



May 25, 2021

VIA ELECTRONIC MAIL

Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RE: IN THE MATTER OF THE JOINT PETITION OF NEW JERSEY NATURAL GAS COMPANY AND PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR AUTHORIZATION AND APPROVAL OF A WAIVER OF CERTAIN ACCOUNTING TREATMENT PURSUANT TO THE CLEAN ENERGY ORDER, BPU DOCKET NOS. QO19010040, QO19060748, and QO17091004;
BPU Docket No.

and

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR APPROVAL OF ENERGY EFFICIENCY PROGRAM AND THE ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO THE CLEAN ENERGY ACT, N.J.S.A.48:3-87.8 ET SEQ. AND 48:3-98.1 ET SEQ.
BPU Docket No. GO20090622

and

IN THE MATTER OF THE PETITION OF PUBLIC SERVICE ELECTRIC AND GAS COMPANY FOR APPROVAL OF ITS CLEAN ENERGY FUTURE ENERGY EFFICIENCY("CEF-EE") PROGRAM ON A REGULATED BASIS
BPU Docket Nos. GO18101112 and EO18101113

Dear Secretary Camacho-Welch:

Enclosed for filing, please find the electronic files containing a Joint Petition, on behalf of New Jersey Natural Gas Company and Public Service Electric and Gas Company for Approval of a Waiver for certain accounting treatment in the above captioned matters.

In accordance with the Order issued by the Board in connection with I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

Copies of the Joint Petition are also being served electronically upon the New Jersey Division of Rate Counsel and the Division of Law.

Respectfully submitted,



Andrew K. Dembia
Regulatory Affairs Counsel

AKD:sf
Enclosures
C: Service List

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF ENERGY EFFICIENCY PROGRAMS AND THE
ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO THE CLEAN
ENERGY ACT, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq.
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**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF ENERGY EFFICIENCY PROGRAMS AND THE
ASSOCIATED COST RECOVERY MECHANISM PURSUANT TO THE CLEAN
ENERGY ACT, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq.
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE JOINT PETITION)
OF NEW JERSEY NATURAL GAS COMPANY)
AND PUBLIC SERVICE ELECTRIC AND GAS) JOINT PETITION
COMPANY FOR AUTHORIZATION AND) BPU Docket No.
APPROVAL OF A WAIVER OF CERTAIN)
ACCOUNTING TREATMENT PURSUANT)
TO THE CLEAN ENERGY ORDER, BPU)
DOCKET NOS. QO19010040, QO19060748, and)
QO17091004)

IN THE MATTER OF THE PETITION OF NEW)
JERSEY NATURAL GAS COMPANY FOR)
APPROVAL OF ENERGY EFFICIENCY)
PROGRAM AND THE ASSOCIATED COST) BPU Docket No. GO20090622
RECOVERY MECHANISM PURSUANT TO)
THE CLEAN ENERGY ACT, N.J.S.A.48:3-87.8)
ET SEQ. AND 48:3-98.1 ET SEQ.)

IN THE MATTER OF THE PETITION OF PUBLIC)
SERVICE ELECTRIC AND GAS COMPANY)
FOR APPROVAL OF ITS CLEAN ENERGY) BPU Docket Nos. GO18101112
FUTURE ENERGY EFFICIENCY (“CEF-EE”)) and EO18101113
PROGRAM ON A REGULATED BASIS)

TO: THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

1. New Jersey Natural Gas Company (“NJNG”), a corporation of the State of New Jersey, having its principal offices at 1415 Wyckoff Road, Wall, New Jersey 07719, and Public Service Electric and Gas Company (“PSE&G”), having its principal offices at 80 Park Plaza, Newark, New Jersey 07102, referred to herein as “Joint Petitioners”, respectfully petitions the New Jersey Board of Public Utilities (“Board” or “BPU”) for authorization and approval of a waiver for certain accounting treatment previously determined by the Board in its Order approving Energy Efficiency Programs. Specifically, Joint Petitioners request that the Board grant a waiver to allow NJNG or PSE&G to retain the revenue requirement associated with any on-bill repayment

plan (OBRP) that each utility may provide for any of the less than 100 customers that are in the overlapping service territory between NJNG and PSE&G. As the customers affected for the overlapping territory is extremely small, the joint petitioners believe that a waiver is justified.

