



South Jersey Gas

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Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

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CASE MANAGEMENT

March 27, 2018
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

MAR 29 2018

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

Aida Camacho
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
P. O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of South Jersey Gas Company to Continue its Energy Efficiency Programs ("EEP IV") and Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1
BPU Docket No. G018030350

Dear Ms. Camacho:

Enclosed, please find an original and two (2) copies of South Jersey Gas Company's Petition, Case Summary and Testimony in the referenced matter, which have been filed electronically utilizing the Board's e-filing program.

Please do not hesitate to contact me with any questions you may have. Thank you for your attention to this matter.

Cms
LEGAL
DAG | LTR
RPA | only
ENERGY (TOC)

Respectfully submitted,

Stacy Mitchell
Stacy A. Mitchell

SAM:lvk
Enclosure

cc: Division of Law (2 copies)
Division of Rate Counsel (5 copies)

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

IN THE MATTER OF THE PETITION OF : PETITION
SOUTH JERSEY GAS COMPANY TO : :
CONTINUE ITS ENERGY EFFICIENCY : BPU DOCKET NO. _____
PROGRAMS (“EEP IV”) AND ENERGY : :
EFFICIENCY TRACKER PURSUANT TO : :
N.J.S.A. 48:3-98.1

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

Petitioner, South Jersey Gas Company (“South Jersey” or “Company”), a public utility corporation of the State of New Jersey, with its principal office at One South Jersey Plaza, Folsom, New Jersey, hereby petitions the Board of Public Utilities (“Board”) for authorization to continue its Board approved Energy Efficiency Programs (“EEPs”) and associated cost recovery mechanism, the Energy Efficiency Tracker (“EET”), pursuant to N.J.S.A. 48:3-98.1, and in support thereof, states as follows:

I. INTRODUCTION

1. South Jersey is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the transmission, distribution, transportation, and sale of natural gas within its defined service territory within the State of New Jersey. Said service territory includes all or portions of the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem. Within its service territory, South Jersey serves approximately 383,000 customers.

2. South Jersey is subject to regulation by the Board for the purposes of ensuring safe, adequate and proper natural gas service pursuant to N.J.S.A. 48:2-23.3.

3. Through this Petition and the accompanying Direct Testimony and Schedules, South Jersey seeks Board approval to continue its current EEP III Extension Program offerings,

with modifications, and implement new EEPs for a five-year period commencing on issuance of a Board Order, with a total budget of approximately \$195 million (“EEP IV” or “Program”). South Jersey also seeks approval to recover costs associated with the EEPs described herein through the existing EET.

4. The objective of this proposal is to continue supporting and complementing the objectives and goals of the New Jersey Clean Energy Program (“NJCEP”) by promoting energy efficiency, providing additional funding for already successful programs, and developing new programs to allow for greater customer participation, as well as to support the goals of the New Jersey Energy Master Plan by reducing energy consumption, producing environmental benefits, and creating green jobs.

II. BACKGROUND

5. N.J.S.A. 48:3-98.1 authorizes an electric or natural gas utility to provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis and provides that the electric or natural gas utility may seek cost recovery for any such programs by filing a petition with the Board.

6. On May 12, 2008, the Board issued an Order (the “May 2008 Order”) establishing the procedures by which electric and natural gas utilities can seek approval of energy efficiency and conservation programs on a regulated basis, as authorized by N.J.S.A. 48:3-98.1. The May 2008 Order also set forth certain Minimum Filing Requirements (“MFRs”) to be included with any such filings with the Board.

7. On January 26, 2009, South Jersey filed a petition with the Board in Docket Numbers EO09010059 and GO09010057 seeking approval to develop and implement several

EEPs that were to be made available to South Jersey customers over a two-year period in order to promote energy efficiency and conservation while stimulating the State's economy.

8. At the same time, the Company sought Board approval for an associated cost recovery rider mechanism, the EET.

9. The EEPs were designed to complement and supplement the then existing offerings of the New Jersey Clean Energy Program and the Company's Conservation Incentive Program ("CIP"), in an attempt to encourage higher levels of participation in energy efficiency programs in South Jersey's service territory.

10. Consistent with the focus of N.J.S.A. 26:2C-45 ("Regional Greenhouse Gas Initiative Legislation" or "RGGI Legislation"), the then existing New Jersey Energy Master Plan and the Governor's economic stimulus goals, the EEPs proposed by South Jersey were geared toward encouraging customers to reduce their overall energy usage. The EEPs also had the beneficial effect of creating additional jobs in the energy efficiency market.

