



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN)
GAS TO REVISE THE REMEDIATION ADJUSTMENT)
CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS)
CHARGE RATE)
DECISION AND ORDER)
APPROVING STIPULATION)
DOCKET NO. GR17091005)

Parties of Record:

Mary Patricia Keefe, Esq., for Elizabethtown Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On September 22, 2017, Pivotal Utility Holdings, Inc.,¹ d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition (“2017 RAC Petition”) with the New Jersey Board of Public Utilities (“Board”) seeking review and approval of the Company’s Manufactured Gas Plant (“MGP”) Remediation Adjustment Clause (“RAC” or “SBC-RAC”) activities and costs incurred between July 1, 2016 through June 30, 2017 (“RAC Period”) plus certain adjustments and prior period true-ups. By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by Elizabethtown, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Parties”) which addresses the issues in the 2017 RAC Petition.

BACKGROUND

The Company owns and/or operated six (6) former MGP sites in New Jersey: two (2) in Elizabeth, and one (1) each in Rahway, Perth Amboy, Flemington and Newton. The Elizabeth, Rahway and Perth Amboy sites were solely owned and/or operated by the Company and/or its predecessor companies. Flemington and Newton were co-owned by a predecessor of Jersey Central Power &

¹In an Order dated June 22, 2018 issued in BPU Docket No. GM17121309, the Board approved, inter alia, the acquisition of Elizabethtown Gas, then a utility operating division of Pivotal Utility Holdings, Inc., by ETG Acquisition Corp., a wholly owned subsidiary of South Jersey Industries, Inc. The acquisition was consummated on July 1, 2018 and ETG Acquisition Corp. was renamed “Elizabethtown Gas Company.”

Light Company ("JCP&L"). With respect to the Flemington and Newton sites, the 2017 RAC Petition only sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.² The RAC allows recovery of reasonably incurred MGP program costs plus carrying costs by the Company, amortized over a seven (7) year rolling average. The RAC is a separate component of Elizabethtown's Societal Benefits Charge ("SBC").³

The RAC-related costs for which recovery was sought in the 2017 RAC Petition were the costs to test, contain and remediate the Company's former MGP sites (described above) incurred during the period July 1, 2010 through June 30, 2017, based on a seven (7) year cost amortization, plus certain adjustments and prior period true-up amounts. The RAC Period costs totaled \$15,959,849 from which third party recoveries of \$2,400 were deducted and a net of \$733,741 for the deferral of fifty percent (50%) of litigation costs were deducted, resulting in proposed recoverable net remediation costs of \$15,223,708 that are subject to refund over the seven (7) year period.

In accordance with the Company's tariff, the Company's original proposed SBC-RAC rate was determined by calculating the sum of: (a) one seventh (1/7) of its net deferred remediation costs incurred during the twelve (12) months ended June 30th for the periods ending 2017, 2016, 2015, 2014, 2013, 2012 and 2011 totaling a credit of \$1,198,016, plus the deferred tax adjustment of \$131,286, which equals a credit of \$1,066,730; (b) the prior year's RAC over recovered balance of \$3,586,519 and, the proceeds (\$496,388) from the sale of land in Rahway, together totaling a credit of \$4,082,907 and (c) a credit of \$664,481 related to the interest accrued on RAC-related costs calculated in the manner approved by the Board in its Order in BPU Docket Nos. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total a credit of \$5,814,118 which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC credit rate of \$0.0128 per therm inclusive of all applicable taxes.

The proposed SBC-RAC rate was designed to refund approximately \$5.8 million in RAC-related costs over a twelve (12) month period ending June 30, 2018 based on the rates that were in effect at the time of the filing. By Order dated September 22, 2017 in Docket No. GR16080794, the Board approved ETG's current RAC credit rate of \$0.0128 per therm, effective October 1, 2017.⁴

Since the 2017 RAC Petition sought a decrease in rates, it was determined that public hearings were not necessary.

² Recovery costs for the Flemington and Newton sites are shared between JCP&L and Elizabethtown on a sixty percent (60%)/forty percent (40%) basis, respectively, in accordance with a Memorandum of Understanding between Elizabethtown and JCP&L dated February 23, 1993.

