



Agenda Date: 6/8/22
Agenda Item: 2B

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)
ELIZABETHTOWN GAS COMPANY TO REVISE)
THE REMEDIATION ADJUSTMENT CLAUSE)
COMPONENT OF ITS SOCIETAL BENEFITS)
CHARGE RATE)
DOCKET NO. GR21071018

Parties of Record:

Deborah M. Franco, Esq., SJI Utilities on behalf of Elizabethtown Gas Company
Brian O. Lipman, Esq., Director, on behalf of New Jersey Division of Rate Counsel

BY THE BOARD:

On July 30, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking review and approval of the Company’s Manufactured Gas Plant (“MGP”) Remediation Adjustment Clause (“RAC”) activities costs incurred between July 1, 2020 and June 30, 2021 (“2021 RAC Period”), plus prior period true-up amounts (“2021 RAC Petition”). By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by Elizabethtown, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, “Parties”) which resolves the 2021 RAC Petition.

BACKGROUND

The Societal Benefits Charge (“SBC”) was created through the Electric Discount and Energy Competition Act. Elizabethtown’s SBC is comprised of a number of components: the RAC, New Jersey Clean Energy Program (“NJCEP”), Universal Service Fund (“USF”), and Lifeline Program charges. The RAC allows the Company to adjust its rates to recover reasonably incurred environmental remediation costs associated with the clean-up of its former MGP sites, on a deferred basis, over a rolling seven (7) year period, with carrying charges tied to the seven (7) year treasuries plus 60 basis points.

ETG has six (6) former MGP sites in New Jersey, with two sites (2) located in Elizabeth, one (1) in Rahway, one (1) in Perth Amboy, one (1) in Flemington, and one (1) in Newton. The Company owns and has liability for remediation at the MGP sites in Elizabeth, Newton and Flemington. The Company shares the liability for the remediation of the Newton and Flemington MGP sites with Jersey Central Power & Light Company, which is currently owned by First Energy. Elizabethtown does not own the MGP site at the historic Renora Landfill but maintains responsible party liability.

The MGP site in Rahway was remediated and sold.

2021 RAC PETITION¹

The Company's 2021 RAC Petition sought RAC related costs for former MGP sites incurred during the period July 1, 2014 through June 30, 2021 based upon a seven (7) year cost amortization, in addition to specific adjustments and prior period true-up amounts. The 2021 RAC Period cost totaled \$11,137,686 from which \$6,807,500 was deducted for third-party recoveries, and a net of \$21,125 was deducted for the deferral of 50% of litigation costs. The proposed net remediation cost of (\$4,309,061) would be recovered over the seven (7) year amortization period. With respect to the Flemington and Newton sites, the 2021 RAC Petition only sought recovery of costs attributable to Elizabethtown.²

In accordance with the Company's tariff, the proposed SBC-RAC rate was determined by calculating the sum of the following: (a) one-seventh (1/7) of the Company's net deferred remediation costs incurred over 12 months ending June 30th for the periods 2015 through 2021 totaling (\$1,485,378), which equals amortized costs plus the deferred tax adjustment; (b) the \$84,428 interest accrued on RAC related costs calculated in the manner approved by the Board in BPU Docket Nos. GX99030121 and GO99030122 dated March 30, 2001; and (c) the prior year's RAC over recovery balance of (\$2,538,371). The sum of these amounts total to a refund of \$3,939,321, which was divided by projected sales and service volumes from October 1, 2021 through September 30, 2022.

The Company proposed to increase the per therm SBC-RAC credit rate from \$0.0082 to a credit rate of \$0.0083, effective October 1, 2021.³ The proposed rate was designed to provide a refund of \$3,939,321 in RAC related costs over a 12-month period. As the 2021 RAC Petition concerned decreases in customer charges, public hearings were not required or held.

By Order dated November 17, 2021, the Board approved a stipulation for provisional rates executed by the Parties.⁴ The November 2021 Provisional Order authorized Elizabethtown to implement a per therm RAC credit rate of \$0.0083. All rates approved in the November 2021 Provisional Order became effective for services rendered on and after December 1, 2021 on a provisional basis, subject to refund. As a result of the November 2021 Provisional Order, a typical residential heating customer using 100 therms on a monthly basis would see a decrease of \$1.65, or approximately 1.6%.

¹ The 2021 RAC Petition did not seek any adjustment to the other SBC rate components, i.e. the NJCEP, USF and Lifeline charges.

² Recovery costs for the Flemington and Newton sites are shared between JCP&L and Elizabethtown on a sixty percent (60%)/forty percent (40%) basis, respectively, in accordance with a Memorandum of Understanding between Elizabethtown and JCP&L dated February 23, 1993.

