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NJ BPU
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July 30, 2015

VIA FEDERAL EXPRESS

Honorable Irene Kim Asbury, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Trenton, NJ 08625-0350

Re: IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF THE COST RECOVERY ASSOCIATED
WITH ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR1507 0861

Dear Secretary Asbury:

Enclosed herewith for filing please find an original and ten (10) copies of the Petition of New Jersey Natural Gas Company (NJNG) for approval of the Cost Recovery associated with the Company's Energy Efficiency Programs.

Copies of the petition, including the supporting Exhibits, are also being served upon the New Jersey Division of Rate Counsel and the Division of Law.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope.

CMS
LEGAL
DAG
RPA
M. Lupo
A. Bator
J. MAY

R. Schultzeis
ENERGY
(3) TOC.

Very truly yours,

Andrew K. Dembia
Regulatory Affairs Counsel

Enclosures

C: Service List

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF THE COST RECOVERY ASSOCIATED
WITH ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR1507_____

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**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF THE COST RECOVERY ASSOCIATED
WITH ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR1507_____**

SERVICE LIST

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

**IN THE MATTER OF THE PETITION)
 OF NEW JERSEY NATURAL GAS) PETITION
 COMPANY FOR APPROVAL OF THE)
 COST RECOVERY ASSOCIATED WITH) BPU DOCKET NO. GR1507____
 ENERGY EFFICIENCY PROGRAMS)
)
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**TO: THE HONORABLE COMMISSIONERS OF
 THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

New Jersey Natural Gas Company (“NJNG” or the “Company”) respectfully petitions the New Jersey Board of Public Utilities (the “Board” or “BPU”) pursuant to Board Orders issued on July 17, 2009, in Docket Nos. EO09010056 and GO09010057 (“July 2009 Order”), on September 24, 2010, in Docket No. GO10030225 (“September 2010 Order”), on January 18, 2012, in Docket No. GR11070425 (“January 2012 Order”), and on July 22, 2015, in Docket No. GO14121412 (“July 2015 Order”) as well as N.J.S.A. 48:3-98.1, stating as follows:

1. NJNG is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the sale, distribution and transportation of natural gas subject to the jurisdiction of the Board. The Company’s principal business office is located at 1415 Wyckoff Road, Wall Township, New Jersey 07719. NJNG is a local natural gas distribution company providing regulated natural gas service to approximately 512,000 customers within Monmouth and Ocean counties, as well as portions of Burlington, Middlesex and Morris counties.

2. Communications and correspondence relating to this filing should be sent to:

Mark R. Sperduto, Senior Vice President, Regulatory Affairs
 and

Andrew K. Dembia, Esq., Regulatory Affairs Counsel
New Jersey Natural Gas Company
1415 Wyckoff Road, P.O. Box 1464
Wall, N.J. 07719
(732) 938-1214 (Sperduto)
(732) 938-1073 (Dembia)
(732) 938-2620 (fax)

3. This EE Rate petition is being submitted in accordance with the previous Board Orders and results in no rate impact to customers. The after-tax Energy Efficiency rate (“EE rate”) of NJNG’s Tariff Sheet Rider F (“Rider F”) will remain at \$0.0327 per therm.

4. On January 19, 2009, NJNG filed a petition with the Board in Docket Nos. EO09010056 and GR09010057 seeking approval to initially develop and implement a number of economic stimulus programs that were to be made available to NJNG customers over the next twelve to sixteen months to promote energy efficiency and conservation while stimulating the state’s economy (“EE filing”). At the same time, the Company sought Board approval for an associated cost recovery rider mechanism. The NJNG proposals did not duplicate or eliminate any of the NJCEP programs, intended instead to increase customer awareness, enhance participation in and support utilization of NJCEP efforts throughout the State. It was intended that this approach would spur additional economic activity within the State while contributing to the reduction of energy consumption in New Jersey.

5. In the July 2009 Order, the Board approved the initial EE Programs for NJNG to be operated through The SAVEGREEN™ Project (“SAVEGREEN”) and also approved the recovery of costs incurred by adopting the terms of the Stipulation entered into among NJNG, BPU Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”)¹. Accordingly, NJNG was authorized to establish a cost recovery rate through which it can recover the SAVEGREEN

¹ Rate Counsel was formerly designated as New Jersey Department of the Public Advocate, Division of Rate Counsel.

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 NJNG’s Tariff Sheet Rider F. Pursuant to the July 2009 Order, the initial after-tax EE rate in Rider F was established as \$0.0127 (\$0.0119 pre-tax).

6. As part of the authorized cost recovery mechanism, the Company was authorized to amortize for recovery its initial SAVEGREEN investments in customer rebates, incentive payments and customer financing over a four (4) year period on a straight line basis, with the return on the unamortized investments based upon the Company’s adjusted overall weighted average cost of capital (“WACC”), inclusive of income taxes as authorized by the BPU in NJNG’s most recent base rate case, BPU Docket No. GR07110889. 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 and incentives over a four-year period for book purposes and over a one-year period for tax purposes.

