



Agenda Date: 5/31/17
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF SOUTH)	DECISION AND ORDER
JERSEY GAS COMPANY TO CHANGE THE LEVELS)	APPROVING STIPULATION
OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") AND)	
ITS TRANSPORTATION INITIATION CLAUSE ("TIC"))	DOCKET NO. GR16080728

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Stacy A. Mitchell, Esq., South Jersey Gas Company

BY THE BOARD:

On July 31, 2016, South Jersey Gas Company ("SJG" or "Company") filed a petition ("Petition") in Docket No. GR16080728 with the New Jersey Board of Public Utilities ("Board") requesting Board approval to change the rates pertaining to its Transportation Initiation Clause ("TIC"), and two (2) elements of the Company's Societal Benefits Charge ("SBC"): the Remediation Adjustment Clause ("RAC") and the Clean Energy Program ("CLEP"). By this Decision and Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by SJG, Board Staff, and the New Jersey Division of Rate Counsel (collectively, "Parties") intended to resolve all issues related to this docket.

BACKGROUND

The SBC was created as a result of the Electric Discount and Energy Competition Act, and is comprised of a number of components: the RAC, the CLEP, the Universal Service Fund ("USF") and the 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 seven (7) year treasuries plus sixty (60) basis points. The CLEP promotes both energy efficiency and renewable energy programs related to the New Jersey Clean Energy Program. The USF and Lifeline Programs were established to help provide affordable electric and natural gas service to eligible New Jersey residential customers. The USF and Lifeline components of the SBC are addressed in a different docket.

The TIC was designed to recover all reasonable and prudent development and operating costs relating to Electronic Data Interchange ("EDI"). The Board, by Order in Docket No. GX99030121, directed that EDI be implemented to allow information to be exchanged electronically between gas distribution utilities and sellers of gas to customers.

PETITION

In the instant petition, SJG sought approval to recover approximately \$16 million related to the CLEP, RAC and TIC. The increase in the SBC charge was the result of a \$11.5 million increase to its RAC expenditures for the remediation year August 1, 2015 to July 31, 2016, and \$4.2 million increase to its CLEP charges for the period November 1, 2016 through October 31, 2017. There was also an increase of \$0.3 million in the annual level of its non-SBC related TIC. Accordingly, this would result in an increase of approximately \$4.25 million in revenues from what is currently being recovered from customers.

After publication of notice in newspapers in general circulation in the Company's service territory, two (2) public hearings in this matter were conducted on February 23, 2017 in Voorhees, New Jersey. No members of the public appeared at the public hearings or filed comments related to the Company's filing.

At the time of filing, the then effective rates were set by Board Order¹ which authorized SJG to implement per therm rates for the RAC and CLEP of \$0.010489, \$0.012738, respectively. The April 2016 Order also authorized SJG to implement a TIC credit of \$0.001009 per therm.

In response to discovery requests, the Company updated its petitioned recovery amounts and rates based upon actual data for November 2015 through October 2016, and projected information for the period December 2016 through October 2017. Based on the updates, the Company reduced the total recovery sought from \$16 million to \$15.2 million. Accordingly, the updated increase requested was reduced from \$4.25 million to \$3.46 million.

STIPULATION

Following review of the petition and discovery responses, the Parties executed the Stipulation on May 3, 2017. The Stipulation provides for the following:²

13. The Parties agree that the Company's proposed RAC rate component of \$0.029166 per therm (including taxes) should be implemented and made final.
14. The Parties further agree that the Company's proposed CLEP rate component of \$0.020110 per therm (including taxes) should be implemented and made final.
15. The Parties further agree that the Company's proposed TIC rate component of \$(0.000411) per therm (including taxes) should be implemented and made final.

¹ In re the Petition of South Jersey Gas Company to Change the Level of its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause ("TIC"), BPU Docket No. GR15070858, Order dated April 27, 2016 ("April 2016 Order").

² Although described 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 reflect numbering in the Stipulation.

16. The Parties agree that the SJG's MGP remediation costs will remain subject to Board audit. Additionally, the Company will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC. SJG also represents that the Stipulation does not include recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") related MGP claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with incentive compensation or pension costs incurred during the time period set forth in the Petition. The Company further represents that no remediation properties were leased or sold during the RAC remediation period for which the RAC rate is established.
17. The RAC, CLEP and TIC rate changes translate to a bill increase of \$2.67, or 2.23% for the average residential heating customer using 100 therms during a winter month.
18. The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties' review of SJG's expenditures and reconciliation thereof in SJG's future RAC and/or SBC proceedings.
19. The Parties agree that the terms of the Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could be included in the calculation of the Company's deferred RAC balance, except as described in Paragraph 16 of the Stipulation with respect to NRD related costs and incentive compensation costs.
20. The Company agrees that it will include in its future RAC filings, responses to the minimum filing requirements ("MFRs") as set forth in Exhibit B of the Stipulation. At a minimum, the Company agrees to provide hard copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel.

