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July 31, 2025

Sherri Lewis, Board Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue
Trenton, NJ 08625

**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. _____**

Dear Secretary Lewis:

Enclosed herewith is Elizabethtown Gas Company's Petition to Revise the Remediation Adjustment Clause Component Of Its Societal Benefits Charge Rate, which has been filed electronically today utilizing the Board's e-filing Program. In accordance with the New Jersey Board of Public Utilities ("BPU") March 19, 2020 and June 10, 2020 Orders issued in BPU Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

Please do not hesitate to contact me with any questions you may have. Thank you for your attention to this matter.

Respectfully submitted,

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

Dominick DiRocco

DD:slp

Enclosures

cc: Service list

**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. GR _____**

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

IN THE MATTER OF THE PETITION OF :
ELIZABETHTOWN GAS COMPANY :
TO REVISE THE REMEDIATION : **BPU DOCKET NO.** _____
ADJUSTMENT CLAUSE COMPONENT OF :
ITS SOCIETAL BENEFITS CHARGE RATE :

CASE SUMMARY, VERIFIED PETITION, TESTIMONY AND SCHEDULES

July 31, 2025

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

| | | |
|---|----------|----------------------|
| -----X | | |
| In The Matter Of The Petition Of Elizabethtown | : | |
| Gas Company To Revise The Remediation | : | Docket No. GR |
| Adjustment Clause Component Of Its Societal | : | |
| Benefits Charge Rate | : | CASE SUMMARY |
| -----X | | |

This Petition presents the request of Elizabethtown Gas Company (“Petitioner”) that the Board of Public Utilities accept the filing of Petitioner’s revised Remediation Adjustment Clause (“RAC”) component of the Societal Benefits Charge rate. The Petitioner’s proposed RAC rate results in a decrease from its current rate of \$0.0303 per therm, inclusive of taxes, to a rate of \$0.0219 per therm, inclusive of taxes, effective October 1, 2025. The proposed rate change will decrease the monthly bill of a residential heating customer using 100 therms by \$0.84 from \$158.54 to \$157.70, a decrease of 0.5% based on rates in effect July 1, 2025.

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

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| In The Matter Of The Petition Of Elizabethtown | : | |
| Gas Company To Revise The Remediation | : | Docket No. GR |
| Adjustment Clause Component Of Its Societal | : | |
| Benefits Charge Rate | : | VERIFIED PETITION |
| -----X | | |

To The Honorable Board of Public Utilities:

Petitioner, Elizabethtown Gas Company (“Petitioner” or “Company”), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (“BPU” or “Board”), respectfully states:

1. Petitioner’s principal business office is located at 520 Green Lane, Union, NJ, 07083.

2. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 319,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

3. The purpose of this filing is to revise the rate associated with Petitioner's Remediation Adjustment Clause (“RAC”) component of the Societal Benefits Charge (“SBC”) rate and to reconcile costs and cost recoveries associated with the clause for the period in which the clause is applicable. All rates quoted in this Petition are inclusive of taxes.

4. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following schedules supporting the tariff sheets and the derivation of the proposed RAC rate are attached and referred to in Exhibit P-1:

(a) Tariff Schedule TK-1;

(b) Forecast Schedule TK-1; and

(c) RAC Schedule TK-1 through RAC Schedule TK-6.

5. Also annexed hereto and made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 is the testimony of Margo Carr, Manager, Environmental for Petitioner. The following schedules are included with Ms. Carr's testimony:

(a) Schedule MC-1 through Schedule MC-2.

6. In the Board's Order dated September 22, 2011 in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 concerning the reconciliation of Petitioner's SBC for the 2006-2007, 2007-2008 and 2008-2009 periods, it was agreed that Petitioner would provide information responsive to certain minimum filing requirements ("MFRs") as part of future filings to reconcile its RAC rate. A MFR Index is included with this Petition and attached hereto as Exhibit A. As noted in the MFR Index, some of the MFR information being provided by the Company is deemed confidential and as such will be redacted and provided to those parties executing a mutually acceptable confidentiality agreement entered into subsequent to the filing of this Petition.

The RAC Component of the SBC Rate

7. Petitioner's current RAC rate, a component of the SBC rate, of \$0.0303 per therm was approved on a final basis by the Board's Order dated April 23, 2025 in BPU Docket No. GR24070551, effective May 1, 2025.

8. In the current proceeding, Petitioner has proposed a new RAC rate of \$0.0219 per therm. Petitioner's RAC-related costs reflected in the calculation of the RAC rate are based on data for the period July 1, 2024 through June 30, 2025 plus prior period true-up amounts. In this year's filing, the RAC rate is designed to recover approximately \$10.7 million in RAC-related costs as reflected on RAC Schedule TK-1 Line 4.

9. In accordance with Petitioner's tariff, the RAC rate is determined by first calculating

the sum of (a) one seventh of Petitioner's net deferred remediation costs incurred during the twelve months ended June 30th, for the periods ending 2025, 2024, 2023, 2022, 2021, 2020, and 2019, less the deferred tax benefit, as shown on RAC Schedule TK-2 pages 1 through 7. The calculation of the proposed rate of \$0.0219 per therm is described and detailed in Mr. Kaufmann's testimony. Interest accrued on RAC-related costs is calculated in the manner approved by the Board's Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.*

10. As discussed in the testimony of Ms. Carr, Petitioner currently owns or owned five former Manufactured Gas Plant ("MGP") sites for which recovery of remediation costs are requested in this Petition. Those sites are located at Erie Street in Elizabeth, South Street in Elizabeth, Perth Amboy, Flemington and Newton. Petitioner's remediation costs are incurred to enable Petitioner to comply with applicable laws and regulations in a prudent manner.

11. Under the RAC, the total annual charge to Petitioner's customers during any Recovery Year may not exceed five percent (5%) of Petitioner's total revenues from sales, transportation and storage services during the annual July 1 through June 30 period. As set forth in Exhibit P-1, the application of this cap calculation does not require a reduction in the remediation costs recoverable during the twelve-month period ending September 30, 2026.

12. Under the RAC, Petitioner is required to project its anticipated remediation costs for the July 1, 2025 through June 30, 2026 remediation year. As discussed by Ms. Carr, Petitioner estimates that it will incur approximately \$5.9 million of remediation costs during that period. However, this is only an estimate. Petitioner's actual costs will be determined by its need to comply with applicable environmental laws and regulations in a prudent manner.

Overall Impact

13. The overall impact of Petitioner's proposed rate change in this proceeding is a decrease in the monthly bill of a residential heating customer using 100 therms of \$0.84, from \$158.54 to \$157.70, or a decrease of 0.5% as compared to the currently effective rates as of July 1, 2025. A Notice of Public Hearings is not required as the RAC rate is proposed to be a decrease.

Miscellaneous

14. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto on the Director, New Jersey Division of Rate Counsel, via electronic mail in lieu of providing hard copies. In accordance with the Board's Orders dated March 19, 2020 and June 10, 2020 in BPU Docket No. EO20030254, hard copies are not being submitted at this time, but can be provided at a later time, if needed.

15. Similarly, Petitioner is also serving this notice and a copy of this Petition on the Department of Law and Public Safety via electronic mail in lieu of submitting hard copies, but hard copies can be provided at a later time, if needed.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing, (2) allow the proposed RAC rate and associated proposal to become effective October 1, 2025; (3) grant any waivers of Petitioner's tariff or Board regulations as may be required, and (4) grant such other relief as the Board may deem just and proper.

Respectfully submitted,



Dominick DiRocco
Vice President, Rates & Regulatory Affairs
SJI Utilities, Inc.

Date: July 31, 2025

Communications addressed to the Petitioner
in this case are to be sent to:

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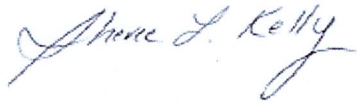
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VERIFICATION

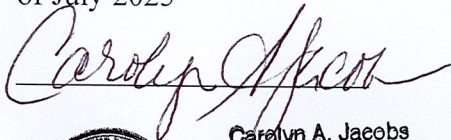
I, Sheree L. Kelly, Esq., of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Regulatory Affairs Counsel of SJI Utilities, Inc., the parent company to Elizabethtown Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.
2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.



Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

Sworn to and subscribed
before me this 31st day
of July 2025



Carolyn A. Jacobs
NOTARY PUBLIC
State of New Jersey
My Commission Expires
October 28, 2028

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

| Minimum Filing Requirements | Schedule |
|--|----------------------|
| 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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-2 Confidential |
| 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. | MC-2 |

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

| Minimum Filing Requirements | Schedule |
|---|----------------------|
| 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. | RAC TK-2 |
| 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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-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. | MC-2 |

**IN THE MATTER OF THE PETITION
OF ELIZABETHTOWN GAS COMPANY TO REVISE THE
REMEDATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE**

BPU DOCKET NO. _____

DIRECT TESTIMONY

OF

THOMAS KAUFMANN

**On Behalf Of
Elizabethtown Gas Company**

Exhibit P-1

July 31, 2025

**ELIZABETHTOWN GAS COMPANY
DIRECT TESTIMONY OF
THOMAS KAUFMANN**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Thomas Kaufmann. My business address is 520 Green Lane, Union, New
4 Jersey 07083.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 **A.** I am employed by Elizabethtown Gas Company (“Elizabethtown” or “Company”) as
7 Manager of Rates and Tariffs.

