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May 2, 2012

VIA HAND DELIVERY

Kristi Izzo, Board Secretary
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton NJ 08625

Re: In the Matter of the Petition of South Jersey Gas Company for Approval of an Energy Efficiency Program ("EEP") With an Associated Energy Efficiency Tracker ("EET"), Pursuant to N.J.S.A. 48:3-98.1

Dear Secretary Izzo:

This firm represents South Jersey Gas Company ("South Jersey") in the referenced matter. On behalf of South Jersey we are filing herewith the original and ten (10) copies of a Petition and Exhibits.

Also enclosed herewith are two (2) additional copies of the Petition and Exhibits, marked "File Copy". Please stamp each File Copy as "Received", and return them to our messenger.

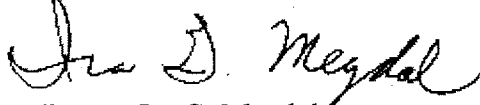
Kristi Izzo, Board Secretary
May 2, 2012
Page 2

Also enclosed is an additional copy of this letter with a return envelope, postage prepaid, in which we would appreciate you sending back to us with a docket number inserted once one has been assigned.

Thank you for your attention to this matter.

Very truly yours,

COZEN O'CONNOR, PC

A handwritten signature in cursive script, appearing to read "Ira G. Megdal".

By: Ira G. Megdal

IGM/bab
Enclosures

cc: Service List Attached (*via e-mail and regular mail*)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF AN ENERGY EFFICIENCY PROGRAM (“EEP”) WITH AN
ASSOCIATED ENERGY EFFICIENCY TRACKER (“EET”), PURSUANT TO N.J.S.A.
48:3-98.1**

BPU DOCKET NO. _____

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF AN ENERGY EFFICIENCY : DOCKET NO.
PROGRAM ("EEP") WITH AN ASSOCIATED :
ENERGY EFFICIENCY TRACKER ("EET"), :
PURSUANT TO N.J.S.A. 48:3-98.1 :

PETITION, CASE SUMMARY AND EXHIBITS

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR :
APPROVAL OF AN ENERGY EFFICIENCY : DOCKET NO.
PROGRAM (“EEP”) WITH AN ASSOCIATED :
ENERGY EFFICIENCY TRACKER (“EET”), :
PURSUANT TO N.J.S.A. 48:3-98.1 :

South Jersey files the within Petition with the Board for approval of an Energy Efficiency Program (“EEP”). Pursuant to this filing, South Jersey is also requesting that the Board permit South Jersey to continue its Energy Efficiency Tracker (“EET”) to recover all costs associated with the EEP. South Jersey is also requesting that it be allowed to earn a return on and a return of investments associated with the EEP. These programs will provide customers with increased incentives to reduce their natural gas consumption. If approved by the Board, the impact of the proposed changes in the EET Charges on typical Residential customer using 100 therms during a winter month would be an increase of \$0.50 or 0.038%.

This Petition is being filed under the State’s Regional Greenhouse Gas Initiative (“RGGI”) legislation and directly supports New Jersey’s Energy Master Plan.

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR : PETITION
APPROVAL OF AN ENERGY EFFICIENCY :
PROGRAM (“EEP”) WITH AN ASSOCIATED : DOCKET NO.
ENERGY EFFICIENCY TRACKER (“EET”), :
PURSUANT TO N.J.S.A. 48:3-98.1 :

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

Petitioner, South Jersey Gas Company (“South Jersey,” “Petitioner,” or “Company”), a public utility corporation of the State of New Jersey with its principal office at One South Jersey Plaza, Folsom, New Jersey, hereby petitions this Honorable Board of Public Utilities (“Board”) for approval of an energy efficiency program with an associated energy efficiency tracker. In support of this Petition, South Jersey states as follows:

I. INTRODUCTION

1. South Jersey is engaged in the transmission, distribution, transportation, and sale of natural gas within its defined service territory within the State of New Jersey. Said service territory includes all or portions of the following counties: Atlantic, Burlington, Camden, Cape May, Cumberland, Gloucester and Salem. Within its service territory South Jersey serves approximately 350,000 customers.

2. South Jersey is subject to regulation by the Board for the purposes of insuring safe, adequate and proper natural gas service pursuant to N.J.S.A. 48:2-23.

II. BACKGROUND

3. In enacting N.J.S.A. 26:2C-45 (“RGGI Legislation”), the New Jersey Legislature determined that energy efficiency and conservation measures are essential elements within all

future energy planning. In fact, the RGGI Legislation stressed the importance of a coordinated Statewide effort toward reaching its aggressive goals which include the active involvement and participation of public utilities through the establishment of competitive energy efficiency and conservation programs.

4. Pursuant to the RGGI Legislation, an electric or natural gas utility can offer and invest in regulated energy efficiency and conservation programs within its service territory. *N.J.S.A.* 48:3-98.1. Furthermore, utilities are authorized to seek approval from the Board for recovery of costs related to such programs. *Id.* That recovery may include a return on equity, the establishment of incentives and the development of a rate mechanism that breaks the link between utility revenues and customer usage. *Id.* The eligible ratemaking treatments can provide for the inclusion of certain related investments in rate base or the recovery of such costs through a Board approved method. *Id.*

5. On May 8, 2008, the Board issued an Order (the “RGGI Order”) pursuant to *N.J.S.A.* 48:3-98.1(c). The RGGI Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis, provided that the utility files a petition and obtains Board approval for such programs and a mechanism for cost recovery.

6. On January 23, 2009, in accordance with that RGGI Order, South Jersey filed a Petition seeking Board approval of an Energy Efficiency Program (“EEP”) with an associated Energy Efficiency Tracker (“EET”), pursuant to *N.J.S.A.* 48:3-98.1.

7. That Petition was assigned Docket No. GO09010059 by the Board, which retained jurisdiction.

8. In an Order dated July 24, 2009 (the “July Order”), the Board approved the EEP for South Jersey and the recovery of costs incurred by adopting the terms of the Stipulation

entered into among South Jersey, Board Staff and the Division of Rate Counsel (“Rate Counsel”).

9. The Board Order authorized the Company to recover all revenue requirements associated with the EEP. Cost recovery was through the creation of an EET, which consisted of two parts. One part allowed the Company to earn a return on the investment and recover the amortization of the regulatory assets to be created upon South Jersey’s balance sheet. The other part of the EET recovered incremental Operating and Maintenance (“O&M”) expenses associated with the EEP.

10. Pursuant to the July Order, the initial EET rate was established as \$0.0024 per therm, including taxes.

11. Also, according to the July Order, the Company was required to submit annual EEP cash recovery filings to establish future EET rates.

12. On July 9, 2010, the Company submitted its first annual filing with the Board. This filing was assigned Docket No. GO10070466.

13. In this July 2010 filing, the Company sought to increase the EET rate to \$0.0078 per therm, including taxes. After proper notice, public hearings were held in Voorhees, New Jersey on January 13, 2011 in Docket No. GO10070466.

