



Agenda Date: 3/9/20  
Agenda Item: 2A

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 9<sup>th</sup> Floor**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER
ELIZABETHTOWN GAS COMPANY TO REVISE THE	)	APPROVING STIPULATION
REMEDICATION ADJUSTMENT CLAUSE COMPONENT	)	
OF ITS SOCIETAL BENEFITS CHARGE RATE	)	DOCKET NO. GR19070871

**Parties of Record:**

**Deborah M. Franco, Esq.**, on behalf of Elizabethtown Gas Company  
**Stefanie A. Brand, Esq., Director**, on behalf of New Jersey Division of Rate Counsel

BY THE BOARD:

On July 31, 2019, 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 Remediation Adjustment Clause (“RAC”) activities costs incurred between July 1, 2018 through June 30, 2019 (“RAC Period”) plus prior period true-up amounts (“2019 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 addresses the issues in the 2019 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 manufactured gas plant (“MGP”) sites, on a deferred basis over a rolling seven (7) year period with carrying charges tied to the seven (7) year treasuries plus sixty (60) basis points.

The Company owns and/or operated six (6) former MGP sites in New Jersey. These sites are located in Elizabeth (two plants), Rahway, Perth Amboy, Flemington, and Newton. The Elizabeth, Rahway and Perth Amboy sites were solely owned and/or operated by the Company and/or its predecessor companies. Flemington and Newton were co-owned by a predecessor of Jersey Central Power and Light Company ("JCP&L"), which is currently owned by First Energy.

### **2019 RAC PETITION**<sup>1</sup>

The Company's 2019 Petition sought RAC related costs for former manufactured gas plant sites incurred during the period July 1, 2012 through June 30, 2019, which is based upon a seven (7) year cost amortization, in addition to specific adjustments and prior period true-up amounts. The 2019 RAC Period cost totaled \$5,322,183 from which \$9,334,111 was deducted for third party recoveries, and \$745,845 was applied for the deferral of 50% of litigation insurance costs. The proposed net remediation cost of (\$3,266,083) would be recovered over the seven (7) year amortization period. With respect to the Flemington and Newton sites, the 2019 RAC Petition only sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.<sup>2</sup>

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 30<sup>th</sup> for the periods 2013 through 2019 totaling (\$210,991), and the net recoverable amount for each year of (\$311,806) plus the deferred tax adjustment of \$100,815; (b) the \$380,303 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 under recovery balance of \$6,949,444. The sum of these amounts total \$7,017,941, which was divided by projected sales and service volumes from October 1, 2019 through September 30, 2020.

The Company proposed to increase the SBC-RAC rate from \$0.0020<sup>3</sup> per therm to \$0.0150 per therm effective October 1, 2019. The rate was designed to recover approximately \$7.0 million in RAC related costs over a twelve (12) month period.

Through the course of discovery, Elizabethtown updated its RAC schedules based upon actual remediation data as follows: (a) one-seventh (1/7) of the Company's net deferred remediation costs incurred over 12 months ending June 30<sup>th</sup> for the periods 2013 through 2019 totaling (\$322,790), and is comprised of (\$222,765) of amortized costs plus the deferred tax adjustment of (\$100,025); (b) \$380,143 interest accrued on RAC related costs; and (c) the prior year's RAC under recovery balance of \$6,919,460. The sum of these amounts is \$6,976,813, resulting in a decrease in the Company's SBC-RAC rate from \$0.0150 per therm to \$0.0149 per therm.

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<sup>1</sup> The 2019 Petition did not seek any adjustment to the other SBC rate components, i.e. the NJCEP, USF and Lifeline charges.

<sup>2</sup> 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.

<sup>3</sup> All rates herein include sales and use taxes.

After publication of notice in newspapers in general circulation in the Company's service territory, on November 18 and 25, 2019, public hearings regarding this docket were held in Flemington and Union, respectively. One member of the public attended the Flemington hearings to offer general comments about the cost of gas. No members of the public appeared at the Union hearings or filed written comments.

## **STIPULATION**

Following a review of discovery, the Parties reached an agreement on issues related to the 2019 Petition and Update set forth in Discovery Response RCR-A-11, and on January 31, 2020, executed the Stipulation. The key terms of the Stipulation are as follows:<sup>4</sup>

### **Effective Rates**

- B. As of the effective date, Elizabethtown will implement an SBC-RAC rate of \$0.0149 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board. The calculation of this rate is set forth in Appendix A of the Stipulation.
- C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2019 RAC Petition and updated with actuals through June 2019 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 SBC-RAC filing 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.

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<sup>4</sup> 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.

- E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements as set forth in Appendix B of the Stipulation and that it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.
- F. Upon approval by the Board of the SBC-RAC rate reflected in the Stipulation, the Company will file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in the Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix C.
- G. Board Approval of the SBC-RAC rate in the Stipulation will result in a total SBC rate of \$0.0483 per therm, inclusive of all applicable taxes.