³ All rates herein are inclusive of Sales and Use Tax.

⁴ In re the Petition of Elizabethtown Gas Company to Revise the Remediation Adjustment Clause Component of its Societal Benefits Charge Rate, BPU Docket No. GR21071018, Order dated November 17, 2021 ("November 2021 Provisional Order").

STIPULATION

Following a review of the 2021 RAC Petition and discovery, the Parties executed the Stipulation, which provides, in part, as follows:⁵

Effective Date

- A. The Parties acknowledge that the final RAC rate will become effective as of the effective 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 Rate

- B. As of the Effective Date, the Company will make effective as final its RAC credit rate of \$0.0083 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board.
- C. The Company represents that the labor allocation reflected in the RAC rate proposed in the 2021 RAC Petition did not include recovery of incentive compensation costs and the rates agreed to in the Stipulation do not reflect recovery of such costs.
- D. The Company represents that the 2021 RAC Petition does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. NRD-related costs also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company’s SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board’s September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836, and GR09080651 resolving Elizabethtown’s 2007, 2008 and 2009 RAC proceedings. To the extent incurred, NRD-related costs shall be deferred until such time as the Board addresses the rate recovery of NRD-related costs via the RAC mechanism.
- E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements as set forth in Appendix B to the Stipulation, and that it will not request any late fees or late charges that are associated with legal costs recovered through the RAC.
- F. Upon Board approval of the RAC rate reflected in the Stipulation, the Company will file with the Board a revised tariff sheet to reflect the final RAC rate agreed to in the Stipulation.
- G. Board approval of the final RAC rate in the Stipulation will result in a total SBC rate of \$0.0383 per therm, inclusive of all applicable taxes.

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

Rate Impact

- H. There will be no additional impact to customers as the final rate is the same as the provisional rate currently in effect.

All Issues Resolved

- I. Upon the Board's approval of the Stipulation, all issues related to Elizabethtown's RAC and the costs recovered are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

DISCUSSION AND FINDING

The Board, having carefully reviewed the record in this proceeding, including the 2021 RAC Petition and the attached Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. The Board **FURTHER FINDS** that the Company's MGP remediation work performed during the 2021 RAC Period was prudent, and the resulting MGP costs for the RAC Period are reasonable and prudent.

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**, on a final basis, a RAC credit rate of \$0.0083 per therm effective for services rendered on and after July 1, 2022. There is no additional bill impact on a typical residential heating customer as a result of the Stipulation. The Board **HEREBY ORDERS** ETG to file revised tariff sheets conforming to the terms of this Order prior to June 30, 2022.

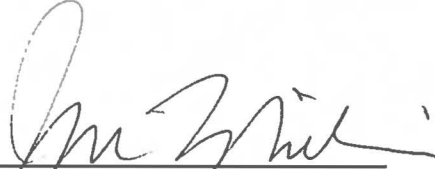
The Board **FURTHER ORDERS** that the NRD related costs should continue to be deferred until such time as the Board addresses the rate recoverability of NRD related costs via the RAC mechanism.

The Company's costs, including those related to the RAC, will 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 such audit.

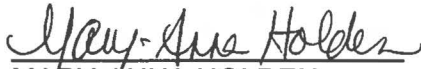
This Order shall be effective on June 15, 2022.

DATED: June 8, 2022

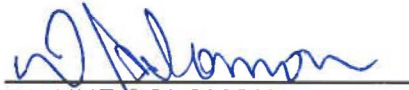
BOARD OF PUBLIC UTILITIES
BY:



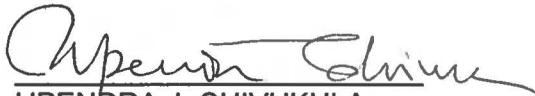
JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY TO REVISE THE
REMEDIAL ADJUSTMENT CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE

BPU DOCKET NO. GR21071018

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Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

May 17, 2022

Carmen Diaz, Acting Secretary
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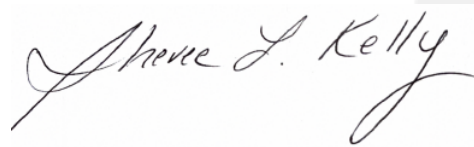
Re: **In the Matter of the Petition of Elizabethtown Gas Company to Revise The Remediation Adjustment Clause Component of Its Societal Benefits Charge Rate BPU Docket No. GR21071018**

Dear Acting Secretary 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 next agenda meeting.

