

the reduction in the corporate tax rate effective April 1, 2018, as well as develop a plan to address other rate factors and to refund any over collection in rates. On March 2, 2018, SJG filed a petition pursuant to the Generic TCJA Order that included a proposed plan as well as tariff sheets reducing its electric and gas distribution rates to reflect the impact of the 2017 Act.

On March 26, 2018, the Board issued an Order authorizing the implementation of the Company's proposed rate reduction on an interim basis, effective April 1, 2018.² In the March 2018 Order, the Board deferred, until a later date, a decision on the Company's proposed refund and other tariff rider. By Order dated September 17, 2018, the interim rates were made final, effective October 1, 2018, and a customer refund of approximately \$13.9 million, including interest and excluding tax, was issued on October 14, 2018.³ The September 2018 Order also authorized the Company to implement its proposed Rider H with an initial per therm credit rate of \$0.013043 to refund the Company's unprotected (non-rate base related) Excess Deferred Income Taxes ("EDITs") balance over a five (5) year period with interest at the Company's short-term debt rate effective October 1, 2018.⁴ Pursuant to the September 2018 Order, the Company was to submit an annual Rider H true up filing on June 1 of each year to establish future Rider H rates, with a proposed effective date of October 1 of each year.

JUNE 2021 PETITION

In the June 2021 Petition, SJG sought approval to implement a proposed per therm Rider H credit rate of \$0.022930 for the period October 1, 2021 through September 30, 2022. This proposed credit rate reflected a per therm decrease of \$0.008262 per therm from the current per therm Rider "H" credit rate of \$0.031192. The June 2021 Petition was based upon actual information through April 30, 2021, and projected information through September 30, 2022.

Through discovery, the Company updated its proposed Rider H credit rate to \$0.023301 to reflect actual data through September 30, 2021 ("Update"). The Company calculated the newly proposed Rider H credit rate as set forth in the chart below:

SJG Rider H Projected Rate Calculation (Year 4)		
1	Unprotected Excess DFIT Amortization	(\$10,402,047)
2	Protected Excess EDIT Catch UP Amortization	(\$641,184)
3	Projected Carrying Costs	(\$29,228)
4	Beginning Over (Under) Refunded Balance	(\$647,106)
5	Total Refund	(\$11,746,566)
6	Therm Sales Projection	538,878,694
7	Rate Per Therm, Excluding SUT & PUA	\$(0.021798)
8	Rate Per Therm, Including SUT & PUA	\$(0.023301)

² In re the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 and In re the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR18030230, Order dated March 26, 2018 ("March 2018 Order").

³ In re the New Jersey Board of Public Utilities' Consideration of the Tax Cuts and Jobs Act of 2017, BPU Docket No. AX18010001 and In re the Petition of South Jersey Gas Company for Approval of a Change in Rates, Customer Refund and Rider Associated with the Tax Cuts and Jobs Act of 2017, BPU Docket No. GR18030230, Order dated September 17, 2018 ("September 2018 Order").

⁴ All rates quoted herein include Sales and Use Tax ("SUT") and Public Utility Assessment ("PUA").

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were conducted telephonically on August 12, 2021 at 4:30 pm and 5:30 pm.⁵ No members of the public appeared at the hearings or filed comments to the Board regarding the June 2021 Petition.

STIPULATION

Following a review of the June 2021 Petition, the Update, and conducting discovery, the Parties executed the Stipulation, which provides for the following:⁶

14. The Parties agree that, based on the information provided in the Schedules attached to the Direct Testimony of Cindy Capozzoli, Director, Rates, and the updated rate calculation provided in response to discovery request RCR-A-1, the proposed Rider "H" credit rate is \$0.023301 per therm in order to refund approximately \$11.7 million for the period beginning October 1, 2021 and ending September 30, 2022, reflecting a decrease of \$0.007891 per therm from the current Rider "H" credit rate of \$0.031192 per therm, is just and reasonable. Accordingly, it is both reasonable and in the public interest for the Board to authorize SJG to implement as final the Rider "H" credit rate of \$0.023301 per therm until the Company submits its next annual Rider "H" true-up filing or the Board issues an Order changing such rates.
15. As a result of the Stipulation, the change in credit rate on the bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.79, or 0.5%.

