

December 17, 2013



**VIA E-MAIL (KRISTI.IZZO@BPU.STATE.NJ.US)
VIA UPS NEXT DAY AIR**

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

**Re: In the Matter of Comprehensive Energy Efficiency and Renewable Energy
Resource Analysis
FY 2014 Program Description and Budget: Compliance Filing
BPU Docket No. EO07030203**

Dear Secretary Izzo:

Pursuant to the Board of Public Utilities' directive in the above-referenced matter, enclosed for filing please find an original and ten (10) copies of the FY 2014 Program Description and Budget for the Utility Residential Low-Income Comfort Partners Program ("Comfort Partners Program"), as revised, dated December 6, 2013. Atlantic City Electric Company, Elizabethtown Gas Company, Jersey Central Power & Light Company, New Jersey Natural Gas Company, Public Service Electric & Gas Company, and South Jersey Gas Company are managing the Comfort Partners Program. The four electric utilities, Atlantic City Electric, JCP&L, PSE&G and Rockland Electric are supporting the Comfort Partners Program.

As demonstrated by the enclosed, funding in the amount of \$34.5 million is required to keep the Comfort Partners Program operating through June 2014. It is the customers that are served by this Program who are the most vulnerable in our State and are in need of assistance. Please note that the utilities anticipate that the Comfort Partners Program will serve between 5,760 to 7,630 customers on a twelve month basis from July 1, 2013 through June 30, 2014. The proposed Budget reduction of \$1.5 million will not negatively impact customer goal attainment below the minimum range of 5,760 participants.

The Comfort Partners Program has been recognized nationally for its success in delivering proven energy savings and continues to have broad based support. The Comfort Partners Program is also a proven example of a successful societal benefits program, as the implemented measures lower the long-term societal costs by reducing or potentially eliminating Universal Service Fund (USF) subsidies for customers that participate in that program over future years. Such plan reduction subsidies has the effect of creating an economic benefit to all ratepayers. This Program is also known for its important work in finding and alleviating potential serious health and safety issues; such as faulty heating equipment, mold prevention, and non-compliant electrical code problems.

Kristi Izzo, Board Secretary

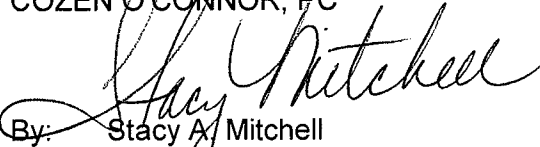
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As such, we respectfully ask the Board to continue its support of the Comfort Partners Program and approve the Budget as set forth in this filing.

Very truly yours,

COZEN O'CONNOR, PC



By:

Stacy A. Mitchell

Attorney for South Jersey Gas Company and on behalf of Public Service Electric & Gas Company, Jersey Central Power & Light Company, Atlantic City Electric Company, Rockland Electric Company, New Jersey Natural Gas Company and Elizabethtown Gas Company

SAM/bab

Enclosure

cc: Service List Attached

**COMPREHENSIVE ENERGY EFFICIENCY AND RENEWABLE ENERGY
RESOURCE ANALYSIS FOR THE 2009-2012 CLEAN ENERGY PROGRAM
BPU DOCKET NO. EO07030203**

BOARD OF PUBLIC UTILITIES

Elizabeth Ackerman, Director
Div. of Economic Development & Energy
Policy
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
Elizabeth.ackerman@bpu.state.nj.us

Scott Hunter, Administrator
Renewal Energy Program
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
Benjamin.hunter@bpu.state.nj.us

Anne-Marie McShea
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
anne.mcshea@bpu.state.nj.us

Regina Csira-Oswald
Board of Public Utilities
44 South Clinton Avenue
PO Box 350
Trenton, NJ 08625
regina.csira@bpu.state.nj.us

DIVISION OF RATE COUNSEL

Stefanie Brand, Esq.
Division of Rate Counsel
140 E. Front Street
PO Box 003
Trenton, NJ 08625
sbrand@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 E. Front Street
PO Box 003
Trenton, NJ 08625
ftthomas@rpa.state.nj.us

Ami Morita, Esq.
Division of Rate Counsel
140 E. Front Street
PO Box 003
Trenton, NJ 08625
amorita@rpa.state.nj.us

