



A PHI Company

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March 16, 2012

VIA ELECTRONIC MAIL
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Michael Winka
Director
Office of Clean Energy
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

RE: SBC Law Providing for C&I Credits
Atlantic City Electric Company's Responses to Utility-Specific Questions

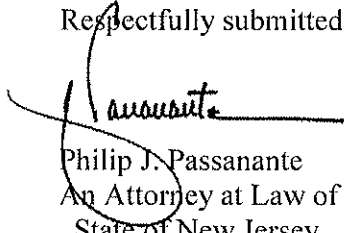
Dear Mr. Winka:

On March 1, 2012, Board Staff transmitted a series of questions to stakeholders concerning implementation of A2528/S2344. Attached are Atlantic City Electric Company's ("ACE") responses to the utility-specific questions that were included as part of that communication.

With respect to the General Questions, ACE has joined the response filed by the other investor-owned utilities. That response is being filed by Public Service Electric and Gas Company under separate cover.

Feel free to contact the undersigned with any questions.

Respectfully submitted,

 /jpr
Philip J. Passanante
An Attorney at Law of the
State of New Jersey

Atlantic City Electric Company Specific Responses

- **Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.**

Response: For the purpose of this response, the discussion is limited to the Clean Energy (“CE”) portion of the SBC. ACE’s role in tracking the CE information is restricted to billing its customers for the Clean Energy surcharge (rate x kWh) and its subsequent collection of these pass-through funds. Any amounts collected for the Clean Energy program surcharge are forwarded to the Office of Clean Energy Program for the State’s financial backing of the Clean Energy program(s).

- **What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.**

Response: A feasibility study must be conducted to determine the compatibility of ACE’s current billing system before any firm projections can be made. Based on the information provided to date, it is expected that the cost to evaluate and implement any modification to the billing system to accommodate the implementation of this law could run in the millions of dollars and become time and resource bound.

- **Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer’s name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.**

Response: See Attachment SBC- 1.

- **Also provide the total SBC collected in the last CY from C&I customers.**

Response: See Attachment SBC- 2.

Attachment SBC-1

MARCH 16, 2012

Atlantic City Electric Company's Responses to Board Staff's Question "For the Utilities"
- Top 25 C&I Societal Benefit Charge Issued March 1, 2012

Atlantic City Electric Company Annualized 2011 Top 25 SBC C&I Customer Data			Current Societal Benefit Charge \$kW Hour			
			\$0.000757	\$0.001632	\$0.002567	\$0.000677
Customer name	Total kWh	Total SBC Dollars	Clean Energy Program	Uncollectible Accounts	Universal Service Fund	Lifeline
ACE Customer 01	77,867,580	\$438,628.08	\$58,945.76	\$127,079.89	\$199,886.08	\$52,716.35
ACE Customer 02	73,618,223	\$414,691.45	\$55,728.99	\$120,144.94	\$188,977.98	\$49,839.54
ACE Customer 03	73,568,324	\$414,410.37	\$55,691.22	\$120,063.50	\$188,849.89	\$49,805.76
ACE Customer 04	73,037,243	\$411,418.78	\$55,289.19	\$119,196.78	\$187,486.60	\$49,446.21
ACE Customer 05	63,694,754	\$358,792.55	\$48,216.93	\$103,949.84	\$163,504.43	\$43,121.35
ACE Customer 06	53,296,766	\$300,220.68	\$40,345.65	\$86,980.32	\$136,812.80	\$36,081.91
ACE Customer 07	52,261,800	\$294,390.72	\$39,562.18	\$85,291.26	\$134,156.04	\$35,381.24
ACE Customer 08	50,880,952	\$286,612.39	\$38,516.88	\$83,037.71	\$130,611.40	\$34,446.40
ACE Customer 09	48,143,039	\$271,189.74	\$36,444.28	\$78,569.44	\$123,583.18	\$32,592.84
ACE Customer 10	47,822,789	\$269,385.77	\$36,201.85	\$78,046.79	\$122,761.10	\$32,376.03
ACE Customer 11	47,639,747	\$268,354.70	\$36,063.29	\$77,748.07	\$122,291.23	\$32,252.11
ACE Customer 12	44,450,541	\$250,389.90	\$33,649.06	\$72,543.28	\$114,104.54	\$30,093.02
ACE Customer 13	43,418,596	\$244,576.96	\$32,867.88	\$70,859.15	\$111,455.54	\$29,394.39
ACE Customer 14	42,998,330	\$242,209.59	\$32,549.74	\$70,173.27	\$110,376.71	\$29,109.87
ACE Customer 15	42,053,600	\$236,887.94	\$31,834.58	\$68,631.48	\$107,951.59	\$28,470.29
ACE Customer 16	41,681,945	\$234,794.39	\$31,553.23	\$68,024.93	\$106,997.55	\$28,218.68
ACE Customer 17	38,712,870	\$218,069.59	\$29,305.64	\$63,179.40	\$99,375.94	\$26,208.61
ACE Customer 18	33,767,049	\$190,209.78	\$25,561.66	\$55,107.82	\$86,680.01	\$22,860.29
ACE Customer 19	33,680,613	\$189,722.89	\$25,496.22	\$54,966.76	\$86,458.13	\$22,801.78
ACE Customer 20	30,319,548	\$170,790.01	\$22,951.90	\$49,481.50	\$77,830.28	\$20,526.33
ACE Customer 21	28,250,714	\$159,136.27	\$21,385.79	\$46,105.17	\$72,519.58	\$19,125.73
ACE Customer 22	23,970,122	\$135,023.69	\$18,145.38	\$39,119.24	\$61,531.30	\$16,227.77
ACE Customer 23	22,785,556	\$128,351.04	\$17,248.67	\$37,186.03	\$58,490.52	\$15,425.82
ACE Customer 24	22,709,727	\$127,923.89	\$17,191.26	\$37,062.27	\$58,295.87	\$15,374.49
ACE Customer 25	21,828,665	\$122,960.87	\$16,524.30	\$35,624.38	\$56,034.18	\$14,778.01

Attachment SBC-2

ATLANTIC CITY ELECTRIC COMPANY
 Schedule of Billed SBC (C&I Customers)
 (Excludes Sales & Use Tax)

	Sales (kWh)												Total FY 2011
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
Commercial	357,759,757	330,160,449	319,813,237	308,927,086	334,331,987	375,427,102	434,420,530	442,334,628	409,396,837	351,184,978	310,053,952	319,766,336	4,293,576,879
Industrial	79,341,783	74,462,039	76,177,962	69,675,286	75,813,595	80,115,964	93,938,547	76,725,070	75,093,617	75,363,903	67,078,238	68,592,953	912,379,657
	Applicable Rates												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	
Universal Service Fund	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520	\$ 0.0020520
Life Line	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640	\$ 0.0006640
Clean Energy	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570	\$ 0.0007570
Uncollectible	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320	\$ 0.0016320
	SBC Amount												
	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Total FY 2011
Universal Service Fund	\$ 896,932.36	\$ 830,285.35	\$ 812,573.94	\$ 776,692.50	\$ 841,618.73	\$ 934,774.37	\$ 1,084,192.83	\$ 1,065,110.50	\$ 994,174.41	\$ 875,278.30	\$ 968,098.33	\$ 996,918.29	\$ 11,076,850.92
Life Line	\$ 290,235.42	\$ 268,669.33	\$ 262,838.16	\$ 251,392.44	\$ 272,336.67	\$ 302,480.50	\$ 350,830.43	\$ 344,655.64	\$ 321,701.66	\$ 283,228.46	\$ 255,318.49	\$ 262,919.24	\$ 3,466,706.53
Clean Energy	\$ 330,885.87	\$ 306,299.22	\$ 299,765.34	\$ 286,602.53	\$ 310,480.21	\$ 344,846.10	\$ 399,967.82	\$ 392,928.19	\$ 366,759.27	\$ 322,897.50	\$ 285,489.07	\$ 295,987.98	\$ 3,940,909.10
Uncollectible	\$ 713,249.71	\$ 650,343.90	\$ 646,257.64	\$ 617,880.21	\$ 669,357.59	\$ 743,446.28	\$ 862,282.01	\$ 847,105.43	\$ 790,688.42	\$ 696,127.77	\$ 615,479.73	\$ 633,802.36	\$ 8,496,121.07
Total Amount of Billed SBC	\$ 2,231,403.36	\$ 2,065,597.80	\$ 2,021,535.07	\$ 1,932,768.68	\$ 2,093,793.20	\$ 2,325,547.35	\$ 2,697,273.09	\$ 2,649,799.76	\$ 2,473,323.77	\$ 2,177,582.04	\$ 2,124,385.63	\$ 2,187,627.87	\$ 26,980,587.62



Elizabethtown Gas™

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March 16, 2012

VIA ELECTRONIC MAIL (M.Winka@bpu.state.nj.us)

Michael Winka
Director Office of Clean Energy NJBPU
POB 350 - 44 S Clinton Ave
Trenton, NJ 08625-0350

Dear Mr. Winka:

By this letter, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) responds to the questions identified as “For the Utilities” in your March 1, 2012 electronic mail (“March 1 E-mail”). By separate letter being submitted this same day by Public Service Electric & Gas on behalf of the seven electric and/or natural gas investor owned utilities (IOUs), including Elizabethtown, the IOUs are providing joint responses to the “General Questions” reflected in your March 1 E-mail.

As reflected in your March 1 e-mail, Board staff will be developing a rule to implement a Commercial and Industrial (“C&I”) customer Societal Benefits Charge (“SBC”) credit program as it relates to Office of Clean Energy (“OCE”) programs pursuant to legislation enacted on January 17, 2012 and has requested responses to the “General Questions” and those set forth below in order to facilitate that process.¹ Elizabethtown appreciates the opportunity to provide input on this process and responds to the “For the Utilities” questions as follows:

- Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.

Response:

In general, SBC billing information is tracked through the Company’s billing and record-keeping systems. The IOUs are requesting that OCE implement and manage the Credit Program to minimize the impact on utility billing and record-keeping systems.

The extent to which the Company is required to participate in the implementation and management of the Credit Program may impact how SBC information is tracked.

¹ A2528.

- What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.

Response:

Again, the IOUs are requesting that OCE implement and manage the Credit Program to minimize the impact on utility billing and record-keeping systems. The extent to which the Company is required to participate in the implementation and management of the Credit Program will impact the costs associated with billing and record-keeping systems. Computer programming changes can be very costly and it is difficult at this time to estimate with specificity what those costs could be. The Company submits that it be afforded the opportunity to recover through rates the cost of any required changes to their billing and record-keeping systems, regardless of who manages and implements the SBC Credit Program.

- Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.

Response:

See attached.

- Also provide the total SBC collected in the last CY from C&I customers.

Response:


The following chart reflects the total SBC revenues attributable to C&I customers broken down by the individual SBC rate components for the 12 months ending December 2011:

<u>12 Months ending</u> <u>December 2011</u>	<u>CEP</u> <u>(OCE)*</u>	<u>RAC</u>	<u>USF-P</u>	<u>Lifeline</u>	<u>Total</u>
C&I	\$4,916,462	(\$633,006)	\$3,619,223	\$1,336,880	\$9,239,559

*This does not include revenues attributable to C&I customers for Company administered programs that are collected through the Company's Regional Greenhouse Gas Initiative Rider rate, which Elizabethtown has recently requested be changed to the Energy Efficiency Program Rider rate. For the 12 months ending December 2011, revenues attributable to C&I customers for Company administered EEPs amounted to \$360,090. The attachment included with this letter in response to the previous questions does not include costs collected for EEPs. The Company will supplement its response next week to include this information.

