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Deborah M. Franco, Esq.
VP, Rates, Regulatory & Sustainability

February 23, 2022

Aida Camacho-Welch
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd 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. GR21071017**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of Elizabethtown Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel.

Should you have any questions, please do not hesitate to contact me.

Respectfully,

A handwritten signature in dark ink, appearing to read "Deborah M. Franco", is written over a large, light gray, stylized flame graphic that occupies the bottom right portion of the page.

Deborah M. Franco

DMF:slp
Enclosures
cc: See attached Service List (with enclosures)

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

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In the Matter of the Petition of	:	
Elizabethtown Gas Company to	:	BPU Docket No. GR21071017
Revise its Energy Efficiency Program	:	
Rider Rate	:	FINAL STIPULATION
-----	:	

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney, Gas and Clean Energy, **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel, Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director).

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Andrew J. Bruck**, Acting, Attorney General of the State of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

I. BACKGROUND

1. On July 30, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”), filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR21071017 to revise its Energy Efficiency (“EE”) Program (“EEP”) rider rate (“2021 EEP Petition”).

2. The 2021 EEP Petition requests authority to change the four-year amortization rate component of the EEP Rider from \$0.0062 to \$0.0027 per therm, inclusive of taxes, effective October 1, 2021.¹

¹ The EEP Rider (Also known as Rider “E” – Tariff Sheet No. 124), as of July 1, 2021, is comprised of two rate components, one associated with the EEP that ended on June 30, 2021 with a four-year amortization of costs and one associated with a ten-year amortization of costs - effective July 1, 2021 authorized by the Board’s Order dated April 7, 2021 in BPU Docket Nos. QO19010040 and GO20090619.

3. The 2021 EEP Petition sought to reconcile the costs and cost recoveries for the period commencing July 1, 2020 through June 30, 2021 (“2021 Recovery Period”), and establishes a rate sufficient to recover those costs as well as the projected EEP rate revenue requirements for the period July 1, 2021 through June 30, 2022 (“2022 Recovery Period”).

4. The EEP rate enables Elizabethtown to recover the costs associated with Elizabethtown’s EEPs approved by the Board. The Company’s EEP consisted of a range of rebates and related offers, such as customer education and outreach initiatives, designed to encourage customers to conserve energy and to provide information on how to lower their gas bills.

5. In accordance with a Board Order dated February 19, 2020 in BPU Docket No. GO18070682, Elizabethtown was authorized to offer its EEP through December 31, 2021, subject to an implementation of a new Elizabethtown EEP with an earlier effective date. On April 7, 2021, in BPU Docket Nos. QO19010040 and GO20090619, the Board issued an Order authorizing Elizabethtown to implement a new EEP to begin on July 1, 2021. Accordingly, Elizabethtown’s previous EEP terminated on June 30, 2021, although the Company expects some costs related to rebates approved through the end of the program to continue for a few months as discussed in the 2021 EEP Petition.

6. Here, Petitioner sought to decrease its four-year amortization rate component of the EEP Rider from \$0.0062 per therm, inclusive of taxes, to \$0.0027 per therm, inclusive of taxes, effective October 1, 2021, to recover a balance of \$1,206,689. The proposed rate will be assessed to all customers except those served under special contracts as filed and approved by the Board and those customers exempt from this charge pursuant to the Long-Term Capacity Agreement Pilot Program (“LCAPP”), P.L. 2011, c.9. 12.

7. The proposed EEP Rider rate of \$0.0027 per therm, inclusive of taxes, was calculated by taking the prior year balance plus current year activity, totaling (\$461,199), plus projected recoverable amounts for the 2022 Recovery Year of \$1,667,888 and dividing the total net amount of \$1,206,689 by the projected volumes for the 2022 Recovery Year for the service classifications and customers subject to the EEP Rider.

8. As the Company requested a rate decrease in the 2021 EEP Petition, public hearings were not required.

9. 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 of settlement (“Stipulation”) set forth below.

II. 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 \$0.0027 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 hereto.

C. The Company shall accrue interest on under- and over-recovery balances at a rate equal to the weighted average of the Company’s monthly commercial paper rate or interest rate

on its bank credit lines. Until such time when ETG has a commercial paper program, the Company will adjust its short-term debt rate to reflect the commercial paper rate proxy reduction of 1.64%. In the event that commercial paper or bank credit lines were not utilized by the Company in the preceding month, the last calculated rate shall be used. The interest on monthly EEP Rider rate under and over recoveries shall be determined by applying the interest rate based upon the Company's weighted interest rate for the corresponding month obtained on its commercial paper and bank credit lines, but shall not exceed the Company's after tax weighted average cost of capital utilized to set rates in its most recent base rate case.

D 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.

