



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
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Trenton, NJ 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH JERSEY) DECISION AND ORDER
GAS COMPANY FOR APPROVAL OF THE COST) APPROVING STIPULATION
RECOVERY ASSOCIATED WITH ENERGY EFFICIENCY)
PROGRAMS) DOCKET NO. GO10070466

IN THE MATTER OF THE PETITION OF SOUTH JERSEY) DOCKET NO. GR11060336
GAS COMPANY FOR APPROVAL OF AN INCREASE)
OF THE COST RECOVERY ASSOCIATED WITH)
ENERGY EFFICIENCY PROGRAMS)

(NOTIFICATION LIST ATTACHED)

APPEARANCES

Ira G. Megdal, Attorney for the Petitioner, South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On January 23, 2009, South Jersey Gas Company ("South Jersey" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") for approval to develop and implement a number of Energy Efficiency Programs ("EEPs") over a two-year period to promote energy efficiency and conservation while stimulating the State's economy. The Company also sought Board approval for an associated cost recovery rider mechanism referred to as the Energy Efficiency Tracker ("EET"). In an Order dated July 24, 2009 (the "July Order")¹, the Board approved the EEPs for South Jersey and authorized the Company to defer and recover all reasonable and prudent costs incurred by adopting the terms of the stipulation entered into among South Jersey, Board Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"). Pursuant to the July Order, the Company is required to submit annual EEP cost

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

true-up filings to establish future EET rates. By this Order, the Board considers a stipulation intended to resolve the Company's 2010 and 2011 EET filings.

BACKGROUND

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

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

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

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

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

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

By Stipulation dated January 12, 2011, South Jersey, Board Staff and Rate Counsel agreed to 1) an extension of one year to allow South Jersey to carryover individual program under-spending until December 31, 2011; 2) an extension of one year to allow South Jersey's monthly program investment and incremental operating and maintenance costs associated with the EEPs to continue until April 30, 2012; and 3) the reallocation of money within the EEPs budget as set forth in the Letter Petition.

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

On June 1, 2011, the Company submitted its annual EET True-up filing with the Board. This filing was assigned Docket No. GR11060336. In this June 2011 filing, South Jersey proposed to increase the existing EET rate to \$0.0096 per therm, including taxes. Public hearings in this matter were held on August 10, 2011. No members of the public appeared.

Discovery has been propounded in both dockets and all discovery has been answered.

STIPULATION

On August 8, 2012, Board Staff, Rate Counsel and the Company agreed to the following²

1. The filed EET rate of \$0.0096 per therm in the Petition in Docket No. GR11060336 should be implemented.
2. The EET rate set forth in this Stipulation results in an increase of approximately \$0.73 or 0.55% per month, to the average residential heating customer using 100 therms of gas during a month.

DISCUSSION AND FINDING

The Board has carefully reviewed the 2010 and 2011 Annual True-up filings and stipulation in this matter. Accordingly, the Board **HEREBY FINDS** that the stipulation represents a fair and reasonable resolution of the issues and is in the public interest. The Board **HEREBY ADOPTS** the attached stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

The Board **HEREBY DIRECTS** the Company to file a revised tariff sheet within seven (7) days of service of this Order. The rate authorized herein shall be effective for service rendered on or after October 1, 2012, but no earlier than the date this Board Order is served.

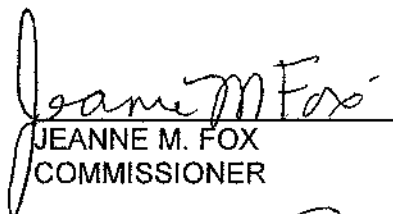
² Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

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

DATED: 9/13/12

BOARD OF PUBLIC UTILITIES
BY:



ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER

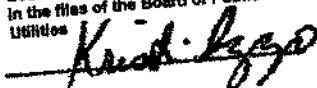

JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

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



In the Matter of the Petition of South Jersey Gas Company for Approval of an Increase of the
 Cost Recovery Associated with Energy Efficiency Programs
 DOCKET NO. GO10070466

In the Matter of the Petition of South Jersey Gas Company for Approval of an Increase of the
 Cost Recovery Associated with Energy Efficiency Programs
 DOCKET NO. GR11060336

NOTIFICATION LIST

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