



Agenda Date: 1/25/23
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

| | | |
|--|---|-----------------------|
| IN THE MATTER OF THE PETITION OF |) | DECISION AND ORDER |
| ELIZABETHTOWN GAS COMPANY TO REVISE THE |) | APPROVING STIPULATION |
| REMEDICATION ADJUSTMENT CLAUSE COMPONENT |) | FOR FINAL RATES |
| OF ITS SOCIETAL BENEFITS CHARGE RATE |) | |
| |) | DOCKET NO. GR22070465 |

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Deborah M. Franco, Esq., SJI Utilities on behalf of Elizabethtown Gas Company

BY THE BOARD:

On July 29, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking review and approval to revise its Remediation Adjustment Clause (“RAC”) and related Manufactured Gas Plant (“MGP”) costs incurred from July 1, 2021 to June 30, 2022 (“2022 RAC Period”), based upon a seven (7) year cost amortization plus prior true-up amounts. (“2022 RAC Petition”). 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, “Parties”) requesting that the Board approve changes to the RAC rate.

BACKGROUND

The Societal Benefits Charge (“SBC”) allows public utilities to recover certain costs through a non-bypassable charge imposed on all utility customers.¹ Elizabethtown’s SBC is comprised of: the RAC, the New Jersey Clean Energy Program (“NJCEP”), the Universal Service Fund (“USF”), and Lifeline Program charges. The RAC allows the Company to adjust its rates to recover reasonably incurred environmental remediation costs associated with the clean-up of its former MGP sites, on a deferred basis, over a rolling, seven (7) year period, with carrying charges tied to the seven (7) year treasuries plus 60 basis points.

¹ N.J.S.A. 48:3-60 et seq.

Elizabethtown has six (6) former MGP sites in New Jersey, with two sites (2) located in Elizabeth, one (1) in Rahway, one (1) in Perth Amboy, one (1) in Flemington, and one (1) in Newton. The Company owns, and is liable for remediation at, the MGP sites in Elizabeth, Newton, and Flemington. The Company shares liability for the remediation of the Newton and Flemington MGP sites with Jersey Central Power & Light Company, which is currently owned by First Energy.² The Company sold the Rahway MGP site in November 2016 and addressed the sale's proceeds in its 2017 RAC proceeding.

2022 RAC PETITION³

As provided above, in the 2022 RAC Petition, Elizabethtown sought to revise its recovery of RAC-related former MGP site costs incurred during the period of July 1, 2015 through June 30, 2022 based upon a seven (7) year cost amortization, in addition to specific adjustments and prior period true-up amounts. The 2022 RAC Period cost totaled \$10,886,014 from which \$4,501,758 was deducted for third-party recoveries, and \$35,947 was added for the deferral of 50% of litigation costs. The Company notes that the proposed net remediation cost of \$6,420,203 would be recovered over the seven (7) year amortization period. With respect to the Flemington and Newton sites, the 2022 RAC Petition only sought recovery of costs attributable to ETG.⁴

In accordance with the Company's tariff, the proposed SBC-RAC rate was determined by calculating the sum of the following: a) one-seventh (1/7) of the Company's net deferred remediation costs incurred over 12 months ending June 30 for the periods 2016 through 2022 totaling \$3,093,655, which equals amortized costs plus the deferred tax adjustment; b) the \$206,606 interest accrued on RAC-related costs calculated in the manner approved by the Board Order in BPU Docket Nos. GX99030121 and GO99030122 dated March 30, 2001; and c) the prior year's RAC over-recovery balance of \$2,152,078. The sum of these amounts total to a recovery of \$1,148,183, which was divided by projected sales and service volumes from October 1, 2022 through September 30, 2023.