### **Rate Impact**

- H. The rate increase of the SBC-RAC rate from a rate of \$0.0020 per therm to \$0.0149 per therm will increase the monthly bill of a typical residential heating customer using 100 therms by \$1.29, from \$104.13 to \$105.42, or an increase of 1.2%, as compared to Elizabethtown's January 1, 2020 rates.

### **DISCUSSION AND FINDING**

The Board reviewed the record in this proceeding, including the attached Stipulation. The Board **FINDS** it to be reasonable and in the public interest, being persuaded that the MGP costs have been thoroughly reviewed. The Board **HEREBY FINDS** that the Company's MGP remediation work performed during the RAC Period was prudent, and the resulting MGP costs for the RAC Period are reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein and **HEREBY APPROVES** the Company's implementation of an increase in its RAC rate to \$0.0149 per therm for service rendered on or after April 1, 2020. The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to April 1, 2020. The monthly bill impact on a typical residential heating customer using 100 therms will see an increase in their bill of \$1.29 or 1.2%.

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.


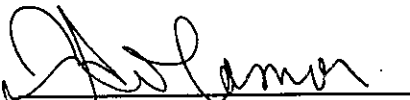
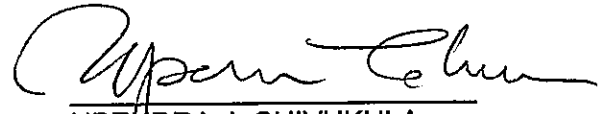
The Company's costs, including those related to the RAC, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.



This Order shall be effective on March 19, 2020.

DATED: 3/9/20

BOARD OF PUBLIC UTILITIES  
BY:

  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT  
\_\_\_\_\_  
DIANNE SOLOMON  
COMMISSIONER  
\_\_\_\_\_  
UPENDRA J. CHIVUKULA  
COMMISSIONER  
\_\_\_\_\_  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
AIDA CAMACHO-WELCH  
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 REVISE THE  
REMEDIAL ADJUSTMENT CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE

BPU DOCKET NO. GR19070871

**SERVICE LIST**

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Deborah M. Franco, Esq.  
Director, Regulatory Affairs Counsel

January 31, 2020

**VIA UNITED PARCEL SERVICE & ELECTRONIC MAIL**

Aida Camacho-Welch, Secretary New  
Jersey Board of Public Utilities  
44 S. Clinton Ave., 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**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. GR19070871**

Dear Secretary Camacho-Welch:

Enclosed for filing and consideration by the New Jersey Board of Public Utilities is a Stipulation to resolve the above-referenced proceeding.

Please direct any inquiries to the undersigned. Thank you for your consideration.

Respectfully yours,



Deborah M. Franco

cc: Service List (electronic only)

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

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**In The Matter Of The Petition Of** : **BPU Docket No. GR19070871**  
**Elizabethtown Gas Company To** :  
**Revise The Remediation Adjustment Clause** :  
**Component of its Societal Benefits Charge Rate** : **FINAL STIPULATION**  
:  
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**APPEARANCES:**

**Deborah M. Franco, Esq.**, Director, Regulatory Affairs Counsel, Elizabethtown Gas Company

**Brian O. Lipman, Esq.**, Litigation Manager, **Felicia Thomas-Friel, Esq.**, Managing Attorney Gas, Division of Rate Counsel, **Maura Caroselli, Esq.** and **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsels, Division of Rate Counsel (**Stefanie A. Brand**, Director, Division of Rate Counsel)

**Matko Ilic**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

**BACKGROUND**

1. On July 31, 2019, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR19070871 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate (“2019 RAC Petition”).

2. The 2019 RAC Petition proposed an increase to the Company’s SBC-RAC rate of \$0.0020 per therm to \$0.0150 per therm, inclusive of applicable taxes.<sup>1</sup> The proposed SBC-RAC rate was designed to recover approximately \$7.0 million in RAC-related costs over a 12-month period.

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<sup>1</sup> The Company’s rate of \$0.0020 per therm was approved in a May 8, 2019 Board Order in BPU Docket No. GR18080885.

3. The RAC-related costs for which recovery was sought in the 2019 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, 2012 through June 30, 2019, based upon a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. Based upon the 2019 Petition, the 2019 costs totaled \$5,322,183, from which \$9,334,111 was deducted for third party recoveries, and \$745,845 was applied for the deferral of 50% of litigation insurance costs, resulting in proposed recoverable net remediation costs of (\$3,266,083) that are subject to recovery of the seven-year amortization period.

4. The amounts in the 2019 Filing were updated with actual data through June 30, 2019, in response to the discovery request RCR-A-11. The update resulted in a decrease in the under recovered balance from \$7,017,941 to \$6,976,813, and yielded a lower SBC-RAC rate per therm than the originally proposed SBC-RAC rate which was based on actual data through May 2019 and an estimate for June 2019. The update supports a decrease in the SBC-RAC rate from the proposed rate of \$0.0150 per therm to \$0.0149 per therm, the calculation of which is shown on Appendix A, and is the rate the Company is seeking herein.

