



Agenda Date: 4/30/24
Agenda Item: 8H

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

ENERGY AND CLEAN
ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR APPROVAL OF NEW)
ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED)
COST RECOVERY PURSUANT TO THE CLEAN)
ENERGY ACT)
ORDER APPROVING)
STIPULATION)
DOCKET NO. GO20090618)

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Sheree L. Kelly, Esq., Regulatory Affairs Counsel, South Jersey Gas Company
John M. Kolesnik, Esq., Policy Counsel for the Energy Efficiency Alliance of New Jersey

BY THE BOARD:

On November 20, 2023, South Jersey Gas Company (“SJG” or “Company”) filed a letter petition requesting that the New Jersey Board of Public Utilities (“Board”) authorize the Company to extend the term of its initial energy efficiency (“EE”) portfolio of programs established pursuant to the New Jersey Clean Energy Act of 2018, L. 2018, c. 17 (“Triennium 1 EE Program”) for a six (6)-month period from July 1, 2024 through December 31, 2024 (“Petition”). Additionally, by the Petition, SJG sought approval from the Board of a budget of \$34,826,569 for the extension period and other relief related to this budget request.

By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by SJG, the New Jersey Division of Rate Counsel (“Rate Counsel”), Board Staff (“Staff”), and the Energy Efficiency Alliance of New Jersey (“EEA-NJ”) (collectively, “Parties”) that resolves all issues relating to the Petition.

BACKGROUND AND PROCEDURAL HISTORY

On September 25, 2020, SJG filed a petition with the Board seeking approval of its Triennium 1 EE Program for implementation from July 1, 2021, through June 30, 2024. By Order dated April 7, 2021, the Board approved a stipulation of settlement authorizing SJG to implement its Triennium 1 EE Program, with the below subprograms, with a total budget of \$133,266,488.¹

PROGRAM	TOTAL
BEHAVIORAL	\$3,051,563
ENERGY EFFICIENCY PRODUCTS	\$60,471,203
EXISTING HOMES	\$30,039,536
MULTIFAMILY	\$6,303,786
DIRECT INSTALL	\$4,768,302
ENERGY SOLUTIONS FOR BUSINESS	\$6,116,950
PORTFOLIO COSTS	\$4,994,682
TOTAL SJG EXPENDITURES	\$115,746,022
ELECTRIC DISTRIBUTION COMPANIES (“EDCs”) IN EDCs OUT	(\$8,363,918) \$25,884,384
NET TRANSFERS to/from EDCS	\$17,520,466
GRAND TOTAL	\$133,266,488

¹ In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and GO20090618, Order dated April 7, 2021.

By Order dated May 24, 2023, the Board directed each electric and gas public utility (“Utility”) to propose, for Board approval, EE programs for the second three (3)-year EE program period (“Triennium 2”) on or before October 2, 2023, and the Board addressed certain aspects of the Triennium 2 framework.² By Order dated July 26, 2023, the Board approved the remaining aspects of the Triennium 2 framework.³

By Order dated October 25, 2023, the Board delayed the start of Triennium 2 by six (6) months from July 1, 2024 until January 1, 2025, and directed the Utilities to file petitions to extend their respective Triennium 1 programs, without changes, by six (6) months for Board approval.⁴ The Board ordered that each Utility’s Triennium 1 EE Program extension budget should not exceed 50% of the Utility’s Program Year 3 (“PY3”) budget in order to align with the progress and ramping of the EE programs. Further, the Board ordered that, as part of the Triennium 1 EE Program extension, each Utility shall meet energy savings targets equivalent to 50% of its PY3 energy savings targets to align with the progress of the EE programs. The Board further authorized the Utilities to shift program budgets within the same sector or among sectors during the Triennium 1 EE Program extension according to the parameters applicable to Triennium 2.

On October 31, 2023, SJG filed a notice of budget reallocation within the commercial sector of the Triennium 1 EE Program to cover an increase in participation in the Commercial Direct Install program and ensure uninterrupted program implementation during Triennium 1.

Petition

On November 20, 2023, the Company filed the Petition, requesting the Board’s approval to continue its Triennium 1 EE Program through December 31, 2024, with an incremental budget for the six (6)-month extension period of \$34,826,569 compared to its PY3 budget of \$69,653,138, or 50% of its PY3 budget. Consistent with the Triennium 1 Extension Order, the Company’s energy savings target is 50% of its PY3 energy savings target, or an estimated 1,298,106 therms of annual natural gas savings, for the extension period.