8 **Q. WHAT IS THE SCOPE OF YOUR DUTIES AT ELIZABETHTOWN?**

9 **A.** I am responsible for designing and developing rates and rate schedules for regulatory
10 filings with the New Jersey Board of Public Utilities (“BPU” or “Board”) and internal
11 management purposes. I also oversee daily rate department functions, including tariff
12 administration, monthly parity pricing, competitive analyses and preparation of
13 management reports.

14 **Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND**
15 **BUSINESS EXPERIENCE.**

16 **A.** In June 1977, I graduated from Rutgers University, Newark, N.J. with a Bachelor of
17 Arts degree in Business Administration, majoring in accounting and economics. In
18 July 1979, I graduated from Fairleigh Dickinson University, Madison, N.J. with a
19 Master of Business Administration, majoring in finance.

20 My professional responsibilities have encompassed financial analysis,
21 accounting, planning, and pricing in manufacturing and energy services companies in

1 both regulated and unregulated industries. In 1977, I was employed by Allied
2 Chemical Corp. as a staff accountant. In 1980, I was employed by Celanese Corp. as
3 a financial analyst. In 1981, I was employed by Suburban Propane as a Strategic
4 Planning Analyst, promoted to Manager of Rates and Pricing in 1986 and to Director
5 of Acquisitions and Business Analysis in 1990. In 1993, I was employed by
6 Concurrent Computer as a Manager, Pricing Administration. In 1996, I joined NUI
7 Corporation (“NUI”) as a Rate Analyst, was promoted to Manager of Regulatory
8 Support in August 1997, Manager of Regulatory Affairs in February 1998 and named
9 Manager of Rates and Tariffs in July 1998. NUI was acquired by AGL Resources Inc.
10 (“AGL”) in November 2004. AGL was acquired by Southern Company in July 2016.
11 South Jersey Industries, Inc. acquired Elizabethtown from Southern Company in July
12 2018.

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

14 **A.** I will discuss the derivation of the Remediation Adjustment Clause (“RAC”)
15 component of the Societal Benefits Charge (“SBC”) rate proposed to be assessed to the
16 Company’s customer classes subject to the RAC for the period October 1, 2025 through
17 September 30, 2026 (“2026 Recovery Year”).

18 **Q. WHAT EFFECTIVE DATE IS THE COMPANY PROPOSING FOR THE RAC**
19 **RATE?**

20 **A.** The Company is proposing that the proposed RAC rate take effect on October 1, 2025.

21 **Q. WHEN WAS THE COMPANY’S RAC RATE LAST REVISED?**

22 **A.** This rate was last revised effective May 1, 2025 by the Board’s Order dated April 23,
23 2025 in BPU Docket No. GR24070551, which resolved the Company’s 2024 annual

1 RAC filing and approved the Company's RAC rate of \$0.0303 per therm, inclusive of
2 taxes, on a final basis.

3 **Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?**

4 **A.** Yes. My testimony includes schedules and proposed tariff sheets that were prepared
5 under my direction and supervision. As explained in the Petition, some of these
6 schedules contain information responsive to the Minimum Filing Requirements
7 ("MFRs") approved by the Board's Order dated September 22, 2011 in BPU Docket
8 Nos. GR07080645, GR08090836 and GR09080651. A MFR Index is included with
9 the Petition as Exhibit A. The schedules are as follows:

10 **(1) Tariff Schedule TK-1** consists of revised tariff sheets in redlined and clean
11 form which reflect the proposed RAC rate.

12 **(2) Forecast Schedule TK-1** provides the level of forecast sales and services for
13 the 2026 Recovery Year, which was utilized in the calculation of the RAC rate.

14 **(3) RAC Schedule TK-1** sets forth the calculation of the proposed RAC rate for
15 the 2026 Recovery Year.

16 **(4) RAC Schedule TK-2** consists of seven pages and presents the calculation of
17 the recoverable portion of remediation costs for the twelve months ended June
18 30, 2025, 2024, 2023, 2022, 2021, 2020, and 2019, respectively, to be recovered
19 through the RAC rate.

20 **(5) RAC Schedule TK-3** sets forth the calculation of carrying costs applied to the
21 RAC consistent with the Board's Order dated March 30, 2001 in BPU Docket
22 No. GX99030121, *et al.*

(6) RAC Schedule TK-4 sets forth the prior year reconciliation of costs to be recovered versus the actual recoveries for the twelve months ended June 30, 2025, which is included in the calculation of the RAC rate.

(7) RAC Schedule TK-5 sets forth the calculation to determine whether Elizabethtown's proposed recovery of remediation costs exceeds 5% of the Company's total revenues from sales, transportation and storage services for the twelve months ended June 30, 2025.

(8) RAC Schedule TK-6 sets forth the actual RAC recoveries for the twelve months ended June 30, 2025.

II. REVENUE FORECAST

Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND SERVICES FOR THE 2026 RECOVERY YEAR IN ORDER TO DERIVE THE COMPANY'S CALCULATED RAC RATE?

A. The methodology used is the same as that used in the gas sales demand forecast which supports the Basic Gas Supply Service rates proposed by the Company in BPU Docket No. GR25050315. A summary of the forecast of normalized sales and services is set forth on Forecast Schedule TK-1.

Q. WHAT PERIOD IS COVERED BY THE DEMAND FORECAST?

A. The gas sales demand forecast for the RAC as set forth on Forecast Schedule TK-1 is for the 2026 Recovery Year.

Q. WERE THE COMPANY'S FIRM AND NON-FIRM SALES AND TRANSPORTATION REVENUE FORECASTS PREPARED USING THE SAME METHODOLOGY USED BY THE COMPANY IN PREPARING LAST YEAR'S REVENUE FORECASTS?

1 A. Yes. The Company continues to use regression equations based on actual historical
2 sales demand data as well as any known customer changes to develop the forecast
3 demand.

4 **III. THE RAC COMPONENT OF THE SBC RATE**

5 **Q. PLEASE DESCRIBE THE SBC RATE.**

6 A. The SBC rate currently consists of the following components: (1) the RAC rate, (2) the
7 Clean Energy Program (“CEP”) rate, (3) the Universal Service Fund (“USF”) rate, and
8 (4) the Lifeline rate.

9 **Q. WHAT CUSTOMERS ARE ASSESSED THE SBC RATE?**

10 A. The SBC rate is applicable to all customers, with the exception of those exempt from
11 the charge pursuant to the Long-Term Capacity Agreement Pilot Program legislation
12 enacted on January 28, 2011.

13 **Q. IS THE COMPANY PROPOSING ANY CHANGES TO THE CEP, USF OR**
14 **LIFELINE COMPONENTS OF THE SBC RATE IN THIS FILING?**

15 A. No, the reconciliations of those rates are addressed in separate filings.

16 **Q. WHAT RAC RATE HAS THE COMPANY PROPOSED IN THIS FILING?**

17 A. Elizabethtown has proposed a RAC rate of \$0.0219 per therm, inclusive of taxes, which
18 is a decrease of \$0.0084 per therm from its currently effective RAC rate of \$0.0303 per
19 therm, inclusive of taxes.

20 **Q. PLEASE EXPLAIN HOW THIS RAC RATE WAS CALCULATED.**

21 A. The RAC rate is calculated on RAC Schedule TK-1 by determining the sum of one
22 seventh of the Company’s net deferred remediation costs, less the deferred tax benefit
23 associated with the unamortized balances of these costs during each of the remediation
24 years ended June 30, 2025, 2024, 2023, 2022, 2021, 2020, and 2019, respectively, as

1 shown on Pages 1-7 of RAC Schedule TK-2, and adjusted for applicable carrying costs
2 as shown on RAC Schedule TK-3, and the prior year's over or under-recovery balance
3 as shown on RAC Schedule TK-4. The net total represents the amount to be recovered
4 in the 2026 Recovery Year through the RAC rate, as shown on RAC Schedule TK-1.
5 This total is then divided by the volumes projected for the 2026 Recovery Year for the
6 service classifications and customers subject to the SBC rate as shown on Forecast
7 Schedule TK-1, with the resulting quotient adjusted for applicable taxes to derive the
8 proposed RAC rate of \$0.0219 per therm.

9 **Q. WHAT IS THE LEVEL OF DEFERRED REMEDIATION COSTS FOR THE**
10 **YEAR ENDED JUNE 30, 2025 THAT IS ELIGIBLE FOR RECOVERY?**

11 **A.** The level of total deferred remediation costs for the twelve-month period ended June
12 30, 2025 is \$11,711,422 as discussed in the testimony and supporting schedules of
13 Company witness Margo Carr. The amount is then adjusted for third party recoveries
14 and deferred insurance litigation costs as shown on RAC Schedule TK-2, page 1 of 7.
15 The resulting net amortizable amount is divided by seven as set forth on line 5 on RAC
16 Schedule TK-2, page 1 of 7. This amount is further adjusted for a deferred tax amount
17 described below, yielding \$1,519,531 for the current remediation year. This is the same
18 methodology applied to the prior years that are being amortized.