14. Voluminous discovery has been taken in Docket No. GO10070466, however, it remains open at the Board.

15. On June 1, 2011, South Jersey filed its second annual Petition with the Board seeking approval of an increase in the cost recovery associated with its EEP.

16. Through the second EET annual Petition, South Jersey sought an increase of the existing EET rate to \$0.0096 per therm, including taxes.

17. This matter was assigned Docket No. GR11060336 by the Board and remains open.

18. It is the Company's expectation that these two outstanding EET annual Petitions will be resolved before the disposition of this Petition.

19. Thus, the rate change of \$0.0050 including taxes requested in this Petition is incremental to the EET rate of \$0.0078 and \$0.0096 from the outstanding EET Petitions for a total rate of \$0.0146. See Exhibit 7.

20. The Company's current EEP is scheduled to end in April 2012.

21. In furtherance of its commitment to energy efficiency and conservation, South Jersey has developed additional energy efficiency programs which will be discussed in this Petition. These programs have been designed to complement or supplement the existing New Jersey Clean Energy Program ("CEP") offers, either through enhancements of or additions to such programs.

22. These energy efficiency programs do not duplicate or eliminate any of the CEP programs. However, they are intended to increase customer awareness, enhance participation and support utilization of CEP efforts throughout the State.

23. Consistent with the focus of the RGGI Legislation and the Energy Master Plan, the energy efficiency programs proposed by South Jersey are geared toward encouraging customers to reduce their overall energy usage. They also have the beneficial effect of creating additional jobs in the energy efficiency market.

III. PROGRAMS TO BE OFFERED

24. South Jersey proposes five new Energy Efficiency Programs (“EEP II”) targeted at the RGGI Legislation. The total amount budgeted for these programs is \$24,238,341 to be spent through December 2013. This budgeted amount is based on projected expenditures. A general overview of these five programs is set forth below, with descriptions of each provided in Exhibits 1 through 5. Exhibit 6 provides a breakdown of the budgets of the five programs.

Enhanced Residential HVAC Energy Efficiency Program

25. South Jersey’s Enhanced Residential HVAC Energy Efficiency Program is designed to motivate customers with existing HVAC equipment scheduled to be replaced due to immediate or imminent equipment failure to install high efficiency heating equipment by offering financing incentives. For a detailed description and projected program expenditures for this Program, please see Exhibit 1.

The Natural Gas Vehicle Grant Program

26. South Jersey’s Natural Gas Vehicle (“NGV”) Grant Program is designed to complement the goals of the New Jersey Energy Master Plan by facilitating changes to New Jersey’s motor vehicle fleet, reducing foreign petroleum-based fuel dependence and greenhouse gas emissions. The Program is targeted for fleet-owned motor vehicle operations within the public sector. Priority will be given to fleets which have high fuel usage such as buses, refuse trucks, government public works vehicles, police cars and emergency vehicles that operate on a consistent basis. For a detailed description and projected program expenditures for this Program, please see Exhibit 2.

Social Marketing and Education Program

27. South Jersey's Social Marketing and Education Program is designed to motivate residential customers to reduce their energy consumption by comparing those to other similar homeowners through customized energy reports. The program will target a specific community of approximately 25,000 residential customers whose homes were built more than twenty (20) years ago. For a detailed description and projected program expenditures for this Program, please see Exhibit 3.

The Nonresidential Energy Efficiency Finance and Incentive Program

28. South Jersey's Nonresidential Energy Efficiency Finance and Incentive Program is designed to motivate commercial/industrial customers to participate in the New Jersey Clean Commercial Programs through complementary financing and/or incentives. This program is designed to reduce the energy consumption of commercial and industrial customers. For a detailed description and projected program expenditures for this Program, please see Exhibit 4.

Combined Heat and Power and Distributed Generation Technology

29. South Jersey's Combined Heat and Power and Distributed Generation Technology ("CHP") Program is designed to complement the goals of the New Jersey Energy Master Plan. This program will provide an incentive to promote the efficient generation of electricity, and offset thermal loads otherwise satisfied by boilers. This program will be available to commercial and industrial customers. For a detailed description and projected program expenditures for this Program, please see Exhibit 5.

30. It is important to note that customer responsiveness to these initiatives is uncertain. The program budgets are intended to fully fund programs as proposed herein.

However, the regulatory process used to manage the EEP II, must be flexible in order to properly respond to South Jersey's customers' interest and the economy. South Jersey's programs are based upon the premise that affordable financial plans can promote a rapid increase in customer participation rates for energy efficiency. If the EEP II is approved, it will be important to provide a process for adjustments to programs and budgets on an informal basis.

IV. COST RECOVERY MECHANISM

31. South Jersey proposes that the Board grant approval of recovery of all revenue requirements associated with the EEP II consistent with the previously Board approved EEP. Cost recovery would be through the EET, which would consist of two parts. One part would earn a return on the investment and recover the amortization of the Regulatory Asset ("RA") to be created upon South Jersey's balance sheet. The other part of the EET would recover incremental O&M expenses associated with the EEP.

32. Pursuant to the RGGI Legislation, South Jersey requests that the return on its RA be set equal to the Weighted Average Cost of Capital ("WACC") utilized in South Jersey's most recent base rate case.

33. South Jersey proposes that the revenue requirement will include the following:

- Return on the RA, utilizing the WACC authorized by the Board in South Jersey's most recent base rate case.
- Amortization of the RA established to recover the EEP expenditures over ten (10) years.
- Recovery of incremental O&M expenses related to implementation and operation of the EEP. Incremental O&M will include, but not be limited to, program management, information technology, sales and marketing, program evaluation, training and other costs associated with staffing the required workforce and managing the workforce.

- The revenue factor approved in the Company's most recent base rate case adjusted for the subsequent change in New Jersey Sales and Use Tax.

34. The revenue requirement proposed in this filing is based upon the projected RA and projected incremental O&M expenses. To calculate the rate, the revenue requirement was divided by the applicable projected therm sales for the 12-month period commencing after the Board issues its Order.

35. The Company shall have the discretion to implement a bill credit or a refund at any time throughout the duration of the EET with five (5) days notice to Board Staff and Rate Counsel. The Company shall have the discretion to file a self-implementing rate reduction at any time during the EET with two (2) weeks notice to Board Staff and Rate Counsel.

36. The EEP II, the EET, and all issues related thereto shall be subjected to full examination by Rate Counsel and Staff.

37. As part of the proposal to continue the EET, South Jersey seeks authority from the Board to continue deferred accounting for all applicable EEP II costs. South Jersey also seeks authority to calculate the return on the RA balance using the WACC.

38. Following the EEP II year there will be a true-up. Underrecoveries will be charged to the EET with interest, and overrecoveries will be credited to the EET with interest. Interest shall equal the interest rate on two year treasuries (as established in the Federal Reserve Statistical Release) effective as of each November 1, plus sixty basis points.