² In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated May 24, 2023.

³ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated July 26, 2023.

⁴ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23030150, Order dated October 25, 2023 (“October 2023 Order”).

On March 7, 2024, the Company held a virtual public hearing in which representatives of the Company, Staff, and Rate Counsel participated. No members of the public attended, and the Board received no written comments.

STIPULATION

Following a review of the Petition and conducting discovery, the Parties executed the Stipulation, included as an attachment to this Order, which provides for the following:⁵

12. The Parties agree that the Company's previously Board-approved Triennium 1 program shall be extended six (6) months beyond the current termination date of June 30, 2024 and SJG is fully authorized to implement and administer the Triennium 1 program on a regulated basis for an additional six (6)-month term through December 31, 2024 under the terms and conditions set forth in the Board's Order approving the Company's Triennium 1 program, except as otherwise set forth in the Stipulation.
13. The Parties agree that the budget for the Extension Period shall not exceed \$34.827 million, which includes \$3.019 million of incremental O&M, and associated cost recovery. The Parties agree that SJG is authorized to utilize deferred accounting for all prudently incurred costs associated with the Triennium 1 program and recover all prudently incurred costs associated with the Triennium 1 program through Rider "N" to the SJG tariff.
14. The Parties agree that any projects committed and/or started prior to December 31, 2024 may continue for close-out and completion activities.
15. The Parties agree that the PY3 goal shall be 50% of the original goals established for PY3 from the June 2020 Order or 0.255% as outlined in the October 2023 Order. For SJG, the goal for annual energy use reductions will be 1.298 million therms of natural gas.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the Petition, the October 31, 2023 notice of budget reallocation, and the Stipulation, **HEREBY FINDS** that continuing SJG's existing Triennium 1 EE Program, subject to the terms and conditions set forth herein, is in the public interest and that the Stipulation is reasonable and in accordance with the law. The Board **FURTHER FINDS** that the Stipulation is consistent with the goals of the Clean Energy Act and New Jersey's Energy Master Plan, as well as the requirements of the Board's June 10, 2020 Order establishing the framework for Triennium 1 EE programs⁶ and the Triennium 1 Extension Order. Accordingly, the Board **HEREBY APPROVES** the attached Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

⁵ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the finding and conclusions of this Order. Paragraphs are numbered to coincide with the Stipulation.

⁶ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020.

There will be no immediate rate impacts as a result of the Stipulation.

The Company's rates and costs, including the Triennium 1 EE Program and any associated modification costs, remain subject to audit. This Decision and Order shall neither preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of such audit.

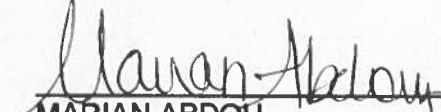
The effective date of this Order is May 7, 2024.

DATED: April 30, 2024

BOARD OF PUBLIC UTILITIES
BY:

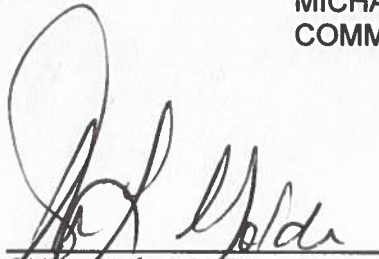

CHRISTINE GUHL-SABOVY
PRESIDENT


DR. ZENON CHRISTODOLOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 SOUTH JERSEY GAS COMPANY FOR APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT

DOCKET NO. GO20090618

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April 4, 2024

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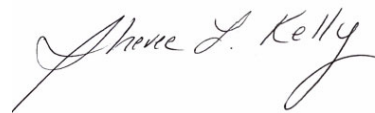
**Re: In the Matter of the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act
BPU Docket Nos. GO20090618**

Dear Secretary Golden:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of South Jersey Gas Company, the Staff of the Board of Public Utilities, the Division of Rate Counsel and Energy Efficiency Alliance of New Jersey. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

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

Respectfully



Sheree L. Kelly

SLK:caj
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. GO20090618**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. GO20090618**