19 **Q. WHAT ARE THE CURRENT REMEDIATION COSTS ELIGIBLE FOR**
20 **RECOVERY?**

21 **A.** The table below presents the eligible recoverable costs by year after adjusting for a
22 deferred tax benefit as shown on RAC Schedule TK-2, pages 1 through 7, as well as
23 each year's filing status:

| <u>Year</u> | <u>Eligible Amount</u> | <u>Filing Status / Date Approved</u> |
|-------------|----------------------------|---|
| 2025 | \$1,519,531 | Included in this Petition; pending BPU approval |
| 2024 | \$1,652,196 | April 23, 2025 in BPU Docket No. GR24070551 |
| 2023 | \$1,146,400 | January 31, 2024 in BPU Docket No. GR23070477 |
| 2022 | \$871,796 | January 25, 2023 in BPU Docket No. GR22070465 November 17, 2021 (provisional) and June 8, 2022 (final) in BPU Docket No. |
| 2021 | \$592,739 | GR21071018 |
| 2020 | (\$633,901) | March 24, 2021 in BPU Docket No. GR20070502 |
| 2019 | <u>(\$472,440)</u> | March 9, 2020 in BPU Docket No. GR19070871 |
| Total | <u>\$4,676,321</u> | |

1

2 **Q. HOW IS THE DEFERRED TAX BENEFIT CALCULATED?**

3 **A.** The deferred tax benefit is calculated by multiplying the unamortized portion of the
4 Company's net deferred remediation costs by the effective statutory income tax rate
5 and the RAC interest rate. In accordance with the Board's Order dated July 8, 1999 in
6 BPU Docket No. GR98080535, *et al.*, the statutory tax rate used in the calculation of
7 the deferred tax benefit is 28.11%, which includes the New Jersey Corporate Business
8 Tax. This calculation results in a deferred tax benefit of \$144,029 for the twelve
9 months ended June 30, 2025. This calculation is presented in RAC Schedule TK-2,
10 page 1 of 7, which is the same methodology applied to the prior years that are being
11 amortized.

12 **Q. WHAT ARE THE RESULTS OF THE PRIOR YEAR'S RECOVERY**
13 **RECONCILIATION?**

14 **A.** RAC Schedule TK-4 provides a reconciliation of the prior year which shows an under-
15 recovery balance of \$4,285,630 as of June 30, 2025.

16 **Q. WHAT LEVEL OF COSTS IS THE PROPOSED RAC RATE DESIGNED TO**
17 **RECOVER OR REFUND?**

1 A. The proposed RAC rate is designed to recover an amount of \$10,731,534 as set forth
2 on RAC Schedule TK-1, Line 4.

3 Q. PLEASE DESCRIBE THE ANNUAL CAP CALCULATION.

4 A. Under the RAC, total annual remediation costs charged to the Company's customers
5 during any recovery year may not exceed five percent (5%) of the Company's total
6 revenues from sales, transportation and storage services during the preceding July 1
7 through June 30 period. For the twelve months ended June 30, 2025, total revenues
8 were \$535,651,550. RAC Schedule TK-5 illustrates that the estimated total
9 remediation costs do not exceed the five percent cap based on last year's revenues.

10 Q. ARE CARRYING COSTS INCLUDED IN THE RAC CALCULATION?

11 A. Yes. In accordance with the Board's Order dated March 30, 2001 in BPU Docket No.
12 GX99030121 *et al.*, the Company is permitted to recover carrying costs.

13 Q. HOW ARE THE CARRYING COSTS CALCULATED?

14 A. Carrying cost rates are applied to each year's net prior year balance and current year
15 expenditures and recoveries. The interest rate is based on the rate available from seven
16 year constant maturity Treasury securities established closest to August 31st of each
17 year plus 60 basis points. This interest rate, currently 4.40%, is applied to monthly net
18 RAC balances as shown on RAC Schedule TK-3. Interest on monthly balances is not
19 compounded.

20 IV. CONCLUSION

21 Q. PLEASE SUMMARIZE THE PROPOSED CHANGE TO THE RAC RATE
22 AND THE IMPACT OF THE PROPOSED RATE CHANGE ON A
23 RESIDENTIAL HEATING CUSTOMER.

1 **A.** The total impact of the proposed rate change from the current RAC rate of \$0.0303 per
2 therm, inclusive of taxes, to the proposed RAC rate of \$0.0219 per therm, inclusive of
3 taxes, on a residential heating customer using 100 therms is a decrease to the customer's
4 monthly bill of \$0.84 from \$158.54 to \$157.70, or a decrease of 0.5%, as compared to
5 the Company's currently effective rates as of July 1, 2025.

6 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

7 **A.** Yes, it does.

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 19 – GAS

~~1st~~ 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.

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.

SBC Rate Components:

| | <u>Per Therm</u> |
|--|----------------------------------|
| I. Clean Energy Program ("CEP") | \$0.0312 |
| II. Remediation Adjustment Charge ("RAC") | \$0. 0303 <u>0219</u> |
| III. <u>Universal Service Fund and Lifeline:</u> | |
| 1. Universal Service Fund ("USF") | \$0.0216 |
| 2. Lifeline | <u>\$0.0060</u> |
| TOTAL | \$0. 0894 <u>0807</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. 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.

1. 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: ~~April 29, 2025~~xxx1

Effective: Service Rendered
on and after ~~May 1, 2025~~xxx2

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

Filed Pursuant to Orders of the Board of Public Utilities
Dated ~~April 23, 2025~~xxx3 in Docket Nos. ~~GR24070553 and GR24070551~~xxx4

CLEAN

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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| | <u>Per Therm</u> |
|--|------------------|
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| II. Remediation Adjustment Charge ("RAC") | \$0.0219 |
| III. <u>Universal Service Fund and Lifeline:</u> | |
| 1. Universal Service Fund ("USF") | \$0.0216 |
| 2. Lifeline | <u>\$0.0060</u> |
| TOTAL | \$0.0807 |

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: xxx1

Effective: Service Rendered
on and after xxx2

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

Filed Pursuant to Orders of the Board of Public Utilities
Dated xxx3 in Docket No. xxx4

ELIZABETHTOWN GAS COMPANY
FORECASTED SALES VOLUME - THERMS
RECOVERY YEAR - 2026

| | | SBC (RAC) * |
|--------------------------------|--|-------------|
| <hr/> | | |
| Residential | | 250,168,827 |
| Commercial | | 88,017,961 |
| Industrial | | 12,861,940 |
| Interruptible | | - |
| Total Sales | | <hr/> |
| | | 351,048,728 |
| <hr/> | | |
| Residential | | 2,493,472 |
| Commercial | | 63,211,427 |
| Industrial | | 53,943,518 |
| Interruptible | | 52,655,362 |
| Total Transportation | | <hr/> |
| | | 172,303,779 |
| <hr/> | | |
| Total Sales and Transportation | | <hr/> |
| | | 523,352,507 |

* Excludes LCAPP therms used for wholesale electric generation.

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

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM
October 1, 2025 through September 30, 2026
RECOVERY YEAR - 2026

| | | |
|----|--|-------------------------------|
| 1a | Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7) | \$5,074,580 |
| 1b | Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7) | <u>(\$398,259)</u> |
| 1 | Recovery Year Recoverable Costs (L1a +L1b) | \$4,676,321 |
| 2 | Accrued Carrying Costs (Sch. TK-3) | \$1,769,583 |
| 3 | Prior Year RAC Underrecovery (Sch. TK-4) | <u>\$4,285,630</u> |
| 4 | Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3) | \$10,731,534 |
| 5 | Projected Normalized Sales and Services (Forecast Sch. TK-1) | 523,352,507 therms |
| 6 | RAC RATE, before taxes (L4/L5) | \$0.0205 /therm |
| 7 | Sales & Use Tax @ 6.625% | <u>\$0.0014</u> |
| 8 | RAC RATE (L6+L7) | <u>\$0.0219</u> /therm |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/25

| | | | |
|----|--|----------------------|---------------------|
| 1 | Total Recoverable Costs | | \$11,711,422 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | (\$69,250) |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$2,745 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | \$0 |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | <u>\$11,644,917</u> |
| 5 | Amortization Recoverable Cost (L4/7) | | \$1,663,560 |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2025 | |
| 10 | Difference (L8-L9) | 1 | |
| 11 | Unamortized Factor | (7-(difference-1))/7 | 1 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | \$11,644,917 |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | \$3,273,386 |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | <u>(\$144,029)</u> |
| 17 | 2025 Remediation Year 2024-25 (L5+L16) | | \$1,519,531 |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/24

| | | | |
|----|--|-------------------------------|---------------------|
| 1 | Total Recoverable Costs | | \$12,492,448 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | \$0 |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$2,745 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | (\$2,745) |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | <u>\$12,492,448</u> |
| 5 | Amortization Recoverable Cost (L4/7) | | \$1,784,635 |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2024 | |
| 10 | Difference (L8-L9) | 2 | |
| 11 | Unamortized Factor | $(7-(\text{difference}-1))/7$ | 0.857143 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | \$10,707,813 |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | \$3,009,966 |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | <u>(\$132,439)</u> |
| 17 | 2025 Remediation Year 2023-24 (L5+L16) | | \$1,652,196 |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/23

| | | | |
|----|--|-------------------------------|--------------------|
| 1 | Total Recoverable Costs | | \$8,556,531 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | \$0 |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$0 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | (\$2,745) |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | <u>\$8,553,786</u> |
| 5 | Amortization Recoverable Cost (L4/7) | | \$1,221,969 |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2023 | |
| 10 | Difference (L8-L9) | 3 | |
| 11 | Unamortized Factor | $(7-(\text{difference}-1))/7$ | 0.714286 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | \$6,109,847 |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | \$1,717,478 |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | <u>(\$75,569)</u> |
| 17 | 2025 Remediation Year 2022-23 (L5+L16) | | \$1,146,400 |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/22

| | | | |
|----|--|-------------------------------|--------------------|
| 1 | Total Recoverable Costs | | \$10,886,014 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | (\$4,501,758) |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$35,947 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | \$0 |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | <u>\$6,420,203</u> |
| 5 | Amortization Recoverable Cost (L4/7) | | \$917,172 |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2022 | |
| 10 | Difference (L8-L9) | 4 | |
| 11 | Unamortized Factor | $(7-(\text{difference}-1))/7$ | 0.571429 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | \$3,668,687 |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | \$1,031,268 |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | <u>(\$45,376)</u> |
| 17 | 2025 Remediation Year 2021-22 (L5+L16) | | <u>\$871,796</u> |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/21

| | | | |
|----|--|-------------------------------------|-------------------|
| 1 | Total Recoverable Costs | | \$11,137,686 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | (\$6,807,500) |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$14,822 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | (\$35,947) |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | \$4,309,061 |
| 5 | Amortization Recoverable Cost (L4/7) | | \$615,580 |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2021 | |
| 10 | Difference (L8-L9) | 5 | |
| 11 | Unamortized Factor | $(7 - (\text{difference} - 1)) / 7$ | 0.428571 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | \$1,846,740 |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | \$519,119 |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | <u>(\$22,841)</u> |
| 17 | 2025 Remediation Year 2020-21 (L5+L16) | | \$592,739 |

