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June 2, 2014

The Honorable Kristi Izzo
Secretary, New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

GR14060536

REC'D
2014 JUN 2 PM 1 51
NJ BPU
CASE MANAGEMENT

LETTER PETITION

RE: IN THE MATTER OF THE LETTER PETITION OF
NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL
OF THE COST RECOVERY ASSOCIATED WITH THE
ENERGY EFFICIENCY PROGRAM
Docket No. GR1406 _____

Dear Secretary Izzo:

New Jersey Natural Gas Company (“NJNG” or the “Company”) is submitting this letter petition in lieu of a more formal filing to comply with the terms of an Order of the New Jersey Board of Public Utilities (the “Board” or “BPU”) issued on June 21, 2013 in Docket Nos. GO12071640 and GO12070641 (“June 2013 Order”). That Order approved both the continuation of energy-efficiency programs offered through The SAVEGREEN Project® (“SAVEGREEN”) and the recovery of SAVEGREEN investments and operating costs collected through the Board-approved NJNG Tariff Sheet Rider F (“Rider F”). An original and ten copies are being provided as well as an extra copy to be date stamped and returned in the enclosed envelope.

CMS
Legal-2
DAG
RPA
Energy-6

Pursuant to the June 2013 Order, NJNG must make a filing on or before June 1, 2014 to establish the pertinent rate necessary to recover all reasonable and prudent SAVEGREEN Program Costs, including the costs of the grants offered, customer incentives, customer financing costs and associated operating and maintenance (“O&M”) expenses. The SAVEGREEN

Program costs are subject to the terms set forth in Rider F and are recovered through a per therm EE charge (“EE Rate”) relative to all applicable jurisdictional throughput on the NJNG distribution system. Through this filing, NJNG is proposing to maintain the current after-tax EE Rate of \$0.0327/therm. Based on the current and anticipated levels of activity in SAVEGREEN and the projected under-recovered balance of \$2.56 million as of September 30, 2015, NJNG believes that it is beneficial to maintain the current EE Rate instead of requesting an increase at this point. Additionally, as specified in the June 2013 Order, the Company will be submitting a filing in December 2014 regarding the SAVEGREEN programs and, if necessary, could seek to alter the EE Rate at that time.

BACKGROUND

NJNG’s participation in energy-efficiency programs was originally approved by the Board in an Order dated July 17, 2009¹ and subsequently approved to continue, with slight modifications in Orders dated September 24, 2010² (“September 2010 Order”), January 18, 2012 (“January 2012 Order”) in Docket No. GR11070425 and in the June 2013 Order referenced above. These Orders all adopted terms of stipulations entered into among the Company, the Staff of the BPU and The New Jersey Division of Rate Counsel (“Rate Counsel”) (the “Parties”).

The SAVEGREEN energy-efficiency and conservation programs are designed to complement and supplement aspects of New Jersey’s Clean Energy Program (“NJCEP”) in an attempt to encourage higher levels of customer participation in NJNG’s service territory. The NJNG programs do not duplicate or eliminate any of the NJCEP programs, instead they work to increase customer awareness of, enhance participation in and support utilization of NJCEP

¹ 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.

² I/M/O the Petition of New Jersey Natural Gas Company for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425. GO10030224.

efforts throughout the State. This approach avoids duplicative administrative structures and spurs additional economic activity within the State while contributing to the reduction of energy consumption in New Jersey.

NJNG was authorized to establish a rate through which it can recover or return to customers all deferred SAVEGREEN costs, including rebate costs, customer incentive payments, customer financing costs and associated reasonable and prudent incremental operation and maintenance (“O&M”) expenses (“Program Costs”). It was agreed that such Program Costs are subject to recovery pursuant to the terms of Rider F.

As part of the current cost recovery mechanism, NJNG is authorized to amortize for recovery its SAVEGREEN investments in customer rebates, incentive payments and customer financing over a two (2) year, five (5) year and ten (10) year period on a straight line basis, with the return on the unamortized investments approved in the September 2010 Order, the January 2012 Order and June 2013 Order. NJNG computes the return component of its costs, in addition to the amortization of its investments, by deducting the applicable deferred income taxes related to the amortization of rebates, incentives and financing costs over a two-year, five-year and ten-year period for book purposes and over a one-year period for tax purposes.

NJNG is to submit an annual SAVEGREEN cost recovery filing to establish future Rider F rates. That filing has usually been made coincident with but separate from NJNG’s annual Basic Gas Supply Service filings and is to include updates to the SAVEGREEN investment levels, operating costs, and reconciled rate recoveries to actual cost results.

CURRENT FILING

Based on the foregoing and the information provided in the attached Schedules described below, NJNG proposes to maintain the after-tax EE rate of \$0.0327 per therm, for recovery of SAVEGREEN Program Costs approved in the July 2009 Order, the September 2010 Order, the

January 2012 Order and the June 2013 Order. This rate represents no change from the current rate per therm and there will be no impact to the overall bill of the average residential heating customer using 1000 therms annually.

Attached hereto and made a part of this Letter Petition is Attachment A that provides the information necessary to support the Company's request to maintain the current EE Rate.

NJNG has served notice and a copy of this Filing, together with a copy of the annexed Schedule being filed herewith, upon Rate Counsel and upon the Division of Law.

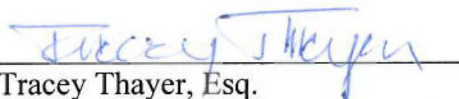
Based on the foregoing, NJNG requests that the Board issue an Order:

1. Approving the Company's continued recovery of the SAVEGREEN Program Costs in the July 2009 Order, the September 2010 Order, the January 2012 Order, and the June 2013 Order;
2. Approving NJNG's request that the EE rate for Rider F be maintained at the current after-tax rate of \$0.0327 per therm; and
3. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By:



Tracey Thayer, Esq.


Attorney for New Jersey Natural Gas Company

STATE OF NEW JERSEY)
:
COUNTY OF MONMOUTH)


VERIFICATION

MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath deposes and says:

1. I am Senior Vice President, Regulatory Affairs for New Jersey Natural Gas Company, the Petitioner in the foregoing Petition.
2. I have read the annexed Petition, along with the Schedules attached thereto, and the matters and things contained therein are true to the best of my knowledge, information and belief.



Mark R. Spurduto
Senior Vice-President, Regulatory Affairs


Sworn and subscribed to
before me this 30th day
of May, 2014

JUDY S RECTOR
ID # 2434894
NOTARY PUBLIC
STATE OF NEW JERSEY
My Commission Expires June 10, 2018

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COMPANY FOR APPROVAL OF THE COST RECOVERY ASSOCIATED
WITH ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR1406_____**

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