



Agenda Date: 1/10/24  
Agenda Item: 2A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://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”) ) DOCKET NO. GR23070474

**Parties of Record:**

**Sheree Kelly, Regulatory Affairs Counsel**, South Jersey Gas Company  
**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel

BY THE BOARD:<sup>1</sup>

On July 31, 2023, South Jersey Gas Company (“SJG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval of an increase in the Energy Efficiency Tracker (“EET”) rate associated with its Energy Efficiency Programs (“EETPs”) (“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 request.

**BACKGROUND AND PROCEDURAL HISTORY**

By Order dated July 24, 2009, the Board authorized SJG to implement EETPs over a two (2) year period to promote energy efficiency and conservation and to stimulate New Jersey’s economy.<sup>2</sup> The Board authorized SJG to offer the following EET programs: 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 Program. The July 2009 Order further authorized the Company to defer and recover all reasonable and prudent EET costs, including Company investments in EETPs and incremental operating and maintenance (“O&M”) costs, through the EET.

<sup>1</sup> Commissioner Michael Bange abstained from voting on this matter.

<sup>2</sup> 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 (“EET”) 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”).

The EET cost recovery mechanism provided two (2) cost treatment methods. First, the Company may earn a return on the investments associated with EEPs and recover the amortization of the regulatory asset created in SJG's balance sheet. Second, SJG may recover incremental EEP O&M expenses. Pursuant to the July 2009 Order, the Company must submit annual EEP cost recovery filings to establish future EET rates. The annual filings must include certain information including investment levels, operating costs, and employment data. Pursuant to the July 2009 Order, the initial EET rate was \$0.0024 per therm.<sup>3</sup>

On June 6, 2012, SJG filed a petition to extend its current EEPs and the EET through December 31, 2012 to permit the Company to exhaust any unexpended EEP funds. By Order dated August 15, 2012, the Board approved a stipulation of settlement ("August 2012 Stipulation") authorizing SJG to extend its EEPs until the Company exhausted any unexpended funds or until the Board made a determination at a later EEP proceeding, whichever occurred first.<sup>4</sup> The August 2012 Order also authorized reallocation of the EEP funds consistent with the August 2012 Stipulation.

On May 3, 2012, SJG filed a petition seeking authorization to implement a new set of EEPs. By Order dated January 23, 2013, the Board authorized SJG to extend its EEPs through June 2013 and set a budget for the extension period.<sup>5</sup> 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.<sup>6</sup> Pursuant to the June 2013 Order, the Board set an initial rate of \$0.0035 per therm for the EEP II Programs ("EET Extension Rate").

On January 20, 2015, SJG filed a petition with the Board seeking approval to extend 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 four of SJG's EEPs and allowing the Company to offer one new EEP: the OPOWER Pilot Program.<sup>7</sup> The Board established an initial rate of \$0.004494 per therm for the EEP III Extension Programs. When combined with the total EET rate of \$0.0169 per therm, the total effective EET rate was \$0.021394 per therm as of September 1, 2015.

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<sup>3</sup> All rates quoted herein include Sales and Use Tax ("SUT") and Public Utility Assistance ("PUA") Assessment (collectively, "Taxes") unless otherwise stated.

<sup>4</sup> 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").

<sup>5</sup> 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.

<sup>6</sup> 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").

<sup>7</sup> 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, BPU Docket No. GR15010090, Order dated August 19, 2015 ("August 2015 Order"). The August 2015 Order authorized SJG to offer the Residential Home Performance and Finance Energy Efficiency Program; Non-Residential Energy Efficiency Investment Program; Enhanced Essential HVAC Rebate Program; Commercial Customer Direct Install Financing Program; and OPOWER pilot program ("EEP III Extension Programs").

On November 4, 2016, SJG filed a letter petition with the Board seeking approval of an extension of their existing EEPs through December 31, 2018. By Order dated January 25, 2017, the Board granted the extension until December 31, 2018, with no additional funding.<sup>8</sup>

On March 27, 2018, the Company filed a petition with the Board seeking approval of an extension of its approved EEPs, with modifications, and to implement new EEPs for a five (5) year period with a \$195 million budget. By Order dated October 29, 2018, the Board approved a stipulation further extending the program, with modifications which included new program names and newly proposed programs, for an additional three (3) year period with a budget of approximately \$81.3 million.<sup>9</sup> Pursuant to the October 2018 Order, the Board established an initial rate of \$0.008117 per therm for the EEP IV Extension Programs.

