



Agenda Date: 5/18/22

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 FURTHER 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
) OAL DOCKET NO. PUC 00872-22

Parties of Record:

Deborah M. Franco, Esq., SJI Utilities, Inc. on behalf of Elizabethtown Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Steven S. Goldenberg, Esq., (Giordano, Halleran & Ciesla, P.C., attorneys) and **Paul F. Forshay, Esq.**, (Eversheds-Sutherland (US) LLP, attorneys) on Behalf of Intervener New Jersey Large Energy Users Coalition

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 rate and return on equity 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 noted that rate relief is requested 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

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.

The Company is currently implementing an Infrastructure Investment Program (“IIP”) in accordance with the Board’s June 12, 2019 Order (BPU Docket No. GR18101197), whereby the Company is required to submit a base rate case filing no later than June 30, 2024. As such, the Company is proposing to roll these IIP investment costs into the rates to be established in this proceeding 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.

By Order dated January 26, 2022, the Board suspended the proposed rate increase until May 28, 2022 pending further action on this matter. The matter was subsequently transmitted to the Office of Administrative Law (“OAL”) as a contested case, and was assigned to Administrative Law Judge Julio Morejon.

On February 18, 2022, Elizabethtown updated its petition to include nine (9) months of actual data and three (3) months of estimated data. The requested rate increase was modified to approximately \$72.94 million including sales and use tax.

In light of the fact that this matter will not be completed by May 28, 2022, and in order to allow the ALJ sufficient time to conduct the case, it is **HEREBY ORDERED** that:

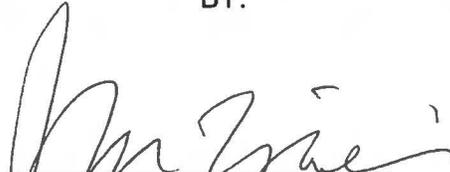
- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until September 21, 2022, unless prior to that date the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;
- (2) Elizabethtown shall, at least 10 days prior to the date set for hearing on the petition by the 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 May 25, 2022.

DATED: May 18, 2022

BOARD OF PUBLIC UTILITIES
BY:



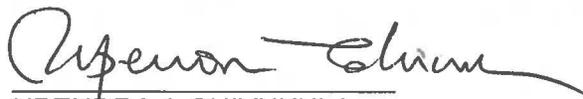
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING 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
OAL DOCKET NO. PUC 00872-22

SERVICE LIST

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