



Agenda Date: 9/27/23
Agenda Item: 2H

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 FOR APPROVAL)
OF A RATE ADJUSTMENT PURSUANT TO THE)
INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”)) DECISION AND ORDER
APPROVING STIPULATION
DOCKET NO. GR23040270

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Dominick DiRocco, Esq., Vice President, Rates & Regulatory Affairs, SJI Utilities, Inc.

BY THE BOARD:

On April 28, 2023, Elizabethtown Gas Company (“ETG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) and subsequently updated on July 17, 2023 (“July 2023 Update”), seeking rate adjustments to recover annualized increases in the revenue requirements for the Company’s Infrastructure Investment Program (“IIP”) (“2023 Petition”). By this Order, the Board considers a stipulation of settlement (“Stipulation”) executed by ETG, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”), the only parties to this proceeding (collectively, “Parties”), intended to resolve the Company’s requests related to the 2023 Petition.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated June 12, 2019, the Board authorized ETG to invest up to \$300 million in the Company’s IIP over a five (5) year period, from July 1, 2019 through June 30, 2024, to replace up to 250 miles of cast iron and bare steel mains and related services, and install excess flow valves on new service lines (“IIP Projects”).¹ The Company’s \$300 million program cost cap excluded Allowance for Funds Used during Construction (“AFUDC”) and certain baseline capital spending amounts recovered by the Company through base rates.²

¹ In re the Petition of Elizabethtown Gas Company to Implement an Infrastructure Investment Program (“IIP”) and Associated Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:3-2A, BPU Docket No. GR18101197, Order dated June 12, 2019 (“IIP Order”).

² The program cost cap is derived by applying a cost per mile cap of \$1.2 million per mile to the 250 IIP miles over the five (5) year term of the IIP.

2023 PETITION

The 2023 Petition represented the fourth annual cost recovery filing for the Company's IIP. In the 2023 Petition, ETG sought approximately \$6.2 million in revenue requirements, excluding Sales and Use Tax, for plant in-service IIP Projects from July 1, 2022 through June 30, 2023 with actual and projected IIP investments of approximately \$57.8 million of plant in service, excluding AFUDC and the cost of the IIP Independent Monitor. The 2023 Petition included actual data through March 31, 2023 and projected data through June 30, 2023.

The Company filed the July 2023 Update with a full year of actual IIP investment data through June 30, 2023 that supported a revenue requirement of approximately \$6.2 million, excluding sales tax, associated with approximately \$58.0 million of plant in service, excluding AFUDC and the cost of the IIP Independent Monitor. The updated calculations are as follows:

Elizabethtown Gas Company	
Infrastructure Investment Program ("IIP")	
Revenue Requirement Roll In	
	June 2023
	Roll-In October 1, 2023
Plant In Service (excluding AFUDC)	\$58,031,999
Monitor	\$60,000
Advanced Leak Detection (ALD) Report	\$0
AFUDC	\$310,301
Total Plant In Service	\$58,402,300
Book Depreciation, half year	-\$602,473
Deferred Income Tax	-\$446,278
Rate Base	\$57,353,549
Rate of Return- net of tax	6.31%
Return on Rate Base	\$3,619,009
O&M Reduction. for Leak Repairs	-\$64,701
Advanced Leak Detection expense, net of tax	\$0
Depreciation Exp. Net of tax	\$866,235
Allowable Net Income	\$4,420,543
Revenue Factor	1.404475
Current Revenue Requirement	\$6,208,542

After publication of notice in newspapers of general circulation in the Company's service territory, virtual public hearings were held at 4:30 p.m. and 5:30 p.m. on August 30, 2022.³ No members of the public attended the public hearings or submitted written comments.

³ Public hearings were held virtually due to the COVID-19 pandemic.

STIPULATION

Following a review of the 2023 Petition, the July 2023 Update and discovery, the Parties executed the Stipulation, which provides for the following:⁴

7. The Parties acknowledge that the Company's tariff will be updated to reflect the proposed IIP and Margin Revenue Factor MRF rates set forth in the Stipulation and as shown in Appendix A of the Stipulation. The stipulated IIP and MRF rates are calculated in Appendix B of the Stipulation. The tariff rates will become effective upon Board approval and shall be provisional, subject to refund, as set forth in the IIP Order. The prudence of the IIP projects placed in service during the period July 1, 2022 through June 30, 2023 will be reviewed by the Board and Rate Counsel in a future ETG base rate proceeding.

