



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)	DECISION AND ORDER ADOPTING
ELIZABETHTOWN GAS COMPANY FOR)	INITIAL DECISION AND STIPULATION
APPROVAL OF INCREASED BASE TARIFF)	
RATES AND CHARGES FOR GAS SERVICE,)	
CHANGES TO DEPRECIATION RATES AND)	BPU DOCKET NO. GR21121254
OTHER TARIFF REVISIONS)	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 New Jersey Large Energy Users Coalition

BY THE BOARD:¹

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, N.J.A.C. 14:1-5.7 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” or “BPU”), filed a petition for approval of an increase in its operating revenues of approximately \$76.62 million, excluding Sales and Use Tax (“SUT”), to be effective for gas service provided on or after January 28, 2022 (“Petition”).

In the Petition, the Company also requested a return on equity of 10.75% and approval to implement new depreciation rates. According to the Petition, the Company’s primary driver of the proposed rate increase is to earn a fair return on investments made so Elizabethtown can continue to attract capital at reasonable rates, and invest in the infrastructure necessary to continue providing safe and reliable service.

Elizabethtown proposed certain tariff changes to streamline and clarify the tariff, roll the Company’s Infrastructure Investment Program (“IIP”) in Rider “F” into base rates, and separate heating and non-heating residential customers in determining Base Use per Customer for the Conservation Incentive Program (“CIP”).

¹ Commissioner Zenon Christodoulou abstained from voting on this matter.

In the Petition, Elizabethtown sought authority from the Board to establish/maintain regulatory assets associated with the following:

1. Transmission Integrity Management Program (“TIMP”);
2. Transportation Security Administrative Security Directives;
3. Erie Street Liquefied Natural Gas Facility; and
4. In-House Gas Supply.

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

On April 13, 2022, ALJ Morejon issued an Order setting the procedural schedule in this matter and ruling on motions. ALJ Morejon granted intervenor status to the New Jersey Large Energy Users Coalition (“NJLEUC”), and participant status to New Jersey Natural Gas Company and Public Service Electric and Gas Company. ALJ Morejon also granted Paul F. Forshay, Esq. Motion for Admission pro hac vice for NJLEUC.

On May 2, 2022, Elizabethtown updated its Petition to include 12 months of actual data. As a result, the requested rate increase was modified to approximately \$77.31 million, excluding SUT.

By Order dated May 18, 2022, the Board issued an Order further suspending the proposed rate increase until September 21, 2022, pending resolution of this matter at the OAL.

After publication of the notice, public hearings were held virtually on April 21, 2022, at 4:30 P.M. and 5:30 P.M. with ALJ Morejon presiding.² No members of the public attended the public hearings. Additionally, the Board received one (1) written comment in opposition of the Petition.

STIPULATION

After discovery and comprehensive settlement discussions, the Company, the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Stipulating Parties”) executed a stipulation of settlement (“Stipulation”), the key elements which are as follows:³

A. Rate Increase.

As of the Effective Date defined in the Stipulation, Elizabethtown will be permitted to increase its base rates in a manner designed to produce a total annual revenue requirement increase of \$40 million, inclusive of applicable taxes, or approximately 9.7%.

² Due to the COVID-19 pandemic, public hearings were held virtually.

³ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of the Order. Paragraphs are numbered to coincide with the Stipulation.

The annual revenue requirement is based upon a rate base of \$1,282,792,829 and the following capital structure and cost rates:

<u>Type of Capital</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	48.0	3.83%	1.84%
Common Equity	52.0	9.60%	4.99%
Total Capital	100.0		6.83%

Applying the above-stated capital structure, cost rates, and current income tax rates results in a rate of return of 6.83%. The Stipulating Parties acknowledge that the stipulated revenue requirement reflects consideration of a Consolidated Tax Adjustment.

The revenue expansion factor used to gross-up costs for income taxes, uncollectible expense and BPU and Rate Counsel assessments is 1.404475, which consists of factors for state income taxes of 9% and federal income taxes of 21%, for uncollectibles of 0.6858%, and for the BPU/Rate Counsel assessments of 0.2727%.

Elizabethtown's total annual base rate revenue requirement is \$450,854,145. This revenue requirement was determined in comparison to a forecast of weather normalized revenues reflecting a 20-year normal weather pattern.

A proof of revenues supporting the total annual revenue requirement and the proposed rates is attached as Appendix A to the Stipulation. The proof of revenues sets forth the allocation of the \$40 million annual revenue increase among the Company's customer classes. The rates resulting from the Stipulation will be set forth in the Company's tariff to be submitted in a compliance filing with the Board following the issuance of a Board order in this matter. The tariff sheets included in that compliance filing will be in a clean and marked form and incorporate the changes listed in Appendix B of the Stipulation.

B. Depreciation.

The annual revenue requirement was determined by applying the depreciation rates set forth on Appendix C to the Stipulation. These depreciation rates result in a composite depreciation rate of 2.97%. As of the Effective Date, Elizabethtown will implement the depreciation rates set forth on Appendix C to the Stipulation.

C. Amortization of Deferred Debits and Credits.

The annual rate base/revenue requirement, as applicable, in this proceeding reflects the following amortizations to commence or continue, as applicable, as of the Effective Date:

- i. \$503,493 of recoverable rate case expenses over a three (3)-year period;
- ii. Continued amortization of pension and other post-employment benefit regulatory assets over 15-year and 9.2-year periods, respectively, as previously approved by Board Order dated June 30, 2017 in BPU Docket No. GR16090826; and
- iii. Continued amortization over a 10-year period of \$160,000,000 credit to accumulated depreciation as approved in the Board's November 13, 2019 Order

in BPU Docket No. GR19040486. This amortization only serves to reduce rate base and has no impact on the Company's income statement.

D. New Regulatory Asset.

Elizabethtown is authorized to create a regulatory asset for incremental TIMP costs, limited to costs for activities that are required by federal regulations, should Elizabethtown incur such costs prior to the effective date of rates in its next base rate proceeding. The rates established in this proceeding do not provide for recovery of any TIMP costs. To the extent that Elizabethtown seeks to recover such a regulatory asset in a future base rate case, nothing in the Stipulation will prejudice the rights of the Stipulating Parties to challenge the prudence of such costs.

E. Affiliate Transactions.

Elizabethtown will seek Board approval of any affiliate contracts where legally required and will bear the burden of proving that any costs incurred from any affiliate for energy are the lower of cost or market. The Company will also comply with *N.J.S.A. 48:3-98.1*, where applicable.

