SJG was authorized to offer the following EETPs: 1) Enhanced Residential Heating, Venting, and Air Conditioning ("HVAC") Rebate Program; 2) Residential Home Performance Finance Energy Efficiency Program; 3) Combined Heat and Power Program; 4) Commercial Customer Direct Install Financing Program; and 5) Non-Residential Energy Efficiency Investment.

including both Company investments in the EEPs as well as incremental operating and maintenance (“O&M”) costs. These costs were to be recovered through the EET.²

The EET cost recovery mechanism provided for two (2) treatments of the costs: 1) the Company was authorized to earn a return on the investments, and recover the amortization of the regulatory asset created in SJG’s balance sheet; and 2) the Company was allowed to recover of incremental O&M expenses associated with the EEPs. Pursuant to the July 2009 Order, the Company is required to submit annual EEP cost recovery filings to establish future EET rates. The annual filings were to include certain information including investment levels, operating costs, and employment. Pursuant to the July 2009 Order, the initial EET rate was established as \$0.0024 per therm.³

On July 9, 2010, the Company submitted its first annual EET filing under Docket No. GO10070466, and on June 1, 2011, SJG submitted its second annual EET filing under Docket No. GR11060336. By Order dated September 13, 2012, the Board authorized SJG to implement an EET rate of \$0.0096 per therm to resolve both the first and second EET filings.⁴

By Order dated January 19, 2011, the Board authorized SJG to extend its EEPs by one (1) year to allow SJG to carryover individual program under-spending until December 31, 2011, as well as to allow SJG’s monthly program investment and incremental O&M costs associated with the EEPs to continue until April 30, 2012.⁵ In addition, the January 2011 Order authorized the reallocation of money within the EEP budgets as requested by SJG.

On May 3, 2012, SJG filed a petition in Docket No. GO12050363 seeking authorization to implement a new set of EEPs (“EEP II Proceeding”). During the pendency of the EEP II Proceeding, SJG filed another petition in Docket No. GO12060492 seeking to extend its current EEPs and the EET through December 31, 2012 so the Company could exhaust the remaining EEP budget. By Order dated August 15, 2012, the Board authorized SJG to extend its EEPs within the currently approved budget until the remaining unexpended funds were exhausted, or until such time as the Board made a determination in the EEP II Proceeding, whichever occurred first.⁶ The August 2012 Order also authorized a reallocation of money within the EEP budgets.

² As of the date of this Order, the Company EET costs are recovered through the Company’s Rider N Tariff, Sheet Number 105.

³ All rates quoted herein include Sales and Use Tax (“SUT”) and Public Utility Assessment (collectively, “Taxes”).

⁴ In re the Petition of South Jersey Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Programs (2010) and In re the Petition of South Jersey Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Programs (2011), BPU Docket Nos. GO10070466 and GR11060336, Order dated September 13, 2012.

⁵ In re the Petition of South Jersey Gas Company for Approval of Energy Efficiency Program (“EEP”) with an Associated Energy Efficiency Tracker (“EET”) Pursuant to N.J.S.A. 48:3-98.1; and to Modify Rate Schedule EGS-LV, BPU Docket No. GO10110861, Order dated January 19, 2011 (“January 2011 Order”).

⁶ In re the Petition of South Jersey Gas Company for Approval to Extend the Company’s Board-Approved Energy Efficiency Programs and to Transfer Funding Amongst the Individual Programs, BPU Docket No. GO12060492, Order dated August 15, 2012 (“August 2012 Order”).

On June 1, 2012, the Company submitted its third annual EET filing in Docket No. GR12060473. By Order dated January 23, 2013, during the pendency of the EEP II Proceeding and the third annual EET filing, the Board authorized SJG to extend its EEPs through June 2013, along with a budget for the extension.⁷ By Order dated June 21, 2013, the Board authorized SJG to 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 (collectively, "EEP II Programs") through June 2015.⁸ Pursuant to the June 2013 Order, an initial rate of \$0.0035 per therm associated with the approved EEP II Programs was set ("EET Extension Rate").

On May 31, 2013, the Company submitted its fourth annual EET filing in Docket No. GR13050435. By Order dated September 30, 2014, the Board authorized SJG to implement an EET rate of \$0.0134 per therm to resolve both the third and fourth EET filings.⁹ When combined with the EET Extension rate of \$0.0035 per therm approved by the Board in the June 2013 Order, the total EET rate was \$0.0169 per therm, effective October 1, 2014.

