



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY ) ORDER EXTENDING  
NATURAL GAS COMPANY FOR APPROVAL OF THE ) 180 DAY REVIEW PERIOD  
EXTENSION OF ENERGY EFFICIENCY PROGRAMS )  
AND THE ASSOCIATED COST RECOVERY )  
MECHANISM PURSUANT TO N.J.S.A. 48:3-98.1 ) BPU DOCKET NO. GO12070640

**Parties of Record:**

**Tracey Thayer, Esq.**, Attorney for Petitioner, New Jersey Natural Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order the Board is considering a stipulation to extend the 180 day review period.

**BACKGROUND AND PROCEDURAL HISTORY**

On January 13, 2008, L. 2007, c. 340 ("Act") was signed into law by former Governor Corzine 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 efficiencies. N.J.S.A. 26:2C-45.

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 any energy efficiency and conservation programs pursuant to

N.J.S.A. 48:3-98.1 must file a petition with the Board, and the Board must make a decision on the requested cost recovery within 180 days of receipt of a complete petition. N.J.S.A. 48:3-98.1 (b).

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 ("HPwES") Enhancements; 2) Enhanced Warm Advantage Rebate Program; and 3) Commercial Customer Direct Install Program as part of former Governor Corzine's Economic Stimulus Plan announced in October 2008<sup>1</sup> ("Original Programs"). The programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings including the ongoing WarmAdvantage, COOLAdvantage, HPwES, Commercial Direct Install and Smart Start Building programs. The NJNG programs were to be 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, 2011<sup>2</sup> ("September 2010 Order"). In addition to authorizing modifications to the Original Programs, the September 2010 Order also authorized the Company to implement an OPOWER pilot through which customers 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 authorized NJNG to continue its existing SAVEGREEN Project and implement certain proposed SAVEGREEN program changes through December 31, 2012, or twelve months from the date the Board Order approving the SAVEGREEN extension was served, whichever was later.

### **July 2012 Filing NJNG**

On July 9, 2012, NJNG filed a petition with the Board requesting approval of an extension to the Company's existing energy-efficiency programs offered through the SAVEGREEN Project and its associated cost recovery mechanisms. As part of the petition, the Company also requested that the Board approve certain modifications to its current programs.

NJNG's petition was accompanied by supporting schedules, program descriptions, financial and other related information. On August 8, 2012, Board Staff notified NJNG that the petition was found to be administratively complete pursuant to the terms of the Board's May 12, 2008 Order in Docket No. EO08030164 ("May 12 Order"), and that the 180-day period prescribed by N.J.S.A. 48:3-98.1 (b) for a final Board determination on cost recovery commenced as of July 9,

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<sup>1</sup> I/M/O 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.

<sup>2</sup> I/M/O 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.

2012, the date of the filing. Consequently, the statutory 180-day review period would expire on January 5, 2013 ("Review Date").

On September 13, 2012, the Board issued an Order retaining this matter for consideration and, pursuant to N.J.S.A. 48:2-32, designated Commissioner Mary Anna Holden as the presiding officer. Additionally, the Board adopted a procedural schedule agreed to by the Company, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties").

Discovery questions in this matter have been propounded by Rate Counsel and Board Staff, and NJNG has provided responses to all requests. On October 26, 2012, Rate Counsel filed the direct testimonies of witnesses Robert J. Henkes and Robert Fagan. Public notice was provided for four public hearings scheduled for December 19, 2012 in Freehold Township and December 20, 2012 in Rockaway Township, New Jersey.

By Order dated December 19, 2012, ("December Order") the Board approved a stipulation executed by the Parties extending the review date to February 1, 2013, in order to provide additional time to complete the administrative processing and review of the petition and accompanying materials, and to provide the Board with sufficient time to issue a final determination in this matter.

### **STIPULATION**

NJNG, Rate Counsel and Staff have discussed the matters at issue in this proceeding. In order to allow sufficient time to continue discussions, as well as for administrative processing and review and the issuance of a Board Order, the Parties agree that the current review period ending February 1, 2013, should be extended, pursuant to N.J.S.A. 48:2-21.3, to June 30, 2013. The Parties have also agreed that NJNG will be allowed to continue to provide and fund the current SAVEGREEN programs as approved in the January 2012 Order.

The budgeted amounts for each of the SAVEGREEN programs through June 30, 2013 is attached to the stipulation as Attachment 1. The Company expects the budget for grants related to furnaces and boilers to be approximately \$2.07 million, and for those related to Home Performance and Energy Star to be approximately \$1.74 million for a total of \$3.81 million which will be subject to a 7.1 percent rate of return. The Company is also budgeting approximately \$3.60 million for on bill financing where loans will be interest free with a pay back by participants over 10 years. Non-participating ratepayers provide the rate of return of 7.1 percent on the unamortized balance. The balance of the budget is related to operation and maintenance costs of approximately \$1.04 million.