The Company proposed to increase the per therm SBC-RAC rate from a credit of \$0.0083 to a charge of \$0.0023, effective October 1, 2022.⁵ The proposed rate was designed to provide a recovery of \$1,148,183 in RAC-related costs over a 12-month period.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were held virtually at 4:30 p.m. and 5:30 p.m. on December 14, 2022.⁶ No members of the public attended the public hearings or filed comments with the Board related to the 2022 RAC Petition.

² Elizabethtown does not own the MGP site at the historic Renora Landfill but maintains responsible party liability.

³ The 2022 RAC Petition did not seek any adjustment to the other SBC rate components, i.e. the NJCEP, USF and Lifeline charges.

⁴ 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.

⁵ All rates herein are inclusive of Sales and Use Tax.

⁶ The hearings were held virtually due to the COVID-19 pandemic.

STIPULATION

Following a review of the 2022 RAC Petition and discovery, the Parties executed the Stipulation which provides the following:⁷

1. The Parties acknowledge that the final RAC rate 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 Date”).
2. As of the Effective Date, the Company will make effective as final its RAC rate of \$0.0023 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 is set forth in Appendix A which is attached to the Stipulation.
3. The Company represents that the labor allocation reflected in the RAC rate proposed in the 2022 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.
4. The Company represents that the 2022 RAC Petition 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 ETG’s 2007, 2008 and 2009 RAC proceedings. To the extent incurred, NRD-related costs shall be deferred until such time as the Board addresses the rate recovery of NRD-related costs via the RAC mechanism.
5. The Company agrees that it will include with its RAC filings, responses to the minimum filing requirements as set forth in Appendix B to the Stipulation, and that it will not request any late fees or late charges that are associated with legal costs recovered through the RAC.
6. Upon Board approval of the RAC rate reflected in the Stipulation, the Company will file with the Board a revised tariff sheet to reflect the final RAC rate agreed to in the Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix C, which includes actual changes to the tariff.
7. Board approval of the final RAC rate in the Stipulation will result in a total SBC rate of \$0.0449 per therm, inclusive of all applicable taxes.

⁷ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions in this Order. Paragraphs are numbered to coincide with the Stipulation.

8. The rate impact of the RAC rate change from a credit rate of \$0.0083 per therm, inclusive of taxes, to \$0.0023 per therm, inclusive of taxes, will increase the monthly bill of a residential heating customer using 100 therms by \$1.06 or 0.7% as compared to the Company's December 1, 2022 rates.
9. Upon the Board's approval of the Stipulation, all issues related to Elizabethtown RAC and the costs recovered are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in this proceeding, including, but not limited to, the 2022 RAC Petition, discovery, and the Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** an SBC-RAC rate of \$0.0023 per therm effective for services rendered on and after February 1, 2023.

Based upon the Stipulation, a typical residential heating customer using 100 therms on a monthly basis would see an increase in their bill of \$1.06 or 0.7%.

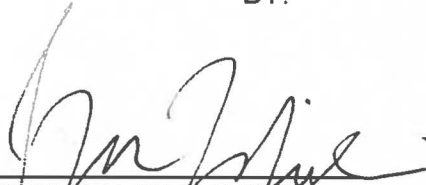
The Board **HEREBY DIRECTS** Elizabethtown to file revised tariff sheets conforming to the terms of the Stipulation by February 1, 2023.

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.

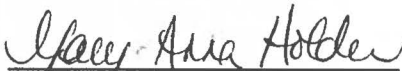
This Order shall be effective on January 25, 2023.