Please contact the undersigned at (908) 771-8220 or Thomas Kaufmann at (908) 771-8225 if you have questions or require further information.

Yours truly,

/s/ Mary Patricia Keefe 
Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs

Elizabethtown Gas
TOP 25 Customers - SBC Impact
12 Months Ending January, 2012

Customer ID	Rate	Therms	SBC Contribution
Customer 1	ITS-LVD-Special Contract		(1)
Customer 2	FTS-Special Contract		(1)
Customer 3	ITS-LVD	8,295,326	\$330,915
Customer 4	ITS-LVD Special Contract		(1)
Customer 5	ITS-LVD	4,957,698	\$197,771
Customer 6	ITS-LVD	4,384,739	\$174,915
Customer 7	FTS	4,146,027	\$165,392
Customer 8	ITS-LVD	2,831,879	\$112,968
Customer 10	FTS	2,362,631	\$94,249
Customer 11	ITS-LVD	2,290,264	\$91,362
Customer 12	ITS-LVD	2,281,801	\$91,025
Customer 13	FTS	2,191,249	\$87,413
Customer 14	FTS	2,108,427	\$84,108
Customer 15	FTS	2,080,025	\$82,975
Customer 16	FTS	2,009,159	\$80,149
Customer 17	FTS	1,847,346	\$73,694
Customer 18	FTS	1,799,973	\$71,805
Customer 19	FTS	1,762,983	\$70,328
Customer 20	FTS	1,599,150	\$63,793
Customer 21	ITS-LVD	1,318,853	\$52,611
Customer 22	ITS-LVD	1,308,924	\$52,215
Customer 23	FTS	1,291,290	\$51,512
Customer 24	FTS	1,219,033	\$48,630
Customer 25	ITS-LVD	1,134,577	\$45,261
Total		53,221,354	\$2,123,091

(1) Aggregation of Customers 1, 2 and 4 which are served under confidential special contracts

	55,396,020	\$2,209,841
Total	108,617,374	\$4,332,932

Matthew M. Weissman
General Regulatory Counsel - Rates

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March 16, 2012

VIA ELECTRONIC MAIL

Michael Winka, Director
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**Re: SBC Law Providing for C&I Credits
Response to General Questions**

Dear Mr. Winka

Thank you for this opportunity to provide input to assist the Board in drafting a straw rule proposal.

In an effort to efficiently address your questions issued on March 1, 2012, the seven electric and/or natural gas investor owned utilities (IOUs) have agreed to jointly respond to the "General Questions".¹ The joint responses to those questions are set forth below. However, due to the specific nature of the questions "For the Utilities," each utility is responding to those questions separately.

To facilitate the implementation of the recently-enacted statute (the Act) and to provide a common interface to all New Jersey commercial and industrial (C&I) customers, the seven IOUs request that the Office of Clean Energy ("OCE") or an entity under contract with the OCE manage and implement the C&I SBC Credit Program rather than requiring each utility to undertake these efforts.² Since this program is a statewide initiative, the OCE is the most suitable entity to implement and administer the program. This is consistent with other statewide programs already under its purview, as directed by the BPU. Additionally, it eliminates duplicative efforts by the IOUs, simplifies implementation, and creates a "single point of entry" for C&I customers that have different gas and electric distribution providers.

¹ PSE&G is submitting these responses to the General Questions on behalf of itself and of Jersey Central Power & Light Company, Atlantic City Electric Company, Rockland Electric Company, New Jersey Natural Gas Company, South Jersey Gas Company, and Pivotal Utility Holdings, Inc., d/b/a/ Elizabethtown Gas Company.

² Implementation of the SBC credits mandated under the Act within the billing and record-keeping system of PSE&G and, presumably, within the billing system of each of the IOUs would be an extremely complex and costly endeavor.

This approach would not only be far more cost-efficient and straightforward than imposing significant and costly changes on each of the utility's billing and record-keeping systems; it would be entirely consistent with the plain language of the statute. See Act, section 1.b. (“[t]he amount of the credit . . . shall be equal to [a] portion of the costs incurred . . . for . . . energy efficiency purposes, that would be eligible for incentives under programs that the board shall have determined to fund by the [SBC]”; section 1.c. (“[t]he amount of the credit to be allowed . . . shall be determined by the board”) (emphasis added). Further, it is consistent with the spirit of the legislation by providing the C&I customer with the flexibility to consolidate the value of contributions to the SBC across service territories, which further encourages energy efficiency investments. Finally, the IOUs should have the opportunity to recover through rates the cost of any required changes to their billing and record-keeping systems, regardless of who manages and implements the credit program.

General Questions (on behalf of all IOUs)

- **Should C&I customers be able to access the SBC credit as well as SBC funded Clean Energy energy efficiency rebate programs at the same time in the same year?**

Response: No. Any C&I customers who take part in this SBC Credit Program and thereby reduce their contribution to Clean Energy programs through the SBC should be ineligible for SBC-funded energy efficiency programs.

- **If they can only access the credit or rebate one at a time should there be some time limit for accessing either the credit or the Clean Energy incentives? As an example: If the C&I ratepayer received an energy efficient rebate last year should that be deducted from the credit? Is there a timeframe for this look back? Can the C&I ratepayer apply for a Clean Energy rebate the next year following the year in which a credit was sought? Is there a timeframe for when the customer can apply for a NJCEP rebate after receiving the credit?**

Response: If a C&I customer received a rebate in the previous calendar year, the customer should be able to apply for the credit in the following calendar year as long as no portion of the credit relates to investments in the same energy efficiency project for which the customer received the rebate. If the customer is carrying an SBC credit forward, it should not be eligible for Clean Energy program participation in the carry-forward years, unless the customer elects to forego an appropriate portion of the credit based on the benefits received from its Clean Energy program participation. If the

customer is not carrying any credit forward, it would be eligible for Clean Energy program benefits in the future.

- **How should the Board determine which energy efficiency products and services for C&I ratepayers should qualify for the credit?**

Response: The C&I customer credit should be limited to the same set of energy efficiency products and/or services that are allowed under the various OCE funded programs for which those customers are eligible. Under no circumstances should a credit be allowed for any equipment using a fuel source that does not contribute to the SBC.

- **Should the array of Clean Energy programs and current structure under the SBC change or stay the same with the introduction of the C&I ratepayer opportunity to receive credit?**

Response: The IOUs believe that the set of efficiency products and services offered through the OCE programs and those available for the new C&I Credit Program should be the same. Whether the set of existing efficiency products and services currently offered under the OCE programs should be modified is a decision best made by the OCE staff and the current C&I Market Manager or any future Program Administrator(s), subject to BPU approval. Although there is no need to change the OCE programs, the budget for those programs should be adjusted so there is no net increase to the Clean Energy program funding requirements.

- **The Act also requires that the amount of the credit “shall be determined by the board.” What process should the Board use to review and approve any requests for a credit?**

Response: All applications for an SBC credit should be made to the OCE through the current C&I Market Manager or any future Program Administrator(s) performing service for the OCE. This would provide efficiency of scale in order to minimize costs and also ensure that the review and approval process is consistent throughout the seven utility service territories. It would also eliminate confusion when a C&I customer is applying

for an energy efficiency investment that reduces both electricity and gas usage when the customer is served by separate gas and electric utilities. The C&I customer's application for the credit for a proposed project should include the appropriate information needed to evaluate the project, including the previous calendar year actual usage, to estimate the SBC payment and allowable credit.

Once the C&I customer's application has been reviewed and approved by the Program Administrator(s), the application can then go to the Board for approval. The OCE would determine the eligible C&I programs and customers and establish the measurement and verification protocols necessary to implement the credit. Once the expenditures are verified and complete, the C&I Program Administrator(s) would submit a request for each C&I participants' account information. On an annual basis, each utility would report how much the customer has been billed for the Clean Energy Program Component of the SBC in the previous calendar year. In addition, the customer's account would be verified to be in good standing, which will confirm that the SBC funds have been paid by the customer. This list would be communicated to the OCE's C&I Program Administrator(s), who would then be responsible for issuing appropriate refunds from the Clean Energy Program funds to C&I Credit Program participants. Establishing a refund process on an annual basis should be the least disruptive approach for NJCEP budgeting.

- **The Act states that the C&I ratepayer “shall be allowed a credit against the societal benefits charge.” The SBC funds a number of societal programs in addition to the Clean Energy funds for energy efficiency. These other programs have nothing to do with energy efficiency, and the Board may have little discretion in funding them. To the extent that some of the other SBC programs, like the Universal Service Fund, Lifeline, nuclear decommissioning and manufactured gas plant remediation costs are nondiscretionary, how should the funding of these nondiscretionary programs be achieved if there is a reduction in the total SBC from the energy efficiency SBC credit? Please explain.**

Response: The magnitude of the credit available under the Act should be limited to that portion of the SBC attributable to the OCE's programs, that is, the Clean Energy Programs' portion of each utility's electric and/or gas SBC. That way, the funding of other SBC programs such as those mentioned above should not be impacted. Since this

new credit option is not at all related to the underlying cost structure of any of the other clauses with the SBC, any effort to adjust funding for those would translate into an unauthorized price increase for all other customers. As such, it is clear that the value of the credit should be isolated to NJCEP funds, where the value of those credits at least relates to the underlying objective of that clause.

Thank you very much for your consideration.

Very truly yours,

*Original Signed by
Matthew M. Weissman*

C Attached Service List

BPU

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DAG

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AGL/ELIZABETHTOWN

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JCP&L Comments

For the Utilities - JCP&L

- Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.

Response. JCP&L currently bills SBC components by customer account based on the kWh usage for the billing period. Total revenues of all SBC components are reported monthly. It would be difficult to anticipate what would change without knowing the specifics of the implementation of the new credit.

- What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.

Response. JCP&L would not be able to identify what billing system changes may be required without knowing the specifics of the implementation of the new credit. However, past experience in billing system changes suggests that this could be a significant and costly undertaking.

- Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.

Response. Please see attached JCP&L's top 25 C&I customers with the highest cumulative billed SBC in the last 12 months.

- Also provide the total SBC collected in the last CY from C&I customers.

Response. Please see attached JCP&L's SBC billed revenues for C&I customers for 2011.

