



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)	DECISION AND ORDER
ELIZABETHTOWN GAS COMPANY TO (1) REVISE ITS)	APPROVING STIPULATION
WEATHER NORMALIZATION CLAUSE RATE; (2))	FOR PROVISIONAL RATES
REVISE THE CLEAN ENERGY PROGRAM)	
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE)	
RATE; AND (3) REVISE ITS ON- SYSTEM MARGIN)	
SHARING CREDIT)	DOCKET NO. GR18080852

Parties of Record:

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

BY THE BOARD:

On August 1, 2018, Elizabethtown Gas Company ("Elizabethtown" or "Company") filed a petition ("2018 Petition") with the New Jersey Board of Public Utilities seeking approval to modify its rates relating to the review and true up of its Weather Normalization Charge ("WNC"), the New Jersey Clean Energy Program ("CEP") component of its Societal Benefits Charge ("SBC"),¹ and its On-System Margin Sharing Credit ("OSMC"). By this Decision and Order, the Board considers a stipulation of settlement regarding provisional WNC, CEP, and OSMC rates ("Stipulation") executed by Elizabethtown, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") which is requesting that the Board approve changes in the WNC, CEP, and OSMC rates on a provisional basis, subject to refund with interest.

BACKGROUND AND PROCEDURAL HISTORY

The WNC normalizes the financial impact of the weather conditions on both the Company and its weather-sensitive ratepayers. An excess margin resulting from a colder than normal Winter Period² is returned to ratepayers, while a deficit margin resulting from a warmer than normal

¹ Elizabethtown's SBC currently consists of four (4) components: 1) the CEP; 2) the Remediation Adjustment Clause; 3) the Universal Service Fund; and 4) Lifeline. Only the CEP is addressed in this matter. The other components are addressed in separate filings.

² Winter Period refers to the months of October through May.

Winter Period is recovered from ratepayers. Variances in actual degree-days from normal for each day are measured and accumulated over the calendar month for each month in the Winter Period. The resulting cumulative degree-day variance determines the adjustment to customers' bills in the following Winter Period.

The CEP was created through the Electric Discount and Energy Competition Act in an effort to promote energy efficiency and renewable energy programs by offering financial incentives, programs and services to New Jersey residents, business owners and local governments. The Board annually sets each energy utility's share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs.

The OSMC provides for eighty percent (80%) of the margins generated from certain on-system non-firm sales and transportation services to be flowed-back (credited) to firm customers.

2018 PETITION

On August 1, 2018, Elizabethtown filed the 2018 Petition and accompanying exhibits, including pre-filed direct testimony. The 2018 Petition sought to revise the WNC, CEP, and OSMC rates for the period of October 1, 2018 through September 30, 2019.

WNC

With respect to the proposed WNC, the proposed rate of \$0.0194³ per therm was designed to recover a deficiency balance associated with the 2018 Winter Period (October 1, 2017 through May 31, 2018) that was attributable to colder than normal weather experienced in the Company's service territory during this period, as well as a prior period.

The current recoverable margin excess of \$0.898 million decreased by the prior year deficiency of \$7.151 million, results in a \$6.253 million net revenue deficiency.

CEP

For Elizabethtown, projected CEP costs for the period ending June 30, 2019 total \$10.637 million. In addition, the 2018 Petition indicated that the Company incurred \$1.922 million of CEP costs during the period July 1, 2017 through June 30, 2018. Elizabethtown's proposed CEP rate of \$0.0215 per therm would recover approximately \$9.976 million from customers.

OSMC

The 2018 Petition proposed a decrease in the OSMC credit to customers from a credit rate of \$0.0047 per therm to a credit rate of \$0.0007 per therm. The Company's total OSMC customer credits would be \$0.215 million.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were scheduled and conducted in Flemington and Union, New Jersey on September 20, 2018 and September 24, 2018, respectively. One member of the public spoke at the Flemington hearing and commented about the high cost of living in New Jersey which she asserted leads to the constant high rate increases by the utilities. No members of the public attended the hearings in Union or filed written comments with the Board.

³ All rates quoted herein include Sales and Use Tax.