F. Customer Service Performance Measures.

Elizabethtown will continue to submit quarterly reports to Rate Counsel and the Director of the Division of Customer Assistance concerning the Company's performance in relation to certain customer service measures which were included in Elizabethtown's last rate case stipulation approved in BPU Docket No. GR19040486 and additional metrics as set forth in Appendix D to the Stipulation. In addition, the Company will continue to conduct ongoing surveys of customer satisfaction using its telephone and field personnel and provide the results to Rate Counsel and Staff. Additional information concerning these service standards is provided in Appendix D to the Stipulation.

G. Tariff Sheets.

As set forth above, tariff sheets reflecting the rates inclusive of applicable SUT resulting from the Stipulation and the terms and conditions of service will be included in a compliance filing to be submitted to the Board following the issuance of a Board Order in this matter. In addition to the changes reflected in Appendix B to the Stipulation, the tariff sheets shall reflect, among other items, a monthly customer charge of \$10.50 applicable to the Residential Delivery Service ("RDS") classification, inclusive of applicable SUT, and the use of a 20-year weather pattern to establish rates and certain housekeeping changes.

H. Cost of Service Study.

In Elizabethtown's next distribution base rate case petition, the Company agrees to file an embedded Cost of Service Study ("COSS") using the peak and average methodology for allocating gas distribution costs. Any party, including Elizabethtown, will have the right to file and support any COSS method it considers appropriate and will have the right to request that adjustments be made to any COSSs submitted in that proceeding. The agreement on rate design reflected in the Stipulation is for settlement purposes only and does not establish any precedent for the functionalization, classification, and allocation of

costs or the Company's gas cost of service methodology presented in the Petition and associated testimonies filed in this matter.

I. Rate Impact.

The bill impact of the stipulated rates on a typical residential customer using 100 therms is an increase of \$10.38 from \$110.59 to \$120.97, or 9.4%, as compared to the Company's currently effective rates. The annual bill impact of the stipulated rates on a typical residential heating customer using 1,000 therms is an annual increase of \$104.80 from \$1,125.90 to \$1,230.70, or 9.3%, as compared to the Company's currently effective rates.

On July 25, 2022, NJLEUC filed a letter of non-opposition to the Stipulation. On July 28, 2022, ALJ Morejon issued an Initial Decision accepting the terms of the Stipulation.

DISCUSSION AND FINDINGS

In evaluating a proposed settlement, the Board must review the record, balance the interests of the ratepayers and the shareholders, and determine whether the settlement represents a reasonable disposition of the issues that will enable the Company to provide its customers in this State with safe, adequate and proper service at just and reasonable rates.⁴ The Board recognizes that the parties worked diligently to negotiate a compromise to meet the needs of as many stakeholders as possible. The Board further recognizes that the Stipulation represents a balanced solution considering the many complex issues that were addressed during the proceeding.

Therefore, based upon the Board's review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Initial Decision and Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the attached Initial Decision and Stipulation in their entirety, and **HEREBY INCORPORATES** their terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

As a result of the Stipulation, a typical residential customer using 100 therms monthly will incur an increase of \$10.38 or approximately 9.4% in their monthly bill.

The rates approved by this Order will become effective for service rendered on and after September 1, 2022. The Company is **HEREBY DIRECTED** to file tariff sheets consistent with this Order by August 30, 2022. The Board **HEREBY DIRECTS** Staff to review the compliance tariff filings for consistency with this Order.

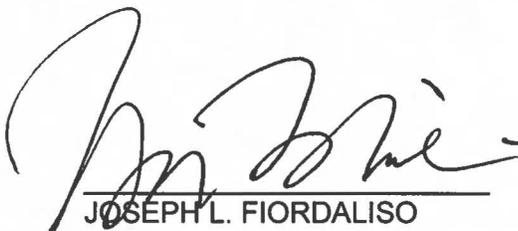
The Company's rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

⁴ In re Petition of Pub. Serv. Elec. & Gas, 304 N.J. Super. 247 (App. Div.), cert. denied, 152 N.J. 12 (1997).

This Order shall be effective on August 24, 2022.

DATED: August 17, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

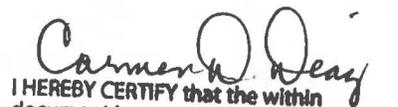


ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY


I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

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

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July 22, 2022

Via Electronic Mail

Honorable Julio C. Morejon
Attention: Elisa Reyes
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**Re: 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
OAL Docket No. PUC 00872-22, BPU Docket No. GR21121254**

Dear Judge Morejon:

Enclosed for filing in the above proceeding is a Stipulation that has been executed by representatives of Elizabethtown Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel. The Stipulation, if approved, resolves all issues in this proceeding. It is respectfully requested that Your Honor approve this Stipulation in its entirety as soon as your schedule permits to enable consideration of the Stipulation by the New Jersey Board of Public Utilities at its August 17, 2022 agenda meeting.

In accordance with the New Jersey Board of Public Utilities (“BPU”) March 19, 2020 and May 20, 2020 Orders issued in BPU Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

Thank you for your consideration of this request. Please contact the undersigned if you have questions or require further information.

Respectfully submitted,

/s/ Kenneth T. Maloney
Kenneth T. Maloney

Of Counsel
Elizabethtown Gas Company

cc: Service List (with enclosure)

**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

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**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF
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RATES AND OTHER TARIFF REVISIONS**

BPU DOCKET NO. GR21121254

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**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

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**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

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

In the Matter of the Petition of)	
Elizabethtown Gas Company for)	STIPULATION
Approval of Increased Base Tariff)	
Rates and Charges for Gas Service,)	
Changes to Depreciation Rates and)	BPU Docket No. GR21121254
Other Tariff Revisions)	OAL Docket No. PUC 00872-22

APPEARANCES:

Deborah M. Franco, Esq., VP, Rates, Regulatory and Sustainability, and **Sheree L. Kelly, Esq.**, Regulatory Affairs Counsel, SJI Utilities, Inc. on behalf of Elizabethtown Gas Company
Kenneth T. Maloney, Esq. and **Terrence W. Regan, Esq.** (Cullen and Dykman LLP),
Attorneys for Petitioner, Elizabethtown Gas Company

Terel Klein, Esq., Deputy Attorney General, for Staff of the Board of Public Utilities (**Matthew J. Platkin**, Acting Attorney General of New Jersey)

Maura Caroselli, Esq., Managing Attorney, **Sarah H. Steindel, Esq.**, **Kurt S. Lewandowski, Esq.**, **Megan Lupo, Esq.**, and **Bethany Rocque-Romaine**, Assistant Deputy Rate Counsels, and **Brian Weeks**, Deputy Rate Counsel for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

**TO THE HONORABLE JULIO C. MOREJON
ADMINISTRATIVE LAW JUDGE**

BACKGROUND

On December 28, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition (“Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting authority to: (i) increase its base tariff rates and charges for gas service in a manner designed to produce an increase in annual operating revenues of approximately \$76.6 million or approximately 19%, inclusive of applicable taxes, over present rate revenues pursuant to N.J.S.A. 48:2-21 and 48:2-21.1 and N.J.A.C. 14:1-5.12; (ii) modify the Company's depreciation rates

pursuant to N.J.S.A. 48:2-18 and N.J.A.C. 14:1-5.7; (iii) establish or maintain certain regulatory assets, and (iv) implement certain other tariff revisions.