On September 25, 2020, the Company filed a petition with the Board seeking approval to implement a fifth set of EEP Extension Programs (“EEP V Extension Programs”), which included requirements for the utilities to establish programs that reduce the use of electricity and natural gas for a three (3) year period commencing July 1, 2021 and ending June 30, 2024. By Order dated April 7, 2021, the Board authorized SJG to implement the EEP V Extension Programs for a three (3) year period commencing July 1, 2021.<sup>10</sup>

On June 30, 2021, SJG filed a petition with the Board seeking approval of cost recovery for the period commencing October 1, 2020 through September 30, 2021, in addition to recovery of forecasted revenues for the period October 1, 2021 through September 30, 2022 via the Company’s EET. By Order dated March 9, 2022, the Board authorized SJG to implement an EET charge for its EEP II, III and IV Extension programs (“Legacy Programs”) of \$0.025427 per therm effective April 1, 2022.<sup>11</sup>

On July 29, 2022, SJG filed a petition with the Board seeking approval for cost recoveries for the period commencing July 1, 2021, through June 30, 2022 and recovery of forecasted revenues for

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<sup>8</sup> 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.

<sup>9</sup> In re the Petition of South Jersey Gas Company for Approval to Continue its Energy Efficiency Programs (“EEP IV”) and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO18030350, Order dated October 29, 2018 (“October 2018 Order”). The October 2018 Order authorized SJG to offer the NJCEP Residential Loans/Rebates Program; NJCEP Commercial Loans Program, Residential Behavior Program, Residential Efficient Products Program, Residential Home Assessment with Direct Install Program; Residential Retrofit Weatherization Program; and C&I Engineered Solutions Program (“EEP IV Extension Programs”).

<sup>10</sup> In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040 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 No. GO20090618, Order dated April 7, 2021 (“April 2021 Order”). The April 2021 Order authorized SJG to offer the Behavioral Program, Efficient Products Program, Existing Homes Program, Multi-Family Program, Direct Install Program and Energy Solutions for Business Program.

<sup>11</sup> 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. GR21060950, Order dated March 9, 2022.

the period July 1, 2022 through June 30, 2023 via the Company's EET. By Order dated December 21, 2022, the Board authorized SJG to implement an EET charge for its Legacy Programs of \$0.027382 per therm effective January 1, 2023.<sup>12</sup>

### **The Petition**

By the Petition, SJG sought review of its EET charge consisting of two (2) components: 1) its Legacy Programs, including cost recovery from the EEP II, EEP III and EEP IV Extensions, and 2) cost recovery associated with the current EEP V Extension Programs. SJG requested to increase its combined EET rate from \$0.027382 per therm to \$0.041990 per therm.

The Company based its proposed EET rate on actual data from July 1, 2022, through June 30, 2023 ("2022-2023 Program Year") and projected data from July 1, 2023, through June 30, 2024 ("2023-2024 Program Year"), using the Board-approved weighted average cost of capital ("WACC") in effect at the time it filed the 2023 EET Petition. The 2022-2023 Program Year recoveries totaled \$13.7 million and the Company's projected \$21.8 million in recoveries for the 2023-2024 Program Year. SJG noted that it designed the proposed EET Rider rate for the 2023-2024 Program Year to recover \$22.0 million, excluding SUT. The Company proposed an effective date for the EET Rider rate of October 1, 2023.

Through discovery, the Company updated its proposed EET rate to \$0.041086 based upon actual information as of September 30, 2023 ("Update").

Following publications of notice in newspapers of general circulation within SJG's service territory and service of notice upon affected municipalities and counties within the Company's service area, two (2) public hearings were held at 4:30 p.m. and 5:30 p.m. on December 5, 2023.<sup>13</sup> No members of the public attended the hearings and the Board received no written comments related to the Petition.

### **STIPULATION**

Following review and discussion, the Parties executed the Stipulation, which provides:<sup>14</sup>

46. Based upon the Update, the Parties agree that SJG's EET Charge should be increased to the updated rate of \$0.041086 per therm.
47. The Parties agree that any change in the Board-authorized WACC 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.

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<sup>12</sup> In re the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs, BPU Docket No. GR22070468, Order dated December 21, 2022.

