



Agenda Date: 2/17/21  
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 TO (1) REVISE ITS	)	APPROVING FINAL
WEATHER NORMALIZATION CLAUSE RATE; (2)	)	STIPULATION
REVISE THE CLEAN ENERGY PROGRAM	)	
COMPONENT OF ITS SOCIETAL BENEFITS	)	
CHARGE RATE; AND (3) REVISE ITS ON-SYSTEM	)	
MARGIN SHARING CREDIT	)	DOCKET NO. GR20070501

**Parties of Record:**

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

BY THE BOARD:

On July 31, 2020, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to revise its rates relating to the review and true-up of: (1) its Weather Normalization Clause (“WNC”) rate, (2) the New Jersey Clean Energy Program (“CEP”) component of its Societal Benefits Charge (“SBC”), and (3) its On-System Margin Sharing Credit (“OSMC”) rate (“July 2020 Petition”).<sup>1</sup> 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 requests the Board approve changes in the WNC, CEP, and OSMC rates on a provisional basis, subject to refund with interest.

**BACKGROUND**

The WNC normalizes the financial impact of weather conditions on both the Company and its weather-sensitive ratepayers. An excess margin resulting from a colder than normal Winter Period is returned to ratepayers, while a deficit margin resulting from a warmer than normal Winter Period is recovered from ratepayers.<sup>2</sup> Daily variances in actual versus normal degree-days are measured and accumulated over the calendar month for each month in the Winter Period. The

<sup>1</sup>Elizabethtown’s SBC currently consists of four (4) components: 1) the CEP; 2) the Remediation Adjustment Clause; 3) the University Service Fund; and 4) Lifeline. Only the CEP is addressed in this matter. The other components are addressed in separate filings.

<sup>2</sup> Winter Period refers to the months of October through May.

resulting cumulative degree-day variance determines the adjustment to customers' bills in the following Winter Period.

The CEP was created as a result of the Electric Discount and Energy Competition Act 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.

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

### **JULY 2020 PETITION**

Elizabethtown filed the July 2020 Petition and accompanying exhibits, including pre-filed direct testimony.

### **WNC**

The July 2020 Petition sought to modify Elizabethtown's current per therm WNC rate from \$0.0000 to a rate of \$0.0171 per therm.<sup>3</sup> The proposed WNC rate was designed to recover a deficiency balance associated with the period October 1, 2019 through May 31, 2020 which was attributable to the overall warmer than normal weather during that period as well as the prior period excess balance. According to the July 2020 Petition, the current revenue deficiency balance was \$5,534,579 which was divided by the projected 2020-2021 Winter Period therm volumes and produced a proposed WNC rate of \$0.0171 per therm.

### **CEP**

In the July 2020 Petition, the Company proposed to modify the per therm CEP component of its SBC rate from \$0.0213 to \$0.0280. The proposed CEP rate was designed to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2020, and projected costs for the period ending June 30, 2021, which total \$13,247,917.

### **OSMC**

The July 2020 Petition sought to increase the per therm OSMC credit rate from \$0.0015 to a credit rate of \$0.0020. According to the July 2020 Petition, the Company's total OSMC balance to be credited to customers was \$603,923.

The overall impact of the proposed adjustments in the July 2020 Petition would be an increase in the monthly bill of a typical residential heating customer using 100 therms by \$2.33, from \$106.14 to \$108.47, or 2.2%, as compared to the rates in effect as of July 1, 2020.

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<sup>3</sup> All rates quoted herein include losses and Sales and Use Tax, unless otherwise stated. Per the tariff, the rate is set to \$0.0000 per therm each June 1st. The previous WNC rate of \$0.0051 per therm was in effect from April 1, 2020 through May 31, 2020.

After publication of notice in newspapers of general circulation in the Company's service territory, telephonic public hearings were held at 4:30 p.m. and 5:30 p.m. on September 10, 2020.<sup>4</sup> No members of the public attended or filed comments related to the Company's filing.

By Order dated September 23, 2020 in this docket, the Board approved a provisional stipulation entered into by the Parties establishing: (1) a WNC rate of \$0.0171 per therm; (2) a CEP component of the SBC rate of \$0.0280 per therm; and (3) an OSMC credit rate of \$0.0020 per therm ("September 23 Provisional Order").

### **STIPULATION**

Following further review and discussions, the Parties executed the Stipulation which provides for the following:<sup>5</sup>

#### **Effective Date**

- A. The Parties acknowledge that the final WNC, CEP and OSMC rates will become effective 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").

#### **Effective Rates**

- B. As of the Effective Date, the Company will maintain (1) its WNC rate of \$0.0171 per therm, (2) its CEP component of the SBC rate of \$0.0280 per therm, and (3) its OSMC credit rate of \$0.0020 per therm, each rate being inclusive of all applicable taxes, and those rates shall remain in effect on a final basis until changed by order of the Board.
- C. Upon approval by the Board of the WNC, CEP and OSMC rates reflected in the Stipulation, the Company will file with the Board tariff sheets to reflect the final WNC, CEP and OSMC rates agreed to in the Stipulation.

#### **Rate Impact**

- D. There will be no additional impact to customers as the final rates are the same as the provisional rates currently in effect.

#### **All Issues Resolved**

- E. Upon the Board's approval of the Stipulation, all issues concerning the WNC, CEP, and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding but remains subject to audit by the Board.

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<sup>4</sup> The hearings were held telephonically due to the COVID-19 pandemic.