JCP&L Top 25 C&I Customers with Highest SBC Charges *

<u>Rank</u>	<u>kWh</u>	<u>Total SBC Billed</u>	<u>DSF Component in Total SBC Billed</u>
1	185,600,844	\$1,222,849.52	\$472,925.35
2	120,576,924	\$791,279.87	\$312,353.24
3	114,333,108	\$750,400.99	\$303,646.09
4	89,794,752	\$586,748.39	\$236,916.86
5	68,902,276	\$452,902.81	\$186,587.14
6	64,427,040	\$421,495.73	\$165,776.32
7	60,981,108	\$400,064.67	\$164,153.38
8	57,836,998	\$381,307.86	\$156,079.20
9	53,782,728	\$353,096.04	\$143,567.86
10	51,903,171	\$338,837.71	\$134,184.46
11	50,638,493	\$332,259.67	\$134,136.37
12	36,268,972	\$237,436.03	\$95,958.89
13	37,626,792	\$231,645.28	\$91,751.15
14	34,100,644	\$224,732.20	\$86,884.58
15	32,395,584	\$212,964.87	\$86,480.74
16	32,385,118	\$212,602.84	\$85,606.07
17	31,245,250	\$204,806.71	\$81,067.74
18	30,809,932	\$201,475.32	\$81,433.32
19	29,594,666	\$194,770.44	\$79,485.41
20	29,550,380	\$194,181.07	\$77,788.54
21	29,181,756	\$191,914.77	\$78,497.30
22	31,565,004	\$191,815.19	\$77,573.42
23	29,031,452	\$190,337.14	\$77,248.48
24	29,952,526	\$182,469.49	\$72,516.34
25	29,676,157	\$182,170.47	\$73,683.55

* Based on billed revenues from March 2011 through February 2012

JCP&L SBC Billed Revenues for C&I Customers - Year 2011

Societal Benefits Charge - Components:

Remediation Adjustment Clause	\$	417,759
Uncollectable Accounts Charge	\$	4,722,640
Universal Service Fund	\$	23,080,821
Lifeline Charge	\$	7,306,574
Consumer Education Program Costs	\$	1,801,684
Demand Side Factor	\$	27,447,372
Nuclear Decommissioning Costs	\$	6,436,178
Total Societal Benefits Charge	\$	71,213,029



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March 15, 2012

Kristi Izzo, Secretary
Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625-0350

Re: Comments of the New Jersey Large Energy Users Coalition Regarding A2528
Permitting Commercial and Industrial Customers to Claim a Credit Against the
Societal Benefits Charge for Energy Efficiency Investments

Dear Secretary Izzo:

Please accept this letter memorandum as the Comments of the New Jersey Large Energy Users Coalition ("NJLEUC") responding to questions posed by Staff in connection with the implementation of A2528. This new law (i) created separate funding accounts for residential, small commercial and large commercial and industrial customers' energy efficiency and clean energy projects, and (ii) authorized C&I customers to claim a credit against current Societal Benefits Charge ("SBC") obligations based upon the customers' prior expenditures for energy efficiency products and services.

Background.

Two "overarching goals" of the Governor's Energy Master Plan ("EMP") are to "drive down the cost of energy for all customers" and to "reward energy efficiency and energy conservation and reduce peak demand"; the latter goal providing the means to "lower energy bills and collective energy rates". (EMP, p.1). The EMP aptly recognized that "(f)or New Jersey's economy to grow, electricity costs must be comparable to costs throughout the region, and ideally to the U.S. as a whole. Electric energy costs have a significant effect on the economic well being of commercial and industrial (C&I) customers. High electricity prices discourage new manufacturing and commercial entry, and may cause electricity-intensive industries to relocate. Against the backdrop of the recent recession, businesses hesitate to expand in part due to high electricity prices." (EMP at 14).

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The EMP evidences a clear recognition of the impact that the State's energy policies have on the viability of the business community, and to achievement of its economic development and environmental goals. For too long, the State's large businesses have been adversely affected by energy costs that are among the highest in the nation. These energy costs, which include the ever-increasing SBC-related costs associated with the many programs sponsored by the Board, have taken their toll on the State's businesses. Some businesses have ceased operation completely, while others have downsized their New Jersey operations and focused their capital investments on facilities located out of state. This situation has been exacerbated by energy policies adopted in recent years that required large energy users to provide significant subsidies for programs that were largely intended to benefit others and provided little or no direct benefit to the businesses that supported them. Additionally, the fact that the SBC and RGGI charges--the funding vehicles for most of the energy efficiency and renewable energy programs--are recovered on a usage basis, has required large energy users to shoulder a disproportionate share of these costs.

Laws like A2528, the EMP, and the emergence of new programs sponsored by the Office of Clean Energy ("OCE") that are designed to benefit the State's businesses herald a welcome change in the State's energy policies regarding the business community. Newly emerging OCE programs, such as the Large Energy Users Pilot Program, provide significant opportunities for C&I customers to obtain various forms of financial assistance to support energy efficiency, combined heat and power ("CHP") and other energy-related projects. The substantial financial assistance made available by these programs enables participating businesses to become more energy efficient, enhance their competitiveness, and enable them to make capital investments in their facilities that spur economic development and job creation while reducing energy costs, peak load contributions and greenhouse gas emissions. In this regard, Rutgers CEEEP has estimated that almost 2000 jobs could be created by the year 2020 if the State succeeds in its efforts to implement a strong energy efficiency program. (EMP, at 112)

By establishing separate "funding accounts" for residential, small commercial and large C&I customers, A2528 will also do much to assure that all customers will obtain direct and proportional benefits from the very significant contributions they make annually to the SBC. Increased C&I investment, made possible in part by the energy efficiency credits created by A2528, will also provide significant benefits to customers generally because, as the EMP acknowledges, every energy efficiency dollar invested by a C&I customer yields a \$4.29 return in the form of energy savings, the highest return on investment achieved by any rate class. (EMP, at 112).

Therefore, C&I investments in energy efficiency, conservation and CHP projects, financially supported by the OCE (and Economic Development Authority and utility) programs, will help the State achieve the overarching goals of the EMP, as well as the State's worthy economic development and job creation goals. Given that C&I customers account for 65% of total statewide usage (EMP, at 119), and deliver the "biggest bang" for the energy efficiency buck, it is clear that the State's ability to accomplish its aggressive energy efficiency and economic development goals will depend in large measure on the ability of the OCE, EDA and others to foster the development of a broad array of energy-related projects by C&I customers.

A2528, if properly implemented, will do much to create an important additional funding vehicle for such C&I projects.

Question 1: Should ratepayers be able to access the SBC credit as well as SBC funded Clean Energy energy efficiency rebate programs at the same time in the same year?

Answer: Yes. As noted in the Assembly Telecommunications and Utilities Committee Statement to A2528, the credit to be applied against the liability of a business for payment of the SBC is “intended to encourage businesses to purchase and install energy savings products and services by allowing the businesses to claim a credit against the societal benefits charge”. Similarly, the Senate Environment and Energy Committee Statement indicated that the bill was intended to establish a “credit to be applied against the liability of a commercial or industrial ratepayer for payment of the societal benefits charge”. The only limitation expressly placed upon the credit was that the credit “would be equal to one-half of the costs incurred by a commercial or industrial ratepayer for the purchase and installation of certain energy efficiency products or services during the preceding calendar year, provided that the amount of the credit to be allowed would be determined by the board and would not exceed a business’ total liability for the societal benefits charge in a calendar year”.

No further limitations on the nature or use of the credit are set forth in the law or Committee Statements and, in accordance with the rules of statutory construction, none should be implied. While the law permits the Board to “determine the amount of the credit to be allowed”, there is no indication—nor should one be implied—that the credit is otherwise limited in any fashion or that a C&I ratepayer would have to forego other available sources of financial support to avail itself of the credit. Rather, the expressed intent of the law is to encourage businesses to become more energy efficient, thereby enabling the facilities to consume less energy and decrease the customers’ exposure to payment of the usage-based SBC. This approach is completely consistent with the EMP’s efforts to establish new ways to provide capital for energy efficiency programs that can eliminate the need for cost incurrence through the SBC. Therefore, consistent with the EMP, A2528 provides a re-directed funding source in the form of a credit against a C&I customer’s current SBC obligations that would ultimately reduce the customer’s future SBC contribution obligations. (EMP at 119).

The SBC credit was clearly intended by the Legislature to provide an additional incentive, rather than merely an alternative option to be utilized on an “either/or” basis, to encourage C&I customers to aggressively pursue energy efficiency and other energy resources, such as combined heat and power (“CHP”) plants, that are the focus of the EMP. The Legislative intent is also consistent with the goals of the OCE programs to maximize market penetration and energy savings, to develop new CHP generating capacity, and to create jobs. Given the Legislative intent that was the basis for A2528 and the stated goals of the EMP and OCE programs, there is no legal or policy basis to limit the funding available to C&I customers under A2528 to pursue approved energy projects. Rather, the credit should be viewed as an additional funding source to further market penetration, energy savings and economic development.

This approach is also consistent with the OCE's approach to the vast majority of OCE-sponsored programs. The "Smart Start Buildings" programs are designed to "capture lost opportunities" for energy efficiency savings, to "achieve market transformation" (e.g. making energy efficiency a standard business practice) and to stimulate C&I investment in energy efficiency. To this end, the OCE and market managers permit C&I customers to "pancake" the benefits available under multiple programs to enhance the quality and breadth of the energy projects that are developed.

For example, CHP development has historically been hampered by high capital costs and burdensome permitting requirements. A succession of programs have been developed to streamline the permitting processes and provide multiple combined financial incentives thought to be required to successfully spur development of CHP projects. These programs include the OCE CHP program (up to a \$1 million grant), utility programs such as PSE&G's Carbon Abatement Program (up to a \$1 million matching grant made available to hospitals), the Pay for Performance Program (up to an additional \$1.25 million grant available for CHP or fuel cell system), and the EDA Large CHP Solicitation (\$1 million+ grant to be made available for an eligible CHP project). CHP programs may also be developed pursuant to the Large Energy Users Pilot Program, which would make up to \$1 million available to an eligible entity.

To the extent that the SBC credit provides the last needed layer of financing to enable a project to proceed, use of the additional credit should be encouraged. The insufficiency of prior incentives to stimulate CHP projects represents a significant lost opportunity to the State, given the many benefits that are derived from CHP plants, such as reduced peak demand, increased system reliability, reduced energy costs, more efficient use of energy, reduced greenhouse gas emissions, and job creation. In short, CHP is a good investment and significant State incentives are required if such plants are to be developed—particularly given the EMP's goal to develop 1500 MW of CHP and district energy plants in the coming years. If an approach were to be adopted by the Board that prohibited the pancaking of program benefits, the resulting incentive would be insufficient to accomplish the desired goal of fostering cogeneration development. The same approach must therefore be used with regard to the SBC credit pursuant to A2528 if the EMP's CHP, energy efficiency and other goals are to be achieved..

In sum, C&I ratepayers should be able to simultaneously access the SBC credit created by A2528 and the SBC-funded OCE energy efficiency rebate programs.

Question 2: If C&I ratepayers can only access the credit or rebate one at a time should there be some time limit for accessing either the credit or the Clean Energy incentives?

Answer: No. NJLEUC incorporates by reference its response to Question 1.

The State's businesses continue to be challenged in the current economic environment. As NJLEUC has reported, for some time now, and for a host of reasons, including the State's high energy costs, businesses have been slow to commit investment capital to upgrade or expand their New Jersey facilities. This pattern has led to the closure or downsizing of facilities and shifting of production to other states where manufacturing costs are lower, leading to job losses

and further challenges to our local economy. Businesses that lack investment capital need to have unrestricted and timely access to the full menu of OCE programs if they are to undertake meaningful energy efficiency-related projects.

