



Agenda Date: 1/26/22
Agenda Item: IIA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF) ORDER SUSPENDING
ELIZABETHTOWN GAS COMPANY FOR) INCREASES, CHANGES OR
APPROVAL OF INCREASED BASE TARIFF) ALTERATIONS IN RATES FOR
RATES AND CHARGES FOR GAS SERVICE,) SERVICE
CHANGES TO DEPRECIATION RATES AND)
OTHER TARIFF REVISIONS) BPU DOCKET NO. GR21121254

Parties of Record:

Deborah M. Franco, Esq., SJI Utilities, Inc. on behalf of Elizabethtown Gas Company
Brian O. Lipman, Esq., Director, Division of Rate Counsel

BY THE BOARD:

On December 28, 2021, 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 ("Elizabethtown" or "Company"), a public utility 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 operating revenues of approximately \$76.62 million including Sales and Use Tax, to be effective for gas service provided on or after January 28, 2022. The Company also sought Board approval to implement new depreciation rates and requested a return on equity of 10.75%.

According to the petition, the Company's base rates and charges for natural gas service are not sufficient, at their current level, to ensure the necessary capital to support further investments to provide safe and reliable service to its customers. Additionally, Elizabethtown argued that the requested rate relief is due to a need to recover greater depreciation expenses, as well as increases to the operations and maintenance costs incurred by the Company since its prior base rate case.¹

The Company is currently implementing an Infrastructure Investment Program ("IIP") in accordance with the Board's June 12, 2019 Order (BPU Docket No. GR18101197). ETG is proposing to roll into base rates IIP investment costs incurred through June 30, 2021 and

¹ In re the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Changes to Depreciation Rates and other Tariff Revisions, BPU Docket No. GR19040486, OAL Docket No. PUC 06692-2019N, Order dated November 13, 2019.

previously recovered through a rider on a provisional basis (BPU Docket Nos. GR20050327 and GR21040747), on a final basis.

Additionally, the Company proposed to retain its existing authority to establish a regulatory asset in which the incremental costs associated with a Transmission Integrity Management Program incurred between rate cases will be tracked and deferred for later review and recovery in rates. The Company also proposed to establish a regulatory asset to defer any costs which would otherwise be expensed related to the Transportation Security Administration Security Directives.

The Company proposed to establish a regulatory asset to defer and recover the remaining undepreciated costs of the liquefaction equipment at the Erie Street Liquefied Natural Gas Facility that were not reimbursed by the vendor/manufacturer and are not properly considered costs for the new liquefaction facility. The Company proposed to amortize its unrecovered investment in its previous liquefaction equipment over an extended period.

The Company also proposed to establish a regulatory asset to enable Elizabethtown to defer the difference between the costs incurred to establish an in-house gas supply function at the Company and the costs that are ultimately included in the rates established in this proceeding. In BPU Docket No. GR21040723, Elizabethtown requested Board approval of an Asset Management Agreement that would remove the need for Elizabethtown to bring its gas supply function in-house and incur the incremental costs of doing so. Elizabethtown stated that if that petition is not approved, Elizabethtown will likely incur incremental costs to bring its gas supply function in-house.

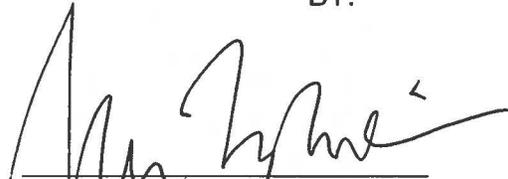
As the proposed revisions, if approved, will increase existing rates and change or alter existing classifications in the Company's tariff, it is **HEREBY ORDERED** that:

- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until May 28, 2022, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) Elizabethtown shall, at least 10 days prior to the date set for hearing on the petition by the Office of Administrative Law ("OAL"), file with this Board, and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) Elizabethtown shall serve copies of this Order upon the OAL, the Division of Rate Counsel (140 East Front Street, 4th Floor, Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and where appropriate, the executive officer of each affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously. Proof of Service of this Order shall be filed with the Board.

