



Agenda Date: 5/24/23
Agenda Item: 2I

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

ENERGY

IN THE MATTER OF THE PETITION OF)
ELIZABETHTOWN GAS COMPANY TO (1) SUSPEND)
ITS WEATHER NORMALIZATION CLAUSE RATE; (2))
REVISE THE CLEAN ENERGY PROGRAM)
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE)
RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN)
SHARING CREDIT) DOCKET NO. GR22070466

Parties of Record:

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

BY THE BOARD:

On July 29, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking authority to suspend its Weather Normalization Clause (“WNC”) rate, revise the Clean Energy Program (“CEP”) component of its Societal Benefits Charge (“SBC”) rate, and revise its On-System Margin Sharing Credit (“OSMC”) for the period October 1, 2022 through September 30, 2023 (“July 2022 Petition”).¹ By this Order, the Board considers a stipulation of settlement (“Stipulation”) executed by Elizabethtown, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) requesting that the Board approve the suspension of the WNC and changes in the CEP and OSMC rates on a final basis.

BACKGROUND AND PROCEDURAL HISTORY

The CEP was created as a result of the Electric Discount and Energy Competition Act of 1999, and the Board’s Order dated March 9, 2001, at which time the CEP was known as the Comprehensive Resource Analysis Program. The CEP was created in an effort to promote both energy efficiency and renewable energy programs by offering financial incentives, programs, and services to New Jersey residents, business owners, and local governments. The Board annually sets each energy utility’s share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs.

¹ ETG’s SBC currently consists of four (4) components: 1) the CEP; 2) the Remediation Adjustment Clause; 3) the Universal Service Fund; and 4) Lifeline. Only the CEP is addressed in this matter.

The OSMC is the rate mechanism by which 80% of the margins generated from certain on-system non-firm sales and transportation services are flowed back (credited) to the Company's firm sales and residential transportation customers.

On April 7, 2021, the Company received Board approval to implement a Conservation Incentive Program ("CIP") designed to recover potential lost revenues due to the Company's Energy Efficiency Program ("EEP").² Pursuant to the EEP-CIP Order, the Board directed the Company to suspend calculation of the excess/deficiency for its existing WNC mechanism for the 2021-2022 period as of October 1, 2021, and to include any over/under WNC true-up balance in its first CIP tariff filing submitted by June 1, 2022. Further, the Board directed the Company to set its WNC rate to zero effective June 1, 2022. By Order dated February 23, 2022, the Board approved Elizabethtown's then current WNC, CEP, and OSMC rates on a final basis.³

JULY 2022 PETITION

Elizabethtown filed the July 2022 Petition with accompanying exhibits and pre-filed direct testimony. The July 2022 Petition provides as follows:

WNC

Elizabethtown proposed to set the WNC rate to \$0.0000 and suspend the WNC clause during the operation of the CIP. Elizabethtown calculated the actual over/under WNC true-up revenue deficiency balance as of June 30, 2022 to be \$64,432. Elizabethtown explained that this actual balance will replace the projected WNC true-up balance contained in the Company's June 1, 2022 BGSS-CIP filing, wherein Elizabethtown proposed to recover the \$64,432 WNC true-up balance through its CIP rate.

CEP

Elizabethtown proposed to modify the CEP component of its SBC rate from \$0.0276 per therm to \$0.0260 per therm, effective October 1, 2022. The proposed rate was designed to recover prior period costs, the net actual costs incurred to provide Board-approved CEP programs and carrying costs for the period ending June 30, 2022, and projected costs for the period ending June 30, 2023, which total \$12,487,364. As a result of the June 29, 2022 Board Order establishing the statewide funding levels for CEP programs for Fiscal Year 2023, Elizabethtown was allocated \$12,302,495 of CEP funding responsibility for the 12 months ending June 30, 2023.⁴

² In re the Implementation of L. 2018, c. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs; and I/M/O 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 Nos. QO19010040 and GO20090619, Order dated April 7, 2021 ("EEP-CIP Order").

³ In re the Petition of Elizabethtown Gas Company to (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-system Margin Sharing Credit, BPU Docket No. GR21071007, Order dated February 23, 2022.

⁴ In re the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for Fiscal Year 2023 Clean Energy Program, BPU Docket No. QO22020112, Order dated June 29, 2022.