DISCUSSION AND FINDINGS

The Board reviewed the record to date in this proceeding, including the July 2021 Petition, the Update, and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** a per therm Rider H credit rate of \$0.023301, effective for service rendered on and after April 1, 2022. As a result of the Stipulation, a typical residential heating customer using 100 therms of natural gas in a winter month will experience a monthly increase of \$0.79, or 0.47%.

The Board **HEREBY DIRECTS** SJG to file the appropriate tariff sheets conforming to the terms of the Stipulation prior to April 1, 2022.

⁵ The hearings were held telephonically due to the COVID-19 pandemic.

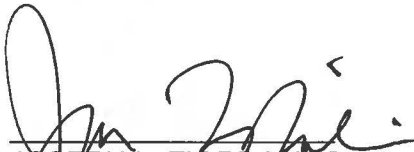
⁶ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

The Company's costs remain subject to audit by the Board. This Decision and Order shall not preclude, nor prohibit, the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is March 16, 2022.

DATED: March 9, 2022

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF PETITION OF SOUTH JERSEY GAS COMPANY FOR APPROVAL TO REVISE
THE RIDER "H" RATE ASSOCIATED WITH THE TAX CUTS AND JOBS ACT OF 2017

DOCKET NO. GR21060880

SERVICE LIST

<p><u>Board of Public Utilities</u> 44 South Clinton Avenue, 1st Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Secretary board.secretary@bpu.nj.gov</p> <p>Stacy Peterson, Deputy Executive Director stacy.peterson@bpu.nj.gov</p> <p><u>Division of Energy</u></p> <p>Paul Lupo, Acting Director paul.lupo@bpu.nj.gov</p> <p>Ryan Moran ryan.moran@bpu.nj.gov</p> <p><u>Counsel's Office</u></p> <p>Abe Silverman, Esq., General Counsel abe.silverman@bpu.nj.gov</p> <p>Carol Artale, Esq., Deputy General Counsel carol.artale@bpu.nj.gov</p> <p>Heather Weisband, Esq. heather.weisband@bpu.nj.gov</p> <p><u>Division of Law</u> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, Post Office Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG pamela.owen@law.njoag.gov</p> <p>Michael Beck, DAG michael.beck@law.njoag.gov</p> <p>Terel Klein, DAG terel.klein@law.njoag.gov</p> <p>Daren Eppley, DAG daren.eppley@law.njoag.gov</p>	<p><u> Elizabethtown Gas Company </u> 520 Green Lane Union, NJ 07083</p> <p>Deborah M. Franco, Esq. SJI Utilities, Inc. dfranco@sjindustries.com</p> <p>Thomas Kaufmann tkaufmann@sjindustries.com</p> <p>Susan Potanovich spotanovich@sjindustries.com</p> <p>Gary Akmentins gakmentins@sjindustries.com</p> <p>One South Jersey Place Atlantic City, NJ 08401</p> <p>Cindy Capozzoli ccapozzoli@sjindustries.com</p> <p>Carolyn Jacobs cjacobs@sjindustries.com</p> <p><u>Division of Rate Counsel</u> 140 East Front Street, 4th Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director blipman@rpa.nj.gov</p> <p>Maura Caroselli, Esq. mcaroselli@rpa.nj.gov</p> <p>Kurt Lewandowski, Esq. klewando@rpa.nj.gov</p>
--	--



520 Green Lane
Union, NJ 07083

T: (908) 662-8448
F: (908) 662-8496

dfranco@sjindustries.com

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

February 24, 2022

Aida Camacho-Welch
Office of the Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

Re: **In the Matter of the Petition of South Jersey Gas Company for Approval to Revise the Rider
“H” Rate Associated with the Tax Cuts and Jobs Act of 2017
BPU Docket No. GR21060880**

Dear Secretary Camacho-Welch:

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 and the Division of Rate Counsel. 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,

A handwritten signature in black ink that reads "Deborah M. Franco".

