



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</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 (1)	)	APPROVING STIPULATION FOR
REVISE ITS WEATHER NORMALIZATION	)	FINAL RATES
CLAUSE RATE; (2) REVISE THE CLEAN ENERGY	)	
PROGRAM COMPONENT OF ITS SOCIETAL	)	
BENEFITS CHARGE RATE; AND (3) REVISE ITS	)	
ON-SYSTEM MARGIN SHARING CREDIT	)	BPU DOCKET NO. GR21071007

**Parties of Record:**

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

BY THE BOARD:

On July 23, 2021, Elizabethtown Gas Company (“ETG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to revise the rates relating to the review and true-up of its: (1) Weather Normalization Clause (“WNC”) rate; (2) New Jersey Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate; and (3) On-System Margin Sharing Credit (“OSMC”) rate (“July 2021 Petition”).<sup>1</sup> 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”) (collectively, “Parties”) requesting that the Board approve changes in the WNC, CEP, and OSMC rates on a final basis.

**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

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

Period is recovered from ratepayers.<sup>2</sup> Variances in actual degree-days from normal for each day are measured and accumulated over the calendar month for each month in the Winter Period. The resulting cumulative degree-day variance determines the adjustment to customers' bill 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 2021 PETITION**

ETG filed the July 2021 Petition with accompanying exhibits and pre-filed direct testimony.

### **WNC**

In the July 2021 Petition, ETG sought to modify the current per therm WNC rate from \$0.0000 to \$0.0171.<sup>3</sup> The proposed rate was designed to recover a deficient balance associated with the period October 1, 2020 through May 31, 2021, which was attributable to the overall warmer than normal weather experienced in ETG's service territory, as well as recover the prior period deficient balance. The total revenue deficient balance is \$5,509,921 which, when divided by projected winter period therm volumes, produces the proposed WNC rate of \$0.0171 per therm.

### **CEP**

In the July 2021 Petition, the Company also proposed to modify the per therm CEP component of its SBC rate from \$0.0280 to \$0.0276. The proposed rate was designed to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2021, and projected costs for the period ending June 30, 2022, which total \$13,111,335. By Order dated June 24, 2021, the Board established the Fiscal Year 2022 statewide funding levels for CEP programs.<sup>4</sup> ETG was allocated \$12,474,243 of CEP funding responsibility for the 12 months ending June 30, 2022.

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

<sup>3</sup> All rates quoted herein include losses and Sales and Use Tax, unless otherwise stated.

<sup>4</sup> In re the Matter of the Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for Fiscal Year 2022 Clean Energy Program, BPU Docket No. QO21040721, Order dated June 24, 2021.

## **OSMC**

In the July 2021 Petition, ETG sought to increase the per therm OSMC credit rate from \$0.0020 to a credit rate of \$0.0021. The Company's total OSMC balance is \$662,916, which would be credited to firm customers.

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were conducted telephonically on August 25, 2021 at 4:30 pm and 5:30 pm.<sup>5</sup> No members of the public appeared at the hearings or filed comments to the Board regarding the July 2021 Petition.

By Order dated September 14, 2021 in this docket, the Board approved a stipulation for provisional rates establishing (1) a per therm WNC rate of \$0.0171; (2) a per therm CEP rate of \$0.0276; and (3) a per therm OSMC credit rate of \$0.0021 effective October 1, 2021 ("Provisional Rates Order"). As a result of the Provisional Rates Order, a typical residential customer using 100 therms on a monthly basis would see an increase in their bill of \$1.66, or approximately 1.7%.

## **STIPULATION**

Following further review and discussions, the Parties executed the Stipulation, which provides for the following:<sup>6</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 make effective as final (1) its WNC rate of \$0.0171 per therm, (2) its CEP component of the SBC rate of \$0.0276 per therm, and (3) its OSMC credit rate of \$0.0021 per therm, each rate being inclusive of all applicable taxes. The WNC rate shall remain in effect through May 31, 2022 and the CEP and OSMC credit 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.

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<sup>5</sup> The hearings were held telephonically due to the COVID-19 pandemic.

<sup>6</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 control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with 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 remain subject to audit by the Board.

**DISCUSSION AND FINDINGS**

The Board reviewed the record in this proceeding, including the July 2021 Petition and the Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** on a final basis a per therm WNC rate of \$0.0171, a per therm CEP rate of \$0.0276 and a per therm OSMC credit rate of \$0.0021. As a result of the Stipulation, customers will experience no additional changes to their monthly bills.