STIPULATION

Following an initial review and discussions, the Parties determined that additional time is needed to complete a review of the Company's 2018 Petition. Accordingly, on September 27, 2018, the Parties executed the Stipulation. The key terms of the Stipulation are as follows:⁴

9. The Parties have determined that, pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement: (1) a provisional WNC rate of \$0.0194 per therm to be effective as of November 1, 2018, inclusive of all applicable taxes; (2) a provisional CEP component of the SBC rate of \$0.0215 per therm to be effective as of November 1, 2018, inclusive of all applicable taxes; and (3) a provisional OSMC credit rate of \$0.0007 to be effective as of November 1, 2018, inclusive of all applicable taxes. The total provisional WNC/CEP/OSMC rate of \$0.0402 will increase the monthly bill of a typical residential heating customer using 100 therms by \$1.98 from \$88.80 to \$90.78, an increase of 2.2% as compared to the rates expected to be effective as of October 1, 2018. There will be an opportunity for full review of the WNC rate, the CEP component of the SBC rate, and the OSMC rate at the Office of Administrative Law, if necessary, and final approval by the Board.

DISCUSSION AND FINDINGS

The Board has reviewed the record in this matter to date, including the 2018 Petition and the Stipulation and **FINDS** it to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY APPROVES**, on a provisional basis, subject to refund with interest on any net over-recovered balance, the after-tax per therm WNC rate of \$0.0194, CEP per therm rate of \$0.0215 and the OSMC per therm credit rate of \$0.0007 effective for service rendered on and after November 1, 2018. For an average residential heating customer using approximately 100 therms in a winter month, the cumulative impact of these changes represents an increase of approximately \$1.98 or 2.2% on the monthly bill, as compared to the Company's rates in effect as of October 1, 2018.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by November 1, 2018.

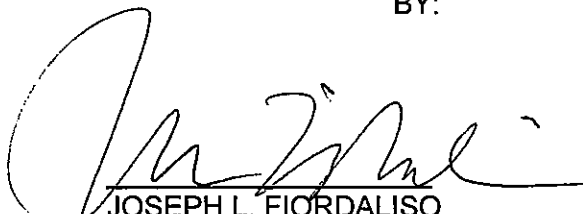
The Company's costs, including those related to the clauses reviewed in this docket, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.


⁴ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the stipulation are controlling, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

The effective date of this Order is November 1, 2018.

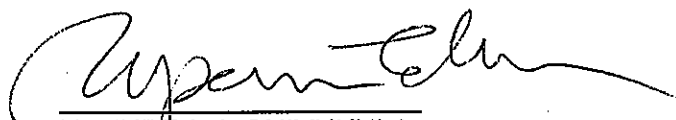
DATED: 10/29/18

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT

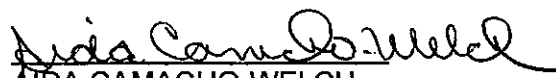

MARYANNA HOLDEN
COMMISSIONER


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 Elizabethtown Gas Company to (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-System Margin Sharing Credit
Docket No. GR18080852

SERVICE LIST

Division of Rate Counsel

140 East Front Street, 4th Fl.
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Felicia Thomas-Friel, Esq.
ftomas@rpa.nj.gov

Brian Lipman, Esq.
blipman@rpa.nj.gov

Kurt Lewandowski, Esq.
klewandowski@rpa.nj.gov

Elizabethtown Gas Company

Deborah Franco, Esq.
Cullen and Dykman
One Riverfront Plaza
Newark, NJ 07102
dfranco@cullenanddykman.com

Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs and Business Support
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
mkeefe@sjindustries.com

Board of Public Utilities

44 South Clinton Avenue
3rd Floor, Suite 314
Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch, Board Secretary
Board.secretary@bpu.nj.gov

Division of Energy

Stacy Peterson, Director
stacy.peterson@bpu.nj.gov

Kevin Moss, Chief
kevin.moss@bpu.nj.gov

Scott Sumliner
scott.sumliner@bpu.nj.gov

Counsel's Office

Megan Lupo, Esq.
megan.lupo@bpu.nj.gov

Case Management

Karriemah Graham
karriemah.graham@bpu.nj.gov

Department of Law & Public Safety

Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Alex Moreau, DAG
alex.moreau@law.njoag.gov

Geoffrey Gersten, DAG
geoffrey.gersten@law.njoag.gov

Timothy Oberleiton, DAG
timothy.oberleiton@law.njoag.gov



CULLENandDYKMANLLP

One Riverfront Plaza
Newark, New Jersey 07102

NAME: DEBORAH M. FRANCO, Esq.
TITLE: PARTNER
DIRECT DIAL: 973.849.9005
DFRANCO@CULLENANDDYKMAN.COM

September 28, 2018

Via Email and FedEx

Aida Camacho-Welch, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

**Re: In The Matter Of The Petition Of Elizabethtown Gas Company To (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit
BPU Docket No. GR18080852**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above proceeding are an original and ten copies of a Provisional 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 ELIZABETHTOWN GAS COMPANY
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR18080852**