DISCUSSION AND FINDINGS

The Board having carefully reviewed the record in this proceeding, including the Petition and the attached Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation, as if fully set forth herein.

The Board **HEREBY APPROVES** the revised after-tax per therm rates as follows: the RAC at \$0.029166, the CLEP at \$0.020110, and the TIC at (\$0.000411), effective for service rendered on or after July 1, 2017.

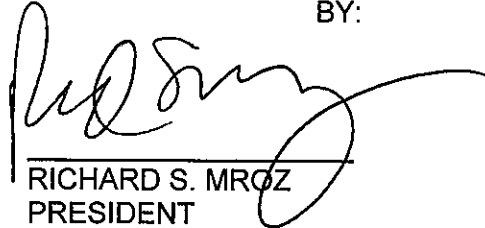
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days after the effective date of this Order.

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

The effective date of this Order is June 10, 2017.

DATED: 5/31/17

BOARD OF PUBLIC UTILITIES
BY:

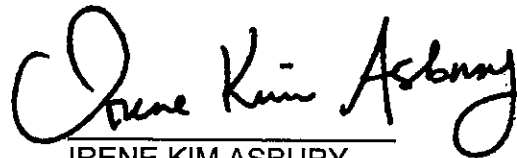

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PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

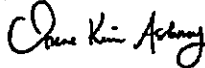

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 SOUTH JERSEY GAS COMPANY TO CHANGE THE
LEVEL OF ITS SOCIETAL BENEFITS CLAUSE ("SBC") AND ITS TRANSPORTATION
INITIATION CLAUSE ("TIC") - BPU Docket GR16080728.

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South Jersey Gas

Stacy A. Mitchell, Esq.
Regulatory Affairs Counsel

May 5, 2017

Irene Kim Asbury, Board Secretary
NJ Board of Public Utilities
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Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of South Jersey Gas Company to Change the Levels of
Its Societal Benefits Clause ("SBC") and its Transportation Initiation Clause ("TIC")
BPU Docket No. GR16080728**

Dear Secretary Asbury:

Enclosed please find a fully executed Stipulation of Settlement in the referenced matter.

Should you have any questions concerning the enclosed, please feel to contact me directly.

Respectfully submitted,



Stacy A. Mitchell

Enclosure

cc: Service List

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

IN THE MATTER OF THE PETITION OF : BPU DOCKET NO. GR16080728
SOUTH JERSEY GAS COMPANY TO :
CHANGE THE LEVEL OF ITS : **STIPULATION OF**
SOCIAL BENEFIT CLAUSE ("SBC") : **SETTLEMENT**
AND ITS TRANSPORTATION :
INITIATION CLAUSE ("TIC") :

APPEARANCES:

Stacy A. Mitchell, Esq., Regulatory Affairs Counsel for South Jersey Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel, and **Maura Caroselli, Esq.**, Assistant Deputy Rate Counsel, on behalf of the New Jersey Division of Rate Counsel (**Stefanie Brand, Esq.** Director)

Alex Moreau, Esq. and **Veronica Beke, Esq.**, Deputy Attorneys General, on behalf of the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of the State of New Jersey).

TO THE HONORABLE BOARD OF PUBLIC UTILITIES:

1. This Stipulation is intended to resolve the pending Societal Benefits Clause ("SBC") proceeding (hereinafter referred to as this "Proceeding"), by which South Jersey Gas Company ("South Jersey" or the "Company") seeks to increase the annual revenue level of its Societal Benefits Clause ("SBC"), through an increase in its Remediation Adjustment Clause ("RAC") and an increase of its Clean Energy Program ("CLEP") charge, both components of the SBC, and an increase of its Transportation Initiation Clause ("TIC"). The parties participating in this Proceeding include South Jersey, the New Jersey Division of Rate Counsel ("Rate Counsel"), and the Staff of the Board of Public Utilities ("Staff") (collectively, the "Parties"). Upon review and analysis of the Petition, Pre-Filed Exhibits, and

Discovery, the Parties agree and stipulate to the following procedural history and terms of settlement.