Deborah M. Franco

DMF:caj
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF SOUTH JERSEY GAS COMPANY
FOR APPROVAL TO REVISE THE RIDER “H” RATE ASSOCIATED WITH THE
TAX CUTS AND JOBS ACT OF 2017
BPU DOCKET NO. GR21060880**

SERVICE LIST

NJ BOARD OF PUBLIC UTILITIES

Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
aida.camacho@bpu.nj.gov

Stacy Peterson, Director
Division of Energy
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
stacy.peterson@bpu.nj.gov

Paul Lupo
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
paul.lupo@bpu.nj.gov

Scott Sumliner
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
scott.sumliner@bpu.nj.gov

Ryan Moran
NJ Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350
ryan.moran@bpu.nj.gov

DIVISION OF RATE COUNSEL

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.nj.gov

Brian O. Lipman
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.nj.gov

Kurt S. Lewandowski, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
klewando@rpa.nj.gov

RATE COUNSEL CONSULTANTS

Robert J. Henkes
Henkes Consulting
7 Sunset Road
Old Greenwich, CT 06870
rhenkes@optonline.net

DIVISION OF LAW

Terel Klein
Dept. of Law & Public Safety
Division of Law
RJ Hughes Justice Complex
25 Market Street, 7th Floor West
P.O. Box 112
Trenton, NJ 08625
Terel.Klein@law.njoag.gov

Pamela Owen
Dept. of Law & Public Safety
Division of Law
RJ Hughes Justice Complex
25 Market Street, 7th Floor West
P.O. Box 112
Trenton, NJ 08625
Pamela.Owen@law.njoag.gov

SOUTH JERSEY GAS COMPANY

Deborah M. Franco, Esq.
VP, Rates, Regulatory & Sustainability
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
dfranco@sjindustries.com

Sheree Kelly
Regulatory Affairs Counsel
SJI Utilities, Inc.
520 Green Lane
Union, NJ 07083
skelly@sjindustries.com

Cindy Capozzoli, Director Rates
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
ccapozzoli@sjindustries.com

Carolyn A. Jacobs
Regulatory Compliance Specialist Senior
SJI Utilities, Inc.
One South Jersey Place
Atlantic City, NJ 08401
cjacobs@sjindustries.com

James G. Fredericks
Rate Analyst Lead
South Jersey Gas Company
One South Jersey Place
Atlantic City, NJ 08401
jfredericks@sjindustries.com

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

IN THE MATTER OF THE PETITION OF :
SOUTH JERSEY GAS COMPANY FOR : **BPU DOCKET NO. GR21060880**
APPROVAL TO REVISE THE RIDER :
“H” RATE ASSOCIATED WITH THE :: **STIPULATION FOR FINAL**
TAX CUTS AND JOB ACTS OF 2017 :: **RIDER “H” CREDIT RATE**

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory and Sustainability, SJI Utilities, Inc. for South Jersey Gas Company (“Petitioner”).

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

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

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

1. On June 1, 2021, South Jersey Gas Company (“SJG” or “Company”) submitted its annual true-up filing with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR21060880 to revise its Rider “H” credit rate associated with the Tax Cuts and Jobs Act of 2017 (“2021 True Up Petition”).

2. Rider “H” was initially established on October 1, 2018 by way of Board Order issued on September 17, 2018 in BPU Docket Nos. AX18010001 and GR18030230, and is designed to refund the Company’s excess deferred income taxes (“EDIT”) resulting from the Tax Cuts and Jobs Act of 2017.

3. In the 2021 True Up Petition, the Company proposed to reduce its Rider “H” credit rate from \$0.031192 per therm to a credit rate of \$0.022930 per therm to refund a total amount

of approximately \$11.6 million for the period October 1, 2021 through September 30, 2022.¹

4. The proposed Rider “H” credit rate would be applicable to all customer classes identified in Rider “H” to the Company’s Tariff. The impact of this proposed change in credit rate on the bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.83, or 0.6%.

5. Following public notice published in newspapers of general circulation within South Jersey’s service territory, two (2) telephonic public hearings for the 2021 True Up Petition were held on August 12, 2021 at 4:30 PM and 5:30 PM.² No members of the public attended via telephone to express their views on this filing.

6. By way of background, on June 3, 2019, the Company submitted its first annual true-up of Rider “H” in BPU Docket No. GR19060701, seeking to modify the then-current credit rate of \$0.013043 per therm to a credit rate of \$0.012207 per therm (“2019 True Up Petition”). The proposed rate included the refund of the net Protected EDIT and Unprotected EDIT.

7. In its May 2020 Order related to the 2019 True Up Petition, the Board approved the first Rider “H” rate adjustment with an effective date of June 1, 2020. The approved Rider “H” credit rate of \$0.020239 per therm reflected an increase of \$0.007196 per therm from the then-current credit rate of \$0.013043 per therm, and consisted of the Unprotected EDIT refund only. The May 2020 Order also resolved all issues related to the 2019 True Up Petition.