Mike Ambrosio
Applied Energy Group
317 George Street, Suite 400
New Brunswick, NJ 08901
mambrosio@appliedenergygroup.com

JCP&L

Chris Siebens
JCP&L
300 Madison Avenue
PO Box 1911
Morristown, NJ 07962
csiebens@firstenergycorp.com

Gregory Eisenstark, Esq.
Morgan, Lewis & Bockius LLP
89 Headquarters Plaza North
Suite 1419
Morristown, NJ 07960
geisenstark@morganlewis.com

PSE&G

Alexander Stern
PSEG Services Corporation
80 Park Plaza, T-5G
Newark, NJ 07102
alexander.stern@pseg.com

Walter Sparrow-Hood
PSE&G
80 Park Plaza, T-8
Newark, NJ 07102
walter.sparrow-hood@pseg.com

Terrence Moran
PSE&G
80 Park Plaza, T-8
Newark, NJ 07102
Terrence.moran@pseg.com

Robert Krauss
PSE&G
80 Park Plaza, T-18A
Newark, NJ 07102
Robert.krauss@pseg.com

Joseph Prusik
PSE&G
80 Park Plaza, T-8
Newark, NJ 07102
joseph.prusik@pseg.com

Susanna Chiu
PSE&G
80 Park Plaza, T-8
Newark, NJ 07102
susanna.chiu@pseg.com

ATLANTIC CITY ELECTRIC

Wayne Barndt
Atlantic City Electric Company
79NC59
PO Box 9239
Newark, DE 19714-9239
wayne.barndt@pepcoholdings.com

Anne Gwal
Atlantic City Electric Company
89KS42
PO Box 231
Wilmington, DE 19899-0231
anne.gwal@pepcoholdings.com

Philip J. Passanante, Esq.
Associate General Counsel
Atlantic City Electric Company
92DC42
500 N. Wakefield Drive
PO Box 6066
Newark, DE 19714-6066
Philip.passanante@pepcoholdings.com

Charles L. Driggs
79NC59
Pepco Holdings, Inc.
401 Eagle Run Road
PO Box 9239
Newark, DE 19714-9239
Charlie.driggs@pepcoholdings.com

NJ NATURAL GAS

Anne-Marie Peracchio
NJ Natural Gas
1415 Wyckoff Road
PO Box 1464
Wall, NJ 07719
aperacchio@njng.com

Greg Seitz
NJ Natural Gas
1415 Wyckoff Road
PO Box 1464
Wall, NJ 07719
glseitz@njng.com

ELIZABETHTOWN GAS

Mary Patricia Keefe, Esq.
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922
pkeefe@aglresources.com

Thomas Kaufmann
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922
tom.kaufmann@aglresources.com

Gina O'Donnell
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922
gdonnele@aglresources.com

Deborah Franco, Esq.
Cullen and Dykman
Garden City Center
100 Quentin Roosevelt Blvd
Garden City, NY 11530
dfranco@cullenanddykman.com

SOUTH JERSEY GAS COMPANY

Bruce S. Grossman
Program Manager, Residential Energy
Efficiency
South Jersey Gas Company
One South Jersey Plaza
Route 54
Folsom, NJ 08037
bgrossman@sjindustries.com

John F. Stanziola, Director
Regulatory & Government Affairs
One South Jersey Plaza
Route 54
Folsom, NJ 08037
jstanziola@sjindustries.com

Stacy A. Mitchell, Esq.
Cozen O'Connor
457 Haddonfield Road
Suite 300
Cherry Hill, NJ 08002
smitchell@cozen.com

FIRSTENERGY

Colleen Makowiecki
FirstEnergy
PO Box 16001
Reading, PA 19612
cmakowiecki@firstenergycorp.com

Maria Frederick
FirstEnergy
PO Box 16001
Reading, PA 19612
mfrederick@firstenergycorp.com

ROCKLAND ELECTRIC

Rick Struck
Rockland Electric
Orange & Rockland Utilities
390 W. Route 99
Spring Valley, NY 10977
struck@oru.com

**New Jersey's Clean Energy Program
FY 14 Program Descriptions and Budgets**

**Utility Residential Low Income
Comfort Partners Program and Clean Power Choice Program**

**Program Description and Budget
June 14, 2013
Revised December 6, 2013**

Residential Low Income Program “New Jersey Comfort Partners”