11. In an Order dated July 24, 2009 in Docket No. GO09010059 (the "July 2009 Order"), the Board adopted the terms of a Stipulation entered into among South Jersey, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, the "Parties"), approving the EEPs and the EET for the recovery of costs incurred by South Jersey.

12. Pursuant to the July 2009 Order, the Company was authorized to recover all revenue requirements associated with the EEPs. Cost recovery was through creation of the EET, which consisted of two parts. The first part of the EET allowed the Company to earn a return on the investment and recover the amortization of the regulatory asset ("RA") to be created upon South Jersey's balance sheet. The second part of the EET allowed the Company to recover incremental operating and maintenance ("O&M") expenses associated with the EEPs.

13. On May 3, 2012, South Jersey filed a second petition in Docket No. GO12050363 seeking to continue its approved EEPs, with certain modifications, and to implement new EEPs.

14. On June 21, 2013 in Docket No. GO12050363, the Board issued an Order (the “June 2013 Order”) authorizing South Jersey to offer four EEPs through June 2015 with an authorized budget of \$24 million (the “EEP II Extension Program”), which included: (1) the Residential Home Performance and Finance Energy Efficiency Program; (2) the Non-Residential Energy Efficiency Investment Program; (3) the Enhanced Residential HVAC Rebate Program; and (4) the Commercial Customer Direct Install Financing Program. The June 2013 Order also authorized South Jersey to continue its EET to recover all prudently incurred costs associated with the EEPs.

15. On January 20, 2015, South Jersey filed a third petition with the Board in Docket No. GR15010090, seeking approval to further extend the approved EEPs, with certain modifications, and to implement a new EEP.

16. On August 19, 2015 in Docket No. GR15010090, the Board issued an Order (the “August 2015 Order”) authorizing South Jersey to continue its Residential Home Performance and Finance Energy Efficiency Program, Non-Residential Energy Efficiency Investment Program, Enhanced Residential HVAC Rebate Program, and Commercial Customer Direct Install Financing Program through August 2017 with an authorized budget of \$36.3 million (the “EEP III Extension Program”). The August 2015 Order also authorized South Jersey to implement the Social Marketing and Education Program (OPOWER), as well as to continue its EET to recover all prudently incurred costs associated with the EEPs.

17. On January 25, 2017 (the “January 2017 Order”), the Board approved an extended term of the current EEP III Extension Program to December 31, 2018, with no additional funding.

III. PROGRAM DESCRIPTION

18. Pursuant to the January 2017 Order, the Company's authorization to implement its EEPs will expire by December 31, 2018. As such, South Jersey proposes to commence the EEPs described herein upon Board approval in this proceeding, in order to facilitate continued customer interest and to provide greater certainty to contractors providing energy efficiency services in South Jersey's territory.

19. South Jersey proposes to continue implementing its existing EEPs, with certain modifications, hereinafter renamed and referred to collectively as the following: (1) the NJCEP Residential Loans/Rebates Program; (2) the NJCEP Commercial Loans Program; and (3) the Residential Behavior Program.

20. South Jersey also requests approval to implement new EEPs to attract and engage both residential and commercial customers. The proposed EEPs include: (1) the Residential Efficient Products Program; (2) the Residential Home Assessment with Direct Install Program; (3) the Residential Retrofit Weatherization Program; (4) the C&I Engineered Solutions Program; (5) the Education Program; and (6) the Emerging Technologies & Approaches Program.

21. A detailed description of each of the EEPs identified above is included in the Direct Testimony of Bruce S. Grossman, Program Manager, Residential Energy Efficiency included with this filing.

22. Also included herewith is the Direct Testimony of Isaac Gabel-Frank of Gabel Associates. Mr. Gabel-Frank's Cost Benefit Analysis ("CBA") summarized in and supported by his Direct Testimony demonstrates the quantified beneficial nature of the Company's proposal. Mr. Gabel's testimony also identifies non-quantifiable benefits to the State associated with all of the Company's proposed EEPs, which are over and above the CBA.

IV. PROGRAM INVESTMENTS

23. South Jersey proposes a total program investment level of approximately \$166.7 million over a five-year period and an administrative cost allowance of approximately \$28.7 million. The administrative costs, also referred to as O&M expenses, primarily consist of administration, marketing and sales, training, inspections and quality control, and evaluation costs to support the delivery of the EEPs.