On May 30, 2014, the Company submitted its fifth annual EET filing in Docket No. GR14050509 seeking to increase the then existing total EET rate to \$0.015577 per therm. However, due to the rate approved in the Board's September 2014 Order, the requested rate of \$0.015577 per therm reflected a decrease from the current rate of \$0.0169 per therm.

On June 1, 2015, the Company submitted its sixth annual EET filing in Docket No. GR15060643, seeking to decrease the then current EET rate from \$0.0169 per therm to \$0.003252 per therm.

On January 20, 2015, SJG filed a petition seeking approval to continue its EEPs for a three (3) year period, with a total budget of \$56 million. By Order dated August 19, 2015, the Board approved a stipulation further extending certain EEPs offered by SJG. Pursuant to the August 2015 Order, an initial rate of \$0.004494 per therm was established for the EEP III Extension Programs. When combined with the then current total EET rate of \$0.0169 per therm, the total EET rate in effect was \$0.021394 per therm, effective September 1, 2015.¹⁰

⁷ In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO12050363, Order dated January 23, 2013.

⁸ In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO12050363, Order dated June 21, 2013 ("June 2013 Order").

⁹ In re the Petition of South Jersey Gas Company for Approval of an Increase in the Cost Recovery Associated with Energy Efficiency Programs and In re the Petition of South Jersey Gas Company for Approval of an Increase in the Cost Recovery Associated with Energy Efficiency Programs, BPU Docket Nos. GR12060473 and GR13050435, Order dated September 30, 2014 ("September 2014 Order").

¹⁰ In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR15010090, Order dated August 19, 2015 ("August 2015 Order"). The August 2015 Order authorized SJG to offer the following programs: 1) Residential Home Performance and Finance Energy Efficiency Program; 2) Non-Residential Energy Efficiency Investment Program; 3) Enhanced Essential HVAC Rebate Program; 4) Commercial Customer Direct Install Financing Program; and 5) OPOWER pilot program ("EEP Extension III Programs").

By Order dated February 24, 2016, the Board authorized a decrease in SJG's EET rate to \$0.002808 per therm, when combined with the EET III Extension rate of \$0.004494, the Company's total approved EET rate was \$0.007302 per therm, to resolve both the fifth and sixth EET filings.¹¹

On June 1, 2016, the Company submitted its seventh annual EET filing, under Docket No. GR16060491, seeking Board approval to decrease its EET rate. By Order dated October 31, 2016, the Board authorized a decrease in the EET rate to \$0.004576 per therm to resolve the seventh EET filing.¹²

On November 4, 2016, SJG filed a Letter Petition seeking approval for an extension to their existing EEP's through December 31, 2018. By Order dated January 25, 2017, the Board approved the requested extension until December 31, 2018, with no additional funding.¹³

On June 23, 2017, the Company submitted its eighth annual EET filing, under Docket No. GR17060673, seeking Board approval to increase its EET rate. By Order dated November 21, 2017, the Board authorized an increase of the EET rate to \$0.009166 per therm to resolve the eighth EET filing.¹⁴

On March 27, 2018, the Company filed a petition, in Docket No. GO18030350, seeking Board approval to extend its approved EEPs with certain modifications and to implement new EEPs for a five (5) year period with an overall budget of \$195 million. By Order dated October 29, 2018,

¹¹ In re the Petition of South Jersey Gas Company for Approval of an Increase to the Cost Recovery Charge Associated with Energy Efficiency Programs (2014) and The Petition of South Jersey Gas Company to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs (2015), BPU Docket Nos. GR14050509 and GR15060643, Order dated February 24, 2016.

¹² In re the Petition of South Jersey Gas Company for Approval of an Increase to the Cost Recovery Charge Associated with Energy Efficiency Programs (2014) and the Petition of South Jersey Gas Company to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs (2016), BPU Docket No. GR16060491, Order dated October 31, 2016. On November 14, 2016, the Secretary of the Board issued a letter under Docket No. ER16111054 to all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, stating that the SUT to be charged to customers for utility service has been changed from seven (7) percent to 6.875 percent effective January 1, 2017. Accordingly, SJG implemented the 6.875 percent SUT rate as of January 1, 2017, making the necessary changes to all of rates and tariffs to reflect that decrease. Accordingly, SJG's EET rate became \$0.004571 per therm, effective January 1, 2017.

¹³ In re the Petition of South Jersey Gas Company for Approval to Continue its Energy Efficiency Programs and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1 and In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket Nos. GR15010090 and GO12050363, Order dated January 25, 2017.