EFFECTIVE RATES

8. Upon Board approval, the Company will implement its IIP and MRF rates as shown in Appendix A of the Stipulation and these rates shall remain in effect until changed by Order of the Board. The impact of the proposed rider rates for a residential customer using 100 therms, inclusive of sales tax, results in a monthly bill increase of \$1.58 from \$103.77 to \$105.35, or 1.5%, based upon rates in effect on July 1, 2023.

FUTURE FILINGS

9. The Company's future annual filings for cost recovery shall continue to comply with the IIP Order.
10. The Parties agree to use a rate base earnings test as approved by the Board's Order dated August 17, 2022 in the Company's most recent base rate case in BPU Docket No. GR21121254.

ALL ISSUES RESOLVED

11. If the Board approves the Stipulation in its entirety, all issues concerning the IIP and the costs recovered through this clause are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

DISCUSSION AND FINDING

Having carefully reviewed the record in this matter, including the 2023 Petition, the July 2023 Update and the Stipulation, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

⁴ Although summarized in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

The Board **HEREBY APPROVES** the rates reflected in Appendix A of the Stipulation on a provisional basis, subject to refund and review for prudence in a future base rate case, effective for service rendered on and after October 1, 2023.

As a result of the Stipulation, a typical residential customer using 100 therms will see an increase in their monthly bill of \$1.58 or approximately 1.5%.

Accordingly, the Board **HEREBY DIRECTS** ETG to file revised tariff sheets conforming to the terms of its Order by September 30, 2023.

The Company's costs, including those related to the IIP, will 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.

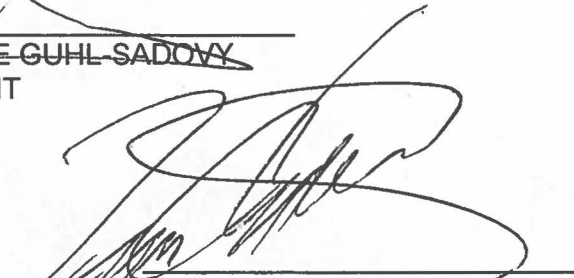
This Board Order shall be effective on September 27, 2023.

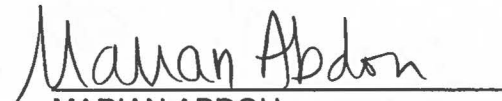
DATED: September 27, 2023

BOARD OF PUBLIC UTILITIES
BY:


CHRISTINE GUHL-SADOVY
PRESIDENT


MARY ANNA HOLDEN
COMMISSIONER


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER

ATTEST: 
SHERRILL GOLDEN
SECRETARY

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF A RATE
ADJUSTMENT PURSUANT TO THE INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")

DOCKET NO. GR23040270

SERVICE LIST

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Dominick DiRocco, Esq.
VP/Rates & Regulatory Affairs

September 5, 2023

Electronic Filing

Sherri L. Golden, Secretary of the Board
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 Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program (“IIP”) BPU Docket No. GR23040270

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 September 27, 2023 agenda meeting.

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Dominick DiRocco".

Dominick DiRocco

DD:slp
Enclosures

cc: Service List (electronic only)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
FOR APPROVAL OF A RATE ADJUSTMENT PURSUANT TO THE
INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”)
BPU DOCKET NO. GR23040270**

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

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF A RATE ADJUSTMENT PURSUANT TO THE INFRASTRUCTURE INVESTMENT PROGRAM (“IIP”)	x	
	:	BPU Docket No. GR23040270
	:	
	:	
	:	STIPULATION OF SETTLEMENT
	x	

APPEARANCES:

Dominick DiRocco, Esq., Vice President, Rates & Regulatory Affairs, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Deputy Rate Counsel, **Mamie W. Purnell, Esq.**, Assistant Deputy Rate Counsel and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel for the New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.** Director)