24. The proposed program cost allocation between investment and O&M expenses is summarized below:

	EEP Budget (\$ Millions)
<u>Program Investment</u>	
Residential Programs	\$134.1
Commercial Programs	\$22.8
Other Programs	<u>\$9.8</u>
Total Program Investment	\$166.7
<u>Operations and Maintenance</u>	
Administration, Marketing & Sales, Training, Inspections & Quality Control, and Evaluation	<u>\$28.7</u>
Total Investment and O&M	<u><u>\$195.4</u></u>

25. Based on market conditions and the level of market response to each EEP, South Jersey also proposes that it be permitted the flexibility to transfer funding between EEPs after the initial year of the EEP IV program, in order to maximize energy savings and program resources.

V. COST RECOVERY

26. South Jersey requests approval to continue the existing EET rate mechanism to recover costs associated with the EEPs. As previously approved, the cost recovery will consist of two parts. One part will allow the Company to earn a return on the investment and recover

32. As a result of these proposed rates, the bill impact for a typical residential heating customer using 100 therms during a winter month will be an increase of \$1.15, or 0.8%, effective on Board approval.

33. Consistent with its currently approved EEPs and EET cost recovery mechanism, South Jersey will continue to file with the Board, on an annual basis, a petition seeking to establish future EET rates and to adjust its EET rates to reflect over and under recoveries.

VI. PROCEDURAL MATTERS AND DIRECT TESTIMONY

34. The May 2008 Order required that a utility must meet with Board Staff and the Division of Rate Counsel at least 30 days prior to filing a petition requesting approval of EEPs to discuss the nature of the program and program cost recovery mechanism to be proposed.

35. Accordingly, South Jersey met with representatives of Board Staff and the Division of Rate Counsel on February 14, 2018 and provided an overview of the relief sought in this Petition, including a description of the proposed EEPs and the proposed cost recovery mechanism.

36. A draft Notice of Filing and of Public Hearing is attached hereto as Exhibit A.

37. A Schedule of MFR's and their location in the Company's filing is attached hereto as Exhibit B.

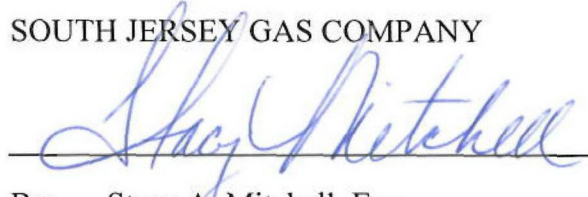
38. Also attached to this Petition, in support of the requests made herein, are the following Direct Testimony:

Exhibit C: Direct Testimony of Bruce S. Grossman, Program Manager,
Energy Efficiency for South Jersey;

Exhibit D: Direct Testimony of Stefany M. Graham, Manager, Rates and
Regulatory Initiatives for South Jersey; and

Respectfully submitted,

SOUTH JERSEY GAS COMPANY



By: Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs

Dated: March 27, 2018

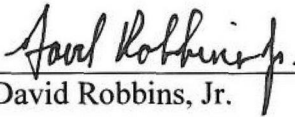
Communications addressed to Petitioner
in this case are to be sent to:

South Jersey Gas Company
Attention: Stacy A. Mitchell, Esq.
Senior Director, Regulatory Affairs
1 South Jersey Plaza
Folsom, NJ 08037
(609) 561-9000

VERIFICATION


I, David Robbins, Jr., of full age, being duly sworn according to law upon my oath,
depose and say:

1. I am President of South Jersey Gas Company and am authorized to make this Verification on behalf of the Company.
2. I have reviewed the foregoing petition and the information contained therein is true according to the best of my knowledge, information and belief.



David Robbins, Jr.

Sworn to and subscribed
before me this 27 day
of March 2018.