³ The 2017 RAC Petition did not seek any adjustment of other SBC rate components, i.e. the New Jersey Clean Energy Program, the Universal Service Fund, and Lifeline charges.

⁴ The petition filed in Docket No. GR16080794 sought approval of a RAC credit rate of \$0.0095 per therm. The September 22, 2017 Order approved a stipulation in which the parties agreed to implement a RAC credit rate of \$0.0128 per therm, the calculation of which is set forth in Appendix A to the Stipulation.

STIPULATION

Following a review of discovery and subsequent settlement discussions, the Parties reached an agreement on the petition, and on September 25, 2018 executed the Stipulation. The key terms of the Stipulation are as follows:⁵

Effective Rates

- B. As of the Effective Date, Elizabethtown will maintain an SBC-RAC credit rate of \$0.0128 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board. The calculation of this rate and the amount it is designed to refund are set forth in Appendix A to the Stipulation.
- C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2017 RAC Petition did not include recovery of incentive compensation costs and the rates agreed to in the Stipulation do not reflect recovery of such costs.
- D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage ("NRD")-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. "NRD-related costs" also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board's September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 resolving Elizabethtown's 2007, 2008 and 2009 RAC proceedings.
- E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements ("MFR") as set forth in Appendix B to the Stipulation and that it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.
- F. Upon approval by the Board of the SBC-RAC rate reflected in the Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in the Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix C.

⁵ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

- G. Approval of the RAC rate in this Stipulation will result in a total SBC rate of \$0.0210 per therm, inclusive of all applicable taxes.

Rate Impact

- H. The proposed rate is the same as the currently effective RAC rate approved by the Board's September 22, 2017 Order with an effective date of October 1, 2017 in Docket No. GR16080794. There are no impacts on customers' bills as a result of this stipulated SBC-RAC credit rate of \$0.0128 per therm.

All Issues Resolved

- I. Upon the Board's approval of the Stipulation, all issues concerning the SBC-RAC and the costs recovered through this rate are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

DISCUSSION AND FINDING

The Board has reviewed the record in this proceeding, including the attached Stipulation. The Board **FINDS** it to be reasonable and in the public interest, being persuaded that the MGP costs have been thoroughly reviewed. The Board **HEREBY FINDS** that the Company's MGP remediation work performed during the RAC Period was prudent, and the resulting MGP costs for the RAC Period are reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein and **HEREBY APPROVES** the maintenance of the Company's previously approved after-tax per therm SBC-RAC credit rate of \$0.0128 per therm. The Board **HEREBY DIRECTS** Elizabethtown to file tariffs consistent with the Board's Order by November 15, 2018.

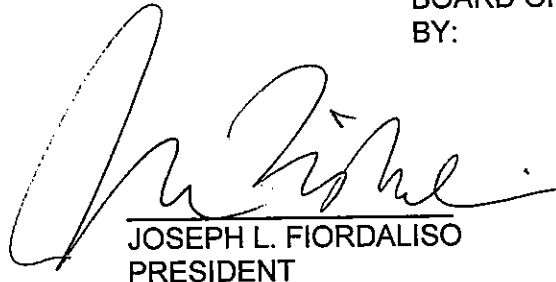
The Board **FURTHER ORDERS** that the NRD related costs shall continue to be deferred until such time as the Board addresses the rate recoverability of NRD related costs via the RAC mechanism.

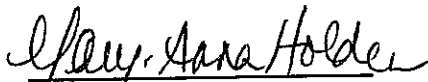
The Company's costs, including those related to the RAC, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is November 8, 2018.