A second category of businesses includes those that have actively sought to improve the energy efficiency of their facilities as a means to reduce operating costs and enhance their competitiveness in their relevant product markets. The energy improvements implemented by such businesses have generally occurred over a period of years, and without significant support from OCE programs. These “early responders” should not now be subjected to program restrictions that essentially penalize them for their early efforts. For example, the Pay for Performance program, which provides significant performance-based financial inducements to businesses to reduce their energy consumption, is largely unavailable to early responders due to the program’s threshold requirement that a participant reduce its energy consumption by more than 15%. For companies that previously stayed on the sidelines and did not undertake energy efficiency projects, the 15% threshold may not prove difficult to satisfy, but for many early responders, the threshold represents an insurmountable obstacle, as the early responders cannot now wring out an additional 15% savings from their properties to qualify for the assistance.

As a practical matter, a business that has an SBC exposure of \$500,000 for the current year and that invested \$250,000 in energy efficiency upgrades in the prior year would only be eligible to receive a credit of approximately \$125,000 against its current SBC obligation. Even if the customer made a \$1 million investment in the prior year, its credit could not exceed its current SBC exposure, thereby limiting its maximum credit in the current year to \$500,000. The same customer would be eligible to receive significantly more assistance under the current OCE programs, depending upon eligibility and the types of energy projects it might wish to pursue. Even with the 10 year carry forward provision, a rational customer would never opt to use the SBC credit in an “either/or” situation as considerably more incentives would likely be available to the customer each year under the OCE programs. It is highly unlikely that this situation—in which a rational customer would opt not to pursue the SBC credit—is what the Legislature had in mind when it enacted A2528.

As a matter of policy, the Board should continue to foster programs that will assist the State’s business community become more energy efficient and competitively viable. The timing of receipt of benefits is often a critical condition for large businesses that create annual budgets for investment. In the past, issues have arisen regarding the occasional failure of the OCE programs to provide timely benefits that coincide with the budgetary requirements of businesses. If benefits are not timely received, businesses are sometimes forced to discontinue projects.

Therefore, the Board should not restrict the timing or eligibility of businesses to receive OCE rebates or incentives if they elect the SBC credit offered by A2528. As noted, there is no statutory basis to do so as the law was clearly intended to increase the funding available to the State’s business community to pursue additional energy-related projects. Thus viewed, the Legislature got it right—A2528 will provide needed additional relief to the business community, as envisioned by the Legislature and EMP, and will enable the State to make wise investments in energy efficiency that will provide the greatest return on investment, for the benefit of all ratepayers. The Board should avoid imposing new timing or other conditions or artificial

impediments to the implementation of OCE programs that will help the State accomplish the goals of the EMP

Question 3: How should the Board determine which energy efficiency products and services for C&I customers should qualify for the credit?

Answer: Generally speaking, the Board should permit the A2528 SBC credit to support the same products and services currently accepted for inclusion in the OCE's C&I programs, including the Large Energy Users Pilot Program, the C&I New Construction and Retrofit Programs, and the CHP and Pay for Performance programs. The SBC credit should also include products and services that may be approved as "custom measures" under currently existing guidelines. These existing programs already incorporate workable qualification guidelines and thresholds to be achieved by approved energy products and services, including satisfaction of the rigorous ASHRAE standards, that have largely proven to be acceptable and do not require further adjustment specifically to accommodate the SBC credit.

The implementation of the SBC credit program should not necessitate the re-classification of energy efficiency products and services that are currently available to C&I customers under existing OCE programs, or changes to the customer qualification criteria for participation in these programs. At minimum, the addition of new qualification criteria would be time consuming and create the potential for inconsistencies that could confuse customers and frustrate participation, while making program management more difficult as well. The SBC credit merely creates an additional funding source for C&I investment in the same types of energy efficiency and other energy-related products and services that are currently supported by the OCE and EDA programs and, therefore, should not trigger an unnecessary reassessment of the products and services that may be supported by the SBC credit.

Consistent with NJLEUC's comments above regarding the significant effort that will be required to achieve the ambitious energy efficiency, CHP and other goals of the EMP, it is important that the Board not impose any unnecessary regulatory barriers that could impede or frustrate the full implementation of the State's EMP and economic development goals.

Question 4: Should the array of Clean Energy programs and current structure under the SBC change or stay the same with the introduction of the C&I ratepayer opportunity to receive credit?

Answer: Here, too, the current OCE programs and the structure of those programs should not be affected by the addition of the SBC credit. Stated simply, NJLEUC sees no reason to fix what isn't, for the most part, broken solely to accommodate an additional funding source for C&I energy efficiency projects. We note that such changes were not necessitated in connection with the implementation of the utility or Economic Development Authority-sponsored programs that also functioned largely as supplemental funding sources that enhanced the benefits associated with certain OCE programs.

It is unclear what is meant by the reference to "structural" changes in this context. The structure afforded to the OCE programs is, for the most part, established by the Electric Discount

and Energy Competition Act, which remains unchanged under A2528 except for the bifurcation of the SBC into separate funds for the categories of ratepayers established by the new law.

Question 5: The Act requires that the amount of the credit “shall be determined by the board”. What process should the Board use to review and approve any requests for a credit.

Answer: The determination of the credit should be addressed, in the first instance, by the market manager or single program manager that is delegated responsibility for C&I programs. The businesses applying for a credit should, consistent with the standards applicable to the existing OCE C&I programs, propose a credit, supported by the economic data appropriate to support the viability of the credit for the proposed project. Assuming that the proposed projects incorporate energy conservation measures, custom measures or CHP technology consistent with existing programs, the required presentation should not be required to support the merits of the proposed project, but only to the sufficiency of the presentation regarding the costs associated with the project.

Based upon the applicant’s presentation, the market manager or single program manager should make an appropriate recommendation regarding the proposed credit to OCE for the purpose of making a recommendation to the Board regarding the level of credit to be assigned to the project. The recommended credit should be consistent with, although not necessarily equivalent to, the credits afforded to similar measures under current programs. Appropriate notice of each recommendation to the Board should be provided to the applicant and Rate Counsel. These parties should be afforded a reasonable period of time to file comments as appropriate, prior to the Board’s disposition of the application.

Question 6: How should the funding of nondiscretionary programs--the Universal Service Fund, Lifeline, nuclear decommissioning and manufactured gas plant remediation--be achieved if there is a reduction in the total SBC from the energy efficiency SBC credit?

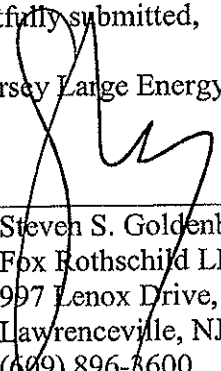
Answer: NJLEUC does not respond to this question other than to state that NJLEUC members have consistently commented that they have not sought to avoid their obligations to support the Board’s low income programs, consistent with existing law. However, NJLEUC refers to the recent Order of the Board in In the Matter of a Generic Proceeding to Consider Prospective Standards for Gas Distribution Utility Rate Discounts and Associated Contract Terms and Conditions, Docket Nos. GR10100761 and ER10100762, in which the Board observed that nothing in EDECA circumscribes the Board’s authority to adjust the level of the SBC in appropriate circumstances, permitting customers to pay differing SBC charges. The Board therefore found that it has the necessary authority to approve SBC and RGGI charge discounts in appropriate circumstances. (Order at 23-24).

NJLEUC appreciates the opportunity to provide these comments and anticipates participating with the Board and staff in developing appropriate standards for the implementation of the SBC credit created by A2528.

Respectfully submitted,

New Jersey Large Energy Users Coalition

By: _____


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Deborah Petrisko

From: Thayer Tracey [TThayer@njng.com]
Sent: Friday, March 16, 2012 4:01 PM
To: 'publiccomments@njcleanenergy.com'
Cc: 'michael.winka@bpu.state.nj.us'; Mona.Mosser@bpu.state.nj.us; Elizabeth Teng; Marybeth Brenner (marybeth.brenner@bpu.state.nj.us); Eleana Lihan; Alice 'Bator; 'kristi.miller@bpu.state.nj.us'; 'john.garvey@bpu.state.nj.us'; Babette Tenzer; 'Winka, M'
Subject: NJNG's response to March 1, 2012 e-mail regarding new SBC law
Attachments: NJNG comments 03 16 12.pdf

Good Afternoon,

Attached are the comments of NJNG to the last four questions in the above captioned e-mail of March 1, 2012. Please be advised that a submission made by Public Service Electric & Gas Company on behalf of the seven electric and natural gas utilities will provide our consolidated comments on the first six questions from that e-mail.

Please do not hesitate to contact me if you have any questions.

Regards,

Tracey Thayer

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VIA ELECTRONIC MAIL ONLY (publiccomments@njcleanenergy.com)

March 16, 2012

Michael Winka
New Jersey Board of Public Utilities
44 South Clinton Avenue
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Trenton, NJ 08625-0350

Re: March 1, 2012 E-mail request for responses on questions regarding A2528

Dear Mr. Winka:

In an effort to provide consistent and responsive comments to the questions posed in the March 1, 2012 e-mail, the seven electric and natural gas investor-owned utilities are providing jointly submitted comments for the six General Questions through Public Service Electric & Gas Company. Through this letter, New Jersey Natural Gas ("NJNG") is providing its specific responses to the four Utility questions. Please note that the information responsive to questions three and four regarding the top 25 NJNG customers' payments into the SBC and the total SBC collections for commercial and industrial (C&I) customers in the last calendar year was provided under cover of an e-mail dated March 9, 2012 directed to Michael Ambrosio. Copies are also attached hereto.

NJNG Responses to Utility Questions

- 1. Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and, if so, how.**

Response: With the exception of NJCEP, NJNG currently tracks both expenses and recoveries for the other approved SBC cost categories since those amounts are subject to routine

company specific rate filings in which BPU Staff and Rate Counsel conduct a thorough review before approval of the costs and recovery is granted by the Board. Those expenses and recoveries are unique to each utility based on their programs, customer base, and agreements made in prior cases. On the other hand, the majority of NJCEP costs are not within the utilities' control, are not subject to the same discovery process during the annual ratesetting process and have been mandated by the Board following the Comprehensive Resource Analysis proceedings to determine the NJCEP budgets.

As noted in the joint response filed by the seven utilities, determinations must be made as to how the credit will be determined and issued. Any future impact on the current system used at NJNG can't be accurately established at this point. However, it is definite that there will be an impact from any future program change on the current tracking methodology.

2. What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes needed to implement this law.

Response: It is not possible to identify future changes necessary to the NJNG billing and customer information system without having more details available concerning the process. However, there is little doubt that changes will need to be made with associated costs that will need to be addressed. If the proposed methodology addressed in the joint response is adopted, it is reasonable to assume that the implementation costs should be less than if NJNG and each utility must make system changes and address on-going administration.

3. Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided, we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.

Response: The list of the top 25 C&I customers is being provided with this letter but the companies are not able to compare lists without disclosing confidential customer information.

4. Also provide the total SBC collected in the last calendar year from C&I customers.

Response: That information is attached.

NJNG appreciates having the opportunity to participate in the Board's process regarding the implementation of recent legislation. Please do not hesitate to reach out if you need anything else or have any questions.

Very truly yours,

A handwritten signature in black ink, appearing to read "Tracey Thayer". The signature is fluid and cursive, with a prominent loop at the end.