V. REQUEST FOR WAIVER OF CERTAIN MFRs

39. In order to afford South Jersey to opportunity to implement the EEP II, and have it running during this year, South Jersey requests waiver of the 180 day review period. In lieu of

the 180 day review period, South Jersey requests expeditious review and approval of this Petition.

40. The RGGI Order requires that South Jersey meet with Board Staff and representatives of Rate Counsel to discuss any RGGI filing, in a Pre-Filing Meeting, to discuss the nature of the RGGI filing 30 days prior to filing. South Jersey, Staff and Rate Counsel met to discuss this Petition on April 19, 2012. Due to the need for expeditious handling of this Petition, South Jersey requests waiver of the 30-day requirement.

41. Pursuant to the RGGI Order, MFRs may be modified by Board Staff as is appropriate on a case-by-case basis. In order to allow expeditious handling of this Petition, South Jersey requests waiver of the following MFRs.

- The MFR requiring a pro forma income statement reflecting operating income at present and proposed rates (N.J.A.C. 14:1-5.12(a)5).
- Waiver of pre-filed testimony.
- Waiver of the requirement of the submission of proposed draft contracts (will be submitted when prepared).
- Waiver of the requirement of the submission of proposed marketing material (will be submitted as prepared).
- Waiver of cost/benefit analysis.

42. Pursuant to the MFRs, for any small scale or pilot program, the utility is only required to provide cost-benefit analysis if such programs are particularly large or complex, which the programs proposed herein are not. A “small scale” project is defined as one that would result in either a rate increase of less than a half of one percent of the average residential customer’s bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances. As demonstrated by the Exhibit 7, the revenue requirement for the proposed EEP

is less than \$5 million. Additionally, all of the proposed programs are for a duration of less than three years. As such, a cost-benefit analysis is not required with this filing. In the event that it does, South Jersey requests a waiver of the requirement to file a cost benefit analysis with this Petition.

43. South Jersey believes that it is submitting sufficient information with this Petition. In the event that this Petition is in any respect not in strict compliance with the MFRs, South Jersey requests a waiver of strict compliance with such MFR, and acceptance of this Petition.

VI. TARIFF CHANGES

44. The Proposed tariff sheet for the Rider implementing the EET as well as other tariff sheets to be affected by this Rider will be submitted under separate cover.

VII. NOTICE

45. South Jersey will give notice of the filing of this Petition and modification of its Tariff to all customers through the publication of a notice in newspapers of general circulation, and service on appropriate public officials. A copy of the proposed form of public notice is attached as Exhibit 10.

VIII. EXHIBITS

46. The following Exhibits are attached to this Petition and incorporated herein:

- Exhibit 1: An Enhanced Residential HVAC Energy Efficiency Program
- Exhibit 2: The Natural Gas Vehicle Grant Program
- Exhibit 3: The Social Marketing and Education Program
- Exhibit 4: The Non-Residential Energy Efficiency Finance and Incentive Program
- Exhibit 5: Combined Heat and Power Program and Distributed Generated Technology (CHP) Program

- Exhibit 6: Program Budgets
- Exhibit 7: Revenue Requirement and Rate Calculation
- Exhibit 8: Monthly Amortization Calculations
- Exhibit 9: Recovery Schedule for EET
- Exhibit 10: Proposed Form of Public Notice

47. Based on the foregoing, and the information provided in the attached schedules, and assuming the rates requested in pending Docket Nos. GO10070466 and GR11060336 are approved, the EET rate will be \$0.0146, including taxes. Also assuming approval of those pending matters, the impact of the incremental \$0.0050 increase, including taxes, proposed EET rate on the bill of a Residential heating customer using 100 therms during a winter month would be an increase of 0.038%.

IX. MISCELLANEOUS

48. South Jersey has served notice and a copy of this filing, together with a copy of the annexed exhibits being filed herewith upon the Division of Rate Counsel and the Division of Law.

X. CONCLUSION AND REQUEST FOR APPROVAL

49. South Jersey requests that the matter be retained at the Board. Rate Counsel and Staff may conduct a full and thorough examination before, during or after the implementation of EET rates.

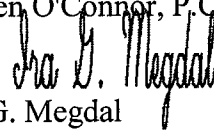
50. For all of the foregoing reasons, South Jersey respectfully requests that the Board retain jurisdiction of this matter and expeditiously issue an Order approving this Petition, specifically finding:

- (a) The Energy Efficiency Program II is in the public interest and South Jersey is authorized to implement and administer these regulated utility services under the terms set forth in this Petition and accompanying Exhibits;
- (b) South Jersey is granted waiver of the provisions of the MFRs;
- (c) South Jersey is authorized to recover all costs as requested herein;
- (d) Approve South Jersey's request for an EET rate of \$0.0050 including taxes.
- (e) South Jersey is authorized to employ deferred accounting;
- (f) South Jersey is authorized to earn a return on the EEP II Regulatory Asset.
- (g) South Jersey is authorized to utilize the revenue requirements methodology as set forth herein; and

- (h) The proposed rates and charges set forth herein are just and reasonable, and South Jersey is authorized to implement the rate proposed or upon issuance of a written Board Order.
-

Respectfully submitted,

Cozen O'Connor, P.C.



Ira G. Megdal
Daniel J. Bitonti
Attorneys for Petitioner
South Jersey Gas Company

DATED: May 2, 2012

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

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LibertyView Building
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Phone: (856) 910-5000

VERIFICATION

I, Steven Cocchi, of full age, being fully sworn according to law upon my oath, depose and say:

1. I am employed by South Jersey Gas Company as Director, Rates & Revenue Requirements.
2. I am authorized to make this verification on behalf of South Jersey Gas Company.
3. I have reviewed the foregoing Petition and verify that the information contained therein is true and correct to the best of my knowledge, information and belief.


Steven Cocchi

Sworn to and subscribed
Before me this *2nd* day of
May, 2012.



CAROLYN JACOBS
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires October 28, 2013



Enhanced Residential HVAC Energy Efficiency Program

Program Description

This program is designed to motivate customers with existing HVAC equipment scheduled to be replaced due to immediate or imminent equipment failure to opt for high efficiency heating equipment. Since this decision will most likely only be made once by most households between now and 2030, it is critical to influence those system purchases now. Accordingly, South Jersey proposes to offer customers the option of either an enhanced rebate (enhancing the NJ Clean Energy Rebate) of \$900 for qualified “WARM Advantage” HVAC equipment purchases, or the ability to borrow up to eight thousand dollars (\$8,000.000), for up to five (5) years, with no money down at zero (0%) interest. Customers will only be entitled to the enhanced rebate or loan if they agree to have a Home Performance with Energy Star® (HPwES) Home Energy Assessment, provided by certified auditors that participate under the terms of the approved NJ Clean Energy Program Home Performance with Energy Star Program.