Elizabethtown is currently implementing an Infrastructure Investment Program in accordance with the Board's June 12, 2019 Order in BPU Docket No. GR18101197.¹ Under the terms of that Order, the Company is required to submit a base rate case filing no later than June 30, 2024. Elizabethtown's Petition indicated that its filing complied with that requirement.

The Petition was based upon a 12-month test year ending March 31, 2022, and contained six (6) months of actual data and six (6) months of projected data and included proposed post-test year adjustments that reflected projected changes in capital expenditures through September 30, 2022. The Petition also included projected changes in certain revenues and expenses through December 31, 2022.

The Petition was accompanied by the testimony of the following witnesses: Christie McMullen (Case Overview); Thomas Kaufmann (Revenue Requirements, Revenue Forecast, and Tariff); Michael P. Scacifero (Capital Expenditures); John L. Houseman (Accounting); James Madden and Leonard Willey (Gas Supply); Paul Moul (Cost of Capital and Capital Structure); Timothy S. Lyons (Lead-Lag Study); Dane A. Watson (Depreciation); Alan D. Felsenthal (Tax); and Daniel P. Yardley (Cost of Service/Rate Design).

On February 18, 2022, the Company submitted a "9+3" update filing containing actual results for the nine (9) months ending December 31, 2021 and reflecting an updated revenue requirement of approximately \$72.9 million, inclusive of applicable taxes. On May 2, 2022, the Company submitted a "12+0" update filing containing actual results for the 12 months ending

¹ *I/M/O The Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company To Implement An Infrastructure Investment Program ("IIP") And Associated Recovery Mechanism Pursuant To N.J.S.A. 48:2-21 And N.J.A.C. 14:3-2A, Docket No. GR18101197, Final Decision and Order Approving Stipulation (June 12, 2019).*

March 31, 2022 and reflecting an updated revenue requirement of approximately \$77.3 million, inclusive of applicable taxes.

The Petition was transmitted to the Office of Administrative Law ("OAL") as a contested case and assigned to Administrative Law Judge Julio C. Morejon ("ALJ Morejon"). A pre-hearing conference was held by telephone on March 23, 2022 and ALJ Morejon issued a prehearing order dated April 13, 2022 ("April 13 Order") establishing a procedural schedule for this proceeding. ALJ Morejon issued another order granting intervenor status to the New Jersey Large Energy Users Coalition ("NJLEUC") and participant status to New Jersey Natural Gas Company and Public Service Electric & Gas Company. After appropriate notice in newspapers of general circulation in Elizabethtown's service territory and the service of notice upon affected municipalities and counties in the Company's service area, public hearings concerning the Petition were held via teleconference on April 21, 2022 at 4:30 p.m. and 5:30 p.m. No members of the public participated in the public hearings. The Board received one (1) written comment in opposition to the Petition. Via correspondence dated May 31, 2022, Elizabethtown requested a suspension of the procedural schedule pending finalization of the settlement. ALJ Morejon suspended the procedural schedule on June 1, 2022.

After extensive discovery and numerous settlement discussions, Elizabethtown, Board Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), (collectively, the "Stipulating Parties"), reached this Stipulation of Settlement ("Stipulation") resolving all issues in this proceeding subject to the terms and conditions stated herein.

STIPULATED MATTERS

The Stipulating Parties hereby **STIPULATE AND AGREE** as follows:

A. Rate Increase. As of the Effective Date defined below, Elizabethtown will be permitted to increase its base rates in a manner designed to produce a total annual revenue requirement increase of \$40 million, inclusive of applicable taxes, or approximately 9.7%.

The annual revenue requirement is based upon a rate base of \$1,282,792,829 and the following capital structure and cost rates:

<u>Type of Capital</u>	<u>% of Total</u>	<u>Cost Rate</u>	<u>Weighted Cost Rate</u>
Long-Term Debt	48.0	3.83%	1.84%
Common Equity	52.0	9.60%	4.99%
Total Capital	100.0		6.83%

Applying the above-stated capital structure, cost rates, and current income tax rates results in a rate of return of 6.83%. The Stipulating Parties acknowledge that the stipulated revenue requirement reflects consideration of a Consolidated Tax Adjustment.

The revenue expansion factor used to gross-up costs for income taxes, uncollectible expense and BPU and Rate Counsel assessments is 1.404475, which consists of factors for state income taxes of 9% and federal income taxes of 21%, for uncollectibles of 0.6858%, and for the BPU/Rate Counsel assessments of 0.2727%.

Elizabethtown’s total annual base rate revenue requirement is \$450,854,145. This revenue requirement was determined in comparison to a forecast of weather normalized revenues reflecting a 20-year normal weather pattern.

A proof of revenues supporting the total annual revenue requirement and the proposed rates is attached as Appendix A to this Stipulation. The proof of revenues sets forth the allocation of the \$40 million annual revenue increase among the Company's customer classes. The rates

resulting from the Stipulation will be set forth in the Company's tariff to be submitted in a compliance filing with the Board following the issuance of a Board order in this matter. The tariff sheets included in that compliance filing will be in a clean and marked form and incorporate the changes listed in Appendix B.

B. Depreciation. The annual revenue requirement was determined by applying the depreciation rates set forth on Appendix C to this Stipulation. These depreciation rates result in a composite depreciation rate of 2.97%. As of the Effective Date, Elizabethtown will implement the depreciation rates set forth on Appendix C to this Stipulation.

C. Amortization of Deferred Debits and Credits. The annual rate base/revenue requirement, as applicable, in this proceeding reflects the following amortizations to commence or continue, as applicable, as of the Effective Date:

- (i) \$503,493 of recoverable rate case expenses over a three (3)-year period;
- (ii) Continued amortization of pension and other post-employment benefit regulatory assets over 15-year and 9.2-year periods, respectively, as previously approved by Board Order dated June 30, 2017 in BPU Docket No. GR16090826;² and
- (iii) Continued amortization over a 10-year period of \$160,000,000 credit to accumulated depreciation as approved in the Board's November 13, 2019 Order in BPU Docket No. GR19040486.³ This amortization only serves to reduce rate base and has no impact on the Company's income statement.