Tracey Thayer
Director, Regulatory Affairs Counsel

Attachments

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Mona Mosser, BPU
Diana Zukas, TRC
Alice Bator, BPU
Elizabeth Teng, BPU
Kristina Miller, BPU
John Garvey, BPU
Babette Tenzer, DAG

Total Thems 1st Year	Reference	NAICS Code	Code Name	Pre-tax Current rates					
				Thems From 3/15/11 to 2/13/12	NJCEP	RAC	USF	Lifeline	Total SRC
12,170,240	Customer 1	311920	Coffee/Tea Mfg	\$ 12,170,240	\$ 231,235	\$ 368,758	\$ 162,128	\$ 58,417	\$ 810,538
2,118,776	Customer 2	622110	Hospital	\$ 2,118,776	\$ 40,237	\$ 64,199	\$ 26,485	\$ 10,170	\$ 141,110
2,110,308	Customer 3	311421	Fruit/Veg Canning	\$ 2,110,308	\$ 40,096	\$ 63,942	\$ 26,379	\$ 10,129	\$ 140,547
1,684,810	Customer 4	511110	Newspaper Publishers	\$ 1,684,810	\$ 32,011	\$ 51,050	\$ 21,060	\$ 8,087	\$ 112,208
1,423,572	Customer 5	622110	Hospital	\$ 1,423,572	\$ 27,048	\$ 43,134	\$ 17,795	\$ 6,833	\$ 94,810
1,336,857	Customer 6	331512	Steel Investment Foundries	\$ 1,336,857	\$ 25,400	\$ 40,507	\$ 16,711	\$ 6,417	\$ 89,035
1,332,024	Customer 7	212319	Other Crushed and Broken Stone Mining and Quarrying	\$ 1,332,024	\$ 25,308	\$ 40,360	\$ 16,650	\$ 6,394	\$ 88,713
1,234,999	Customer 8	622110	Hospital	\$ 1,234,999	\$ 23,465	\$ 37,420	\$ 15,437	\$ 5,928	\$ 82,251
1,216,568	Customer 9	332111	Iron/Steel Forging	\$ 1,216,568	\$ 23,115	\$ 36,862	\$ 15,207	\$ 5,840	\$ 81,023
1,061,753	Customer 10	928110	National Security	\$ 1,061,753	\$ 20,173	\$ 32,171	\$ 13,272	\$ 5,096	\$ 70,713
1,048,898	Customer 11	423320	Construction Materials Wholesalers	\$ 1,048,898	\$ 19,829	\$ 31,782	\$ 13,111	\$ 5,035	\$ 69,857
1,031,694	Customer 12	622110	Hospital	\$ 1,031,694	\$ 19,602	\$ 31,260	\$ 12,896	\$ 4,952	\$ 68,711
982,875	Customer 13	622110	Hospital	\$ 982,875	\$ 18,675	\$ 29,781	\$ 12,286	\$ 4,718	\$ 65,459
645,665	Customer 14	622110	Hospital	\$ 645,665	\$ 12,268	\$ 19,564	\$ 8,071	\$ 3,099	\$ 43,003
642,870	Customer 15	622110	Hospital	\$ 642,870	\$ 12,215	\$ 19,479	\$ 8,036	\$ 3,086	\$ 42,815
581,583	Customer 16	928110	National Security	\$ 581,583	\$ 10,670	\$ 17,016	\$ 7,020	\$ 2,696	\$ 37,401
529,744	Customer 17	331512	Steel Investment Foundries	\$ 529,744	\$ 10,065	\$ 16,051	\$ 6,622	\$ 2,543	\$ 35,281
515,939	Customer 18	622110	Hospital	\$ 515,939	\$ 9,803	\$ 15,633	\$ 6,449	\$ 2,477	\$ 34,362
514,673	Customer 19	511110	Newspaper Publishers	\$ 514,673	\$ 9,779	\$ 15,595	\$ 6,433	\$ 2,470	\$ 34,277
495,174	Customer 20	325199	All Other Basic Organic Chemical Manufacturing	\$ 495,174	\$ 9,408	\$ 15,004	\$ 6,190	\$ 2,377	\$ 32,979
483,419	Customer 21	622110	Hospital	\$ 483,419	\$ 9,375	\$ 14,951	\$ 6,168	\$ 2,368	\$ 32,862
466,812	Customer 22	812331	Linon Supply	\$ 466,812	\$ 8,959	\$ 14,144	\$ 5,835	\$ 2,241	\$ 31,090
439,104	Customer 23	322222	Coated/Laminated Paper Manufacturing	\$ 439,104	\$ 8,343	\$ 13,305	\$ 5,483	\$ 2,108	\$ 29,244
434,181	Customer 24	311812	Commercial Bakery	\$ 434,181	\$ 8,249	\$ 13,156	\$ 5,427	\$ 2,084	\$ 28,916
428,591	Customer 25	622110	Hospital	\$ 428,591	\$ 8,143	\$ 12,986	\$ 5,367	\$ 2,057	\$ 28,544
				\$ 34,921,147	\$ 663,502	\$ 1,058,111	\$ 436,514	\$ 167,622	\$ 2,325,748

Reference	Including SUT					Pre-tax					Including Rates prior				
	Current rates					Rates prior to 11/11/11									
	Therms From 3/15/11 to 2/13/12	N/ICEP	RAC	USF	Lifeline	Total SBC	Therms From 3/15/11 to 2/13/12	N/ICEP	RAC	USF		Lifeline	Total SBC	Therms From 3/15/11 to 2/13/12	N/ICEP
Customer 1	12,170,240	\$ 247,056	\$ 394,316	\$ 163,081	\$ 62,068	\$ 866,521	12,170,240	\$ 231,235	\$ 368,758	\$ 161,864	\$ 59,634	\$ 821,491	12,170,240	\$ 247,056	\$ 394,316
Customer 2	2,118,776	\$ 43,011	\$ 68,648	\$ 28,392	\$ 10,806	\$ 150,857	2,118,776	\$ 40,257	\$ 64,199	\$ 28,180	\$ 10,382	\$ 143,017	2,118,776	\$ 43,011	\$ 68,648
Customer 3	2,110,308	\$ 42,839	\$ 68,374	\$ 28,278	\$ 10,763	\$ 150,264	2,110,308	\$ 40,096	\$ 63,942	\$ 28,067	\$ 10,341	\$ 142,446	2,110,308	\$ 42,839	\$ 68,374
Customer 4	1,684,810	\$ 34,202	\$ 54,598	\$ 22,576	\$ 8,593	\$ 119,958	1,684,810	\$ 32,011	\$ 51,050	\$ 22,408	\$ 8,256	\$ 113,725	1,684,810	\$ 34,202	\$ 54,598
Customer 5	1,423,572	\$ 28,859	\$ 46,124	\$ 19,076	\$ 7,260	\$ 101,358	1,423,572	\$ 27,048	\$ 43,134	\$ 18,934	\$ 6,976	\$ 96,091	1,423,572	\$ 28,859	\$ 46,124
Customer 6	1,336,857	\$ 27,138	\$ 43,314	\$ 17,914	\$ 6,818	\$ 95,184	1,336,857	\$ 25,400	\$ 40,507	\$ 17,780	\$ 6,581	\$ 90,238	1,336,857	\$ 27,138	\$ 43,314
Customer 7	1,332,024	\$ 27,040	\$ 43,158	\$ 17,849	\$ 6,793	\$ 94,840	1,332,024	\$ 25,308	\$ 40,360	\$ 17,716	\$ 6,527	\$ 89,912	1,332,024	\$ 27,040	\$ 43,158
Customer 8	1,234,999	\$ 25,070	\$ 40,014	\$ 16,549	\$ 6,298	\$ 87,932	1,234,999	\$ 23,465	\$ 37,420	\$ 16,425	\$ 6,051	\$ 83,362	1,234,999	\$ 25,070	\$ 40,014
Customer 9	1,216,588	\$ 24,596	\$ 39,417	\$ 16,302	\$ 6,204	\$ 86,520	1,216,588	\$ 23,115	\$ 36,863	\$ 16,180	\$ 5,961	\$ 82,118	1,216,588	\$ 24,596	\$ 39,417
Customer 10	1,061,753	\$ 21,554	\$ 34,401	\$ 14,227	\$ 5,415	\$ 73,597	1,061,753	\$ 20,173	\$ 32,171	\$ 14,121	\$ 5,203	\$ 71,688	1,061,753	\$ 21,554	\$ 34,401
Customer 11	1,048,898	\$ 21,293	\$ 33,984	\$ 14,055	\$ 5,349	\$ 74,682	1,048,898	\$ 19,929	\$ 31,782	\$ 13,950	\$ 5,140	\$ 70,801	1,048,898	\$ 21,293	\$ 33,984
Customer 12	1,031,694	\$ 20,943	\$ 33,427	\$ 13,825	\$ 5,262	\$ 73,457	1,031,694	\$ 19,675	\$ 31,260	\$ 13,722	\$ 5,055	\$ 69,639	1,031,694	\$ 20,943	\$ 33,427
Customer 13	982,875	\$ 19,952	\$ 31,845	\$ 13,171	\$ 5,013	\$ 69,987	982,875	\$ 18,675	\$ 29,781	\$ 13,072	\$ 4,816	\$ 66,344	982,875	\$ 19,952	\$ 31,845
Customer 14	645,685	\$ 13,107	\$ 20,920	\$ 8,652	\$ 3,293	\$ 45,772	645,685	\$ 12,268	\$ 19,364	\$ 8,588	\$ 3,164	\$ 43,584	645,685	\$ 13,107	\$ 20,920
Customer 15	642,870	\$ 13,050	\$ 20,829	\$ 8,614	\$ 3,279	\$ 45,772	642,870	\$ 12,215	\$ 19,479	\$ 8,550	\$ 3,150	\$ 43,394	642,870	\$ 13,050	\$ 20,829
Customer 16	561,583	\$ 11,400	\$ 18,195	\$ 7,525	\$ 2,864	\$ 39,985	561,583	\$ 10,670	\$ 17,016	\$ 7,469	\$ 2,752	\$ 37,907	561,583	\$ 11,400	\$ 18,195
Customer 17	529,744	\$ 10,754	\$ 17,164	\$ 7,099	\$ 2,702	\$ 37,718	529,744	\$ 10,065	\$ 16,051	\$ 7,046	\$ 2,586	\$ 35,758	529,744	\$ 10,754	\$ 17,164
Customer 18	515,939	\$ 10,474	\$ 16,716	\$ 6,914	\$ 2,631	\$ 36,735	515,939	\$ 9,803	\$ 15,633	\$ 6,862	\$ 2,528	\$ 34,826	515,939	\$ 10,474	\$ 16,716
Customer 19	514,673	\$ 10,448	\$ 16,675	\$ 6,897	\$ 2,625	\$ 36,645	514,673	\$ 9,779	\$ 15,595	\$ 6,845	\$ 2,522	\$ 34,740	514,673	\$ 10,448	\$ 16,675
Customer 20	495,174	\$ 10,052	\$ 16,044	\$ 6,635	\$ 2,525	\$ 35,256	495,174	\$ 9,408	\$ 15,004	\$ 6,586	\$ 2,426	\$ 33,424	495,174	\$ 10,052	\$ 16,044
Customer 21	493,419	\$ 10,016	\$ 15,987	\$ 6,612	\$ 2,516	\$ 35,131	493,419	\$ 9,375	\$ 14,951	\$ 6,562	\$ 2,418	\$ 33,306	493,419	\$ 10,016	\$ 15,987
Customer 22	486,812	\$ 9,476	\$ 15,125	\$ 6,255	\$ 2,381	\$ 33,237	486,812	\$ 8,869	\$ 14,144	\$ 6,209	\$ 2,287	\$ 31,510	486,812	\$ 9,476	\$ 15,125
Customer 23	439,104	\$ 8,914	\$ 14,227	\$ 5,884	\$ 2,239	\$ 31,264	439,104	\$ 8,243	\$ 13,305	\$ 5,840	\$ 2,152	\$ 29,640	439,104	\$ 8,914	\$ 14,227
Customer 24	434,181	\$ 8,814	\$ 14,067	\$ 5,818	\$ 2,214	\$ 30,914	434,181	\$ 8,249	\$ 13,156	\$ 5,775	\$ 2,127	\$ 29,307	434,181	\$ 8,814	\$ 14,067
Customer 25	428,591	\$ 8,700	\$ 13,886	\$ 5,743	\$ 2,166	\$ 30,516	428,591	\$ 8,143	\$ 12,986	\$ 5,700	\$ 2,100	\$ 28,930	428,591	\$ 8,700	\$ 13,886
	34,921,147	\$ 708,889	\$ 1,131,445	\$ 467,943	\$ 178,098	\$ 2,486,388	34,921,147	\$ 663,502	\$ 1,058,111	\$ 464,451	\$ 171,114	\$ 2,357,177	34,921,147	\$ 708,889	\$ 1,131,445