¹⁴ In re the Petition of South Jersey Gas Company to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs ("EET Charge"), BPU Docket No. GR17060673, Order dated November 21, 2017. On September 26, 2017, the Secretary of the Board issued a letter under Docket No. ER17090984 to all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, stating that the SUT to be charged to customers for utility service has been changed from 6.875 percent to 6.625 percent, effective January 1, 2018. Accordingly, SJG implemented the 6.625 percent SUT rate as of January 1, 2018, making the necessary changes to all of rates and tariffs to reflect that decrease. Accordingly, SJG's current EET rate is \$0.009144 per therm.

the Board approved a stipulation further extending the program, with modifications, for an additional three (3) year period with an overall budget of approximately \$81.3 million.¹⁵

Pursuant to the October 2018 Order, an initial rate of \$0.008117 per therm was established for the EEP IV Extension Programs.

On June 8, 2018, the Company submitted its ninth annual EET filing, under Docket No. GR18060625, seeking Board approval to decrease its EET rate. By Order dated January 17, 2019, the Board authorized a decrease of the EET rate to \$0.006288 per therm. This rate was combined with the EET IV Extension rate of \$0.008117 per therm, resulting in a total combined EET rate of \$0.014405 per therm.¹⁶

On June 14, 2019, the Company submitted its tenth annual EET filing, under Docket No. GR19060726, seeking approval to increase its EET rate. By Order dated January 8, 2020, the Board authorized an increase of the EET rate to \$0.016820 per therm.¹⁷

On June 19, 2020, the Company submitted its annual EET filing, under Docket No. GR20060436, seeking approval to increase its EET rate. On January 27, 2021, the Board issued an Order authorizing SJG to implement an EET rate of \$0.027800 per therm.¹⁸

By Order dated April 7, 2021, the Board authorized SJG to implement its EEP V program and a new component of the Company's Rider N tariff to recover the costs associated with the EEP V, among other things. The initial EEP V component rate was set at \$0.010827 per therm, effective July 1, 2021, resulting in the current total EET rate of \$0.038627 per therm.¹⁹

¹⁵ In re the Petition of South Jersey Gas Company for Approval of the Extension of Energy Efficiency Programs ("EEP IV") and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR18030350, Order dated October 29, 2018 ("October 2018 Order").

¹⁶ In re the Petition of South Jersey Gas Company for Approval to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs ("EET Charge"), BPU Docket No. GR18060625, Order dated January 17, 2019.

¹⁷ In re the Petition of South Jersey Gas Company for Approval to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs ("EET Charge"), BPU Docket No. GR19060726, Order dated January 8, 2020.

¹⁸ In re the Petition of South Jersey Gas Company for Approval to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs ("EET Charge"), BPU Docket No. GR20060436, Order dated January 27, 2021.

¹⁹ In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 & GO20090618, Order dated April 7, 2021. The EEP V, which commenced on July 1, 2021 and is to conclude on June 30, 2024, includes the following programs (numbered) and subprograms (lettered): 1) Behavioral; 2) Efficient Products; 3) Existing Homes, a) Quick Home Energy Check Up, b) Moderate Income Weatherization, c) Home Performance with Energy Star; 4) Multi-family; 5) Direct Install; 6) Energy Solutions for Business, a) Prescriptive and Customer Measures, b) Energy Management, c) Engineered Solutions.

June 2021 Petition

According to the June 2021 Petition, SJG sought review and authorization to decrease its EET charge as well as to reconcile its EEP costs and cost recoveries for the period of October 1, 2020 to September 30, 2021, and to recover forecasted revenues for the period October 1, 2021, through September 30, 2022. SJG proposed a decrease in its EET charge for its EEP programs from \$0.027800 to \$0.026330 per therm, resulting in a total EET charge of \$0.037157 per therm, including Taxes. The proposed rate decrease is estimated to recover \$12,830,807 which included \$9,319,187 of actual expenses through April 2021, projected expenses through September 2022, and incorporated an under-recovered balance of \$3,511,620, excluding Taxes.

Through discovery, SJG updated its revenue requirement to include actual data through November 2021 ("December 2021 Update"). Based upon the December 2021 Update, the updated revenue requirement would be \$12,435,725, which includes \$9,180,294 of actual and projected expenses through September 2022 and incorporates an under-recovered balance of \$3,255,431 as of September 30, 2021, exclusive of Taxes. According to the December 2021 Update, the proposed EET rate would further decrease from \$0.026330 to \$0.025519 per therm, resulting in a total EET charge of \$0.036346 per therm, including Taxes.