² *I/M/O The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas For Approval of Increased Base Tariff Rates And Charges For Gas Service And Other Tariff Revisions*, BPU Docket No. GR16090826, OAL Docket No. PUC 15876-16 "Decision and Order Approving Initial Decision and Stipulation" (June 30, 2017).

³ *I/M/O 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. GR19040486, OAL Docket No. PUC 06692-2019N "Decision and Order Adopting Initial And Stipulation" (November 13, 2019).

D. New Regulatory Asset. Elizabethtown is authorized to create a regulatory asset for incremental transmission integrity management program (“TIMP”) costs, limited to costs for activities that are required by federal regulations, should Elizabethtown incur such costs prior to the effective date of rates in its next base rate proceeding. The rates established in this proceeding do not provide for recovery of any TIMP costs. To the extent that Elizabethtown seeks to recover such a regulatory asset in a future base rate case, nothing herein will prejudice the rights of the Stipulating Parties to challenge the prudence of such costs.

E. Affiliate Transactions. Elizabethtown will seek Board approval of any affiliate contracts where legally required and will bear the burden of proving that any costs incurred from any affiliate for energy are the lower of cost or market. The Company will also comply with *N.J.S.A. 48:3-98.1*, where applicable.

F. Customer Service Performance Measures. Elizabethtown will continue to submit quarterly reports to Rate Counsel and the Director of the Division of Customer Assistance concerning the Company's performance in relation to certain customer service measures which were included in Elizabethtown's last rate case stipulation approved in BPU Docket No. GR19040486 and additional metrics as set forth in Appendix D to this Stipulation. In addition, the Company will continue to conduct ongoing surveys of customer satisfaction using its telephone and field personnel and provide the results to Rate Counsel and Board Staff. Additional information concerning these service standards is provided in Appendix D to this Stipulation.

G. Tariff Sheets. As set forth above, tariff sheets reflecting the rates inclusive of applicable sales and use tax (“SUT”) resulting from the Stipulation and the terms and conditions of service will be included in a compliance filing to be submitted to the Board following the issuance of a Board Order in this matter. In addition to the changes reflected in Appendix B, the

tariff sheets shall reflect, among other items, a monthly customer charge of \$10.50 applicable to the Residential Delivery Service ("RDS") classification, inclusive of applicable SUT, and the use of a 20-year weather pattern to establish rates and certain housekeeping changes.

H. Cost of Service Study. In Elizabethtown's next distribution base rate case petition, the Company agrees to file an embedded Cost of Service Study ("COSS") using the peak and average methodology for allocating gas distribution costs. Any party, including Elizabethtown, will have the right to file and support any COSS method it considers appropriate and will have the right to request that adjustments be made to any COSSs submitted in that proceeding. The agreement on rate design reflected in this Stipulation is for settlement purposes only and does not establish any precedent for the functionalization, classification, and allocation of costs or the Company's gas cost of service methodology presented in the Petition and associated testimonies filed in this matter.

I. Rate Impact. The bill impact of the stipulated rates on a typical residential customer using 100 therms is an increase of \$10.38 from \$110.59 to \$120.97, or 9.4%, as compared to the Company's currently effective rates. The annual bill impact of the stipulated rates on a typical residential heating customer using 1,000 therms is an annual increase of \$104.80 from \$1,125.90 to \$1,230.70, or 9.3%, as compared to the Company's currently effective rates.

J. Effective Date. Should the Board issue an Order approving this Stipulation, it shall become effective upon such date that the Board may specify and in accordance with N.J.S.A. 48:2-40.

K. Further Provisions. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended to be accepted and approved in its entirety. In the event that any particular aspect of this Stipulation is not accepted and approved in

its entirety by the Board, then any Stipulating Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Stipulating Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

It is the intent of the Stipulating Parties that the provisions hereof be approved by the Board as being in the public interest. The Stipulating Parties further agree that they consider the Stipulation to be binding on them for all purposes herein. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, the Stipulating Parties 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 and, in total or by specific item. Except as set forth herein, the Stipulating Parties further agree that this Stipulation is not binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Stipulating Parties hereto respectfully submit this Stipulation to the Presiding ALJ and Board and request (i) the Presiding ALJ to issue an initial decision approving this stipulation, and (ii) the Board to issue a Decision and Order approving this stipulation in its entirety in accordance with the terms hereof.

ELIZABETHTOWN GAS COMPANY

**BRIAN O. LIPMAN, DIRECTOR
NEW JERSEY DIVISION OF
RATE COUNSEL**

By: 
**DEBORAH FRANCO
VP, RATES, REGULATORY
AND SUSTAINABILITY**

By: */s/ Sarah H. Steindel*
**SARAH H. STEINDEL, ESQ.
ASSISTANT DEPUTY RATE
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**MATTHEW J. PLATKIN
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NEW JERSEY**

**Attorney for the Staff of the
New Jersey Board of Public Utilities**

By: 
**TEREL KLEIN
DEPUTY ATTORNEY GENERAL**

DATED: July 22, 2022

Elizabethtown Gas
Base Rate Revenues at Present and Proposed Rates

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>	
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)
			<u>RDS</u>		<u>RDS</u>	
<u>Residential Service</u>						
Customer Charge	3,421,596	Bills	\$ 9.38	\$ 32,094,570	\$ 9.85	\$ 33,702,721
Distribution Charge	252,443,185	Therms	0.4110	103,754,149	0.5437	137,253,360
IIP Revenue				9,175,039		
Total Base Revenues				\$ 145,023,758		\$ 170,956,081

			<u>SGS</u>		<u>SGS</u>	
<u>Small General Service</u>						
Customer Charge	207,744	Bills	\$ 25.33	\$ 5,262,156	\$ 34.50	\$ 7,167,168
Distribution Charge	23,780,038	Therms	0.3570	8,489,474	0.4241	10,085,114
IIP Revenue				883,242		
Total Base Revenues				\$ 14,634,872		\$ 17,252,282

			<u>GDS</u>		<u>GDS</u>	
<u>General Delivery Service</u>						
Customer Charge	79,020	Bills	\$ 35.17	\$ 2,779,133	\$ 58.00	\$ 4,583,160
Demand Charge	22,336,313	Therms	0.900	20,102,682	1.090	24,346,581
Distribution	111,344,277	Therms	0.2158	24,028,095	0.2715	30,229,971
Distribution - A/C Large	32,668	Therms	0.0552	1,803	0.0607	1,983
Distribution - Economic Dev.	12,232	Therms	0.1079	1,320	0.1358	1,661
IIP Revenue				3,279,644		
Total Base Revenues				\$ 50,192,677		\$ 59,163,356