<sup>13</sup> Due to the COVID-19 pandemic, hearings were held virtually.

<sup>14</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

48. The Parties agree that the Company will continue to file an annual petition (“Annual Filing”) in July each year to adjust the EET Charge. Each Annual Filing will contain a reconciliation of its projected EET costs, projected recoveries, and actual revenue requirements for the relevant period, including a breakout of expenses, investments, and unamortized investments, in addition to the items set forth in the Minimum Filing Requirements. The EET Charge will be subject to full and complete examination in the context of the Annual Filing. The EET Charge 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.
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 Charge 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 of the proposed EET Charge increase on the monthly bill of a residential heating customer using 100 therms of natural gas in a winter month will be an increase of \$1.37, or 0.8%, as compared to rates in effect as of November 1, 2023. Proposed tariff sheets (Sheet No. 105) reflecting this EET Charge are attached to the Stipulation, in black-lined form, as Exhibit A.

### **DISCUSSIONS AND FINDINGS**

The Board reviewed the record, including the Petition, the Update, and the Stipulation and **HEREBY FINDS** the Stipulation to be reasonable, in the public interest and in accordance with the law. As such, the Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as if fully set forth herein, subject to any terms and conditions in this Order.

The Board **HEREBY APPROVES** SJG’s implementation of a modified EET rate of \$0.041086 per therm, effective for service rendered on or after February 1, 2024.

As a result of the approved Stipulation, a typical residential heating customer using 100 therms per month of natural gas in a winter month will experience an increase of \$1.37 in their current monthly bill.

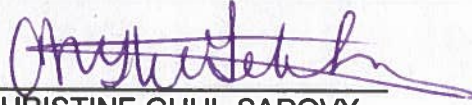
The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets consistent with the terms of this Order prior to February 1, 2024.

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 January 17, 2024.

DATED: January 10, 2024

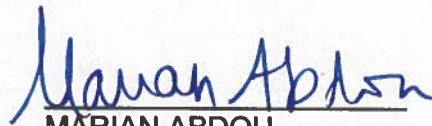
BOARD OF PUBLIC UTILITIES  
BY:



CHRISTINE GUHL-SADOVY  
PRESIDENT




DR. ZENON CHRISTODOULOU  
COMMISSIONER



MARIAN ABDOU  
COMMISSIONER

ATTEST:



SHERRI L. GOLDEN  
SECRETARY

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

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

BPU DOCKET NO. GR23070474

SERVICE LIST

**Board of Public Utilities**

44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, NJ 08625-0350

Sherri L. Golden, Board Secretary  
[board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)

Stacy Peterson, Deputy Executive Director  
[stacy.peterson@bpu.nj.gov](mailto:stacy.peterson@bpu.nj.gov)

Office of the General Counsel

Michael Beck, General Counsel  
[michael.beck@bpu.nj.gov](mailto:michael.beck@bpu.nj.gov)

Carol Artale, Deputy General Counsel  
[carol.artale@bpu.nj.gov](mailto:carol.artale@bpu.nj.gov)

Michael Hunter, Regulatory Officer  
[Michael.hunter@bpu.nj.gov](mailto:Michael.hunter@bpu.nj.gov)

Charles Gurkas, Paralegal  
[charles.gurkas@bpu.nj.gov](mailto:charles.gurkas@bpu.nj.gov)

Division of Revenue and Rates

Dari Urban  
[dari.urban@bpu.nj.gov](mailto:dari.urban@bpu.nj.gov)

**New Jersey Division of Rate Counsel**

140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625

Brian Lipman, Esq., Director  
[blipman@rpa.nj.gov](mailto:blipman@rpa.nj.gov)

Maura Caroselli, Esq., Managing Attorney  
[mcaroselli@rpa.nj.gov](mailto:mcaroselli@rpa.nj.gov)

Megan Lupo, Esq.  
[mlupo@rpa.nj.gov](mailto:mlupo@rpa.nj.gov)

Sarah Steindel, Esq.  
[ssteinde@rpa.nj.gov](mailto:ssteinde@rpa.nj.gov)

Mamie Purnell, Esq.  
[mpurnell@rpa.nj.gov](mailto:mpurnell@rpa.nj.gov)

**New Jersey Division of Law**

25 Market Street  
Post Office Box 112  
Trenton, NJ 08625

Pamela Owen, ASC, DAG  
[pamela.owen@law.njoag.gov](mailto:pamela.owen@law.njoag.gov)