As the Company requested a rate decrease in the June 2021 Petition, public hearings were not required.

STIPULATION

Following a review of the June 2021 Petition and conducting discovery, the Parties executed the Stipulation, which provides for the following:²⁰

46. Based upon the Company's 2021 EET Petition, the Parties agree that SJG's EET rate should be decreased to a rate of \$0.025427 per therm. This rate reflects the Board-approved WACC in effect at the time the 2021 EET Petition was filed and represents a decrease \$0.002373 per therm from the current EET rate of \$0.027800 per therm. It also reflects a credit for public utility assessment costs recovered through the EET rate during the period October 1, 2020 through January 31, 2022.²¹
47. 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 and captured in the next scheduled annual true-up. 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.

²⁰ 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 finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

²¹ In accordance with the rates approved in the Company's last base rate case in BPU Docket No. GR20030243, public utility assessment costs are now recovered through the Company's base rates.

48. The Parties agree that the Company will continue to file an annual petition (“Annual Filing”) in June each year to adjust the EET rate, with a proposed effective date of October 1. Each Annual Filing will contain a reconciliation of its projected EET costs, projected recoveries, and actual revenue requirements for the relevant period, including a break out of expenses, investments, and unamortized investments, in addition to the items set forth in the minimum filing requirements (“MFRs”). 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 following June 2022 EET filing will also reflect and include credits for public utility assessments costs recovered through the EET during the period February 1, 2022 through March 31, 2022.
49. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company’s monthly average short-term debt rate obtained on its commercial paper and/or bank credit lines. The interest amount charged or credited to the EET shall be based on the net average monthly balance. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the approved WACC.
50. The impact on the bill of a residential heating customer using 100 therms of natural gas in a winter month is a decrease of \$0.24 or 0.1%. Proposed tariff sheets (Sheet No. 105) reflecting this EET rate are attached hereto, in black-lined form, as Exhibit A of the Stipulation.

DISCUSSION AND FINDING

The Board carefully reviewed the record, including the June 2021 Petition, the December 2021 Update, and the attached Stipulation. The Board **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues, demonstrates that the costs through September 30, 2021 are both reasonable and prudent, and is therefore in the public interest. As such, the Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

Consistent with the Stipulation, the Board **HEREBY APPROVES** a decrease from the current EET rate of \$0.027800 to \$0.025427 per therm, including Sales and Use Tax and excluding the public utility assessment, resulting in a revised total EET rate of \$0.036254 per therm, including Sales and Use Tax, effective for service rendered on April 1, 2022.

As a result of the Board’s approval of the Stipulation, a typical residential heating customer using 100 therms per month will experience a decrease of \$0.24 or 0.1% percent in their monthly bill.

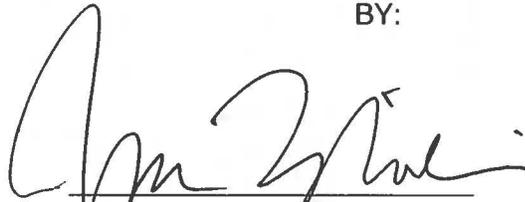
The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets consistent with the terms of this Order no later than March 31, 2022.

The Company’s costs, including those related to the programs described above, 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.

This Board Order shall be effective on March 16, 2022.

DATED: March 9, 2022

BOARD OF PUBLIC UTILITIES
BY:



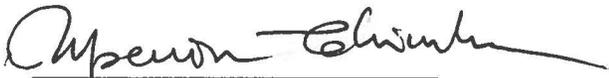
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MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL
TO REVISE THE COST RECOVERY CHARGE ASSOCIATED WITH ENERGY EFFICIENCY
PROGRAMS (“EET CHARGE”)

DOCKET NO. GR21060950

SERVICE LIST

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Deborah M. Franco, Esq.
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March 2, 2022

Aida Camacho-Welch
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
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Trenton, NJ 08625-0350

Re: **In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs (“EET Charge”)
BPU Docket No. GR21060950**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of South Jersey Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

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

Respectfully,

A handwritten signature in black ink that reads "Deborah M. Franco".