g SUT to 11/1/11				
Reference	USF	Lifeline	Total SBC	
Customer 1	\$172,817	\$ 63,285	\$ 877,474	
Customer 2	\$ 30,087	\$ 11,018	\$ 152,764	
Customer 3	\$ 29,966	\$ 10,974	\$ 152,153	
Customer 4	\$ 23,924	\$ 8,761	\$ 121,475	
Customer 5	\$ 20,215	\$ 7,403	\$ 102,640	
Customer 6	\$ 18,983	\$ 6,952	\$ 96,387	
Customer 7	\$ 18,915	\$ 6,927	\$ 96,039	
Customer 8	\$ 17,537	\$ 6,422	\$ 89,043	
Customer 9	\$ 17,275	\$ 6,326	\$ 87,715	
Customer 10	\$ 15,077	\$ 5,521	\$ 76,552	
Customer 11	\$ 14,894	\$ 5,454	\$ 75,626	
Customer 12	\$ 14,650	\$ 5,365	\$ 74,385	
Customer 13	\$ 13,957	\$ 5,111	\$ 70,865	
Customer 14	\$ 9,169	\$ 3,358	\$ 46,554	
Customer 15	\$ 9,129	\$ 3,343	\$ 46,351	
Customer 16	\$ 7,974	\$ 2,920	\$ 40,480	
Customer 17	\$ 7,522	\$ 2,755	\$ 38,195	
Customer 18	\$ 7,326	\$ 2,683	\$ 37,199	
Customer 19	\$ 7,308	\$ 2,576	\$ 37,106	
Customer 20	\$ 7,031	\$ 2,575	\$ 35,702	
Customer 21	\$ 7,007	\$ 2,566	\$ 35,576	
Customer 22	\$ 6,629	\$ 2,427	\$ 33,657	
Customer 23	\$ 6,295	\$ 2,283	\$ 31,669	
Customer 24	\$ 6,165	\$ 2,258	\$ 31,304	
Customer 25	\$ 6,086	\$ 2,229	\$ 30,901	
	\$,495,880	\$,181,590	\$,2,517,815	

NJNG
CY2011 SBC Revenues, including SUT
(\$million)

	RAC	NJCEP	USF	Lifeline	Total
General Service Small (GSS)	\$0.994	\$0.623	\$0.433	\$0.167	\$2.217
General Service Large (GSL)	\$4.261	\$2.641	\$1.863	\$0.702	\$9.467
Firm Transportation (FT)	\$0.307	\$0.192	\$0.120	\$0.048	\$0.667
Distributed Generation (DG)	\$0.081	\$0.050	\$0.035	\$0.013	\$0.179
Interruptible Transportation	<u>\$1.042</u>	<u>\$0.653</u>	<u>\$0.452</u>	<u>\$0.167</u>	<u>\$2.314</u>
Total	\$6.685	\$4.159	\$2.903	\$1.097	\$14.844

Matthew M. Weissman
General Regulatory Counsel - Rates

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March 16, 2012

VIA ELECTRONIC MAIL

Michael Winka, Director
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
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RE: SBC Law Providing for C&I Credits -- Utility-Specific Questions

Dear Mr. Winka

Thank you for this opportunity to provide input to assist the Board in drafting a straw rule proposal. The seven electric and/or natural gas investor-owned utilities are jointly responding to your "General Questions" in a separate letter of today's date that I am forwarding to you together with this letter. The purpose of this letter is to respond to your utility-specific questions, on behalf of Public Service Electric and Gas Company ("PSE&G") only.

For the Utilities (on behalf of PSE&G)

- **Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.**

Response. PSE&G tracks all components of the electric and gas SBC using deferred accounting. Each month costs/expenditures are matched against revenues, resulting in an over/(under) recovery. Interest is calculated on the cumulative over/(under) recovery balance. When rate filings are made with the BPU, any underrecovery is recovered and any overrecovery is returned with interest. While PSE&G does track kWh and therms, and bills the total SBC, at a customer level, it does not bill the SBC components at a customer level. It is not possible to identify how PSE&G's tracking of SBC information would change given the short time frame to respond and current uncertainties regarding details of the law's implementation.

- **What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.**

Response. It is not possible to identify with certainty the numerous changes to PSE&G's billing system that would need to be made in order to accommodate implementation of this law through that billing system, given the short time frame to respond and uncertainties regarding details of the law's implementation. An alternative and much less expensive approach to implementing the law, that would not involve modifying the utilities' billing systems, is described in the IOU's joint response to the General Questions submitted herewith.

In any event, implementing the law through PSE&G's billing system would involve, at the very least, unbundling the individual components of the SBC (which would involve bill print changes and changes to statistical and financial reporting modules), as well as development of a means to track each C&I customers' investments in energy efficiency products and services as well as the cumulative value of their credit based on their usage. Further complications would arise in connection with the treatment of claimed energy efficiency investments that reduce both electric and gas usage where the C&I customer receives electric and gas service from different utilities. In addition, implementing the statute through the utilities' billing systems would require upfront and ongoing verification of the customers' investments.

Like the changes themselves, the estimated cost of implementing the required changes cannot be determined with any certainty given the short time frame to respond and without specific details of how the law will be implemented. However, any implementation that would involve modifying PSE&G's billing system would probably cost at least \$1 million or more, not considering the verification activities noted above.

- **Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.**

Response. Please see the attached Table 1 and Table 2 showing the SBC components and total SBC charge paid by PSE&G's top 25 C&I customers. Please note that there is no overlap between electric and gas top 25 customers.

- **Also provide the total SBC collected in the last CY from C&I customers.**

Response. Please see the attached Table 3, which provides estimated C&I contributions to the SBC program components based on rates currently in effect and consumption for the 12-month period beginning March 1, 2011 and ending February 29, 2012.

Thank you very much for your consideration.

Very truly yours,

*Original Signed by
Matthew M. Weissman*

C Attached Service List

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TABLE 1

PSE&G GAS - SBC Components (w/o SUT) - Top 25 C&I Customers

Customer	Social Programs	Energy Efficiency and Renewables Programs	Manufactured Gas Plant Remediation	USF - Permanent	USF Lifeline	Total
Company 1	\$ -	\$ 311,808.330	\$ 143,284.684	\$ 170,625.755	\$ 65,520.290	\$ 691,239.058
Company 2	\$ -	\$ 245,620.957	\$ 112,869.727	\$ 134,407.125	\$ 51,612.336	\$ 544,510.145
Company 3	\$ -	\$ 180,917.870	\$ 83,136.842	\$ 99,000.717	\$ 38,016.275	\$ 401,071.705
Company 4	\$ -	\$ 165,656.351	\$ 76,123.745	\$ 90,649.406	\$ 34,809.372	\$ 367,238.874
Company 5	\$ -	\$ 154,940.363	\$ 71,199.448	\$ 84,785.472	\$ 32,557.621	\$ 343,482.904
Company 6	\$ -	\$ 122,075.466	\$ 56,097.105	\$ 66,801.354	\$ 25,651.720	\$ 270,625.645
Company 7	\$ -	\$ 98,506.484	\$ 45,266.496	\$ 53,904.087	\$ 20,699.169	\$ 218,376.236
Company 8	\$ -	\$ 94,396.286	\$ 43,377.745	\$ 51,654.931	\$ 19,835.493	\$ 209,264.455
Company 9	\$ -	\$ 89,964.967	\$ 41,341.429	\$ 49,230.053	\$ 18,904.340	\$ 199,440.789
Company 10	\$ -	\$ 87,306.760	\$ 40,119.908	\$ 47,775.446	\$ 18,345.771	\$ 193,547.885
Company 11	\$ -	\$ 84,939.595	\$ 39,032.129	\$ 46,480.101	\$ 17,848.359	\$ 188,300.184
Company 12	\$ -	\$ 83,670.551	\$ 38,448.968	\$ 45,785.662	\$ 17,581.694	\$ 185,486.875
Company 13	\$ -	\$ 76,837.018	\$ 35,308.768	\$ 42,046.260	\$ 16,145.764	\$ 170,337.810
Company 14	\$ -	\$ 74,698.648	\$ 34,326.126	\$ 40,876.115	\$ 15,696.428	\$ 165,597.318
Company 15	\$ -	\$ 67,388.614	\$ 30,966.960	\$ 36,875.965	\$ 14,160.371	\$ 149,391.910
Company 16	\$ -	\$ 66,303.968	\$ 30,468.535	\$ 36,282.432	\$ 13,932.454	\$ 146,987.390
Company 17	\$ -	\$ 64,917.023	\$ 29,831.195	\$ 35,523.477	\$ 13,641.015	\$ 143,912.710
Company 18	\$ -	\$ 64,692.284	\$ 29,727.921	\$ 35,400.497	\$ 13,593.791	\$ 143,414.492
Company 19	\$ -	\$ 63,557.141	\$ 29,206.291	\$ 34,779.331	\$ 13,355.263	\$ 140,898.027
Company 20	\$ -	\$ 54,561.688	\$ 25,072.628	\$ 29,856.897	\$ 11,465.049	\$ 120,956.262
Company 21	\$ -	\$ 53,044.247	\$ 24,375.321	\$ 29,026.533	\$ 11,146.189	\$ 117,592.289
Company 22	\$ -	\$ 52,652.552	\$ 24,195.326	\$ 28,812.192	\$ 11,063.882	\$ 116,723.952
Company 23	\$ -	\$ 52,195.186	\$ 23,985.154	\$ 28,561.915	\$ 10,967.775	\$ 115,710.029
Company 24	\$ -	\$ 50,963.603	\$ 23,419.207	\$ 27,887.976	\$ 10,708.983	\$ 112,979.768
Company 25	\$ -	\$ 47,908.211	\$ 22,015.169	\$ 26,216.024	\$ 10,066.953	\$ 106,206.357
	\$ -	\$ 2,509,524.163	\$ 1,153,196.828	\$ 1,373,245.723	\$ 527,326.358	\$ 5,563,293.072