Terel Klein, DAG  
[terel.klein@law.njoag.gov](mailto:terel.klein@law.njoag.gov)

Matko Ilic, DAG  
[matko.ilic@law.njoag.gov](mailto:matko.ilic@law.njoag.gov)

**South Jersey Gas Company**

Dominic DiRocco, Esq.  
One South Jersey Plaza  
Folsom, New Jersey 08037  
[ddirocco@sjindustries.com](mailto:ddirocco@sjindustries.com)

520 Green Lane  
Union, New Jersey 07083

Sheree Kelly, Regulatory Affairs Counsel  
[skelly@sjindustries.com](mailto:skelly@sjindustries.com)

Jennifer Weitz, Regulatory Affairs Counsel  
[jweitz@sjindustries.com](mailto:jweitz@sjindustries.com)

One South Jersey Place  
Atlantic City, New Jersey 08401

Cindy Capozzoli, Director Rates  
[ccapozzoli@sjindustries.com](mailto:ccapozzoli@sjindustries.com)

James G. Fredericks  
[jfredericks@sjindustries.com](mailto:jfredericks@sjindustries.com)

Peter Druckenmiller  
[wdruckenmiller@sjindustries.com](mailto:wdruckenmiller@sjindustries.com)

Karen J. Crispin  
[kcrispin@sjindustries.com](mailto:kcrispin@sjindustries.com)

Carolyn A. Jacobs  
[cjacobs@sjindustries.com](mailto:cjacobs@sjindustries.com)

Maureen Minkel  
[mminkel@sjindustries.com](mailto:mminkel@sjindustries.com)



One South Jersey Plaza  
Folsom, NJ 08037

T: (609) 694-9349

ddirocco@sjindustries.com

Dominick DiRocco, Esq.  
VP, Rates & Regulatory Affairs

December 11, 2023

Sherri Golden, Board Secretary  
Office of the Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P.O. Box 350  
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. GR23070474**

Dear Secretary Golden:

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 submitted,

A handwritten signature in black ink that reads "Dominick DiRocco".

Dominick DiRocco

DD/caj  
Enclosure

cc: See attached Service List



**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPAY  
FOR APPROVAL TO REVISE THE COST RECOVERY CHARGE  
ASSOCIATED WITH ENERGY EFFICIENCY PROGRAMS  
("EET CHARGE")  
BPU DOCKET NO. GR23070474**

**NJ BOARD OF PUBLIC UTILITIES**

Sherri Golden, Board Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[sherri.golden@bpu.nj.gov](mailto:sherri.golden@bpu.nj.gov)

William Barkasy  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[william.barkasy@bpu.nj.gov](mailto:william.barkasy@bpu.nj.gov)

Mike Kammer  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[mike.kammer@bpu.nj.gov](mailto:mike.kammer@bpu.nj.gov)

Malike Cummings  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[malike.cummings@bpu.nj.gov](mailto:malike.cummings@bpu.nj.gov)

Kyle Felton  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[kyle.felton@bpu.nj.gov](mailto:kyle.felton@bpu.nj.gov)

Stacy Peterson  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[Stacy.peterson@bpu.nj.gov](mailto:Stacy.peterson@bpu.nj.gov)

Dari Urban  
NJ Board of Public Utilities  
44 South Clinton Avenue  
P. O. Box 350  
Trenton, NJ 08625-0350  
[dari.urban@bpu.nj.gov](mailto:dari.urban@bpu.nj.gov)

**DIVISION OF LAW**

Terel Klein, DAG  
Dept. of Law & Public Safety  
Division of Law  
RJ Hughes Justice Complex  
25 Market Street, 7<sup>th</sup> Floor West  
P.O. Box 112  
Trenton, NJ 08625  
[Terel.Klein@law.njoag.gov](mailto:Terel.Klein@law.njoag.gov)

**DIVISION OF RATE COUNSEL**

Brian O. Lipman  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[blipman@rpa.nj.gov](mailto:blipman@rpa.nj.gov)

Maura Caroselli  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mcaroselli@rpa.nj.gov](mailto:mcaroselli@rpa.nj.gov)

Asia Hartgrove, Paralegal  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[ahartgrove@rpa.nj.gov](mailto:ahartgrove@rpa.nj.gov)

