



Agenda Date: 11/21/24  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER APPROVING
ELIZABETHTOWN GAS COMPANY FOR APPROVAL	)	STIPULATION
OF INCREASED BASE TARIFF RATES AND	)	
CHARGES FOR GAS SERVICE, CHANGES TO	)	BPU DOCKET NO. GR24020158
DEPRECIATION RATES AND OTHER TARIFF	)	OAL DOCKET NO. PUC 03991-2024 N
REVISIONS	)	

**Parties of Record:**

**Brian O. Lipman, Esq., Director**, New Jersey Division of Rate Counsel  
**Dominick DiRocco, Esq.**, on behalf of Elizabethtown Gas Company  
**Steven S. Goldenberg, Esq.**, on behalf of New Jersey Large Energy Users Coalition

**BY THE BOARD:**

On February 29, 2024, pursuant to N.J.S.A. 48:2-18, N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.A.C. 14:1-5.12, Elizabethtown Gas Company ("ETG" or "Company"), a public utility corporation of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition for approval of an increase in its current base rates for gas service of approximately \$75.6 million, including Sales and Use Tax ("SUT"), to be effective for service provided on and after September 1, 2024 ("Petition"). By this Decision and Order, the Board will consider an Initial Decision ("Initial Decision") issued by the Administrative Law Judge Jacob S. Gertsman ("ALJ Gertsman") on November 6, 2024 approving a Stipulation of Settlement ("Stipulation") executed by ETG, Board Staff ("Staff"), the New Jersey Division of Rate Counsel, ("Rate Counsel"), and the New Jersey Large Energy Users Coalition ("NJLEUC") ("collectively, "Parties") resolving all issues in controversy in this matter.

**BACKGROUND AND PROCEDURAL HISTORY**

ETG is engaged in the transmission and distribution of natural gas to approximately 316,000 residential and commercial customers within Hunterdon, Mercer, Middlesex, Morris, Sussex, Union, and Warren Counties.

According to the Petition, the Company's current base rates and charges for natural gas service are not sufficient at their current level. The Company indicated that, if left unchanged, the Company's current base rates will 1) impair ETG's ability to meet operating and maintenance expenses, taxes, and fixed charges and 2) impair ETG's ability to earn a reasonable rate of return

on the fair value of its property. As such, the Company sought Board approval to increase existing rates and change or alter existing classifications in the Company's tariff.

By the Petition, ETG sought to: 1) establish and/or recover certain regulatory assets; 2) modify its depreciation rates; and 3) implement certain other tariff revisions, including the implementation of an Uncollectible Adjustment Clause ("UAC"), as a component of the Company's Societal Benefits Clause ("SBC"), to account for fluctuations in uncollectible costs.

The Company requested authority to implement the following regulatory assets:

- Continuation of the deferral of its Transmission Integrity Management Program ("TIMP");
- Continued amortization of pension and other post-employment benefit regulatory assets ("OPEB") over fifteen (15)-year and 9.2 year periods, as approved by Board Order dated June 30, 2017;<sup>1</sup>
- Continued amortization over a ten (10)-year period of \$160,000,000 credit to accumulated depreciation;
- Amortization of the costs of its previously approved Water Benchmarking Program over a three (3)-year period for costs incurred through June 30, 2024;
- Amortization of the costs of its most recent BPU Management audit over a three (3)-year period;
- Amortization of expenses related to this filing, including the projected costs of legal and consultant expenses, newspaper notices, court reporting, and other miscellaneous expenses, over a three (3)-year period.

The Company also requested several tariff revisions including: 1) to roll in revenues associated with its Infrastructure Investment Program ("IIP") Rider using actual amounts through June 30, 2023, to be established on a final basis, and reset the IIP Rider rates to remove the provisional IIP rates approved for the periods July 1, 2021 through June 30, 2022 and July 1, 2022 through June 30, 2023; 2) to increase meter turn-on and reconnection fees from \$15 to \$45; and 3) certain housekeeping items related to the Clean Energy Program component of the Company's SBC.<sup>2</sup>

The Company argued that, by this rate request, it seeks reasonable opportunity to earn a fair return on investments made so that it can continue to attract capital at reasonable rates and invest in infrastructure necessary to continue providing safe and reliable service to customers. The Company further identified that the request for rate relief is also driven by a need to recover increased costs of capital and greater depreciation expense, as well as increases to operations and maintenance costs incurred since the Company's previous base rate case.

By the Petition, ETG sought the following:

1. A return on equity of 10.75%;

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<sup>1</sup> In re the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions, BPU Docket No. GR16090826, OAL Docket No. PUC 15876-16, Order dated June 30, 2017.

<sup>2</sup> See In re the Petition of Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP"), BPU Docket No. GR22040316, Order dated September 28, 2022; and In re the Petition of Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP"), BPU Docket No. GR23040270, Order dated September 27, 2023.

2. To increase rates and charges for natural gas service that would result from the proposed amendments to the Company's tariff;
3. To revise its existing depreciation rates; and
4. To update its tariff for certain modifications and revisions.

The Petition was transmitted to the Office of Administrative Law where it was subsequently assigned to ALJ Gertsman.

On May 15, 2024, ETG updated the Petition to include nine (9) months of actual data and three (3) months of estimated data ("9+3 Update"). By the 9+3 Update, ETG updated its requested increase in base rates to approximately \$77.7 million, including SUT.

On May 16, 2024, ALJ Gertsman issued a Prehearing Order, thereby setting a procedural schedule in this matter. Through a series of orders, ALJ Gertsman granted intervenor status to NJLEUC and participant status to New Jersey Natural Gas Company and Public Service Electric and Gas Company.

On July 31, 2024, ETG updated the Petition to include twelve (12) months of actual data ("12+0 Update"). By the 12+0 Update, ETG updated its requested increase in base rates to approximately \$70.3 million, including SUT.

By Order dated August 14, 2024, the Board issued an Order suspending the proposed rates until January 1, 2025.<sup>3</sup>

## **STIPULATION**

Following comprehensive discovery and settlement discussions, the Parties executed the Stipulation, the key elements which are as follows:<sup>4</sup>

- A. Rate Increase.** As of the date upon which the Stipulation becomes effective ("Effective Date"), ETG will be permitted to increase its base rates in a manner designed to produce a total annual revenue requirement increase of \$38 million, inclusive of applicable taxes, or approximately 8.4%.

The annual revenue requirement is based upon a rate base of \$1.773 billion and the following capital structure and cost rates:

<b>Type of Capital</b>	<b>% of Total</b>	<b>Cost Rate</b>	<b>Weighted Cost Rate</b>
Long-Term Debt	45.0	5.11%	2.30%
Common Equity	55.0	9.60%	5.28%
Total Capital	100.0		7.58%

Applying the above-stated capital structure and cost rates results in a rate of return of

<sup>3</sup> In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions, BPU Docket No. GR24020158, OAL Docket No. PUC 03991-2024 N, Order dated August 14, 2024.

<sup>4</sup> Although summarized herein, should there be any contradiction between the terms of this summary and the terms of the Stipulation, the terms of the Stipulation control, subject to the find and conclusion in this Order. Paragraphs are lettered to coincide within the Stipulation.

7.58%. The Parties acknowledge that the stipulated revenue requirement reflects consideration of a Consolidated Tax Adjustment.

The revenue expansion factor used to gross-up costs for income taxes, uncollectible expense and BPU and Rate Counsel assessments is 1.407347, which consists of factors for state income taxes of 9%, federal income taxes of 21%, uncollectibles of 0.8899%, and for the BPU and Rate Counsel assessments of 0.2706%.

ETG's total annual distribution revenue is forecast to be \$329,163,658. This annual distribution revenue reflects weather normalized revenues reflecting a twenty (20)-year normal weather pattern.

The proof of revenues supporting the total annual distribution revenue, including the revenue requirement increase of \$38 million, and the proposed rates is attached as Appendix A to the Stipulation. The proof of revenues sets forth the allocation of the \$38 million annual revenue increase among the Company's customer classes. The rates resulting from the Stipulation will be set forth in the Company's tariff to be submitted in a compliance filing with the Board following the issuance of a Board order in this matter. The tariff sheets included in that compliance filing will be in a clean and marked form and incorporate the changes listed in Appendix B to the Stipulation.

**B. Depreciation.** The annual revenue requirement was determined by applying the depreciation rates set forth on Appendix C to the Stipulation. These depreciation rates result in a composite depreciation rate of 2.87%. As of the Effective Date, Elizabethtown will implement the depreciation rates set forth on Appendix C to the Stipulation.

**C. Amortization of Deferred Debits and Credits.** The annual rate base/revenue requirement, as applicable, in this proceeding reflects the following deferral authorizations/amortizations to commence or continue, as applicable, as of the Effective Date:

- (i) Amortization of rate case expenses over a three (3)-year period;
- (ii) Continued amortization of pension and other post-employment benefit regulatory assets over fifteen (15)-year and 9.2-year periods, respectively, as previously approved by Board Order dated June 30, 2017,<sup>5</sup>
- (iii) Continued amortization over a ten (10)-year period of \$160,000,000 credit to accumulated depreciation as approved by Board Order dated November 13, 2019.<sup>6</sup> This amortization only serves to reduce rate base and has no impact on the Company's income statement;
- (iv) Amortization of BPU Management Audit costs of \$718,140 over three (3) years;

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<sup>5</sup> In re the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions - Decision and Order Approving Initial Decision and Stipulation, BPU Docket No. GR16090826, OAL Docket No. PUC 15876-16, Order dated June 30, 2017.

<sup>6</sup> In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions - Decision and Order Adopting Initial Decision and Stipulation, BPU Docket No. GR19040486, OAL Docket No. PUC 06692-2019N, Order dated November 13, 2019.

- (v) Amortization of Benchmarking Study costs of \$80,797 over three (3) years, pursuant to Board Order dated September 7, 2022;<sup>7</sup> and
- (vi) Continuation of previously approved deferral authorized in BPU Docket No. GR21121254 for incremental transmission integrity management program ("TIMP") costs, limited to costs for activities that are required by federal regulations, should ETG incur such costs prior to the effective date of rates in its next base rate proceeding. The rates established in this proceeding do not provide for recovery of any TIMP costs. To the extent that ETG seeks to recover such a regulatory asset in a future base rate case, nothing herein will prejudice the rights of the Parties to challenge the prudence of such costs.

**D. New Regulatory Asset.** ETG is authorized to create a regulatory asset to account for the difference between actual annual taxes incurred for the Company's Erie Street property located at Block 743, Lot 1 in the City of Elizabeth effective January 1, 2024 and the test year property tax costs of \$456,210, as well as costs associated with the filing and prosecuting, and administrative and/or judicial appeals of, the assessment of taxes on the Erie Street property, until the effective date of revised base rates reflecting a level of property taxes that accounts for the results of the appeal. In a future rate case, the Company may request recovery of the deferred asset, after it has been adjusted for the results of the tax appeal. The rates established in this proceeding provide for recovery of the test year Erie Street property tax costs of \$456,210. To the extent that ETG seeks to recover such a regulatory asset in a future base rate case, nothing in the Stipulation will prejudice the rights of the Parties to challenge the prudence of such costs.

**E. Customer Service Performance Measures.** ETG will continue to submit quarterly reports to Rate Counsel and the Director of the Division of Customer Assistance concerning the Company's performance in relation to certain customer service metrics that were included in ETG's last rate case stipulation approved by Board Order dated August 17, 2022<sup>8</sup> and in accordance with the additional metrics as set forth in the customer service standards attached to the Stipulation as Appendix 3 to the Board's Order dated January 25, 2023.<sup>9</sup> In addition, the Company will continue to conduct ongoing surveys of customer satisfaction using its telephone and field personnel and provide the results to Board Staff and Rate Counsel. Additional information concerning these service standards is provided in Appendix D to this Stipulation. ETG will also continue to submit to Staff and Rate Counsel a Call Center Customer Service Improvement Plan report as required by the IIF Merger Order.

With regard to the customer service standards attached to the Stipulation as Appendices 3 and 4 to the IIF Merger Order and further described in Appendix D to the Stipulation, ETG agrees to submit to Staff and Rate Counsel a report within thirty (30) days of the

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<sup>7</sup> In re the Implementation of P.L. 2018, C.17 – Energy and Water Benchmarking of Commercial Buildings, Order Approving Energy and Water Benchmarking Program, BPU Docket No. QO21071023, Order dated September 7, 2022.

