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CASE MANAGEMENT

2019 OCT 11 A 10:44

October 10, 2019
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

VIA ELECTRONIC MAIL AND UPS

Aida Camacho-Welch
N.J. Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

RECEIVED
MAIL ROOM

OCT 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

**Re: In the Matter of the Petition of Elizabethtown Gas Company To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit
BPU Docket No. GR19070873**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Elizabethtown Gas Company ("Elizabethtown"), the Staff of the Board of Public Utilities and the Division of Rate Counsel.

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

Respectfully submitted,

Deborah M. Franco

cc: Service List in BPU Docket No. GR19070873

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR19070873**

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OCT 11 2019

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

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CASE MANAGEMENT

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

2019 OCT 11 AM 10:45

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

-----x
: BPU Docket No. GR19070873
: STIPULATION REGARDING
: PROVISIONAL WNC, CEP,
: AND OSMC RATES
-----x

APPEARANCES:

Deborah M. Franco, Regulatory Affairs Counsel, Elizabethtown Gas Company

Brian O. Lipman, Esq., Litigation Manager, **Felicia Thomas-Friel**, Managing Attorney Gas, Division of Rate Counsel, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

Patricia Krogman, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

1. On July 31, 2019, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition (“July 2019 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR19070873 to revise its Weather Normalization Clause (“WNC”) rate, the Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate, and its On-System Margin Sharing Credit (“OSMC”) for the period October 1, 2019 through September 30, 2020.

2. In its July 2019 Petition, Elizabethtown stated that current rates in effect for the WNC, CEP and OSMC were approved on a provisional basis by the Board in the Company’s 2018 WNC/CEP/OSMC proceeding in BPU Docket No. GR18080852 on October 29, 2018 and made effective November 1, 2018. These rates were made final in accordance with an Order in the same docket dated February 27, 2019.

3. In the July 2019 Petition, Elizabethtown proposed to decrease its current WNC

rate from \$0.0000 per therm (or \$0.0194 per therm that was effective November 1, 2018 through May 31, 2019) inclusive of all applicable taxes to a credit rate of \$0.0050 per therm inclusive of all applicable taxes to become effective October 1, 2019. As set forth in the July 2019 Petition, the rate was designed to credit an excess balance associated with the period October 1, 2018 through May 31, 2019 ("2019 Winter Period") that was attributable to overall colder than normal weather experienced in the Company's service territory during that period, as well as a prior period deficiency balance. As stated in the July 2019 Petition, the current recoverable revenue excess balance is \$1,595,770 which, when divided by projected winter period therm volumes, produces a WNC credit rate of \$0.0050 per therm inclusive of applicable taxes.

4. In the July 2019 Petition, Elizabethtown proposed to modify its current CEP component of the SBC rate from \$0.0215 per therm inclusive of all applicable taxes to \$0.0213 per therm inclusive of all applicable taxes to become effective October 1, 2019. Elizabethtown's CEP allocated funding responsibility for Fiscal Year 2020 CEP level is \$10,637,432. As set forth in the July 2019 Petition, the Company stated the rate was designed to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2019, and projected costs for the period ending June 30, 2020, totaling \$9,958,369.

5. In the July 2019 Petition, Elizabethtown proposed to modify its current OSMC from a credit rate of \$0.0007 per therm to a credit rate of \$0.0015 per therm inclusive of all applicable taxes to become effective October 1, 2019. The rate is set in accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, GR97070552 et al., and Docket Nos. GX99030121, et al., under which margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and the Company on an 80%/20% basis through

a credit, the OSMC, to the transportation rates charged to firm sales and all Service Classification RDS customers.

6. As stated in the July 2019 Petition, the overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as reflected in the July 2019 Petition would decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.60, from \$95.17 to \$94.57, or a decrease of 0.6%, as compared to the rates in effect as of August 1, 2019, or from \$95.35 to \$94.75 using rates expected to be in effect as of November 1, 2019.