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

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

This Stipulation of Settlement (“Stipulation”) addresses the petition filed by Elizabethtown Gas Company (“ETG” or “Company”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) on April 28, 2023 (“Petition”), and subsequently updated on July 17, 2023 (“July 2023 Update”), for rate adjustments related to the cost recovery associated with the Company’s Infrastructure Investment Program (“IIP”). The IIP was approved by Board Order dated June 12, 2019.¹

I. PROCEDURAL HISTORY

1. The IIP Order authorized the Company to implement the IIP for five (5) years commencing July 1, 2019 and continuing until June 30, 2024. The IIP Order allowed the Company

¹ In re the Petition of Elizabethtown Gas Company to Implement An Infrastructure Investment Program (“IIP”) and Associated Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:3-2(a), Final Decision and Order Approving Stipulation, BPU Docket No. GR18101197, Order dated June 12, 2019 (“IIP Order”).

to invest up to \$300 million, excluding Accumulated Funds Used During Construction (“AFUDC”), over the five (5) years to replace up to 250 miles of cast iron and bare steel mains and related services, as well as the installation of excess flow valves and new service lines. The Board also approved an associated cost recovery mechanism that is effectuated by annual rate adjustment filings (“Annual Filings”) made in April of each year with 9&3 Schedules through June 30th and with 12&0 updates filed by July 15th of each year.

2. In the Company’s most recent rate case effective on September 1, 2022, the first and second years IIP, per actual amounts through June 30, 2021, were rolled into base rates at which time the IIP Rider F was set to zero.² The Company’s third Annual Filing for the period July 1, 2021 through June 30, 2022 was made effective on October 1, 2022, inclusive of an update of the Margin Revenue Factor (“MRF”).³

3. The Company filed the Petition seeking approval of a rate adjustment to provide for the cost recovery associated with IIP projects placed in-service from July 1, 2022 through June 30, 2023, as well as certain IIP non-construction expenditures, such as planning and engineering of IIP projects. In the Petition, the Company provided actual IIP investment data for the period July 1, 2022 through March 31, 2023 and forecasted data for the period April 1, 2023 through June 30, 2023.

4. In the Petition, the Company sought the authority to recover an IIP revenue requirement of approximately \$6.2 million, excluding sales tax, associated with actual and projected IIP investments of approximately \$57.8 million of plant in service, excluding AFUDC

² In re the Matter of the Petition of Elizabethtown Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates, and Other Tariff Revisions, Decision and Order Adopting Initial Decision and Stipulation, BPU Docket No. GR2112154, OAL Docket No. PUC 008722-22. Order dated August 17, 2022.

³ In the Matter of the Petition of Elizabethtown Gas Company for Approval of a Rate Adjustment Pursuant to the Infrastructure Investment Program (IIP), Decision and Order Approving Stipulation, BPU Docket No. GR22040316, Order dated September 28, 2022.

and the cost of the IIP Independent Monitor. The impact of the rates proposed in the Petition for a residential customer using 100 therms, inclusive of sales tax, amounted to a monthly bill increase of \$1.58, or 1.5%, as compared to rates in effect at the time of the filing. The IIP investments, revenue requirement, and rate adjustment were supported by the direct testimony of Thomas Kaufmann, Manager, Rates and Tariffs and Michael Scacifero, Director, Engineering Services.

5. The Company filed the July 2023 Update with a full year of actual IIP investment data through June 30, 2023 that supported a revenue requirement of approximately \$6.2 million, excluding sales tax, associated with approximately \$58.0 million of plant in service, excluding AFUDC and the cost of the IIP Independent Monitor. As a result of the July 2023 Update, the impact of the proposed rider rate for a residential customer using 100 therms, inclusive of sales tax, amounted to a monthly bill increase of \$1.58 from \$103.77 to \$105.35, or 1.5%, based upon rates in effect on July 1, 2023. In addition, the Company proposed to update its tariff to modify the MRF for purposes of calculating the weather-related portion of the Conservation Incentive Program to reflect the proposed increased rates.

6. Notices setting forth the requested rate change and the date of the public hearings were placed in newspapers having circulation within ETG's service territory and served upon the appropriate county officials and clerks of all municipalities within the Company's service territory. The public hearings were held virtually on August 31, 2023, at 4:30 PM and 5:30 PM. No members of the public attended the public hearings or submitted written comments.