ELIZABETHTOWN GAS COMPANY
REMEDATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/20

| | | | |
|----|---|-------------------------------|---------------|
| 1 | Total Recoverable Costs | | \$2,280,307 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | (\$6,815,338) |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$0 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | (\$14,822) |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | (\$4,549,853) |
| 5 | Amortization Recoverable Cost (L4/7) | | (\$649,979) |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2020 | |
| 10 | Difference (L8-L9) | 6 | |
| 11 | Unamortized Factor | $(7-(\text{difference}-1))/7$ | 0.285714 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | (\$1,299,958) |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | (\$365,418) |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | \$16,078 |
| 17 | 2025 Remediation Year 2019-20 (L5+L16) | | (\$633,901) |

ELIZABETHTOWN GAS COMPANY
REMEDIATION ADJUSTMENT CLAUSE

AMORTIZATION RECOVERY YEAR 2026

Y/E 6/30/19

| | | | |
|----|--|-------------------------------------|---------------|
| 1 | Total Recoverable Costs | | \$5,239,768 |
| 2 | Adjustments to Recoverable Costs | | \$0 |
| 2A | A. 100% of Third Party Recoveries | | (\$9,334,111) |
| 2B | B. 50% Deferred Ins. Litigation - Opening Balance | | \$745,845 |
| 2C | C. 50% Deferred Ins. Litigation - Ending Balance | | \$0 |
| 3 | Less Miscellaneous Adjustments | | \$0 |
| 4 | Amortizable Recoverable Costs | | (\$3,348,498) |
| 5 | Amortization Recoverable Cost (L4/7) | | (\$478,357) |
| 6 | Deferred Tax Calculation | | |
| 7 | Unamortized Recoverable Costs: | | |
| 8 | Upcoming Recovery Year | 2026 | |
| 9 | Remediation Year | 2019 | |
| 10 | Difference (L8-L9) | 7 | |
| 11 | Unamortized Factor | $(7 - (\text{difference} - 1)) / 7$ | 0.142857 |
| 12 | Unamortized Recoverable Costs (L4*L11) | | (\$478,357) |
| 13 | Tax Rate | | 28.11% |
| 14 | Deferred Taxes on Net Deferred Remediation Cost (L12*L13) | | (\$134,466) |
| 15 | Interest on Deferred Taxes at the RAC interest rate set August 31st equal to the seven year constant maturity Treasuries plus 60 basis points. | | 4.40% |
| 16 | Deferred Tax Benefit (L14*L15) | | \$5,917 |
| 17 | 2025 Remediation Year 2018-19 (L5+L16) | | (\$472,440) |

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

RAC Schedule
TK-3

Carrying Costs

| | Beginning Balance | Total Remediation Costs (2) (5) | Third Party Recoveries at 100% (3) | Adjustments (see below) | (Recoveries) / Refunds TK-6 | Credit for Deferred Tax Benefit (4) | Ending Balance | Average Balance | Interest Rate * | Carrying Costs | Ending Balance plus Cumulative Interest ** |
|-----------------------|----------------------|---------------------------------------|--|----------------------------|-----------------------------------|---|-------------------|--------------------|--------------------|-------------------|--|
| a | b | c | d | e | f | g | h=sum(b:g) | i=(b+h)/2 | j | k=i*j/12 | l=h+ cum of k |
| Beginning Balance (1) | | | | | | | | | | | (Over) / Under |
| Jul-24 | \$36,679,339 | \$543,146 | \$0 | \$0 | (\$366,665) | (\$32,598) | \$36,823,222 | \$36,751,281 | 4.79% | \$146,699 | \$36,969,921 |
| Aug-24 | \$36,823,222 | \$32,961 | \$0 | \$0 | (\$370,119) | (\$32,598) | \$36,453,466 | \$36,638,344 | 4.79% | \$146,248 | \$36,746,413 |
| Sep-24 | \$36,453,466 | \$6,488,055 | \$0 | \$0 | (\$374,168) | (\$32,598) | \$42,534,755 | \$39,494,111 | 4.40% | \$144,812 | \$42,972,514 |
| Oct-24 | \$42,534,755 | \$211,313 | \$0 | \$0 | (\$445,289) | (\$32,598) | \$42,268,181 | \$42,401,468 | 4.40% | \$155,472 | \$42,861,412 |
| Nov-24 | \$42,268,181 | \$2,152,672 | \$0 | \$0 | (\$701,269) | (\$32,598) | \$43,686,986 | \$42,977,584 | 4.40% | \$157,584 | \$44,437,801 |
| Dec-24 | \$43,686,986 | \$190,033 | \$0 | \$0 | (\$1,291,175) | (\$32,598) | \$42,553,246 | \$43,120,116 | 4.40% | \$158,107 | \$43,462,168 |
| Jan-25 | \$42,553,246 | \$43,289 | \$0 | \$0 | (\$1,900,398) | (\$32,598) | \$40,663,539 | \$41,608,393 | 4.40% | \$152,564 | \$41,725,025 |
| Feb-25 | \$40,663,539 | \$1,368,223 | \$0 | \$0 | (\$1,795,717) | (\$32,598) | \$40,203,447 | \$40,433,493 | 4.40% | \$148,256 | \$41,413,189 |
| Mar-25 | \$40,203,447 | \$48,221 | (\$69,250) | \$0 | (\$1,459,466) | (\$32,598) | \$38,690,354 | \$39,446,901 | 4.40% | \$144,639 | \$40,044,735 |
| Apr-25 | \$38,690,354 | \$342,134 | \$0 | \$0 | (\$983,314) | (\$32,598) | \$38,016,576 | \$38,353,465 | 4.40% | \$140,629 | \$39,511,586 |
| May-25 | \$38,016,576 | \$141,422 | \$0 | \$0 | (\$705,737) | (\$32,598) | \$37,419,663 | \$37,718,120 | 4.40% | \$138,300 | \$39,052,973 |
| Jun-25 | \$37,419,663 | \$149,953 | \$0 | \$0 | (\$625,901) | (\$32,595) | \$36,911,120 | \$37,165,392 | 4.40% | \$136,273 | \$38,680,703 |
| Total | | \$11,711,422 | (\$69,250) | \$0 | (\$11,019,218) | (\$391,173) | | | | \$1,769,583 | |

Notes:

(1) Beginning Balance is the ending balance from June 2024.

(2) These costs include 100% of all expenses as such, they may vary from the amortizable recoverable costs on RAC Schedule TK-2. The primary difference would be the deferral of all NRD expenses and fifty percent of the costs incurred in pursuit of third party claims which are deferred pending a Third Party recovery.

(3) Recovery credit at 100%, as all expenses have been included, for purposes of deriving carrying costs.

(4) Reduction of the Remediation Costs to reflect a Deferred Tax Benefit on a monthly basis sourced from last year's RAC TK-2 Schedules 1-7.

(5) Adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

* Interest Rate seven year constant maturity Treasuries closest to August 31 of each year plus 60 basis points per the Board's Order in Docket No.