2. Joint Petitioners further respectfully request expedited treatment of the granting of this waiver as Joint Petitioners programs are set to commence July 1, 2021. As a result, NJNG and PSE&G need to establish the necessary agreement to account for customers in Joint Petitioners' overlapping service territories.¹

INTRODUCTION AND OVERVIEW

3. NJNG is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the distribution and transportation of natural gas subject to the jurisdiction of the Board. The Company is a local natural gas distribution company providing regulated retail natural gas service to approximately 560,000 customers within Monmouth and Ocean counties, as well as portions of Burlington, Middlesex and Morris counties. PSE&G is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the distribution and transportation of natural gas and electricity subject to the jurisdiction of the Board. The Company is a local combined electric and natural gas distribution company providing regulated retail electric distribution service to approximately 2.3 million customers, and regulated retail natural gas distribution service to approximately 1.8 million customers.

¹ To the best of Joint Petitioners knowledge, information and belief, this waiver request will only affect approximately less than 100 commercial and/or residential customers served by NJNG for natural gas distribution service and PSE&G for electric distribution service.

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

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5. Joint Petitioners are subject to regulation by the Board for the purposes of setting their respective retail natural gas and electric distribution rates and to assure safe, adequate and reliable natural gas distribution service and electric distribution service pursuant to N.J.S.A. 48:2-13, *et seq.*

6. As illustrated in the grid in NJNG's Direct Testimony of James M. Corcoran (Exhibit P-3) (BPU Docket Nos. QO19010040 and GO20090622, Order dated March 3, 2021), a Lead Utility and a Partner Utility that both offer OBRPs would share the financing investment. The grid referenced is as follows:

		Lead Utility		
		On-Bill	Off-Bill	Third-Party
Partner Utility	On-Bill	Share Financing Investment	Share Financing Investment	Share Interest Buy-Down Costs
	Off-Bill	Share Financing Investment	Share Financing Investment	Share Interest Buy-Down Costs
	Third-Party	Lead Keeps Financing Investment	Lead Keeps Financing Investment	Share Interest Buy-Down Costs

7. As the Joint Petitioners both expect to offer OBRPs to their customers, a waiver is being requested as the overlapping customer base that may subscribe to these programs is less than 0.01% of NJNG customer base and less than 0.005% of PSE&G customer base and as such is de minimus.²

8. The intent of this waiver is to permit the lead utility that engages and contracts with a customer to offer an OBRP to install certain energy efficient equipment and measures to retain all financial responsibility for the OBRP investment. This change is limited to the OBRP treatment as the Petitioners will allocate the rebate investment and transfer energy savings in accordance with the terms of the original Board Orders through the Statewide Coordinator System (“SWC”). Since the sharing of OBRP investment requires the exchange of information over an extended period of time, it falls outside the scope of existing SWC responsibilities.

9. Joint Petitions assert that failure to grant said waiver and requiring full compliance with the Board’s CEA Order will adversely affect Joint Petitioners ability to properly track costs

² It did not become apparent to Joint Petitioners that NJNG natural gas customers were served by PSE&G for electric distribution service in at least one municipality, namely, Lincoln Park located in Morris County.

and create undue financial hardship such as requiring investment by NJNG in new information technology (“IT”)

10. Joint Petitioners further assert that potential customers will not be adversely affected and inconvenienced if the requested waiver is granted. Customers in the overlapping territories would continue to have access to an OBRP offer.

BACKGROUND

11. On January 13, 2008, L. 2007, c. 340 (“RGGI Act”) was signed into law based on the New Jersey Legislature’s findings that energy efficiency (“EE”) and conservation measures must be essential elements of the State’s energy future and that greater reliance on EE 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 EE industries are essential to maximize efficiencies.

12. Pursuant to Section 13 of the RGGI Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility (“Utility” or collectively “Utilities”) may provide and invest in EE and conservation programs in its service territory on a regulated basis. Upon petition, such investment in EE and conservation programs may be eligible for rate treatment approval 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. Ratemaking treatment may include placing appropriate technology and program costs investments in the Utility’s rate base or recovering the Utility’s technology and program costs through another ratemaking methodology approved by the Board.

