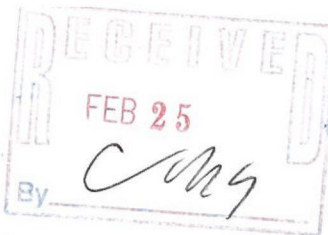




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2020 FEB 26 A 10: 56

BOARD OF PUBLIC UTILITIES
TRENTON, NJ

February 20, 2020

RECEIVED
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FEB 25 2020

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 Revise its Energy Efficiency Program Rider Rate
BPU Docket No. GR19070872**

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

list copied

**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY
TO REVISE ITS ENERGY EFFICIENCY PROGRAM RIDER RATE
BPU DOCKET NO. GR19070872**

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**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY
TO REVISE ITS ENERGY EFFICIENCY PROGRAM RIDER RATE
BPU DOCKET NO. GR19070872**

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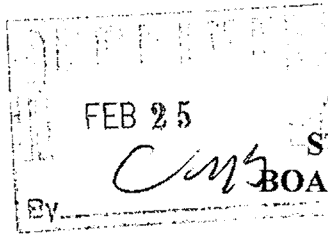
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FEB 25

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

FEB 25 2020

FILED

-----X
In the Matter of the Petition of :
Elizabethtown Gas Company to : **BPU Docket No. GR19070872**
Revise its Energy Efficiency Program :
Rider Rate : **FINAL STIPULATION**
 -----X

APPEARANCES:

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

Brian O. Lipman, Esq., Litigation Manager, **Felicia Thomas-Friel, Esq.**, Managing Attorney Gas, **Maura Caroselli, Esq.** Assistant Deputy Rate Counsel, and **Kurt S. Lewandowski, 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 with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR19070872 to revise its Energy Efficiency Program (“EEP”) rider rate. (“2019 EEP Petition”)

2. The 2019 EEP Petition proposed to increase the Company’s EEP rate from \$0.0051 per therm to \$0.0074 per therm, inclusive of all applicable taxes.¹

3. The 2019 EEP Petition sought to reconcile EEP costs and cost recoveries for the period commencing July 1, 2018 through June 30, 2019 and to recover actual and forecast revenues for the period July 1, 2019 through June 30, 2020. The EEP rate enables Elizabethtown to recover the cost associated with Elizabethtown’s EEPs approved by the Board. The

¹ The Company’s EEP rate of \$0.0051 per therm was approved by Board Order dated April 18, 2019, in BPU Docket No. GR18080860.

Company's EEP consists of a range of rebates and related offers -- including, for example, various customer education and outreach initiatives -- that are designed to encourage customers to conserve energy and to provide them with information on how to lower their gas bills. In accordance with a Board order issued February 27, 2019, in BPU Docket No. GO18070682, Elizabethtown is authorized to offer its current EEP through February 29, 2020. On January 16, 2020, Elizabethtown filed a letter Petition to extend its EEP through December 31, 2021, which was approved by the Board at its February 19, 2020 meeting.

4. In response to discovery request S-ETG-EE-6, as well as updates throughout this proceeding, the amounts in the 2019 EEP Petition were updated with actual data through October 31, 2019 including an update to the carrying cost rate for over / under recoveries; resulting in a decrease in the proposed revenue recovery from \$3,220,675 to \$3,167,485 and yields a lower EEP rate per therm than the originally proposed EEP rate which was based on actual data through May 2019 and an estimate for June 2019. The update supports a decrease in the EEP rate from the proposed rate of \$0.0074 per therm to \$0.0073 per therm, the calculation of which is shown on Appendix A, and is the rate the Company is seeking here.

5. The 2019 EEP Petition was retained by the Board and public hearings were held in this proceeding on November 18, 2019, in Flemington, New Jersey, and on November 25, 2019, in Union, New Jersey. One (1) member of the public attended the November 18, 2019 hearing to offer general comments about the cost of gas.

6. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") have engaged in discovery and have resolved all issues in this proceeding in accordance with the stipulation of settlement ("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 EEP rate change will become effective as of the effective date of a Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40 or upon such date thereafter as the Board may specify. ("Effective Date")

Effective Rate

B. As of the Effective Date, the Company will implement an EEP rate of \$0.0073 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board. The calculation of this rate is set forth in Appendix A which is attached to this Stipulation.

C. The Company agrees that it will include with its EEP filings responses to the minimum filing requirements as set forth in Appendix B to this Stipulation.

D. Upon approval by the Board of the EEP rate reflected in this Stipulation, the Company will file with the Board a revised tariff sheet to reflect the EEP rate of \$0.0073 per therm, inclusive of all applicable taxes, as agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix C, which includes actual changes to the tariff.

Rate Impact

E. The rate impact of the EEP rate change from \$0.0051 per therm to \$0.0073 per therm will increase the monthly bill of a typical residential heating customer using 100 therms by \$0.22, from \$104.13 to \$104.35, or an increase of 0.2%, as compared to the Company's January 1, 2020 rates.