Notary Public
CAROLYN A. JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2018

NOTICE OF FILING OF PETITION AND OF PUBLIC HEARING

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL TO CONTINUE ITS ENERGY EFFICIENCY PROGRAMS (“EEP IV”) AND
ENERGY EFFICIENCY TRACKER PURSUANT TO N.J.S.A. 48:3-98.1
B.P.U. DOCKET NO. _____**

NOTICE IS HEREBY GIVEN that on March 27, 2018, pursuant to N.J.S.A. 48:3-98.1, South Jersey Gas Company (“South Jersey”) filed a Petition with the Board of Public Utilities (“Board”) seeking authorization to continue offering Energy Efficiency Programs and to continue its Energy Efficiency Tracker (“EET”). South Jersey requested that the Board permit South Jersey to continue offering its existing programs, with modifications, and to implement new programs for a five-year period commencing at the date of Board approval. The proposed programs include: (1) the NJCEP Residential Loans/Rebates Program; (2) the NJCEP Commercial Loans Program; (3) the Residential Behavior Program; (4) the Residential Efficient Products Program; (5) the Residential Home Assessment with Direct Install Program; (6) the Residential Retrofit Weatherization Program; (7) the C&I Engineered Solutions Program; (8) the Education Program; and (9) the Emerging Technologies & Approaches Program. South Jersey has also requested that the Board permit South Jersey to recover all costs associated with its Energy Efficiency Programs, and that it be permitted to earn a return on and a return of investments associated with these programs, through its EET. These programs will provide participating customers with increased incentives to conserve energy and reduce their natural gas consumption.

South Jersey proposes to recover the costs, and an authorized return, associated with the proposed Energy Efficiency Programs through a cost recovery mechanism which will operate in a manner consistent with existing Board-approved mechanisms. The proposed EET Charge associated with the proposed Energy Efficiency Programs would be applied to all customer classes. If approved by the Board, the impact of the proposed programs on the EET Charge for a typical Residential Heating customer and those General Service customers using less than 5,000 therms per year would be:

Residential Heating Service (RSG)

Therm Level	Bill as of February 10, 2018 (1)	Proposed Bill (2)	Dollar Increase	Percent Increase
25	\$43.07	\$43.36	\$0.29	0.7%
100	\$140.31	\$141.46	\$1.15	0.8%
200	\$269.97	\$272.26	\$2.29	0.8%

General Service (GSG) (Using less than 5,000 therms per year)

Therm Level	Bill as of February 10, 2018 (1)	Proposed Bill (2)	Dollar Increase	Percent Increase
500	\$610.17	\$615.90	\$5.73	0.9%
1,000	\$1,186.48	\$1,197.94	\$11.46	1.0%
2,000	\$2,339.12	\$2,362.03	\$22.91	1.0%

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect October 1, 2017 and assumes that the customer receives BGSS service from South Jersey Gas.
- (2) Same as (1) except includes change in EET.

EXHIBIT A

Pursuant to statute, the Board has the authority to approve South Jersey's Petition in a manner that it finds just and reasonable. Therefore, the Board may authorize Energy Efficiency Programs different than those proposed by South Jersey and may authorize an EET Charge different from that proposed by South Jersey.

Copies of the Company's filing are available for inspection at the Company offices located at One South Jersey Plaza, Folsom, New Jersey 08037, or at the Board of Public Utilities, 44 South Clinton Avenue, Trenton, New Jersey 08625. The Company's filing is also located on the Company website at <https://www.southjerseygas.com/About-South-Jersey-Gas/Regulatory-Compliance-Tariff-Information.aspx>.

NOTICE is further given that public hearings have been scheduled at the following date, times, and place on the Company's above-mentioned requests.

_____ at 4:30 and 5:30 PM
Voorhees Township, Municipal Court
2400 Voorhees Town Center
Voorhees, New Jersey 08043
(located directly across from Township Library at 203 Laurel Road)

The public is invited to attend and make a statement of their views on the proposed increases. Such comments will be made a part of the final record. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, forty-eight (48) hours prior to these hearings. Written requests and public comments may be submitted to the Board addressed to: Aida Camacho, Secretary, Board of Public Utilities, 44 South Clinton Avenue, P.O. Box 350, Trenton, New Jersey 08625-0350.

