



STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY)
NATURAL GAS COMPANY FOR APPROVAL OF THE)
EXTENSION OF ENERGY EFFICIENCY PROGRAMS)
AND THE ASSOCIATED COST RECOVERY)
MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1)
DOCKET NO. GO18030355)

Parties of Record:

Andrew Dembia, Esq., New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Justin Incardone, Esq., Public Service Electric & Gas

BACKGROUND AND PROCEDURAL HISTORY

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

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

48:3-98.1 must file a petition with the Board.

On July 17, 2009, the Board authorized New Jersey Natural Gas Company (“NJNG” or “Company”) to implement three energy efficiency programs: 1) Home Performance with Energy Star (“HPES”) Enhancements; 2) Enhanced Warm Advantage Rebate Program; and 3) Commercial Customer Direct Install Program as part of the Economic Stimulus Plan announced in October 2008¹ (“Original Programs”). The programs were designed to complement or supplement existing New Jersey Clean Energy Program (“NJCEP”) offerings including the ongoing WarmAdvantage, COOLAdvantage, HPES, Commercial Direct Install and Smart Start Building programs. The NJNG programs were available to eligible customers for approximately twelve months. In the event there was still program funding available after that period, NJNG could continue to offer the approved programs through December 31, 2010.

By Order dated September 24, 2010, the Board authorized NJNG to extend and expand the Original Programs through December 31, 2011². In addition to authorizing modifications to the Original Programs, the September 2010 Order authorized the Company to implement an OPOWER pilot through which customers could obtain information about their specific energy use in comparison to comparable households, an incremental incentive for Combined Heat and Power (“CHP”) projects undertaken in conjunction with NJCEP, and a program with that offers eligible customers an opportunity for customized provisions, Fostering Environmental and Economic Development (“FEED”) (collectively, “NJNG SAVEGREEN Project”).

By Order dated January 18, 2012, the Board further extended the NJNG SAVEGREEN Project, with modifications, for an additional 12 months.³ In addition, NJNG also received approval to implement its proposed Access Program, which offered higher efficiency heating equipment through conversions to natural gas for electric heat customers receiving benefits from the Universal Service Fund Program. By Order dated June 21, 2013, the Board authorized NJNG to further extend the NJNG SAVEGREEN Project, with modifications through June 30, 2015.⁴ The Order was subsequently revised on August 21, 2013, to make a necessary correction regarding the SAVEGREEN Direct Install program (August 2013 Order).⁵ By Order dated July 23, 2015 (“July 2015 Order”)⁶, the Board approved a Stipulation of Settlement signed by the Company, Board Staff, and Rate Counsel which allowed the SAVEGREEN program to continue through July 31, 2017. By Order dated June 29, 2016, the Board approved a no-cost extension

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms AND I/M/O the Petition of New Jersey Natural Gas Company for Approval of Energy Efficiency Programs with an Associated Cost Recovery Mechanism, BPU Docket Nos. EO09010056 and GO09010057, Order dated July 17, 2009.

² In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10030225, Order dated September 24, 2010.

³ In re the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425, Order dated January 18, 2012.

⁴ In re the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket Nos. GO12070640 and GR12070641, Order dated June 21, 2013.

⁵ I/M/O the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO12070640, Order dated August 21, 2013.

⁶ I/M/O the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO121070640, Order dated July 23, 2015.

of the existing SAVEGREEN programs through December 31, 2018.⁷

March 2018 Filing

On March 29, 2018, NJNG filed the instant petition with the Board. In the filing, the Company requested Board authorization to continue its existing energy efficiency programs with some modifications, as well as to continue its on-bill repayment program ("OBRP"). In addition, the Company seeks to implement several new energy efficiency programs, including Emerging Technologies and Approaches; Community Efficiency; and SAVEGREEN Low Income Solar. The Company seeks approval for the work in the SAVEGREEN to continue for close out and completion of projects approved or committed prior to December 31, 2024.

The total projected cost of the SAVEGREEN programs is approximately \$352.84 million over the six year program period, comprised of \$158.37 million of direct investment, \$182.83 million of loans and associated OBRP, and \$11.64 million of operation and maintenance expenses.

In addition, the Company requested approval of rate recovery of all costs through its RGGI Surcharge, as well as a return on investment, totaling \$302.28 million through 2049. NJNG asked that any variance between cost and recovery accrue at the rate of the Company's most recent monthly commercial payment rate. The Company did not ask for contemporaneous recovery and stated that it would address recovery of the costs associated with the proposed SAVEGREEN program in its annual energy efficiency rate filing.⁸

By Order dated April 25, 2018, the Board designated the undersigned as Presiding Commissioner who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board ordered that any entity seeking to intervene or participate file the appropriate application with the Board by May 27.

PREHEARING ORDER

1. NATURE OF PROCEEDINGS AND ISSUES TO BE RESOLVED

Through this proceeding, NJNG seeks approval to implement and administer its SAVEGREEN Program pursuant to N.J.S.A 48:3-98.1, which includes a program budget of approximately \$352.84 million over the six year program period, comprised of \$158.37 million of direct investment, \$182.83 million of loans and associated OBRP, and \$11.64 million of operation and maintenance expenses.

A. Issues to be Resolved

The cost effectiveness and cost efficiency of the activities and programs of the proposed NJNG SAVEGREEN program; and

⁷ In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy-Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated June 29, 2016.

⁸ The Company filed its annual energy efficiency rate filing on May 29, 2018. I/M/O New Jersey Natural Gas Company - Approval Of The Cost Recovery Associated With Energy Efficiency Programs, BPU Docket No. GR18050585.