Megan Lupo  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mlupo@rpa.nj.gov](mailto:mlupo@rpa.nj.gov)

Carlena Morrison  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[cmorrison@rpa.nj.gov](mailto:cmorrison@rpa.nj.gov)

Mamie W. Purnell, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mpurnell@rpa.nj.gov](mailto:mpurnell@rpa.nj.gov)

**RATE COUNSEL CONSULTANTS**

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870  
[rhenkes@optonline.net](mailto:rhenkes@optonline.net)

**SOUTH JERSEY GAS COMPANY**

Dominick DiRocco, Esq., VP  
Rates and Regulatory Affairs  
SJI Utilities Inc.  
1 South Jersey Place  
Folsom, NJ 08037  
[ddirocco@sjindustries.com](mailto:ddirocco@sjindustries.com)

Sheree Kelly  
Regulatory Affairs Counsel  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[skelly@sjindustries.com](mailto:skelly@sjindustries.com)

Cindy Capozzoli  
Director, Rates  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[ccapozzoli@sjindustries.com](mailto:ccapozzoli@sjindustries.com)

Jams G. Fredericks  
Rate Analyst Lead  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[jfredericks@sjindustries.com](mailto:jfredericks@sjindustries.com)

Karen J. Crispin  
Senior Rate Analyst  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[kcrispin@sjindustries.com](mailto:kcrispin@sjindustries.com)

Carolyn A. Jacobs  
Regulatory Compliance Specialist  
SJI Utilities  
One South Jersey Place  
Atlantic City, NJ 08401  
[cjacobs@sjindustries.com](mailto:cjacobs@sjindustries.com)

Jennifer Weitz  
Regulatory Affairs Counsel Intermediate  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083  
[jweitz@sjindustries.com](mailto:jweitz@sjindustries.com)

Maureen Minkel, Director  
Energy Efficiency and Conservation  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[mminkel@sjindustries.com](mailto:mminkel@sjindustries.com)

W. Peter Druckenmiller  
Program Manager, Residential Energy  
Efficiency  
South Jersey Gas Company  
One South Jersey Place  
Atlantic City, NJ 08401  
[wdruckenmiller@sjindustries.com](mailto:wdruckenmiller@sjindustries.com)

**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. GR23070474**  
**RECOVERY CHARGE ASSOCIATED** :  
**WITH ENERGY EFFICIENCY** :  
**PROGRAMS (“EET CHARGE”)** :

**STIPULATION AND AGREEMENT FOR FINAL RATES**

**APPEARANCES:**

**Dominick DiRocco, Esq.**, Vice President, Rates & Regulatory Affairs, for South Jersey Gas Company, Petitioner.

**Maura Caroselli, Esq.**, Assistant Deputy Rate Counsel, Deputy Rate Counsel, **Megan Lupo, Esq.** and **Mamie W. Purnell, Esq.** 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**, Attorney General of New Jersey).

**TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:**

This stipulation of settlement (“Stipulation”) addresses the petition filed by South Jersey Gas Company (“South Jersey” or “Company”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) on July 31, 2023 seeking authority to increase its Energy Efficiency Tracker (“EET”) charge (“2023 EET Petition”). The parties to this proceeding are South Jersey, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Parties”).

**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 Board seeking approval to develop and implement several energy efficiency programs (“EETPs”) to be made available to South Jersey customers over a two (2)-year period to promote

energy efficiency and conservation while simultaneously stimulating the State's economy. By Order dated July 24, 2009, the Board authorized South Jersey to implement several EEPs and to recover all revenue requirements associated with the EEPs through creation of the EET.<sup>1</sup> The EET consisted of two (2) parts allowing the company to: 1) earn a return on its investment and recover the amortization of the regulatory asset to be created upon South Jersey's balance sheet; and 2) recover incremental operating and maintenance ("O&M") expenses associated with the EEPs.

2. Pursuant to the July 2009 Order, the initial EET rate was \$0.0024 per therm.<sup>2</sup> The July 2009 Order also required the Company to submit an annual EEP cost recovery filing to establish future EET rates, including information listed as minimum filing requirements ("MFRs") set forth in Appendix D to the stipulation approved by the July 2009 Order.

3. On July 9, 2010, the Company submitted its First Annual EET Filing with the Board, seeking to increase the EET rate to \$0.0078 per therm. On November 18, 2010, South Jersey filed a letter petition seeking modification of the July 2009 Order to extend the program and reallocate existing funds without an increase in total funding for the EEPs.