Description

The Residential Low Income Program known as Comfort Partners, managed by Atlantic City Electric, JCP&L, New Jersey Natural Gas, Elizabethtown Gas, PSE&G and South Jersey Gas is designed to improve energy affordability for low-income households through energy conservation. To achieve this objective, several market barriers must be overcome. Key among these are: (1) lack of information on either how to improve efficiency or the benefits of efficiency; (2) low income customers do not have the capital necessary to upgrade efficiency or even, in many cases, keep up with regular bills; (3) low income customers are the least likely target of market-based residential service providers due to perceptions of less capital, credit risk and/or high transaction costs; and (4) split incentives between renters and landlords. The Program addresses these barriers through:

- Direct installation of all cost-effective energy efficiency measures.
- Comprehensive, personalized customer energy education and counseling.
- Installation of health and safety measures as appropriate.

Target Market and Eligibility

The Program is targeted at participants in the Universal Service Fund. By definition this target population is characterized by high-energy burdens based on their income. Program participation will be prioritized by energy use with the highest energy users being served first.

The Program is available to any household with income at or below 225% of the federal poverty guidelines. Customers who receive Federal Supplemental Security Income (SSI), Home Energy Assistance (HEAP), Universal Service Fund (USF), Lifeline, Pharmaceutical Assistance to the Aged and Disabled (PAAD), Temporary Assistance to Needy Families (TANF), or Section 8 Housing also may be eligible.

A participant must be a customer of record with a separately metered electric or gas account, and live in a building with 1-14 units; the residence must be their primary home. Customers who heat with fuel oil are eligible for Comfort Partners; however, they will be referred to the Department of Community Affairs' Weatherization Assistance Program (WAP) for services in conjunction with a verbal agreement between Comfort Partners and WAP. In addition, customers who receive natural gas service from an investor-owned natural gas NJ utility, and who receive electric service from a municipal electric company will also be eligible for Comfort Partners services. Ineligible customers will be referred to WAP or Home Performance with Energy Star (HPWES) for services.

Referrals will be made between Comfort Partners and WAP for measures not performed by either entity, i.e. WAP may refer customers to Comfort Partners for evaluation of central air conditioning, room and window/wall air conditioners and freezer replacements.

Offerings and Customer Incentives

Among the measures to be considered for each home are efficient lighting products; hot water conservation measures (water heater replacement and tank temperature turn-down); replacement of

inefficient refrigerators and freezers; energy saving thermostats; insulation up-grades (attic, wall, basement, etc.); blower-door guided air sealing; duct sealing and repair; heating/cooling equipment maintenance, repair and/or replacement; and other “custom” measures.

Failed or failing heating or cooling systems can be replaced for efficiency and/or health and safety reasons, on a case-by-case basis as program funds permit. In the event of insufficient funding, or if Comfort Partner customer homes require more treatment than the Comfort Partners program is designed to deliver, the Utilities’ Working Group will attempt to maximize and leverage available resources by entering into discussions with the NJ Department of Community Affairs Weatherization Assistance Program. The goal of such discussions will be to determine their interest in accepting Comfort Partners program referrals to install heating systems, and perform other needed work for energy efficiency and/or health and safety reasons. Requests for replacement of oil-fired equipment will be referred to the DCA Weatherization Assistance Program (WAP).

Measure Selection

Cost-effective measures, and other reasonable repairs required to install the efficiency measures, may be installed in each home. The program will review, on a case-by-case basis, the repair and installation of items that in and of themselves, may not be considered energy saving technologies, but would be required in order to effectively install energy conservation measures, such as the repair of a roof prior to the installation of attic insulation. Cost-effectiveness will be assessed on a measure and site-specific basis. All measures and energy education services will be provided free of charge. The selection of measures designed to reduce heating and cooling will be guided by a spending calculation based on past energy consumption which is a guide for contractors and is not an absolute or prescriptive target or cap. If the site needs are greater than the calculated spending guideline, the contractor will confer with the appropriate utility after documenting reasons for going beyond the spending guideline. The utility will decide to what extent additional work can be performed.