SOUTH JERSEY GAS COMPANY
By: David Robbins, Jr.
President

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
I. General Filing Requirements	
a. The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of <u>N.J.A.C. 14:1-5.11</u> and <u>N.J.A.C. 14:1-5.12</u> .	SMG-5 - Comparative Balance Sheet 2015 – 2017 SMG-6 - Comparative Income Statement 2015 – 2017 SMG-7 - Balance Sheet at December 2017 SMG-8 - Statement of Revenue at December 2017 SMG-9 - Utility Payments or Accruals to Affiliates SMG-11 - Pro Forma Income Statement and Balance Sheet SMG-13 - Proposed Tariff Sheets Exhibit A - Form of Public Notice
b. All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in <u>N.J.A.C. 14:1-5.12</u> . The utility shall provide the Accounts and Account numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	SMG-10 - Accounts and Account Numbers SMG-11 - Pro Forma Income Statement and Balance Sheet
c. The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under <u>N.J.S.A. 48:3-98.1</u> , including the rationale for selecting the approach included in its proposed program(s), and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.	Exhibit D - Direct Testimony of Stefany M. Graham SMG-1 - Annual Revenue Requirements SMG-2 - Weighted Average Cost of Capital SMG-3 - Revenue Factor Derivation Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions BSG-3 - Program Expenditures Electronic schedules supporting the cost benefit analysis will be provided upon execution of a Non-Disclosure Agreement agreeable to all parties.
d. The filing shall include testimony supporting the petition.	Exhibit C - Direct Testimony of Bruce S. Grossman Exhibit D - Direct Testimony of Stefany M. Graham Exhibit E - Direct Testimony of Isaac Gabel-Frank

EXHIBIT B

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
<p>e. For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Part V of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Examples of historical situations that have qualified for exemption include programs that had an educational rather than equipment-based focus and programs that introduced novel ideas where documentation supporting estimated cost/benefits may not be easily produced.</p>	<p>Exhibit E – Direct Testimony of Isaac Gabel-Frank BSG-1 – Program Descriptions</p>
<p>f. If the utility is filing for an increase in rates, charges etc., or for approval of a program which may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.</p>	<p>Exhibit A – Form of Public Notice</p>

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
II. Program Description	
<p>a. The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:</p> <ol style="list-style-type: none"> 1. Description of program 2. Market segment/efficiency targeted 3. Delivery Method 4. Estimated program participants 5. Total projected annual kWh/therms and peak reduction 6. Relationship to existing programs 7. Existing incentives 8. Proposed incentives 9. Anticipated job creation 10. Environmental emissions savings 11. Budget information 12. Marketing approach (as defined in section II(g)) 13. Contractor role (as defined in section II(e)) 14. Market barriers (as defined in section II(h)) 15. Program costs, broken down into the following categories: administration; marketing and sales; contractor training; incentives (including rebates and low- or no-interest loans); inspections and quality control; and evaluation. To the extent that the Board directs the New Jersey Clean Energy Program ("NJCEP") to report additional categories, the utility shall provide additional categories, as applicable. 	<p>Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions BSG-3 - Program Expenditures</p>
<p>b. Comparison to in-state programs: The utility shall provide a detailed explanation of how the proposed program(s) are consistent with and/or different from existing or proposed New Jersey Clean Energy Program or utility programs (to the extent proposed program descriptions are available) targeting the same market segment, including how the proposed program(s) will complement, supplement, compete with, and/or impact existing programs being offered in-state.</p>	<p>Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions BSG-4 - Comparison of Programs</p>

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
c. Comparison to out-of-state programs: The utility shall provide a detailed description of how the proposed program(s) are similar to and/or different from a sampling of/examples of existing or proposed utility programs or pilots in other states that were used to form the basis of the proposed program(s), with all supporting documentation.	Exhibit C - Direct Testimony of Bruce S. Grossman BSG-4 - Comparison of Programs
d. The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including but not limited to the prevailing New Jersey Energy Master Plan and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C- 42(b) and (c) and N.J.S.A. 26:2C-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.	Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions
e. The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.	Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions
f. The utility shall provide a detailed description of the process for resolving any customer complaints related to the program(s).	Exhibit C - Direct Testimony of Bruce S. Grossman
g. Marketing – The utility shall provide a description of where and how the proposed program(s)/project(s) will be marketed or promoted throughout the demographic segments of the utility’s customer base. This shall include an explanation of how the specific service, along with prices, incentives, and energy bill savings for each proposed program/project, will be conveyed to customers, where available and applicable.	Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions
h. The utility shall provide a description of any known market barriers that may impact the program(s) and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets, including residential (both single and multi-family), commercial and industrial (both privately owned and leased buildings), as well as between small, medium, and large commercial and industrial markets.	Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
III. Additional Filing Information	
<p>a. The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any, impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created, where applicable. The analysis should also address competition with other entities already currently delivering the service in the market and new markets that may be created, where applicable.</p>	<p>Exhibit C - Direct Testimony of Bruce S. Grossman BSG-1 - Program Descriptions</p>
<p>b. The utility shall propose the method for treatment of Renewable Energy Certificates (“RECs”) including solar RECs (“SRECs”) or any other certificate developed by the Board of Public Utilities (“BPU” or “Board”), including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s).</p> <p>The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC and SREC costs.</p>	<p>Not Applicable</p>