<sup>5</sup> Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the stipulation are controlling, subject to the findings and conclusion in this Order. Paragraphs are lettered to coincide with the Stipulation.

**DISCUSSION AND FINDING**

The Board reviewed the record in this matter, including the July 2020 Petition and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY APPROVES** on a final basis, subject to refund with interest on any net over-recovered balance, a per therm WNC rate of \$0.0171, a per therm CEP rate of \$0.0280, and a per therm OSMC credit rate of \$0.0020. As a result of the Stipulation, customers will experience no additional changes to their monthly bills.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets by March 1, 2021 conforming to the terms and conditions of the Order.

The Company's costs, including those related to the WNC, CEP, and OSMC, remain subject to audit by the Board. This Decision and Order shall not preclude or prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

The effective date of this Order is February 27, 2021.

DATED: February 17, 2021

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

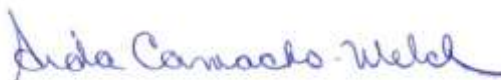


UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

In the Matter off the Petition of Elizabethtown Gas Company to (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of tis Societal Benefits Charge Rate; (3) Revise its On-System Margin Sharing Credit  
BPU Docket No. GR20070501

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January 22, 2021

Aida Camacho-Welch  
Office of the Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor  
P.O. Box 350  
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**Re: In the Matter of 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. GR20070501**

Dear Secretary Camacho-Welch:

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,

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

Deborah M. Franco

DMF:slp  
Enclosures  
cc: See attached Service List (with enclosures)

**IN THE MATTER OF 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 (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR20070501**

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

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**In the Matter of 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. GR20070501**  
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**STIPULATION REGARDING FINAL WNC, CEP, AND OSMC RATES**  
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**APPEARANCES:**

**Deborah M. Franco, Esq.**, Vice President, Rates, Regulatory and Sustainability, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

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

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

**TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:**

**I. PROCEDURAL HISTORY**

1. On July 31, 2020, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR20070501 seeking authority to revise its Weather Normalization Clause (“WNC”) rate, 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, 2020 through September 30, 2021 (“July 2020 Petition”).

2. The July 2020 Petition provided that Elizabethtown’s current rates in effect for the WNC, CEP and OSMC were approved on a final basis by the Board in the Company’s 2019 CEP/OSMC/WNC proceeding in BPU Docket No. GR19070873 in an Order dated March 9, 2020.



3. In the July 2020 Petition, Elizabethtown proposed to increase its current WNC rate from \$0.0000 per therm (or a credit rate of \$0.0051 per therm that was effective April 1, 2020 through May 31, 2020) inclusive of all applicable taxes, to \$0.0171 per therm inclusive of all applicable taxes, to be effective October 1, 2020 through May 31, 2021. As set forth in the July 2020 Petition, the proposed WNC rate was designed to recover a deficient balance associated with the period October 1, 2019 through May 31, 2020 that was attributed to the overall warmer than normal weather experienced in Elizabethtown's service territory during this period, as well as credit the prior year's excess balance.

4. In the July 2020 Petition, Elizabethtown also proposed to modify the current CEP component of its SBC rate from \$0.0213 per therm inclusive of all applicable taxes, to \$0.0280 per therm inclusive of all applicable taxes, to become effective October 1, 2020. As set forth in the July 2020 Petition, the proposed CEP rate was designed to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2020, and projected costs for the period ending June 30, 2021.

5. In the July 2020 Petition, Elizabethtown proposed to modify its current OSMC from a credit rate of \$0.0015 per therm to a credit rate of \$0.0020 per therm, inclusive of all applicable taxes, to become effective October 1, 2020. The rate is set in accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, 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 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. Due to the COVID-19 pandemic, public hearings concerning the Company's July 2020 Petition were held telephonically on September 10, 2020. No members of the public attended the public

hearings.

6. By Order dated September 23, 2020 issued in this proceeding, the Board approved a stipulation authorizing the Company to implement (1) a WNC rate of \$0.0171 per therm; (2) a CEP component of the SBC rate of \$0.0280 per therm; and (3) an OSMC credit rate of \$0.0020 per therm (“September 23 Provisional Order”). Each of the three rates (3) was made effective on a provisional basis on October 1, 2020, and included all applicable taxes. The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates increased the monthly bill of a typical residential heating customer using 100 therms by \$2.33, from \$106.14 to \$108.47, or 2.2%, as compared to the rates in effect as of July 1, 2020.

7. 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**

Based upon the terms and conditions set forth herein, the Parties stipulate and agree as follows:

### **Effective Date**

A. The Parties acknowledge that the final WNC, CEP and OSMC rates 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 Date”).

### **Effective Rates**

B. As of the Effective Date, the Company will maintain (1) its WNC rate of \$0.0171 per therm, (2) its CEP component of the SBC rate of \$0.0280 per therm, and (3) its OSMC credit rate of \$0.0020 per therm, each rate being inclusive of all applicable taxes, and those rates shall remain in effect on a final basis until changed by order of the Board.

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

**Rate Impact**

D. There will be no additional impact to customers as the final rates are the same as the provisional rates currently in effect.

**All Issues Resolved**

E. Upon the Board's approval of this Stipulation, 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.

**Entirety of Stipulation**

F. 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**

G. 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.

**General Reservation**


H. 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, and Rate Counsel shall not be deemed


to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. 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 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**

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

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

By:   
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**Assistant Deputy Rate Counsel**  
January 22, 2021  
GR20070501

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By:   
**Matko Ilic**  
**Deputy Attorney General**

**Dated: January 19, 2021**