### **DISCUSSION AND FINDING**

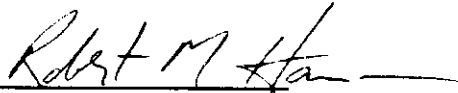
The Board has carefully reviewed the record to date in this matter. The Board is satisfied and **HEREBY FINDS** that the stipulation extending the Review Date to June 30, 2013, and continuing the offering and funding of the current SAVEGREEN programs as approved in the January, 2012 Order is reasonable and is in the public interest. If any costs beyond the budgeted amount in the January 2012 Order are incurred during this interim period, from the date this Order is served through June 30, 2013, such costs will be deferred and be the subject of a full review for reasonableness and prudence in future annual true-up proceedings. This will provide additional time for a thorough review of the proposed extension of the SAVEGREEN Project, and will allow for the development of a full and complete record for review by the

Board while permitting NJNG to continue offering its energy efficiency programs. Accordingly, the Board **HEREBY ADOPTS** the attached stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

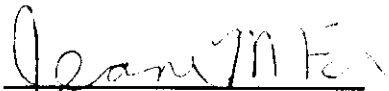

The Board Order shall be effective as of the date that it is served.

DATED: 1/23/13

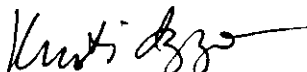
BOARD OF PUBLIC UTILITIES  
BY:



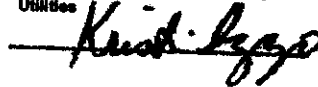
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COMMISSIONER  
JOSEPH L. FIORDALISO  
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NICHOLAS ASSELTA  
COMMISSIONER  
MARY-ANNA HOLDEN  
COMMISSIONER

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 NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL  
OF THE COST RECOVERY ASSOCIATED WITH ENERGY EFFICIENCY PROGRAMS AND IN THE  
MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF THE  
COST RECOVERY ASSOCIATED WITH ENERGY EFFICIENCY AND PRELIMINARY GREENHOUSE  
GAS INITIATIVE PROGRAMS  
Docket No. GO12070640

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

**IN THE MATTER OF THE PETITION OF )  
NEW JERSEY NATURAL GAS COMPANY )  
FOR APPROVAL OF THE EXTENSION OF ) BPU DOCKET NO. GO12070640  
ENERGY-EFFICIENCY PROGRAMS AND )  
THE ASSOCIATED COST RECOVERY )  
MECHANISM PURSUANT TO N.J.S.A. 48:3- )  
98.1 )**

**STIPULATION**

**APPEARANCES:**

**Tracey Thayer, Esq.**, New Jersey Natural Gas Company for the Petitioner, New Jersey Natural Gas Company

**Sarah Steindel, Esq., and Christine Juarez, Esq.**, Assistant Deputy Rate Counsels and **Felicia Thomas-Friel, Esq.**, Deputy Rate Counsel (**Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel)

**Alex Moreau and Veronica Beke**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (**Jeffrey S. Chiesa**, Attorney General of New Jersey)

**TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

1. On July 9, 2012, New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GO12070640 seeking approval from the New Jersey Board of Public Utilities ("BPU" or the "Board") of an extension to the Company's currently approved energy-efficiency programs offered through NJNG's The SAVEGEEN Project® ("SAVEGREEN") and the Board-approved associated cost recovery mechanisms. NJNG also proposed certain modifications to the existing programs based on customer participation and



feedback. The Company requested a four-year extension of SAVEGREEN and requested that the BPU retain this matter for administrative review.

2. Based on the terms of N.J.S.A. 26:2C-45 and N.J.S.A. 48:3-98.1 (the "Legislation") and a Board Order issued on May 12, 2008 ("May 12 Order") establishing Minimum Filing Requirements ("MFRs") for cases filed pursuant to the Legislation, NJNG has made filings in Docket Nos. EO09010056 and GO09010057, GO10030225 and GR11070425 seeking approval to implement and/or extend existing energy-efficiency programs through SAVEGREEN that complemented or supplemented existing programs offered through NJCEP. In Orders dated July 17, 2009 (the "July 2009 Order"), September 24, 2010 (the "September 2010 Order") and January 18, 2012 (the "January 2012 Order"), the BPU adopted the terms of Stipulations entered into among representatives from the BPU Staff, the New Jersey Division of Rate Counsel<sup>1</sup> ("Rate Counsel") and NJNG (the "Parties") approving the implementation and/or extension of energy-efficiency programs and the associated cost recovery mechanism. Recovery of the costs necessary to deliver these programs, including grants, incentives, incremental operation and maintenance ("O&M") expenses and carrying costs is provided through Rider F to the Company's Tariff.

