



Deborah M. Franco, Esq.
Regulatory Affairs Counsel

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CASE MANAGEMENT

AUG 01 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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July 31, 2019

Electronic Filing & Hand Delivery

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

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MAIL ROOM

AUG 01 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**Re: In the Matter of the Petition of Elizabethtown Gas Company to Revise The
Remediation Adjustment Clause Component Of Its Societal Benefits Charge Rate
BPU Docket No. GR19070871**

Dear Secretary Camacho-Welch:

Enclosed herewith are an original and two (2) "courtesy" copies of Elizabethtown Gas Company's Petition to Revise The Remediation Adjustment Clause Component Of Its Societal Benefits Charge Rate, which has also been filed electronically utilizing the Board's e-Filing Program.

Kindly acknowledge receipt and filing of the enclosures by date stamping the enclosed copy of this letter and returning it to our messenger.

Please do not hesitate to contact me with any questions you may have. Thank you for your attention to this matter.

CMS

Legal

DAG/LR

RPA - only

ENERGY/S

Peterson

Respectfully submitted,

Deborah M. Franco

DMF:caj

Enclosures

cc: Stacy Peterson, Director (BPU Staff) (3 copies)
Stefanie A. Brand, Esq., Director (Division of Rate Counsel) (5 copies)
Patricia Krogman, Esq. (Department of Law) (2 copies)

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

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In The Matter Of The Petition Of Elizabethtown	:	
Gas Company To Revise The Remediation	:	Docket No. GR
Adjustment Clause Component Of Its Societal	:	
Benefits Charge Rate	:	SUMMARY SHEET
<hr/>		

This Petition presents the request of Elizabethtown Gas Company ("Petitioner") that the Board of Public Utilities ("Board") accept the filing of Petitioner's revised Remediation Adjustment Clause ("RAC") component of the Societal Benefits Charge ("SBC") rate. The Petitioner's proposed RAC rate results in an increase from \$0.0020 per therm to \$0.0150 per therm effective October 1, 2019. If approved by the Board, the proposed rate would increase the monthly bill of a residential heating customer using 100 therms by \$1.30 or 1.4%.

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

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In The Matter Of The Petition Of Elizabethtown	:	
Gas Company To Revise The Remediation	:	Docket No. GR
Adjustment Clause Component Of Its Societal	:	
Benefits Charge Rate	:	PETITION
<hr style="border-top: 1px dashed black;"/>		

To The Honorable Board of Public Utilities:

Petitioner, Elizabethtown Gas Company ("Petitioner"), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), respectfully states:

1. Petitioner's principal business office is located at 520 Green Lane, Union, NJ, 07083.
2. Communications and correspondence concerning these proceedings should be sent as follows:

Deborah M. Franco, Esq.
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, New Jersey 07083
Tel No. (908) 662-8448
dfranco@sjindustries.com

Stefany Graham
Manager, Rates and Regulatory
Initiatives
SJI Utilities
1 South Jersey Place
Atlantic City, NJ 08401
Tel No. (609) 561-9000 x4352
sgraham@sjindustries.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 295,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise the rate associated with Petitioner's Remediation Adjustment Clause ("RAC") component of the Societal Benefits Charge ("SBC") and to reconcile costs and cost recoveries associated with the clause for the period in which the clause is applicable.

5. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following schedules supporting the tariff sheets and the derivation of the proposed RAC rate are attached and referred to in Exhibit P-1:

- (a) Tariff Schedule TK-1;
- (b) Forecast Schedule TK-1; and
- (c) RAC Schedule TK-1 through RAC Schedule TK-6.

6. Also annexed hereto and made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 is the testimony of Steven L. Cook, Manager of Environmental Programs for Petitioner. The following schedules are included with Mr. Cook's testimony:

- (a) Schedule SLC-1 through Schedule SLC-2.

