



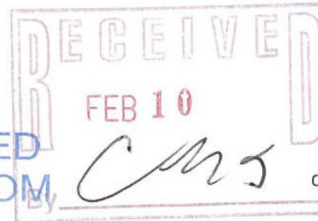
Deborah M. Franco, Esq.
Director, Regulatory Affairs Counsel

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BOARD OF PUBLIC UTILITIES
TRENTON, NJ

February 5, 2020



520 Green Lane
Union, NJ 07083

T: (908) 662-8448

F: (908) 662-8496

dfranco@sjindustries.com

CASE FORWARD
MANAGEMENT
2020 FEB 11 P 2:30
BOARD OF PUBLIC UTILITIES
TRENTON, NJ

VIA UNITED PARCEL SERVICE & ELECTRONIC MAIL

Aida Camacho-Welch, Secretary New Jersey
Board of Public Utilities
44 S. Clinton Ave., 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

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

Dear Secretary Camacho-Welch:

Enclosed for filing and consideration by the New Jersey Board of Public Utilities is a Stipulation to resolve the above-referenced proceeding.

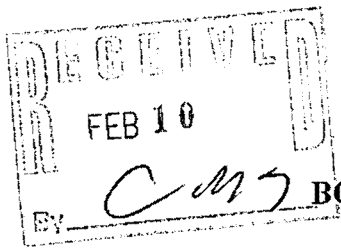
Please direct any inquiries to the undersigned. Thank you for your consideration.

Respectfully yours,

Deborah M. Franco

cc: Service List (electronic only)

Case mgmt.
H. W. Wisband, Esq.
A. Moreau, Esq.
S. Peterson



STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

FEB 10 2020

CONFIDENTIAL

-----X
: **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**
: **STIPULATION REGARDING**
: **FINAL WNC, CEP,**
: **AND OSMC RATES**
-----X

APPEARANCES:

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

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

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

BACKGROUND

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”).

2. 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.

3. 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.

4. 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.

5. The July 2019 Petition was not transmitted to the Office of Administrative Law by the Board. Since all the rates proposed in the July 2019 Petition reflected decreases, public hearings were not required.

6. By Order dated October 25, 2019 (“October 25 Provisional Order”) issued in this proceeding, the Board approved a stipulation authorizing the Company to implement (1) a WNC credit rate of \$0.0050 per therm; (2) a CEP component of the SBC rate of \$0.0213 per therm; and (3) an OSMC credit rate of \$0.0015 per therm. Each of the three rates was made effective on a provisional basis on November 1, 2019, and included all applicable taxes.

7. The July 31st filing amounts were updated with actual data through June 30, 2019, in response to the discovery request RCR-A-9; this update yielded lower WNC and CEP rates per therm than the originally proposed WNC and CEP rates, based upon actual data through May 2019 and an estimate for June 2019. The update supported an increase in the WNC credit rate from the provisional credit rate of \$0.0050 per therm to a credit rate of \$0.0051 per therm, inclusive of taxes, as well as a decrease in the CEP rate from the provisional rate of \$0.0213 per therm to \$0.0211 per therm, inclusive of taxes. There was no impact to the provisional OSMC rate with these updates. Notwithstanding the decrease to the CEP rate, the Company proposed to maintain the CEP rate of \$0.0213 per therm as approved in the October 25 Provisional Order to reflect, in part, the revised funding levels for the New Jersey Clean Energy Program for fiscal year 2020 contained in the BPU’s August 16, 2019 Notice modifying the funding levels established by its original June 21, 2019 Order in BPU Docket No. QO19050644. Had these revised funding levels been reflected in the update contained in RCR-A-9, it would have produced a rate of \$0.0229 per therm inclusive of taxes. The calculation of the revised WNC rate is shown in Appendix A.

8. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) engaged in discovery and resolved all issues in this proceeding in accordance with the Stipulation set forth below.

STIPULATED MATTERS

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

Effective Date

A. The Parties acknowledge that the WNC, CEP and OSMC rate changes will become effective as of the effective date of a Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify ("Effective Date").