In the alternative, should the customer choose to install the measures recommended in the assessment prior to any work being performed, and it has been determined that the customer can achieve a minimum savings of 20%, SJG will permit the customer to apply for financing and associated rebates according to the terms and conditions of the NJ Home Performance with Energy Star Program. This financing will not exceed (\$10,000), and the customer will be required to assign all NJ Clean Energy Rebates to SJG.

It is the intention of this program to provide an incentive for customers to make an informed choice toward energy efficiency. Through this program, South Jersey will offer eligible customers a financial package to assist in obtaining HVAC system efficiency, or where the customer chooses, “whole house” energy efficiency, comfort, and savings.

This package will include access to financing opportunities through SJG. The loans will act like “on bill” financing, but will be billed to the customer through a separate billing from the Company. The current SJG billing system does not enable the Company to provide “on bill” financing directly on the customer’s gas bill. Customers who choose to opt for the NJ Home Performance with Energy Star Program® will initially be provided 100% of the cost of the energy efficiency measures, up to the maximum amount allowable in the program, through “up-front” on bill financing. This principal amount will be reduced by the approved NJ Clean Energy Program (NJCEP) incentive. SJG proposes to directly pay such approved incentives; thereby reducing administrative barriers of invoicing the NJCEP, and waiting for funding to be received by South Jersey Gas.

After NJ Home Performance incentive credits are applied to the customer’s account, the principal loan amount will not exceed \$10,000, with repayment over a 10 year term. If the customer is not eligible for a loan or elects to pay directly for the cost of participating in the NJ Home Performance program, SJG is also requesting that the Company be enabled to pay the customer, or their assignee, the approved incentive amount. This rebate would only be released upon notification from the NJCEP that the customer is ready to receive payment.

Customers who finance up to \$8,000 for the cost of replacing their central cooling, heating, and water heating system, and do not go through the Home Performance Track, will not be eligible for any additional rebate from SJG, but could be eligible for a rebate from the NJ Clean Energy Warm or Cool Advantage Programs.

Target Market and Availability

This program will target residential customers that have existing mechanical HVAC and affected water heating equipment in need of replacement. The program will motivate these customers to install high efficiency HVAC equipment and become aware of the opportunity to achieve incremental energy savings, where feasible. It will target customers in existing homes, with good potential for whole house energy savings, and is intended to be utilized as a “driver” to move customers to the NJ Home Performance with Energy Star program.

Offerings and Customer Incentives

South Jersey will offer qualifying customers a direct incentive of \$900, or an \$8,000 interest free, no money down loan for the installation of central HVAC systems that qualify for a rebate under the Clean Energy Program’s Warm or Cool Advantage Program, conditioned upon the customer receiving a NJ Clean Energy Program recognized home assessment. This offer will be coordinated with the appropriate NJ Clean Energy Programs. Direct rebates for customers who participate under the NJCEP Warm Advantage Program and the SJG residential program will not exceed \$900 per heating system from SJG, within a single dwelling unit. Customers are not eligible to participate in the \$8,000 loan offering if they opt for the direct \$900 incentive. Customers who participate in the Home Performance Program, and are eligible for a loan, will only be eligible for the NJCEP approved rebate amount, and will not be eligible for additional SJG incentives. All customers participating in SJG’s residential energy efficiency program will be required to have a recognized home energy assessment that is acceptable to the NJCEP. In cases where customers elect to participate in the NJ Home Performance with Energy Star Program, SJG will provide up to \$10,000 in Company financing, under the approved terms that apply to the NJCEP.

Delivery Method

In addition to SJG’s normal advertising channels, this program will be directly promoted to customers through HVAC contractors, and through BPI accredited contracting firms doing business in Southern New Jersey. South Jersey will work also with an outside vendor to assist SJG in the management of the loan process, and will work with a vendor to process direct rebates to customers. Accredited Home Performance with Energy Star contractors will perform the home energy assessments.

Anticipated Program Participants and Related Savings Estimates

It is anticipated that a total of 2,465 customers will apply for the rebate or loan feature of this program. It is important to emphasize that all of the customers participating in this program will receive a NJ Home Performance Home Energy Assessment. It is further estimated that the average customer opting to upgrade their heating system, or home through a direct incentive or interest free loan from SJG, will save approximately 140 therms per year. It is projected that the potential 2,465 customers participating in the program will save a total of 346,663 therms annually.

Anticipated Job Creation Estimates

It is anticipated that there will be a need for additional hiring by HVAC contractors for the volume of work to be generated, along with the retention of 107 jobs that were created under the previous EET program. It is also anticipated that the equivalent of three (3) people will continue to be needed within SJG to administer and market the programs to both contractors and the public. These three (3) South Jersey Gas Company jobs will be allocated across all of the proposed programs addressed in this petition. It is also anticipated that additional resources could be needed to assist in the management of the loan process.

NJCEP Similarities and Differences

The South Jersey program is designed to add to the Clean Energy Program's current \$400 'Warm Advantage' heating system incentive, thereby removing the first cost and finance issues that often prevent customers from making the choice for energy efficiency. It is important to note that when a customer installs a central high efficiency heating and cooling system, one must consider the fact that the replacement of a central air conditioner will drive the need to replace an older central heating system due compatibility issues. Moreover, as a result of replacing the gas heating system with a high efficiency unit, the "orphaned" gas water heater will either need to have the chimney lined, or the water heater will need to be replaced with a direct power vented unit. The total cost of this work could easily meet or exceed \$8,000. Another difference between the South Jersey and the Clean Energy Programs is that the South Jersey HVAC program incentive is conditioned upon a home assessment, and is designed to motivate customers to participate in South Jersey's proposed Enhanced Residential HVAC Program.

NJCEP Program Complements

The South Jersey initiative complements the existing Clean Energy "Warm Advantage" Program by offsetting the cost differences between standard baseline equipment and high efficiency heating systems. Heating system upgrades to high efficiency units by themselves can cost \$5,000 or more. However, due to the fact that heating and cooling systems need to operate as a complete system, the cost difference between standard and high efficiency installations can often reach several thousand dollars more than the customer originally anticipated. We believe that our funding proposal will motivate customers to invest in high efficiency equipment, while providing a means to offer qualified customers an affordable financing plan. Our approach is to develop a

coordinated, layered approach to partnering with the customer. More importantly, this program can help customers understand that the heating and cooling plant is not the only place where energy can be used more efficiently. This is especially true as the industry becomes more sensitive to the issue of “orphaned” gas appliances such as water heaters, and impacts to negative zonal pressures within the home. It is our intention to show customers how they can easily take advantage of this program, or the Home Performance with Energy Star Program. It is also important to highlight the fact that financing for SJG customers participating in the NJ Home Performance with Energy Star program will be provided under the same terms that are approved for customers who participate in the Home Performance program in other parts of the State.

Budget

South Jersey will commit up to \$14,528,424 for this program segment.