II. STIPULATED MATTERS

7. ETG, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively, "Parties"). The Parties acknowledge that the Company's tariff will be updated to reflect the proposed IIP and MRF rates as shown on Appendix A. The stipulated IIP and MRF rates are calculated on Appendix B. The

tariff rates will become effective upon Board approval and shall be provisional, subject to refund, as set forth in the IIP Order.⁴ The prudence of the IIP projects placed in service during the period July 1, 2022 through June 30, 2023 will be reviewed by the Board and Rate Counsel in a future ETG base rate proceeding.

Effective Rates

8. Upon Board approval, the Company will implement its IIP and MRF rates as shown on Appendix A and these rates shall remain in effect until changed by Order of the Board. The impact of the proposed rider rates for a residential customer using 100 therms, inclusive of sales tax, results in a monthly bill increase of \$1.58 from \$103.77 to \$105.35, or 1.5%, based upon rates in effect on July 1, 2023.

Future Filings

9. The Company's future Annual Filings for cost recovery shall continue to comply with the IIP Order.

10. The Parties agree to use a rate base earnings test as approved by the Board's Order dated August 17, 2022 in the Company's most recent base rate case in BPU Docket No. GR21121254.

All Issues Resolved

11. If the Board approves this Stipulation in its entirety, all issues concerning the IIP and the costs recovered through this clause are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

Entirety of Stipulation

12. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. If the Board does not adopt this Stipulation

⁴ IIP Order at 9.

in its entirety in an Order, 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


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

General Reservation

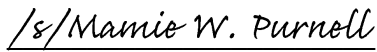
14. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

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.

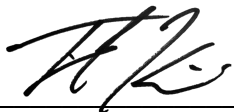
ELIZABETHTOWN GAS COMPANY

By: 
Dominick DiRocco, Esq.
VP, Rates & Regulatory Affairs

BRIAN O. LIPMAN,
DIRECTOR,
DIVISION OF RATE COUNSEL

By: 
Mamie W. Purnell, Esq.
Assistant Deputy Rate Counsel

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

By: 

Terel Klein
Deputy Attorney General

Dated: _____

BPU Docket No. GR23040270

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC") (continued)METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)I. Definition of Terms as Used Herein (continued)

6. Degree Day Consumption Factor ("DDCF") - the variable component (use per degree day) of the gas sendout for each month of the winter period normalized for weather and adjusted for lost and unaccounted for gas. The DDCF shall be updated annually in the Company's WNC reconciliation filing annualizing to reflect the change in number of customers that has occurred since the base rate proceeding that established the initial degree day consumption factor in base rate cases. The base number of customers used to establish the normalized use in therms per Customer and the calculated DDCF for purposes of calculating the weather-related portion of the CIP are as follows:

<u>Month</u>	<u>Base Number of Customers</u>	<u>Therms per Degree Day</u>
October	293,159	51,818
November	293,834	62,593
December	294,633	69,064
January	295,059	68,081
February	295,322	67,808
March	295,477	63,693
April	295,126	52,489
May	294,483	54,279

7. Margin Revenue Factor - the weighted average of the Distribution Charges as quoted in the individual service classes to which this clause applies net of applicable taxes and other similar charges and any other revenue charge not retained by the Company that these rates may contain in the future. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges from each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factor shall be redetermined each time base rates or IIP rates are adjusted. The current Margin Revenue Factor is \$0.4914 per therm pre taxes for purposes of calculating the weather-related portion of the CIP.

Date of Issue: xxx1

Effective: Service Rendered
on and after xxx2Issued by: Christie McMullen, President
520 Green Lane
Union, New Jersey 07083Filed Pursuant to Order of the Board of Public Utilities
Dated xxx3 in Docket No. xxx4

RIDER "F"

INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")

Applicable to all RDS, SGS, GDS, NGV, LVD, EGF and GLS classes and Firm Special Contract customers receiving service through the Company's distribution system. The IIP rate shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU.