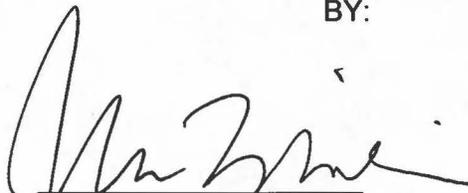
The Board **HEREBY DIRECTS** ETG to file the appropriate tariff sheets conforming to the terms of the Stipulation prior to March 1, 2022.

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, nor 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 25, 2022.

DATED: February 23, 2022

BOARD OF PUBLIC UTILITIES  
BY:

  
\_\_\_\_\_  
JOSEPH L. FIORDALISO  
PRESIDENT

  
\_\_\_\_\_  
MARY-ANNA HOLDEN  
COMMISSIONER

  
\_\_\_\_\_  
DIANNE SOLOMON  
COMMISSIONER

  
\_\_\_\_\_  
UPENDRA J. CHIVUKULA  
COMMISSIONER

  
\_\_\_\_\_  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
\_\_\_\_\_  
AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF 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 - DOCKET NO. GR21071007

SERVICE LIST

<p><b><u>Board of Public Utilities</u></b> 44 South Clinton Avenue, 1<sup>st</sup> Floor Post Office Box 350 Trenton, NJ 08625-0350</p> <p>Aida Camacho-Welch, Secretary <a href="mailto:board.secretary@bpu.nj.gov">board.secretary@bpu.nj.gov</a></p> <p>Stacy Peterson, Deputy Executive Director <a href="mailto:stacy.peterson@bpu.nj.gov">stacy.peterson@bpu.nj.gov</a></p> <p><b><u>Division of Energy</u></b></p> <p>Paul Lupo, Acting Director <a href="mailto:paul.lupo@bpu.nj.gov">paul.lupo@bpu.nj.gov</a></p> <p>Ryan Moran <a href="mailto:ryan.moran@bpu.nj.gov">ryan.moran@bpu.nj.gov</a></p> <p><b><u>Counsel's Office</u></b></p> <p>Abe Silverman, Esq., General Counsel <a href="mailto:abe.silverman@bpu.nj.gov">abe.silverman@bpu.nj.gov</a></p> <p>Carol Artale, Esq., Deputy General Counsel <a href="mailto:carol.artale@bpu.nj.gov">carol.artale@bpu.nj.gov</a></p> <p>Heather Weisband, Esq. <a href="mailto:heather.weisband@bpu.nj.gov">heather.weisband@bpu.nj.gov</a></p> <p><b><u>New Jersey Division of Rate Counsel</u></b> 140 East Front Street, 4<sup>th</sup> Floor Post Office Box 003 Trenton, NJ 08625-0003</p> <p>Brian O. Lipman, Esq., Director <a href="mailto:blipman@rpa.nj.gov">blipman@rpa.nj.gov</a></p> <p>Maura Caroselli <a href="mailto:mcaroselli@rpa.nj.gov">mcaroselli@rpa.nj.gov</a></p> <p>Sarah Steindel <a href="mailto:ssteinde@rpa.nj.gov">ssteinde@rpa.nj.gov</a></p> <p>Kurt Lewandowski <a href="mailto:klewando@rpa.nj.gov">klewando@rpa.nj.gov</a></p>	<p><b><u>Elizabethtown Gas Company</u></b> 520 Green Lane Union, NJ 07083</p> <p>Deborah M. Franco, Esq. SJI Utilities, Inc. <a href="mailto:dfranco@sjindustries.com">dfranco@sjindustries.com</a></p> <p>Thomas Kaufmann <a href="mailto:tkaufmann@sjindustries.com">tkaufmann@sjindustries.com</a></p> <p>Susan Potanovich <a href="mailto:spotanovich@sjindustries.com">spotanovich@sjindustries.com</a></p> <p>Gary Akmentins <a href="mailto:gakmentins@sjindustries.com">gakmentins@sjindustries.com</a></p> <p>One South Jersey Place Atlantic City, NJ 08401</p> <p>Cindy Capozzoli <a href="mailto:ccapozzoli@sjindustries.com">ccapozzoli@sjindustries.com</a></p> <p>Carolyn Jacobs <a href="mailto:cjacobs@sjindustries.com">cjacobs@sjindustries.com</a></p> <p><b><u>Division of Law</u></b> NJ Department of Law and Public Safety Richard J. Hughes Justice Complex Public Utilities Section 25 Market Street, P.O. Box 112 Trenton, NJ 08625</p> <p>Pamela Owen, ASC, DAG <a href="mailto:pamela.owen@law.njoag.gov">pamela.owen@law.njoag.gov</a></p> <p>Michael Beck, DAG <a href="mailto:michael.beck@law.njoag.gov">michael.beck@law.njoag.gov</a></p> <p>Terel Klein, DAG <a href="mailto:terel.klein@law.njoag.gov">terel.klein@law.njoag.gov</a></p> <p>Daren Eppley, DAG <a href="mailto:daren.eppley@law.njoag.gov">daren.eppley@law.njoag.gov</a></p>
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February 3, 2022