Natural Gas Vehicle (NGV) Grant Program

Program Description

This program is designed to complement the goals of the New Jersey Energy Master Plan by facilitating changes to New Jersey's motor vehicle fleet, reducing foreign petroleum-based fuel dependence and greenhouse gas (GHG) emissions. Additionally, the program is aligned with major New Jersey initiatives and will contribute toward the stabilization of property taxes and the encouragement of shared services within government entities. This program will provide a direct incentive to promote the efficient use of compressed natural gas (CNG) as a motor vehicle fuel in fleet applications, and offset gasoline and diesel consumption otherwise satisfied by petroleum-based fuel. The program will achieve this goal by providing grants for the up fit of newly purchased vehicles.

Target Market and Eligibility

The program is targeted for fleet owned motor vehicle operations within the public sector. Priority will be given to fleets which have high-fuel use such as buses, refuse trucks, government public works vehicles, police cars and emergency vehicles that will operate on a consistent basis.

Offerings and Customer Incentives

Under this program South Jersey proposes to offer the following incentive:

- South Jersey will offer vehicle grants, up to \$250,000 per individual applicant (e.g., a particular fire department, a particular police department, department of public works department, etc.) , for the up-fitting of any new petroleum-based fuel vehicle to compressed natural gas. The grant will pay for the complete cost of the vehicle up fit to CNG.

Delivery Methods

This program will be delivered through SJG's Energy Efficiency & Consulting Team, SJG's Government Affairs staff, CNG contracting companies, and other interested state, county and municipal entities.

Anticipated Program Participants and Related Savings Estimates

It is estimated that this program will incent the purchase of up to one hundred twenty (120) new CNG vehicles.

Anticipated Job Creation Estimates

It is anticipated that there will be indirect job creation through the up fitting market. Currently there are few regional vendors that possess certified and trained employees to perform vehicle upfits and maintenance. With the approximately one hundred twenty (120) vehicles to be upfitted over the life of this program, new firms and existing firms will need resources to satisfy market demand.

NJCEP Similarities and Differences

This initiative is in support of the NJ Energy Master Plan; but is not currently aligned with a particular NJCEP initiative.

Budget

South Jersey will commit up to \$3,220,000 to this program segment.

Social Marketing and Education Program

Program Description

South Jersey Gas will contract with OPOWER to conduct a 3-year pilot program to test their service as both an energy-efficiency program that influences customer behavior, and as a means to leverage customer participation in other energy-efficiency and conservation programs. As part of this pilot, approximately 25,000 residential customers will receive six (6) customized letters per year that provide relevant information on their energy usage. In addition to receiving these letters, participating customers will have access to on-line resources that address potential energy saving options and provide information on actions taken by other similarly situated customers. Through the use of control groups, this program has been shown to be successful in reducing customer energy usage cost-effectively by the transfer of information alone, and also in increasing customer participation rates in companion energy-efficiency programs. OPOWER will maintain a control group of SJG customers to allow result verification within our service territory.

Target Market and Availability

This program will be targeted to a specified community of residential customers whose homes were built more than twenty (20) years ago. Though the residents of the targeted area may have had their mechanical equipment replaced since it was originally installed, there are several ways for customers to alter their current energy behaviors, and to take advantage of energy efficiency programs.

Offerings and Customer Incentives

This program is not an incentive based program. It is a program designed to motivate customers to reduce their energy consumption, and their environmental footprint, by comparing them to other similar homeowners through customized energy reports.

Delivery Method

This program will be directly promoted to customers through a partnership with OPOWER. This company is well known throughout the energy industry, and is guided by respected former energy regulators. Customers will be selected by their highest usage, in order to maximize savings opportunities. Preferably, customers should be residents in their home for at least one year, and the home cannot be seasonal. Other criteria will be used as well; such as customer demographics, income, and location. Once the households are selected, a computer allocation will be performed to select a control and test group.

Anticipated Program Participants and Related Savings Estimates

It is anticipated that 25,000 customers will participate in this pilot program over a three (3) year period.

Anticipated Job Creation Estimates

This program is not expected to generate employment, but is designed to generate sustained energy savings.

NJCEP Similarities and Differences

This program is not designed similar to any existing NJCEP programs.

NJCEP Program Complements

The South Jersey initiative is similar to the existing New Jersey Natural Gas Program, which has been in existence for about one year.

Budget

South Jersey will commit up to \$1,039,000 for this program segment over a three (3) year timeframe.

Non Residential Energy Efficiency Finance and Incentive Program

Program Description

This program is designed to motivate commercial and industrial customers, served by SJG, to participate in the NJ Clean Energy Commercial Programs (NJCEP) through complementary financing and / or incentives provided SJG.

It is intended that eligible commercial / industrial customers will be provided with a combination of SJG interest free financing, plus incentives that match NJCEP incentives. Matching incentives will not exceed \$100,000.

It is proposed that SJG provide financing for qualified customers who apply for an incentive through any of the NJ Clean Energy Commercial / Industrial Programs. These SJG loans will act like "on bill" financing, and will cover any measure allowed by any of the NJCEP commercial / industrial programs, provided that the customer is, or becomes a customer of record during the duration of this plan. These no interest loans will have terms of up to 10 years, depending upon the size of the project. Should the customer have a monthly electric demand of 150KW or less, the customer may be eligible for a loan of up to 5 years, and up to \$75,000 per account maximized at \$250,000 per entity. For customers with an electric demand greater than 150KW, the term will be up to 10 years, and up to \$250,000 per account, maximized at \$500,000 per entity. In both instances, a down payment will not be required. An energy assessment of the facility will be required by SJG, when similar requirements are mandated by the terms of the corresponding NJCEP program.

The loans will be structured such that any approved customer incentive, whether from the NJCEP or SJG, will be assigned back to SJG in order to reduce the principal value of the loan, thereby reducing the monthly customer payment during the term of the loan. SJG proposes that all incentives due to a customer be paid directly by SJG.

Target Market and Eligibility

This Program is targeted at non-residential customers. The plan will apply to any measure covered by the NJCEP commercial / industrial program, provided that the building has a South Jersey Gas account, or has applied for gas service from SJG and is in SJG's service area.

Criteria for Program Selection

The program was selected in order to offer a complete package of energy efficiency offerings to businesses who suffer the greatest risk from today's unsettling financial conditions and energy costs. These customers are often owner/operated and would therefore greatly benefit from a

program that is consistent with the goal of New Jersey's Energy Master Plan, which is to assist all classes of customers through energy reductions. This program presents an affordable, aggressive method for business owners to invest in energy efficiency upgrades, while taking initiatives to control costs that will help preserve their businesses.

Proposed Program Offering

Due to several unforeseen challenges that the NJCEP encountered in attempting to market this program throughout the Southern New Jersey region, participation has been limited. SJG proposes to continue to offer qualified customers the opportunity to have access to enhanced incentives and commercial zero interest, no money down financing. These loans will be provided through an "on bill" repayment feature, that will offer a term of up to five (5) years for non residential customers that have an electric demand up to 150 Kw, and up to ten (10) years for non residential customers with an electric demand of greater than 150 Kw. It is also proposed that all approved incentives be assigned to South Jersey Gas to buy down the principal value of the customer loan.