7. Being that all the rates proposed in the July 2019 Petition reflect decreases, public hearings are not required.

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

9. The Parties hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review, including at the Office of Administrative Law, if necessary, discussions among the Parties, and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement: (1) a provisional WNC credit rate of \$0.0050 per therm to be effective as of November 1, 2019, inclusive of all applicable taxes; (2) a provisional CEP component of the SBC rate of \$0.0213 per therm to be effective as of November 1, 2019, inclusive of all

applicable taxes; and (3) a provisional OSMC credit rate of \$0.0015 per therm to be effective as of November 1, 2019 inclusive of all applicable taxes. The total provisional WNC/CEP/OSMC rate of \$0.0148 will decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.60 from \$95.35 to \$94.75, a decrease of 0.6%, as compared to the Company's rates expected to be in effect as of November 1, 2019. There will be an opportunity for full review of the WNC rate, the CEP component of the SBC, and the OSMC at the Office of Administrative Law, if necessary, and final approval by the Board.

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

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

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

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

14. The Parties further acknowledge that a Board Order approving this Stipulation

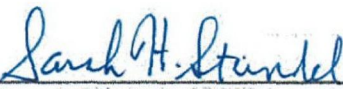
will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

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

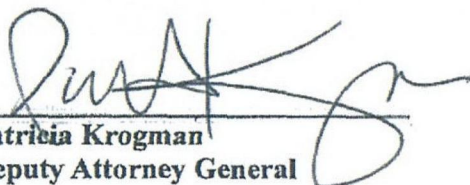
ELIZABETHTOWN GAS COMPANY

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

By: 
**Deborah M. Franco
Regulatory Affairs Counsel**

By: 
**Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel**

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

By: 
**Patricia Krogman
Deputy Attorney General**

Dated: October 8, 2019

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

November 1, 2019 through May 31, 2020 (\$0.0050) per therm

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

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue: xx1

Effective: Service Rendered
on and after xx2, 2019

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3, 2019 in Docket No. GR19070873

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

(\$0.0015) per therm

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

Determination of the OSMC

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

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

Date of Issue: xx1

Effective: Service Rendered
on and after xx2, 2019

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3, 2019 in Docket No. GR19070873

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0213
II.	Remediation Adjustment Charge ("RAC")	\$0.0020
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	<u>\$0.0055</u>
	TOTAL	<u>\$0.0354</u>

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

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

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

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

Date of Issue: xx1

Effective: Service Rendered
on and after xx2, 2019

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx3, 2019 in Docket No. GR19070873

REDLINE

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

~~November 1, 2018~~November 1, 2019 through ~~May 31, 2019~~May 31, 2020
~~\$0.0194~~(\$0.0050) per therm

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

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue: ~~March 8, 2019~~xx1

Effective: Service Rendered
on and after ~~March 9~~xx2, 2019

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~February 27~~xx3, 2019 in Docket No. GR~~18080852~~19070873

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

~~2nd~~^{3rd} REVISED SHEET NO. 116

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

~~(\$0.0007)~~^(\$0.0015) per therm

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

Determination of the OSMC

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

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

Date of Issue: ~~March 8, 2019~~^{xx1}

Effective: Service Rendered
on and after ~~March 9~~^{xx2}, 2019

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~February 27~~^{xx3}, 2019 in Docket No. GR~~18080852~~¹⁹⁰⁷⁰⁸⁷³

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

67th REVISED SHEET NO. 117

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.02150213
II.	Remediation Adjustment Charge ("RAC")	\$0.0020
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	\$0.0055
	TOTAL	\$0.03560354

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

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

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

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

Date of Issue: ~~September 27, 2019~~xx1

Effective: Service Rendered
on and after ~~October 1~~xx2, 2019

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~September 27~~xx3, 2019 in Docket No. ~~ER19060736~~GR19070873