		Per Therm
RDS	Residential	\$0.0351
SGS	Small General Service	\$0.0375
GDS	General Delivery Service	\$0.0275
GDS	Seasonal SP#1 May-Oct	\$0.0031
NGV	Natural Gas Vehicles	\$0.0644
LVD	Large Volume Demand	\$0.0099
EGF	Electric Generation	\$0.0275
GLS	Gas Lights	\$0.0333
	Firm Special Contracts	\$0.0016

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

The IIP is a five-year program to modernize and enhance the reliability and safety of the Company's gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron and vintage plastic mains and vintage plastic and copper services. As part of the IIP, Elizabethtown is upgrading its legacy low pressure system to an elevated pressure system, and installing excess flow valves and retiring district regulators that are presently required to operate the existing low pressure system. The costs recovered through the IIP Rider rate include the Company's after-tax weighted average cost of capital as adjusted upward for the revenue expansion factor, depreciation expense and applicable taxes.

Cost recovery under the IIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the IIP shall not be allowed. Any disallowance resulting from the earnings test will not be charged to customers in a subsequent IIP filing period, but the Company may seek such recovery in a subsequent base rate case.

Date of Issue: xxx1

Effective: Service Rendered
on and after xxx2Issued by: Christie McMullen, President
520 Green Lane
Union, New Jersey 07083Filed Pursuant to Order of the Board of Public Utilities
Dated xxx3 in Docket No. xxx4

REDLINE

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC") (continued)METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)I. Definition of Terms as Used Herein (continued)

6. Degree Day Consumption Factor ("DDCF") - the variable component (use per degree day) of the gas sendout for each month of the winter period normalized for weather and adjusted for lost and unaccounted for gas. The DDCF shall be updated annually in the Company's WNC reconciliation filing annualizing to reflect the change in number of customers that has occurred since the base rate proceeding that established the initial degree day consumption factor in base rate cases. The base number of customers used to establish the normalized use in therms per Customer and the calculated DDCF for purposes of calculating the weather-related portion of the CIP are as follows:

<u>Month</u>	<u>Base Number of Customers</u>	<u>Therms per Degree Day</u>
October	293,159	51,818
November	293,834	62,593
December	294,633	69,064
January	295,059	68,081
February	295,322	67,808
March	295,477	63,693
April	295,126	52,489
May	294,483	54,279

7. Margin Revenue Factor - the weighted average of the Distribution Charges as quoted in the individual service classes to which this clause applies net of applicable taxes and other similar charges and any other revenue charge not retained by the Company that these rates may contain in the future. The weighted average shall be determined by multiplying the margin revenue component of the Distribution Charges from each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factor shall be redetermined each time base rates or IIP rates are adjusted. The current Margin Revenue Factor is ~~\$0.47680~~ 0.4914 per therm pre taxes for purposes of calculating the weather-related portion of the CIP.

Date of Issue: ~~September 29, 2022~~ xxx1Effective: Service Rendered
on and after ~~October 1, 2022~~ xxx2Issued by: Christie McMullen, President
520 Green Lane
Union, New Jersey 07083

| Dated ~~September 28, 2022~~xxx3 in Docket No. ~~GR22040316~~xxx4

RIDER "F"

INFRASTRUCTURE INVESTMENT PROGRAM ("IIP")

Applicable to all RDS, SGS, GDS, NGV, LVD, EGF and GLS classes and Firm Special Contract customers receiving service through the Company's distribution system. The IIP rate shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU.

	Per Therm
RDS Residential	\$0.0193 <u>\$0.0351</u>
SGS Small General Service	\$0.0213 <u>\$0.0375</u>
GDS General Delivery Service	\$0.0127 <u>\$0.0275</u>
GDS Seasonal SP#1 May-Oct	\$0.0069 <u>\$0.0031</u>
NGV Natural Gas Vehicles	\$0.0345 <u>\$0.0644</u>
LVD Large Volume Demand	\$0.0061 <u>\$0.0099</u>
EGF Electric Generation	\$0.0041 <u>\$0.0275</u>
GLS Gas Lights	\$0.0179 <u>\$0.0333</u>
	<u>\$0.0016</u>
Firm Special Contracts	\$0.0010 <u>\$0.0010</u>

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

The IIP is a five-year program to modernize and enhance the reliability and safety of the Company's gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron and vintage plastic mains and vintage plastic and copper services. As part of the IIP, Elizabethtown is upgrading its legacy low pressure system to an elevated pressure system, and installing excess flow valves and retiring district regulators that are presently required to operate the existing low pressure system. The costs recovered through the IIP Rider rate include the Company's after-tax weighted average cost of capital as adjusted upward for the revenue expansion factor, depreciation expense and applicable taxes.