Delivery Method

This program will be directly promoted to customers through the NJCEP network of contractors, along with supporting licensed contractors that perform mechanical work throughout our South Jersey region. South Jersey will work also with an outside vendor to assist SJG in their management of the loan process.

Anticipated Program Participants and Related Savings Estimates

It is anticipated that a total of approximately 100 customers will participate in this program. It is further estimated that the average customer will save approximately 1,466 therms per year under this program. It is expected that the total energy savings will amount to 146,655 therms annually.

Anticipated Job Creation Estimates

It is anticipated that there will be need for additional HVAC contractors for the volume of work to be generated. It is expected that this program will also retain the equivalent of twenty five (25) HVAC installer and sales jobs, and five (5) auditor jobs. It is also anticipated that equivalent of three (3) people will continue to be needed within South Jersey to administer and market the programs to both contractors and the public. These three (3) South Jersey Gas Company jobs will be allocated across all of the proposed programs addressed in this petition. It is also anticipated that additional resources to assist with the management of the loan process.

NJCEP Similarities and Differences

This South Jersey initiative is more robust than the current suite of NJCEP Commercial / Industrial programs. However, this plan is designed to work in partnership with the NJCEP in order to facilitate customer participation in all commercial customer classes. The SJG on bill financing feature will serve as a stimulus to the customer to take advantage of an easy financing plan. The major difference between the SJG and the NJCEP plan is ability of SJG to provide non - secured; “on bill” loans to customers quickly. This program will also provide the customer with a lower principal amount, due to the fact that all of the applicable incentives will be used to buy down the loan.

NJCEP Program Complements

The South Jersey plan is designed to complement the approved 2012 NJCEP Commercial / Industrial Program. None of the incentives that will be provided by SJG will be based on criteria that are different than the criteria approved by the NJBPU in the NJCEP offerings. This program is built upon a premise that with an affordable monthly customer payment, positive cash flows could be generated through savings, which may be greater than the cost of the monthly installments.

Budget

South Jersey will commit up to \$2,387,317 for this program segment.

Combined Heat and Power (CHP) Program

Program Description

This program is designed to complement the goals of the New Jersey Energy Master Plan and reduce energy consumption and carbon emissions by lowering dependence upon the electric grid. This program will provide an incentive to promote the efficient generation of electricity, and offset thermal loads otherwise satisfied by boilers. A rate and contract mechanism offset separate from this program, will be designed to stabilize natural gas prices over a fixed term in order to mitigate the volatility of natural gas prices. South Jersey will provide a direct incentive to match the incentives of the Clean Energy Program, or any other State agency with the authority to offer an incentive for this technology. The program will achieve this goal by:

- Providing an incentive for the efficient generation of electricity to one or more consumers and to recycle energy to offset thermal loads otherwise satisfied by boilers or other thermal load equipment

Target Market and Eligibility

The program is targeted to small, as well as large, commercial/industrial customers and to localities where anticipated growth is expected to create a heavy electric demand upon the existing power infrastructure. One such locality is the area of Atlantic City. Other localities include areas of electric congestion, which affect Location Marginal Pricing. Priority will be given to medical and institutional facilities and other facilities which operate 24 hours per day, 7 days per week on a consistent basis.

Offerings and Customer Incentives

Under this program South Jersey proposes to offer a matching incentive of up to one million dollars (\$1,000,000) per applicant for any project that is eligible to receive an incentive, grant, or rebate from any NJ State Agency or as a result of any solicitation approved by an agent of the State of NJ.

Proposed Program Offering

The Company proposes to offer a matching incentive of up to one million dollars (\$1,000,000) per applicant for any project that is eligible to receive an incentive, grant, or rebate from any NJ State Agency or as a result of any solicitation approved by an agent of the State of NJ.

Delivery Methods

This program will be delivered through engineering firms, energy service companies and mechanical contractors, coordinated by utility sales engineers at South Jersey Gas Company. The Economic Development Authority, Office of Clean Energy, or any other state agency will be requested to provide information concerning the South Jersey Gas Company program, to all potential applicants. We will offer the program on a “first come-first served” basis to qualified applicants. The Company will also host seminars with large commercial / industrial customers to inform them about the suite of programs available to them, including combined heat and power.

Anticipated Program Participants and Related Savings Estimates

It is estimated that this program will produce three (3) installations which will offset 4.5 Mw by the end of 2013.

Anticipated Job Creation Estimates

It is estimated that approximately fifty (50) people will be needed to develop, design, build, and operate the CHP plants.

NJCEP Similarities and Differences

The incentives offered by South Jersey Gas will be identical to the criteria utilized for programs which may be offered by the NJ Clean Energy Program, the EDA, or any agency approved by the State of NJ to offer such a solicitation.

NJCEP Program Complements

The incentive under this South Jersey initiative is designed to complement the goals and designs of the NJ Clean Energy Program, the NJ Economic Development Authority, or any Combined Heat and Power solicitation approved by the State of New Jersey. It is proposed that the savings data be calculated in collaboration with the Commercial/Industrial Market Manager for the Clean Energy Program.

Budget

South Jersey will commit up to \$3,063,600 to this program segment.

**South Jersey Gas Company
Proposed EEP II Budget**

	Investment	O&M	Total
Residential Energy Efficiency			
Residential Loans	\$10,838,322		
Residential Direct Rebate	\$900,000		
Residential Incentive Reassigned to SJG	\$1,467,916		
Total	\$13,206,238	\$1,322,186	\$14,528,424
Social Marketing			
	\$0	\$1,039,000	\$1,039,000
Commercial Programs			
Commercial Loans	\$1,000,000		
Commercial Direct Rebate	\$300,000		
Commercial Incentive Reassigned to SJG	\$700,000		
Combined Heat & Power	\$3,000,000		
Natural Gas Vehicles	\$3,000,000		
Total	\$8,000,000	\$670,917	\$8,670,917
Total Spending			
	\$21,206,238	\$3,032,103	\$24,238,341