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

Respectfully,



Sheree L. Kelly, Esq.

SLK:caj
Enclosures

cc: See attached Service List (with enclosures)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. GR21071018**

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

-----X
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In the Matter of the Petition of : **BPU Docket No. GR21071018**
Elizabethtown Gas Company to :
Revise The Remediation Adjustment Clause :
Component Of Its Societal Benefits Charge Rate : **STIPULATION OF SETTLEMENT**
:
----- X

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, 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 NEW JERSEY BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On July 30, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR21071018 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate (“2021 RAC Petition”).

2. The 2021 RAC Petition proposed to decrease the Company’s per therm RAC rate from \$0.0082 to a credit rate of \$0.0083, inclusive of applicable taxes.¹ The proposed RAC credit

¹ The Company’s rate of \$0.0082 per therm was approved in a March 24, 2021 Board Order in BPU Docket No. GR20070502, effective on April 1, 2021.

rate was designed to refund approximately \$3.9 million in RAC-related costs over a 12-month period.

3. The RAC-related costs for which recovery was sought in the 2021 RAC Petition were the costs to test, contain and remediate the Company's former manufactured gas plant sites (described below) incurred during the period July 1, 2014 through June 30, 2021, based upon a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2021 RAC Petition provides that the 2021 costs totaled \$11,137,686, which was then adjusted for third party recoveries and deferred litigation insurance costs, resulting in proposed recoverable net remediation costs of \$4,309,061 that are amortized in rates over a seven-year period.

4. In accordance with the Company's tariff, the Company's proposed RAC credit rate was determined by calculating the sum of: (i) one-seventh of its net deferred remediation amounts incurred during the 12 months ending June 30th for the periods ending 2021, 2020, 2019, 2018, 2017, 2016 and 2015, totaling (\$1,485,378) as shown below, which equals amortized costs plus the deferred tax adjustment; (ii) \$84,428 of interest accrued on RAC-related costs calculated in the manner approved by the Board in its Order in BPU Docket Nos. GX99030121 and GO99030122 dated March 30, 2001; and (iii) the prior year's RAC over recovered balance of (\$2,538,371). The sum of these amounts, total (\$3,939,321), which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed RAC credit rate of \$0.0083 per therm, inclusive of all applicable taxes as set forth in Appendix A to this Stipulation.

<u>Year</u>	<u>Recoverable Amount</u>
2021	\$602,256
2020	(\$637,920)
2019	(\$470,961)
2018	\$3,809,418
2017	\$2,215,454
2016	(\$3,295,492)
2015	<u>(\$3,708,133)</u>
Total	(\$1,485,378)

5. The Company has six (6) former manufactured gas plant sites in New Jersey: two (2) are located in Elizabeth, (one (1) on South Street and one (1) on Erie Street); one (1) in Rahway; one (1) in Perth Amboy; one (1) in Flemington, and one (1) in Newton. The Erie Street, South Street, Rahway, and Perth Amboy sites were owned and/or operated exclusively by Elizabethtown and/or its predecessor companies. Flemington and Newton were also owned by a predecessor of Jersey Central Power & Light Company (“JCP&L”) which is now owned by First Energy. With respect to the Flemington and Newton sites, the 2021 RAC Petition only sought recovery of costs attributable to Elizabethtown.² Elizabethtown also has responsible party liability for a site containing the Renora Landfill.

6. The 2021 RAC Petition did not propose to adjust the New Jersey Clean Energy Program (“CEP”), Universal Service Fund (“USF”) and Lifeline rate components of the SBC, both of which are addressed in separate proceedings.

² Recovery costs for the Flemington and Newton sites are shared between JCP&L and Elizabethtown on a 60%/40% basis, respectively, in accordance with the Memorandum of Understanding between Elizabethtown and JCP&L dated February 23, 1993.

7. As stated in the 2021 RAC Petition, the impact of the proposed reduction to the RAC rate would decrease the monthly bill of a residential customer using 100 therms by \$1.65, from \$99.58 to \$97.93, or a decrease of 1.7%, as compared to the rates in effect as of July 1, 2021.

8. The 2021 RAC Petition was not transmitted to the Office of Administrative Law by the Board. Public hearings were not required as the Company proposed a rate decrease.

9. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel are the only parties to this proceeding (collectively, "Parties"). The Parties agreed that additional time was needed to complete a comprehensive review of the Company's filing and that permitting a RAC credit rate of \$0.0083 per therm inclusive of applicable taxes, to become effective on a provisional basis, was reasonable to permit Elizabethtown timely rate changes for RAC and mitigate the impact of potential excess balances as additional review of the Company's filing takes place.