8. On June 1, 2020, the Company submitted its second annual true-up of Rider “H” in BPU Docket No. GR20060382 to effectuate the return of \$14.9 million to its customers (“2020

¹ All rates quoted herein include Sales and Use Tax.

² The public hearings were held telephonically due to the Covid-19 Pandemic.

True Up Petition”). The Company sought approval to implement a proposed Rider “H” credit rate of \$0.029906 per therm for the period October 1, 2020 through September 30, 2021. In its September 2020 Provisional Order related to the 2020 True Up Petition, the Board approved, on an interim basis, a credit rate of \$0.029906 per therm effective October 1, 2020.

9. On September 23, 2020, the Board issued its Order in the Company’s 2020 Base Rate Case in BPU Docket No. GR20030243 (“2020 Base Rate Case Order”). Pursuant to the 2020 Base Rate Case Order, SJG was required to return \$1,923,552 to customers through Rider “H” over its remaining three (3) year term (“Protected EDIT Catch Up”). For the period January 1, 2018 to June 30, 2019, SJG recorded a regulatory liability of \$1,923,552 composed of both the amortizations of (a) the Excess Accumulated Deferred Income Tax (“ADIT”) Liability Depreciation-Related under the Average Rate Assumption Method (“ARAM”) and (b) the Excess ADIT Asset Net Operating Loss (“NOL”) under the Reverse South Georgia Method (“RSGM”). This net regulatory liability balance represented the accumulated balance of the amortization of the Protected Excess ADIT calculated using the ARAM, and the amortization of the NOL ADIT calculated using the RSGM, during the period January 1, 2018 through June 30, 2019 which had not yet been refunded to the customers.

10. Accordingly, to effectuate the return of the Protected EDIT Catch Up of \$1,923,552 through Rider “H”, the Company implemented a credit rate of \$0.001286 per therm on a provisional basis, subject to refund and a full review. The approved credit rate became effective October 1, 2020 simultaneously with the provisional rate approved by the Board in the September 2020 Provisional Order.

11. The resulting combined Rider “H” provisional rate effective October 1, 2020 was a credit rate of \$0.031192 per therm. That credit rate represented the sum of \$0.029906 per

therm from the Company's 2020 True Up Petition, and \$0.001286 per therm from the Company's 2020 Base Rate Case proceeding. The resulting impact on the bill of a residential customer using 100 therms during a winter month was a decrease of \$1.09 or 0.8%.

12. In its March 2021 Order related to the 2020 True Up Petition, the Board approved as final the Company's previously approved Rider "H" credit rate of \$0.031192 per therm.

13. SJG, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties to this proceeding (collectively, "Parties"), discussed certain matters at issue in these proceedings and hereby **STIPULATE AND AGREE** as follows.

14. The Parties agree that, based on the information provided in the Schedules attached to the Direct Testimony of Cindy Capozzoli, Director, Rates, and the updated rate calculation provided in response to discovery request RCR-A-1, the proposed Rider "H" credit rate is \$0.023301 per therm in order to refund approximately \$11.7 million for the period beginning October 1, 2021 and ending September 30, 2022, reflecting a decrease of \$0.007891 per therm from the current Rider "H" credit rate of \$0.031192 per therm, is just and reasonable. Accordingly, it is both reasonable and in the public interest for the Board to authorize SJG to implement as final the Rider "H" credit rate of \$0.023301 per therm until the Company submits its next annual Rider "H" true-up filing or the Board issues an Order changing such rates.

15. As a result of this Stipulation, the change in credit rate on the bill of a residential heating customer using 100 therms of natural gas in a winter month is an increase of \$0.79, or 0.5%.

16. The Company will submit tariff sheets within five (5) days of the effective date of the Board's Order approving this Stipulation.

17. This Stipulation provides a final resolution in this proceeding.

18. 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.

19. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, 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.

20. 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, Board 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. Also, all rates are subject to Board audit.


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

SOUTH JERSEY GAS COMPANY


By: 

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

MATTHEW J. PLATKIN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By:  _____ 2/23/22
Terel Klein, Esq.
Deputy Attorney General

BRIAN O. LIPMAN
DIRECTOR, DIVISION OF RATE COUNSEL

By:  _____
Maura Caroselli, Esq.
Deputy Rate Counsel

Dated: 2/24 , 2022