PROCEDURAL HISTORY

2. By Petition filed July 31, 2016 (the "Petition"), consistent with N.J.S.A. 48:2-21, South Jersey, a public utility corporation of the State of New Jersey, requested that the Board of Public Utilities ("Board") authorize an increase in recoveries totaling \$16.0 million comprised of (i) a \$11.5 million increase to the RAC tied to the remediation year August 1, 2015 to July 31, 2016; (ii) a \$4.2 million increase to the CLEP tied to the period November 1, 2016 through October 31, 2017; and (iii) a \$0.3 million increase to the TIC.

3. In support of the Petition, South Jersey submitted the following summary of the RAC rate calculation:

<u>Remediation Year</u>	Projected Aug '15 - July '16
Amortization of Recoverable Cost	\$11,099,692
Less: Deferred Tax Benefit	, \$445,416
Amortization	<u>\$10,654,276</u>
<u>Recovery Year</u>	Projected Nov '16 - Oct '17
Amortization	\$10,654,276
Carrying Cost	\$1,950,791
Subtotal	<u>\$12,605,067</u>
Prior Year Reconciliation	\$3,780,842
Expenses To Be Recovered	<u>\$16,385,909</u>

4. In its Petition, South Jersey requested a RAC rate of \$0.030245 per therm, a CLEP rate of \$0.020003 per therm, and a TIC rate of \$(0.000356) per therm, all including taxes. The rates requested in the Petition were derived utilizing actual information for the period November 2015 through May 2016 and projected information for the period June 2016 through October 2017.

5. At the time of the filing of the Petition the then effective RAC, CLEP and TIC rates, as approved by Board Order dated April 27, 2016 in Docket No. GR15070858, were as follows: (i) a RAC rate component of \$0.010489 per therm; (ii) a CLEP rate component of \$0.012738 per therm; and (iii) a TIC rate component of \$(0.001009) per therm, all including taxes.

6. During the pendency of this Proceeding, South Jersey received and responded to multiple Discovery Requests, including Discovery Requests RCR-A-015 through RCR-A-017, which sought updated schedules and rates utilizing actual information for the period November 2015 through November 2016, and projected information for the period December 2016 through October 2017.

7. In response to Discovery Request RCR-A-015, South Jersey submitted the following updated summary of the RAC rate calculation:

<u>Remediation Year</u>	Actual Aug '15 - July '16
Amortization of Recoverable Cost	\$10,447,232
Less: Deferred Tax Benefit	\$444,877
Amortization	<u>\$10,002,355</u>

<u>Recovery Year</u>	Actual and Projected Nov '16 - Oct '17
Amortization	\$10,002,355
Carrying Cost	\$1,829,602
Subtotal	<u>\$11,831,957</u>
Prior Year Reconciliation	\$3,838,894
Expenses To Be Recovered	<u>\$15,670,851</u>

8. Utilizing the updated information provided to the Parties in response to Discovery Requests RCR-A-015 through RCR-A-017, the net change in recoveries translated to a \$15.2 million increase versus the \$16 million net increase per the Petition, comprised of (i) a \$10.8 million increase to the RAC; (ii) a \$4.2 million increase to the CLEP; and (iii) a \$0.2 million increase to the TIC.

9. Utilizing this updated information, the proposed RAC rate would be modified to \$0.029166 per therm, the CLEP rate would be modified to \$0.020110 per therm and the TIC rate would be modified to \$(0.000411) per therm, all including taxes. See a summary of the rate calculations attached hereto as Exhibit A.

10. As stated in the Petition, the Universal Service Fund ("USF") and Lifeline components of the SBC (hereinafter "USF/Lifeline") were addressed in a separate proceeding in Docket No. ER16060536, in which an Order was issued by the Board on September 23, 2016 approving a state-wide natural gas rate of \$0.012700 per therm (after taxes), effective October 1, 2016.

11. Public hearings in this matter, having been duly noticed in newspapers of general circulation within South Jersey's service territory, were held on February 23, 2017, in Voorhees, New Jersey. No members of the public appeared and no written comments were received.

12. Discovery has been propounded upon the Company, and all such discovery has been answered.

STIPULATED TERMS

13. The Parties accordingly **STIPULATE AND AGREE** that the Company's proposed RAC rate component of \$0.029166 per therm (including taxes) should be implemented and made final.

14. The Parties further **STIPULATE AND AGREE** that the Company's proposed CLEP rate component of \$0.020110 per therm (including taxes) should be implemented and made final.

15. The Parties further **STIPULATE AND AGREE** that the Company's proposed TIC rate component of \$(0.000411) per therm (including taxes) should be implemented and made final.