10. By Order dated November 17, 2021, the Board approved a stipulation authorizing Elizabethtown to implement a provisional RAC credit rate of \$0.0083 per therm, inclusive of applicable taxes, to be effective as of December 1, 2021. Based upon rates in effect on October 1, 2021, the monthly bill of a residential customer using 100 therms decreased by \$1.65 from \$104.15 to \$102.50, or a decrease of 1.6%.

11. The Parties engaged in discovery and resolved all issues in this proceeding in accordance with the 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

A. The Parties acknowledge that the final RAC rate will become effective as of the effective 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 Rate

B. As of the Effective Date, the Company will make effective as final its RAC credit rate of \$0.0083 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board.

C. The Company represents that the labor allocation reflected in the RAC rate proposed in the 2021 RAC Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the 2021 RAC Petition does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. NRD-related costs also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company’s SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board’s September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836, and GR09080651 resolving Elizabethtown’s 2007, 2008 and 2009 RAC proceedings. To the extent

incurred, NRD-related costs shall be deferred until such time as the Board addresses the rate recovery of NRD-related costs via the RAC mechanism.

E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements as set forth in Appendix B to this Stipulation, and that it will not request any late fees or late charges that are associated with legal costs recovered through the RAC.

F. Upon Board approval of the RAC rate reflected in this Stipulation, the Company will file with the Board a revised tariff sheet to reflect the final RAC rate agreed to in this Stipulation.

G. Board approval of the final RAC rate in this Stipulation will result in a total SBC rate of \$0.0383 per therm, inclusive of all applicable taxes.

Rate Impact

H. There will be no additional impact to customers as the final rate is the same as the provisional rate currently in effect.

All Issues Resolved

I. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's RAC and the costs recovered are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

J. 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

K. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

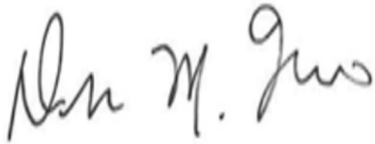
General Reservation

L. 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
DIRECTOR, DIVISION OF
RATE COUNSEL**



By: _____
Deborah M. Franco
VP, Rates, Regulatory & Sustainability

By: Maura Caroselli 5/17/22
Maura Caroselli, Esq.
Managing Attorney Gas and Clean
Energy

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



By: _____ 5/17/22
Terel Klein
Deputy Attorney General

Dated:

GR21071018 – ETG 2021 RAC

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
REMEDIATION ADJUSTMENT CLAUSE (RAC)

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM
October 1, 2021 through September 30, 2022
RECOVERY YEAR - 2022

1a	Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)	(\$1,444,953)
1b	Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)	<u>(\$40,425)</u>
1	Recovery Year Recoverable Costs (L1a +L1b)	(\$1,485,378)
2	Accrued Carrying Costs (Sch. TK-3)	\$84,428
3	Prior Year RAC Overrecovery (Sch. TK-4)	<u>(\$2,538,371)</u>
4	Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)	(\$3,939,321)
5	Projected Normalized Sales and Services (Forecast Sch. TK-1)	507,117,799 therms
6	RAC COMPONENT, before taxes (L4/L5)	(\$0.0078) /therm
7	Sales & Use Tax @ 6.625%	<u>(\$0.0005)</u>
8	RAC COMPONENT (L6+L7)	<u><u>(\$0.0083)</u></u> /therm

**ELIZABETHTOWN GAS COMPANY
REMEDIATION ADJUSTMENT CLAUSE (“RAC”)
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
1. Please provide a vendor listing for the prior RAC period that contains information concerning vendor expenditures by MGP site, also showing a description of the services provided and the amount of each vendor invoice. The vendor list should include the monthly actual expenditures for the twelve month RAC period.	SLC-2
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.	SLC-2
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve months of the most recent RAC period.	SLC-2
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.	SLC-2 Confidential
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.	SLC-2
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company should provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.	SLC-2
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.	SLC-2
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.	SLC-2
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well	RAC TK-2

**ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE (“RAC”)
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.	
10. Provide the Company’s bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.	SLC-2 Confidential
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor’s request for supplemental funding, the reasons cited for the request, and the Company’s evaluation and action taken concerning the request.	SLC-2 Confidential
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.	SLC-2
13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation.	RAC TK-3
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.	SLC-2
15. For each of the Company’s MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company’s control.	SLC-2
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.	SLC-2
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.	SLC-2
18. Provide details concerning all remediation related charges to the Company from or through the Company’s parent, SJI Utilities, and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2 Confidential