South Jersey Gas Company
Energy Efficiency Tracker II
Revenue Requirement

	Projected Nov-12	Projected Dec-12	Projected Jan-13	Projected Feb-13	Projected Mar-13	Projected Apr-13	Projected May-13	Projected Jun-13	Projected Jul-13	Projected Aug-13	Projected Sep-13	Projected Oct-13	Total
Monthly Investment	\$ -	\$ 201,218	\$ 753,854	\$ 945,420	\$ 1,373,113	\$ 1,440,151	\$ 1,601,216	\$ 1,624,341	\$ 1,471,128	\$ 2,454,503	\$ 1,692,789	\$ 2,836,991	\$ 16,394,724
LESS CHP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,000,000)	\$ -	\$ (1,000,000)	\$ (2,000,000)
Less Loan Repayments	\$ -	\$ -	\$ (3,354)	\$ (14,104)	\$ (25,603)	\$ (37,971)	\$ (50,417)	\$ (64,493)	\$ (78,449)	\$ (89,778)	\$ (101,106)	\$ (116,180)	\$ (581,455)
Less Reassignment of Grants to SUG	\$ -	\$ -	\$ -	\$ -	\$ (78,498)	\$ (119,123)	\$ (166,747)	\$ (184,672)	\$ (204,297)	\$ (204,297)	\$ (177,672)	\$ (177,672)	\$ (1,312,978)
Net Monthly Investment	\$ -	\$ 201,218	\$ 750,500	\$ 931,316	\$ 1,269,011	\$ 1,283,057	\$ 1,384,052	\$ 1,375,176	\$ 1,188,382	\$ 1,160,429	\$ 1,414,011	\$ 1,543,139	\$ 12,500,291
Cumulative Investment	\$ -	\$ 201,218	\$ 951,718	\$ 1,883,035	\$ 3,152,046	\$ 4,435,103	\$ 5,819,155	\$ 7,194,331	\$ 8,382,713	\$ 9,543,141	\$ 10,957,152	\$ 12,500,291	\$ 12,500,291
Less Accumulated Amortization	\$ -	\$ -	\$ (1,677)	\$ (9,636)	\$ (25,473)	\$ (52,753)	\$ (92,035)	\$ (144,659)	\$ (210,820)	\$ (289,241)	\$ (388,115)	\$ (501,096)	\$ (501,096)
Less Accumulated Deferred Tax	\$ -	\$ (82,198)	\$ (389,462)	\$ (772,415)	\$ (1,326,862)	\$ (1,904,019)	\$ (2,542,070)	\$ (3,184,116)	\$ (3,758,045)	\$ (4,728,675)	\$ (5,379,789)	\$ (6,492,547)	\$ (6,492,547)
Net Investment	\$ -	\$ 119,021	\$ 560,580	\$ 1,100,984	\$ 1,799,711	\$ 2,478,330	\$ 3,185,050	\$ 3,865,556	\$ 4,413,848	\$ 4,525,226	\$ 5,189,248	\$ 5,506,648	\$ 5,506,648
Rate of Return (11.85% /12)	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%	0.9875%
Required Net Operating Income	\$ -	\$ 1,175	\$ 5,536	\$ 10,872	\$ 17,772	\$ 24,474	\$ 31,452	\$ 38,172	\$ 43,587	\$ 44,887	\$ 51,244	\$ 54,378	\$ 323,349
Incremental O&M Pre Tax	\$ 50,728	\$ 119,156	\$ 192,104	\$ 177,104	\$ 181,104	\$ 207,416	\$ 179,771	\$ 196,104	\$ 177,104	\$ 177,104	\$ 177,104	\$ 177,104	\$ 2,011,901
Pre Tax Amortization	\$ -	\$ -	\$ 1,677	\$ 7,959	\$ 15,837	\$ 27,280	\$ 39,281	\$ 52,625	\$ 66,161	\$ 78,420	\$ 98,875	\$ 112,981	\$ 501,096
Operating Income	\$ 50,728	\$ 120,331	\$ 199,316	\$ 195,935	\$ 214,713	\$ 259,169	\$ 250,505	\$ 286,901	\$ 286,852	\$ 300,211	\$ 327,222	\$ 344,463	\$ 2,836,346
Revenue Factor	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843	1.0843
Revenue Requirement	\$ 55,004	\$ 130,475	\$ 216,119	\$ 212,452	\$ 232,814	\$ 281,017	\$ 271,622	\$ 311,087	\$ 311,033	\$ 325,519	\$ 354,807	\$ 373,501	\$ 3,075,450
Revenue Requirement Excluding SUT	\$ 51,406	\$ 121,939	\$ 201,980	\$ 198,554	\$ 217,563	\$ 262,633	\$ 253,852	\$ 290,735	\$ 290,685	\$ 304,223	\$ 331,595	\$ 349,067	\$ 2,874,253

Therms 614,845,795

Rate Per Therm Excluding SUT \$ 0.0047

Rate Per Therm Including SUT \$ 0.0050

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Program Total	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14
Nov-12	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dec-12	201,218	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677
Jan-13	753,854	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282
Feb-13	945,420	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879
Mar-13	1,373,113	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443
Apr-13	1,440,151	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001
May-13	1,601,216	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343
Jun-13	1,624,341	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536
Jul-13	1,471,128	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259
Aug-13	2,454,503	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454
Sep-13	1,692,789	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107
Oct-13	2,836,991	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642
Nov-13	1,838,367	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942	15,942
Dec-13	2,640,851	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623	136,623
Jan-14	332,297	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719	637,719
Total	21,206,238	1,677	7,959	15,837	27,280	39,281	52,625	66,161	78,420	98,875	112,981	136,623	151,942	151,942

	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Oct-13	Nov-13	Dec-13
Total Program	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Month 13	Month 14
Cumulative Amortization	-	1,677	9,636	25,473	52,753	92,035	144,659	210,820	289,241	388,115	501,096	637,719	789,661	789,661

	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14
	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Month 25	Month 26
Nov-12	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677	1,677
Dec-12	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282	6,282
Jan-13	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879	7,879
Feb-13	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443	11,443
Mar-13	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001	12,001
Apr-13	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343	13,343
May-13	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536	13,536
Jun-13	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259	12,259
Jul-13	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454	20,454
Aug-13	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107	14,107
Sep-13	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642	23,642
Oct-13	15,320	15,320	15,320	15,320	15,320	15,320	15,320	15,320	15,320	15,320	15,320	15,320
Nov-13	22,007	22,007	22,007	22,007	22,007	22,007	22,007	22,007	22,007	22,007	22,007	22,007
Jan-14	173,950	176,719	176,719	176,719	176,719	176,719	176,719	176,719	176,719	176,719	176,719	176,719
Total	963,611	1,140,329	1,317,048	1,493,767	1,670,485	1,847,204	2,023,923	2,200,641	2,377,360	2,554,079	2,730,797	2,907,516

South Jersey Gas Company
Energy Efficiency Tracker II
Monthly Recovery and Interest Calculation