16. The Parties agree that the South Jersey's Manufactured Gas Plant ("MGP") remediation costs will remain subject to Board audit. Additionally, South Jersey will continue to conduct an annual audit of the RAC to assess the validity of the expenses being charged to the RAC. South Jersey also represents that this Stipulation does not include recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") related MGP claims currently being investigated by the New Jersey Department of Environmental Protection or any costs associated with incentive compensation or pension costs

incurred during the time period set forth in the Petition. The Company further represents that no remediation properties were leased or sold during the RAC remediation period for which the RAC rate is established.

17. The RAC, CLEP and TIC rate changes translate to a bill increase of \$2.67, or 2.23% for the average residential heating customer using 100 therms during a winter month.

18. The Company agrees to provide a final reconciliation of its annual RAC factor recovery within ninety (90) days of the completion of each RAC recovery year, which reconciliation will include the calculation of actual sales volumes that recovered the RAC factor and the resultant net expenses or credit amount which is to be carried over to the next recovery year. Implementation and/or adjustments of the RAC factor is subject to the Parties' review of South Jersey's expenditures and reconciliation thereof in South Jersey's future RAC and/or SBC proceedings.

19. The Parties agree that the terms of this Stipulation shall be deemed to resolve all factual and legal issues relating to the determination of all amounts that were or could be included in the calculation of the Company's deferred RAC balance, except as described in Paragraph 16 above with respect to NRD related costs and incentive compensation costs.

20. The Company agrees that it will include in its future RAC filings, responses to the minimum filing requirements ("MFRs") as set forth in Exhibit B to this Stipulation. At a minimum, the Company agrees to provide hard copies of the filings and the MFRs to the Board, Rate Counsel, and the consultants to Rate Counsel. The Parties further acknowledge that a Board order approving this Stipulation will become effective upon service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

21. Following acceptance of this Stipulation by the Board, South Jersey will submit a Compliance Filing incorporating the final rates approved by the Board within five (5) days of such approval.

MISCELLANEOUS

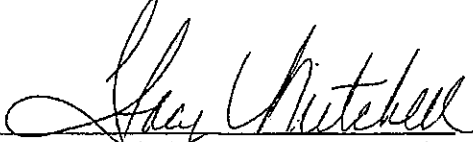
22. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event this Stipulation is not adopted in its entirety by the Board, then any party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

23. 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. Also, all rates are subject to Board audit.

24. This Stipulation may be executed in as many counterparts as there are signatories of this Stipulation, each of which counterparts shall be an original, but all of which shall constitute one and the same instrument.

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, as soon as reasonably possible.

SOUTH JERSEY GAS COMPANY

By: 
Stacy A. Mitchell
Regulatory Affairs Counsel

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ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

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Veronica Beke, Esq.
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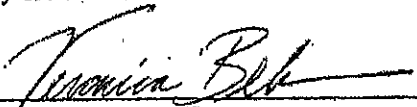
By: _____
Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated: May 3, 2017

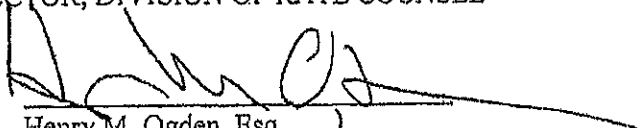
SOUTH JERSEY GAS COMPANY

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Stacy A. Mitchell
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ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

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Veronica Beke, Esq.
Deputy Attorney General

STEFANIE A. BRAND
DIRECTOR, DIVISION OF RATE COUNSEL

By: 
Henry M. Ogden, Esq.
Assistant Deputy Rate Counsel

Dated: May 3, 2017

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TO CHANGE THE LEVELS OF ITS SOCIETAL BENEFITS CLAUSE ("SBC")
AND ITS TRANSPORTATION INITIATION CLAUSE ("TIC")
BPU DOCKET NO. GR16080728**