			<u>LVD</u>		<u>LVD</u>	
<u>LVD</u>						
Customer Charge	600	Bills	\$ 304.81	\$ 182,886	\$ 380.00	\$ 228,000
Demand Charge	4,507,025	Therms	1.250	5,633,781	1.750	7,887,294
Distribution	51,676,578	Therms	0.0400	2,067,063	0.0348	1,798,345
IIP Revenue				524,443		
Total Base Revenues				\$ 8,408,173		\$ 9,913,639

**Elizabethtown Gas
Base Rate Revenues at Present and Proposed Rates**

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>	
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)
			<u>EGF</u>		<u>EGF</u>	
<u>Electric Generation Firm</u>						
Customer Charge	0	Bills	\$ 70.34	\$ -	\$ 95.00	\$ -
Demand Charge	0	Therms	0.600	-	0.750	-
Distribution	0	Therms	0.0395	-	0.0395	-
IIP Revenue				-		-
Total Base Revenues				\$ -		\$ -

			<u>NGV</u>		<u>NGV</u>	
<u>Natural Gas Vehicle</u>						
Distribution Charge	47,552	Therms	\$ 0.3133	\$ 14,898	0.4013	\$ 19,083
Fueling Charge	47,552	Therms	0.3600	17,119	0.4611	21,926
Facilities Charge	47,552	Therms	0.2987	14,204	0.3826	18,193
IIP Revenue				4,004		
Total Base Revenues				\$ 50,225		\$ 59,202

			<u>Gas Lights</u>		<u>Gas Lights</u>	
<u>Gas Lights</u>						
Service Charge		Mantles	\$ 7.36	\$ -	\$ 9.32	\$ -
Distribution	2,664	Therms	0.5041	1,343	0.6381	1,700
IIP Revenue				99		
Total Base Revenues				\$ 1,442		\$ 1,700

Elizabethtown Gas
Base Rate Revenues at Present and Proposed Rates

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>	
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)
<u>CSI</u>			<u>CSI</u>		<u>CSI</u>	
Customer Charge	12	Bills	\$ 122.65	\$ 1,472	\$ 144.59	\$ 1,735
Distribution	0	Therms	0.0300	-	0.0300	-
Total Base Revenues				\$ 1,472		\$ 1,735

			<u>IS</u>		<u>IS</u>	
<u>Interruptible Service</u>						
Customer Charge	12	Bills	\$ 589.50	\$ 7,074	\$ 690.00	\$ 8,280
Demand Charge	9,444	Therms	0.092	869	0.115	1,086
Distribution	0	Therms	0.0791	-	0.0791	-
Total Base Revenues				\$ 7,943		\$ 9,366

			<u>ITS-LVD</u>		<u>ITS-LVD</u>	
<u>ITS-LVD</u>						
Customer Charge	420	Bills	\$ 589.50	\$ 247,590	\$ 690.00	\$ 289,800
Demand Charge	4,277,425	Therms	0.400	1,710,970	0.500	2,138,713
Distribution	35,980,038	Therms	0.0926	3,331,752	0.1059	3,810,286
Total Base Revenues				\$ 5,290,312		\$ 6,238,799

			<u>ITS-IS</u>		<u>ITS-IS</u>	
<u>ITS-IS</u>						
Customer Charge	120	Bills	\$ 589.50	\$ 70,740	\$ 690.00	\$ 82,800
Demand Charge 1/	289,000	Therms	0.400	41,616	0.500	47,396
Distribution	0	Therms	-	-	-	-
Total Base Revenues				\$ 112,356		\$ 130,196

**Elizabethtown Gas
Base Rate Revenues at Present and Proposed Rates**

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>	
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$ <u>223,723,230</u>		\$ <u>263,726,356</u>
<u>Other Revenues</u>						
Special Contract and Flex Revenues				\$ 1,426,079		\$ 1,426,079
Other Miscellaneous Revenues				<u>995,456</u>		<u>995,456</u>
Total Other Revenues				\$ 2,421,535		\$ 2,421,535
TOTAL SYSTEM INCLUDING OTHER REVENUES				\$ <u>226,144,765</u>		\$ <u>266,147,891</u>
					INCREASE	40,003,126
					TARGET INCREASE	<u>40,000,000</u>
					Difference	\$3,126

1/ ITS-IS demand charge revenues reduced by 80% sharing above \$0.08

TARIFF CHANGES

In addition to rate changes, the proposed Tariff changes are as follows:

1. Revise earnings test language in the Conservation Incentive Program (“CIP”) Rider (Rider “G”) to remove non-jurisdictional income from the calculation of common equity for purposes of the earnings test, and include such earnings test language in the Infrastructure Investment Program (“IIP”) Rider (Rider “F”) as attached hereto.
2. Modify interest rate for all components of the Societal Benefit Charge (“SBC”) Rider (Rider “D”), except the Remediation Adjustment Charge (“RAC”), to be equal to the two-year constant maturity Treasury rate, plus 60 basis points.
3. Roll-in the revenues associated with IIP Rider F per actual amounts through June 30, 2021, and reset the Rider F rates to remove these amounts.
4. Separate residential CIP Base Use per Customer (“BUC”) in Rider G to heating and non-heating averages.
5. Consolidate summary sheets at the end of the tariff by listing multiple class information on each sheet.

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. 17 – GAS

1st REVISED SHEET NO. 125.1

RIDER “F”

INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”)

Applicable to all RDS, SGS, GDS, NGV, LVD, EGF and GLS classes and Firm Special Contract customers receiving service through the Company’s distribution system. The IIP rate shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU.

	Per Therm
RDS Residential	\$0.0427
SGS Small General Service	\$0.0471
GDS General Delivery Service	\$0.0280
GDS Seasonal SP#1 May-Oct	\$0.0154
NGV Natural Gas Vehicles	\$0.0761
LVD Large Volume Demand	\$0.0134
EGF Electric Generation	\$0.0088
GLS Gas Lights	\$0.0395
Firm Special Contracts	\$0.0022

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.

The IIP is a five-year program to modernize and enhance the reliability and safety of the Company’s gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron and vintage plastic mains and vintage plastic and copper services. As part of the IIP, Elizabethtown is upgrading its legacy low pressure system to an elevated pressure system, and installing excess flow valves and retiring district regulators that are presently required to operate the existing low pressure system.