	PROJECTED Nov-12	PROJECTED Dec-12	PROJECTED Jan-13	PROJECTED Feb-13	PROJECTED Mar-13	PROJECTED Apr-13	PROJECTED May-13	PROJECTED Jun-13	PROJECTED Jul-13	PROJECTED Aug-13	PROJECTED Sep-13	PROJECTED Oct-13	Total
1 Period Volumes	39,135,418	67,481,541	93,052,791	91,466,942	83,653,892	56,192,228	37,440,909	30,435,720	32,030,894	30,166,461	26,726,482	27,066,517	614,845,795
2 Recovery Rate	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047	\$ 0.0047
3 Recoveries	\$ 183,936	\$ 317,163	\$ 437,348	\$ 429,895	\$ 393,201	\$ 264,103	\$ 175,972	\$ 143,048	\$ 150,545	\$ 141,782	\$ 125,614	\$ 127,166	\$ 2,889,775
4													
5 Revenue Requirements Excluding SUT	\$ 51,406	\$ 121,939	\$ 201,980	\$ 198,554	\$ 217,583	\$ 262,633	\$ 253,852	\$ 290,735	\$ 290,685	\$ 304,223	\$ 331,595	\$ 349,087	\$ 2,874,263
6													
7 Revenue Requirements Excluding SUT	\$ 183,936	\$ 317,163	\$ 437,348	\$ 429,895	\$ 393,201	\$ 264,103	\$ 175,972	\$ 143,048	\$ 150,545	\$ 141,782	\$ 125,614	\$ 127,166	\$ 2,889,775
8 Less Recoveries	\$ (132,531)	\$ (195,224)	\$ (235,368)	\$ (231,341)	\$ (175,619)	\$ (1,470)	\$ 77,880	\$ 147,687	\$ 140,140	\$ 162,441	\$ 206,981	\$ 221,901	\$ (15,822)
9													
10 Monthly (Over)/Under Recovered Balance	\$ -	\$ (132,531)	\$ (327,755)	\$ (663,123)	\$ (794,464)	\$ (970,082)	\$ (971,552)	\$ (893,672)	\$ (745,985)	\$ (605,845)	\$ (443,404)	\$ (237,424)	\$ -
11 Beginning (Over)/Under Recovered Balance	\$ (132,531)	\$ (327,755)	\$ (663,123)	\$ (794,464)	\$ (970,082)	\$ (971,552)	\$ (893,672)	\$ (745,985)	\$ (605,845)	\$ (443,404)	\$ (237,424)	\$ (15,522)	\$ (15,522)
12													
13 Ending (Over)/Under Recovered Balance	\$ (78,392)	\$ (136,129)	\$ (263,477)	\$ (401,506)	\$ (521,864)	\$ (574,238)	\$ (551,640)	\$ (484,929)	\$ (399,804)	\$ (310,316)	\$ (201,355)	\$ (4,591)	\$ (1,481)
14													
15 Average (Over)/Under Recovered Balance (Net of Taxes)	\$ (30)	\$ (51)	\$ (98)	\$ (151)	\$ (197)	\$ (217)	\$ (208)	\$ (183)	\$ (151)	\$ (117)	\$ (75,93)	\$ (2)	\$ (1,481)
16													
17 Interest (To Customers) / To Company (Net of Taxes)	\$ (30)	\$ (81)	\$ (180)	\$ (332)	\$ (528)	\$ (745)	\$ (953)	\$ (1,136)	\$ (1,287)	\$ (1,404)	\$ (1,480)	\$ (1,481)	\$ (1,481)
18													
19 Cumulative Interest Balance (To Customer)/To Company	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%	0.4525%
20													
21 Interest Rate On (Over)/Under Recovered Balance													
22													
23													

**NOTICE OF FILING OF PETITION
PROPOSING TO IMPLEMENT A NEW RATE
AND OF PUBLIC HEARING**

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL OF AN ENERGY EFFICIENCY PROGRAM (“EEP”)
WITH AN ASSOCIATED ENERGY EFFICIENCY TRACKER (“EET”),
PURSUANT TO N.J.S.A. 48:3-98.1
B.P.U. DOCKET NO.**

NOTICE IS HEREBY GIVEN that pursuant to the statutory authorization granted in N.J.S.A. 48:3-98.1, South Jersey Gas Company (“South Jersey” or the “Company”) has filed a Petition with the New Jersey Board of Public Utilities (the “Board”) seeking approval to implement its Energy Efficiency Program (“EEP”) and also seeking approval of an associated cost recovery mechanism. Pursuant to its filing, South Jersey requested that the Board permit South Jersey to continue an Energy Efficiency Tracker (“EET”) to recover all costs associated with these programs. South Jersey is requesting that it be allowed to earn a return on and a return of investments associated with these programs. These programs will provide customers with increased incentives to reduce their natural gas consumption.

South Jersey seeks Board approval to implement its EEP to offer five energy efficiency programs, resulting in an investment of approximately \$24.2 million through December 2013. The EEP is being filed under the State’s Regional Greenhouse Gas Initiative (“RGGI”) legislation and directly supports the New Jersey’s Energy Master Plan.

South Jersey proposes to recover all EEP costs through a cost recovery mechanism which will operate in a manner consistent with existing Board-approved mechanisms. The proposed EET Charge would be applied to all customer classes, irrespective of volume of gas usage. If approved by the Board, the impact of the proposed EET Charge on typical Residential and General Service customers using less than 5,000 therms per year would be:

Residential Service (RSG)

Therm Level	Bill as of April 18, 2012 (1) & (3)	Bill as of November 1, 2012 (2)	Dollar Increase	Percent Increase	Present EET Charge per Therm (3)	Proposed EET Charge per Therm
25	\$39.98	\$40.11	\$0.13	.33%	\$0.0096	\$0.0146
100	\$133.14	\$133.64	\$0.50	.38%	\$0.0096	\$0.0146
200	\$257.36	\$258.36	\$1.00	.39%	\$0.0096	\$0.0146

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

Therm Level	Bill as of April 18, 2012 (1) & (3)	Bill as of November 1, 2012 (2)	Dollar Increase	Percent Increase	Present EET Charge per Therm (3)	Proposed EET Charge per Therm
500	\$596.01	\$598.51	\$2.50	.42%	\$0.0096	\$0.0146
1,000	\$1,168.21	\$1,173.21	\$5.00	.43%	\$0.0096	\$0.0146
2,000	\$2,312.61	\$2,322.61	\$10.00	.43%	\$0.0096	\$0.0146

- (1) Based upon current Delivery Rates and Basic Gas Supply Service (BGSS) charges in effect January 1, 2012 and assumes that the customer receives BGSS service from South Jersey Gas.
- (2) Same as (1) except includes change in EET.
- (3) Assuming the EET in Docket nos. GO10070466 and GR11060336 are in effect.

The Board has statutory authority to approve the Energy Efficiency Program and the associated Energy Efficiency Tracker in a manner it finds just and reasonable. Therefore, the Board may approve the EEP and EET in different forms than that proposed by South Jersey and may implement a different rate or rates than those proposed by South Jersey.

Copies of the Company's filing are available for inspection at the Company offices located at One South Jersey Plaza, Folsom, New Jersey 08037, or at the Board of Public Utilities, 44 South Clinton Avenue, Trenton, New Jersey 08625.

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

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing. In addition, members of the public may submit written comments concerning the petition to the BPU regardless of whether they attend the hearing by addressing them to: Honorable Kristi Izzo, Secretary, Board of Public Utilities, P.O. Box 350, Trenton, NJ 08625-0350.

SOUTH JERSEY GAS COMPANY
By: Edward Graham, President