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SOUTH JERSEY GAS COMPANY

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Updated
RAC KJB-1

**SOUTH JERSEY GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE
SUMMARY AND RATE CALCULATION**

<u>REMEDATION YEAR</u>	<u>Actual Aug '15 - July '16</u>
1 AMORTIZATION OF RECOVERABLE COST (RAC KJB-2)	\$10,447,232
2	
3 LESS: DEFERRED TAX BENEFIT (RAC KJB-2)	\$444,877
4	
5 AMORTIZATION (RAC KJB-2)	\$10,002,355
6	
7	
8	
<u>9 RECOVERY YEAR</u>	<u>Actual and Projected Nov '16 - Oct '17</u>
10	
11 AMORTIZATION (RAC KJB-2)	\$10,002,355
12	
13 CARRYING COST (RAC KJB-3)	\$1,829,602
14	
15 SUBTOTAL	\$11,831,957
16	
17 PRIOR YEAR RECONCILIATION - UNDER RECOVERY (RAC KJB-4)	\$3,838,894
18	
19 EXPENSES TO BE RECOVERED	\$15,670,851
20	
21	
22	
23	
24	
<u>25 THERM SALES PROJECTION - RECOVERY YEAR (SBC/TIC-1)</u>	<u>Actual and Projected Nov '16 - Oct '17</u>
26	
27 RSG	247,861,848
28 GSG & GSG-LV	55,822,190
29 EGS	36,191
30 RSG-FT	22,163,499
31 GSG-FT & GSG-LV-FT	73,902,993
32 LVS-FT	86,781,736
33 CTS	28,206,427
34 FES & EGS-LV	50,700,779
35 ITS & IGS	8,254,857
36 NGV	1,776,312
37	
38 TOTAL THERM SALES	575,506,834
39	
40 RATE PER THERM (Excluding SUT & PUA)	\$ 0.027230
41	
42 RATE PER THERM (Including SUT & PUA)	\$ 0.029166

UPDATED
CLEP KJB-1

South Jersey Gas Company
NJ Clean Energy Program
Calculation of 2016-2017 Rate

1	Rate Calculation:		
2			
3	Actual Over-Recovered Balance as of October 31, 2016	\$	(3,792,009) (CLEP KJB-2, Line 10)
4			
5	Plus: November 2016 - October 2017 Expenses	\$	14,626,805 (CLEP KJB-2, Line 22)
6			
7	Carrying Costs	\$	<u>(30,071) (CLEP KJB-2, Line 28)</u>
8			
9	Total CLEP Cost	\$	<u>10,804,726</u>
10			
11			
12			
13			
14			Actual and Projected
15	Therm Sales Projection (SBC/TIC-1):		<u>Nov '16 - Oct '17</u>
16			
17	RSG		247,861,848
18	RSG FT		22,163,499
19	GSG & GSG-LV		55,822,190
20	GSG FT & GSG-LV FT		73,902,993
21	EGS		36,191
22	LVS FT		86,781,736
23	CTS		28,206,427
24	FES/EGS-LV		50,700,779
25	ITS		8,234,319
26	NGV		<u>1,776,312</u>
27			
28	Total		<u>575,486,294</u>
29			
30	CLEP Rate Per Therm (Excluding SUT & PUA)	\$	<u>0.018775</u>
31			
32	CLEP Rate Per Therm (Including SUT & PUA)	\$	<u>0.020110</u>

Updated
TIC KJB-1

**South Jersey Gas Company
Transportation Inflation Clause
Calculation of 2016 - 2017 Rate**

1	Actual Over-recovered Balance at October 31, 2016	(\$41,092) (TIC KJB-2, Line 11)
2		
3	Less: August 2016 through October 2016 Expenses	(\$121,488) (TIC KJB-2, Line 7)
4		
5	Carrying Cost	<u>\$6,841</u> (TIC KJB-2, Line 29)
6		
7	Total Cost	<u>(\$155,739)</u>
8		
9		
10	Therm Sales Projection:	
11		
12	Rate Schedule RSG	251,773,209
13	Rate Schedule RSG-FT	22,553,047
14	Rate Schedule GSG & GSG-LV	56,047,982
15	Rate Schedule GSG-FT & GSG-LV-FT	75,594,503
16		
17	Total	<u>405,968,741</u>
18		
19		
20	TIC Rate Per Therm (Excluding SUT & PUA)	<u>(\$0.000384)</u>
21		
22	TIC Rate Per Therm (Including SUT & PUA)	<u>(\$0.000411)</u>

RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its annual RAC filing. This document provides a summary of the expenditures by vendor by site by vendor for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. When more specific vendor invoices are requested, the Company shall provide documentation sufficiently detailed to describe tasks performed by individuals with the firm. The data noting expenditures incurred through July 31st of each year will continue to be submitted with the Company's annual RAC filing.
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.
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 preceding July 31st of the most recent RAC period.
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.
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.

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.
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.
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.
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well 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. The Company shall affirmatively state the successful bidder was selected through the Company's competitive selection process.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the 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.
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.

13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including workpapers and supporting documentation.
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.
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. 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. Also, 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.