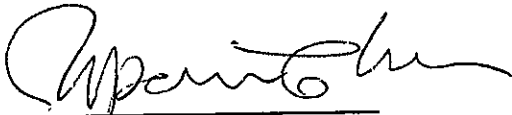
DATED: 10/29/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT


MARY ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY
HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS TO REVISE THE REMEDIATION
ADJUSTMENT CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE
DOCKET NO. GR17091005

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September 25, 2018

Via Email and FedEx

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**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas To Revise The Remediation Adjustment Clause
Component Of Its Societal Benefits Charge Rate
BPU Docket No. GR17091005**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Elizabethtown Gas Company ("Elizabethtown"), the Staff of the Board of Public Utilities and the Division of Rate Counsel. Elizabethtown respectfully requests that the Board consider and adopt the Stipulation at its next agenda meeting on October 29, 2018.

Please contact the undersigned if you have questions or require further information. Thank you.

Respectfully submitted,

/s/ Deborah M. Franco

Deborah M. Franco

Of Counsel to
Elizabethtown Gas Company

cc: Service List

**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. GR17091005**

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

-----x
:
In The Matter Of The Petition Of Pivotal Utility : BPU Docket No. GR17091005
Holdings, Inc. d/b/a Elizabethtown Gas To :
Revise The Remediation Adjustment Clause :
Component of its Societal Benefits Charge Rate : STIPULATION
:
----- x

APPEARANCES:

Kenneth T. Maloney and Deborah M. Franco (Cullen and Dykman LLP), Attorneys for the Petitioner, Elizabethtown Gas Company, successor to Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

Mary Patricia Keefe, Esq. for Elizabethtown Gas Company, successor to Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

Felicia Thomas-Friel, Managing Attorney Gas, Division of Rate Counsel, **Maura Caroselli, Esq. and Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau and Timothy Oberleiton, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

BACKGROUND

1. On September 22, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown Gas”), the predecessor to Elizabethtown Gas Company filed a petition (“2017 RAC Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) in BPU Docket No. GR17091005 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate. By a June 22, 2018 “Decision and Order Approving Stipulation” issued in BPU Docket No. GM17121309, the Board approved, *inter alia*, the acquisition of Elizabethtown Gas, then a utility operating division of Pivotal Utility Holdings, Inc., by ETG Acquisition Corp., a wholly owned subsidiary of South Jersey Industries, Inc. The acquisition was consummated on July 1,

2018 and ETG Acquisition Corp. was renamed “Elizabethtown Gas Company” (hereinafter “Elizabethtown” or “Company”).

2. The 2017 RAC Petition proposed an increase to the Company’s current SBC-RAC credit rate from a credit rate of \$0.0016 per therm to a credit rate of \$0.0128 per therm, inclusive of current sales taxes. The proposed SBC-RAC credit rate of \$0.0128 per therm was designed to refund approximately \$5.8 million in RAC-related costs over a 12-month period. The 2017 RAC Petition sought to reconcile Elizabethtown’s RAC rate for the July 1, 2016 through June 30, 2017 period. In an order dated September 22, 2017 in BPU Docket No. 16080794 (“September 22 Order”) involving the reconciliation of Elizabethtown’s RAC rate for the July 1, 2015 through June 30, 2016 period, the Board approved a RAC credit rate of \$0.0128 per therm effective October 1, 2017.¹

3. The RAC-related costs for which recovery was sought in the 2017 Petition were the costs to test, contain and remediate the Company’s former manufactured gas plant sites (described below) incurred during the period July 1, 2010 through June 30, 2017, based on a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2017 RAC costs totaled \$15,959,849, from which third-party recoveries of \$2,400 were deducted and a net of \$733,741² for the deferral of 50% of litigation costs as

¹ The petition filed in BPU Docket No. 16080794 sought approval of a RAC credit rate of \$0.0095 per therm. The September 22 Order approved a Stipulation in which the parties agreed to implement a RAC credit rate of \$0.0128 per therm, the calculation of which is set forth on Appendix B to the Stipulation.

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50% Deferred Ins. Litigation - Opening Balance	\$200,416
50% Deferred Ins. Litigation - Ending Balance	<u>(\$437,769)</u>
Total Deferred Legal Expenses	\$237,353
Less Miscellaneous Adjustments - ex: interest adjustment	<u>(\$496,388)</u>
Total Adjustment	(\$733,741)

well as miscellaneous adjustments were deducted, resulting in proposed recoverable net remediation costs of \$15,223,708 that are subject to recovery over the seven-year period.