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**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY FOR
APPROVAL OF NEW ENERGY EFFICIENCY PROGRAMS AND ASSOCIATED
COST RECOVERY PURSUANT TO THE CLEAN ENERGY ACT
BPU DOCKET NO. GO20090618**

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

**IN THE MATTER OF THE PETITION :
OF SOUTH JERSEY GAS COMPANY :
FOR APPROVAL OF NEW ENERGY : STIPULATION OF SETTLEMENT
EFFICIENCY PROGRAMS AND :
ASSOCIATED COST RECOVERY : BPU DOCKET NO. GO20090618
PURSUANT TO THE CLEAN ENERGY :
ACT :**

APPEARANCES:

Sheree L. Kelly, Esq., Regulatory Affairs Counsel for the Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney – Gas, **Mamie W. Purnell, Esq.**, **Megan Lupo, Esq.**, and **Andrew Gold, Esq.**, Assistant Deputies Rate Counsel, for the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Director)

Steven Chaplar, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

John Kolesnik, Esq., Policy Counsel for the Energy Efficiency Alliance of New Jersey

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. On September 25, 2020, South Jersey Gas Company (“SJG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting approval of new energy efficiency (“EE”) programs and associated cost recovery pursuant to the New Jersey Clean Energy Act of 2018 (“CEA”).¹ On October 19, 2020, the Company updated the petition in accordance with an Administrative Determination Letter.²

2. On April 7, 2021, the Board issued an Order approving a stipulation executed by SJG, the New Jersey Division of Rate Counsel (“Rate Counsel”), Board Staff (“Staff”), and the Energy Efficiency

¹ N.J.S.A. 48:3-87.8 et seq.

² In re the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket No. GO20090618 (“April 2021 Order”).

Alliance of New Jersey (“EEA-NJ”) (collectively, “Parties”) for the period commencing July 1, 2021 and ending June 30, 2024.³ The Parties agreed and the BPU approved a program budget not to exceed \$133.266 million, with Operating and Maintenance (“O&M”) expenses – including Administration and Program Development, Marketing, Quality Control and Evaluation – in an amount not to exceed \$11.554 million (“Triennium 1”).

3. By Order dated May 24, 2023, the Board directed each electric and gas public utility to propose EE programs for the second triennium period (“Triennium 2”) on or before October 2, 2023 and addressed certain aspects of the EE Triennium 2 framework.⁴ By Order dated July 26, 2023, the Board approved the remaining aspects of the Triennium 2 framework necessary for the utilities to submit their Triennium 2 filings.⁵

4. By Order dated September 27, 2023, the Board established a December 1, 2023 deadline for EE program filings to be submitted by New Jersey’s electric and gas public utilities for Triennium 2 implemented pursuant to the CEA.⁶

³ In re the Implementation of L.2018 c.17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, I/M/O the Petition of South Jersey Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act, BPU Docket Nos. QO19010040 and GO20090618, Order dated April 7, 2021.

⁴ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, The New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re: Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated May 24, 2023 (“May 2023 Order”).

⁵ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Public Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 - Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated July 26, 2023 (“July 2023 Order”).

⁶ In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; In re the Implementation of P.L. 2018, c. 17, the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs; In re Electric Public Utilities and Gas Utilities Offering Energy Efficiency and Conservation Programs, Investing in Class I

5. By Order dated October 25, 2023, the Board found that it was reasonable, prudent, and in the public interest to provide additional time for Staff and Rate Counsel to conduct a thorough and diligent concurrent review of the Triennium 2 filings, as well as to provide parties and interested stakeholders with additional time to review, analyze, and discuss the filings.⁷ By the October 2023 Order, the Board ordered that Triennium 2 shall commence on January 1, 2025 and conclude on June 30, 2027, for a total term of 2.5 years. The Board further directed the electric and gas public utilities to submit filings in accordance with the new Triennium 2 term.

6. Also, by the October 2023 Order, the Board directed the utilities to file petitions to extend their respective Triennium 1 programs, without changes, by six (6) months for the Board's approval.⁸ The Board ordered that each utility's Triennium 1 extension budget should not exceed 50% of the utility's third program year ("Program Year 3" or "PY3") budget in order to align with the progress and ramping of the EE programs. Further, the Board ordered that, as part of the Triennium 1 extension, each utility shall meet energy savings targets equivalent to 50% of its PY3 energy savings targets in order to align with the progress and ramping of the EE programs. The Board further authorized the utilities to shift program budgets within the same sector or among sectors during the Triennium 1 extension according to the parameters applicable to Triennium 2⁹.