7. In a September 22, 2011 Board Order in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 concerning the reconciliation of Petitioner's SBC for the 2006-2007, 2007-2008 and 2008-2009 periods, it was agreed that Petitioner would provide information responsive to certain minimum filing requirements ("MFRs") as part of future filings to reconcile its RAC rate. An Index to the MFRs is included with this Petition and attached hereto as Exhibit A. As noted in the MFR Index, some of the MFR information being provided by the Company is deemed confidential and as such will be redacted and provided to those parties executing a mutually acceptable confidentiality agreement entered into subsequent to the filing of this Petition.

The RAC Component of the SBC Rate

8. Petitioner's current RAC rate, a component of the SBC, of \$0.0020 per therm was

approved by the Board in a May 8, 2019 Order authorizing that rate to become effective June 1, 2019 in Docket No. GR18080885.

9. In the current proceeding, Petitioner has proposed a new RAC rate of \$0.0150 per therm. Petitioner's RAC-related costs reflected in the calculation of the RAC factor is based on data for the period July 1, 2018 through June 30, 2019 plus prior period true-up amounts. In this year's filing, the rate is designed to recover approximately \$7.0 million as reflected on RAC Schedule TK-1 Line 4. This filing includes 11 months of actual data through May 2019 as well as forecasted data for June 2019.

10. In accordance with Petitioner's tariff, the RAC component is determined by first calculating the sum of (a) one seventh of Petitioner's net deferred remediation costs incurred during the twelve months ended June 30th, for the periods ending 2019, 2018, 2017, 2016, 2015, 2014 and 2013, less the deferred tax benefit, as shown on RAC Schedule TK-2 pages 1 through 7. The calculation of the proposed rate of \$0.0150 per therm is described and detailed in Mr. Kaufmann's testimony. Interest accrued on RAC-related costs is calculated in the manner approved by the Board in its Order in BPU Docket No. GX99030121 dated March 30, 2001, *et al.*

11. As discussed in the testimony of Mr. Cook, Petitioner owns, owned and/or operated six former MGP sites located at Erie Street in Elizabeth, South Street in Elizabeth, Rahway, Perth Amboy, Flemington and Newton. Petitioner's remediation costs are incurred to enable Petitioner to comply with applicable laws and regulations in a prudent manner.

12. Under the RAC, the total annual charge to Petitioner's customers during any Recovery Year may not exceed five percent (5%) of Petitioner's total revenues from sales, transportation and storage services during the annual July 1 through June 30 period. As set forth in Exhibit P-1, the application of this cap calculation does not require a reduction in the remediation costs recoverable during the 2020 Recovery Year, which is the twelve month period

ending September 30, 2020.

13. Under the RAC, Petitioner is required to project its anticipated remediation costs for the July 1, 2019 through June 30, 2020 Remediation Year. As discussed by Mr. Cook, Petitioner estimates that it will incur approximately \$19 million of net deferred remediation costs during that period. However, this is only an estimate. Petitioner's actual costs will be determined by its need to comply with applicable environmental laws and regulations in a prudent manner.

Overall Impact

14. The overall impact of Petitioner's proposed rate in this proceeding is an increase in the monthly bill of a residential heating customer using 100 therms by \$1.30, from \$95.17 to \$96.47, or an increase of 1.4%, as compared to the Company's currently effective rates.

Miscellaneous

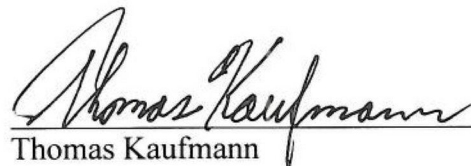
15. In a September 22, 2011 Order in Docket Nos. GR07080645, GR08090836 and GR09080651, Petitioner was instructed to file future RAC filings separate from other SBC-component and OSMC and WNC filings. Petitioner is now seeking permission to revert to the historical practice of including the RAC filing with these filings going forward.

16. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto upon Stefanie A. Brand, Director, Division of Rate Counsel ("Rate Counsel"), 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the service list, and as outlined in *N.J.A.C.* 14:1-5.12. Petitioner is attaching a proposed form of public notice to this filing as Exhibit B for review by Board Staff and Rate Counsel.