OSMC

Elizabethtown sought to decrease the OSMC rate from a credit of \$0.0021 to a credit of \$0.0031 per therm. The Company's total OSMC balance is \$995,024, which would be credited to firm customers.

By Order dated September 7, 2022, the Board approved a stipulation for provisional rates in this matter.⁵ The Provisional Rates Order authorized Elizabethtown to suspend its WNC rate and implement, on a provisional basis, a per therm CEP rate of \$0.0260, and a per therm OSMC credit rate of \$0.0031, effective October 1, 2022. As a result, a typical residential customer using 100 therms on a monthly basis saw a net monthly decrease in their bill of approximately \$0.26, or 0.2%.

STIPULATION

Following review and discussion, the Parties executed the Stipulation, which provides, in pertinent part, as follows:⁶

10. The Parties agree that the suspension of the WNC rate and the provisional CEP and OSMC rates should be made final as of the effective date of a Board Order approving the Stipulation in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify ("Effective Date").
11. As of the Effective Date, the Company will make effective as final (1) suspension of the WNC rate of \$0.0000 per therm, (2) its CEP component of the SBC rate of \$0.0260 per therm, and (3) its OSMC credit rate of \$0.0031 per therm. These rates shall remain in effect on a final basis until changed by Order of the Board.
12. Approval of the provisional CEP and OSMC rates as final will have no further impact on the monthly bills of residential heating customers.
13. Upon approval by the Board of the CEP and OSMC rates reflected in the Stipulation, the Company will file with the Board, tariff sheets to reflect the final CEP and OSMC rates and changes to the tariff agreed to in the Stipulation.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in this proceeding, including the July 2022 Petition and the attached Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, 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.

⁵ In re the Petition of Elizabethtown Gas Company to (1) Suspend its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-system Margin Sharing Credit, BPU Docket No. GR22070466, Order dated September 7, 2022 ("Provisional Rates Order").

⁶ Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

The Board **HEREBY APPROVES** on a final basis the suspension of Elizabethtown's WNC rate, a per therm CEP rate of \$0.0260, and a per therm OSMC credit rate of \$0.0031. As a result of the Stipulation, customers will experience no additional changes to their monthly bills.

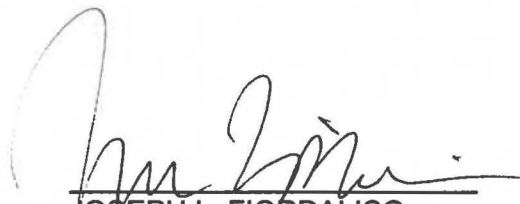
The Board **HEREBY DIRECTS** Elizabethtown to file tariffs consistent with the Board's Order by May 31, 2023.

The Company's costs, including those related to WNC, CEP, and OSMC, 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.

This Order shall be effective June 7, 2023.

DATED: May 24, 2023

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



DR. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST: 

SHERRIL 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 ELIZABETHTOWN GAS COMPANY TO (1) SUSPEND ITS WEATHER NORMALIZATION CLAUSE RATE; (2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT

DOCKET NO. GR22070466

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April 18, 2023

Sherri L. Golden, Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
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**Re: In the Matter of the Petition of Elizabethtown Gas Company To (1) Suspend Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit
BPU Docket No. GR22070466**

Dear Secretary Golden:

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 submitted,

A handwritten signature in cursive script that reads "Sheree L. Kelly".

Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

SLK:slp
Enclosures

cc: Service list (electronically)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO (1) SUSPEND ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR22070466**

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

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:
In the Matter of the Petition of Elizabethtown : **BPU Docket No. GR22070466**
Gas Company to (1) Suspend its Weather Normalization :
Clause Rate; (2) Revise the Clean Energy Program : **FINAL**
Component of its Societal Benefits Charge Rate; and : **STIPULATION**
(3) Revise its On-System Margin Sharing Credit :
:
-----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, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, for the 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 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”) in BPU Docket No. GR22070466 seeking authority to suspend its Weather Normalization Clause (“WNC”) rate and revise the Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate and its On-System Margin Sharing Credit (“OSMC”) for the period October 1, 2022 through September 30, 2023 (“July 2022 Petition”).