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
IV. Cost Recovery Mechanism	
a. The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses and capitalized investments for each of the first three years of operations and at the beginning and end of each year of the three-year period. The utility shall include pro forma income statements for the proposed program(s), for each of the first three years of operations and actual or estimated balance sheets at the beginning and end of each year of the three year period.	SMG-11 - Proforma Income Statement and Balance Sheet
b. The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.	Exhibit D - Direct Testimony of Stefany M. Graham SMG-10 - Accounting Entries
c. The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.	Exhibit D - Direct Testimony of Stefany M. Graham
d. The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.	See Verified Petition

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
e. The utility shall provide a rate impact summary by year for the proposed program(s), and an annual cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.	SMG-1 - Annual Revenue Requirements SMG-12 - Annual Rate and Bill Impact Summary
f. The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s) with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism.	BSG-1 - Program Descriptions BSG-3 - Program Expenditures
g. The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and pro forma income calculations.	SMG-1 - Annual Revenue Requirements
h. The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.	Exhibit D - Direct Testimony of Stefany M. Graham SMG-2 - Weighted Average Cost of Capital

**In the Matter of the Petition of South Jersey Gas Company
For Approval To Continue Its Energy Efficiency Programs and
Energy Efficiency Tracker Pursuant to N.J.S.A. 48:3-98.1**

MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
V. Cost/Benefit Analysis	
a. The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program(s), including, if appropriate, an estimate of its projected avoided cost study with supporting documentation and work papers. This estimate shall include avoided costs associated with, at a minimum, avoided fuel use, generation, losses, capacity requirements, transmission and distribution costs, emissions allowances, RECs and SRECs, and any savings associated with energy and capacity market impacts (i.e., DRIPE) of the program. This cost-benefit analysis should include consideration of seasonal savings and energy prices, and shall be performed on a Net Present Value (“NPV”) basis specifying all financial assumptions, including inflation rate and discount rate. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.	Exhibit E - Direct Testimony of Isaac Gabel-Frank IGF-2 - Cost-Benefit Analysis
b. The utility shall calculate a cost/benefit analysis utilizing the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost (“TRC”) Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.	Exhibit E - Direct Testimony of Isaac Gabel-Frank IGF-2 - Cost-Benefit Analysis
c. The utility must demonstrate how the results of the tests in section V(b) support Board approval of the proposed program(s).	Exhibit E - Direct Testimony of Isaac Gabel-Frank

EXHIBIT B

**In the Matter of the Petition of South Jersey Gas Company
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MINIMUM FILING REQUIREMENTS FOR PETITIONS UNDER N.J.S.A. 48:3-98.1	LOCATION IN FILING
d. Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.	Not applicable
e. The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a measurement methodology for the program/or contemplated measure for approval by the Board.	Exhibit E - Direct Testimony of Isaac Gabel-Frank
f. For cost effectiveness calculations, the utility shall also estimate and reflect in the energy and capacity savings any free rider and free driver effect, i.e., savings associated with participating customers who would have implemented energy efficiency or renewable energy measures without N.J.S.A. 48:3-98.1 benefits or incentives.	Exhibit E - Direct Testimony of Isaac Gabel-Frank

**In the Matter of the Petition of South Jersey Gas Company
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VI. Evaluation, Measurement, and Verification (“EM&V”)	
<p>a. The utility shall provide a quantitative analysis and projections of both the total and percentage reduction in its annual kWh and/or therm sales as a result of the proposed programs, as well as of the projected total in peak load reduction expected from the proposed program(s), over the lifetime of the measures included in the program(s). The utility shall also provide this information expressed as a percentage reduction relative to its current annual peak load.</p>	BSG-1 - Program Descriptions
<p>b. For renewable energy programs, the utility shall provide the anticipated contribution to annual kWh and peak load on an annual basis and for the service life of the renewable energy measure.</p>	Not applicable
<p>c. An EM&V Plan for each program will include:</p> <ol style="list-style-type: none"> 1. Methodology for monitoring program progress on program areas 4-15 as described in Section II(a) 2. Program progress results for each of the 12 program areas as compared to projections 3. Lessons learned in implementing the program with a focus on those related to exceeding or not reaching anticipated goals 4. Recommended program enhancements 	Exhibit C - Direct Testimony of Bruce S. Grossman