<sup>8</sup> In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions - Decision and Order Adopting Initial Decision and Stipulation, BPU Docket No. GR21121254, OAL Docket No. PUC 00872-22, Order dated August 17, 2022.

<sup>9</sup> In re the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc., Order on Stipulation of Settlement, BPU Docket No. GM22040270, Order dated January 25, 2023 ("IIF Merger Order").

Board Order resolving this proceeding that provides the following:

- (i) The Company's expectations for reducing residential customer arrearages during 2024, 2025 and 2026, and an identification of specific measures to achieve those expectations and potential barriers to achieving those expectations;
- (ii) The reason(s) for the Company's performance during 2022 and 2023 relative to its call answering metrics;
- (iii) An explanation as to how the Company improved its performance relative to call answering metrics during early 2024; and
- (iv) The Company's expectations regarding its performance relative to its call answering metrics for 2024, 2025 and 2026 and an identification of potential barriers to achieving those expectations.

**F. Infrastructure Investment Program ("IIP").** On September 25, 2024, the Board issued an Order approving a stipulation of settlement resolving the Company's 2024-25 IIP filing.<sup>10</sup> The Rider "F" IIP rates approved by the September 2024 Order represented revenue requirements associated with Year 3 (July 1, 2021 – June 30, 2022), Year 4 (July 1, 2022 – June 30, 2023) and Year 5 (July 1, 2023 – June 30, 2024) of the IIP. The revenue requirements for Year 3 and Year 4 of the IIP Program will be recovered through the distribution rates approved in this base rate proceeding and therefore, will no longer be part of the Rider "F" IIP rates. As a result, the Rider "F" IIP rates per therm, including taxes, will be updated in the Company's tariff to reflect Year 5 revenue requirements of \$6.2 million only as shown on Appendix E attached to the Stipulation, effective as of the Effective Date of the Board's Order in this proceeding. The Stipulation also resolves the rates approved for the Company's IIP investments through June 30, 2023. The Parties reviewed the Company's investment in its IIP and recommend that the Board find those investments to be reasonable and prudent. The Parties further recommend that the Board find that ETG's recovery of certain IIP costs through the approved provisional cost recovery mechanism is final and no longer subject to refund.

**G. Margin Revenue Factor.** By the Petition, the Company proposed to update its tariff to modify the Margin Revenue Factor ("MRF") for purposes of calculating the weather-related portion of its Conservation Incentive Program ("CIP") to reflect the proposed increased rates. By the September 2024 Order, the Board authorized the Company to increase its then-current MRF to reflect the stipulated increase in IIP rates. The MRF in Rider "B" to the Company's tariff will be updated to reflect the MRF shown on Appendix F to the Stipulation, which has been updated to reflect the base rate increase stipulated in this proceeding as well as the Year 5-only IIP rates referenced in Appendix E to the Stipulation.

**H. Baseline Usage per Customer.** By the Petition, the Company proposed to update its tariff to modify the monthly Baseline Usage per Customer ("BUC") set forth in Rider "G" to the Company's tariff ("CIP Tariff"). Appendix B reflects the BUC changes necessary to align the CIP Tariff with the revised base rates proposed in this Stipulation.

**I. Elizabethtown Management Audit.** Nothing in this Stipulation will prejudice the rights of any party to seek to resolve or take any position with regard to issues identified in the

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<sup>10</sup> In re the Petition of Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP"), Decision and Order Approving Stipulation, BPU Docket No. GR24040281, Order dated September 25, 2024 ("September 2024 Order").

Management Audit that is pending before the Board in BPU Docket No. GA22030141.

**J. Tariff Sheets.** As set forth above, tariff sheets reflecting the rates inclusive of applicable SUT resulting from the Stipulation and the terms and conditions of service will be included in a compliance filing to be submitted to the Board following the issuance of a Board Order in this matter. The tariff sheets will also reflect, among other items, a monthly customer charge of \$11.50 applicable to the Residential Delivery Service classification, inclusive of applicable SUT, the use of a twenty (20)-year weather pattern to establish rates, and certain additional changes outlined in Appendix B to the Stipulation to include the following:

- a. Modify Section 3.01, General Provisions pertaining to the extension of mains and/or services, of the of the Standard Terms and Conditions of the Company's tariff to reduce the normal residential facilities to be replaced at no cost to the customer from 200 feet to 50 feet;
- b. Modify Section 3.02, Main and Service Extensions Requested by Customers, of the Standard Terms and Conditions of the Company's tariff, to reduce the amount of a required deposit that Elizabethtown is authorized to waive from \$3,000 to \$500;
- c. Modify Section 11.01, Reconnection and Collection Charges, of the Standard Terms and Conditions of the Company's tariff to increase the fee ("Reconnection Fee") applicable when the Company restores service when service has been suspended or discontinued for acts or omissions on the part of a customer cited in Sections 10(3), except 10(3)d (customer moving from the premises unless the customer requests that service be continued), and 10(4) (refusal of reasonable access to customer's premises for necessary purposes in connection with the rendering of service) from \$15.00 to \$30.00. The issue of whether an additional increase to this Reconnection Fee should be made will be reviewed in the Company's next base rate case;
- d. Modify certain information included in Rider "B" and utilized to make certain calculations related to the Rider "G" CIP as detailed in Appendix B to the Stipulation;
- e. Modify the interest rate language for the Clean Energy Program component of Rider "D" to remove incorrect references and to reflect a two (2)-year constant maturity Treasury rate set annually;
- f. As noted previously in this Stipulation:
  - i. Modify the MRF in Rider "B;"
  - ii. Modify the Rider "F" IIP rates;
  - iii. Modify the BUCs in Rider "G;" and
- g. Modify Section 7.09 2. c. of the Standard Terms and Conditions to allow single meters in apartments with *de minimis* gas use consistent with Board Order dated June 29, 2016.<sup>11</sup>

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<sup>11</sup> In re the Petition of SJP Residential Properties, LLC for a Waiver of B.P.U. No. 15 Gas, Original Sheet No. 22 Standard Terms and Conditions No. 8.3.1, BPU Docket No. GW16040290, Order dated June 29,

- K. Cost of Service Study.** In ETG's next distribution base rate case petition, the Company agrees to include an embedded Cost of Service Study ("COSS") using the peak and average methodology for allocating gas distribution costs. Any Party, including Elizabethtown, will have the right to file and support any additional COSS method it considers appropriate and will have the right to request that adjustments be made to any COSSs submitted in that proceeding. The agreement on rate design reflected in this Stipulation is for settlement purposes only and does not establish any precedent for the functionalization, classification, and allocation of costs or the Company's gas cost of service methodology presented in the Petition and associated testimonies filed in this matter.
- L. Tracking and Reporting.** The Company shall provide annual reports by no later than February 15th of each year that show by month, and in total for the calendar year, 1) the total number of service extensions provided, 2) the number of these extensions for which a deposit or contribution was required, 3) the number of extensions provided where the extension cost did not exceed ten (10) times the annual distribution revenue, 4) the number of extensions where the extension cost exceeded ten (10) times the annual distribution revenue, but the Company waived the deposit or contribution based on the number of feet of the extension or the amount of the required deposit pursuant to Sections 3.01 and 3.02 of the Company's tariff, 5) the total dollar amount waived under part 4) of this reporting requirement, 6) the total number of extensions where no deposit and/or contribution was required from the customer, and 7) the total number of new customers added during the year where an extension of service was required. In addition, the reports will include a detailed description of, and cost information for, any projects during the year in which the Company installed new facilities to meet the needs of new, and/or prospective customers where the facilities cost \$20,000 or more and were installed without applying the above ten (10) times formula to a specific applicant or applicants that submitted an application for an extension.
- M.** The Company shall track, by incident, any and all costs associated with the repair, replacement and/or restoration of plant damaged due to a failure of any party to follow the Underground Facility Protection Act, N.J.S.A. 48:2-73 *et seq.*, or N.J.A.C. 14:2. The Company shall differentiate incidents for which the Company or contractors performing service for the Company receives a Notice of Probable Violation from those for which another party is responsible.
- N. Rate Impact.** The monthly bill impact of the rates stipulated in this proceeding on a typical residential customer using 100 therms will be a monthly increase of \$9.43 from \$145.83 to \$155.26, or 6.5%, as compared to the Company's currently effective rates. The annual bill impact of the stipulated rates on a typical residential heating customer using 1,000 therms will be an annual increase of \$96.30 from \$1,479.30 to \$1,575.60, or 6.5%, as compared to the Company's currently effective rates.
- O. Effective Date.** Each Party shall use its best efforts to ensure that the Stipulation be considered at the Board's November 21, 2024 regularly scheduled public agenda meeting. Should the Board issue an Order approving the Stipulation, it will become effective upon such date that the Board may specify and in accordance with N.J.S.A. 48:2-40.



## **INITIAL DECISION**

By the Initial Decision, ALJ Gertsman found that the Parties voluntarily agreed to the Stipulation, the Stipulation fully disposes of all issues in controversy, and the Stipulation is consistent with the law. As such, ALJ Gertsman ordered the Parties to comply with the terms of the Stipulation, and recommended the Initial Decision to the Board for adoption, modification, or rejection in accordance with N.J.S.A. 52:14B-10.

## **DISCUSSION AND FINDINGS**

In evaluating a proposed settlement for a requested rate increase pursuant to N.J.S.A. 48:2-21, the Board must independently review the record and determine, based upon substantial evidence therein, that the figures to which the Parties stipulated are just and reasonable.<sup>12</sup> The Board, upon careful review of the record in this matter, including the Petition, updates thereto, the Stipulation, and the Initial Decision, agrees with ALJ Gertsman's finding that the Stipulation is just and reasonable, voluntarily agreed to by the Parties, resolves all issues in controversy in this proceeding, and is consistent with the law. The Board further recognizes that the Stipulation represents a balanced solution considering the many complex issues addressed during the pendency of the proceeding.

As such, based upon the Board's review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Initial Decision and Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation, attached hereto, including all attachments and schedules, as its own, incorporating by reference the terms and conditions of the Stipulation as if fully set forth herein.

Based upon the Stipulation, a typical residential sales heating customer using 100 therms of gas per winter month, will see an increase in their monthly winter bill of \$9.43 or approximately 6.5%.

The rates approved by this Order will become effective for service rendered on and after December 1, 2024. The Company is **HEREBY DIRECTED** to file tariff sheets consistent with this Order by November 27, 2024. The Board **HEREBY DIRECTS** Staff to review the compliance tariff filings for consistency with this Order.

The Company's rates 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 Board audit.

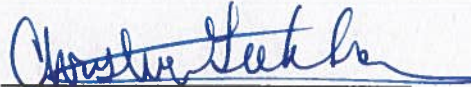
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<sup>12</sup> In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247, 270 (App. Div.), certif. denied, 152 N.J. 12 (1997); N.J.S.A. 48:2-21(d).

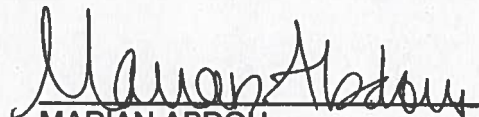
The Order shall be effective on November 25, 2024.