TABLE 2

PSE&G Electric - SBC Components (w/o SUT) Top 25 C&I Customers						
Customers	Social Programs (Including Loss Factor)	Energy Efficiency and Renewables Programs (Including Loss Factor)	Manufactured Gas Plant Remediation (Including Loss Factors)	USF	Lifeline	Total
Company 1	\$ 421,635.54	\$ 696,818.03	\$ 127,796.61	\$ 559,459.99	\$ 147,619.08	\$ 1,953,329.26
Company 2	\$ 312,915.49	\$ 517,074.84	\$ 94,876.12	\$ 421,495.94	\$ 111,215.89	\$ 1,457,578.29
Company 3	\$ 288,955.22	\$ 477,543.24	\$ 87,581.56	\$ 383,409.05	\$ 101,166.29	\$ 1,338,655.36
Company 4	\$ 257,289.41	\$ 425,210.59	\$ 77,983.74	\$ 341,392.31	\$ 90,079.75	\$ 1,191,955.80
Company 5	\$ 187,560.67	\$ 309,973.06	\$ 56,849.14	\$ 248,870.60	\$ 65,666.98	\$ 868,920.46
Company 6	\$ 169,560.87	\$ 280,225.60	\$ 51,393.45	\$ 224,987.02	\$ 59,365.06	\$ 785,532.01
Company 7	\$ 160,620.76	\$ 265,450.68	\$ 48,683.73	\$ 213,124.56	\$ 56,235.03	\$ 744,114.75
Company 8	\$ 152,286.56	\$ 251,677.13	\$ 46,157.65	\$ 202,066.08	\$ 53,317.14	\$ 705,504.57
Company 9	\$ 139,878.76	\$ 231,171.31	\$ 42,396.88	\$ 185,602.40	\$ 48,973.04	\$ 648,022.39
Company 10	\$ 142,169.73	\$ 234,957.49	\$ 43,091.27	\$ 188,642.24	\$ 49,775.13	\$ 658,635.85
Company 11	\$ 134,486.97	\$ 222,260.55	\$ 40,762.64	\$ 178,448.15	\$ 47,085.32	\$ 623,043.63
Company 12	\$ 125,033.71	\$ 206,721.50	\$ 37,936.13	\$ 162,226.00	\$ 42,804.94	\$ 574,722.29
Company 13	\$ 130,057.82	\$ 214,940.69	\$ 39,420.18	\$ 172,571.19	\$ 45,534.62	\$ 602,524.51
Company 14	\$ 115,564.19	\$ 190,987.73	\$ 35,027.20	\$ 153,339.88	\$ 40,460.25	\$ 535,379.25
Company 15	\$ 121,749.09	\$ 201,209.23	\$ 36,901.83	\$ 161,546.50	\$ 42,625.65	\$ 564,032.29
Company 16	\$ 115,942.88	\$ 191,613.56	\$ 35,141.98	\$ 153,842.35	\$ 40,592.83	\$ 537,133.61
Company 17	\$ 113,386.57	\$ 187,388.86	\$ 34,367.17	\$ 150,450.43	\$ 39,697.84	\$ 525,290.87
Company 18	\$ 111,222.84	\$ 183,812.97	\$ 33,711.35	\$ 147,579.42	\$ 38,940.30	\$ 515,266.89
Company 19	\$ 103,181.01	\$ 170,522.61	\$ 31,273.89	\$ 136,908.88	\$ 36,124.77	\$ 478,011.16
Company 20	\$ 106,248.92	\$ 175,592.80	\$ 32,203.77	\$ 140,979.62	\$ 37,198.88	\$ 492,223.98
Company 21	\$ 103,085.45	\$ 170,234.84	\$ 31,213.34	\$ 130,227.48	\$ 34,361.82	\$ 469,122.93
Company 22	\$ 104,114.89	\$ 172,065.98	\$ 31,556.95	\$ 138,148.02	\$ 36,451.73	\$ 482,337.56
Company 23	\$ 101,817.72	\$ 168,269.55	\$ 30,860.68	\$ 135,099.95	\$ 35,647.47	\$ 471,695.37
Company 24	\$ 100,652.31	\$ 166,343.54	\$ 30,507.45	\$ 133,553.60	\$ 35,239.44	\$ 466,296.34
Company 25	\$ 100,236.83	\$ 165,656.89	\$ 30,381.52	\$ 133,002.30	\$ 35,093.98	\$ 464,371.51
	\$ 3,919,654.23	\$ 6,477,723.28	\$ 1,188,076.22	\$ 5,196,973.96	\$ 1,371,273.25	\$ 18,153,700.94

TABLE 3

Estimated Gas SBC Components (w/o SUT) - March 2011 to February 2012					
	Energy Efficiency and Renewables Programs	Manufactured Gas Plant Remediation	USF - Permanent	USF Lifeline	Total
Social Programs	-	12,433,891.88	\$ 14,806,482.66	\$ 5,685,689.34	\$ 1,244,502,635.29
\$	\$ 27,057,958.67	\$ 12,433,891.88	\$ 14,806,482.66	\$ 5,685,689.34	\$ 1,244,502,635.29

C&I Customers

Estimated Electric SBC Components (w/o SUT) - March 2011 to February 2012					
	Energy Efficiency and Renewables Programs (Including Loss Factor)	Manufactured Gas Plant Remediation (Including Loss Factors)	USF	Lifeline	Total
Social Programs (Including Loss Factor)	52,475,376.35	15,901,060.03	\$ 68,616,559.62	\$ 18,105,161.42	\$ 241,794,931.97
\$	\$ 86,696,774.56	\$ 15,901,060.03	\$ 68,616,559.62	\$ 18,105,161.42	\$ 241,794,931.97

C&I Customers

Note: Dollars are based on current SBC Rates



State of New Jersey
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P. O. Box 46005
NEWARK, NEW JERSEY 07101

CHRIS CHRISTIE
Governor

KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

March 16, 2012

By Overnight Delivery Service

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

**Re: General Questions Posed by Board Staff Regarding the
Implementation of an Act Permitting Credits Against the
Societal Benefits Charge (P.L. 2011, c.216; A2528/S2344)**

Dear Secretary Izzo:

Please accept for filing an original and ten copies of Comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") concerning the above-referenced matter. Rate Counsel reserves its right to submit further comments as additional information and data are provided over the course of this proceeding. Enclosed is one additional copy. Please date stamp the copy as "filed" and return to us in the enclosed self-addressed, stamped envelope.

Honorable Kristi Izzo, Secretary
March 16, 2012
Page 2

Thank you for your consideration and attention to this matter.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: */s/ Kurt S. Lewandowski, Esq.*
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**The Division of Rate Counsel's Responses to the
General Questions Posed by Board Staff Regarding the
Implementation of an Act Permitting Credits Against
the Societal Benefits Charge
(P.L. 2011, c. 216; A2528/S2344)**

March 16, 2012

Q1. Should C&I ratepayers be able to access the SBC credit as well as SBC funded Clean Energy energy efficiency rebate programs at the same time in the same year?

No. For equity reasons and to minimize impacts on CEP budgets, eligible customers should not be able to access the SBC credit and also receive CEP EE rebates in the same year.

Q2. If they can only access the credit or rebate one at a time should there be some time limit for accessing either the credit or the Clean Energy incentives? As an example: If the C&I ratepayer received an energy efficient rebate last year should that be deducted from the credit? Is there a timeframe for this look back? Can the C&I ratepayer apply for a Clean Energy rebate the next year following the year in which a credit was sought? Is there a timeframe for when the customer can apply for a NJCEP rebate after receiving the credit?

The amount and timing of SBC credits should be linked to SBC collections for each C&I customer. For example, if a customer receives an incentive (including rebates and financing) through the CEP in one year, and that customer applies for SBC credits in the following year, the amount of the SBC credit should be reduced by the amount of the CEP incentive.

Q3. How should the Board determine which energy efficiency products and services for C&I ratepayers should qualify for the credit?

Eligible SBC credit applicants should be required to submit an energy efficiency plan (“EEP”). The EE measures and services included in an EEP should be considered both individually and collectively. Furthermore, all EE measures and services should conform to the New Jersey CEP EE Protocols for minimum performance, by type of measure and how the savings are measured. The EEPs should be evaluated using the following criteria:

1. The measures outlined in the EEPs should be designed to reasonably lead to reductions in total building source energy consumption of at least 25%. Alternately, C&I customers seeking SBC credits may request a custom energy savings threshold, as defined in the Pay for Performance program description. This would be determined on a case-by-case basis and subject to approval by CEP administrators, for projects that involve:
 - A manufacturing facility, including such industries as plastics and packaging, chemicals, petrochemicals, metals, paper and pulp, transportation, biotechnology, pharmaceutical, food and beverage, mining and mineral processing, general manufacturing, equipment manufacturers and data centers.
 - Manufacturing and/or process-related loads, including data center consumption, consume 50% or more of total facility energy consumption.
 - Projects meeting the above criteria will have annual energy savings of 100,000 kWh, 350,000 MMBTU or 4% of total building source energy consumption, whichever is greater.
2. The EEPs should demonstrate cost-effectiveness using the same methodology employed by CEP administrators in evaluating applications for Pay for Performance.
3. The EEPs should take a whole-building approach. Energy audits should consider all cost-effective measures at site(s) for which SBC credits are sought to avoid cream skimming (i.e., only investing in the most cost-effective cost energy efficiency measures but leaving other cost-effective opportunities undone) and lost opportunities (i.e., investments that are not made at the time it is most cost-effective to do so).
4. Credits should not be allowed for investments made prior to enactment of A2528.

These criteria are intended to ensure that the savings and system benefits (including avoided capacity and energy investments, avoided transmission and distribution investments, reductions in the overall price of electricity system-wide, and emissions

reductions) from the EE measures underlying the SBC credits are comparable to the savings and system benefits of the foregone EE opportunities that would otherwise be provided by the CEP.

Q4. Should the array of Clean Energy programs and current structure under the SBC change or stay the same with the introduction of the C&I ratepayer opportunity to receive credit?

The Board should initiate a formal proceeding to determine what changes should be made to the CEP and SBC structure to align these programs with the SBC credit program.

Q5. The Act also requires that the amount of the credit “shall be determined by the board.” What process should the Board use to review and approve any requests for a credit?

The SBC credit provided to an eligible applicant should be determined on a case-by-case basis. The Board should initiate a proceeding to determine the SBC credit, with an opportunity for Rate Counsel and other interested parties to intervene, propound discovery, and submit comments, as well as provide for evidentiary hearings in contested matters. The Board should also develop minimum filing requirements. For example, eligible SBC credit applicants should be required to submit an EEP that provides the following information, in addition to sufficient information to evaluate the criteria listed in the response to Question 3

- (1) a description of the proposed EE measures, which must conform to the methodology for calculating efficiencies set forth in the New Jersey CEP EE Protocols for the type of measures and how the savings are measured;
- (2) a calculation of energy savings per EE measure of at least 25% or meeting a custom energy savings threshold, described in the response to Question 3, above;

- (3) for the purpose of demonstrating the cost-effectiveness of each EE measure, cost data and annual and lifetime energy savings (kWh or therms), as well as capacity savings (kW);
- (4) a construction/measure implementation timeline; and
- (5) a measurement and verification plan for the proposed EE measures.

