

December 7, 2022

Electronic Filing

Carmen D. Diaz, Acting Board Secretary
and Acting Custodian
New Jersey Board of Public Utilities
44 South Clinton Avenue
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. GR22070464**

Dear Acting Board Secretary and Acting Custodian Diaz:

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. It is respectfully requested that the Board consider the Stipulation at its December 21, 2022 agenda meeting.

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

Respectfully submitted,



Sheree L. Kelly, Esq.

SLK:jlh
Enclosures
cc: Service List (electronically)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVISE ITS ENERGY EFFICIENCY PROGRAM RIDER RATE
BPU DOCKET NO. GR22070464**

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

-----:
In the Matter of the Petition of :
Elizabethtown Gas Company to : **BPU Docket No. GR22070464**
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, and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey 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 (**Matthew J. Platkin**, Attorney General of the State of New Jersey).

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On July 29, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”), filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting authority to revise its Energy Efficiency (“EE”) Program (“EEP”) Rider rate (“2022 EEP Petition”).

2. In the 2022 EEP Petition, the Company sought to reconcile the costs and cost recoveries for the period commencing July 1, 2021 through June 30, 2022 (“2022 Recovery Period”) and to establish a rate sufficient to recover those costs as well as the projected EEP Rider rate revenue requirements for the period of July 1, 2022 through June 30, 2023 (“2023 Recovery Period”).

3. The EEP Rider 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.

4. In accordance with a Board Order dated February 19, 2020, Elizabethtown was authorized to offer its four (4)-year amortization EEP through December 31, 2021, subject to the implementation of a new Elizabethtown EEP with an earlier effective date.¹ On April 7, 2021, the Board issued an Order authorizing Elizabethtown to implement a new EEP with a ten-year amortization to begin on July 1, 2021. Accordingly, Elizabethtown's previous EEP was terminated on June 30, 2021.²

5. The 2022 EEP Petition sought to decrease the four (4)-year amortization rate component of the EEP Rider from \$0.0027 to \$0.0003 per therm, both inclusive of taxes, to recover a balance of \$164,320 and to increase the ten-year amortization rate component of the EEP Rider from \$0.0063 to \$0.0083 per therm, both inclusive of taxes, to recover a balance of \$3,807,476, effective October 1, 2022. The sum of these components results in the total proposed EEP Rider rate decrease from \$0.0090 to \$0.0086 per therm, inclusive of taxes. The proposed EEP Rider 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.

6. The proposed rate components of the EEP Rider rate of \$0.0086 per therm, inclusive of taxes, was calculated by taking the prior year balance plus current year activity, plus

¹ In re the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Extend the Term of Energy Efficiency Programs with Certain Modifications and Approval of Associated Cost Recovery Mechanism, BPU Docket No. GO18070682, Order dated February 19, 2020.

² In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO19010040 and In re the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket No. GO20090619, Order dated April 7, 2021.

projected recoverable amounts for the 2023 Recovery Year, and dividing the total amount by the projected volumes for the 2023 Recovery Year for the service classifications and customers subject to the EEP Rider.

7. As stated in the 2022 EEP Petition, the impact of the proposed reduction to the EEP rate would decrease the monthly bill of a residential customer using 100 therms by \$0.04, from \$110.59 to \$110.55, or a decrease of 0.0%, as compared to the rates in effect as of July 1, 2022.

8. Because the Company requested a rate decrease in the 2022 EEP Petition, public hearings were not required pursuant to N.J.S.A. 48:2-32.4 and N.J.S.A. 48:2-32.6.

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 TERMS

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

Effective Date

10. The Parties acknowledge that the EEP Rider rate change will become effective as of the 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

11. As of the Effective Date, the Company will implement an EEP Rider rate of \$0.0086 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.

12. 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.

13. 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.

14. Should the Board approve the EEP Rider rate reflected herein, the Company will file a revised tariff sheet with the Board to present the rate components that result in the total EEP rate. A draft tariff sheet is attached hereto as Appendix C, which includes actual changes to the tariff.

Rate Impact

15. The rate impact of the EEP Rider rate change from \$0.0090 per therm, inclusive of taxes, to \$0.0086 per therm, inclusive of taxes, will decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.04 or 0.0% compared to the Company's December 1, 2022 rates.