DATED: November 21, 2024

BOARD OF PUBLIC UTILITIES  
BY:

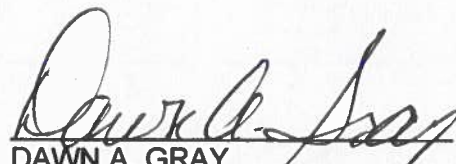
  
CHRISTINE GUHL-SADOVY  
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MICHAEL BANGE  
COMMISSIONER

ATTEST:

  
DAWN A. GRAY  
EXECUTIVE ASSISTANT

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 FOR APPROVAL OF INCREASED  
BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER  
TARIFF REVISIONS

BPU DOCKET NO. GR24020158  
OAL DOCKET NO. PUC 03991-2024 N

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**NJBPU, cont'd**

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**APPROVING SETTLEMENT**

OAL DKT. NO. PUC 03991-24

AGENCY DKT. NO. GR24020158

**IN THE MATTER OF THE PETITION OF  
ELIZABETHTOWN GAS COMPANY FOR  
APPROVAL OF INCREASED BASE TARIFF  
RATES AND CHARGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS.**

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**Kenneth T. Maloney**, Esq., for petitioner, Elizabethtown Gas Company (Cullen and Dykman LLP, attorneys)

**Sheree L. Kelly**, Esq., Regulatory Affairs Counsel, for petitioner, Elizabethtown Gas Company

**Steven Chaplar** and **Matko Ilac**, Deputy Attorneys General, for Staff of the Board of Public Utilities (Matthew J. Platkin, Attorney General of New Jersey, attorney)

**Maura Caroselli**, Esq., Managing Attorney, and **Brian Lipman**, Director, for Division of Rate Counsel

**Andrew K. Dembia**, Esq., Regulatory Affairs Counsel, for participant, New Jersey Natural Gas Company

**Steven S. Goldenberg**, Esq., for intervenor, New Jersey Large Energy Users Coalition (Giordano, Halleran & Ciesla, P.C., attorney)

**Danielle Lopez**, Esq., Associate Counsel-Regulatory, for participant, PSE&G Services Corporation

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

Record Closed: November 6, 2024

Decided: November 6, 2024

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition by Elizabethtown Gas Company (Company) for approval of an increase in gas base rates, for increased base tariff rates and changes to depreciation rates and other tariff revisions pursuant to N.J.S.A. 48:21 and N.J.S.A. 48:2-21.1, N.J.S.A. 48:2-18, N.J.A.C. 14:1-5.12 and N.J.A.C. 14:1-5.7. The petition was filed with the Board of Public Utilities (Board) on February 29, 2024, and transmitted to the Office of Administrative Law (OAL) on March 20, 2024, for determination as a contested case.

The matter was assigned to the undersigned who conducted the initial case management conference on May 8, 2024. The motion to intervene was granted by order dated May 29, 2024. Duly noticed public hearings were held via Zoom Video Communications (Zoom) on July 23, 2024, at 4:30 p.m. and 5:30 p.m. No members of the public appeared at either hearing, and no written comments were received.

Evidentiary hearings were scheduled for January 21, 22, 23, 28 and 29, 2025. Prior to the commencement of the hearings, the parties notified the undersigned that they have agreed to settle this case and have entered into an agreement.<sup>1</sup> Having reviewed the terms of their agreement, I have determined that the settlement is voluntary,

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<sup>1</sup> Said Stipulation of Settlement has been signed by the petitioner, Staff of the Board of Public Utilities, the Division of Rate Counsel, and the Intervenors.



consistent with the law, and fully dispositive of all issues in controversy between the parties in this case.

I **ORDER** that the settlement agreement is **APPROVED**, that its terms are **INCORPORATED** into this decision, and that this case is **CONCLUDED**.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

November 6, 2024

DATE

  
\_\_\_\_\_  
**JACOB S. GERTSMAN**, ALJ t/a

Date Received at Agency:

\_\_\_\_\_

Date Mailed to Parties:

\_\_\_\_\_

JSG/cab

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

<b>In the Matter of the Petition of</b>	)	<b>STIPULATION</b>
<b>Elizabethtown Gas Company for Approval</b>	)	
<b>of Increased Base Tariff Rates and</b>	)	
<b>Charges for Gas Service, Changes to</b>	)	<b>BPU Docket No. GR24020158</b>
<b>Depreciation Rates and Other Tariff</b>	)	<b>OAL Docket No. PUC 03991-24</b>
<b>Revisions</b>	)	

**APPEARANCES:**

**Dominick DiRocco, Esq.**, Vice President, Rates and Regulatory Affairs, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

**Kenneth T. Maloney, Esq.** and **Terrence W. Regan, Esq.** (Cullen and Dykman LLP), Attorneys for Petitioner, Elizabethtown Gas Company

**Steven Chaplar, Esq.**, Deputy Attorney General, for Staff of the Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

**Maura Caroselli, Esq.**, Deputy Rate Counsel, **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, **Mamie Purnell, Esq.**, Assistant Deputy Rate Counsel, **Brian Weeks**, Deputy Rate Counsel, **Robert Glover**, Assistant Deputy Rate Counsel **Andrew H. Gold**, Assistant Deputy Rate Counsel, and **Emily Lam**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

**Steven Goldenberg, Esq.**, Giordano, Halleran & Ciesla, PC on behalf of New Jersey Large Energy Users Coalition

**TO THE HONORABLE JACOB S. GERTSMAN, ADMINISTRATIVE LAW JUDGE**

**BACKGROUND**

On February 29, 2024, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting authority to: i) increase its base tariff rates and charges for gas service in a manner designed to produce an increase in annual operating revenues of approximately \$75.6 million, or approximately 16%, inclusive of applicable taxes, over present rate revenues pursuant to N.J.S.A. 48:2-21 and 48:2-21.1 and N.J.A.C. 14:1-5.12; ii) modify the Company's depreciation rates

pursuant to N.J.S.A. 48:2-18 and N.J.A.C. 14:1-5.7; iii) establish or maintain certain regulatory assets, and iv) implement certain other tariff revisions (“Petition”).

The Company based the requests contained in the Petition upon a twelve (12)-month test year ending June 30, 2024, including six (6) months of actual data and six (6) months of projected data, and proposed post-test-year adjustments that reflected projected changes in capital expenditures through December 31, 2024. The Petition also included projected changes in certain revenues and expenses through March 31, 2025.

By the Petition, the Company also filed testimony from the following witnesses: Christie McMullen (Case Overview); Thomas Kaufmann (Revenue Requirements, Revenue Forecast, and Tariff); the Engineering Panel, consisting of Michael P. Scacifero and Ian Azar (Capital Expenditures); John L. Houseman (Accounting); Howard S. Gorman (Cost of Service/Rate Design); Ann E. Bulkley (Cost of Capital and Capital Structure); Timothy S. Lyons (Lead-Lag Study); and Dane A. Watson (Depreciation);.

On May 15, 2024, the Company submitted a “9+3” update filing containing actual results for the nine (9) months ending March 31, 2024, and reflecting an updated revenue requirement of approximately \$77.7 million, inclusive of applicable taxes. On July 31, 2024, the Company submitted a “12+0” update filing containing actual results for the twelve (12) months ending June 30, 2024, and reflecting an updated revenue requirement of approximately \$72.8 million, inclusive of applicable taxes. On August 6, 2024, the Company submitted a revised “12+0” update filing reflecting an updated revenue requirement of approximately \$70.3 million, inclusive of applicable taxes.

The Board transmitted the Petition to the Office of Administrative Law (“OAL”) as a contested case where it was assigned to Administrative Law Judge Jacob S. Gertsman (“ALJ

Gertsman”). A pre-hearing conference was held by telephone on May 8, 2024, and ALJ Gertsman issued a prehearing order dated May 16, 2024, establishing a procedural schedule for this proceeding. ALJ Gertsman issued additional orders granting intervenor status to the New Jersey Large Energy Users Coalition (“NJLEUC”) and participant status to New Jersey Natural Gas Company and Public Service Electric and Gas Company. After appropriate notice in newspapers of general circulation in Elizabethtown’s service territory and the service of notice upon affected municipalities and counties in the Company’s service area, public hearings concerning the Petition were held via teleconference on July 23, 2024, at 4:30 p.m. and 5:30 p.m. No members of the public participated in the public hearings. The Board received no oral or written comments regarding the Petition. By letter dated August 15, 2024, Elizabethtown requested modification to the procedural schedule to facilitate settlement discussions. ALJ Gertsman notified the parties that the modifications to the procedural schedule were acceptable on August 19, 2024. By letters dated September 3, 2024 and October 3, 2024, respectively, Elizabethtown requested further modifications to the procedural schedule to facilitate settlement discussions. ALJ Gertsman subsequently notified the parties that the proposed modifications to the procedural schedule were acceptable on September 5, 2024, and October 4, 2024, respectively.

After extensive discovery and numerous settlement discussions, Elizabethtown, Board Staff (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and NJLEUC (collectively, “Parties”), reached this Stipulation of Settlement (“Stipulation”) resolving all issues in this proceeding.

## **STIPULATED MATTERS**

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

**A. Rate Increase.** As of the date upon which this Stipulation becomes effective (“Effective Date”), further defined below, Elizabethtown will be permitted to increase its base rates in a manner designed to produce a total annual revenue requirement increase of \$38 million, inclusive of applicable taxes, or approximately 8.4%.

The annual revenue requirement is based upon a rate base of \$1.773 billion and the following capital structure and cost rates:

<b><u>Type of Capital</u></b>	<b><u>% of Total</u></b>	<b><u>Cost Rate</u></b>	<b><u>Weighted Cost Rate</u></b>
Long-Term Debt	45.0	5.11%	2.30%
Common Equity	55.0	9.60%	5.28%
Total Capital	100.0		7.58%

Applying the above-stated capital structure and cost rates results in a rate of return of 7.58%. The Parties acknowledge that the stipulated revenue requirement reflects consideration of a Consolidated Tax Adjustment.

The revenue expansion factor used to gross-up costs for income taxes, uncollectible expense and BPU and Rate Counsel assessments is 1.407347, which consists of factors for state income taxes of 9%, federal income taxes of 21%, uncollectibles of 0.8899%, and for the BPU and Rate Counsel assessments of 0.2706%.

Elizabethtown’s total annual distribution revenue is forecast to be \$329,163,658. This annual distribution revenue reflects weather normalized revenues reflecting a twenty (20)-year normal weather pattern.

The proof of revenues supporting the total annual distribution revenue, including the revenue requirement increase of \$38 million, and the proposed rates is attached as Appendix A to this Stipulation. The proof of revenues sets forth the allocation of the \$38 million annual revenue increase among the Company's customer classes. The rates resulting from this Stipulation will be set forth in the Company's tariff to be submitted in a compliance filing with the Board following the issuance of a Board order in this matter. The tariff sheets included in that compliance filing will be in a clean and marked form and incorporate the changes listed in Appendix B attached hereto.

**B. Depreciation.** The annual revenue requirement was determined by applying the depreciation rates set forth on Appendix C to this Stipulation. These depreciation rates result in a composite depreciation rate of 2.87%. As of the Effective Date, Elizabethtown will implement the depreciation rates set forth on Appendix C to this Stipulation.

**C. Amortization of Deferred Debits and Credits.** The annual rate base/revenue requirement, as applicable, in this proceeding reflects the following deferral authorizations/amortizations to commence or continue, as applicable, as of the Effective Date:

- (i) Amortization of rate case expenses over a three (3)-year period;
- (ii) Continued amortization of pension and other post-employment benefit regulatory assets over fifteen (15)-year and 9.2-year periods, respectively, as previously approved by Board Order dated June 30, 2017;<sup>1</sup>

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<sup>1</sup> In re the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Approval of Increased Base Tariff Rates and Charges for Gas Service and Other Tariff Revisions - Decision and Order Approving Initial Decision and Stipulation, BPU Docket No. GR16090826, OAL Docket No. PUC 15876-16, Order dated June 30, 2017.

(iii) Continued amortization over a ten (10)-year period of \$160,000,000 credit to accumulated depreciation as approved by Board Order dated November 13, 2019.<sup>2</sup> This amortization only serves to reduce rate base and has no impact on the Company's income statement;

(iv) Amortization of BPU Management Audit costs of \$718,140 over three (3) years;

(v) Amortization of Benchmarking Study costs of \$80,797 over three (3) years, pursuant to Board Order dated September 7, 2022;<sup>3</sup> and

(vi) Continuation of previously approved deferral authorized in BPU Docket No. GR21121254 for incremental transmission integrity management program (“TIMP”) costs, limited to costs for activities that are required by federal regulations, should Elizabethtown incur such costs prior to the effective date of rates in its next base rate proceeding. The rates established in this proceeding do not provide for recovery of any TIMP costs. To the extent that Elizabethtown seeks to recover such a regulatory asset in a future base rate case, nothing herein will prejudice the rights of the Parties to challenge the prudence of such costs.

**D. New Regulatory Asset.** Elizabethtown is authorized to create a regulatory asset to account for the difference between actual annual taxes incurred for the Company’s Erie Street property located at Block 743, Lot 1 in the City of Elizabeth effective January 1, 2024 and the test year property tax costs of \$456,210, as well as costs associated with the filing and prosecuting,

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<sup>2</sup> In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions - Decision and Order Adopting Initial Decision and Stipulation, BPU Docket No. GR19040486, OAL Docket No. PUC 06692-2019N, Order dated November 13, 2019.