Refrigerator or freezer replacement will be based on on-site monitoring of the energy use of the existing unit. Consumption thresholds for cost-effective replacement vary according to size. Any refrigerator or freezer with measured consumption above the threshold values is eligible for free replacement with a new energy-efficient model. These values and procedures will be updated periodically to reflect changes in refrigerator costs and/or efficiency.

The cost-effective installation of energy-efficient lighting products will be based upon the wattage and the estimated average daily burn time for the existing lamp.

Domestic hot water and other custom measures will be installed according to program guidelines.

The costs associated with home repairs, such as the repair of a roof, will be excluded from the cost effectiveness test used to determine measure eligibility.

Delivery Methods

Electric and gas utilities with overlapping service territories will jointly deliver efficiency, health and safety and education services so that customers receive both gas and electric efficiency measures simultaneously. Selection of program delivery contractors and program delivery costs is shared

between the participating gas and electric utilities. Implementation vendor contracts finalized in August, 2009 include a total of five (5) program contractors.

Pilot programs to address neighborhood canvassing, mold/moisture remediation, roof repairs, electrical repairs, lead and asbestos remediation will be considered on a case-by-case basis with the implementation contractors, contracting directly with the above mentioned organizations. The utilities will not continue the pilot program for cool roofs implemented during 2011. The utilities along with our quality assurance inspectors want to evaluate each of the treated homes to verify that the cool roof system does not contribute to condensation which could lead to mold with this pilot. This pilot was performed in the spring of 2011 and it was determined that the installation of cool roofs can cause moisture issues, such as ceiling condensation, and therefore was suspended. The applicability of Cool roofs will be investigated further, and a formal report will be issued as part of the Comfort Partners Program evaluation, to be initiated in 2013.

The utilities will continue to use the JCP&L web-based CP System as the statewide platform to track all program participants, measures and energy savings. The system is used by all utilities, BPU Clean Energy staff, multiple program delivery vendors, inspection vendors and State WAP agencies. Maintenance and enhancements to the system will be paid by JCP&L and are incorporated in the budget in Appendix A.

The utilities will attempt to partner and educate the NJ Home Performance with Energy Star (HPWES) program contractors, and/or other local agency staff to create better awareness of the program and eligibility requirements in order to direct customers to the appropriate program (Comfort Partners or HPWES) based on income screening.

Quality Assurance Provisions

A minimum of 15 percent of randomly selected treated homes will be subject to verification and inspection by an independent contractor(s) hired by the utilities. Third-party quality assurance process enhancements may take place. For consistency of inspection practices, the existing utility quality assurance contracts will remain in place.

Budgets

A detailed budget for this program is attached in Appendix A. Allocation of costs in different cost categories may appear to be inconsistent among utilities; for example PSE&G covers the cost of statewide printing and JCP&L covers the cost for statewide CP System administration, program evaluation, etc.

The utilities planned to initiate a program evaluation in 2012 and continue it throughout the 2013 calendar year. However, the timeline needed to be pushed back for this project, given the logistics to execute the contract with the winning bidder, Apprise Incorporated, which occurred in April 2013. Therefore the program evaluation will commence during the spring of 2013, and will continue into calendar year 2014.

The program spending allowance guidelines were increased at the end of 2009 in order for the Comfort Partners Program to be consistent with other low income state weatherization programs using federal stimulus funds will remain in place as long as program funds permit. It is anticipated that the

proposed budget reduction of \$1,500,000 in the measures category (see Appendix A revised charts) will not negatively impact customer goal attainment below the minimum range of 5,760 participants.

Goals and Energy Savings

Goals

The Electric service customer goal will range from 5,760 to 7,630, on a twelve month basis from July 1, 2013 through June 30, 2014. The Gas service customer goal will range from 5,567 to 7,150 on a twelve month basis from July 1, 2013 through June 30, 2014.

The 2006 APPRISE Inc. evaluation of the Universal Service Fund recommends “high use households should be targeted by the Comfort Partners and WAP programs to ensure that clients have affordable bills” (Executive Summary page iv). It further recommends that “The BPU should work with the utilities to standardize their system for referring USF clients to the Comfort Partners program and establish official guidelines for coordinating these two benefits” (Executive Summary page xxii).

Energy Savings

Following approval of the above goals, energy savings will be calculated consistent with the goals. Energy saving estimates will be calculated using the latest protocols approved by the Board.