4. By Order dated January 19, 2011, the Board authorized South Jersey to extend the EEPs by one (1) year to allow the Company to carry over individual program under-spending until December 31, 2011 and allow monthly program investment and O&M costs associated with the EEPs to continue until April 30, 2012.<sup>3</sup> In addition, the January 2011 Order authorized the reallocation of funds within the EEP budget.

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<sup>1</sup> In re the Petition of South Jersey Gas Company for Approval of 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, Order dated January 19, 2011 ("July 2009 Order").

<sup>2</sup> All rates quoted herein include applicable taxes.

<sup>3</sup> 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").

5. On June 1, 2011, the Company submitted its Second Annual EET Filing with the Board, seeking to increase the EET rate to \$0.0096 per therm.

6. On May 3, 2012, South Jersey filed a petition seeking authorization to continue the Company's approved EEPs, with certain modifications, and to implement new EEPs.

7. On June 1, 2012, the Company submitted its Third Annual EET Filing, seeking to increase the EET rate to \$0.0119 per therm. On June 6, 2012, South Jersey filed a petition seeking to extend the EEP and EET through December 31, 2012, allowing the Company to spend the remaining unexpended EEP funds.

8. By Order dated September 13, 2012, the Board approved an EET rate increase to \$0.0096 per therm, thereby resolving the First and Second Annual EET Filings.<sup>4</sup>

9. By Order dated January 23, 2013, the Board authorized South Jersey to extend its EEPs and EET through June 30, 2013.<sup>5</sup> The extension budget totaled \$2,522,469 after combining the extension budget and the existing funds.

10. On May 31, 2013, the Company submitted its Fourth Annual EET Filing, seeking to increase the EET rate to \$0.0134 per therm.

11. By Order dated June 21, 2013, the Board authorized South Jersey to offer four (4) EEPs through June 2015 with an authorized budget of \$24 million ("EEP II Extension Program").<sup>6</sup> The EEP II Extension Program included the following programs: 1) the Residential Home

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

<sup>5</sup> 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.

<sup>6</sup> 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").

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 agreed to implement an initial rate of \$0.0035 per therm (“EET II Extension Rate”).

12. By Order dated September 30, 2014, the Board approved a stipulation by the Parties resolving the Third and Fourth Annual EET Filings.<sup>7</sup> Pursuant thereto, the Parties agreed to increase the then-current EET rate of \$0.0096 per therm 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.

13. 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 September 2014 Order, the requested rate of \$0.015577 per therm reflected a decrease from the then-current rate of \$0.0169 per therm.

14. On January 20, 2015, South Jersey filed a petition seeking approval to further extend the approved EEPs, with certain modifications, and to implement a new EEP.

15. On June 1, 2015, the Company submitted its Sixth Annual EET Filing, seeking approval to decrease the then-current EET rate from \$0.0169 per therm to \$0.003252 per therm.

16. By Order dated August 19, 2015, the Board authorized South Jersey to continue its Residential Home Performance and Finance Energy Efficiency Program, Non-Residential Energy

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<sup>7</sup> In re the Petition of South Jersey Gas Company for Approval of an Increase of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket No. GR12060473 AND In re the Petition of South Jersey Gas Company for Approval of an Increase of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket No. GR13050435, Order dated September 30, 2014 (“September 2014 Order”).

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”).<sup>8</sup> The August 2015 Order also authorized South Jersey to implement “OPOWER: the Social Marketing and Education Program,” and continue its EET to recover all prudently incurred costs associated with the EEPs.

17. 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.

18. By Order dated February 24, 2016, the Board approved a stipulation by the Parties resolving the Fifth and Sixth Annual EET Filings.<sup>9</sup> Pursuant thereto, the Parties agreed that the then-current EET rate of \$0.021394 per therm should be decreased to \$0.007302 per therm.

19. On June 2, 2016, the Company submitted its Seventh Annual EET Filing, seeking approval to decrease the then-current EET rate from \$0.007302 per therm to \$0.005995 per therm.

20. 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.<sup>10, 11</sup>

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<sup>8</sup> 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”).

<sup>9</sup> 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 In re 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.