SERVICE LIST

Mary Patricia Keefe, Esq.
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
mkeefe@sjindustries.com

Thomas Kaufmann
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
tkaufmann@sjindustries.com

Susan Potanovich
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
spotanovich@sjindustries.com

Oneil Hamilton
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Oneil.Hamilton@bpu.nj.gov

Megan Lupo
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Megan.Lupo@bpu.nj.gov

Stacy Peterson
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Stacy.Peterson@bpu.nj.gov

Scott Sumliner
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Scott.Sumliner@bpu.nj.gov

Beverly Tyndell
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Beverly.Tyndell@bpu.nj.gov

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
sbrand@rpa.nj.gov

Kurt S. Lewandowski, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
klewando@rpa.gov.nj

Brian Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
ftthomas@rpa.nj.gov

Alex Moreau, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Alex.Moreau@law.njoag.gov

Geoffrey Gersten
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Geoffrey.Gersten@law.njoag.gov

Timothy Oberleiton
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Timothy.Oberleiton@law.njoag.gov

Caroline Vachier, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Caroline.Vachier@law.njoag.gov

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

Kenneth T. Maloney
Cullen & Dykman
1101 14th Street NW, Suite 750
Washington, DC 20005
kmaloney@cullenanddykman.com

Robert Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870
rhenkes@optonline.net

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

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In The Matter Of the Petition Of Elizabethtown Gas Company to (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-System Margin Sharing Credit : **BPU Docket No. GR18080852**
:
:
:
:
**STIPULATION REGARDING
PROVISIONAL WNC, CEP,
AND OSMC RATES**
-----X

APPEARANCES:

Kenneth T. Maloney and Deborah M. Franco (Cullen and Dykman LLP), Attorneys for the Petitioner, Elizabethtown Gas Company
Mary Patricia Keefe, Vice President, Regulatory Affairs and Business Support, Elizabethtown Gas Company

Brian O. Lipman, Esq., Litigation Manager, **Felicia Thomas-Friel**, Managing Attorney Gas, Division of Rate Counsel, **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel, 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)

1. On August 1, 2018, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition (“August 2018 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR18080852 to revise its Weather Normalization Clause (“WNC”) rate, the Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate, and its On-System Margin Sharing Credit (“OSMC”) for the period October 1, 2018 through September 30, 2019.

2. In its August 2018 Petition, Elizabethtown stated that current rates in effect for the WNC, CEP and OSMC were approved on a provisional basis by the Board in the Company’s 2017 WNC/CEP/OSMC proceeding in BPU Docket No. GR17080874 on September 22, 2017 and made effective October 1, 2017. The same rates were made final per an Order in the same docket

dated May 22, 2018.

3. In the August 2018 Petition, Elizabethtown proposed to increase its current WNC rate from \$0.0000 per therm (or \$0.0229 per therm effective October 1, 2017 through May 1, 2018) inclusive of all applicable taxes to \$0.0194 per therm inclusive of all applicable taxes to become effective October 1, 2018. As set forth in the August 2018 Petition, the rate was designed to credit an excess balance associated with the period October 1, 2017 through May 31, 2018 (“2018 Winter Period”) that was attributable to overall colder than normal weather experienced in the Company’s service territory during that period, as well as a prior period deficiency balance. As stated in the August 2018 Petition, the current recoverable revenue deficiency balance is \$6,252,962 which, when divided by projected winter period therm volumes of 343,317,771 therms, produces a WNC rate of \$0.0194 per therm inclusive of applicable taxes.

4. In the August 2018 Petition, Elizabethtown proposed to modify its current CEP component of the SBC rate from \$0.0251 per therm inclusive of all applicable taxes to \$0.0215 per therm inclusive of all applicable taxes to become effective October 1, 2018. As set forth in the August 2018 Petition, the Company stated the rate was designed to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2018, and projected costs for the period ending June 30, 2019, totaling \$9,976,125. Based on the Fiscal Year 2019 CEP level of spending of \$10,637,432, and certain other additional adjustments described in the August 2018 Petition, Elizabethtown proposed a CEP rate of \$0.0215 per therm inclusive of all taxes.