Deborah M. Franco

DMF:caj
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF
SOUTH JERSEY GAS COMPANY FOR
APPROVAL TO REVISE THE COST
RECOVERY CHARGE ASSOCIATED
WITH ENERGY EFFICIENCY PROGRAMS
("EET CHARGE")**

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: BPU DOCKET NO. GR21060950**

NJ BOARD OF PUBLIC UTILITIES

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

**IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL TO REVISE THE COST : BPU DOCKET NO. GR21060950
RECOVERY CHARGE ASSOCIATED :
WITH ENERGY EFFICIENCY : STIPULATION OF SETTLEMENT
PROGRAMS (“EET CHARGE”) :**

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, for South Jersey Gas Company, Petitioner.

Maura Caroselli, Esq., Assistant Deputy Rate Counsel, on behalf of the Division of Rate Counsel (**Brian O. Lipman**, Director).

Terel Klein, Deputy Attorney General, on behalf of the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Acting Attorney General of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) addresses the petition (“2021 EET Petition”) filed by South Jersey Gas Company (“South Jersey” or “Company”) on June 30, 2021 in Docket No. GR21060950 seeking to decrease its Energy Efficiency Tracker (“EET”). The parties to this proceeding are South Jersey, the New Jersey Division of Rate Counsel (“Rate Counsel”), and the Staff of the Board of Public Utilities (“Staff”) (collectively, “Parties”). Following review and analysis of the 2021 EET Petition, schedules and written discovery, the Parties to this proceeding agree and stipulate to the following:

I. EET PROCEDURAL HISTORY

1. On January 26, 2009, pursuant to N.J.S.A. 48:3-98.1, South Jersey filed a petition with the New Jersey Board of Public Utilities (“Board”) in Docket Numbers EO09010056 and

GO09010059 seeking approval to develop and implement several energy efficiency programs (“EEPs”) that were to be made available to South Jersey customers over a two-year period to promote energy efficiency and conservation while simultaneously stimulating the State’s economy.

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

3. The EEPs were designed to complement and supplement the then-existing offerings of New Jersey’s Clean Energy Program (“CEP”) and the Company’s Conservation Incentive Program (“CIP”) to encourage higher levels of participation in energy efficiency programs in South Jersey’s service territory.

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

5. By Order dated July 24, 2009 in Docket No. GO09010059, the Board authorized South Jersey to implement several EEPs and to recover all revenue requirements associated with the EEPs through creation of the EET (“July 2009 Order”). The EET consisted of two parts: First, the EET allowed the Company to earn a return on its investment and recover the amortization of the regulatory asset to be created upon South Jersey’s balance sheet; and second, the EET allowed the Company to recover incremental operating and maintenance (“O&M”) expenses associated with the EEPs.

6. Pursuant to the July 2009 Order, the initial EET rate was \$0.0024 per therm.¹ The Company was required to submit an annual EEP cost recovery filing to establish future EET rates, which was to include information listed as minimum filing requirements set forth in Appendix D of the Stipulation and in the July 2009 Order.

7. On July 9, 2010, the Company submitted its First Annual EET Filing with the Board in Docket No. GO10070466, seeking to increase the EET rate to \$0.0078 per therm.

8. During the pendency of the First Annual EET Filing proceeding, on November 18, 2010, South Jersey filed a letter petition in Docket No. GO10110861, seeking modification of the July 2009 Order to extend the program and reallocate existing funds, without an increase in total funding for the EEPs.

9. By Order dated January 19, 2011, the Board authorized South Jersey to extend the EEPs by one (1) year to allow the Company to carryover individual program under-spending until December 31, 2011, as well as allow monthly program investment and O&M costs associated with the EEPs to continue until April 30, 2012 (“January 2011 Order”). In addition, the January 2011 Order authorized the reallocation of funds within the EEP budget.

10. On June 1, 2011, the Company submitted its Second Annual EET Filing with the Board in Docket No. GR11060336, seeking to increase the EET rate to \$0.0096 per therm.

11. On May 3, 2012, South Jersey filed a petition in Docket No. GO12050363, seeking authorization to continue the Company’s approved EEPs, with certain modifications, and to implement new EEPs (“EEP II Petition”).

12. On June 1, 2012, the Company submitted its Third Annual EET Filing with the Board in Docket No. GR12060473, seeking to increase the EET rate to \$0.0119 per therm.

¹ All rates quoted herein include Sales and Use Tax and Public Utility Assessment (collectively, “Taxes”)

13. 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.

14. By Order dated September 13, 2012, the Board approved an increase in the EET rate to \$0.0096 per therm, thereby resolving the First and Second Annual EET Filings.