**New Jersey Clean Energy Campaign:
Clean Power Choice Program (CPC)
Description**

The Clean Power Choice Program ceased being delivered under the NJ Clean Energy Program and ceased being financially supported in the NJ Clean Energy Budget as of January 1, 2013. Since that time, decisions regarding assessment of costs to the Clean Power Marketers and continued support of the program have rested entirely with the business judgment of the Electric Distribution Companies. Atlantic City Electric, Jersey Central Power and Light, and Public Service Electric and Gas have and will continue to maintain the existing CPC program in their respective service territories as long as there are no incremental costs to these three Electric Distribution Companies in doing so. Rockland Electric Company has and will continue to maintain the existing program in its service territory, as long as all costs in doing so are borne by the Clean Power Marketers, and there are no incremental costs.

Appendix A Revised

July 1st 2013 - June 30th 2014 CP Budget (Final 6/30/2013)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contract Perf. Incentive
ACE	\$1,599,139.40	\$115,801.99	\$11,759.40	\$10,512.89	\$1,367,845.88	\$93,219.24	\$0.00	\$0.00
JCP&L	\$5,967,437.10	\$393,681.67	\$88,396.22	\$44,690.81	\$4,016,681.83	\$423,986.57	\$1,000,000.00	\$0.00
PSE&G- Elec	\$7,709,696.09	\$441,711.58	\$153,705.32	\$60,917.41	\$6,644,219.79	\$409,141.99	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$4,342,109.05	\$208,774.65	\$93,333.34	\$32,501.07	\$3,826,666.66	\$180,833.33	\$0.00	\$0.00
Elizabethtown	\$2,564,759.08	\$144,654.12	\$27,168.64	\$20,078.89	\$2,265,020.64	\$107,836.79	\$0.00	\$0.00
PSE&G-Gas	\$11,564,544.12	\$662,567.36	\$230,557.98	\$91,376.11	\$9,966,329.69	\$613,712.98	\$0.00	\$0.00
SJG	\$2,252,315.16	\$198,331.90	\$12,487.40	\$11,796.48	\$1,934,392.98	\$95,306.40	\$0.00	\$0.00
TOTAL	\$36,000,000.00	\$2,165,523.27	\$617,408.30	\$271,873.66	\$30,021,157.47	\$1,924,037.30	\$1,000,000.00	\$0.00

July 1st 2013 - June 30th 2014 CP Budget (Proposed 12/4/2013)								
		Admin and Program Development	Sales, Marketing, Call Centers, Web Site	Training	Rebates, Grants and Other Direct Incentives	Rebate Processing, Inspections, Other QC	Evaluation & Research	Contract Perf. Incentive
ACE	\$1,530,795.31	\$115,801.99	\$11,759.40	\$10,512.89	\$1,299,501.79	\$93,219.24	\$0.00	\$0.00
JCP&L	\$5,766,744.55	\$393,681.67	\$88,396.22	\$44,690.81	\$3,815,989.28	\$423,986.57	\$1,000,000.00	\$0.00
PSE&G- Elec	\$7,377,719.23	\$441,711.58	\$153,705.32	\$60,917.41	\$6,312,242.93	\$409,141.99	\$0.00	\$0.00
RECO	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
NJNG	\$4,150,910.56	\$208,774.65	\$93,333.34	\$32,501.07	\$3,635,468.17	\$180,833.33	\$0.00	\$0.00
Elizabethtown	\$2,451,587.86	\$144,654.12	\$27,168.64	\$20,078.89	\$2,151,849.42	\$107,836.79	\$0.00	\$0.00
PSE&G-Gas	\$11,066,578.83	\$662,567.36	\$230,557.98	\$91,376.11	\$9,468,364.40	\$613,712.98	\$0.00	\$0.00
SJG	\$2,155,663.67	\$198,331.90	\$12,487.40	\$11,796.48	\$1,837,741.49	\$95,306.40	\$0.00	\$0.00
TOTAL	\$34,500,000.00	\$2,165,523.27	\$617,408.30	\$271,873.66	\$28,521,157.47	\$1,924,037.30	\$1,000,000.00	\$0.00
PSE&G - Combined	\$18,444,298.05	\$1,104,278.94	\$384,263.30	\$152,293.52	\$15,780,607.32	\$1,022,854.97	\$0.00	\$0.00