5. In the August 2018 Petition, Elizabethtown proposed to modify its current OSMC from a credit rate of \$0.0047 per therm to a credit rate of \$0.0007 per therm inclusive of all applicable taxes to become effective October 1, 2018. The rate is set in accordance with the

mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, GR97070552 et al., and Docket Nos. GX99030121, et al., under which margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and the Company on an 80%/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers.

6. As stated in the August 2018 Petition, the overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as reflected in the August 2018 Petition would increase the monthly bill of a typical residential heating customer using 100 therms by \$1.98, from \$91.40 to \$93.38, or an increase of 2.2%, as compared to the rates in effect as of August 1, 2018, or from \$88.80 to \$90.78 using rates expected to be in effect as of October 1, 2018.

7. Notices setting forth the requested rate changes and the dates of the public hearings were placed in newspapers of circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities within the Company's service territory. Public hearings concerning the August 2018 Petition were held in Flemington, New Jersey on September 20, 2018 and Union, New Jersey on September 24, 2018. One member of the public attended the public hearings in Flemington.

8. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "the Parties"). The Parties agree that additional time is needed to complete a comprehensive review of the Company's filing and that permitting a WNC rate, CEP component of the SBC rate, and OSMC to become effective on a provisional basis is reasonable to permit Elizabethtown to timely collect WNC and CEP costs, credit OSMC amounts, and mitigate the impact of potential deficiency balance increases as additional review of the Company's filing takes place.

9. The Parties hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review, including at the Office of Administrative Law, if necessary, discussions among the Parties, and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement: (1) a provisional WNC rate of \$0.0194 per therm to be effective as of November 1, 2018, inclusive of all applicable taxes; (2) a provisional CEP component of the SBC rate of \$0.0215 per therm to be effective as of November 1, 2018, inclusive of all applicable taxes; and (3) a provisional OSMC credit rate of \$0.0007 per therm to be effective as of November 1, 2018 inclusive of all applicable taxes. The total provisional WNC/CEP/OSMC rate of \$0.0402 will increase the monthly bill of a typical residential heating customer using 100 therms by \$1.98 from \$88.80 to \$90.78, an increase of 2.2%, as compared to the Company's rates expected to be in effect as of October 1, 2018. There will be an opportunity for full review of the WNC rate, the CEP component of the SBC, and the OSMC at the Office of Administrative Law, if necessary, and final approval by the Board.

10. The Company will submit tariff sheets in the form attached as Exhibit A within five (5) days of the effective date of the Board's Order approving this Stipulation.

11. This Stipulation represents a mutual balancing of interests and therefore is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

12. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the

Stipulation to be binding on them for all purposes herein.

13. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

14. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities 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

**STEFANIE A. BRAND
DIRECTOR, DIVISION OF
RATE COUNSEL**

By: Mary Patricia Keefe/KB
Mary Patricia Keefe
Vice President, Regulatory Affairs
and Business Support

By: Kurt S. Lewandowski
Kurt S. Lewandowski, Esq.
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 Morean
Alex Morean
Deputy Attorney General

Dated: September 27, 2018

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

November 1, 2018 through May 31, 2019 \$0.0194 per therm

June 1 through September 30 of any year \$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

Date of Issue: Xx1

Effective: Service Rendered
on and after Xx2

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3 in Docket No. xx4

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0007) per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

Date of Issue: Xx1

Effective: Service Rendered
on and after Xx2

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3 in Docket No. xx4

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 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")	\$0.0215
II.	Remediation Adjustment Charge ("RAC")	(\$0.0128)
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0049
	2. Lifeline	<u>\$0.0054</u>
	TOTAL	\$0.0190

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.

- 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: Xx1

Effective: Service Rendered
on and after Xx2

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3 in Docket No. xx4

REDLINE

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

~~ORIGINAL~~ 1st REVISED

SHEET NO. 111

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

~~October-November 1, 2017-2018~~ through May 31, ~~2018~~2019
\$~~0.02340~~.0194 per therm

June 1 through September 30 of any year \$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

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ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

~~ORIGINAL~~ 1st REVISED
SHEET NO. 116

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

~~(\$0.0047)~~ (\$0.0007) per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

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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 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")	<u>\$0.02540,0215</u>
II.	Remediation Adjustment Charge ("RAC")	<u>(\$0.0128)</u>
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	<u>\$0.0049</u>
	2. Lifeline	<u>\$0.0054</u>
	TOTAL	<u>\$0.02260,0190</u>

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.

- 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: ~~September 26, 2018~~Xx1

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