13. On May 23, 2018, the Clean Energy Act (“CEA”), L. 2018, c. 17, codified as N.J.S.A. 48:3-87.8 et al., was signed into law. Sections 3(a) and (e)(1) of the CEA, codified at N.J.S.A. 48:3-87.9(a) and (e)(1), required New Jersey’s electric distribution companies to achieve annual reductions in their customers’ electricity usage of at least two percent of the average annual usage in the prior three years and required New Jersey’s natural gas companies to achieve annual reductions in their customers’ gas usage of at least 0.75 percent of the average annual usage in the prior three years. Such usage reductions are required to be achieved within five years of the utility companies’ implementation of energy efficiency programs in accordance with the CEA. By Order dated June 10, 2020 (“June 2020 Order”), the Board approved an EE transition framework for EE programs to be implemented pursuant to the CEA, including requirements for the Utilities to establish programs that reduce the use of electricity and natural gas within their territories.³ In the June 2020 Order, the Board directed the Utilities to file three-year program petitions by September 25, 2020 for approval by the Board by May 1, 2021 and implementation beginning July 1, 2021.

14. On March 3, 2021, the Board issued an Order approving a Stipulation of Settlement for NJNG’s Energy Efficiency Program, filed pursuant to the June 2020 Order.⁴ On September 23, 2020 the Board issued an Order approving a Stipulation of Settlement for PSE&G’s Clean Energy Future-Energy Efficiency Program,⁵

³ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020 (“June 2020 Order”).

⁴ In the Matter of the Petition of New Jersey Natural Gas Company For Approval of Energy Efficiency Program and the Associated Cost Recovery Mechanism Pursuant to the Clean Energy Act, N.J.S.A. 48:3-87.8 et seq. and 48:3-98.1 et seq., BPU Docket Nos. QO19010040 and GO20090622.

⁵ In the Matter of the Petition of Public Service Electric and Gas Company For Approval of Its Clean Energy Future-Energy Efficiency (“CEF-EE”) Program on a Regulated Basis, BPU Docket Nos. GO18101112 and EO18101113.

15. Joint Petitioners have determined and assert that the particular aspects of PSE&G's and NJNG's Stipulation of Settlement concerning establishment of specific accounting treatment for On Bill Repayment Program ("OBRP") for those customer in overlapping territories would pose undue financial hardship upon Joint Petitioners and adversely affect the ability of Joint Petitioners to effectively implement the EE measures and equipment for certain customers in overlapping territories of Joint Petitioners. As a result of a concerted effort to find a suitable resolution of this issue, Joint Petitioners believe the authorizing and granting of this waiver is the most appropriate path for resolution of this issue.

16. Joint Petitioners respectfully assert that significant benefits, as set forth above, would be realized through authorizing and granting this waiver. For the reasons set forth in this Petition, Joint Petitioners believe that waiver of the accounting treatment for OBRP between NJNG and PSE&G is in the public interest, and respectfully requests expedited Board approval of this waiver.

WHEREFORE, Joint Petitioners respectfully request that the Board review and expeditiously issue an Order:

1. Authorizing and granting, on an expedited basis, a waiver of the financing treatment of OBRPs for this overlapping territory.
2. Approving the relief requested in this Joint Petition as it is in the public interest; and
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

PUBLIC SERVICE ELECTRIC AND GAS COMPANY



By:

Matthew Weisman, Esq.
Managing Counsel, State Regulatory

Dated: May 25, 2021

STATE OF NEW JERSEY)
COUNTY OF MONMOUTH)

VERIFICATION

MARK G. KAHRER 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 and belief.



Mark G. Kahrer

Sworn and subscribed to
before me this 21st day
of May, 2021.

VERIFICATION

STATE OF NEW JERSEY)
 :
COUNTY OF ESSEX)

Karen Reif, of full age, being duly sworn according to law, on her oath deposes and says:

1. I am Vice President, Renewables and Energy Solutions of Public Service Electric and Gas Company, the petitioner in the foregoing Petition.

2. I have read the annexed Petition, and the matters and things contained therein are true to the best of my knowledge and belief with respect to foregoing Petition.

3. Copies of the Petition have been provided to the NJBPU, the Department of Law & Public Safety, and the Division of Rate Counsel.



Karen Reif

Sworn and subscribed to)
before me this 25th day)
of May 2021.)