Cost recovery under the IIP is contingent on an earnings test. If the product of the earnings test calculation exceeds the Company's most recently approved ROE by fifty (50) basis points or more, cost recovery under the IIP shall not be allowed. Any disallowance resulting from the earnings test will not be charged to customers in a subsequent IIP filing period, but the Company may seek such recovery in a subsequent base rate case.

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~September 28, 2022~~xxx3 in Docket No. ~~GR22040316~~xxx4

ELIZABETHTOWN GAS COMPANY
Infrastructure Investment Program ("IIP")
Weather Normalization Clause ("WNC") Margin Revenue Factor ("MRF")
For Conservation Incentive Program (CIP) to Determine Weather and Non-Weather Amounts

Classes	Distribution Charge, including taxes (\$/ therm) a	less SUT tax 6.625% b	Margin Revenue, Distribution Charge excluding taxes, (\$/ therm) c = a - b	Class Sales for period October through May (therms) * d	Ratio of Class Sales to Total Sales for Period e= d / sum of d	Weighted Margin Revenue in Distribution Rate (\$/ therm) f = c * e
Base Rates						
RDS	\$0.5797	\$0.0360	\$0.5437	230,385,391	65.807%	\$0.3578
SGS	\$0.4522	\$0.0281	\$0.4241	22,131,332	6.321%	\$0.0268
GDS	\$0.2895	\$0.0180	\$0.2715	97,580,084	27.872%	\$0.0757
				<u>350,096,807</u>	<u>100.00%</u>	<u>\$0.4603</u>
IIP Rates						
RDS	\$0.0351	\$0.0022	\$0.0329	230,385,391	65.807%	\$0.0217
SGS	\$0.0375	\$0.0023	\$0.0352	22,131,332	6.321%	\$0.0022
GDS	\$0.0275	\$0.0017	\$0.0258	97,580,084	27.872%	\$0.0072
				<u>350,096,807</u>	<u>100.000%</u>	<u>\$0.0311</u>
					Total WNC- MRF	<u><u>\$0.4914</u></u>

* Therms per 2021 Rate Case

**ELIZABETHTOWN GAS COMPANY
Infrastructure Investment Program (“IIP”)
Proposed Rates - Oct 1, 2023**

Summary of Years 3 & 4 (Years 1&2 Rolled Into 2021 Rate Case Base Rates)

	Year 3 Current Rates w/ Tax	2021 Rate Case % of Base Revenues	Revenue Requirement	Revenue per Proof	2021 Rate Case Distribution Therms	Pre Tax Rates per Proof	Sales Tax 6.625%	Years 3 & 4 Rates w/ Tax	Year 4 Rate Changes w/ Tax
Residential	\$0.0193	66.325001%	\$8,296,420	\$8,305,381	252,443,185	\$0.0329	\$0.0022	\$0.0351	\$0.0158
Small General Service	\$0.0213	6.693284%	\$837,245	\$837,057	23,780,038	\$0.0352	\$0.0023	\$0.0375	\$0.0162
General Delivery Service	\$0.0127	22.952551%	\$2,871,074	\$2,872,998	111,356,509	\$0.0258	\$0.0017	\$0.0275	\$0.0148
GDS SP#1 May -Oct	\$0.0069	0.000769%	\$96	\$95	32,668	\$0.0029	\$0.0002	\$0.0031	(\$0.0038)
Natural Gas Vehicles	\$0.0345	0.022968%	\$2,873	\$2,872	47,552	\$0.0604	\$0.0040	\$0.0644	\$0.0299
Large Volume Demand	\$0.0061	3.846146%	\$481,104	\$480,592	51,676,578	\$0.0093	\$0.0006	\$0.0099	\$0.0038
Electric Generation	\$0.0041	0.000000%	\$0	\$0	-	\$0.0258	\$0.0017	\$0.0275	\$0.0234
Gas Lights	\$0.0179	0.000660%	\$83	\$83	2,664	\$0.0312	\$0.0021	\$0.0333	\$0.0154
Firm Spec. Contracts	\$0.0010	0.158620%	<u>\$19,841</u> \$12,508,736	<u>\$20,419</u> \$12,519,497	13,612,932	\$0.0015	\$0.0001	\$0.0016	\$0.0006