15. By Order dated January 23, 2013, during the pendency of the EEP II Petition and the Third Annual EET Filing, the Board authorized South Jersey to extend its EEPs and EET through June 30, 2013. When the budget for the extension was added to the existing funding, the total amount of the extension budget was \$2,522,469.

16. On May 31, 2013, the Company submitted its Fourth Annual EET Filing with the Board in Docket No. GR13050435, seeking to increase the EET rate to \$0.0134 per therm.

17. By Order dated June 21, 2013 in Docket No. GO12050363, the Board authorized South Jersey to offer four (4) EEPs through June 2015 with an authorized budget of \$24 million ("EEP II Extension Program").² The EEP II Extension Program included the following programs: 1) the Residential Home Performance and Finance Energy Efficiency Program; 2) the Non-Residential Energy Efficiency Investment Program; 3) the Enhanced Residential HVAC Rebate Program; and 4) the Commercial Customer Direct Install Financing Program. The June 2013 Order also authorized South Jersey to continue its EET to recover all prudently incurred costs associated with the EEPs. The Parties also agreed to implement the initial rate of \$0.0035 per therm, associated with the approved programs ("EET II Extension Rate").

² In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO12050363, Order dated June 21, 2013 ("June 2013 Order").

18. By Order dated September 30, 2014, the Board approved a stipulation entered into among the Parties resolving the Third and Fourth Annual EET Filings (Docket Nos. GR12060473 and GR13050435) (“September 30 Order”). Pursuant thereto, the Parties agreed that the then-current EET rate of \$0.0096 per therm would increase to \$0.0134 per therm. This rate was combined with the EET II Extension Rate of \$0.0035 per therm for a total EET rate of \$0.0169 per therm.

19. On May 30, 2014, the Company filed its Fifth Annual EET Filing in Docket No. GR14050509, seeking Board approval to increase the EET rate to \$0.015577 per therm. However, due to the rate change that became effective October 1, 2014 pursuant to the Board’s September 30 Order, the requested rate of \$0.015577 per therm reflected a decrease from the then-current rate of \$0.0169 per therm.

20. On January 20, 2015, South Jersey filed a petition in Docket No. GR15010090, seeking approval to further extend the approved EEPs, with certain modifications, and to implement a new EEP.

21. On June 1, 2015, the Company submitted its Sixth Annual EET Filing to the Board in Docket No. GR15060643, seeking approval to decrease the then-current EET rate from \$0.0169 per therm to a rate of \$0.003252 per therm.

22. By Order dated August 19, 2015 in Docket No. GR15010090, the Board authorized South Jersey to continue its Residential Home Performance and Finance Energy Efficiency Program, Non-Residential Energy Efficiency Investment Program, Enhanced Residential HVAC Rebate Program, and Commercial Customer Direct Install Financing Program through August 2017 with an authorized budget of \$36.3 million (“EEP III Extension

Program”).³ The August 2015 Order also authorized South Jersey to implement the Social Marketing and Education Program (OPOWER), as well as to continue is EET to recover all prudently incurred costs associated with the EEPs.

23. Pursuant to the August 2015 Order, the Parties agreed to an initial rate of \$0.004494 per therm associated with the approved EEP III Extension Program. This rate was combined with the then-current EET rate of \$0.0169 per therm for a total EET rate of \$0.021394 per therm, which became effective on September 1, 2015.

24. By Order dated February 24, 2016, the Board approved a stipulation executed by the Parties resolving the Fifth and Sixth Annual EET Filings (Docket Nos. GR14050509 and GR15060643). Pursuant thereto, the Parties agreed that the then-current EET rate of \$0.021394 per therm should be decreased to \$0.007302 per therm.

25. On June 2, 2016, the Company submitted its Seventh Annual EET Filing to the Board in Docket No. GR16060491, seeking approval to decrease the then-current EET rate from \$0.007302 per therm to \$0.005995 per therm.

26. By Order dated October 31, 2016, the Board approved a decrease in the EET rate to a level of \$0.004576 per therm, resolving the Seventh Annual EET Filing.⁴

27. On November 4, 2016, the Company filed a letter petition with the Board seeking approval to extend the term of the Company’s existing EEPs through December 31, 2018.

28. By Order dated January 25, 2017, the Board approved an extended term of the current EEP III Extension Program to December 31, 2018, with no additional funding.

³ In re the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") with an Associated Energy Efficiency Tracker ("EET") Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR15010090, Order dated August 19, 2015 (“August 2015 Order”).