All Issues Resolved

F. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's EEP recoverable costs for the period July 1, 2018 through June 30, 2019 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

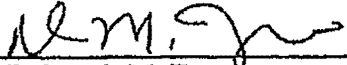
H. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

General Reservation

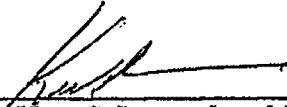
I. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented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

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

ELIZABETHTOWN GAS COMPANY

By: 
Deborah M. Franco
Director, Regulatory Affairs Counsel

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

By: 
Kurt S. Lewandowski, 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
Deputy Attorney General

Dated: February 20, 2020

Docket No. GR19070872

ELIZABETHTOWN GAS COMPANY
ENERGY EFFICIENCY PROGRAM ("EEP")

EEP Schedule
TK-1 Revised

CALCULATION OF THE EEP RATE
through September 30, 2020
October 1, 2019 RECOVERY YEAR - 2020
Based on actuals through October 2019

1	Prior Year Balance - (Sch. TK-2)	June 30, 2018		\$957,513
	<u>Actual Amounts Through:</u>	June 30, 2019		
2	Current Year O&M Costs (Sch. TK-2)			\$282,295
3	Current Year Revenue Requirements (Sch. TK-2)			\$1,016,564
4	Current Year Recovery Credits (Sch. TK-2)			(\$878,103)
5	Current Year Carrying Costs (Sch. TK-2) *			<u>\$23,238</u>
6	Proforma Current Year TK-2 Ending Balance (Sum L1-L5)			\$1,401,507
7	<u>Projected Recoverables :</u>	June 30, 2020		
	- Revenue Requirements (Sch. TK-3)		\$1,459,111	
	- O&M Costs (Sch. TK-4)		<u>\$306,867</u>	<u>\$1,765,978</u>
8	Total Proposed Recoveries (L6+L7)			\$3,167,485
9	<u>12 Month Projected Normalized Sales and Services:</u>			
	- Residential and GLS		229,558,502	
	- Commercial		145,173,955	
	- Industrial		91,286,536	
	- NGV		126,053	
	- Cogeneration		0	466,145,046 therms
10	EEP Rate, before taxes (L8/L9)			\$0.0068 /therm
11	Sales & Use Tax @	6.625%		<u>\$0.0005</u>
12	EEP Rate (L10+L11)			<u><u>\$0.0073</u></u> /therm

* Carrying costs have been calculated using a commercial paper proxy rate.

**ELIZABETHTOWN GAS COMPANY
ENERGY EFFICIENCY PROGRAM (EEP) RATE FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
1. Direct FTE employment impacts as defined in Paragraph 28 of the Stipulation, including a breakdown by sub-program	BJB-5
2. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation	TK-3
3. For the review period, actual revenues, by month and by rate class recorded under the programs	TK-5
4. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period	TK-2
5. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate	TK-6
6. The interest expense to be charged or credited to ratepayers each month	TK-2, TK-6
7. A schedule showing budgeted versus actual program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives, including inspections and quality control, program implementation (all contract costs), evaluation, and any other costs	GM-1
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period	GM-1 (is a summary of the expenses as recorded in the Company's books; copies of the actual journal entries can be made available)
9. Supporting details for all administrative costs included in the revenue requirement	GM-1
10. Information supporting the carrying cost used for the unamortized costs	TK-6
11. Number of program participants, including a breakdown by sub-program	BJB-1
12. Estimated demand and energy savings, including a breakdown by sub-program	BJB-3
13. Emissions reductions from the Program, including a breakdown by sub-program	BJB-4
14. Estimated free ridership and spillover	Exhibit P-3 - Baatz testimony, page 22
15. Participant costs (net of utility incentives), including a breakdown by sub-program	Exhibit P-3 - Baatz testimony, page 20
16. Results of program evaluations, including a breakdown by sub-program	BJB-6
17. Separate cost and recovery information for each approved program and extension.	TK-7

RIDER "E"

ENERGY EFFICIENCY PROGRAM ("EEP")

Applicable to all Customers except those Customers under special contracts 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 the SBC, Rider "D."

The EEP shall be collected on a per therm basis and shall remain in effect until changed by order of the BPU. The applicable EEP rate is as follows:

\$0.~~0051~~0073 per therm

The rate applicable under this Rider includes 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 "Global Warming Act," N.J.S.A.26-2C-45. or "RGGI Legislation" the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. On May 8, 2008, the Board issued an Order (the "RGGI Order") pursuant to N.J.S.A. 48:3-98.1(c). The RGGI Order allowed electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis. The Company's energy efficiency programs were first authorized pursuant to Board orders issued in Docket Nos. EO09010056 and GO09010060. They were subsequently extended pursuant to Board orders issued in GO10070446, GO11070399, GO12100946, GO15050504, ~~and GR16070618~~ and GO18070682. The Company's current energy efficiency programs are effective through ~~December 31, 2018~~ December 31, 2021 and described below.

The EEP enables the Company to recover all costs associated with the following energy efficiency programs approved by the Board order dated ~~April 21, 2017~~ February 19, 2020 in BPU Docket Nos. ~~GR16070618 and GO15050504~~ GO18070682:

1. Residential gas HVAC and hot water heater incentive programs;
2. Residential home energy assessment program;
3. Residential home weatherization for income qualified customers program;
4. Commercial steam trap survey and repair program; and
5. Enhanced customer education and outreach initiatives designed to encourage customers to conserve energy and lower their gas bills.

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~~ GR19070872

CLEAN

RIDER "E"

ENERGY EFFICIENCY PROGRAM ("EEP")

Applicable to all Customers except those Customers under special contracts 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 the SBC, Rider "D."

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The EEP enables the Company to recover all costs associated with the following energy efficiency programs approved by the Board order dated February 19, 2020 in BPU Docket No. GO18070682:

1. Residential gas HVAC and hot water heater incentive programs;
2. Residential home energy assessment program;
3. Residential home weatherization for income qualified customers program;
4. Commercial steam trap survey and repair program; and
5. Enhanced customer education and outreach initiatives designed to encourage customers to conserve energy and lower their gas bills.

Date of Issue: xx2

Effective: Service Rendered
on and after xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx4 in Docket No. GR19070872