The reasonableness and lawfulness of the proposed cost recovery mechanism

2. PARTIES AND THEIR DESIGNATED ATTORNEYS OR REPRESENTATIVES

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No change in designated trial counsel shall be made without leave if such change will interfere with the dates for hearings. If no specific counsel is set forth in this Order, any partner or associate may be expected to proceed with evidentiary hearings on the agreed dates.

3. SPECIAL LEGAL REQUIREMENTS AS TO NOTICE OF HEARING

Pursuant to N.J.S.A. 48:2-32.6, public hearings will be held in the Company's service territory after publication of notice in newspapers of general circulation in NJNG's service territory. Two (2) public hearings will be held on July 25, 2018 at 4:30 and 5:30 in Freehold, New Jersey and July 26, 2018 at 4:30 p.m. and 5:30 p.m. in Rockaway, New Jersey.

4. SCHEDULE OF HEARING DATES, TIME AND PLACE

Evidentiary hearings will be held on August 6 and 8, 2018 beginning at 10:00 AM each day, at the Office of Administrative Law, 9 Quakerbridge Plaza, Trenton, New Jersey.

5. STIPULATIONS

The Company, Rate Counsel, and Staff entered into a Non-Disclosure Agreement on March 28, 2018.

6. SETTLEMENT

Parties are encouraged to engage in settlement discussion. Notice should be provided to all parties of any settlement discussions for the preparation of an agreement to resolve the issues in the case.

7. AMENDMENTS TO PLEADINGS

None at this time.

8. DISCOVERY AND DATE FOR COMPLETION

The time limits for discovery shall be in accordance with N.J.A.C. 1:1-10.4 or as provided in Exhibit A.

9. ORDER OF PROOFS

NJNG has the burden of proof. The hearings will be conducted by topic (see point 12, below); within each topic, the hearings will be conducted in the following order:

First – NJNG

Second – Rate Counsel

Fourth – Board Staff

10. EXHIBITS MARKED FOR IDENTIFICATION

None at this time.

11. EXHIBITS MARKED IN EVIDENCE

None at this time.

12. ESTIMATED NUMBER OF FACT AND EXPERT WITNESSES

NJNG will present the following three (3) witnesses: Thomas Massaro, Daniel Yardley, and Isaac Gabel-Frank. Additional witnesses may be identified by NJNG as necessary for purposes of rebuttal or sur-rebuttal.

Rate Counsel will present the following two (2) witnesses: David Dismukes and Robert Henkes.

Additional witnesses may be identified by Rate Counsel as necessary for purposes of testimony.

Any party substituting witnesses shall identify such witnesses within five (5) days of determining to replace a witness, and in no event later than five (5) days before filing of testimony of a substitute witness. All direct testimony will be pre-filed, and all witnesses submitting pre-filed direct testimony will be subject to cross examination at evidentiary hearings, which will be conducted by topic (e.g., program elements, revenue requirements, and so forth).

13. MOTIONS

On May 25, 2018 PSE&G filed a motion to intervene. The motion will be addressed in a separate order.

14. SPECIAL MATTERS

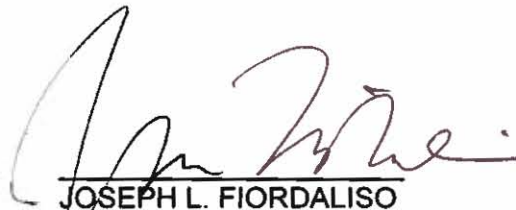
None at this time.

DISCUSSIONS AND FINDINGS

I have reviewed the proposal for a procedural schedule, after giving due consideration to the positions of Staff, Rate Counsel, and the Company. I **HEREBY ISSUE** the attached as the Prehearing Order, along with the procedural schedule identified as Exhibit A and **HEREBY DIRECT** the parties to comply with its terms.

Also, in the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

DATED: 06/29/18


JOSEPH L. FIORDALISO
PRESIDENT

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR
APPROVAL OF THE EXTENSION OF ENERGY EFFICIENCY PROGRAMS AND THE
ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1
DOCKET NO. GO18030354

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EXHIBIT A

I/M/O Petition Of New Jersey Natural Gas Company For Approval Of The Extension Of
Energy Efficiency Programs And The Associated Cost Recovery Mechanism
Pursuant To N.J.S.A. 48:3-98.1
Dkt. No. GO18030355

Motions to Intervene/Participate	May 25, 2018
Opposition to Intervention/Participation	June 1, 2018
Discovery Requests on Initial Testimony+	May 9, 2018
Responses to Discovery on Initial Testimony	May 18, 2018
Discovery Teleconference Conference (Tentative)	Week of May 21, 2018
Second Round of Discovery Due	May 25, 2018
Responses to Second Round of Discovery Due	June 4, 2018
Discovery/Settlement Conference (Tentative)	Week of June 18 2018
Intervener/ Respondent Testimony Due	July 25, 2018*
Discovery on Intervener/Respondent Testimony	June 28, 2018
Responses to Discovery on Intervener/Respondent Testimony	July 6, 2018
Rebuttal Testimony	July 12, 2018
Discovery on Rebuttal Testimony	July 19, 2018
Responses to Discovery on Rebuttal Testimony	July 24, 2018
Public Hearings	July 25 & 26, 2018
Evidentiary Hearings (if necessary) with oral surrebuttal	August 6 and 8
Initial Briefs due	August 17, 2018
Reply Briefs	August 24, 2018

+ Petitioner agrees that discovery is ongoing and will endeavor to answer all discovery within seven business days of service.

* The Company, Rate Counsel, and Staff agreed to a 30-day postponement of filing testimony at a June 20, 2018 settlement conference. The parties agreed that if additional time was needed, the remaining dates in the procedural schedule would be further discussed.