The costs recovered through the IIP Rider rate include the Company's after-tax weighted average cost of capital as adjusted upward for the revenue expansion factor, depreciation expense and applicable taxes.

Cost recovery under the IIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the IIP shall not be allowed. Any disallowance resulting from the earnings test will not be charged to customers in a subsequent IIP filing period, but the Company may seek such recovery in a subsequent base rate case.

Date of Issue: September 22, 2021

Effective: Service Rendered
on and after October 1, 2021

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

Filed Pursuant to Order of the Board of Public Utilities

Dated September 14, 2021 in Docket No. GR21040747

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. 17 – GAS

1st REVISED SHEET NO. 125.1

RIDER “F”

INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”)

(continued)

The Company’s rate of return on common equity shall be calculated by dividing the Company’s regulated jurisdictional net income for the annual period by the Company’s average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company’s beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company’s most recent rate case. The Company’s regulated jurisdictional net income shall be calculated by subtracting from total net income the Company’s share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) Off-System Sales and Capacity Release; and (4) the Energy Efficiency Program.

Date of Issue: September 22, 2021

Effective: Service Rendered
on and after October 1, 2021

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

Filed Pursuant to Order of the Board of Public Utilities

Dated September 14, 2021 in Docket No. GR21040747

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. 17 – GAS

ORIGINAL SHEET NO. 125.4

RIDER "G"

CONSERVATION INCENTIVE PROGRAM ("CIP")

(continued)

- (d) Recovery of any Deficiency in accordance with Paragraph (c), above, associated with non-weather-related changes in customer usage will be limited to the level of BGSS savings achieved pursuant to Board orders issued in Docket Nos. QO1901040, QO19060748 and QO17091004 Dated June 10, 2020. The value of the weather-related changes in customer usage shall be calculated in accordance with WNC Rider of this tariff without a dead band which result shall be allocated to applicable classes by the Company.
- (e) Except as limited by Paragraph (d), above, the amount to be surcharged or credited to the Customer Class Group shall equal the aggregate Deficiency or Excess for all months during the Annual Period determined in accordance with the provisions herein, divided by the Forecast Annual Usage ("FAU") for the Customer Class Group.
- (f) ~~The CIP shall not operate to cause the Company to earn in excess of its allowed rate of return on common equity of 9.6% for any twelve month period ending June 30; any revenue which is not recovered will not be deferred. For purposes of this paragraph the Company's rate of return on common equity shall be calculated by dividing the Company's net income for such annual period by the Company's average 13 month common equity balance for such annual period, all data as reflected in the Company's monthly reports to the Board of Public Utilities. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income (1) margins retained by the Company from non-firm sales and transportation services, net of associated taxes, (2) margins retained in the provision of sales in accordance with the Board Order pertaining to Docket No. GR90121391J and GM90090949, net of associated taxes and (3) net income derived from unregulated activities conducted by Elizabethtown and (4) the Energy Efficiency Program and (5) the Infrastructure Investment Program.~~

Cost recovery under the CIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the CIP shall not be allowed.

The Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the annual period by the Company's average jurisdictional common equity balance for such annual period. The average jurisdictional common equity balance will be derived by multiplying the average of the Company's beginning and ending net rate base for the annual period by the Board-approved equity ratio in the Company's most recent rate case. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income the CIP booked margin revenue accruals and the Company's share of margins from: (1) Interruptible Sales; (2) Interruptible Transportation; (3) Off-System Sales and Capacity Release; and (4) the Energy Efficiency Program.

Date of Issue: June 21, 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 Order of the Board of Public Utilities

Dated April 7, 2021 in Docket Nos. QO19010040 and GO20090619

ELIZABETHTOWN GAS COMPANY
BPU DOCKET NO. GR21121254
SCHEDULE OF APPROVED ACCRUAL RATES

Account Description	Type	Rates
301000 - Organization	Intangible Plant	0.00%
302000 - Franchise & Consents	Intangible Plant	0.00%
304200 - Land Rights	Gas Production	4.39%
311000 - Liquefied Petroleum Gas	Gas Production	0.00%
320400 - Miscellaneous	Gas Production	0.00%
360100 - Land	Gas Storage	0.00%
361000 - Structures & Improvements	Gas Storage	1.99%
362000 - Gas Holders	Gas Storage	0.47%
363200 - Vaporizing Equipment	Gas Storage	2.69%
363400 - Measuring & Regulating	Gas Storage	2.59%
365110 - Land	Gas Transmission	0.00%
365200 - Rights of Way	Gas Transmission	2.56%
367000 Mains	Gas Transmission	1.73%
367100 Mains - Steel	Gas Transmission	1.73%
369000 - Meas & Reg Station Equipme	Gas Transmission	2.95%
371000 - Other Equipment	Gas Transmission	5.64%
374000 Land & Land Rights - DP	Gas Distribution	1.22%
374100 Land - DP	Gas Distribution	0.00%
374200 - Land Rights	Gas Distribution	1.22%
374300 Right of Way - DP	Gas Distribution	1.22%
375000 - Structures & Improvements	Gas Distribution	3.00%
376000 Mains	Gas Distribution	1.67%
376100 Mains - Steel	Gas Distribution	1.67%
376200 Mains - Plastic	Gas Distribution	1.67%
376300 Mains - Cast Iron	Gas Distribution	1.67%
376400 Mains - Copper	Gas Distribution	1.67%
378000 M&R Station Equip - General	Gas Distribution	2.91%
379000 - Meas & Reg Station Equipme	Gas Distribution	2.10%
380000 Services	Gas Distribution	2.93%
380100 Services - Steel	Gas Distribution	2.93%
380200 Services - Plastic	Gas Distribution	2.93%
380400 Services - Copper	Gas Distribution	2.93%