GX99030121 et al. www.federalreserve.gov/releases/h15/

** Net (Over) / Under Recovery Position

GA10110840 Stip provision 1

Staff determined that remediation costs reflected on Elizabethtown's quarterly RAC statements filed with the Board did not agree in certain

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
REMEDATION ADJUSTMENT CLAUSE (RAC)
AMORTIZATION RECOVERY YEAR

Prior Year's Reconciliation

FOR RECOVERY YEAR 2025

| | | |
|---|---|---------------------------|
| 1 | Total to be Recovered / (Refunded), (prior year Sch TK-1) | \$15,304,848 |
| 2 | Other | <u>\$0</u> |
| 3 | Adjusted Prior Year Balance (L1+L2) | \$15,304,848 |
| 4 | Actual Recoveries / (Refunds) (Sch TK-6) | <u>\$11,019,218</u> |
| 5 | Prior Year Under Recovery, (L3-L4) | <u><u>\$4,285,630</u></u> |

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
REMEDATION ADJUSTMENT CLAUSE (RAC)
Annual Cap Calculation
RECOVERY YEAR -
2026

| | | |
|---|--|---------------|
| 1 | Total Revenues 12 mos ended June 30, 2025 | \$535,651,550 |
| 2 | 5% of Line 1 | \$26,782,578 |
| 3 | Total Remediation Costs to be Recovered/(Refunded) this Year, (Sch TK-1) | \$10,731,534 |
| 4 | Excess Remediation Costs to be Deferred (L4 = If L3 < L2 then zero, else L3 - L2) | \$0 |

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

Cost Recoveries

12 Months Ended

June-25

| | <u>Billed Therms</u> | <u>Rate w/o tax *</u> | <u>Recoveries / (Refunds) Net of Sales Tax</u> |
|--------|----------------------|-----------------------|--|
| Jul-24 | 17,523,066 | \$0.0209 | \$366,665 |
| Aug-24 | 17,607,062 | \$0.0210 | \$370,119 |
| Sep-24 | 17,818,482 | \$0.0210 | \$374,168 |
| Oct-24 | 21,237,948 | \$0.0210 | \$445,289 |
| Nov-24 | 33,274,380 | \$0.0211 | \$701,269 |
| Dec-24 | 61,214,583 | \$0.0211 | \$1,291,175 |
| Jan-25 | 90,085,684 | \$0.0211 | \$1,900,398 |
| Feb-25 | 85,113,683 | \$0.0211 | \$1,795,717 |
| Mar-25 | 69,277,469 | \$0.0211 | \$1,459,466 |
| Apr-25 | 46,608,327 | \$0.0211 | \$983,314 |
| May-25 | 27,775,045 | \$0.0254 | \$705,737 |
| Jun-25 | 22,086,902 | \$0.0283 | \$625,901 |
| Total | <u>509,622,631</u> | | <u>\$11,019,218</u> |

* Billing at the tariff rate yields the dollars recovered or disbursed, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing these monthly amounts net of sales tax by billed therms for the month, as such rounding differences to the tariff billing rate may result.

**IN THE MATTER OF THE PETITION
OF ELIZABETHTOWN GAS COMPANY TO REVISE THE
REMEDATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE**

BPU DOCKET NO. _____

DIRECT TESTIMONY

OF

MARGO CARR

**On Behalf Of
Elizabethtown Gas Company**

Exhibit P-2

July 31, 2025

**ELIZABETHTOWN GAS COMPANY
DIRECT TESTIMONY
OF MARGO CARR**

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Margo Carr. My business address is One South Jersey Place, Atlantic
4 City, NJ 08401.

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 **A.** I am employed by South Jersey Industries, Inc. ("SJI"), the parent of Elizabethtown
7 Gas Company ("Elizabethtown" or "Company"), as Manager, Environmental. As
8 such, I am responsible for the efforts of Elizabethtown to investigate, contain, and
9 remediate its former Manufactured Gas Plant ("MGP") sites.

10 **Q. WHAT IS YOUR PROFESSIONAL AND EDUCATIONAL BACKGROUND?**

11 **A.** I earned a Bachelor of Science degree in Environmental Engineering from
12 Manhattan College and a Master of Engineering in Environmental Engineering from
13 Manhattan College. From 2003 to 2012, I worked for the Los Angeles County
14 Sanitation District in the Industrial Waste and Water Quality Departments. In 2012,
15 I joined SJI as an Environmental Engineer in the Marina Energy branch where my
16 focus was environmental compliance for the non-regulated side of the company. In
17 2016, I joined the SJI Environmental Department where I have held various positions
18 of ascending responsibility leading to my current position of Manager,
19 Environmental.

20

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

2 **A.** The purpose of my testimony is to support Elizabethtown's Petition in this proceeding
3 to review the Remediation Adjustment Clause ("RAC") component of the Societal
4 Benefits Charge ("SBC") rate for remediation costs during the period July 1, 2024
5 through June 30, 2025 ("2025 Remediation Year"). I will discuss Elizabethtown's
6 efforts to investigate, contain and remediate its former MGP sites in a prudent manner
7 and will discuss the costs associated with the 2025 Remediation Year. I will also
8 discuss the Company's treatment of costs incurred to obtain third party and/or
9 insurance recoveries of MGP-related costs and briefly describe the MGP-related rate
10 and third party recovery that the Company has obtained during the period. Finally, I
11 will provide a projection of the MGP-related costs for the period July 1, 2025 through
12 June 30, 2026 ("2026 Remediation Year").

13 **Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?**

14 **A.** Yes. My testimony includes the schedules listed below that were prepared under my
15 direction and supervision. As explained in the Petition, these schedules contain
16 information responsive to the Minimum Filing Requirements ("MFRs") approved by
17 the Board's Order dated September 22, 2011 in BPU Docket Nos. GR07080645,
18 GR08090836 and GR09080651 ("September 22 Order"). A MFR Index is included
19 with the Petition as Exhibit A. The schedules are as follows:

20 **(1) Schedule MC-1** consists of a summary of MGP-related expenses for
21 the 2025 Remediation Year. This schedule also provides information
22 concerning insurance, third party and rate recoveries of MGP-related
23 expenses, if any, associated with this period.

(2) Schedule MC-2 contains information responsive to MFRs 1 through 8, MFRs 10 through 12 and MFRs 14 through 18.

II. FORMER MGP SITE AND COST DISCUSSIONS

Q. WHICH FORMER MGP SITES CURRENTLY OR PREVIOUSLY OWNED BY ELIZABETHTOWN ARE INCLUDED IN THIS PETITION ?

A. There are five sites located in New Jersey that are included in this Petition. They will be referred to as (1) Erie Street, Elizabeth; (2) South Street, Elizabeth; (3) Perth Amboy; (4) Flemington; and (5) Newton. Three of these five sites (Erie Street, South Street, and Perth Amboy) were owned solely by Elizabethtown and/or its predecessor companies. The remaining sites (Newton and Flemington) were also owned and operated by a predecessor of Jersey Central Power & Light Company, which is now owned by First Energy, herein referred to as "JCP&L".

Q. HAVE ELIZABETHTOWN'S MGP-RELATED COSTS AT ITS VARIOUS SITES BEEN INCURRED TO COMPLY WITH APPLICABLE LAWS AND REGULATIONS?

A. Yes. In all instances, Elizabethtown's efforts to test, contain, and remediate its former MGP sites have been directed toward complying with applicable laws and regulations in a reasonable, cost prudent manner.

Q. PLEASE UPDATE THE STATUS OF EACH OF ELIZABETHTOWN'S FORMER MGP SITES.

A. Set forth below is a discussion of the activities that were either completed or ongoing at each of the Company's MGP sites. A breakdown of expenses for each of these sites during the 2025 Remediation Year is included in Schedule MC-1.

Erie Street

The Company continues to perform work related to the implementation of remedial measures at the site and third party owned properties impacted by historic MGP operations. Erie Street is comprised of eight (8) general Areas of Concern (“AOC”), Areas A through H. The remediation of Areas A, B, D and G were completed in prior RAC remediation periods.

During the 2025 Remediation Year, the Company completed a remedial action to address the remaining on-site soil AOCs (Areas C, E & F).

The Company is currently assessing remedial alternatives for remaining off-site AOCs. These include the former Bilkay’s property, South Second Street, Third Avenue, 236 Erie Street and Elizabeth River. The Company has completed initial investigation of these areas. Supplemental investigation will be required to support design and permitting for remedial action selection and implementation.

The Company plans to remediate 236 Erie Street and an adjacent third-party owned property in the fourth quarter of 2025, assuming an agreement for access can be reached with the third-party property owner. The remediation will consist of excavation, offsite treatment and disposal of MGP impacted soil on the properties and backfill and restoration.

Groundwater remediation will likely be a long-term process and include a pump and treat scenario. Elizabethtown has obtained an extension to the New Jersey Department of Environmental Protection (“NJDEP”) remedial time frames applicable to the site.

South Street

In accordance with applicable laws and regulations and an Administrative Consent Order with the NJDEP dated April 9, 1991, Elizabethtown is continuing to conduct environmental investigations and evaluate further remediation at the South Street site. During the 2025 Remediation Year, a soil Remedial Action Report (“RAR”) was prepared and is currently being finalized to be submitted to NJDEP by the end of 2025. A soil only Response Action Outcome (“RAO”) will be submitted upon receipt of the soil only Remedial Action Permit (“RAP”) from the NJDEP, which is anticipated to take approximately one year from submission of the RAR.

A Remedial Action Selection process is currently underway for bedrock and overburden groundwater contamination and for soil beneath the Routes 1 & 9 viaduct. The Remedial Action Selection process is anticipated to be completed during the fourth quarter of 2025. Once a remedial action is selected, coordination with the New Jersey Department of Transportation will be required to implement any remedial action beneath the Routes 1 & 9 viaduct. Groundwater remedial action in the bedrock and overburden outside the Right-of-Way of the Routes 1 & 9 viaduct is expected to begin in 2026 once any necessary permits are received. Submission of any subsequent RARs, RAP applications and RAOs is dependent on the selected remedies. Elizabethtown has obtained an extension to the NJDEP remedial time frames applicable to the site.

Perth Amboy

The Perth Amboy former MGP site has been fully remediated and unrestricted use RAOs have been obtained for both groundwater and soil at the site. A remedial action was implemented at the offsite areas to remove contamination from this site. The

soil RAP associated with the offsite areas was approved on March 7, 2024 and a restricted use RAO was submitted to the NJDEP on May 1, 2024. The first annual inspection of the engineered cap occurred in March 2025 and a Biennial Certification Report will be submitted in March 2026 in accordance with the RAP.