DATED: January 25, 2023


BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT




MARY-ANNA HOLDEN
COMMISSIONER




DIANNE SOLOMON
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

CARMEN D. DIAZ
ACTING SECRETARY

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

THE PETITION OF ELIZABETHTOWN GAS COMPANY TO REVISE THE REMEDIATION
ADJUSTMENT CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE

DOCKET NO. GR22070465

SERVICE LIST

Division of Rate Counsel

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

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

Maura Caroselli, Esq., Managing Attorney
mcaroselli@rpa.nj.gov

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

Division of Law

25 Market Street
Post Office Box 12
Trenton, NJ 08625

Matko Ilic, DAG
matko.ilic@law.njoag.gov

Terel Klein, DAG
terel.klein@law.njoag.gov

Pamela Owen, DAG
pamela.owen@law.njoag.gov

Daren Eppley, DAG
daren.eppley@law.njoag.gov

Board of Public Utilities

44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, NJ 08625-0350

Carmen D. Diaz, Acting Secretary
board.secretary@bpu.nj.gov

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

Division of Water and Energy

Michael Kammer, Director
mike.kammer@bpu.nj.gov

Malike Cummings, Deputy Director
malike.cummings@bpu.nj.gov

Scott Sumliner
scott.sumliner@bpu.nj.gov

Counsel's Office

Heather Weisband, Senior Counsel
heather.weisband@bpu.nj.gov

Elizabethtown Gas Company

520 Green Lane
Union, NJ 07083

Thomas Kaufman
tkaufmann@sjindustries.com

Deborah Franco, Esq.
dfranco@sjindustries.com

Cindy Capozzoli
1 South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com



Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

520 Green Lane
Union, NJ 07083
T: (973) 886-7635
skelly@sjindustries.com

December 19, 2022

Electronic Filing

Carmen D. Diaz, Acting Board Secretary
and Acting Custodian
New Jersey Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of Elizabethtown Gas Company To Revise The Remediation
Adjustment Clause Component Of Its Societal Benefits Charge Rate
BPU Docket No. GR22070465**

Dear Acting Board Secretary and Acting Custodian Diaz:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of Elizabethtown Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel. It is respectfully requested that the Board consider the Stipulation at its January 11, 2023 agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheree L. Kelly".

Sheree L. Kelly, Esq.

SLK:slp
Enclosures
cc: Service List (electronically)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. GR22070465**

SERVICE LIST

Steven Cook
Elizabethtown Gas Company
520 Green Lane
Union, NJ 07083
scook@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

Gary Akmentins
Elizabethtown Gas Company
One South Jersey Place
Atlantic City, NJ 08401
gakmentins@sjindustries.com

Deborah M. Franco, Esq.
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
dfranco@sjindustries.com

Cindy Capozzoli
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com

Sheree Kelly
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

Carolyn A. Jacobs
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
cjacobs@sjindustries.com

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

Mike Kammer
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Mike.Kammer@bpu.nj.gov

Malike Cummings
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Malike.Cummings@bpu.nj.gov

Ryan Moran
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Ryan.Moran@bpu.nj.gov

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

Heather Weisband, Esq.
Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350
Heather.Weisband@bpu.nj.gov

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

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

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

Carlena Morrison, Paralegal.
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
cmorrison@rpa.nj.gov

Terel Klein, DAG
Dept. of Law & Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625
Terel.Klein@law.njoag.gov

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

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

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

-----X
In the Matter of the Petition of : **BPU Docket No. GR22070465**
Elizabethtown Gas Company to :
Revise the Remediation Adjustment Clause :
Component of its Societal Benefits Charge Rate : **STIPULATION OF SETTLEMENT**
----- X

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney Gas and Clean Energy, and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel, (**Brian O. Lipman, Esq.**, Director)

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of the State of New Jersey)

TO THE HONORABLE COMMISSIONERS OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On July 29, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate (“2022 RAC Petition”).

2. The 2022 RAC Petition proposed to increase the Company’s per-therm RAC rate from a credit rate of \$0.0083 to a rate of \$0.0023, inclusive of applicable taxes.¹ The proposed RAC rate was designed to recover approximately \$1.1 million in RAC-related costs over a 12-month period.

¹ The Company’s RAC credit rate of \$0.0083 per therm was approved on June 8, 2022 by the Board in BPU Docket No. GR21071018, effective for services rendered on and after July 1, 2022.