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. GR21071007**

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. GR21071007**

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

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: **In the Matter of the Petition of Elizabethtown** : **BPU Docket No. GR21071007**  
: **Gas Company to (1) Revise its Weather Normalization** :  
: **Clause Rate; (2) Revise the Clean Energy Program** :  
: **Component of its Societal Benefits Charge Rate; and** : **STIPULATION REGARDING**  
: **(3) Revise its On-System Margin Sharing Credit** : **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

**Maura Caroselli, Esq.**, Managing Attorney Gas and Clean Energy, and **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel, for the Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

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

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

**I. PROCEDURAL HISTORY**

1. On July 23, 2021, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR21071007 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, 2021 through September 30, 2022 (“July 2021 Petition”).

2. The July 2021 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 2020 WNC/CEP/OSMC proceeding, BPU Docket No. GR20070501, Order dated February 17, 2021.

3. In the July 2021 Petition, Elizabethtown proposed to increase its current WNC rate from \$0.0000 per therm (or a rate of \$0.0171 per therm that was effective October 1, 2020 through May 31, 2021) to \$0.0171 per therm, inclusive of all applicable taxes, to be effective October 1, 2021 through May 31, 2022. As set forth in the July 2021 Petition, the proposed WNC rate was designed to recover a deficient balance associated with the period October 1, 2020 through May 31, 2021 that was attributed to the overall warmer than normal weather experienced in Elizabethtown's service territory during this period, as well as recover a prior year deficiency balance. As provided in the July 2021 Petition, the Company's recently approved Conservation Incentive Program will eventually supersede the WNC.

4. In the July 2021 Petition, Elizabethtown also proposed to modify the current CEP component of its SBC rate from \$0.0280 per therm to \$0.0276 per therm, inclusive of all applicable taxes, to become effective October 1, 2021. The proposed CEP rate was designed to recover prior period costs, the net actual costs incurred to provide Board-approved CEP programs, carrying costs for the period ending June 30, 2021, and projected costs for the period ending June 30, 2022.

5. In the July 2021 Petition, Elizabethtown proposed to modify its current OSMC rate from a credit rate of \$0.0020 per therm to a credit rate of \$0.0021 per therm, inclusive of all applicable taxes, to become effective October 1, 2021. The rate is set in accordance with the mechanisms approved by the Board in BPU Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, GR97070552 *et al.*, and BPU Docket No. 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 to the transportation rates charged to firm sales and all Service Classification Residential Delivery Service customers.

6. Due to the COVID-19 pandemic, public hearings concerning the Company's July

2021 Petition were held telephonically on August 25, 2021 at 4:30 pm and 5:30 pm. No members of the public attended the public hearings, and no written comments were filed with the Board.

7. By Order dated September 14, 2021, 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 \$0.0276 per therm; and (3) an OSMC credit rate of \$0.0021 per therm, inclusive of all applicable taxes and on a provisional basis, effective October 1, 2021 (“September 14 Provisional Order”). The September 14 Provisional Order increased the monthly bill of a typical residential heating customer using 100 therms by \$1.66, from \$99.58 to \$101.24, or 1.7%, as compared to the rates in effect as of July 1, 2021.

8. 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 make effective as final (1) its WNC rate of \$0.0171 per therm, (2) its CEP component of the SBC rate of \$0.0276 per therm, and (3) its OSMC credit rate of \$0.0021 per therm, each rate being inclusive of all applicable taxes. The

WNC rate shall remain in effect through May 31, 2022 and the CEP and OSMC credit 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<sup>1</sup>.

### **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.

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<sup>1</sup> The parties reserve their right to review and take any position they deem appropriate regarding the provisions of the Company's Tariff for Gas Service relating to the "earnings test" provisions of the Company's WNC, in the Company's pending base rate case, BPU Docket No. GR21121254.

**General Reservation**

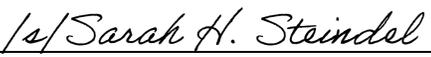
H. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented 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**

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

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

By:   
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**Sarah H. Steindel, Esq.**  
Assistant Deputy Rate Counsel

**ANDREW J. BRUCK  
ACTING 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: February 2, 2022**

**GR21071007 – ETG 2021 WNC/CEP/OSMC**