E. Should the Board approve the EEP rate reflected herein, the Company will file a revised tariff sheet with the Board to reflect the four-year amortization rate of \$0.0027 per therm, inclusive of taxes. A draft tariff sheet is attached hereto as Appendix C, which includes actual changes to the tariff.

Rate Impact

F. The rate impact of the EEP rate change from \$0.0062 per therm, inclusive of taxes, to \$0.0027 per therm, inclusive of taxes, will decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.35 or 0.3% as compared to the Company's January 1, 2022 rates.

All Issues Resolved

G. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's EEP recoverable costs for the period July 1, 2020 through June 30, 2021 are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

H. 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


I. 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

J. 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
Vice President, Rates, Regulatory
and Sustainability

BRIAN O. LIPMAN, ESQ
DIRECTOR, DIVISION OF
RATE COUNSEL

By: 

Maura Caroselli, Esq.
Deputy Rate Counsel

ANDREW J. BRUCK,
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By: 

Terel Klein
Deputy Attorney General 2/10/22

Dated: February 8, 2022

GR21071017 – ETG 2021 EEP

ELIZABETHTOWN GAS COMPANY
ENERGY EFFICIENCY PROGRAM ("EEP")

CALCULATION OF THE EEP RATE
through September 30, 2022
October 1, 2021 RECOVERY YEAR - 2022

1	Prior Year Balance - (Sch. TK-2)	June 30, 2020		\$756,519
	<u>Actual Amounts Through:</u>	June 30, 2021		
2	Current Year O&M Costs (Sch. TK-2)			\$281,345
3	Current Year Revenue Requirements (Sch. TK-2)			\$1,567,012
4	Current Year Recovery Credits (Sch. TK-2)			(\$3,066,953)
5	Current Year Carrying Costs (Sch. TK-2)			<u>\$878</u>
6	Current Year TK-2 Ending Balance (Sum L1-L5)			(\$461,199)
7	<u>Projected Recoverables :</u>	June 30, 2022		
	- Revenue Requirements (Sch. TK-3)		\$1,667,888	
	- O&M Costs (Sch. TK-4)		<u>\$0</u>	<u>\$1,667,888</u>
8	Total Proposed Recoveries (L6+L7)			\$1,206,689
9	<u>12 Month Projected Normalized Sales and Services:</u>			
	- Residential and GLS		244,816,292	
	- Commercial		137,438,809	
	- Industrial		98,885,721	
	- NGV		47,552	
	- Cogeneration		0	481,188,374 therms
10	EEP Rate, before taxes (L8/L9)			\$0.0025 /therm
11	Sales & Use Tax @	6.625%		<u>\$0.0002</u>
12	EEP Rate (L10+L11)			<u><u>\$0.0027</u></u> /therm

**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	FV-1
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period	FV-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	FV-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, pages 20-21
15. Participant costs (net of utility incentives), including a breakdown by sub-program	Exhibit P-3 - Baatz testimony, page 19
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:

Docket No. GR19070872 <u>GR21071017</u> , per a four-year amortization	\$0.0062 <u>0027</u> per therm
Docket No. GO20090619, per a ten-year amortization	\$0.0063 per therm
TOTAL	\$0.0125 <u>0090</u> 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, GR16070618 and GO18070682. The Company's current energy efficiency programs are effective through June 30, 2024. On May 23, 2018, the Clean Energy Act of 2018 ("CEA" or the "Act") was signed into law. The BPU directed utilities to file changes pursuant to Board orders issued in Docket Nos. QO1901040, QO19060748 and QO17091004 Dated June 10, 2020, ("the 2020 Orders"). The EEP enables the Company to recover all costs associated with energy efficiency programs approved by the Board.

Date of Issue: ~~July 1, 2021~~

Effective: Service Rendered
on and after ~~July 1, 2021~~

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

Filed Pursuant to Orders of the Board of Public Utilities
Dated ~~April 7, 2021~~ in Docket Nos. ~~QO19010040 and GO20090619~~

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."

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:

Docket No. GR21071017, per a four-year amortization	\$0.0027 per therm
Docket No. GO20090619, per a ten-year amortization	\$0.0063 per therm
TOTAL	\$0.0090 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, GR16070618 and GO18070682. The Company's current energy efficiency programs are effective through June 30, 2024. On May 23, 2018, the Clean Energy Act of 2018 ("CEA" or the "Act") was signed into law. The BPU directed utilities to file changes pursuant to Board orders issued in Docket Nos. QO1901040, QO19060748 and QO17091004 Dated June 10, 2020, ("the 2020 Orders"). The EEP enables the Company to recover all costs associated with energy efficiency programs approved by the Board.

Date of Issue:

Effective: Service Rendered
on and after

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

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