3. The RAC-related costs for which recovery was sought in the 2022 RAC 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, 2015 through June 30, 2022, based upon a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2022 RAC Petition provides that the 2022 costs totaled \$10,886,014, which was then adjusted for third party recoveries and deferred litigation insurance costs, resulting in proposed recoverable net remediation costs of \$6,420,203 to be amortized in rates over a seven (7) year period.

4. In accordance with the Company’s tariff, the Company’s proposed RAC rate was determined by calculating the sum of: (i) one-seventh of its net deferred remediation amounts incurred during the 12 months ending June 30th for the periods ending 2022, 2021, 2020, 2019, 2018, 2017, and 2016, totaling \$3,093,655 as shown below, which equals amortized costs plus the deferred tax adjustment; (ii) \$206,606 of 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; and (iii) the prior year’s RAC over-recovered balance of (\$2,152,078). The sum of these amounts totals \$1,148,183, which was divided by the projected sales and service volumes to the service classifications subject to the RAC to yield the proposed RAC rate of \$0.0023 per therm, inclusive of all applicable taxes.

| <u>Year</u> | <u>Recoverable Amount</u> |
|-------------|---------------------------|
| 2022 | \$886,853 |
| 2021 | \$598,138 |
| 2020 | (\$634,631) |
| 2019 | (\$469,321) |
| 2018 | \$3,800,268 |
| 2017 | \$2,214,904 |
| 2016 | <u>(\$3,302,556)</u> |
| Total | \$3,093,655 |

5. The Company has six (6) former manufactured gas plant sites in New Jersey: two (2) are located in Elizabeth, (one (1) on South Street and one (1) on Erie Street); one (1) in Rahway; one (1) in Perth Amboy; one (1) in Flemington, and one (1) in 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 Company (“JCP&L”) which is now owned by First Energy. With respect to the Flemington and Newton sites, the 2022 RAC Petition only sought recovery of costs attributable to Elizabethtown.² Elizabethtown also has responsible party liability for a site containing the Renora Landfill.

6. The 2022 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, both of which are addressed in separate proceedings.

7. As stated in the 2022 RAC Petition, the impact of the proposed rate change was a \$1.06 increase to the monthly bill of a residential customer using 100 therms, from \$110.59 to \$111.65, or 1.0%, as compared to the rates effective as of July 1, 2022.

8. The 2022 RAC Petition was not transmitted to the Office of Administrative Law by the Board. Following public notice published in newspapers of general circulation within Elizabethtown’s service territory, two (2) virtual public hearings regarding the 2022 RAC Petition were held on December 14, 2022 at 4:30 p.m. and 5:30 p.m. No members of the public attended to express their views on this filing and the Board received no written comments.

9. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) engaged in discovery and resolved all issues in this proceeding

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

in accordance with the stipulation of settlement (“Stipulation”) set forth below.

II. STIPULATED TERMS

Based upon, and subject to, the terms and conditions set forth herein, the Parties stipulate and agree as follows:

Effective Date

1. The Parties acknowledge that the final RAC rate 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 Date”).

Effective Rate

2. As of the Effective Date, the Company will make effective as final its RAC rate of \$0.0023 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 is set forth in Appendix A which is attached hereto.

3. The Company represents that the labor allocation reflected in the RAC rate proposed in the 2022 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.

4. The Company represents that the 2022 RAC Petition 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. To the extent incurred, NRD-related costs shall be deferred until such time as the Board addresses the rate recovery of NRD-related costs via the RAC mechanism.

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

6. Upon Board approval of the RAC rate reflected in this Stipulation, the Company will file with the Board a revised tariff sheet to reflect the final RAC rate agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix C, which includes actual changes to the tariff.

7. Board approval of the final RAC rate in this Stipulation will result in a total SBC rate of \$0.0449 per therm, inclusive of all applicable taxes.