ELIZABETHTOWN GAS COMPANY
Infrastructure Investment Program ("IIP")

Proof of Revenue
Summary of Years 3 & 4 (Years 1&2 Rolled Into 2021 Rate Case Base Rates)
\$12,508,737

	Determinants 2021 Rate Case		Approved Rider F Rates Pre Tax		Proposed Rider F Rates Pre Tax	
	Amount	Units	Rates	Revenue	Rates	Revenue Proof
			IIP Dkt. No. GR22040316, Eff. 10-01-22			
<u>Residential Service</u>	285,133	Customers	RDS		RDS	
Customer Charge	3,421,596	Bills	\$0.00	\$0	\$0.00	\$0
Rider F Charge	252,443,185	Therms	\$0.0181	\$4,569,222	\$0.0329	\$8,305,381
Total Base Rate Revenues				\$4,569,222		\$8,305,381
<hr/>						
<u>Small General Service</u>	17,312	Customers	SGS		SGS	
Customer Charge	207,744	Bills	\$0.00	\$0	\$0.00	\$0
Rider F Charge	23,780,038	Therms	\$0.0200	\$475,601	\$0.0352	\$837,057
Total Base Rate Revenues				\$475,601		\$837,057
<hr/>						
<u>General Delivery Service</u>	6,585	Customers	GDS		GDS	
Customer Charge	79,020	Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge	22,336,313	Therms	\$0.000	\$0	\$0.000	\$0
Rider F Charge	111,356,509	Therms	\$0.0119	\$1,325,142	\$0.0258	\$2,872,998
SP#1 DG/AC (SP#1 Nov- Apr)	inc above					
SP#1 DG/AC (SP#1 May - Oct)	32,668	Therms	\$0.0065	\$212	\$0.0029	\$95
Economic Development Discont (SP#2)	inc above					
Total Base Rate Revenues	111,389,177	Total Rider F Therms		\$1,325,142		\$2,873,093
<hr/>						
<u>Electric Generation Firm Service</u>	0	Customers	EGF		EGF	
			<i>If Zero Therms, Set Rider F Equal to GDS</i>			
Customer Charge	0	Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge	0	Therms	\$0.000	\$0	\$0.000	\$0
Rider F Charge	0	Therms	\$0.0038	\$0	\$0.0258	\$0
Total Base Rate Revenues				\$0		\$0
<hr/>						
<u>Large Volume Demand</u>	50	Customers	LVD		LVD	
Customer Charge	600	Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge	4,507,025	Therms	\$0.000	\$0	\$0.000	\$0
Rider F Charge	51,676,578	Therms	\$0.0057	\$294,556	\$0.0093	\$480,592
Total Base Rate Revenues				\$294,556		\$480,592

ELIZABETHTOWN GAS COMPANY
Infrastructure Investment Program ("IIP")

Proof of Revenue
Summary of Years 3 & 4 (Years 1&2 Rolled Into 2021 Rate Case Base Rates)
\$12,508,737