7. Subsequently, NJNG submitted three additional petitions with the BPU seeking approval to continue the energy-efficiency programs through SAVEGREEN with modifications addressing market changes, customer responses and contractor input. The September 2010, January 2012 and July 2015 Orders adopted the terms of Stipulations entered into among NJNG, BPU Staff and Rate Counsel. As such, NJNG is authorized to amortize for recovery its SAVEGREEN investments in customer rebates, incentive payments and customer financing over two (2), three (3), five (5) year and ten (10) year periods on a straight line basis, with the return on the unamortized investments based upon the Company’s adjusted overall WACC, inclusive of income taxes as approved in the September 2010, January 2012 and July 2015 Orders. 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, three-year, five-year and ten-year period for book purposes and over a one-year period for tax purposes.

8. Based on the terms of the July 2009 Order, the September 2010 Order, the January 2012 Order, and the July 2015 Order, 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. By letter dated May 28, 2015, NJNG notified the BPU and Rate Counsel that the Company's 2015 EE Rate Recovery filing would be delayed and submitted to the BPU no later than July 31, 2015. The delay in submission of the EE Rate Recovery filing relates to the fact that the Parties were finalizing a Stipulation of Settlement to continue its SAVEGREEN Programs pursuant to N.J.S.A. 48:3-98.1(a)(1) (the "SAVEGREEN Filing"). Therefore, the Company believed that it was prudent to coordinate its SAVEGREEN Filing with this instant EE Rate filing to ensure consistency and accuracy, and avoid confusion.

9. Attached hereto and made a part of this Petition are the following SAVEGREEN Program Schedules providing the information listed in the Minimum Filing Requirements:

Schedule NJNG-1	Information on NJNG's direct FTE employment impacts.
Schedule NJNG-2	Rate Change and Monthly revenue requirement calculation.
Schedule NJNG-3	Actual clause revenues, by month and by rate class.
Schedule NJNG-4	Monthly beginning and ending clause deferred balances and the average deferred balance, net of tax, for the reconciliation period.
Schedule NJNG-5	Interest rate used for over/under deferred balance recoveries.
Schedule NJNG-6	Interest expense to be charged or credited each month.
Schedule NJNG-7	Budgeted versus actual SAVEGREEN Program Costs.

Schedule NJNG-8	Monthly journal entries for regulatory asset and deferred O&M expenses for the SAVEGREEN Program for the reconciliation period.
Schedule NJNG-9	Supporting details for all administrative costs related to the SAVEGREEN Program included in the revenue requirement.
Schedule NJNG-10	Carrying cost used for the unamortized costs of the SAVEGREEN Program.
Schedule NJNG-11	Number of participants in each SAVEGREEN program.
Schedule NJNG-12	Estimated demand and energy savings for each SAVEGREEN program.
Schedule NJNG-13	Estimated emissions reductions for each SAVEGREEN program.
Schedule NJNG-14	For programs that provide incentives for conversion of energy utilization to natural gas from other energy sources (e.g., converting from electric to gas furnaces) the company shall identify: <ul style="list-style-type: none"> i. The number of such projects; ii. An estimate of the increases in annual gas demand and energy associated with these projects; and iii. The avoided use of electricity and/or other fuels.

10. Based on the foregoing and the information provided in the attached Schedules, NJNG proposes to maintain the current after-tax EE rate of \$0.0327 per therm for recovery of SAVEGREEN Program Costs approved in the September 2010 Order, the January 2012 Order and the July 2015 Order. This rate represents no change from the current after-tax rate per therm. There will be no impact to the overall bill of the average residential heating customer.

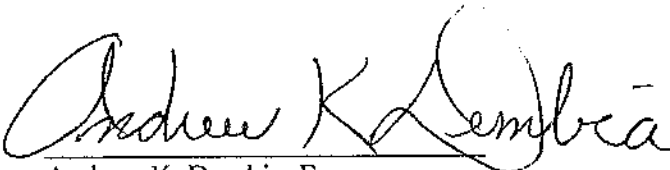
11. NJNG has served notice and a copy of this Filing, together with a copy of the annexed exhibits being filed herewith, upon Rate Counsel and the Division of Law.

WHEREFORE, NJNG requests that the Board issue an Order:

1. Approving the Company's continued recovery of the SAVEGREEN Program Costs as shown in the attached Schedules covering the investments approved in the September 2010 Order, the January 2012 Order and the July 2015 Order;
2. Approving NJNG's request that the EE rate for Rider F be maintained at \$0.0327 after-tax.
3. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By: 
Andrew K. Dembia, Esq.
Regulatory Affairs Counsel

Dated July 30, 2015

STATE OF NEW JERSEY)
 :
COUNTY OF MONMOUTH)

VERIFICATION

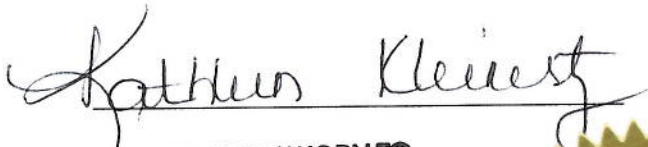
MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath deposes and says:

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 Exhibits attached thereto, and the matters and things contained therein are true to the best of my knowledge, information and belief.



Mark R. Spurduto

Sworn and subscribed to
before me this 30th day
of July, 2015



Kathleen Kleinertz

**SUBSCRIBED AND SWORN TO
BEFORE ME ON THIS DAY**

JUL 30 2015

**KATHLEEN KLEINERTZ
NOTARY PUBLIC, STATE OF NEW JERSEY
MY COMMISSION EXPIRES 08/30/2016**