**ELIZABETHTOWN GAS COMPANY
 BPU DOCKET NO. GR21121254
 SCHEDULE OF APPROVED ACCRUAL RATES**

Account Description	Type	Rates
381000 Meters	Gas Distribution	4.27%
381100 Meters - ERTs	Gas Distribution	4.27%
381300 Meters - Metretek	Gas Distribution	4.27%
382100 - Meter Installation	Gas Distribution	1.93%
383000 - House Regulators	Gas Distribution	3.19%
384000 - House Regulator Installati	Gas Distribution	3.19%
385000 - Indust Meas & Reg Station	Gas Distribution	2.51%
387000 - Other Equipment	Gas Distribution	4.73%
389000 Land & Land Rights - GP	General Plant	0.00%
390000 - Structures & Improvements	General Plant	2.69%
391000 - Office Furniture & Equipme	General Plant	5.00%
391100 OFE - Software Non-Enterpris	General Plant	20.00%
391110 OFE - Enterprise Software	General Plant	20.00%
391120 OFE - Servers - Hardware	General Plant	16.67%
391200 OFE - Enterprise - 10YR	General Plant	10.25%
391500 OFE - Individual Equipment	General Plant	33.33%
392000 - Transportation Equipment	General Plant	11.20%
392100 Trans Eq - Autos & Lt Trecks	General Plant	26.73%
392200 Trans Equip - Service Trucks	General Plant	16.55%
392300 Trans Equip - Heavy Trucks	General Plant	12.27%
393000 - Stores Equipment	General Plant	4.00%
394000 - Tools Shop & Garage Equipm	General Plant	5.56%
394100 Natural Gas Vehicle Equip	General Plant	5.58%
396000 - Power Operated Equipment	General Plant	10.59%
396100 - Tractors	General Plant	9.35%
397000 - Communication Equipment	General Plant	10.00%
398000 - Miscellaneous Equipment	General Plant	5.00%
Composite Rate per Plant Balances at 3-31-22		2.97%

CUSTOMER SERVICE STANDARDS

The Company will report to Rate Counsel and BPU Staff a quarterly report providing the results of the Company's performance in relation to the following metrics:

1. Call Center

(A) Average Speed of Answer (ASA)

Measure: ASA

Benchmark: Track and monitor only.

Frequency: Measured monthly, reported quarterly.

Definition: Measured in seconds from time when a customer indicates the desire to speak to a representative to when the representative picks up the phone.

(B) Percentage of Calls Answered within 30 seconds

Measure: Service Level

Benchmark: 82% of calls answered within 30 seconds

Frequency: Measured monthly, reported quarterly.

Definition: Measured in seconds from time when a customer indicates the desire to speak to a representative to when the representative picks up the phone. Includes abandoned calls and any calls handled through an Interactive Voice Response ("IVR") system.

(C) Abandoned Call Percentage (ACP)

Measure: ACP

Benchmark: 5% or less of calls abandoned

Frequency: Measured monthly, reported quarterly.

Definition: The number of calls to the IVR system that are terminated by the caller before reaching the selected destination, whether a department or a representative.

(D) Call Center Strike Reporting

Measure: N/A

Benchmark: N/A

Frequency: See below

Definition: Within 30 days of the Board Order in this proceeding, the Company will submit: (i) a detailed explanation of the Company's status of preparation for handling calls if a call center strike occurs; and (ii) a discussion of the impact, if any, of the strike on the Company's ability to enroll customers in DPAs and financial assistance programs if a strike occurs.

The Company will report if and when a call center strike occurs to Board Staff and Rate Counsel in a timely manner. During any such strike, the Company will provide Board Staff and Rate Counsel with periodic updates on the impact of the strike on customer service, including on the Company's ability to enroll customers in DPAs and financial assistance programs.

2. Meter Reading and Billing

(A) Meter Reading

Measure: Percentage of meters read

Benchmark: 95% of meters read

Frequency: Measured monthly, reported quarterly

Definition: The percentage of meters actually read on cycle.

(B) Meter Reading by Town

Measure: Percentage of all meters read listed by each town within the
Company's territory

Benchmark: Track and monitor only

Frequency: Measured and reported annually.

Definition: The percentage of meters read on cycle within each town of the
Company's territory.

(C) Billing

Measure: Billing Accuracy

Benchmark: 20 or fewer rebills per 1,000 customers

Frequency: Measured monthly, reported quarterly

Definition: The number of rebills per 1,000 customers measured as all bills
mailed to customers that are later adjusted, cancelled or re-issued
for any amount or reason.

3. Safety and Reliability

(A) Safety

Measure: Leak Response Time

Benchmark: 95% of calls responded to within 60 minutes

Frequency: Measured monthly, reported quarterly

Definition: Leak, odor and emergency call response measured from the initial customer call to the time qualified personnel arrive at the location to either assess or implement a “make safe” condition.

Exception reporting:

* Provide a quarterly report to the BPU for all calls that are not responded to within 60 minutes, giving the reasons for the delay.

* Elizabethtown will disaggregate the metric information to present leak response times in the Northwest Division separately.

(B) Reliability

Measure: Percentage of service appointments met

Benchmark: 95% + of service appointments met

Frequency: Measured monthly, reported quarterly

Definition: The percentage of appointments completed within the scheduled four-hour window, as required by Board rules. Includes appointments for meter installations, disconnects and reconnects, billing investigations, initial and final meter reads. Excludes regularly scheduled meter reads, gas leaks/emergencies/outages, and appointments missed by the customer.

4. Overall Customer Service and Satisfaction

(A) BPU Complaints

Measure: Customer complaints/contacts to the BPU

Benchmark: Less than 1 complaint/contact per 1,000 customers annually

Frequency: Measured monthly, reported quarterly

Definition: The number of verbal or written complaints/contacts made to the BPU, not including complaints to ETG, which are measured as an annual average number of complaints per 1,000 customers. The Company also shall report BPU complaints by root cause category, such as billing, collection, etc.

The Company will also report how many:

- Complaints are resolved by deferred payment arrangements;
- Complaints that originate with customers who are already on deferred payment arrangements; and
- Complaints from customers who participate in assistance programs such as LIHEAP (the Low Income Home energy Assistance Program) or otherwise.

(B) Customer Satisfaction with Telephone and Field Personnel

Measure: Customer satisfaction with telephone and field personnel

Benchmark: N/A

Frequency: Quarterly

Definition: Quarterly survey of customers that have contacted the Company and spoken with a representative.

5. Disconnections, Financial Assistance, and Deferred Payment Arrangements (DPAs)

(A) Disconnections for Nonpayment

Measure: Number of disconnections related to non-payment

Benchmark: N/A

Frequency: Measured and reported annually

Definition: The number of disconnections related to non-payment broken out by residential, commercial and industrial classes, as well as the number of customers that would have been disconnected for non-payment if it were not for the moratorium. (RCR-CUS-5 in BPU Docket No. GR21121254)

(B) Financial Assistance Enrollment

Measure: Financial Assistance Enrollment

Benchmark: N/A

Frequency: Measured monthly, reported quarterly and annually on a fiscal year basis.

Definition: The number of customers enrolled in LIHEAP, NJ SHARES, USF, Fresh Start, Lifeline, True Grant and Page Grant. (Attachment RCR-CUS-21.1 in BPU Docket No. GR21121254)

Frequency: Annual

Definition: The Company will provide monthly data, as well as an annual summary, of the enrollments of the Company's customers in financial assistance programs in the format provided in Attachment RCR-CUS-21.1 in this proceeding. The Company will also provide annual data regarding the number of enrollments in financial assistance programs by municipality in the format provided in Attachment RCR-CUS-21.1 in this proceeding.