<sup>3</sup> In re the Implementation of P.L. 2018, C.17 – Energy and Water Benchmarking of Commercial Buildings, Order Approving Energy and Water Benchmarking Program, BPU Docket No. QO21071023, Order dated September 7, 2022.

and administrative and/or judicial appeals of, the assessment of taxes on the Erie Street property, until the effective date of revised base rates reflecting a level of property taxes that accounts for the results of the appeal. In a future rate case, the Company may request recovery of the deferred asset, after it has been adjusted for the results of the tax appeal. The rates established in this proceeding provide for recovery of the test year Erie Street property tax costs of \$456,210. To the extent that Elizabethtown seeks to recover such a regulatory asset in a future base rate case, nothing herein will prejudice the rights of the Parties to challenge the prudence of such costs.

**E. Customer Service Performance Measures.** Elizabethtown will continue to submit quarterly reports to Rate Counsel and the Director of the Division of Customer Assistance concerning the Company's performance in relation to certain customer service metrics that were included in Elizabethtown's last rate case stipulation approved by Board Order dated August 17, 2022<sup>4</sup> and in accordance with the additional metrics as set forth in the customer service standards attached as Appendix 3 to the Board's Order dated January 25, 2023.<sup>5</sup> In addition, the Company will continue to conduct ongoing surveys of customer satisfaction using its telephone and field personnel and provide the results to Board Staff and Rate Counsel. Additional information concerning these service standards is provided in Appendix D to this Stipulation. Elizabethtown will also continue to submit to Staff and Rate Counsel a Call Center Customer Service Improvement Plan report as required by the IIF Merger Order.

With regard to the customer service standards attached as Appendices 3 and 4 to the IIF Merger Order and further described in Appendix D to this Stipulation, Elizabethtown agrees to

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<sup>4</sup> In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions - Decision and Order Adopting Initial Decision and Stipulation, BPU Docket No. GR21121254, OAL Docket No. PUC 00872-22, Order dated August 17, 2022.

<sup>5</sup> In re the Merger of South Jersey Industries, Inc. and Boardwalk Merger Sub, Inc., Order on Stipulation of Settlement, BPU Docket No. GM22040270, Order dated January 25, 2023 ("IIF Merger Order").



submit to Board Staff and Rate Counsel a report within 30 days of the Board Order resolving this proceeding that provides the following:

- (i) The Company's expectations for reducing residential customer arrearages during 2024, 2025 and 2026, and an identification of specific measures to achieve those expectations and potential barriers to achieving those expectations;
- (ii) The reason(s) for the Company's performance during 2022 and 2023 relative to its call answering metrics;
- (iii) An explanation as to how the Company improved its performance relative to call answering metrics during early 2024; and
- (iv) The Company's expectations regarding its performance relative to its call answering metrics for 2024, 2025 and 2026 and an identification of potential barriers to achieving those expectations.

**F. Infrastructure Investment Program ("IIP").** On September 25, 2024, the Board issued an Order approving a stipulation of settlement resolving the Company's 2024-25 IIP filing.<sup>6</sup> The Rider "F" IIP rates approved by the September 2024 Order represented revenue requirements associated with Year 3 (July 1, 2021 – June 30, 2022), Year 4 (July 1, 2022 – June 30, 2023) and Year 5 (July 1, 2023 – June 30, 2024) of the IIP. The revenue requirements for Year 3 and Year 4 of the IIP Program will be recovered through the distribution rates approved in this base rate proceeding and therefore, will no longer be part of the Rider "F" IIP rates. As a result, the Rider "F" IIP rates per therm, including taxes, will be updated in the Company's tariff to reflect Year 5 revenue requirements of \$6.2 million only as shown on Appendix E attached hereto, effective as

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<sup>6</sup> In re the Petition of Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program ("IIP"), Decision and Order Approving Stipulation, BPU Docket No. GR24040281, Order dated September 25, 2024 ("September 2024 Order").

of the Effective Date of the Board's Order in this proceeding. This Stipulation also resolves the rates approved for the Company's IIP investments through June 30, 2023. The Parties reviewed the Company's investment in its IIP and recommend that the Board find those investments to be reasonable and prudent. The Parties further recommend that the Board find that Elizabethtown's recovery of certain IIP costs through the approved provisional cost recovery mechanism is final and no longer subject to refund.

**G. Margin Revenue Factor.** By the Petition, the Company proposed to update its tariff to modify the Margin Revenue Factor ("MRF") for purposes of calculating the weather-related portion of its Conservation Incentive Program ("CIP") to reflect the proposed increased rates. By the September 2024 Order, the Board authorized the Company to increase its then-current MRF to reflect the stipulated increase in IIP rates. The MRF in Rider "B" to the Company's tariff will be updated to reflect the MRF shown on Appendix F to this Stipulation, which has been updated to reflect the base rate increase stipulated in this proceeding as well as the Year 5-only IIP rates referenced in Appendix E.

**H. Baseline Usage per Customer.** By the Petition, the Company proposed to update its tariff to modify the monthly Baseline Usage per Customer ("BUC") set forth in Rider "G" to the Company's tariff ("CIP Tariff"). Appendix B reflects the BUC changes necessary to align the CIP Tariff with the revised base rates proposed in this Stipulation.

**I. Elizabethtown Management Audit.** Nothing in this Stipulation will prejudice the rights of any party to seek to resolve or take any position with regard to issues identified in the Management Audit that is pending before the Board in BPU Docket No. GA22030141.

**J. Tariff Sheets.** As set forth above, tariff sheets reflecting the rates inclusive of applicable sales and use tax ("SUT") resulting from the Stipulation and the terms and conditions

of service will be included in a compliance filing to be submitted to the Board following the issuance of a Board Order in this matter. The tariff sheets will also reflect, among other items, a monthly customer charge of \$11.50 applicable to the Residential Delivery Service classification, inclusive of applicable SUT, the use of a twenty (20)-year weather pattern to establish rates, and certain additional changes outlined in Appendix B to include the following:

- a. Modify Section 3.01, General Provisions pertaining to the extension of mains and/or services, of the of the Standard Terms and Conditions of the Company's tariff to reduce the normal residential facilities to be replaced at no cost to the customer from 200 feet to 50 feet;
- b. Modify Section 3.02, Main and Service Extensions Requested by Customers, of the Standard Terms and Conditions of the Company's tariff, to reduce the amount of a required deposit that Elizabethtown is authorized to waive from \$3,000 to \$500;
- c. Modify Section 11.01, Reconnection and Collection Charges, of the Standard Terms and Conditions of the Company's tariff to increase the fee ("Reconnection Fee") applicable when the Company restores service when service has been suspended or discontinued for acts or omissions on the part of a customer cited in Sections 10(3), except 10(3)d (customer moving from the premises unless the customer requests that service be continued), and 10(4) (refusal of reasonable access to customer's premises for necessary purposes in connection with the rendering of service) from \$15.00 to \$30.00. The issue of whether an additional increase to this Reconnection Fee should be made will be reviewed in the Company's next base rate case;
- d. Modify certain information included in Rider "B" and utilized to make certain calculations related to the Rider "G" CIP as detailed in Appendix B;

- e. Modify the interest rate language for the Clean Energy Program component of Rider “D” to remove incorrect references and to reflect a two (2)-year constant maturity Treasury rate set annually;
- f. As noted previously in this Stipulation:
  - i. Modify the MRF in Rider “B;”
  - ii. Modify the Rider "F" IIP rates;
  - iii. Modify the BUCs in Rider “G;” and
- g. Modify Section 7.09 2. c. of the Standard Terms and Conditions to allow single meters in apartments with *de minimis* gas use consistent with Board Order dated June 29, 2016.<sup>7</sup>

**K. Cost of Service Study.** In Elizabethtown’s next distribution base rate case petition, the Company agrees to include an embedded Cost of Service Study (“COSS”) using the peak and average methodology for allocating gas distribution costs. Any Party, including Elizabethtown, will have the right to file and support any additional COSS method it considers appropriate and will have the right to request that adjustments be made to any COSSs submitted in that proceeding. The agreement on rate design reflected in this Stipulation is for settlement purposes only and does not establish any precedent for the functionalization, classification, and allocation of costs or the Company’s gas cost of service methodology presented in the Petition and associated testimonies filed in this matter.

**L. Tracking and Reporting.** The Company shall provide annual reports by no later than February 15th of each year that show by month, and in total for the calendar year, 1) the total number of service extensions provided, 2) the number of these extensions for which a deposit or

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<sup>7</sup> In re the Petition of SJP Residential Properties, LLC for a Waiver of B.P.U. No. 15 Gas, Original Sheet No. 22 Standard Terms and Conditions No. 8.3.1, BPU Docket No. GW16040290, Order dated June 29, 2016.

contribution was required, 3) the number of extensions provided where the extension cost did not exceed ten (10) times the annual distribution revenue, 4) the number of extensions where the extension cost exceeded ten (10) times the annual distribution revenue, but the Company waived the deposit or contribution based on the number of feet of the extension or the amount of the required deposit pursuant to Sections 3.01 and 3.02 of the Company's tariff, 5) the total dollar amount waived under part 4) of this reporting requirement, 6) the total number of extensions where no deposit and/or contribution was required from the customer, and 7) the total number of new customers added during the year where an extension of service was required. In addition, the reports will include a detailed description of, and cost information for, any projects during the year in which the Company installed new facilities to meet the needs of new, and/or prospective customers where the facilities cost \$20,000 or more and were installed without applying the above ten (10) times formula to a specific applicant or applicants that submitted an application for an extension.

**M.** The Company shall track, by incident, any and all costs associated with the repair, replacement and/or restoration of plant damaged due to a failure of any party to follow the Underground Facility Protection Act, N.J.S.A. 48:2-73 *et seq.*, or N.J.A.C. 14:2. The Company shall differentiate incidents for which the Company or contractors performing service for the Company receives a Notice of Probable Violation from those for which another party is responsible.

**N.** **Rate Impact.** The monthly bill impact of the rates stipulated in this proceeding on a typical residential customer using 100 therms will be a monthly increase of \$9.43 from \$145.83 to \$155.26, or 6.5%, as compared to the Company's currently effective rates. The annual bill impact of the stipulated rates on a typical residential heating customer using 1,000 therms will be

an annual increase of \$96.30 from \$1,479.30 to \$1,575.60, or 6.5%, as compared to the Company's currently effective rates.

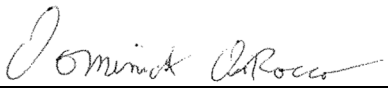
**O. Effective Date.** Each Party shall use its best efforts to ensure that this Stipulation be considered at the Board's November 21, 2024 regularly scheduled public agenda meeting. Should the Board issue an Order approving this Stipulation, it will become effective upon such date that the Board may specify and in accordance with N.J.S.A. 48:2-40.

**P. Further Provisions.** This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event that any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, then any 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. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any 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.

It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Parties 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 and, in total or by specific item. Except as set forth herein, this Stipulation is not binding upon the Parties in any other proceeding, except to enforce the terms of this Stipulation.