Regarding item (4), a timeframe should be established for eligible customers to spend SBC credits on EE investments, in order to account for planned outages or downtime. As is done in several other states, a time frame (e.g., two or three years) within which eligible customers would be required to implement measures funded by their SBC credit should be established -- after which unused SBC credits should be made available to fund the CEP -- to ensure that EE investments are made in a timely manner and thus have benefits comparable to supply-side resources. A mechanism may need to be established to recoup funds from SBC-credit recipients if savings were claimed erroneously or EEP savings failed to materialize.¹

Regarding item (5), measurement and verification is a critical component of effective “self-direct” programs that allow customers to divert all or a portion of their societal benefits charges into internal EE investments.²

Q6. The Act states that the C&I ratepayer “shall be allowed a credit against the societal benefits charge.” The SBC funds a number of societal programs in addition to the Clean Energy funds for energy efficiency. These other programs have nothing to do with energy efficiency, and the Board may have little discretion in funding them. To the extent that some of the other SBC programs, like the Universal Service Fund, Lifeline, nuclear decommissioning and manufactured gas plant remediation costs are nondiscretionary, how should the funding of these nondiscretionary programs be achieved if there is a reduction in the total SBC from the energy efficiency SBC credit? Please explain.

¹ Chittum, Anna. 2011. Follow The Leaders: Improving Large Customer Self-Direct Programs. Washington DC: ACEEE

² Ibid.

The Act empowers the Board to set the amount of the SBC credit in any calendar year for each customer. N.J.S.A. 48:3-60.3(c). The Board should interpret this language to allow SBC credits only from the clean energy portion of the SBC, as defined by N.J.S.A. 48:3-60(a)(3). The statute governing SBC collections which provides for a non-bypassable charge also mandates funding social programs, nuclear decommissioning, gas plant remediation, and public education activities, as well as the USF. See N.J.S.A. 48:3-60(a)(1), (2), (4) and (5); N.J.S.A. 48:3-60(b). The Board must ensure that the SBC has sufficient funds to support these mandated activities, consistent with its duty under the Act to set the SBC credit in any calendar year.

Two factors may also operate to ensure that the SBC fund is sufficient to support the other SBC activities mandated by law, without unduly burdening residential, small commercial, and other C&I customers. First, the Act defines eligible EE measures with reference to the EE programs funded pursuant to N.J.S.A. 48:3-60(a)(3). Specifically, the amount of the SBC credit is limited to one half of the portion of the costs incurred for eligible EE measures, as defined by the type of measures that would otherwise be eligible for incentives under the EE programs funded pursuant to N.J.S.A. 48:3-60(a)(3). Since applicants would experience a cash outflow to fund their portion of the cost of the EE measure, the fifty percent limitation should operate to stem depletion of the SBC fund to support SBC credits granted pursuant to N.J.S.A. 48:3-60.3(c).

Another factor which would mitigate against the depletion of the SBC fund would be the imposition of a 25% energy savings threshold for EE measures supported by SBC credits. The higher threshold would be applicable to EE projects supported by the SBC credit, in order to compensate for less CEP oversight of self-directed EE projects. This

threshold would limit projects supported by SBC credits to only those projects with substantial energy savings.



Rockland Electric Company

Margaret Comes
Senior Attorney
Law Department

March 16, 2012

Michael Winka
Director, Clean Energy Program
New Jersey Board of Public Utilities
44 South Clinton Avenue
9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

RE: Societal Benefits Charge Law
Responses to Board Staff Questions of March 1, 2012

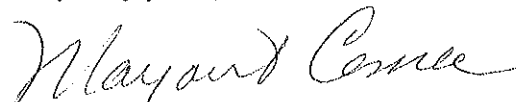
Dear Mr. Winka:

On March 1, 2012, Board Staff transmitted a series of questions to stakeholders concerning implementation of a new statute concerning Societal Benefits Charge credits.

Attached please find responses of Rockland Electric Company to the Utility Specific Questions in Board Staff's March 1, 2012 request.

With regard to the General Questions in the March 1, 2012 request, Rockland Electric Company is joining in a response with the other New Jersey investor owned utilities ("Joint Response"). The Joint Response is being transmitted to Board Staff separately by Public Service Electric and Gas Company.

Very truly yours,


MARGARET COMES

Attachments

c: email list

**Rockland Electric Company
Response to Societal Benefits Charge Law Request for Comments
Utility Specific Questions**

- **Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.**

Currently, the Company does not have access to, and therefore cannot track, information regarding individual customer participation in NJ Clean Energy Programs. Accordingly, the Company favors a process wherein, eligible C&I customers would submit applications to the NJ Clean Energy Program Administrator. The Administrator would compile customer and project information, review the project technical qualifications, conduct any necessary pre-inspections, contact the utility(s) in order to determine total SBC payments by the customer, and subtract any previous rebates from this amount. Assuming all other qualifications are met, the Administrator then would initiate an approval recommendation to the Board for the remaining allowable incentive.

RECO does not currently track SBC amounts billed to individual customers. Changes to RECO's billing system would be required in order to enable it to provide that information.

- **What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.**

It is not possible to estimate the costs of billing system changes needed to implement the law until the specific method of implementation, including the details of utility company involvement, is determined by the Board.

- **Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.**

Please see the attached, which details the SBC charges paid by component by the 25 top C&I customers for calendar year 2011.

- **Also provide the total SBC collected in the last CY from C&I customers.**

Please see the attached, which details the total SBC collections by component from C&I customers for calendar year 2011.

Rockland Electric Company
SBC Law - Response to Request for Comments
Utility Specific Questions

SBC Amounts Paid by Top 25 C&I Customers for CY 2011 (Excluding SUT)

<u>Customer</u>	<u>DSM/Clean Energy Revenue</u>	<u>USF Revenue</u>	<u>Lifeline Revenue</u>	<u>Total SBC Paid</u>
1	\$112,375	\$74,262	\$23,145	\$209,782
2	82,121	54,176	16,911	153,208
3	69,037	45,453	14,214	128,704
4	63,372	41,742	13,049	118,163
5	60,741	40,009	12,507	113,257
6	54,675	35,907	11,255	101,838
7	49,168	32,364	10,123	91,655
8	34,558	22,756	7,115	64,429
9	25,224	16,587	5,193	47,004
10	25,051	16,574	5,160	46,785
11	25,007	16,449	5,148	46,604
12	24,089	15,857	4,960	44,905
13	13,109	8,631	2,699	24,439
14	12,875	8,466	2,651	23,992
15	12,721	8,336	2,618	23,676
16	12,357	8,108	2,544	23,008
17	12,287	8,084	2,530	22,900
18	12,275	8,103	2,528	22,907
19	11,610	7,661	2,391	21,663
20	11,471	7,523	2,361	21,354
21	11,206	7,398	2,308	20,912
22	11,180	7,389	2,303	20,873
23	11,034	7,304	2,273	20,610
24	10,882	7,184	2,241	20,307
25	<u>10,692</u>	<u>7,070</u>	<u>2,202</u>	<u>19,964</u>
	\$779,118	\$513,393	\$160,428	\$1,452,939

Rockland Electric Company
SBC Law - Response to Request for Comments
Utility Specific Questions
SBC Amounts Paid by C&I Customers for CY 2011 (Excluding SUT)

<u>DSM/Clean Energy Revenue</u>	<u>USF Revenue</u>	<u>Lifeline Revenue</u>	<u>Total SBC Paid</u>
\$2,712,100	\$1,786,365	\$558,430	\$5,056,895



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THOMAS McKAY, III
ATTORNEY RESPONSIBLE
FOR NJ PRACTICE

Daniel J. Bitonti
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March 16, 2012

VIA E-MAIL (MICHAEL.WINKA@BPU.STATE.NJ.US)

Michael Winka, Director
Office of Clean Energy
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

***Re: Rule Proposal to Implement Societal Benefits Clause ("SBC") Credits
South Jersey Gas Company Responses to Utility Specific Questions***

Dear Mr. Winka:

We write on behalf of South Jersey Gas Company ("South Jersey" or the "Company"). Thank you for the opportunity to provide input and assist the Board of Public Utilities ("BPU") in creating the procedures for the proper and efficient implementation of the societal benefits clause ("SBC") credits mandated under the recently-enacted statute (the "Act"). As interested parties, the State's investor owned utilities combined efforts and submitted joint comments in response to the six (6) general questions. These comments were submitted under separate cover by Public Service Electric & Gas Company.

In addition, South Jersey offers the following responses to the four (4) utility-specific questions posed by the BPU:

- **Please explain how the utilities track SBC information currently, whether this would change with the implementation of the new credit, and if so, how.**

Within South Jersey's customer billing system, the various rate components of the SBC are maintained separately, as are all other Company rate components. Monthly reports are generated from the billing system that provide a breakdown, by rate component, of

the amounts billed and associated volumes. At this time it is unclear how the credit would be administered. If the credit is required to be administered by South Jersey, it will be necessary for the Company to implement significant changes to and investments in our billing and tracking mechanism.

- **What changes, if any, need to be made to utility billing systems to accommodate implementation of this law? Please provide the estimated cost of any systems or changes to systems needed to implement this law.**

Implementation of the credit provision applicable to customer specific accounts would require extensive programming changes as well as significant manual adjustments for specific customer accounts. The specific programming cost and actual feasibility of such a change are impossible to estimate without defined parameters, such as 1) which customer classes are eligible, 2) the manner in which the credit would be applied (i.e. volumetric or flat fee) and 3) the time frame for which the credit is applicable. Despite the inability to estimate at present, we expect the cost to be significant.

- **Please provide a list of the SBC charge paid by the top 25 C&I customers who pay the highest SBC, without listing the C&I customer's name. Since the names of the customers are not being provided we are requesting that the utilities, to the extent possible, match their gas list with the corresponding electric list to see if a large gas customer is also a large electric customer.**

Please see attached.

- **Provide the total SBC collected in the last calendar year from C&I customers.**

Total amounts billed by South Jersey:

RAC \$4.9 million

CLEP \$4.1 million

USF \$5.3 million

Total - \$14.3 million

Michael Winka, Director
March 16, 2012
Page 3

Thank you for the opportunity to provide these comments. Should you have any questions or require additional information please contact me at your convenience.

Very truly yours,

COZEN O'CONNOR, PC



BY: DANIEL J. BITONTI

DJB/lbs

cc: Service List (*via email*)

SJG's Top 25 Customers 1/1/2011-12/31/2011 Who Paid the Highest SBC

	<u>Total</u>
1	\$1,973,152
2	\$580,479
3	\$558,628
4	\$479,066
5	\$471,156
6	\$342,151
7	\$335,800
8	\$289,156
9	\$232,007
10	\$193,200
11	\$181,301
12	\$166,906
13	\$150,512
14	\$148,553
15	\$147,854
16	\$136,176
17	\$127,435
18	\$107,976
19	\$101,600
20	\$88,705
21	\$81,535
22	\$80,459
23	\$73,700
24	\$73,358
25	\$71,459
	\$7,192,324