All Issues Resolved

16. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's EEP recoverable costs for the period July 1, 2021 through June 30, 2022 are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

17. 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

18. It is the intent of the Parties that the provisions herein 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

19. 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

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


By: 

Deborah M. Franco
VP, Rates, Regulatory & Sustainability

By: 

Megan Lupo, Esq.
Assistant Deputy Rate Counsel

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities

By: 
_____ 12/6/22
Terel Kléin
Deputy Attorney General

Dated: December 6, 2022

GR22070464 – ETG 2022 EEP

EEP Schedule TK-1

**ELIZABETHTOWN GAS COMPANY
ENERGY EFFICIENCY PROGRAM ("EEP")
Annual Revenue Requirement (Program Year)**

October 2022 - Sept 2023
July 22 - Jun 23
Year 2

DIRECT PROGRAM INVESTMENT PROJECTION

Annual Investment	\$ 14,982,701
Cumulative Investment	<u>\$ 21,639,995</u>
Less Accumulated Amortization	\$ (1,657,443)
Less Accumulated Deferred Tax	\$ (5,617,095)
Net Investment	<u>\$ 14,365,457</u>
Rate of Return (Pre Tax)	9.06%
Required Net Operating Income	\$ 908,702
Incremental O&M Pre Tax	\$ 910,602
Pre Tax Amortization	\$ 1,361,000
Operating Income	<u>\$ 3,180,304</u>
Revenue Factor	1.01122
Revenue Requirement Excluding SUT	<u>\$ 3,215,995</u>

LOAN PROGRAM INVESTMENT PROJECTION

Annual Investment	\$ 4,723,442
Less Loan Repayments	\$ (1,391,055)
Net Investment	<u>\$ 3,332,387</u>
Cumulative Investment	\$ 8,552,387
Rate of Return (Pre Tax)	9.06%
Required Net Operating Income	\$ 642,125
Incremental O&M Pre Tax	\$ 1,176,322
Operating Income	<u>\$ 1,818,448</u>
Revenue Factor	1.01122
Revenue Requirement Excluding SUT	<u><u>\$ 1,838,856</u></u>

RATE CALCULATION

	Proposed Rate October 1, 2022
Projected Revenue Requirement For Direct Investments Excluding SUT	\$ 3,215,995
Projected Revenue Requirement For Loans Programs Excluding SUT	\$ 1,838,856
Prior Year (Over)/Under Recovered Deferred Balance Including Carrying Costs [TK-4]	<u>\$ (1,247,374)</u>
Total Revenue Requirements	\$ 3,807,476
Terms	486,489,683
Rate Per Therm, Excluding SUT	<u>\$ 0.0078</u>
SUT	<u>\$ 0.0005</u>
Rate Per Therm, Including SUT	\$ 0.0083
Legacy Program Rate Per Therm, Including SUT (EEP Schedule TK-1 Legacy)	<u>\$ 0.0003</u>
Total EEP Rate Per Therm, Including SUT	<u><u>\$ 0.0086</u></u>

ELIZABETHTOWN GAS COMPANY
ENERGY EFFICIENCY PROGRAM ("EEP") - LEGACY

CALCULATION OF THE LEGACY COMPONENT OF EEP RATE

through September 30, 2023
October 1, 2022 RECOVERY YEAR - 2023

1	Prior Year Balance - (Sch. TK-2)	June 30, 2021		(\$461,199)
	<u>Actual Amounts Through:</u>	June 30, 2022		
2	Current Year O&M Costs (Sch. TK-2)			\$0
3	Current Year Revenue Requirements (Sch. TK-2)			\$1,639,170
4	Current Year Recovery Credits (Sch. TK-2)			(\$2,122,556)
5	Current Year Carrying Costs (Sch. TK-2)			<u>(\$876)</u>
6	Current Year TK-2 Ending Balance (Sum L1-L5)			(\$945,461)
7	<u>Projected Recoverables :</u>	June 30, 2023		
	- Revenue Requirements (Sch. TK-3)		\$1,109,781	
	- O&M Costs (Sch. TK-4)		<u>\$0</u>	<u>\$1,109,781</u>
8	Total Proposed Recoveries (L6+L7)			\$164,320
9	<u>12 Month Projected Normalized Sales and Services:</u>			
	- Residential and GLS		241,275,011	
	- Commercial		142,603,245	
	- Industrial		102,563,875	
	- NGV		47,552	
	- Cogeneration		0	486,489,683 therms
10	EEP Rate, before taxes (L8/L9)			\$0.0003 /therm
11	Sales & Use Tax @	6.625%		<u>\$0.0000</u>
12	Legacy Component of EEP Rate (L10+L11)			<u><u>\$0.0003</u></u> /therm