**WHEREFORE**, the Parties hereto respectfully submit this Stipulation to ALJ Gertsman and Board and request (i) ALJ Gertsman to issue an initial decision approving this stipulation, and (ii) the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

**ELIZABETHTOWN GAS COMPANY**

By:   
**DOMINICK DIROCCO**  
**VP, RATES AND REGULATORY**

**BRIAN O. LIPMAN, DIRECTOR**  
**NEW JERSEY DIVISION OF**  
**RATE COUNSEL**

By:  GR24020158  
**MAURA CAROSELLI, ESQ.**  
**DEPUTY RATE COUNSEL**

**MATTHEW J. PLATKIN**  
**ATTORNEY GENERAL OF**  
**NEW JERSEY**

**Attorney for the Staff of the**  
**New Jersey Board of Public Utilities**

By:   
**STEVEN CHAPLAR**  
**DEPUTY ATTORNEY GENERAL**

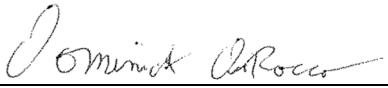
**NEW JERSEY LARGE ENERGY**  
**USERS COALITION**

By: \_\_\_\_\_  
**STEVEN GOLDENBERG**

**DATED: November 4, 2024**

**WHEREFORE**, the Parties hereto respectfully submit this Stipulation to ALJ Gertsman and Board and request (i) ALJ Gertsman to issue an initial decision approving this stipulation, and (ii) the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

**ELIZABETHTOWN GAS COMPANY**

By:   
**DOMINICK DIROCCO**  
**VP, RATES AND REGULATORY**

**BRIAN O. LIPMAN, DIRECTOR**  
**NEW JERSEY DIVISION OF**  
**RATE COUNSEL**

By: \_\_\_\_\_  
**MAURA CAROSELLI, ESQ.**  
**DEPUTY RATE COUNSEL**

**MATTHEW J. PLATKIN**  
**ATTORNEY GENERAL OF**  
**NEW JERSEY**

**Attorney for the Staff of the**  
**New Jersey Board of Public Utilities**

By: \_\_\_\_\_  
**STEVEN CHAPLAR**  
**DEPUTY ATTORNEY GENERAL**

**NEW JERSEY LARGE ENERGY**  
**USERS COALITION**

By:   
\_\_\_\_\_  
**STEVEN GOLDENBERG**

**DATED: November 4, 2024**



Appendix A  
Page 1 of 2

Line	Component (a)	Amount (b)	Units (c)	Present Rates		Proposed Rates		13.2%
				Rate (d)	Revenue (e)	Rate (f)	Revenue (g)	
1	<u>Residential Service</u>				<b>RDS</b>		<b>RDS</b>	
2	Customer Charge	3,553,728	Bills	\$ 9.85	\$ 35,004,221	\$ 10.79	\$ 38,344,725	
3	Distribution Charge	264,606,623	Therms	0.5437	143,866,621	0.6557	173,502,563	
4	IIP Revenue				8,296,420			
5	<b>Total</b>				<b>\$ 187,167,262</b>		<b>\$ 211,847,288</b>	<b>13.2%</b>
6	<u>Small General Service</u>				<b>SGS</b>		<b>SGS</b>	
7	Customer Charge	205,236	Bills	\$ 34.50	\$ 7,080,642	\$ 38.50	\$ 7,901,586	
8	Distribution Charge	25,480,871	Therms	0.4241	\$ 10,806,437	0.5216	13,290,822	
9	IIP Revenue				\$ 837,245			
10	<b>Total</b>				<b>\$ 18,724,324</b>		<b>\$ 21,192,408</b>	<b>13.2%</b>
11	<u>General Delivery Service</u>				<b>GDS</b>		<b>GDS</b>	
12	Customer Charge	80,448	Bills	\$ 58.00	\$ 4,665,984	\$ 60.90	\$ 4,899,283	
13	Demand Charge	22,561,476	Therms	1.090	24,592,009	1.301	29,352,480	
14	Distribution Charge	124,287,745	Therms	\$0.2715	33,744,123	0.3242	40,294,087	
15	Distribution - A/C Large	19,185	Therms	\$0.0607	1,165	0.0725	1,391	
16	Distribution - Econ Dev.	13,827	Therms	\$0.1358	1,878	0.1621	2,241	
17	IIP Revenue				2,871,170			
18	<b>Total</b>				<b>\$ 65,876,329</b>		<b>\$ 74,549,482</b>	<b>13.2%</b>
19	<u>LVD</u>				<b>LVD</b>		<b>LVD</b>	
20	Customer Charge	660	Bills	\$380.00	\$ 250,800	\$ 395.00	\$ 260,700	
21	Demand Charge	4,485,872	Therms	1.750	7,850,276	2.084	9,348,557	
22	Distribution Charge	49,432,246	Therms	\$0.0348	1,720,242	0.0415	2,051,438	
23	IIP Revenue				481,104			
24	<b>Total</b>				<b>\$ 10,302,422</b>		<b>\$ 11,660,695</b>	<b>13.2%</b>
25	<u>Natural Gas Vehicle</u>				<b>NGV</b>		<b>NGV</b>	
26	Distribution Charge	116,571	Therms	\$ 0.4013	\$ 46,780	0.4633	\$ 54,007	
27	Fueling Charge	116,571	Therms	0.4611	53,751	0.5323	62,051	
28	Facilities Charge	116,571	Therms	0.3826	44,600	0.4417	51,489	
29	IIP Revenue				2,873			
30	<b>Total</b>				<b>\$ 148,004</b>		<b>\$ 167,547</b>	<b>13.2%</b>
31	<u>CSI</u>				<b>CSI</b>		<b>CSI</b>	
32	Customer Charge	0	Bills	\$ 144.59	\$ -	\$ 163.65	\$ -	
33	Distribution Charge	0	Therms	0.0300	-	0.0340	-	
34	<b>Total</b>				<b>\$ -</b>		<b>\$ -</b>	
35	<u>Interruptible Service</u>				<b>IS</b>		<b>IS</b>	
36	Customer Charge	0	Bills	\$ 690.00	\$ -	\$ 725.00	\$ -	
37	Demand Charge	0	Therms	0.115	-	0.130	-	
38	Distribution Charge	0	Therms	0.0791	-	0.0895	-	
39	<b>Total</b>				<b>\$ -</b>		<b>\$ -</b>	
40	<u>ITS-LVD</u>				<b>ITS-LVD</b>		<b>ITS-LVD</b>	
41	Customer Charge	420	Bills	\$ 690.00	\$ 289,800	\$ 725.00	304,500	
42	Demand Charge	4,338,679	Therms	0.500	2,169,340	0.569	2,468,708	
43	Distribution Charge	31,740,712	Therms	0.1059	3,361,341	0.1204	3,821,582	
44	<b>Total</b>				<b>\$ 5,820,481</b>		<b>\$ 6,594,790</b>	<b>13.2%</b>

**Elizabethtown Gas Company**  
**Rate Design for Post Test Year Ending 2025-03-31**

Appendix A  
Page 2 of 2

<u>Line</u>	<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>		
				<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)	
55	<b>Other Revenues</b>							
56	GLS Customer Charge		Mantles	\$ 9.32	\$ -	\$ 11.14	\$ -	
57	GLS Distribution	2,304	Therms	\$0.6381	1,470	0.7629	1,758	
58	GLS IIP Revenue				83			
59	Total Gas Lights				<b>\$ 1,553</b>		<b>\$ 1,758</b>	<b>13.2%</b>
60	EGF Customer Charge	0	Bills	\$95.00	\$ -	\$ 100.00	\$ -	
61	EGF Demand	0	Therms	\$0.750	-	0.849	-	
62	EGF Distribution	0	Therms	\$0.0395	-	0.0447	-	
63	EGF IIP Revenue							
64	Total EGF				<b>\$ -</b>		<b>\$ -</b>	
65	Special Contract w/IIP and Flex Revenues				1,440,814		1,440,814	
66	Late Payment Charges				660,000		660,000	
67	Bad Check Charges				60,000		60,000	
68	Collection Charges				48,500		48,500	
69	Turn On Charges				564,000		564,000	
70	Marketer Billing Fees				33,600		33,600	
71	Capacity Release				144,000		144,000	
72	Total Other Revenues				2,952,467	-	2,952,672	
73	<b>TOTAL DISTRIBUTION REVENUE</b>				<b>\$ 291,163,658</b>		<b>\$ 329,151,214</b>	
74	Increase Computed						37,987,556	
75	Difference Due to Rounding Rates						12,444	
76							<b>38,000,000</b>	
77					TARGET INCREASE		38,000,000	
78					Difference		\$0	
					<b>Distribution Revenue Per Proof</b>	<b>\$</b>	<b>329,151,214</b>	
					<b>rounding</b>		<b>12,444</b>	
					<b>Total Distribution Revenue</b>	<b>\$</b>	<b>329,163,658</b>	

## **TARIFF CHANGES**

In addition to rate changes, the proposed Tariff changes are as follows:

1. Modify Section 3.01 of the Standard Terms and Conditions of the Company's Tariff to reduce the normal residential facilities to be replaced at no cost to the Customer to "up to 50 feet of normal residential facilities." In addition, the Company will reduce the threshold for waiving a required deposit by changing the threshold in Section 3.02 from \$3,000 to \$500 or less. Sheet Nos. 13 and 14 of the Company's Tariff with these modifications in redline format are attached hereto.
2. Modify Section 11.01 of the Standard Terms and Conditions of the Company's Tariff to increase the charge from \$15 to \$30 when the Company restores service when service has been suspended or discontinued for any of the reasons cited in Sections 10.(3), excepting 10.(3)d, and 10.(4) of the Standard Terms and Conditions.
3. Modify the Base Number of Customers and Therms per Degree Day included in Rider "B". Sheet No. 111 of the Company's Tariff. Sheet No. 111 of the Company's tariff with these modifications in redline format is attached hereto.
4. Modify the Margin Revenue Factor ("MRF") in Rider "B" for purposes of calculating the weather-related portion of the Conservation Incentive Program to reflect the proposed increased rates, including the stipulated base rate increase, as well as the Year 5 only IIP rates, as shown on Appendix F. Sheet No. 111 of the Company's Tariff with these modifications in redline format is attached hereto.
5. Modify interest rate language related to the Clean Energy Program ("CEP") component of the SBC in Rider "D" to remove incorrect references to the RAC on Sheet No. 116, move the interest language on Sheet No. 117, and to reflect a two year constant maturity Treasury rate set annually.
6. Modify the Rider "F" IIP rates per therm, including taxes, to reflect Year 5 revenue requirements of \$6.2 million only as shown on Appendix E.
7. Modify the Rider "G" Conservation Incentive Program ("CIP") Base Use per Customer ("BUC") monthly therm amounts. Sheet No. 129 of the Company's Tariff with these modifications in redline format is attached hereto.
8. Modify Section 7.09 2. c. of the Standard Terms and Conditions to allow single meters in apartments with *de minimis* gas use consistent with the Board's June 29, 2016 Order in BPU Docket No. GW160402907.

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. ~~48~~ GAS19 – GAS

~~ORIGINAL~~ SHEET NO. 13

## 2.08 – Authorization to Turn On Gas to the Meter

Only duly authorized employees or agents of Gas Company shall be permitted to turn on gas.

### 1. EXTENSIONS OF MAINS AND/OR SERVICE LINES

#### 3.01 –General Provisions

The provisions and definitions within N.J.A.C. 14:3-8.1, *et seq.*, shall be applicable.

The construction of main extensions are subject to the regulations at N.J.A.C. 14:3-8.1, *et seq.* The Company may construct and will own and maintain distribution mains located on streets, highways, and right of way, used or usable as a part of its distribution system. The making of a deposit or contribution by the Customer shall not give the Customer any interest in the facilities, the ownership being vested exclusively in the Company.

The Company may require up-front contributions, or deposits, pursuant to N.J.A.C. 14:3-8.1, *et seq.* These charges shall be increased for any tax consequences to the Company. If the Company accepts an application for an extension, the Company may furnish and place, at no cost to the Customer, up to ~~200~~50 feet of normal residential facilities.

Deposits that are received from Customers pursuant to the Extensions of Mains and Services shall be refunded without interest in accordance with the applicable formula contained in N.J.A.C. 14:3-8.10 and N.J.A.C. 14:3-8.11. In no event shall the Company refund more than the total deposit amount received from the Customer. Any deposit amount not refunded within ten (10) years from the date service was initiated, shall remain with the Company and shall constitute a contribution in aid of construction.

#### 3.02 Main and Service Extensions Requested by Customers

##### 1) Residential

The Company shall extend its gas mains and services to serve an individual residential Customer at no charge where the Extension Cost does not exceed ten (10) times the annual Distribution Revenue. The Distribution Revenue shall be the incremental initial or actual total annual billings, as determined by the Gas Company, derived from the Applicant's and/or existing Customer's applicable Service Classification, inclusive of Sales and Use Tax, minus the Basic Gas Supply Service, inclusive of Sales and Use Tax. The Company shall require a deposit equal to the Extension Cost in excess of ten (10) times the annual Distribution Revenue and shall include any tax consequences to the Company. The Company will waive the deposit requirement where the excess cost is ~~\$3,000~~500 or less.

Date of Issue: ~~August 22, 2022~~XXX1

Effective: Service Rendered  
on and after ~~September 1,~~  
2022XXX2

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~August 17, 2022~~XXX3 in Docket No. ~~GR21121254~~XXX4

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. ~~18-GAS~~19 – GAS

~~ORIGINAL~~ SHEET NO. 14

2) - Non-Residential

The Company will extend its gas mains and services to an individual firm commercial or industrial Customer and shall require a deposit equal to the Extension Costs, increased by any tax consequences to the Company. The Company will waive the deposit requirement where the excess cost is \$~~3,000~~500 or less. In lieu of a deposit for Extension Costs, the Company and the Customer may agree upon a satisfactory revenue guarantee.