⁴ On November 14, 2016 the Board issued a Secretary’s Letter under Docket No. ER16111054 to all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, stating that the Sales and Use Tax (“SUT”) to be charged to customers for utility service has been changed from 7.0% to 6.875% effective January 1, 2017. Accordingly, the EET Rate of \$0.004576 per therm was reduced to \$0.004571 per therm.

29. On June 23, 2017, the Company submitted its Eighth Annual EET Filing in Docket No. GR17060673, seeking approval to increase the then-current EET rate from \$0.004571 per therm to \$0.009917 per therm.

30. By Order dated November 21, 2017, the Board approved an increase in the EET rate to \$0.009166 per therm, resolving the Eighth Annual EET Filing.⁵

31. On March 27, 2018, the Company filed a petition in Docket No. GO18030350, seeking approval to further extend the approved EEPs, with certain modifications, and to implement new EEPs for a five-year period with an overall budget of approximately \$195 million (“EEP IV Extension Program”).

32. By Order dated October 29, 2018 in Docket No. GO18030350, the Board authorized the Company to implement the EEP IV Extension Program for a three-year period with an overall authorized budget of approximately \$81.3 million (“October 2018 Order”). The October 2018 order also authorized South Jersey to continue its EET to recover all prudently incurred costs associated with the EEPs.

33. Pursuant to the October 2018 Order, the Parties agreed to an initial rate of \$0.008117 per therm, associated with the approved EEP IV Extension Program (“EET IV Extension Rate”).

34. On June 8, 2018, the Company submitted its Ninth Annual EET Filing in Docket No. GR18060625, seeking approval to decrease the then-current EET rate from \$0.009144 per therm to \$0.006339 per therm.

35. By Order dated January 17, 2019, the Board approved a decrease in the EET Rate to \$0.006288 per therm, thereby resolving the Ninth Annual EET Filing. This rate was combined

⁵ On September 26, 2017 the Board issued a Secretary’s Letter under Docket No. ER17090984 to all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, stating that the SUT to be charged to customers for utility service has been changed from 6.875% to 6.625% effective January 1, 2018. Accordingly, the EET Rate of \$0.009166 per therm was reduced to \$0.009144 per therm.

with the EET IV Extension Rate of \$0.008117 per therm for a total combined EET rate of \$0.014405 per therm.

36. On June 14, 2019, the Company submitted its Tenth Annual EET Filing in Docket No. GR19060726, seeking approval to increase its EET rate from \$0.014405 per therm to \$0.016820 per therm. This represented an increase of \$0.002415 per therm from its EET rate of \$0.014405 per therm.

37. By Order dated January 8, 2020, the Board approved an increase in the EET Rate to \$0.016820 per therm, thereby resolving the Tenth Annual EET Filing.

38. By petition dated June 19, 2020, the Company submitted its Eleventh Annual EET Filing in Docket No. GR20060436, seeking Board approval to increase the EET rate to \$0.027800 per therm. This represented an increase of \$0.010980 per therm from then-current EET rate of \$0.016820 per therm.

39. By Order dated January 27, 2021, the Board approved an increase to the EET rate to \$0.027800 per therm, thereby resolving the Eleventh Annual EET Filing.

II. THE 2021 EET TRUE-UP

40. By way of the 2021 EET Petition dated June 30, 2021, the Company submitted its Twelfth Annual EET Filing in Docket No. GR21060950, seeking Board approval to decrease the EET rate to \$0.026330 per therm, including Taxes. This represented a decrease of \$0.001470 per therm from the current EET rate of \$0.027800 per therm. The 2021 EET Petition was based upon actual data through April 30, 2021, and projected data from May 1, 2021 through September 30, 2022, using the Board-approved weighted average cost of capital (“WACC”) in effect at the time the 2021 EET Petition was filed.

41. The impact of this decrease on the bill of a residential heating customer using 100 therms of natural gas in a winter month is a decrease of \$0.14, or 0.1%.

42. On December 21, 2021, the Company provided updated schedules based on actual data through November 30, 2021, resulting in an EET rate of \$0.025519 per therm, including Taxes.