4. In accordance with the Company's tariff, the Company's original proposed SBC-RAC rider rate was determined by calculating the sum of (i) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30th for the periods ending 2017, 2016, 2015, 2014, 2013, 2012, and 2011 totaling (\$1,198,016), plus the deferred tax adjustment of \$131,286, and the net of each year is shown in the table set out in the footnote below,³ which equals (\$1,066,730); (ii) the prior year's RAC overrecovery balance of (\$3,586,519) and the proceeds from the sale of land in Rahway of (\$496,388), together totaling (\$4,082,907); and (iii) (\$664,481) of interest accrued on RAC-related costs calculated in the manner approved by the Board in its Order in BPU Docket No. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total (\$5,814,118) which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider credit rate of \$0.0128 per therm inclusive of all applicable taxes. The updated rate calculation on Appendix A reflects the change in New Jersey sales tax since the original

³ The Company's 2017 RAC Petition set forth the net deferred remediation costs for the twelve months ended June 30th for the period ending 2017, 2016, 2015, 2014, 2013, 2012, and 2011 less the deferred tax benefit as follows:

YEAR	RECOVERABLE AMOUNT
2017	\$2,047,328
2016	(\$3,158,292)
2015	(\$3,568,906)
2014	\$527,609
2013	\$625,768
2012	\$1,058,650
2011	\$1,401,113
Total	<u>(\$1,066,730)</u>

rate was filed, which did not change the rate from the one reflected in the 2017 RAC Petition.

5. The Company has six former manufactured gas plant sites in New Jersey: two that are located in Elizabeth, one on South Street, and one on Erie Street including the Renora Landfill, and one each in Rahway, Perth Amboy, Flemington and Newton. The Erie Street, South Street, Rahway and Perth Amboy sites were owned and/or operated exclusively by Elizabethtown and/or its predecessor companies. Flemington and Newton were also owned by a predecessor of Jersey Central Power & Light, which is now owned by First Energy. With respect to the Flemington and Newton sites, the 2017 RAC Petition only sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.⁴

6. The 2017 RAC Petition did not propose to adjust the New Jersey Clean Energy Program (“CEP”), Universal Service Fund (“USF”) and Lifeline rate components of the SBC.

7. The 2017 RAC Petition was not transmitted to the Office of Administrative Law by the Board and public hearings were not needed due to the rate reduction. Elizabethtown, Board Staff and Rate Counsel conducted discovery and discussed discovery-related issues and settlement of this proceeding.

8. Board Staff, Rate Counsel and Elizabethtown (the “Stipulating Parties”) have reached this Stipulation which is intended to resolve all issues associated with the 2017 Petition in the manner set forth below.

⁴ Recovery costs for the Flemington and Newton sites are shared between Jersey Central Power & Light (“JCP&L”) and Elizabethtown Gas on a 60% / 40% basis, respectively, in accordance with Memorandum of Understanding between Elizabethtown and JCP&L dated February 23, 1993.

STIPULATED MATTERS

The Stipulating Parties hereby **STIPULATE AND AGREE** as follows:

Effective Date

A. The Parties acknowledge that the RAC rate change will become effective as of the effective date of a Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40 or upon such date thereafter as the Board may specify.

Effective Rates

B. As of the Effective Date, Elizabethtown will maintain an SBC-RAC credit rate of \$0.0128 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board. The calculation of this rate and the amount it is designed to refund is set forth in Appendix A which is attached to this Stipulation.

C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2017 RAC Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. “NRD-related costs” also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the

recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board's September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 resolving Elizabethtown's 2007, 2008 and 2009 RAC proceedings.

E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements ("MFR") as set forth in Appendix B to this Stipulation and that it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.

F. Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix C.

G. Approval of the RAC rate in this Stipulation will result in a total SBC rate of \$0.0210 per therm, inclusive of all applicable taxes.