3) - Extension of Service to New Developments

The Company shall require a deposit for an extension subject to this Section, in the amount of the Extension Cost required to serve the development. The deposit shall be increased by any tax consequences to the Company. The Company will waive the deposit requirement where the excess cost is \$~~3,000~~500 or less. In lieu of a deposit for Extension Costs, the Company and the Customer may agree upon a satisfactory revenue guarantee.

3.03 - Service Connection Location

Service connections will be measured at right angles from the nearest curb line to the Applicant's building, at the point of service entrance designated by the Company. Meters and regulators will be furnished and installed by the Company. The costs of meters and regulators (including the installation) may be waived by the Company.

The Applicant shall consult the Company as to the exact point at which the service pipe will enter the building before installing interior gas piping or starting any other work dependent upon the location of the service pipe. The Company will determine the location of the service pipe depending upon physical constraints in the street and other practical considerations.

Date of Issue: ~~August 22, 2022~~XXX1

Effective: Service Rendered  
on and after ~~September 1,~~  
~~2022~~XXX2

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

Filed Pursuant to Order of the Board of Public Utilities  
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ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. ~~48—GAS19 - GAS~~

ORIGINAL SHEET NO. 21

not reflect the actual usage. In rebilling a Customer under such conditions, the Gas Company may, per its determination, utilize previous or subsequent properly measured deliveries, perform a load analysis and/or a degree day analysis to estimate the usage. The Gas Company shall allow the Customer to make payment over a period of time equal to that during which the undercharges occurred, in accordance with N.J.A.C. 14:3-4.6(f).

Any adjustment to the Customer's account resulting from the terms in this section will be billed or applied to the account as the case may be. If the adjustment results in a credit, such amount may be refunded upon request by the Customer, in lieu of bill credit, in accordance with N.J.A.C. 14:3-4.6, as may be amended or superseded.

#### 7.08 – Separate Billing for Each Installation

The service classifications are based upon the rendering of service through a single delivery and metering point. Service rendered to the same Customer at other points of delivery shall be separately metered and billed, except as provided in Section 5.01 hereof.

#### 7.09 – Sale for Resale of Gas Service and Sub-Metering

##### 1. General

Gas service supplied by the Company shall not be resold by Customer to others except where the Customer is another publicly regulated gas utility, where the gas is used for conversion to Compressed Natural Gas ("CNG"), or the Customer of record is sub-metering in accordance with the conditions set forth below.

##### 2. Sub-Metering

- a. Gas sub-metering is the practice in which a Customer of record of the Gas Company, through the use of direct metering devices, monitors, evaluates or measures the Customer of record's own utility consumption or the consumption of a tenant for accounting or conservation purposes.

Gas sub-meters are devices that measure the volume of gas being delivered to particular locations in a system after measurement by a Company owned meter.

- b. If the Customer of record charges the tenant for the usage incurred by the tenant, the sum of such charge(s) to the tenant shall not exceed the cost incurred by the Customer of record for providing gas service, including reasonable administrative expenses. Further, the sum of such charge(s) to the tenant shall not exceed the amount the utility would have charged such tenant if the tenant had been served and billed by the Company directly. The reselling of sub-metering gas service for profit is prohibited.

c. Gas sub-metering, in accordance with the conditions described hereinabove, is permitted in new or existing buildings or premises where the basic characteristic of use is industrial or

Date of Issue: ~~August 22, 2022~~XXX1

Effective: Service Rendered  
on and after ~~September 1,~~  
~~2022~~XXX2

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~August 17, 2022~~XXX3 in Docket No.  
~~GR21121254~~XXX4

ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. ~~48~~ GAS19 - GAS

ORIGINAL SHEET NO. 22

- ~~c. Gas sub-metering, in accordance with the conditions described hereinabove, is permitted in new or existing buildings or premises where the basic characteristic of use is industrial or commercial. Gas sub-metering is not permitted in existing buildings or premises where the basic characteristic of use is residential except where such buildings or premises are publicly financed or government owned or are charitable in nature or are condominiums or cooperative housing. A single meter may be installed in residential apartment buildings where the owner of the building intends to pay for all residential gas consumption for the apartment building and the gas use is restricted to cooking gas. In these cases, the owner of the building must provide ETG with a signed agreement that 1) neither it, nor any subsequent owner, will install or operate any meter, measuring device or sub-meter designed to measure the gas service used by individual tenants or otherwise allocate the gas usage to individual apartments, and 2) that neither it, nor any subsequent owner, will attach any appliances other than cooking gas service to the individual units or otherwise attach any other device using gas service to the building.~~
- d. The Customer of record shall contact the Company prior to the installation of any gas sub-metering device, in order to ascertain whether the affected premises is located within a low pressure portion of the Company's supply system and whether or not the installation of a gas check metering device will cause any significant pressure drop to the affected premises.
- e. All gas consuming devices in any unit must be metered through a single gas sub- meter.

#### 7.10 – Payment of Bills

At least 15 days' time for payment shall be allowed after the date a bill is mailed. Bills are payable at any commercial office at Gas Company or at any duly authorized collection agency or by mail or any other means made available by the Company. The Gas Company may discontinue service for nonpayment of bills provided the amount is greater than \$100 and or more than three (3) months delinquent and it gives the Customer at least 10 days' written notice of its intention to discontinue service. The notice of discontinuance shall not be mailed until the expiration of the said initial 15-day period. However, in cases of fraud, illegal use, or when it is clearly indicated that the Customer is preparing to leave, immediate payment of accounts may be required. The Gas Company reserves the right to request wire transfer of funds for payment of bills when the Company reasonably determines that payment by wire transfer is required.

A late payment charge equal to one-twelfth of the lower of 18% or the highest rate allowed by law shall be applied to the monthly billing for all non-residential Customers. However, service to a governmental entity will not be subject to a late payment charge. Per Section 14:3-7.1(e) of the N.J.A.C., the utility shall not apply a late payment charge sooner than twenty five (25) days after a bill is rendered. Therefore, the Company may, beginning on the twenty-sixth (26<sup>th</sup>) day after rendering a bill, assess late payment charges. The charge will be applied to all amounts previously billed including late payment charges and accounts payable that are not received by Gas Company within the days specified above. The amount of the late payment charge to be added to the unpaid balance shall be calculated by multiplying the unpaid balance by the late charge rate. When payment is received by the Company from a Customer who has an unpaid balance which includes charges for late payment, the Customer's payment shall be applied first to such late payment charges and then the remainder to the unpaid balance.

Date of Issue: August 22, 2022XXX1

Effective: Service Rendered  
on and after September 1, 2022  
XXX2

Issued by: Christie McMullen, President



520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated [August 17, 2022 XXX3](#) in Docket No.  
[GR21121254XXX4](#)

ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. ~~18-GAS19~~ - GAS

ORIGINAL SHEET NO. 110

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")  
(continued)

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)

I. Definition of Terms as Used Herein (continued)

2. Actual Calendar Month Degree Days - the accumulation of the actual Degree Days for each day of a calendar month.
3. Normal Calendar Month Degree Days - the level of calendar month degree days to which test year sales volumes were normalized in the base rate proceeding that established the current base rates for the service classifications to which this clause applies. The normal calendar month Degree Days used in this clause may be updated in base rate cases. The normal degree days for the defined winter months are as follows:

<u>Month</u>	<u>Normal Degree Days</u>	<u>Leap Year Normal Degree Days</u>
October	<u>201 212</u>	<u>201 212</u>
November	<u>514 516</u>	<u>514 516</u>
December	<u>810 818</u>	<u>810 818</u>
January	<u>1,005 992</u>	<u>1,005 992</u>
February.	<u>842 834</u>	<u>872 860</u>
March	<u>683 693</u>	<u>683 693</u>
April	<u>342 340</u>	<u>342 340</u>
May	<u>43 52</u>	<u>43 52</u>
Total	<u>4,440 4,457</u>	<u>4,470 4,483</u>

4. Winter Period - shall be the eight consecutive sales and calendar months from October of one calendar year through May of the following calendar year.
5. Degree Day Dead Band - shall be one-half (½%) percent of the monthly Normal Calendar Degree Days for the Winter Period.

Date of Issue: ~~August 22, 2022~~XXX1

Effective: Service Rendered  
on and after ~~September 1,~~  
~~2022~~XXX2

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~August 17, 2022~~XXX3 in Docket No. ~~GR21121254~~XXX4

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. ~~48—GAS19 - GAS~~

~~3rd REVISED~~ SHEET NO. 111

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC") (continued)

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)

I. Definition of Terms as Used Herein (continued)

6. Degree Day Consumption Factor ("DDCF") - the variable component (use per degree day) of the gas sendout for each month of the winter period normalized for weather and adjusted for lost and unaccounted for gas. The DDCF shall be updated annually in the Company's WNC reconciliation filing annualizing to reflect the change in number of customers that has occurred since the base rate proceeding that established the initial degree day consumption factor in base rate cases. The base number of customers used to establish the normalized use in therms per Customer and the calculated DDCF for purposes of calculating the weather-related portion of the CIP are as follows:

<u>Month</u>	<u>Base Number of Customers</u>	<u>Therms per Degree Day</u>
October	<del>313,804</del> 293,159	<del>51,924</del> 51,818
November	<del>314,658</del> 293,834	<del>62,695</del> 62,593
December	<del>315,462</del> 294,633	<del>69,188</del> 69,064
January	<del>314,902</del> 295,059	<del>68,423</del> 68,081
February	<del>315,199</del> 295,322	<del>65,801</del> 67,808
March	<del>315,468</del> 295,477	<del>63,989</del> 63,693
April	<del>315,682</del> 295,126	<del>52,634</del> 52,489
May	<del>315,867</del> 294,483	<del>54,279</del> 54,279

7. Margin Revenue Factor - the weighted average of the Distribution Charges as quoted in the individual service classes to which this clause applies net of applicable taxes and other similar charges and any other revenue charge not retained by the Company that these rates may contain in the future. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges from each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factor shall be redetermined each time base rates or IIP rates are adjusted. The current Margin Revenue Factor is \$~~0.50680~~ 0.5656 per therm pre taxes for purposes of calculating the weather-related portion of the CIP.

Date of Issue: ~~September 30, 2024~~XXX1

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on and after ~~October 1,~~  
~~2024~~XXX2

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Dated ~~September 25, 2024~~ XXX3 in Docket No. ~~GR24040281~~ XXX4

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. ~~48 - GAS19 - GAS~~

ORIGINAL SHEET NO. 129

RIDER "G"

CONSERVATION INCENTIVE PROGRAM ("CIP")

(continued)

- (b) The BUC in therms for each Customer Class Group by month is as follows:

<u>Month</u>	<u>RDS Non-Heat</u>	<u>RDS Heat</u>	<u>SGS</u>	<u>GDS</u>
July	<u>9.0</u> <del>9.2</del>	<u>23.0</u> <del>49.8</del>	<u>34.3</u> <del>23.8</del>	<u>591.5</u> <del>544.0</del>
August	<u>9.0</u> <del>8.4</del>	<u>23.0</u> <del>48.6</del>	<u>34.2</u> <del>23.9</del>	<u>592.3</u> <del>542.3</del>
September	<u>9.0</u> <del>9.3</del>	<u>23.0</u> <del>22.0</del>	<u>35.0</u> <del>23.9</del>	<u>592.6</u> <del>542.7</del>
October	<u>9.3</u> <del>14.0</del>	<u>25.5</u> <del>45.2</del>	<u>38.2</u> <del>60.5</del>	<u>742.1</u> <del>980.5</del>
November	<u>18.5</u> <del>25.4</del>	<u>73.9</u> <del>409.9</del>	<u>88.3</u> <del>422.9</del>	<u>1,514.9</u> <del>1,767.4</del>
December	<u>30.3</u> <del>32.8</del>	<u>130.8</u> <del>461.7</del>	<u>201.0</u> <del>230.0</del>	<u>2,542.4</u> <del>2,524.8</del>
January	<u>40.3</u> <del>41.0</del>	<u>174.5</u> <del>493.3</del>	<u>284.0</u> <del>304.4</del>	<u>3,077.6</u> <del>3,109.8</del>
February	<u>40.8</u> <del>35.6</del>	<u>176.0</u> <del>458.4</del>	<u>292.2</u> <del>270.5</del>	<u>3,005.4</u> <del>2,804.6</del>
March	<u>37.6</u> <del>21.6</del>	<u>142.8</u> <del>427.7</del>	<u>231.6</u> <del>476.7</del>	<u>2,555.3</u> <del>2,048.4</del>
April	<u>28.5</u> <del>43.5</del>	<u>104.8</u> <del>63.6</del>	<u>156.9</u> <del>84.9</del>	<u>1,863.7</u> <del>1,075.4</del>
May	<u>15.7</u> <del>44.8</del>	<u>46.8</u> <del>34.8</del>	<u>60.0</u> <del>28.5</del>	<u>875.0</u> <del>508.6</del>
June	<u>11.0</u> <del>40.7</del>	<u>23.0</u> <del>22.4</del>	<u>34.3</u> <del>23.6</del>	<u>591.6</u> <del>561.4</del>
Total Annual	<u>259.0</u> <u>233.0</u>	<u>967.1</u> <del>974.4</del>	<u>1,490.0</u> <u>4,373.6</u>	<u>18,544.4</u> <u>46,915.7</u>

The BUC shall be reset each time new base rates are placed into effect as the result of a base rate case proceeding.