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

Minimum Filing Requirements	Schedule
1. Direct FTE employment impacts as defined in Paragraph 28 of the Stipulation, including a breakdown by sub-program	FV-5 Legacy
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 Legacy
3. For the review period, actual revenues, by month and by rate class recorded under the programs	TK-5 Legacy
4. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period	TK-2 Legacy
5. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate	TK-6 Legacy
6. The interest expense to be charged or credited to ratepayers each month	TK-2 Legacy, TK-6 Legacy
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 Legacy
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period	FV-1 Legacy (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 Legacy
10. Information supporting the carrying cost used for the unamortized costs	TK-6 Legacy
11. Number of program participants, including a breakdown by sub-program	FV-2 Legacy
12. Estimated demand and energy savings, including a breakdown by sub-program	FV-3 Legacy
13. Emissions reductions from the Program, including a breakdown by sub-program	FV-4 Legacy
14. Estimated free ridership and spillover	Exhibit P-2 - Vetri testimony, page 8
15. Participant costs (net of utility incentives), including a breakdown by sub-program	FV-7 Legacy
16. Results of program evaluations, including a breakdown by sub-program	FV-6 Legacy
17. Separate cost and recovery information for each approved program and extension.	TK-7 Legacy

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

Minimum Filing Requirements	Schedule
1. Information on direct FTE employment impacts, including a breakdown by each of the Board approved ETG EE programs. The Company will not be responsible for addressing the level of employment activity for HVAC and/or HPES contractors that are hired by customers unless those contractors are hired by ETG.	FV-3
2. A monthly revenue requirement calculation based on EE Program expenditures, including the investment and cost components showing the actual monthly revenue requirement for each of the past 12 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. The utility shall provide electronic copies of such supporting information, with all inputs and formulae intact, where applicable.	TK-1, TK-2, TK-3
3. For the review period, actual clause revenues, by month and by rate class recorded under the EE Program.	TK-5
4. Monthly beginning and ending clause deferred balances related to the EE Program, as well as the average deferred balance, net of tax, for the actual 12-month period and forecast period.	TK-4
5. The interest rate used each month for over/under deferred balance recoveries related to the EE Program, 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-4
7. A schedule showing budgeted versus actual EE 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. To the extent that the Board directs New Jersey's Clean Energy Program to report additional categories, the utility shall provide additional categories, as applicable.	FV-1
8. A schedule showing budgeted versus actual EE Program revenues.	TK-5
9. The monthly journal entries utilized (including the accounts and account numbers) relating to regulatory asset and deferred O&M expenses related to the EE Program for the actual 12-month review period.	TK-7
10. Supporting details for all administrative costs related to the EE Program included in the revenue requirement.	FV-1
11. Information supporting the carrying cost used for the unamortized costs of the EE program.	TK-4
12. Number of program participants for each of the Board approved ETG EE programs, including a breakdown by sub-program, if applicable.	FV-2
13. Estimated demand and energy savings for each of the Board approved ETG EE programs, including a breakdown by sub-program, if applicable.	FV-4
14. Estimated emissions reductions for each of the Board approved ETG EE programs, including a breakdown by sub-program, if applicable.	FV-4

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

Minimum Filing Requirements	Schedule
15. Testimony supporting the annual true-up petition.	Exhibits P-1, P2, P-3
16. If the Company is filing for an increase in rates, the Company shall include a draft public notice with the annual true-up petition and proposed publication dates.	N/A
17. For programs that provide incentives for conversion of energy utilization to natural gas from other energy sources (e.g., converting from electric to gas furnaces), the Company shall identify: <ul style="list-style-type: none"> i. the number of such projects; ii. an estimate of the increase in annual gas demand and energy associated with these projects; and iii. the avoided use of electricity and/or other fuels. 	FV-5
18. In areas where gas and electric service territories overlap, the Company shall provide: <ul style="list-style-type: none"> i. The number of projects in progress and completed. <ul style="list-style-type: none"> a. For each project, identify which utility is the lead utility providing the program services and the partner utility with whom the services were coordinated. 	FV-6
19. Tariff pages in clean and redline versions.	Tariff Schedule TK-1
20. Net impact of the proposed rate changes.	Case Summary

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>GR22070464</u> , per a four-year amortization	\$0.00270.0003 per therm
Docket No. GO20090619 <u>GR22070464</u> , per a ten-year amortization	\$0.00630.0083 per therm
TOTAL	\$0.00900.0086 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: ~~August 22, 2022~~

Effective: Service Rendered
on and after ~~September 1, 2022~~

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

Filed Pursuant to Orders of the Board of Public Utilities

Dated ~~August 17, 2022~~ _____ in Docket No. GR~~21121254~~22070464

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. GR22070464, per a four-year amortization	\$0.0003 per therm
Docket No. GR22070464, per a ten-year amortization	\$0.0083 per therm
TOTAL	\$0.0086 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 Orders of the Board of Public Utilities
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