(C) Financial Assistance Enrollment by Municipality

Measure: Financial Assistance Enrollment by Municipality

Benchmark: N/A

Frequency: Measured and reported annually.

Definition: The number of customers enrolled in USF, LIHEAP, Lifeline, Page and NJ SHARES by municipality. (Attachment RCR-CUS-21.2 in BPU Docket No. GR21121254)

(D) Deferred Payment Arrangement Counts

Measure: DPA counts

Benchmark: N/A

Frequency: Measured monthly, reported quarterly

Definition: The number of deferred payments arrangements set up further broken out by defaulted and active or completed as well as the percentage of active or completed and defaulted of the total. (Attachment RCR-CUS-12.2 in BPU Docket No. GR21121254)

(E) Deferred Payment Arrangements by Length

Measure: Deferred Payment Arrangements by length

Benchmark: N/A

Frequency: Reported quarterly for the most current month available.

Definition: The number of deferred payment arrangements by month. (Attachment RCR-CUS-15.1 in BPU Docket No. GR21121254)

(F) Deferred Payment Arrangements by Amount

Measure: Deferred Payment Arrangements by amount

Benchmark: N/A

Frequency: Reported quarterly for the most current month available.

Definition: The number of deferred payment arrangements by amount in arrears, detailing how many arrangements fall in each range and the total amount of arrears associated with the specific dollar range.
(RCR-CUS-16 in BPU Docket No. GR21121254)

(G) Deferred Payment Arrangement Details

Measure: Deferred Payment Arrangement Details

Benchmark: N/A

Frequency: Measured and reported annually

Definition: The following metrics will be provided:

- Newly established Deferred Payment Arrangements
- Average Down Payment (in Dollars)
- Average Term (in Months)
- Average dollars amount of arrears made subject to a DPA
- Average Monthly Installment of DPAs
- Number of Defaulted DPAs
- Number of Complete (or "successful") DPAs
- Average amount written off for each defaulted DPA
- Total amount written off by ETG for Defaulted DPAs

(Attachment RCR-CUS-12.1 in BPU Docket No. GR21121254)

After receipt of the quarterly report and/or annual report where specified herein, Board Staff or Rate Counsel may request a meeting and the Company agrees to accommodate this request to discuss the contents of the report(s). The schedule for submitting the quarterly and annual reports will remain the same. The quarterly report will be filed within thirty days after the end of each quarter. The annual report will be filed within thirty days after the end of each fiscal year.



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 00872-22

AGENCY DKT. NO. GR21121254

**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 AND OTHER
TARIFF REVISIONS.**

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

Sheree L. Kelly, Esq., Regulatory Affairs Counsel, SJI Utilities, Inc. on behalf of
Elizabethtown Gas Company

Kenneth T. Maloney, Esq. and **Terrence W. Regan**, Esq. (Cullen and Dykman
LLP), Attorneys for Petitioner, Elizabethtown Gas Company

Terel Klein, Esq., Deputy Attorney General, for Staff of the Board of Public Utilities
(Matthew J. Platkin, Acting Attorney General of New Jersey)

Maura Caroselli, Esq., Managing Attorney, **Sarah H. Steindel**, Esq., **Kurt S.
Lewandowski**, Esq., **Megan Lupo**, Esq., and **Bethany Rocque-Romaine**,
Assistant Deputy Rate Counsels, and **Brian Weeks**, Deputy Rate Counsel

for the New Jersey Division of Rate Counsel (Brian O. Lipman, Esq.,
Director)

Record Closed: July 25, 2022

Decided: July 28, 2022

BEFORE JULIO C. MOREJON, ALJ:

On December 28, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) for approval of an overall increase in natural gas distribution revenues of approximately \$76.6 million or 19%, for changes in its tariff for gas service pursuant to N.J.S.A. 48:2-18 and N.J.S.A. 48:2-21.3 and for change to its current Board-approved depreciation rates pursuant to N.J.S.A. 48:2-18. The Company also proposed to change its depreciation rates. The Company further proposed to establish or continue regulatory assets to allow it to defer for future recovery the following costs to the extent not included in the Company’s request for a base rate increase: (1) the costs of the Company’s federally mandated gas transmission integrity management program, (2) costs associated with Transportation Security Administration (“TSA”) security directives (3) the remaining undepreciated costs of non-operational liquefaction equipment at the Company’s Erie Street liquefied natural gas (“LNG”) facility, to the extent not reimbursed by the vendor/manufacturer, and (4) costs incurred to establish an in-house gas supply function.

On or about February 8, 2022, the Board transmitted the matter to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to- 13.

A pre-hearing conference was held by telephone on March 23, 2022 and a prehearing order dated April 13, 2022, was filed establishing a procedural schedule for this proceeding. Also filed was an order granting intervenor status to the New Jersey Large Energy Users Coalition (“NJLEUC”) and participant status to New Jersey Natural Gas Company and Public Service Electric & Gas Company. After appropriate notice in newspapers of general circulation in Elizabethtown’s service territory and the service of notice upon affected municipalities and counties in the Company’s service area, public

hearings concerning the Petition were held via teleconference on April 21, 2022 at 4:30 p.m. and 5:30 p.m. No members of the public participated in the public hearings. The Board received one (1) written comment in opposition to the Petition.

On or about May 31, 2022, Elizabethtown requested a suspension of the procedural schedule pending finalization of the settlement, and on June 1, 2022, an Order was entered suspending the procedural schedule.

On July 22, 2022, by correspondence to the undersigned, counsel for Elizabethtown advised that after extensive discovery and numerous settlement discussions, Elizabethtown Gas Company, Board Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), (collectively, the "Stipulating Parties"), reached this Stipulation of Settlement ("Stipulation") resolving all issues in this proceeding subject to the terms and conditions stated herein.

On said date, counsel submitted a fully-executed Stipulation, which is attached hereto and made part hereof. It resolves this rate proceeding to the full satisfaction of the parties and the intervenors.

Accordingly, and on that basis, I have reviewed the record and terms of the Stipulation and **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives on the Stipulation.
2. The Stipulation fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the Stipulation of Settlement meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

July 28, 2022
DATE

Julio Morejon
JULIO C. MOREJON, ALJ

Date Received at Agency: July 28, 2022

Date Mailed to Parties:
lr July 28, 2022

EXHIBITS

Jointly Submitted:

J-1 Stipulation