- (c) At the end of the Annual Period, a calculation shall be made that determines for each Customer Class Group the deficiency ("Deficiency") or excess ("Excess") to be surcharged or credited to customers pursuant to the CIP mechanism. The Deficiency or Excess shall be calculated each month by multiplying the result obtained from subtracting the Baseline Usage per Customer from the Actual Usage per Customer by the actual number of customers, and then multiplying the resulting therms by the Margin Revenue Factor.

Date of Issue: ~~August 22, 2022~~ XXX1

Effective: Service Rendered  
on and after ~~September 1,~~  
~~2022~~ XXX2

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~August 17, 2022~~ XXX3 in Docket No. ~~GR21121254~~ XXX4

**ELIZABETHTOWN GAS COMPANY  
BPU DOCKET NO. GR24020158  
SCHEDULE OF APPROVED  
DEPRECIATION ACCRUAL RATES**

<b>Account Description</b>	<b>Type</b>	<b>Rates</b>
301000 - Organization	Intangible Plant	0.00%
302000 - Franchise & Consents	Intangible Plant	0.00%
304200 - Land Rights	Gas Production	4.39%
311000 - Liquified Petroleum Gas	Gas Production	0.00%
320400 - Miscellaneous	Gas Production	0.00%
360100 - Land	Gas Storage	0.00%
361000 - Structures & Improvements	Gas Storage	2.14%
362000 - Gas Holders	Gas Storage	1.03%
362100 - Gas Holders LNG	Gas Storage	0.67%
363100 - Liquification Equipment	Gas Storage	2.86%
363200 - Vaporizing Equipment	Gas Storage	2.25%
363400 - Measuring & Regulating	Gas Storage	3.39%
365110 - Land	Gas Transmission	0.00%
365200 - Rights of Way	Gas Transmission	2.30%
367000 Mains	Gas Transmission	1.52%
367100 Mains - Steel	Gas Transmission	1.52%
369000 - Meas & Reg Station Equipme	Gas Transmission	2.83%
371000 - Other Equipment	Gas Transmission	5.93%
374000 Land & Land Rights - DP	Gas Distribution	1.24%
374100 Land - DP	Gas Distribution	0.00%
374200 - Land Rights	Gas Distribution	1.24%
374300 Right of Way - DP	Gas Distribution	1.24%
375000 - Structures & Improvements	Gas Distribution	3.00%
376000 Mains	Gas Distribution	1.64%
376100 Mains - Steel	Gas Distribution	1.64%
376200 Mains - Plastic	Gas Distribution	1.64%
376300 Mains - Cast Iron	Gas Distribution	1.64%
376400 Mains - Copper	Gas Distribution	1.64%
378000 M&R Station Equip - General	Gas Distribution	2.92%
379000 - Meas & Reg Station Equipme	Gas Distribution	2.34%
380000 Services	Gas Distribution	2.63%
380100 Services - Steel	Gas Distribution	2.63%
380200 Services - Plastic	Gas Distribution	2.63%
380400 Services - Copper	Gas Distribution	2.63%

**ELIZABETHTOWN GAS COMPANY  
BPU DOCKET NO. GR24020158  
SCHEDULE OF APPROVED  
DEPRECIATION ACCRUAL RATES**

<b>Account Description</b>	<b>Type</b>	<b>Rates</b>
381000 Meters	Gas Distribution	4.71%
381100 Meters - ERTs	Gas Distribution	4.71%
381300 Meters - Metretek	Gas Distribution	4.71%
382100 - Meter Installation	Gas Distribution	2.02%
383000 - House Regulators	Gas Distribution	2.88%
384000 - House Regulator Installati	Gas Distribution	2.88%
385000 - Indust Meas & Reg Station	Gas Distribution	2.19%
387000 - Other Equipment	Gas Distribution	4.83%
389000 Land & Land Rights - GP	General Plant	0.00%
390000 - Structures & Improvements	General Plant	2.76%
391000 - Office Furniture & Equipme	General Plant	5.00%
391100 OFE - Software Non-Enterpris	General Plant	20.00%
391110 OFE - Enterprise Software	General Plant	20.00%
391120 OFE - Servers - Hardware	General Plant	16.67%
391200 OFE - Enterprise - 10YR	General Plant	10.91%
391373 - Major Software Systems Imp	General Plant	20.00%
391500 OFE - Individual Equipment	General Plant	33.33%
392000 - Transportation Equipment	General Plant	9.89%
392100 Trans Eq - Autos & Lt Trcks	General Plant	24.90%
392200 Trans Equip - Service Trucks	General Plant	19.20%
392300 Trans Equip - Heavy Trucks	General Plant	11.93%
393000 - Stores Equipment	General Plant	4.00%
394000 - Tools Shop & Garage Equipm	General Plant	6.67%
394100 Natural Gas Vehicle Equip	General Plant	5.97%
396000 - Power Operated Equipment	General Plant	11.93%
396100 - Tractors	General Plant	9.98%
397000 - Communication Equipment	General Plant	10.00%
398000 - Miscellaneous Equipment	General Plant	5.00%
<b>Composite Rate per Plant Balances at 6-30-24</b>		<b>2.87%</b>

## **CUSTOMER SERVICE STANDARDS**

Elizabethtown Gas Company (“Company”) will provide to Rate Counsel and BPU Staff a quarterly report providing the results of the Company’s performance in relation to the following metrics:

### **1. Call Center**

#### **(A) Average Speed of Answer (ASA)**

**Measure:** ASA

**Benchmark:** Track and monitor only.

**Frequency:** Measured monthly, reported quarterly.

**Definition:** Measured in seconds from time when a customer indicates the desire to speak to a representative to when the representative picks up the phone.

#### **(B) Percentage of Calls Answered within 30 seconds**

**Measure:** Service Level

**Benchmark:** ETG: 82% of calls answered within 30 seconds

SJG: 80% of calls answered within 30 seconds through Q3 2023;

82% of calls answered within 30 seconds thereafter

**Frequency:** Measured monthly, reported quarterly.

**Definition:** Measured in seconds from time when a customer indicates the desire to speak to a representative to when the representative picks up the phone. Includes abandoned calls and any calls handled through an Interactive Voice Response (“IVR”) system.

**(C) Abandoned Call Percentage (ACP)**

**Measure:** ACP

**Benchmark:** 5% or less of calls abandoned

**Frequency:** Measured monthly, reported quarterly.

**Definition:** The number of calls to the IVR system that are terminated by the caller before reaching the selected destination, whether a department or a representative.

**(D) Call Center Strike Reporting**

**Measure:** N/A

**Benchmark:** N/A

**Frequency:** See below

**Definition:** The Company will report if and when a call center strike occurs to Board Staff and Rate Counsel in a timely manner. During any such strike, the Company will provide Board Staff and Rate Counsel with periodic updates on the impact of the strike on customer service, including on the Company's ability to enroll customers in deferred payment arrangements ("DPAs") and financial assistance programs.

**2. Meter Reading and Billing**

**(A) Meter Reading**

**Measure:** Percentage of meters read

**Benchmark:** 95% of meters read

**Frequency:** Measured monthly, reported quarterly

**Definition:** The percentage of meters actually read on cycle



**(B) Meter Reading by Town**

**Measure:** Percentage of all meters read listed by each town within the  
Company's territory

**Benchmark:** Track and monitor only

**Frequency:** Measured and reported annually.

**Definition:** The percentage of meters read on cycle within each town of the  
Company's territory.

**(C) Billing**

**Measure:** Billing Accuracy

**Benchmark:** 20 or fewer rebills per 1,000 customers

**Frequency:** Measured monthly, reported quarterly

**Definition:** The number of rebills per 1,000 customers measured as all bills  
mailed to customers that are later adjusted, cancelled or re-issued  
for any amount or reason.

**3. Safety and Reliability**

**(A) Safety**

**Measure:** Leak Response Time

**Benchmark:** 95% of calls responded to within 60 minutes

**Frequency:** Measured monthly, reported quarterly

**Definition:** Leak, odor and emergency call response measured from the initial  
customer call to the time qualified personnel arrive at the location to  
either assess or implement a "make safe" condition.

**Exception reporting:**

- \* Provide a quarterly report to the BPU for all calls that are not responded to within 60 minutes, giving the reasons for the delay.
- \* Elizabethtown will disaggregate the metric information to present leak response times in the Northwest Division separately.

**(B) Reliability**

**Measure:** Percentage of service appointments met

**Benchmark:** 95% + of service appointments met

**Frequency:** Measured monthly, reported quarterly

**Definition:** The percentage of appointments completed within the scheduled four-hour window, as required by Board rules. Includes appointments for meter installations, disconnects and reconnects, billing investigations, initial and final meter reads. Excludes regularly scheduled meter reads, gas leaks/emergencies/outages, and appointments missed by the customer.

**4. Overall Customer Service and Satisfaction**

**(A) BPU Complaints**

**Measure:** Customer complaints/contacts to the BPU

**Benchmark:** Less than 1 complaint/contact per 1,000 customers annually

**Frequency:** Measured monthly, reported quarterly

**Definition:** The number of verbal or written complaints/contacts made to the BPU, not including complaints to the Company, which are measured as an annual average number of complaints per 1,000 customers.

The Company also shall report BPU complaints by root cause category, such as billing, collection, etc.

The Company will also report how many:

- Complaints are resolved by DPAs;
- Complaints that originate with customers who are already on deferred payment arrangements; and
- Complaints from customers who participate in assistance programs such as LIHEAP (the Low Income Home energy Assistance Program) or otherwise.

**(B) Customer Satisfaction with Telephone and Field Personnel**

**Measure:** Customer satisfaction with telephone and field personnel

**Benchmark:** N/A

**Frequency:** Quarterly

**Definition:** Quarterly survey of customers that have contacted the Company and spoken with a representative.

**5. Disconnections, Financial Assistance, and DPAs**

**(A) Disconnections for Nonpayment**

**Measure:** Number of disconnections related to non-payment

**Benchmark:** N/A

**Frequency:** Measured and reported annually

**Definition:** The number of disconnections related to non-payment broken out by residential, commercial and industrial classes, as well as the

number of customers that would have been disconnected for nonpayment if it were not for any moratorium that may be in effect.

**(B) Financial Assistance Enrollment**

**Measure:** Financial Assistance Enrollment

**Benchmark:** N/A

**Frequency:** Measured monthly, reported quarterly and annually on a fiscal year basis.

**Definition:** The number of customers enrolled in LIHEAP, NJ SHARES, USF, Fresh Start, Lifeline, True Grant and Page Grant. (Attachment RCR-CUS-21.1 in BPU Docket No. GR21121254)

**Definition:** The Company will provide monthly data, as well as an annual summary, of the enrollments of the Company's customers in financial assistance programs in the format provided in Attachment RCR-CUS-21.1 in BPU Docket No. GR21121254. The Company will also provide annual data regarding the number of enrollments in financial assistance programs by municipality in the format provided in Attachment RCR-CUS-21.1 in BPU Docket No. GR21121254.

**(C) Financial Assistance Enrollment by Municipality**

**Measure:** Financial Assistance Enrollment by Municipality

**Benchmark:** N/A

**Frequency:** Measured and reported annually.

**Definition:** The number of customers enrolled in USF, LIHEAP, Lifeline, Page and NJ SHARES by municipality. (Attachment RCR-CUS-21.2 in BPU Docket No. GR21121254).