This Order shall be effective on January 26, 2022.

DATED: January 26, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT

MARY-ANNA HOLDEN
COMMISSIONER

DIANNE SOLOMON
COMMISSIONER

UPENDRA J. CHIVUKULA
COMMISSIONER

ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

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. GR21121254

SERVICE LIST

<p><u>Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli, Esq. mcaroselli@rpa.nj.gov</p> <p>Sarah Steindel, Esq. ssteindel@rpa.nj.gov</p> <p>Kurt Lewandowski, Esq. klewando@rpa.nj.gov</p> <p>Karen Forbes kforbes@rpa.nj.gov</p> <p><u>Elizabethtown Gas Company</u> 520 Green Lane Union, NJ 07083</p> <p>Deborah M. Franco, Esq. dfranco@sjindustries.com</p> <p>Thomas Kaufmann tkaufmann@sjindustries.com</p> <p>Michael Scacifero mscacifero@sjindustries.com</p> <p>Susan Potanovich spotanovich@sjindustries.com</p> <p><u>SJI Utilities, Inc.</u> 1 South Jersey Place Atlantic City, NJ 08401</p> <p>Carolyn A. Jacobs cjacobs@sjindustries.com</p>	<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Abe Silverman, General Counsel abe.silverman@bpu.nj.gov</p> <p>Heather Weisband, Esq., Senior Counsel heather.weisband@bpu.nj.gov</p> <p><u>Economist's Office</u></p> <p>Benjamin Witherell, Chief Economist benjamin.witherell@bpu.nj.gov</p> <p>Jackie O'Grady jackie.ogrady@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>Scott Sumliner scott.sumliner@bpu.nj.gov</p> <p>Oneil Hamilton oneil.hamilton@bpu.nj.gov</p> <p>Ryan Moran ryan.moran@bpu.nj.gov</p> <p>Jacqueline Galka jacqueline.galka@bpu.nj.gov</p>
---	--

<p>Kenneth T. Maloney Cullen and Dykman 110114th Street, NW, Suite 750 Washington, DC 20005 kmaloney@cullenanddykman.com</p> <p>Alan D. Felsenthal PricewaterhouseCoopers LLP One North Wacker Drive Chicago, Illinois 60606 alan.d.felsenthal@pwc.com</p> <p>Robert B. Hevert ScottMadden, Inc. 1900 West Park Drive Suite 250 Westborough, MA 01581 bhevert@scottmadden.com</p> <p>Timothy S. Lyons ScottMadden, Inc. 1900 West Park Drive Suite 250 Westborough, MA 01581 tlyons@scottmadden.com</p> <p>Dane A. Watson Alliance Consulting Group 101 E. Park Blvd Plano, Texas 75074 dwatson@alliancecg.net</p> <p>Daniel P. Yardley Yardley Associates 2409 Providence Hills Drive Matthews, NC 28105 dan@yardleyassociates.com</p>	<p>Bart Kilar bart.kilar@bpu.nj.gov</p> <p>Jason Forsythe jason.forsythe@bpu.nj.gov</p> <p>William Barkasy william.barkasy@bpu.nj.gov</p> <p>David Brown david.brown@bpu.nj.gov</p> <p>Dean Taklif dean.taklif@bpu.nj.gov</p> <p>Chris Oprysk christopher.oprysk@bpu.nj.gov</p> <p>Cindy Bianco cindy.bianco@bpu.nj.gov</p> <p>Sri Medicherla sri.medicherla@bpu.nj.gov</p> <p><u>Division of Law</u> Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street Post Office Box 112 Trenton, NJ 08625-0112</p> <p>Pamela Owen, ASC pamela.owen@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Matko Ilic, DAG matko.ilic@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>
--	--