Effective Rates

B. As of the Effective Date, the Company will implement (1) its WNC credit rate of \$0.0051 per therm, (2) maintain its CEP component of the SBC rate of \$0.0213 per therm, and (3) maintain its OSMC credit rate of \$0.0015 per therm, each rate being inclusive of all applicable taxes, and those rates shall remain in effect until changed by order of the Board. The calculation of the WNC credit rate is set forth in Appendix A which is attached to this Stipulation. The Company's next annual filing to reconcile the CEP rate will reflect the costs of the June 21 Order not otherwise recovered through the CEP rate of \$0.0213 per therm.

C. Upon approval by the Board of the WNC, CEP and OSMC rates reflected in this Stipulation, the Company will file with the Board revised tariff sheets to reflect the WNC, CEP and OSMC rates agreed to in this Stipulation. Draft tariff sheets are attached hereto as Appendix B.

D. Approval of the CEP rate in this Stipulation will result in a total SBC rate of \$0.0354 per therm, inclusive of all applicable taxes.

Rate Impact

E. The rate decrease of the WNC rate from a credit rate of \$0.0050 per therm to \$0.0051 per therm, inclusive of taxes, will decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.01, from \$104.13 to \$104.12, or a decrease of 0.0%, as compared to Elizabethtown's January 1, 2020 rates.

All Issues Resolved

F. Upon the Board's approval of this Stipulation, all issues concerning the WNC, CEP and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

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

Binding Effect

H. 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.

General Reservation

I. 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. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

WHEREFORE, the Parties hereto do respectfully submit that the Board 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 

Deborah M. Franco
Director, Regulatory Affairs Counsel

By:

Sarah H. Steindel 

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:

Matko Ilic

Matko Ilic
Deputy Attorney General

Dated: February 5, 2020

**Elizabethtown Gas Company
Weather Normalization Clause (WNC)**

Calculation of the WNC Rate

Based on Cumulative Degree Day Differences at:

June 30, 2019

12 months actual 0 month forecast

1	Current Period - Margin Revenue Excess / (Deficiency), (TK-2)		\$1,877,951
1a	Earnings Test Disallowance, if applicable		<u>\$0</u>
1b	Current Recoverable Margin Revenue Excess/(Deficiency), (L1 less L1a)		\$1,877,951
2	Prior Year - Excess / (Deficient) Recovery Balance, (TK-3)		<u>(\$237,009)</u>
3	Total Revenue Excess / (Deficiency) Balance (L1b+L2)		\$1,640,942
4	Projected Therm Volumes (10/1/19 - 5/31/20)		
	RDS	210,520,500	
	SGS and GDS	129,920,981	340,441,481 therms
5	WNC Charge/(Credit) Rate, before tax (L3a*-1/L4)		(\$0.0048) /therm
6	Plus Sales Tax	6.625%	<u>(\$0.0003)</u>
7	WNC Charge/(Credit) Rate (L5+L6)		<u><u>(\$0.0051) /therm</u></u>
8	<u>3% RDS Rate Cap:</u>	<u>rate w/tax</u>	<u>Cap Rate Components:</u>
	RDS Distribution Charge	\$0.3625	
	BGSS-P rate	<u>\$0.4691</u>	pre Tax \$0.0234
	Cap Rate	\$0.8316	Sales Tax <u>\$0.0015</u> <u>\$0.0249 /therm</u>

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

~~November 1, 2019~~^{xx3} through May 31, 2020 (\$~~0.0050~~⁰⁰⁵¹) 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: ~~November 14, 2019~~^{xx2}

Effective: Service Rendered
on and after ~~November 15, 2019~~^{xx3}

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~November 13, 2019~~^{xx4} in Docket No. ~~GR19040486~~^{GR19070873}

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Firm 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.

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Dated ~~November 13, 2019~~xx4 in Docket No. ~~GR19040486~~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	\$0.0055
TOTAL		\$0.0354

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.

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

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Dated ~~November 13, 2019~~xx4 in Docket No. ~~GR19040486~~GR19070873

CLEAN

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

xx3 through May 31, 2020 (\$0.0051) 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.

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RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Firm 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

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RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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	2. Lifeline	\$0.0055
TOTAL		\$0.0354

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