Flemington

The Company and JCP&L have completed the remediation of the onsite and offsite soil and offsite wetlands and stream sediment.

During the 2025 Remediation Year, the Company and JCP&L worked to close out the wetlands permit required for remediation. RAP applications for soil and groundwater were submitted to the NJDEP. RAOs for soil restricted use and monitoring and natural attenuation for groundwater will be issued upon approval of the RAPs by the NJDEP..

Newton

The soil only RAR for the recent remedial action at the site along with a soil only RAP application will be submitted to the NJDEP in the third quarter 2025. A RAO will be submitted upon receipt of the soil RAP from the NJDEP, which is anticipated to take approximately one year from submission of the RAR.

During the soil remediation effort, measures to address groundwater contamination were implemented, including (1) removal of MGP product encountered at the soil/bedrock interface and (2) installation of a network of sumps where MGP product was encountered in the soil excavations. A Groundwater Remedial Action Work Plan is being developed and groundwater remediation is anticipated to begin in 2026, once necessary permits are received. Submission of any subsequent RARs, RAP applications and RAOs is dependent on the selected remedy.

1 **Q. HAS ELIZABETHTOWN INCURRED ANY MGP-RELATED COSTS THAT**
2 **ARE NOT SPECIFICALLY RELATED TO ANY PARTICULAR MGP**
3 **SITES?**

4 **A.** Yes. In addition to the costs specifically allocated to the individual Elizabethtown
5 MGP sites, the Company has incurred additional costs related to the overall
6 investigation and remediation of the Company's MGP sites. These unallocated costs
7 are included in Schedule MC-1, Lines 6 and 7. These unallocated costs include
8 internal labor costs as permitted by the Stipulation approved by the Board in the
9 Company's base rate case proceeding in BPU Docket No. GR09030195 and costs
10 associated with liability cost estimating permitted by the September 22 Order.

11 **Q. HAS ELIZABETHTOWN OBTAINED BASE RATE RECOVERY OF ANY**
12 **MGP-RELATED EXPENSES?**

13 **A.** No. As a result of the Board's Order dated March 30, 2001 in BPU Docket No.
14 GX99030121 et al, Elizabethtown has, since June 1, 2001, deferred all MGP-related
15 costs for recovery through the RAC component of the SBC rate.

16 **Q. DO ELIZABETHTOWN'S NET DEFERRED MGP-RELATED COSTS**
17 **INCLUDE ANY COSTS ASSOCIATED WITH INSURANCE LITIGATION**
18 **AND PURSUING THIRD PARTY CLAIMS?**

19 **A.** Yes. During the 2025 Remediation Year, Elizabethtown incurred \$30,247 of legal
20 costs associated with third party claims. Fifty percent (50%) of these costs were
21 deferred pending receipt of third party recoveries. As shown on Line 8 of Schedule
22 MC-1, third party recoveries amounted to \$69,250. This third party recovery amount
23 represents payment resulting from settlements with insurance carriers. As a result,
24 the Company can recover \$17,869, which is the legal costs deferred during the 2025

1 Remediation Year totaling \$15,123 plus \$2,745 of deferred expenses from prior years
2 not yet recovered. As a result, as shown on line 2C of RAC Schedule TK-2, page 1
3 of 7, the deferred balance pending receipt of future third party recoveries is \$0.

4 **III. CONCLUSION**

5 **Q. PLEASE SUMMARIZE THE TOTAL MGP-RELATED EXPENDITURES**
6 **THAT ELIZABETHTOWN SEEKS TO RECOVER IN THIS PROCEEDING.**

7 **A.** As set forth on Schedule MC-1, Elizabethtown incurred remediation costs of
8 \$11,711,422. In this proceeding, after adjusting for the receipt of third-party
9 recoveries and deferred litigation costs, the Company is seeking to recover
10 \$11,644,917. The net costs are used to calculate the proposed RAC rate in this
11 proceeding.

12 **Q. PLEASE PROVIDE AN ESTIMATE OF THE REMEDIATION COSTS FOR**
13 **THE PERIOD JULY 1, 2025 THROUGH JUNE 30, 2026.**

14 **A.** Based on the scope of work planned during this period, I estimate that the Company
15 may incur approximately \$5.9 million of remediation costs during the 2026
16 Remediation Year. However, this is only an estimate. The Company's costs will
17 continue to be driven by its need to comply with applicable laws and regulations and
18 access to third party owned property.

19 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

20 **A.** Yes, it does.

**Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program**

**Summary Statement of Site Expenses
Annual Report
July 1, 2024 through June 30, 2025**

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit/ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Net Remediation Cost This Period |
|----------|---|----------------------------|----------|--------------------|---|-----------|---|-----------------------------|---|--|----------------------------------|---|
| 1 | Elizabeth (Erie Street) | \$10,999,416 | | | | | \$10,999,416 | | | | | \$10,999,416 |
| 2 | Elizabeth (South Street) | \$16,870 | | | | | \$16,870 | | | | | \$16,870 |
| 3 | Perth Amboy | \$6,307 | | | | | \$6,307 | | | | | \$6,307 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 |
| 5 | Newton | \$439,348 | | | | | \$439,348 | | | | | \$439,348 |
| 6 | Internal | | | | | \$112,821 | \$112,821 | | | | | \$112,821 |
| 7 | Misc. | \$106,413 | | | | | \$106,413 | | | | | \$106,413 |
| 8 | Insurance Litigation/ Third Party Claims | | \$30,247 | | | | \$30,247 | | (\$15,124) | \$17,869 | (\$69,250) | (\$36,258) |
| 9 | | \$11,568,354 | \$30,247 | \$0 | \$0 | \$112,821 | \$11,711,422 | \$0 | (\$15,124) | \$17,869 | (\$69,250) | \$11,644,917 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

MFR-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.**

Please see attachment MFR-1.1 for vendor expenditures by site and MFR-1.2 for a description of the services provided by each vendor.

**Elizabethtown Gas Company
MGP Vendor Expenditures
July 2024 through June 2025**

| Vendor Name | Erie St | South St | Rahway | Flemington | Perth Amboy | Newton | Misc. | Ins Litigation/ Ins Recovery | Internal | Total |
|---|------------------------|--------------------|---------------|---------------|-------------------|---------------------|---------------------|---------------------------------|---------------------|------------------------|
| AirLogics LLC | 270,641.75 | | | | | | | | | \$270,641.75 |
| Chemistry Council of NJ | | | | | | | 1,500.00 | | | \$1,500.00 |
| Covington & Burling LLP | | | | | | | | 30,246.93 | | \$30,246.93 |
| Creamer Environmental, Inc. | 9,232,855.17 | | | | | | | | | \$9,232,855.17 |
| Eurofins Environment Testing Northeast LLC | 51,447.40 | | | | | | | | | \$51,447.40 |
| GEI Consultants, Inc. | 1,250,098.86 | | | | | | | | | \$1,250,098.86 |
| GZA Geo Environmental, Inc. | 7,556.17 | | | | | | | | | \$7,556.17 |
| H & G Public Affairs LLC | 7,998.17 | | | | | | | | | \$7,998.17 |
| Henkels & McCoy, Inc. | 62,573.67 | 2,487.12 | | | | | | | | \$65,060.79 |
| Insurance Recovery (checks) | | | | | | | | (69,250.00) | | (\$69,250.00) |
| Jersey Central Power & Light | | | | | | 439,348.44 | | | | \$439,348.44 |
| Langan Engineering & Environmental Services, Inc. | | 10,882.51 | | | 4,407.25 | | 2,116.13 | | | \$17,405.89 |
| NJ DEP | 185.00 | 3,500.00 | | | 1,900.00 | | | | | \$5,585.00 |
| Payroll | | | | | | | | | 112,820.05 | \$112,820.05 |
| Ramboll Americas Engineering Solutions, Inc. | | | | | | | 102,796.06 | | | \$102,796.06 |
| Summit Drilling, LLC | 111,439.01 | | | | | | | | | \$111,439.01 |
| Vargo Land Surveying, Inc. | 2,907.50 | | | | | | | | | \$2,907.50 |
| Veolia ES Technical Solutions, LLC. | 1,713.83 | | | | | | | | | \$1,713.83 |
| | \$10,999,416.53 | \$16,869.63 | \$0.00 | \$0.00 | \$6,307.25 | \$439,348.44 | \$106,412.19 | (\$39,003.07) | \$112,820.05 | \$11,642,171.02 |

Note: AirLogics LLC, Creamer Environmental, Inc., GEI Consultants, and Jersey Central Power & Light represent the contractors or suppliers whose invoices exceeded \$250,000 in aggregate for the period for the top three sites.

Elizabethtown Gas Company
MGP Remediation Vendor Services*

July 2024 through June 2025

AirLogics, LLC

Erie Street MGP

- Air monitoring services

Chemistry Council of NJ

All MGP Sites

- SRIN (Site Remediation Industry Network) membership dues

Covington & Burling LLP

All MGP Sites

- Legal services relating to insurance recovery and insurance recovery litigation

Creamer Environmental, Inc.

Erie Street MGP

- Remedial construction

Eurofins Environment Testing America Holdings, Inc.

Erie Street MGP

- Analytical testing related to the Erie Street remediation.

GEI Consultants, Inc.

Erie Street MGP

- Engineering consulting for the design and implementation of remedial investigation and remedial action activities.

GZA Geo Environmental, Inc.

Erie Street MGP

- Assist in remedy selection for the Erie Street MGP site

H&G Public Affairs LLC

Erie Street MGP

- Public relations and community outreach services

Henkels & McCoy, Inc.