7. Pursuant to the October 2023 Order, on November 20, 2023, SJG filed a letter petition with the Board seeking approval to extend the Company's Triennium 1 program by six (6) months, to December 31, 2024, with a budget of \$34.827 million designed to meet customer demand for the

Renewable Energy Resources and Offering Class I Renewable Energy Programs in Their Respective Service Territories on a Regulated Basis, Pursuant to N.J.S.A. 48:3-98.1 and N.J.S.A. 48:3-87.9 – Minimum Filing Requirements, BPU Docket Nos. QO19010040, QO23030150, and QO17091004, Order dated September 27, 2023 ("September 2023 Order").

⁷ In re the Implementation of P.L. 2018, c. 17 the New Jersey Clean Energy Act of 2018, Regarding the Second Triennium of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket No. QO23030150 ("October 2023 Order").

⁸ Ibid.

⁹ See the October 2023 Order and the May 2023 Order, p. 18-19.

Triennium 1 program (“Extension Petition”).

8. In the Extension Petition, the Company agreed to abide by all the terms and conditions of the Stipulation of Settlement approved in the April 2021 Order, including, but not limited to, the cost recovery mechanism, calculation of carrying costs, committed funds not yet expended by the end of the term, and annual filing components.

9. SJG requested that the entire 18-month extended PY3 period be used for purposes of evaluation and reporting. In setting the goal for the Triennium 1 extension period (July 1, 2024 through December 31, 2024 or “Extension Period”) at 50% of the PY3 goal, the Company requested that its energy savings goal be 0.255%. SJG calculated this goal based on the original goals established for PY3 from the June 10, 2020 Order.¹⁰ For SJG, the goal for annual energy use reductions will be 1.298 million therms of natural gas. SJG’s original therm reduction goal for the 12-month PY3 was 2,596,212. The target for this additional six (6)-month period would be 1,298,106 therms. Accordingly, the final therm reduction goal for SJG would be 3,894,318 for the extended 18-month PY3 period.

10. A public hearing in this matter was held on March 7, 2024. No members of the public appeared.

11. Upon review of the Extension Petition and responses to discovery, the Parties to this proceeding stipulate and agree as follows:

STIPULATED ISSUES

12. The Parties agree that the Company’s previously Board-approved Triennium 1 program shall be extended six (6) months beyond the current termination date of June 30, 2024 and SJG is fully authorized to implement and administer the Triennium 1 program on a regulated basis for

¹⁰ In re the Implementation of P.L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs, BPU Docket Nos. QO19010040, QO19060748, and QO17091004, Order dated June 10, 2020.

an additional six (6)-month term through December 31, 2024 under the terms and conditions set forth in the Board's Order approving the Company's Triennium 1 program, except as otherwise set forth herein.

13. The Parties agree that the budget for the Extension Period shall not exceed \$34.827 million, which includes \$3.019 million of incremental O&M, and associated cost recovery. The Parties agree that SJG is authorized to utilize deferred accounting for all prudently incurred costs associated with the Triennium 1 program and recover all prudently incurred costs associated with the Triennium 1 program through Rider "N" to the SJG tariff.

14. The Parties agree that any projects committed and/or started prior to December 31, 2024 may continue for close-out and completion activities.

15. The Parties agree that the PY3 goal shall be 50% of the original goals established for PY3 from the June 2020 Order or 0.255% as outlined in the October 2023 Order. For SJG, the goal for annual energy use reductions will be 1.298 million therms of natural gas.

16. 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 any aspect of this Stipulation is not accepted and approved in its entirety by the Board, any 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, if this Stipulation is not adopted in its entirety by the Board in any applicable Order, then any 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.

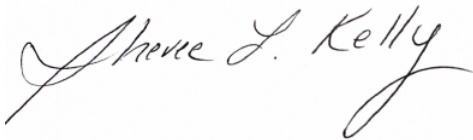
17. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

18. 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, SJG, Staff, and 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, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

19. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto respectfully request that the Board issue a Decision and Order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**SOUTH JERSEY GAS COMPANY
PETITIONER**



By: _____
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Date: April 4, 2024