Rate Impact

8. The rate impact of the RAC rate change from a credit rate of \$0.0083 per therm, inclusive of taxes, to \$0.0023 per therm, inclusive of taxes, will increase the monthly bill of a residential heating customer using 100 therms by \$1.06 or 0.7% as compared to the Company's December 1, 2022 rates.

All Issues Resolved

9. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's RAC and the costs recovered are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

10. 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.

Binding Effect

11. 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 this Stipulation to be binding on them for all purposes herein.


General Reservation


12. 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. All rates remain subject to audit by the Board.

WHEREFORE, the 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.

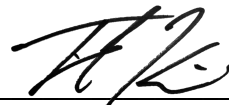
ELIZABETHTOWN GAS COMPANY

**BRIAN O. LIPMAN, ESQ.
DIRECTOR, DIVISION OF
RATE COUNSEL**

By: 
Deborah M. Franco
VP, Rates, Regulatory & Sustainability

By: 
Maura Caroselli
Megan Lupo, Esq.
Assistant Deputy Rate Counsel

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By:  12/19/22
Terel Klein
Deputy Attorney General

Dated: Dec. 19, 2022

GR22070465 – ETG 2022 RAC

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

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM
October 1, 2022 through September 30, 2023
RECOVERY YEAR - 2023

| | | |
|----|--|-------------------------------|
| 1a | Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7) | \$3,197,090 |
| 1b | Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7) | <u>(\$103,435)</u> |
| 1 | Recovery Year Recoverable Costs (L1a +L1b) | \$3,093,655 |
| 2 | Accrued Carrying Costs (Sch. TK-3) | \$206,606 |
| 3 | Prior Year RAC Overrecovery (Sch. TK-4) | <u>(\$2,152,078)</u> |
| 4 | Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3) | \$1,148,183 |
| 5 | Projected Normalized Sales and Services (Forecast Sch. TK-1) | 512,177,413 therms |
| 6 | RAC COMPONENT, before taxes (L4/L5) | \$0.0022 /therm |
| 7 | Sales & Use Tax @ 6.625% | <u>\$0.0001</u> |
| 8 | RAC COMPONENT (L6+L7) | <u><u>\$0.0023</u></u> /therm |

**ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE (“RAC”)
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 provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way. | SLC-2 |
| 9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well | RAC TK-2 |

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

| Minimum Filing Requirements | Schedule |
|---|-----------------------|
| as the derivation of the deferred tax credit and the interest accrual on any unamortized balances. | |
| 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 |
| 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. | RAC 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 |
| 18. Provide details concerning all remediation related charges to the Company from or through the Company’s parent, SJI Utilities, 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 Confidential |

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. | Clean Energy Program ("CEP") | \$0.0260 |
| II. | Remediation Adjustment Charge ("RAC") | (\$0.0083) <u>\$0.0023</u> |
| III. | <u>Universal Service Fund and Lifeline:</u> | |
| | 1. Universal Service Fund ("USF") | \$0.0111 |
| | 2. Lifeline | <u>\$0.0055</u> |
| | TOTAL | \$0.0343 <u>\$0.0449</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. 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 29, 2022~~Effective: Service Rendered
on and after ~~October 1, 2022~~Issued by: Christie McMullen, President
520 Green Lane
Union, New Jersey 07083Filed Pursuant to Order of the Board of Public Utilities
Dated ~~September 28, 2022~~ in Docket No. ~~ER22060374~~ GR22070465

CLEAN

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. | Clean Energy Program ("CEP") | \$0.0260 |
| II. | Remediation Adjustment Charge ("RAC") | \$0.0023 |
| III. | <u>Universal Service Fund and Lifeline:</u> | |
| | 1. Universal Service Fund ("USF") | \$0.0111 |
| | 2. Lifeline | <u>\$0.0055</u> |
| | TOTAL | \$0.0449 |

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. 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.

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Date of Issue:

Effective: Service Rendered
on and after

Issued by: Christie McMullen, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated _____ in Docket No. GR22070465