<sup>10</sup> In re the Petition of South Jersey Gas Company to Revise the Cost Recovery Charge Associated with Energy Efficiency Programs, BPU Docket No. GR16060491, Order dated October 31, 2016.

<sup>11</sup> 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.



21. 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.

22. By Order dated January 25, 2017, the Board approved an extension of the current EEP III Extension Program term to December 31, 2018, with no additional funding.<sup>12</sup>

23. On June 23, 2017, the Company submitted its Eighth Annual EET Filing, seeking approval to increase the then-current EET rate from \$0.004571 per therm to \$0.009917 per therm.

24. 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.<sup>13, 14</sup>

25. On March 27, 2018, the Company filed a petition seeking approval to further extend the approved EEPs, with certain modifications, and to implement new EEPs for a five (5)-year period with an overall budget of approximately \$195 million ("EEP IV Extension Program").

26. By Order dated October 29, 2018, the Board authorized the Company to implement the EEP IV Extension Program for a three (3)-year period with an overall authorized budget of approximately \$81.3 million.<sup>15</sup> The October 2018 Order also authorized South Jersey to continue its EET to recover all prudently incurred costs associated with the EEPs.

27. Pursuant to the October 2018 Order, the Parties agreed to an initial rate of \$0.008117

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<sup>12</sup> 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.

<sup>13</sup> 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.

<sup>14</sup> 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.

<sup>15</sup> In re the Petition of South Jersey Gas Company for Approval to Continue its Energy Efficiency Programs ("EEP IV") and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO18030350, Order dated October 29, 2018 ("October 2018 Order").

per therm, associated with the approved EEP IV Extension Program (“EET IV Extension Rate”).

28. On June 8, 2018, the Company submitted its Ninth Annual EET Filing, seeking approval to decrease the then-current EET rate from \$0.009144 per therm to \$0.006339 per therm.

29. 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.<sup>16</sup> This rate was combined with the EET IV Extension Rate of \$0.008117 per therm for a total combined EET rate of \$0.014405 per therm.

30. On June 14, 2019, the Company submitted its Tenth Annual EET Filing, seeking approval to increase the then-current EET rate from \$0.014405 per therm to \$0.016820 per therm.

31. 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.<sup>17</sup>

32. By petition dated June 19, 2020, the Company submitted its Eleventh Annual EET Filing, seeking approval to increase the then-current EET rate from \$0.016820 per therm to \$0.027800 per therm.

33. By Order dated January 27, 2021, the Board approved an increase in the EET rate to \$0.027800 per therm, thereby resolving the Eleventh Annual EET Filing.<sup>18</sup>

34. By Order dated June 10, 2020, the Board approved an EE transition framework for EE programs pursuant to the Clean Energy Act L 2018, c. 17.<sup>19</sup> In the June 2020 Order, the Board directed New Jersey electric and gas utilities to file petitions by September 25, 2020 for approval

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<sup>16</sup> 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.

<sup>17</sup> 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.

<sup>18</sup> 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.

<sup>19</sup> In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040, Order dated June 10, 2020 (“June 2020 Order”)

of three (3)-year programs to be implemented beginning July 1, 2021.

35. The Company submitted a petition dated September 25, 2020 seeking to implement its proposed Energy Efficiency Program (“EEP V Extension Program”) with an initial rate of \$0.012673 per therm.

36. By Order dated April 7, 2021, the Board approved the implementation of an EET rate of \$0.010827 per therm effective July 1, 2021.<sup>20</sup>

37. By petition dated June 30, 2021, the Company submitted its Twelfth Annual EET Filing seeking approval to decrease the EET rate for its EEPs other than the EEP V (“Legacy Programs”) to \$0.026330 per therm, representing a decrease of \$0.001470 per therm from the then-current Legacy Programs EET rate of \$0.027800 per therm.

38. By Order dated March 9, 2022, the Board approved a decrease in the EET Legacy Programs rate to \$0.025427 per therm, thereby resolving the Twelfth Annual EET Filing.<sup>21</sup>

39. By petition dated July 29, 2022, the Company submitted its Thirteenth Annual EET Filing seeking approval to decrease its combined EET Charge for its Legacy Programs and EEP V Extension Program to \$0.026738 per therm, representing a decrease of \$0.009516 per therm from the then current EET Charge of \$0.036254 per therm.