Rate Impact

H. The proposed rate is the same as the currently effective RAC rate approved by the Board's September 22, 2017 Order with an effective date of October 1, 2017 in Docket No. GR16080794. There are no impacts on customers' bills as a result of this stipulated SBC-RAC credit rate of \$0.0128 per therm.

All Issues Resolved

I. Upon the Board's approval of this Stipulation, all issues concerning the SBC-RAC and the costs recovered through this rate are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

Further Provisions


J. This Stipulation is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, then any Stipulating Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. In the event this Stipulation is not adopted in its entirety by the Board in its Order in this matter, then any Stipulating Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

K. It is the intent of the Stipulating Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Stipulating Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

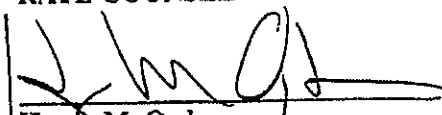
L. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein, is intended to be binding only in this proceeding and only as to the matters specifically addressed herein.

WHEREFORE, the Stipulating Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

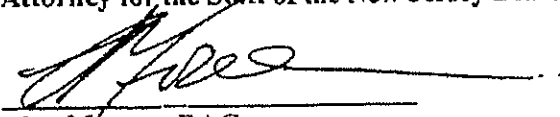
ELIZABETHTOWN GAS COMPANY

By: 
Mary Patricia Keefe
Vice President, External Affairs
and Business Support

**DIRECTOR, DIVISION OF
RATE COUNSEL**

By: 
Henry M. Ogden
Assistant Deputy Rate Counsel

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY**
Attorney for the Staff of the New Jersey Board of Public Utilities

By: 
Alex Mbreaux, DAG

Dated: September 21, 2018

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
REMEDATION ADJUSTMENT CLAUSE (RAC)

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM
October 1, 2017 through September 30, 2018
RECOVERY YEAR - 2018

1a	Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)		(\$1,198,016)
1b	Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)		<u>\$131,286</u>
1	Recovery Year Recoverable Costs (L1a +L1b)		(\$1,066,730)
2	Accrued Carrying Costs (Sch. TK-3 + TK-3a)		(\$664,481)
3	Prior Year RAC Overrecovery (Sch. TK-4)	(\$3,586,519)	
	Proceeds Sale of Rahway (Sch. TK-7)	(\$496,388)	<u>(\$4,082,907)</u>
4	Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)		(\$5,814,118)
5	Projected Normalized Sales and Services (Forecast Sch. TK-1)		484,557,714 therms
6	RAC COMPONENT, before taxes (L4/L5)		(\$0.0120) /therm
7	Sales & Use Tax @ 6.625%		<u>(\$0.0008)</u>
8	RAC COMPONENT (L6+L7)		<u>(\$0.0128) /therm</u>

ELIZABETHTOWN GAS COMPANY

REMEDIATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX

Minimum Filing Requirements	Schedule
1. Please provide a vendor listing for the prior RAC period that contains information concerning vendor expenditures by MGP site, also showing a description of the services provided and the amount of each vendor invoice. The vendor list should include the monthly actual expenditures for the twelve month RAC period.	SLC-2
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.	SLC-2
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve months of the most recent RAC period.	SLC-2
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.	SLC-2 Confidential
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.	SLC-2
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company should provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.	SLC-2
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.	SLC-2 Confidential
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information	SLC-2

**ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.	
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.	TK-2
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.	SLC-2 Confidential
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.	SLC-2 Confidential
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.	SLC-2
13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation.	TK-3
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.	SLC-2
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.	SLC-2
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.	SLC-2
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.	SLC-2

**ELIZABETHTOWN GAS COMPANY
REMEDICATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements

Schedule

18. Provide details concerning all remediation related charges to the Company from or through Southern Company Gas and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2
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RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the t components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0251
II.	Remediation Adjustment Charge ("RAC")	(\$0.0128)
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0038
	2. Lifeline	\$0.0049
	TOTAL	\$0.0210

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU" in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: xxx1

Effective: Service Rendered
on and after xxx2

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Orders of the Board of Public Utilities
Dated xxx3 in Docket No. GR17091005