Erie Street MGP

- Natural gas pipeline work to facilitate on-site soil remediation.

South Street MGP

- Site maintenance as required by the City of Elizabeth.

Jersey Central Power & Light

Newton MGP

- Responsible party for remedial investigation and remedial action

Langan Engineering and Environmental Services, Inc.

South Street MGP

- Engineering consulting for the design and implementation of pre-design investigation activities to develop a groundwater remedial action.
- Remedial action permitting and third party owned site access.

Perth Amboy MGP

- Engineering consulting for the design and implementation of remedial investigation and remedial action
- Remedial investigation and remedial action permitting
- Implementation of remedial action on City of Perth Amboy property
- Engineering oversight of the remediation construction contractor

All MGP Sites

- Assist in the development of environmental liability cost estimates for ETG's MGP sites.

New Jersey Dept. of Environmental Protection

Erie Street, South Street and Perth Amboy MGP

- NJDEP regulatory oversight

Ramboll Americas Engineering Solutions, Inc.

All MGP Sites

- ETG MGP program management assistance

Summit Drilling, LLC.

Erie Street MGP

- Soil borings and remedial investigation related activities associated with on site and off site

Vargo Land Surveying, Inc.

Erie Street MGP

- Surveying services.

Veolia ES Technical Solutions, LLC

Erie Street MGP

- Regulated waste disposal services for IDW and other MGP impacted material generated during operations on ETG owned MGP sites.

*** For a detailed description of specific services provided by a given vendor under the general categories listed above, please see description of services included with individual vendor invoices.**

MFR-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.

The three MGP sites with the highest level of expenditure during the prior RAC period are the Erie Street former MGP site, the South Street former MGP site and the Newton former MGP site. There were no work plans, remediation reports, or major work products submitted to NJDEP for these sites during the RAC period.

MFR-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.**

During the most recent RAC period, the remediation at these sites was under the oversight of LSRPs pursuant to SRRA. There was no correspondence between the Company and NJDEP concerning submissions for the sites, reply comments, and other major items having material impacts on the remediation activities and associated costs for the sites.

MFR-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.**

Please see attachment MFR-1.1 for the list of vendor costs by site. Attachment MFR-4.1 contains a detailed list of invoices for three contractors for Erie Street, AirLogics, Creamer Environmental (Creamer), and GEI Consultants (GEI) that met the \$250,000 criteria detailed above.

Summaries for the subcontractors employed by AirLogics, Creamer and GEI used to determine which subcontractors met the \$100,000 threshold described above are attached. Attachment MFR-4.2 provides the summary for AirLogics, attachment MFR-4.3 is the summary for Creamer and MFR-4.4 is a summary for GEI.

Please note no subcontractor table is provided for JCP&L at the Newton site as the Company pays a 40% share of what is billed to JCP&L directly to JCP&L in accordance with the remediation cost sharing agreement for the Newton site. Vendor information is included in the backup to confidential invoices for JCP&L.

The Company considers the requested invoices confidential and proprietary. Such information is competitively sensitive in that it would provide potential vendors with information that is normally not made available in negotiations. The requested information will be provided to parties executing an appropriate confidentiality agreement.

Elizabethtown Gas Company
Vendors With Invoices Exceeding \$250,000
July 2024 - June 2025
AirLogics - Erie St

MC-2
MFR-4.1
Page 1 of 3

| Site Name | Vendor | Invoice No. | RAC Total | Account Date Approved | Acct | DeptID |
|-----------|---------------|-------------|------------|-----------------------|--------|--------|
| Erie St | AirLogics LLC | 0880364 | 44,844.50 | Jul-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0882119 | 41,229.81 | Sep-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0884445 | 44,037.44 | Sep-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0885950 | 45,605.00 | Oct-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0888670 | 43,055.00 | Dec-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0889858 | 30,972.50 | Dec-24 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0897641 | 14,397.50 | Apr-25 | 166063 | 0452 |
| Erie St | AirLogics LLC | 0897872 | 6,500.00 | May-25 | 166063 | 0452 |
| Total \$ | | | 270,641.75 | | | |

Elizabethtown Gas Company
 Vendors With Invoices Exceeding \$250,000
 July 2024 - June 2025
 Creamer - Erie St

MC-2
 MFR-4.1
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| Site Name | Vendor | Invoice No. | RAC Total | Account Date Approved | Acct | DeptID |
|-----------------|-----------------------------|-------------|---------------------|-----------------------|--------|--------|
| Erie St | Creamer Environmental, Inc. | 1451 | 2,282,561.87 | Sep-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1459 | 2,337,616.45 | Sep-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1471 | 1,422,408.58 | Sep-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1481 | 38,972.63 | Nov-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1484 | 1,251,799.83 | Nov-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1495 | 691,334.67 | Nov-24 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1515 | 13,494.00 | Jan-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1506 | 253,072.84 | Feb-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1508 | 881,141.50 | Feb-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1524 | 11,374.00 | Feb-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1537 | 16,254.00 | Apr-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1545 | 16,534.00 | May-25 | 166063 | 0452 |
| Erie St | Creamer Environmental, Inc. | 1558 | 16,290.80 | Jun-25 | 166063 | 0452 |
| Total \$ | | | 9,232,855.17 | | | |

Elizabethtown Gas Company
Vendors With Invoices Exceeding \$250,000
July 2024 - June 2025
GEI - Erie St

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MFR-4.1
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| Site Name | Vendor | Invoice No. | RAC Total | Account Date Approved | Acct | DeptID |
|-----------------|-----------------------|-------------|---------------------|-----------------------|--------|--------|
| Erie St | GEI Consultants, Inc. | 003155835 | 148,058.49 | Jul-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003155836 | 1,755.75 | Jul-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003157450 | 936.40 | Sep-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003157538 | 119,418.08 | Sep-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003159621 | 88,468.96 | Sep-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003159622 | 2,341.00 | Sep-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003161263 | 137,410.01 | Oct-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003161264 | 798.18 | Oct-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003161265 | 1,404.60 | Oct-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003163300 | 118,488.18 | Nov-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003163301 | 133.03 | Nov-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003163302 | 1,053.45 | Nov-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003165166 | 81,910.50 | Dec-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003165167 | 585.25 | Dec-24 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003168189 | 111,814.61 | Feb-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003168190 | 1,053.45 | Feb-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003168805 | 90,683.40 | Feb-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003168806 | 585.25 | Feb-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003171970 | 95,762.31 | Apr-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003171971 | 468.20 | Apr-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003173478 | 66,504.33 | Apr-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003173479 | 702.30 | Apr-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003175018 | 91,890.31 | May-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003175019 | 702.30 | May-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003176978 | 86,079.18 | Jun-25 | 166063 | 0452 |
| Erie St | GEI Consultants, Inc. | 003176979 | 1,091.34 | Jun-25 | 166063 | 0452 |
| Total \$ | | | 1,250,098.86 | | | |

Notes:

Creamer Environmental

SJI Elizabeth Areas C, E, F & Area B Holder
SUBCONTRACTOR EXPENSES: MONTHLY AND YEAR-TO-DATE
July 1, 2024 through June 20, 2025

| Subcontractor Name | July 2024 | Aug 2024 | Sept 2024 | Oct 2024 | Nov 2024 | Dec 2024 | Jan 2025 | Feb 2025 | Mar 2025 | April 2025 | May 2025 | June 2025 | Year To Date |
|---------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|-------------------|--------------------|-------------------|-------------------|-------------------|-------------------|------------------------|
| ADT - Cascade (DR) | \$13,087.50 | \$5,526.50 | \$7,600.00 | | | | | | | | | | \$ 26,214.00 |
| ANS (MT) | | | | | | | | | | | | | \$ - |
| Atlas (MT) | \$807.00 | | \$3,345.50 | \$3,267.00 | | | | | | | | | \$ 7,419.50 |
| Clean Earth New Castle (D) | \$138,786.11 | \$457,281.37 | \$317,603.83 | \$31,366.15 | | \$24,859.96 | | | | | | | \$ 969,897.42 |
| Clean Earth South East PA (D) | \$33,691.73 | \$38,399.57 | \$25,179.83 | | | | | | | | | | \$ 97,271.13 |
| Cloudy2 Clear (W) | \$4,900.00 | | \$8,400.00 | \$4,200.00 | | \$4,200.00 | | | | | | | \$ 21,700.00 |
| Consolidated Steel and Alum Fence (F) | | | | | \$207,960.00 | | | | | | | | \$ 207,960.00 |
| Downes Tree Service (TR) | | | | | | | | | | | | | \$ - |
| East Coast Geophysics (G) | | | | | \$950.00 | | | | | | | | \$ 950.00 |
| Geo Solutions (DR) | \$593,469.60 | \$169,614.90 | | \$64,341.42 | | \$611.95 | | | | | | | \$ 828,037.87 |
| Ground Water Treatment Tech (W) | \$36,389.00 | \$28,149.00 | \$28,149.00 | \$28,149.00 | \$35,000.00 | | | | | | | | \$ 155,836.00 |
| H.B. Frazer Company (E) | | | | | \$24,300.00 | \$3,938.00 | | | | | | | |
| Intergrated Geotechnical Services (G) | \$3,000.00 | \$1,500.00 | \$675.00 | | | | | | | | | | \$ 5,175.00 |
| J&F Concrete Pumping | | | | | \$1,280.00 | | | | | | | | \$ - |
| Reinhart Electric (E) | | | | | | | | | | | | | \$ - |
| Russel Reid (T) | \$2,662.97 | | | | | \$4,950.00 | \$4,125.00 | \$7,425.00 | \$6,600.00 | \$7,458.00 | \$6,600.00 | \$4,125.00 | \$ 43,945.97 |
| Verum Security (SE) | \$4,733.59 | \$4,114.93 | \$4,951.68 | \$4,103.47 | \$2,670.70 | | | | | | | | \$ 20,574.37 |
| Weber Survey (S) | \$9,638.00 | | \$21,258.00 | \$2,603.25 | \$967.50 | | \$2,436.00 | \$2,631.00 | | | | | \$ 39,533.75 |
| Vortex Services (CCTV) | | | \$16,550.00 | | | | | | | | | | |
| TOTALS | \$841,165.50 | \$704,586.27 | \$433,712.84 | \$138,030.29 | \$273,128.20 | \$38,559.91 | \$6,561.00 | \$10,056.00 | \$6,600.00 | \$7,458.00 | \$6,600.00 | \$4,125.00 | \$ 2,424,515.01 |