40. By Order dated December 21, 2022, the Board approved a decrease in the EET Charge to \$0.027382 per therm, thereby resolving the Thirteenth Annual EET Filing.<sup>22</sup>

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<sup>20</sup> 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 and GO20090618, Order dated April 7, 2021.

<sup>21</sup> 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. GR21060950, Order dated March 9, 2022.

<sup>22</sup> 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. GR22070468, Order dated December 21, 2022.

## **THE 2023 EET TRUE-UP**

41. The Company submitted the 2023 EET Petition seeking Board approval to increase its combined EET Charge related to its Legacy Programs and EEP V Extension Program from \$0.027382 per therm to \$0.041990 per therm (“EET Charge”). The Company based the 2023 EET Petition upon actual data through June 30, 2023, and projected data from July 1, 2023 through June 30, 2024, using the Board-approved weighted average cost of capital (“WACC”) in effect at the time the 2023 EET Petition was filed.

42. On October 31, 2023, the Company provided updated schedules based upon actual data through September 30, 2023, resulting in an EET Charge of \$0.041086 per therm (“Update”), a decrease from the as-filed EET Charge of \$0.041990 per therm.

43. Following proper notice, two (2) virtual public hearings were held in this matter on December 5, 2023. No members of the public attended to express their views on the 2023 EET Petition and Update, and no written comments were received by the Board, South Jersey, or Rate Counsel.

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

45. Following review and analysis of the 2023 EET Petition, schedules, the Update, and discovery, the Parties to this proceeding agree and stipulate to the following:

### **II. STIPULATED MATTERS**

46. Based upon the Update, the Parties hereby agree that South Jersey’s EET Charge should be increased to the updated rate of \$0.041086 per therm.

47. The Parties agree that any change in the Board-authorized WACC 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.

48. The Parties agree that the Company will continue to file an annual petition (“Annual Filing”) in July each year to adjust the EET Charge. Each Annual Filing will contain a reconciliation of its projected EET costs, projected recoveries, and actual revenue requirements for the relevant period, including a breakout of expenses, investments, and unamortized investments, in addition to the items set forth in the MFRs. The EET Charge will be subject to full and complete examination in the context of the Annual Filing. The EET Charge 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.

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 Charge 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 of the proposed EET Charge increase on the monthly bill of a residential heating customer using 100 therms of natural gas in a winter month will be an increase of \$1.37, or 0.8%, as compared to rates in effect as of November 1, 2023. Proposed tariff sheets (Sheet No. 105) reflecting this EET Charge are attached hereto, in black-lined form, as Exhibit A.

51. Should the Board enter an Order accepting this Stipulation, South Jersey will submit a Compliance Filing incorporating the combined EET Charge approved by the Board within 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.

### **III. 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.

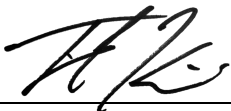
55. This Stipulation may be executed in as many counterparts as there are signatories to this Stipulation each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

**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.

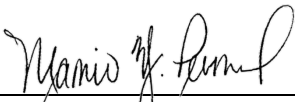
**SOUTH JERSEY GAS COMPANY**

By:   
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Dominick DiRocco, Esq.  
Vice President, Rates & Regulatory Affairs

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

By:   
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Terel Klein  
Deputy Attorney General

**BRIAN O. LIPMAN**  
**DIRECTOR, DIVISION OF RATE COUNSEL**

By:   
\_\_\_\_\_  
Mamie W. Purnell, Esq.  
Assistant Deputy Rate Counsel

Dated: December 11, 2023

**SOUTH JERSEY GAS COMPANY**

**Second Revised Sheet No. 105**

**B.P.U.N.J. No. 14 - GAS**

**Superseding First 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:

	EEP <u>Legacy Rate</u>	EEP Extension <u>Rate</u>	Total <u>Tariff Rate</u>
EET Rate per therm	\$0. <u>011488011894</u>	\$0. <u>014193026639</u>	\$0. <u>025681038533</u>
Applicable NJ Sales Tax	\$0. <u>000761000788</u>	\$0. <u>000940001765</u>	\$0. <u>001701002553</u>
EET Rate per therm with NJ Sales Tax	\$0. <u>012249012682</u>	\$0. <u>015133028404</u>	\$0. <u>027382-041086</u>

**Issued \_\_\_\_\_  
by South Jersey Gas Company,  
B. Schomber, President**

**Effective with service rendered  
on and after \_\_\_\_\_**

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