2. By Order dated February 23, 2022 in the Company's 2021 WNC/CEP/OSMC proceeding in BPU Docket No. GR21071007, the Board approved, on a final basis, Elizabethtown's current rates for the WNC, CEP, and OSMC.¹

3. In the July 2022 Petition, Elizabethtown proposed to suspend its WNC rate as the Company's Conservation Incentive Program has superseded the WNC. The WNC rate was set to \$0.0000 per therm effective June 1, 2022 pursuant to Rider "B" of the Company's tariff and has remained at \$0.0000 per therm since then.

4. In the July 2022 Petition, Elizabethtown also proposed to modify the current CEP component of its SBC rate from \$0.0276 per therm to \$0.0260 per therm, to become effective October 1, 2022.² As set forth in the July 2022 Petition, the rate was designed to recover prior period costs, the net actual costs incurred to provide Board-approved CEPs and carrying costs for the period ending June 30, 2022, and projected costs for the period ending June 30, 2023.

5. In the July 2022 Petition, Elizabethtown proposed to modify its current OSMC from a credit rate of \$0.0021 per therm to a credit rate of \$0.0031 per therm to become effective October 1, 2022. The Board originally approved the OSMC as a separate rider by Board Order dated March 30, 2001 in BPU Docket No. GX99030121, and thereafter in Board orders in various subsequent Board proceedings. The rate is set in accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM90090949, TC94030057, GR96080574, et. al, GR97070552, et al., and Docket Nos. GX99030121, et al., under which margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm

¹ In re the Matter of the Petition of Elizabethtown Gas Company to (1) Suspend its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-system Margin Sharing Credit, BPU Docket No. GR21071007, Order dated February 23, 2022.

² All rates quoted herein are inclusive of all applicable taxes unless otherwise stated.

transportation customers, and the Company on an 80%/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and all Service Classification RDS customers.

6. As stated in the July 2022 Petition, the overall impact of the proposed adjustments to the CEP and OSMC rates would decrease the monthly bill of a residential customer using 100 therms by \$0.26, from \$110.59 to \$110.33, or a decrease of 0.2%, as compared to the rates in effect as of July 1, 2022.

7. Because the Company requested rate decreases in the July 2022 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.

8. By Order dated September 7, 2022, the Board approved a stipulation authorizing the Company to (1) suspend its WNC rate, implement (2) the CEP component of the SBC rate of \$0.0260 per therm and (3) an OSMC credit rate of \$0.0031 per therm, on a provisional basis, effective October 1, 2022 (“September 7 Provisional Order”). The September 7 Provisional Order decreased the monthly bill of a typical residential heating customer using 100 therms by \$0.26, from \$110.59 to \$110.33, or 0.2%, as compared to the rates in effect as of July 1, 2022.

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 set forth below.

II. STIPULATED TERMS

10. The Parties stipulate and agree that the suspension of the WNC rate and the provisional CEP and OSMC rates should be made final as of the effective date of a Board Order approving this Stipulation of Settlement (“Stipulation”) in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify (“Effective Date”).

11. As of the Effective Date, the Company will make effective as final (1) suspension of the WNC rate of \$0.0000 per therm, (2) its CEP component of the SBC rate of \$0.0260 per therm, and (3) its OSMC credit rate of \$0.0031 per therm. These rates shall remain in effect on a final basis until changed by Order of the Board.

12. Approval of the provisional CEP and OSMC rates as final will have no further impact on the monthly bills of residential heating customers.

13. Upon approval by the Board of the CEP and OSMC rates reflected in this Stipulation, the Company will file with the Board, tariff sheets to reflect the final CEP and OSMC rates and changes to the tariff agreed to in this Stipulation.

III. MISCELLANEOUS

14. If the Board approves this Stipulation in its entirety, all issues concerning the WNC, CEP and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

15. 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.

16. 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 the Stipulation to be binding on them for all purposes herein.


17. 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, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.


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, as soon as reasonably possible.

ELIZABETHTOWN GAS COMPANY

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


By: 

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VP, Rates, Regulatory and Sustainability

By: 

Sarah H. Steindel, Esq.
Assistant Deputy Rate Counsel

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

By: 

Terel Klein
Deputy Attorney General

Dated: April 18, 2023

GR22070466 – ETG 2022 WNC/CEP/OSMC