STATE OF NEW JERSEY)
)
COUNTY OF UNION)
 ss:

Thomas Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

1. I am Manager of Rates and Tariffs of the Petitioner, Elizabethtown Gas Company, in the foregoing Petition and I am authorized to make this Affidavit on behalf of the Petitioner.
2. The statements made in the foregoing Petition and the Exhibits and Schedules submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.



Thomas Kaufmann
Elizabethtown Gas Company
Manager, Rates and Tariffs

Sworn to and subscribed to before me this 22nd day of July, 2019.



Jane James
Notary Public
My Commission Expires Dec. 20, 2021

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

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

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

Minimum Filing Requirements	Schedule
as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.	
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.	SLC-2
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.	SLC-2 Confidential
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.	SLC-2
13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation.	RAC TK-3
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.	SLC-2
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.	SLC-2
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.	SLC-2
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.	SLC-2
18. Provide details concerning all remediation related charges to the Company from or through the Company's parent, SJI Utilities, and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2

NOTICE OF PUBLIC HEARINGS

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU Docket No. _____**

On July 31, 2019, Elizabethtown Gas Company ("Company" or "Elizabethtown") filed a Petition with the New Jersey Board of Public Utilities ("Board") in BPU Docket No. GR_____ to revise the Remediation Adjustment Clause ("RAC") component of its Societal Benefits Charge ("SBC") rate. The Company's SBC rate consists of four components: (1) the New Jersey Clean Energy Program ("CEP") component which recovers the costs of statewide energy efficiency and renewable energy programs mandated by the Board, (2) the Remediation Adjustment Clause, which allows the Company to recover certain environmental remediation costs, and two statewide low-income energy bill payment assistance programs: (3) the Universal Service Fund; and (4) the Lifeline program. This Petition only seeks to change the RAC component of the SBC rate. Specifically, the Company has petitioned the Board to establish a RAC rate of \$0.0150 per therm inclusive of applicable taxes to be effective October 1, 2019. The proposed rate is subject to BPU approval and may be higher or lower depending on the Board's final determination and the date on which such rate is made effective. A comparison of the Company's current rate to the proposed rate is as follows:

	<u>Current Rate</u>	<u>Proposed Rate</u>
	<u>Per Therm</u>	<u>Per Therm</u>
RAC	\$0.0020	\$0.0150

The effect of the Company's filing to a typical residential customer using an average of 100 therms per month, as compared to the Company's rates in effect as of July 1, 2019, is illustrated below:

<u>Consumption in</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Change in Bill</u>	<u>Percent Change</u>
<u>Therms</u>	<u>July 1, 2019</u>	<u>October 1, 2019</u>		
100	\$95.17	\$96.47	\$1.30	1.4%

Any assistance required by Customers in ascertaining the impact of the proposed rate increase will be provided by the Company on request.

Copies of the petition are available for inspection at the Company's office located at 520 Green Lane, Union, New Jersey, online at Elizabethtown's website: www.elizabethtowngas.com/rates-and-tariff under regulatory information, and at the Board of Public Utilities, 44 South Clinton Avenue, 7th Floor, Trenton, New Jersey.

PLEASE TAKE NOTICE that Public Hearings have been scheduled on the above mentioned petition at the following times and places:

Date and Time
Liberty Hall Corporate Center, 1085 Morris Avenue, Union, New Jersey 07083

Date and Time
Hunterdon County Complex, Route 12, Building #1, Flemington, New Jersey 08822

The public is invited to attend and interested persons will be permitted to make a statement of their views on the proposed increases. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including an interpreter, listening devices and/or mobility assistance, 48 hours prior to these hearings. In addition, members of the public may submit written comments concerning the Petition to the Board regardless of whether they attend the hearing by addressing them to: Office of the Secretary, Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey 08625-0350. Hearings will continue, if necessary, on such additional dates and at such locations as the Board or Office of Administrative Law may designate in order to ensure that all interested persons may be heard.

Elizabethtown Gas Company
Christie McMullen – President and Chief Operating Officer