	Determinants 2021 Rate Case		Approved Rider F Rates Pre Tax		Proposed Rider F Rates Pre Tax	
	Amount	Units	Rates	Revenue	Rates	Revenue Proof
			IIP Dkt. No. GR22040316, Eff. 10-01-22			
		1 Customers	NGV		NGV	
<u>Natural Gas Vehicles</u>		12 Bills	<i>re-set allocation, to be only on the Dist.Chg</i>			
Rider F Charge	47,552	Therms	\$0.0324	\$1,541	\$0.0604	\$2,872
Fueling Charge	47,552	Therms	\$0.0000	\$0	\$0.0000	\$0
Facilities Charge	47,552	Therms	\$0.0000	\$0	\$0.0000	\$0
Total Base Rate Revenues			\$0.0324	\$1,541	\$0.0604	\$2,872
		7 Customers	GLS		GLS	
<u>Gas Lights Service</u>		84 Bills				
Service Charge			\$0.27		\$0.46	
Rider F Charge	2,664	Therms	\$0.0168	\$45	\$0.0312	\$83
Total Base Rate Revenues				\$45		\$83
Total Firm Rate Class	439,339,194	Therms		\$6,666,107		\$12,499,078
			CSI		CSI	
<u>Closed Tariff 2 Kean Meters Left</u>						
<u>Interruptible Cogeneration Sales Service</u>						
Service Charge	12	Bills	\$0.00	\$0	\$0.00	\$0
Distribution Charge, retain 20%	70	Therms	\$0.0000		\$0.0000	
Total Base Rate Revenues				\$0		\$0
			IS		IS	
<u>Interruptible Sales Service</u>						
Service Charge	12	Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge	9,444	Therms	\$0.0000	\$0	\$0.0000	\$0
Distribution Charge, retain 20%	21,741	Therms	\$0.0000		\$0.0000	
Total Base Rate Revenues				\$0		\$0

ELIZABETHTOWN GAS COMPANY
Infrastructure Investment Program ("IIP")

Proof of Revenue

Summary of Years 3 & 4 (Years 1&2 Rolled Into 2021 Rate Case Base Rates)
\$12,508,737

	Determinants 2021 Rate Case		Approved Rider F Rates Pre Tax		Proposed Rider F Rates Pre Tax	
	<u>Amount</u>	<u>Units</u>	<u>Rates</u>	<u>Revenue</u>	<u>Rates</u>	<u>Revenue Proof</u>
<u>IIP Dkt. No. GR22040316, Eff. 10-01-22</u>						
			<u>ITS-IS</u>		<u>ITS-IS</u>	
<u>Interruptible Transportation Service</u>		10 Customers				
Service Charge		120 Bills	\$0.00	\$0	\$0.00	\$0
Demand Chg., retain 1st \$0.08/ 20% thereafter	289,000	Therms	\$0.000	\$0 *	\$0.000	\$0
Distribution Charge, retain 20%	2,050,698	Therms	\$0.0000		\$0.0000	
Total Base Rate Revenues				\$0		\$0
*Amount is the 1st \$0.08 per therm						
			<u>ITS-CSI</u>		<u>ITS-CSI</u>	
<u>Interruptible Cogeneration</u>		No Customers				
<u>Transportation Service</u>		0 Customers				
Service Charge		0 Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge, retain 20%		0 Therms	\$0.000		\$0.000	
Distribution Charge, retain 20%		0 Therms	\$0.0000		\$0.0000	
Total Base Rate Revenues				\$0		\$0
			<u>ITS-LVD</u>		<u>ITS-LVD</u>	
<u>Interruptible LVD Sales Service</u>		35 Customers				
Service Charge		420 Bills	\$0.00	\$0	\$0.00	\$0
Demand Charge	4,277,425	Therms	\$0.000	\$0	\$0.000	\$0
Distribution Charge	35,980,038	Therms	\$0.0000	\$0	\$0.0000	\$0
Total Base Rate Revenues				\$0		\$0
	<i>FYI w/ Flex Therms</i>	36,417,630				
Total Interruptible Rate Class Revenues				\$0		\$0
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$6,666,107		\$12,499,078
<u>Other Revenues</u>						
Special Contracts Firm				\$12,252		\$20,419
Special Contracts Interruptible and ITS-LVD Flex				\$0		\$0
Other Revenues				\$0		\$0
Total Other Revenues				\$12,252		\$20,419
				<u>Yr 3 Previously</u>		
IIP REVENUES, per Approved and Proposed Rates				<u>Approved *</u>	<u>Change</u>	<u>Total</u>
Total Target Change (TK-3)				\$6,282,774	\$6,236,723	\$12,519,497
Difference				(\$17,421)	\$28,181	\$10,760

* Docket. No. GR22040316, Dated 9-28-22 Effective on: 10-1-22.