3. The Company's July 2012 Petition was accompanied by supporting schedules, programs descriptions, financial and other related information pursuant to the MFRs. A letter was received from Board Staff on August 8, 2012, noting that the Petition and accompanying information were found to be administratively complete pursuant to the May 12 Order and that the 180-day period prescribed by the Legislation for a final Board determination would commence as of the July 9, 2012 date of the filing. Consequently, the statutory 180-day review period shall expire on January 5, 2013.

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<sup>1</sup>That agency was formerly known as the Division of Rate Counsel within the Department of the Public Advocate.

4. On September 13, 2012, the Board issued an Order retaining this matter at the agency for consideration and, pursuant to N.J.S.A. 48:2-32, designating Commissioner Mary-Anna Holden as the presiding officer. Additionally, the Board adopted a Procedural Schedule agreed to by the Company, Rate Counsel and Board Staff (collectively, the Parties).

5. Discovery questions in this matter have been propounded, and discovery remains in progress.

6. On October 26, 2012, Rate Counsel filed the Direct Testimonies of witnesses Matthew I. Kahal and Robert Fagan.

7. Duly noticed public hearings were held on December 19, 2012 in Freehold Township and December 20, 2012 in Rockaway Township, New Jersey and no members of the public appeared.

8. The Parties have discussed the need for an extension to allow additional time to complete administrative processing and review of the Petition and accompanying materials.

9. In order to allow sufficient time to continue discussions, as well as for the administrative processing and review along with the issuance of a Board Order in this matter, the Parties agree that the current review period ending February 1, 2013 (pursuant to a Board Order in this Docket dated December 19, 2012 adopting a Stipulation among the Parties) be extended to June 30, 2013. The Company, therefore, has agreed to extend, pursuant to N.J.S.A. 48:2-21.3, the 180-day time frame for Board action on NJNG's Petition, required under N.J.S.A. 48:3-98.1, to June 30, 2013 to accommodate discovery and settlement discussions.

10. It is agreed that NJNG will be allowed to continue to provide and fund the current SAVEGREEN programs as approved in the January, 2012 Order (Attachment 1).

11. The Parties stipulate and agree that this Stipulation fully disposes of certain issues in controversy in this proceeding, is consistent with law, and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any provision of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event the Board, in any applicable order(s), does not adopt this Stipulation in its entirety 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.

12. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

13. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, NJNG, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue, as soon as reasonably possible, an Order approving an extension until June 30, 2013.

**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
**TRACEY THAYER, ESQ.  
NEW JERSEY NATURAL GAS**

**DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, ESQ.  
DIRECTOR**

By:   
**SARAH H. STEINDEL, ESQ.,  
ASSISTANT DEPUTY RATE COUNSEL**

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

By:   
**ALEX MOREAU  
DEPUTY ATTORNEY GENERAL**

Date: January 14, 2013

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue, as soon as reasonably possible, an Order approving an extension until June 30, 2013.

**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
**TRACEY THAYER, ESQ.**  
**NEW JERSEY NATURAL GAS**

**DIVISION OF RATE COUNSEL  
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By: \_\_\_\_\_  
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**ASSISTANT DEPUTY RATE COUNSEL**

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

By:   
**ALEX MOREAU**  
**DEPUTY ATTORNEY GENERAL**

Date: January \_\_, 2013

**NJNG  
SAVEGREEN  
PROGRAM COMPONENTS**

	<b>\$MM</b>	<b>REVENUE REQUIREMENTS COMPUTATION</b>
<b>GRANTS</b>		
Furnaces & Boilers	2.07	Amortized over 5 years with a ROR of 7.1% on unamortized balance
HPwES	<u>1.74</u>	
Total	3.81	
<b>ON BILL 0% FINANCING</b>		
HPwES and combination furnace/boiler and water heater	3.60	Participating customer pays \$3.60 MM back over 120 months and non-participating ratepayers provide a ROR of 7.1% on unamortized balance
<b>O&amp;M</b>	1.04	Included as incurred

<b>ACTIVITY ANTICIPATED</b>	<b>UNITS GRANT/ OBRP</b>	<b>FORECASTED ACTIVITY</b>	<b>FORECASTED SPENDING (\$MM)</b>
<b>GRANTS</b>			
Furnaces & Boilers	\$900	2,300	2.07
HPwES			
Tier II Grants	\$2,000	120	0.24
Tier III Grants	\$5,000	300	<u>1.50</u>
<b>Total</b>			<b>1.74</b>
<b>ON BILL 0% FINANCING</b>			
HPwES			
Tier II	\$5,000	120	0.60
Tier III	\$10,000	300	3.00
Furnace/Boiler Combination	\$0	0	0.00
Added HPwES measures	\$0	0	<u>0.00</u>
<b>Total</b>			<b>3.60</b>