**(D) DPA Counts**

**Measure:** DPA counts

**Benchmark:** N/A

**Frequency:** Measured monthly, reported quarterly

**Definition:** The number of DPAs set up further broken out by defaulted and active or completed as well as the percentage of active or completed and defaulted of the total. (Attachment RCR-CUS-12.2 in BPU Docket No. GR21121254)

**(E) DPAs by Length**

**Measure:** DPAs by length

**Benchmark:** N/A

**Frequency:** Reported quarterly for the most current month available.

**Definition:** The number of DPAs by month. (Attachment RCR-CUS-15.1 in BPU Docket No. GR21121254)

**(F) DPAs by Amount**

**Measure:** DPAs by amount

**Benchmark:** N/A

**Frequency:** Reported quarterly for the most current month available.

**Definition:** The number of DPAs by amount in arrears, detailing how many arrangements fall in each range and the total amount of arrears

associated with the specific dollar range. (RCR-CUS-16 in BPU  
Docket No. GR21121254)

**(G) DPA Details**

**Measure:** DPA Details

**Benchmark:** N/A

**Frequency:** Measured and reported annually

**Definition:** The following metrics will be provided:

- Newly established DPAs
- Average Down Payment (in Dollars)
- Average Term (in Months)
- Average dollars amount of arrears made subject to a DPA
- Average Monthly Installment of DPAs
- Number of Defaulted DPAs
- Number of Complete (or "successful") DPAs
- Average amount written off for each defaulted DPA
- Total amount written off by ETG for Defaulted DPAs

(Attachment RCR-CUS-12.1 in BPU Docket No. GR21121254)

**(H) Residential Arrearage Data**

**Measure:** Residential Arrearage Details

**Benchmark:** N/A

**Frequency:** Quarterly

**Definition:** “In Arrears” refers to past due balances that are 31+ days overdue.

The following metrics for residential customers will be provided

quarterly:

- Number of residential customers in arrears;
- Number of residential customers eligible for disconnection;
- Number of residential customers in arrears and receiving assistance;
- Number of residential customers assessed a reconnection fee; and
- Number of residential customers for whom the Company has waived a reconnection fee.

After receipt of the quarterly report and/or annual report where specified herein, Board Staff or Rate Counsel may request a meeting and the Company agrees to accommodate this request to discuss the contents of the report(s). The schedule for submitting the quarterly and annual reports will remain the same. The quarterly report will be filed within thirty days after the end of each quarter. The annual report will be filed within thirty days after the end of each fiscal year.

**ELIZABETHTOWN GAS COMPANY**  
**2024 Base Rate Case (BPU Docket No. GR24020158)**  
**Rates - Dec 1, 2024**  
**Year 5 IIP Rider Rates**  
**\$6,217,958**

	<b>Current IIP Rider Rates Set to Zero w/ Tax</b>	<b>% of Base Revenues*</b>	<b>Revenue Requirement</b>	<b>Pre Tax Rates per Proof</b>	<b>Sales Tax 6.625%</b>	<b>Rates w/ Tax</b>	<b>Rate Changes w/ Tax</b>
Residential	\$0.0000	66.325001%	\$4,124,061	\$0.0163	\$0.0011	\$0.0174	\$0.0174
Small General Service	\$0.0000	6.693284%	\$416,186	\$0.0175	\$0.0012	\$0.0187	\$0.0187
General Delivery Service	\$0.0000	22.952551%	\$1,427,180	\$0.0128	\$0.0008	\$0.0136	\$0.0136
GDS SP#1 May -Oct	\$0.0000	0.000769%	\$48	\$0.0015	\$0.0001	\$0.0016	\$0.0016
Natural Gas Vehicles	\$0.0000	0.022968%	\$1,428	\$0.0300	\$0.0020	\$0.0320	\$0.0320
Large Volume Demand	\$0.0000	3.846146%	\$239,152	\$0.0046	\$0.0003	\$0.0049	\$0.0049
Electric Generation	\$0.0000	0.000000%	\$0	\$0.0128	\$0.0008	\$0.0136	\$0.0136
Gas Lights	\$0.0000	0.000660%	\$41	\$0.0154	\$0.0010	\$0.0164	\$0.0164
Firm Spec. Contracts	\$0.0000	0.158620%	\$9,863	\$0.0007	\$0.0000	\$0.0007	\$0.0007
			<u>\$6,217,959</u>				
		<i>allocation rounding</i>	<u>(\$1)</u>				

\* Allocation per 2021 Rate Case, Stipulation Appendix A (Docket No. GR22040316) & approved in most recent IIP Docket No. GR24040281.



**ELIZABETHTOWN GAS COMPANY**  
**2024 Base Rate Case (BPU Docket No. GR24020158)**

**Proof of Revenue**  
**Year 5 IIP Rider Rates**  
**\$6,217,958**

	<b>Determinants</b>	<b>Amount</b>	<b>Units</b>	<b>Rider F Rates Pre Tax</b>		<b>Year 5 Rider F Rates Pre Tax</b>	
				<b><u>Rates</u></b>	<b><u>Revenue</u></b>	<b><u>Rates</u></b>	<b><u>Revenue Proof</u></b>
				<b><u>Set to Zero</u></b>			
<b>Residential Service</b>					<b>RDS</b>		<b>RDS</b>
	285,133 Customers						
Customer Charge	3,421,596	Bills		\$0.00	\$0	\$0.00	\$0
Rider F Charge	252,443,185	Therms		\$0.0000	\$0	\$0.0163	\$4,114,824
<b>Total Base Rate Revenues</b>					<b>\$0</b>		<b>\$4,114,824</b>
<b>Small General Service</b>					<b>SGS</b>		<b>SGS</b>
	17,312 Customers						
Customer Charge	207,744	Bills		\$0.00	\$0	\$0.00	\$0
Rider F Charge	23,780,038	Therms		\$0.0000	\$0	\$0.0175	\$416,151
<b>Total Base Rate Revenues</b>					<b>\$0</b>		<b>\$416,151</b>
<b>General Delivery Service</b>					<b>GDS</b>		<b>GDS</b>
	6,585 Customers						
Customer Charge	79,020	Bills		\$0.00	\$0	\$0.00	\$0
Demand Charge	22,336,313	Therms		\$0.0000	\$0	\$0.0000	\$0
Rider F Charge	111,356,509	Therms		\$0.0000	\$0	\$0.0128	\$1,425,363
SP#1 DG/AC (SP#1 Nov- Apr)	inc above						
SP#1 DG/AC (SP#1 May - Oct)	32,668	Therms		\$0.0000	\$0	\$0.0015	\$49
Economic Development Discont (SP#2)	inc above						
<b>Total Base Rate Revenues</b>	111,389,177	Total Rider F Therms			<b>\$0</b>		<b>\$1,425,412</b>
<b>Electric Generation Firm Service</b>					<b>EGF</b>		<b>EGF</b>
	0 Customers						
				<i>If Zero Therms, Set Rider F Equal to GDS</i>			
Customer Charge	0	Bills		\$0.00	\$0	\$0.00	\$0
Demand Charge	0	Therms		\$0.0000	\$0	\$0.0000	\$0
Rider F Charge	0	Therms		\$0.0000	\$0	\$0.0128	\$0
<b>Total Base Rate Revenues</b>					<b>\$0</b>		<b>\$0</b>
<b>Large Volume Demand</b>					<b>LVD</b>		<b>LVD</b>
	50 Customers						
Customer Charge	600	Bills		\$0.00	\$0	\$0.00	\$0
Demand Charge	4,507,025	Therms		\$0.0000	\$0	\$0.0000	\$0
Rider F Charge	51,676,578	Therms		\$0.0000	\$0	\$0.0046	\$237,712
<b>Total Base Rate Revenues</b>					<b>\$0</b>		<b>\$237,712</b>
<b>Natural Gas Vehicles</b>					<b>NGV</b>		<b>NGV</b>
	1 Customers						
	12 Bills					<i>re-set allocation, to be only on the Dist.Chg.</i>	
Rider F Charge	47,552	Therms		\$0.0000	\$0	\$0.0300	\$1,427
Fueling Charge	47,552	Therms		\$0.0000	\$0	\$0.0000	\$0
Facilities Charge	47,552	Therms		\$0.0000	\$0	\$0.0000	\$0
<b>Total Base Rate Revenues</b>				<b>\$0.0000</b>	<b>\$0</b>	<b>\$0.0300</b>	<b>\$1,427</b>

**ELIZABETHTOWN GAS COMPANY**  
**2024 Base Rate Case (BPU Docket No. GR24020158)**

Appendix E  
Page 3 of 3

**Proof of Revenue**  
**Year 5 IIP Rider Rates**  
**\$6,217,958**

	<u>Determinants</u> <u>Amount</u>	<u>Units</u>	<u>Rider F Rates Pre Tax</u>		<u>Year 5 Rider F Rates Pre Tax</u>	
			<u>Rates</u> <u>Set to Zero</u>	<u>Revenue</u>	<u>Rates</u>	<u>Revenue Proof</u>
<u>Gas Lights Service</u>		7 Customers		<b>GLS</b>		<b>GLS</b>
		84 Bills				
Service Charge			\$0.27		\$0.22	
Rider F Charge	2,664	Therms	\$0.0000	<u>\$0</u>	\$0.0154	<u>\$41</u>
<b>Total Base Rate Revenues</b>				<b>\$0</b>		<b>\$41</b>
<b>Total Firm Rate Class</b>	<b>439,339,194</b>	<b>Therms</b>		<b>\$0</b>		<b>\$6,195,567</b>
<b>TOTAL SYSTEM BASE DISTRIBUTION REVENUES</b>				<b>\$0</b>		<b>\$6,195,567</b>
<u>Other Revenues</u>						
Special Contracts Firm				\$0		\$9,529
<b>Total Other Revenues</b>				<b>\$0</b>		<b>\$9,529</b>
				<u>Current</u>	<u>Change</u>	<u>Year 5</u> <u>Total</u>
<b>IIP REVENUES, per Approved and Proposed Rates</b>				<b>\$0</b>	<b>\$6,205,096</b>	<b>\$6,205,096</b>
<b>Total Target Change (TK-3)</b>				<b>\$0</b>	<b>\$6,217,958</b>	<b>\$6,217,958</b>
<b>Difference</b>				<b>\$0</b>	<b>(\$12,862)</b>	<b>(\$12,862)</b>

\* Determinants from BPU Docket No. GR22040316, dated 9-28-22 effective on 10-1-22, used in most recently approved IIP BPU Docket No. GR24040281.

**ELIZABETHTOWN GAS COMPANY**  
**2024 Base Rate Case (BPU Docket No. GR24020158)**  
**Weather Normalization Clause ("WNC") Margin Revenue Factor ("MRF")**  
**For Conservation Incentive Program (CIP) to Determine Weather and Non-Weather Amounts**

Classes	Distribution Charge, including taxes (\$/ therm) a	less SUT tax 6.625% b	Margin Revenue, Distribution Charge excluding taxes, (\$/ therm) c = a - b	Class Sales for period October through May (therms) * d	Ratio of Class Sales to Total Sales for Period e= d / sum of d	Weighted Margin Revenue in Distribution Rate (\$/ therm) f = c * e
<b>Base Rates</b>						
RDSH	\$0.6991	\$0.0434	\$0.6557	232,220,627	62.662%	\$0.4109
RDSNH	\$0.6991	\$0.0434	\$0.6557	6,800,640	1.835%	\$0.0120
RDS	\$0.6991	\$0.0434	\$0.6557	239,021,267	64.497%	\$0.4229
SGS	\$0.5562	\$0.0346	\$0.5216	23,125,180	6.240%	\$0.0325
GDS	\$0.3457	\$0.0215	\$0.3242	108,446,370	29.263%	\$0.0949
				370,592,817	100.000%	<b>\$0.5503</b>
<b>IIP Rates</b>						
RDSH	\$0.0174	\$0.0011	\$0.0163	232,220,627	62.662%	\$0.0102
RDSNH	\$0.0174	\$0.0011	\$0.0163	6,800,640	1.835%	\$0.0003
RDS	\$0.0174	\$0.0011	\$0.0163	239,021,267	64.497%	\$0.0105
SGS	\$0.0187	\$0.0012	\$0.0175	23,125,180	6.240%	\$0.0011
GDS	\$0.0136	\$0.0008	\$0.0128	108,446,370	29.263%	\$0.0037
				370,592,817	100.000%	<b>\$0.0153</b>
<b>Total WNC- MRF</b>						<b>\$0.5656</b>

\* Source Schedule TK-20, Excel provided as part of Attachment S-ETG-REV-54.2 (Confidential), for the applicable 8 months.