5. In accordance with the Company's tariff, the Company's proposed SBC-RAC rider rate was determined by calculating the sum of: (i) one-seventh of its net deferred remediation costs incurred during the 12 months ending June 30<sup>th</sup> for the periods ending 2019, 2018, 2017, 2016, 2015, 2014, and 2013, totaling (\$322,790), which consists of the net of each year as shown below, which equals (\$222,765) of amortized costs plus the deferred tax adjustment of (\$100,025); (ii) \$380,143 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 under recovered balance of \$6,919,460. The sum of these amounts, as shown on Appendix A, total \$6,976,813, which was

divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider rate of \$0.0149 per therm, inclusive of all applicable taxes.

<u>Year</u>	<u>Recoverable Amount</u>
2019	(\$446,260)
2018	\$3,579,814
2017	\$2,089,315
2016	(\$3,140,089)
2015	(\$3,569,210)
2014	\$530,686
2013	<u>\$632,952</u>
Total	<u>(\$322,790)</u>

6. 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, including the Renora Landfill, 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 2019 RAC Petition only sought recovery of costs attributable to Elizabethtown.<sup>2</sup>

7. The 2019 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.

<sup>2</sup> 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.

8. The 2019 RAC Petition was not transmitted to the Office of Administrative Law by the Board. Public hearings were held on November 18, 2019, in Flemington, New Jersey and November 25, 2019, in Union, New Jersey. One member of the public attended the November 18, 2019 hearing to offer general comments about the cost of gas.

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.

### **STIPULATED MATTERS**

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 SBC-RAC rate change 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 implement an SBC-RAC rate of \$0.0149 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by Order of the Board. The calculation of this rate is set forth in Appendix A which is attached to this Stipulation.

C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2019 RAC Petition and updated with actuals through June 2019 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 SBC-RAC filing 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 shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.

F. Upon Board approval of the SBC-RAC rate reflected in this Stipulation, the Company will file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix C.

G. Board approval of the SBC-RAC rate in this Stipulation will result in a total SBC rate of \$0.0483 per therm, inclusive of all applicable taxes.



**Rate Impact**

H. The rate increase of the SBC-RAC rate from a rate of \$0.0020 per therm to \$0.0149 per therm will increase the monthly bill of a typical residential heating customer using 100 therms by \$1.29, from \$104.13 to \$105.42, or an increase of 1.2%, as compared to Elizabethtown's January 1, 2020 rates.

**All Issues Resolved**

I. Upon the Board's approval of this Stipulation, all issues related to Elizabethtown's SBC-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**

**STEFANIE A. BRAND  
DIRECTOR, DIVISION OF  
RATE COUNSEL**

By:   
Deborah M. Franco  
Director, Regulatory Affairs Counsel

By:   
Maura Caroselli, Esq.  
Assistant Deputy Rate Counsel

**GURBIR S. GREWAL  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey Board of Public Utilities**

By:   
Matko Ilic  
Deputy Attorney General

Dated: January 31, 2020

GR19070871

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

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM

October 1, 2019 through September 30, 2020

RECOVERY YEAR - 2020

July 2019 12 Months Actual

1a Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)	(\$222,765)
1b Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)	<u>(\$100,025)</u>
1 Recovery Year Recoverable Costs (L1a +L1b)	(\$322,790)
2 Accrued Carrying Costs (Sch. TK-3)	\$380,143
3 Prior Year RAC Underrecovery (Sch. TK-4)	<u>\$6,919,460</u>
4 Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)	\$6,976,813
5 Projected Normalized Sales and Services (Forecast Sch. TK-1)	498,457,743 therms
6 RAC COMPONENT, before taxes (L4/L5)	\$0.0140 /therm
7 Sales & Use Tax @ 6.625%	<u>\$0.0009</u>
8 RAC COMPONENT (L6+L7)	<u><u>\$0.0149</u></u> /therm

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

<b>Minimum Filing Requirements</b>	<b>Schedule</b>
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**

<b>Minimum Filing Requirements</b>	<b>Schedule</b>
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
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



ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. 17 – GAS

xx1 ~~REVISED ORIGINAL~~ SHEET NO. 115

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0213
II.	Remediation Adjustment Charge ("RAC")	\$0. <del>0020</del> <u>0149</u>
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	\$0.0055
	TOTAL	\$0. <del>0354</del> <u>0483</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.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

- CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: ~~November 14, 2019~~xx2

Effective: Service Rendered  
on and after ~~November 15, 2019~~  
xx3

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~November 13, 2019~~xx4 in Docket No. ~~GR19040486~~GR19070871

**CLEAN**

ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. 17 – GAS

xx1 REVISED SHEET NO. 115

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

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<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0213
II.	Remediation Adjustment Charge ("RAC")	\$0.0149
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	\$0.0055
	TOTAL	\$0.0483

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.

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Date of Issue: xx2

Effective: Service Rendered  
on and after xx3

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated xx4 in Docket No. GR19070871