43. Public hearings were not held as agreed to by the parties in this matter as the Company proposed a rate decrease.

44. The Parties engaged in discovery in this proceeding and all such discovery has been answered in full by the Company.

45. Specifically, based on the terms and conditions set forth herein, the Parties

STIPULATE AND AGREE as follows:

III. STIPULATED MATTERS

46. Based upon the Company's 2021 EET Petition, the Parties hereby agree that South Jersey's EET rate should be decreased to a rate of \$0.025427 per therm. This rate reflects the Board-approved WACC in effect at the time the 2021 EET Petition was filed and represents a decrease \$0.002373 per therm from the current EET rate of \$0.027800 per therm. It also reflects a credit for public utility assessment costs recovered through the EET rate during the period October 1, 2020 through January 31, 2022.⁶

47. 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

⁶ In accordance with the rates approved in the Company's last base rate case in BPU Docket No. GR20030243, public utility assessment costs are now recovered through the Company's base rates.

calculations and captured in the next scheduled annual true-up. 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.

48. The Parties agree that the Company will continue to file an annual petition (“Annual Filing”) in June each year to adjust the EET rate, with a proposed effective date of October 1. Each Annual Filing will contain a reconciliation of its projected EET costs, projected recoveries, and actual revenue requirements for the relevant period, including a break out of expenses, investments, and unamortized investments, in addition to the items set forth in the minimum filing requirements (“MFRs”). 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 following June 2022 EET filing will also reflect and include credits for public utility assessments costs recovered through the EET during the period February 1, 2022 through March 31, 2022.

49. In calculating the monthly interest on net over and under recoveries, the interest rate shall be based upon the Company’s monthly average short-term debt rate obtained on its commercial paper and/or bank credit lines. The interest amount charged or credited to the EET shall be based on the net average monthly balance. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the approved WACC.

50. The impact on the bill of a residential heating customer using 100 therms of natural gas in a winter month is a decrease of \$0.24 or 0.1%. Proposed tariff sheets (Sheet No. 105) reflecting this EET rate are attached hereto, in black-lined form, as Exhibit A.

51. 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 ten (10) days of such approval.

52. The Parties further acknowledge that a Board Order approving the Stipulation will become effective upon service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

IV. MISCELLANEOUS

53. 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. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties 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 and, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

54. All rates are subject to Board audit.

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

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

SOUTH JERSEY GAS COMPANY



By: _____
Deborah M. Franco, Esq.
Vice President, Rates, Regulatory & Sustainability

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



By: _____ 3/1/22
Terel Klein
Deputy Attorney General

BRIAN O. LIPMAN
DIRECTOR, DIVISION OF RATE COUNSEL

By: Maura Caroselli
Maura Caroselli, Esq.
Deputy Rate Counsel

Dated: March 1, 2022

SOUTH JERSEY GAS COMPANY

Third Revised Sheet No. 105

B.P.U.N.J. No. 13 - GAS

Superseding Second Revised Sheet No. 105

**RIDER "N"
ENERGY EFFICIENCY TRACKER ("EET")**

APPLICABLE TO:

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

This Rider "N" shall be known as the Energy Efficiency Tracker ("EET"). For financial accounting purposes the Company shall record a return on and a return of investments in energy efficiency programs, as approved by the Board at Docket No. GO09010059, in an Order dated July 24, 2009, Docket No. GO12050363, in an Order dated June 21, 2003, Docket No. GR15010090, in an Order dated August 19, 2015, Docket No. GO18030350, in an Order dated October 29, 2018 and Docket No. GR20060436 dated January 27, 2021 and recover all incremental operating and maintenance expenses of the programs, subject to the EET. Docket No. GO20090618 was filed in accordance with the Clean Energy Act of 2018 ("CEA") and the Board's Order dated June 10, 2020 in Docket Nos. QO19010040, QO19060748 and QO171091004. The calculation will use the weighted average cost of capital as identified in the respective Orders referenced above.

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

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

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

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

	2019 2021-220 EEP <u>True-Up Rate</u>	EEP Extension <u>Rate</u>	Total <u>Tariff Rate</u>
EET Rate per therm	\$0. 026008 023847	\$0.010126	\$0. 036134 033973
Applicable Revenue Tax	\$0.00000065	\$0.000028	\$0. 000093 000028
Total EET Rate per therm	\$0.0238476073	\$0.010154	\$0. 036227 034001
Applicable NJ Sales Tax	\$0.001580727	\$0.000673	\$0. 002400 002253
EET Rate per therm with NJ Sales Tax	\$0.025427257800	\$0.010827	\$0. 038627 036254

**Issued June 30, 2021
by South Jersey Gas Company,
B. Schomber, President**

**Effective with service rendered
on and after _____**

**Filed pursuant to Order in Docket No. GR21060950 of the Board of
Public Utilities, State of New Jersey, dated _____**