Codes

AM = Air Monitoring
C= Crane Rental
D=Disposal

S=Surveyor
SA=Safety
SE=Security

DE=Demolition

DR = Drilling

F=Fence

G=Geophysical Survey

M=Masonry

MT= Materials Testing

T=Trucking

TR=Tree Removal

R=Restoration

CCTV = Video Surveillance

E = Electrician

W= Water Treatment

GEI Consultants
Erie St MGP Site, Elizabeth NJ
Subcontractor and Vendor Expenses July 1, 2024 through June 30, 2025

| Subcontractor or Vendor Name | 07 2024 | 08 2024 | 09 2024 | 10 2024 | 11 2024 | 12 2024 | 01 2025 | 02 2025 | 03 2025 | 04 2025 | 05 2025 | 06 2025 | Total |
|---|-----------------|-----------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
| Alpha Geoscience | | | 674.10 | | | | | | | 14,766.00 | | | 15,440.10 |
| City of Elizabeth | | | | | 3,219.33 | | | | | | | | 3,219.33 |
| Conrail | | | | 802.50 | | | | 1,768.34 | | | | | 2,570.84 |
| Joint Meeting of Essex & Union Counties | | | 1,184.49 | | | | | | 1,605.00 | | | | 2,789.49 |
| Phase Associates | | | 3,659.40 | | 3,659.40 | | | | | | | | 7,318.80 |
| Procore | | | | | | | | | | 1,590.02 | | | 1,590.02 |
| Treasurer, State of NJ (NJDEP) | | 374.50 | 11,770.00 | 695.50 | | 1,070.00 | | | | | | | 13,910.00 |
| United Site Services | 313.96 | 313.96 | 313.96 | 313.96 | 339.07 | 339.07 | 339.07 | 339.07 | 339.07 | 463.61 | 313.96 | 339.07 | 4,067.83 |
| UPS | | 26.67 | 69.87 | 26.69 | 38.09 | 26.67 | 28.49 | 14.30 | | 14.33 | 14.30 | 14.41 | 273.82 |
| Williams Scotsman | 1,483.81 | 1,483.81 | 1,506.08 | 1,856.39 | 1,856.39 | 1,856.39 | 1,856.39 | 1,856.39 | 1,856.39 | 1,856.39 | 1,834.12 | 1,834.12 | 21,136.67 |
| Grand Total | 1,797.77 | 2,198.94 | 19,177.90 | 3,695.04 | 9,112.28 | 3,292.13 | 2,223.95 | 3,978.10 | 3,800.46 | 18,690.35 | 2,162.38 | 2,187.60 | 72,316.90 |

Notes:

1. Creamer, AirLogics, Summit, Eurofin, PSC and Vargo billed directly to Elizabethtown Gas and are not included above.
2. Equipment rentals captured using Equipment Usage Sheet are not included above.

MFR-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.

Erie Street

The main engineering consultant utilized for investigation work at the site is GEI Consultants. GEI was contracted directly with South Jersey Industries (“SJI”). GEI reported directly to Steven Cook, SJI/ETG Environmental Specialist Lead. Steven Cook had day to day responsibility for management of ongoing remediation efforts. Steven Cook reported directly to Margo Carr, Manager, Environmental, who reports to Ken Sheppard, Senior Director, Environmental and Procurement. Ken Sheppard reports to Karen Phillips, Senior Vice President and Chief Administrative Officer of SJI.

GZA Geo Environmental provides consulting services regarding the selection of remedial action for the site. GZA reports directly to Margo Carr.

Creamer Environmental is the construction contractor for the remedial action. Creamer was contracted to SJI and reported directly to Steven Cook who reported through the SJI organization as described above.

Waste disposal is performed by Veolia ES. Veolia was contracted to SJI and reported directly to Steven Cook who reported through the SJI organization as described above.

Henkels & McCoy provides natural gas pipeline work and site maintenance and reported to Steven Cook.

H&G Public Affairs, LLC provides community outreach and public relations services regarding the site. H&G is contracted to SJI and reported directly to Steven Cook who reported through the SJI organization as described above.

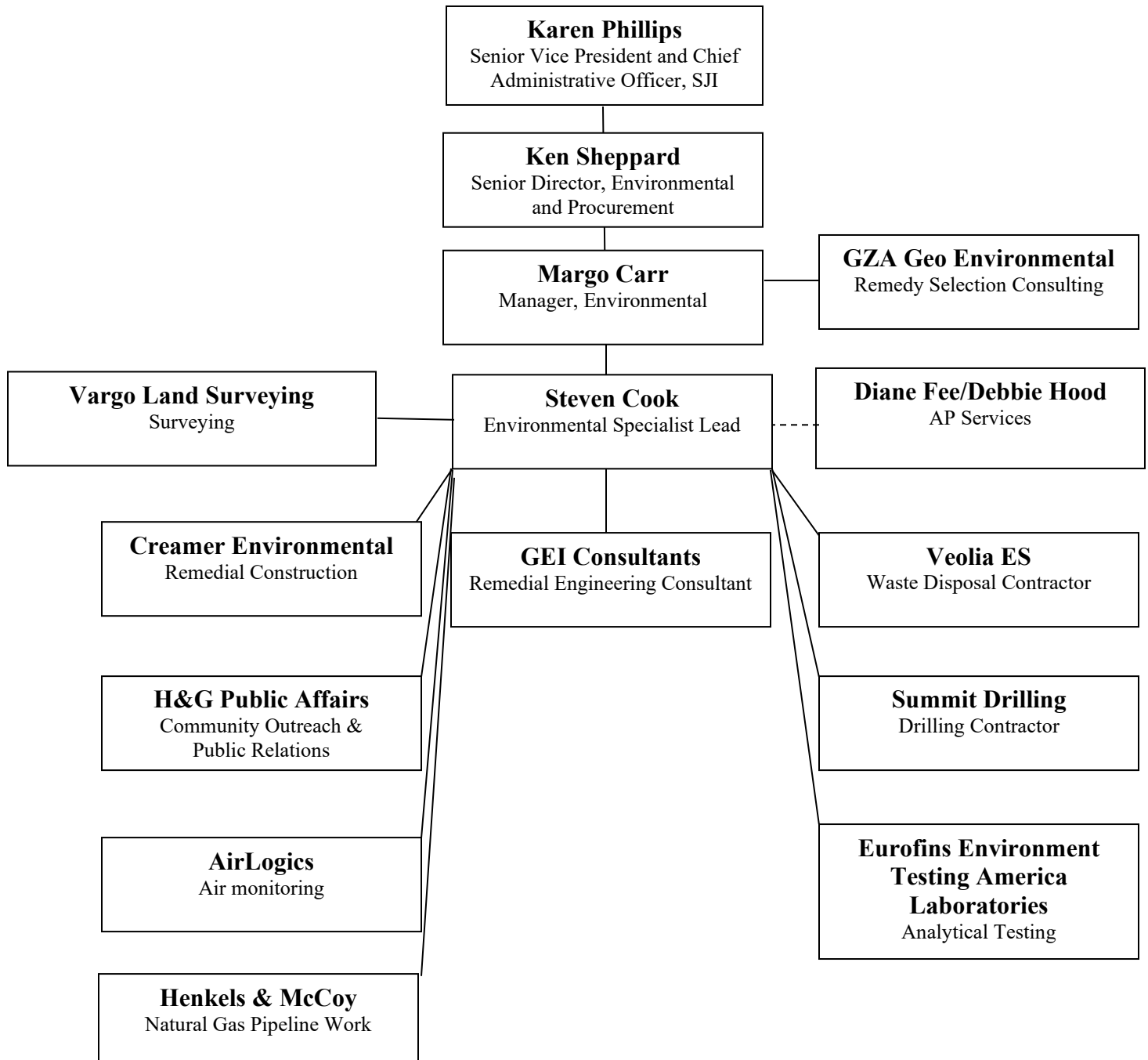
AirLogics, Summit Drilling and Eurofins Environment Testing America Laboratories are air monitoring vendor, drilling company and analytical testing

provider, respectively. These vendors are contracted to SJI and report directly to Steven Cook who reported through the SJI organization as described above.

Vargo Land Surveying provides land surveying services for the remediation of the Erie Street MGP site. Vargo Land Surveying is contracted to SJI and reported directly to Steven Cook who reported through the SJI organization as described above.

Diane Fee and Debbie Hood of SJI provided accounts payable services.

Erie Street

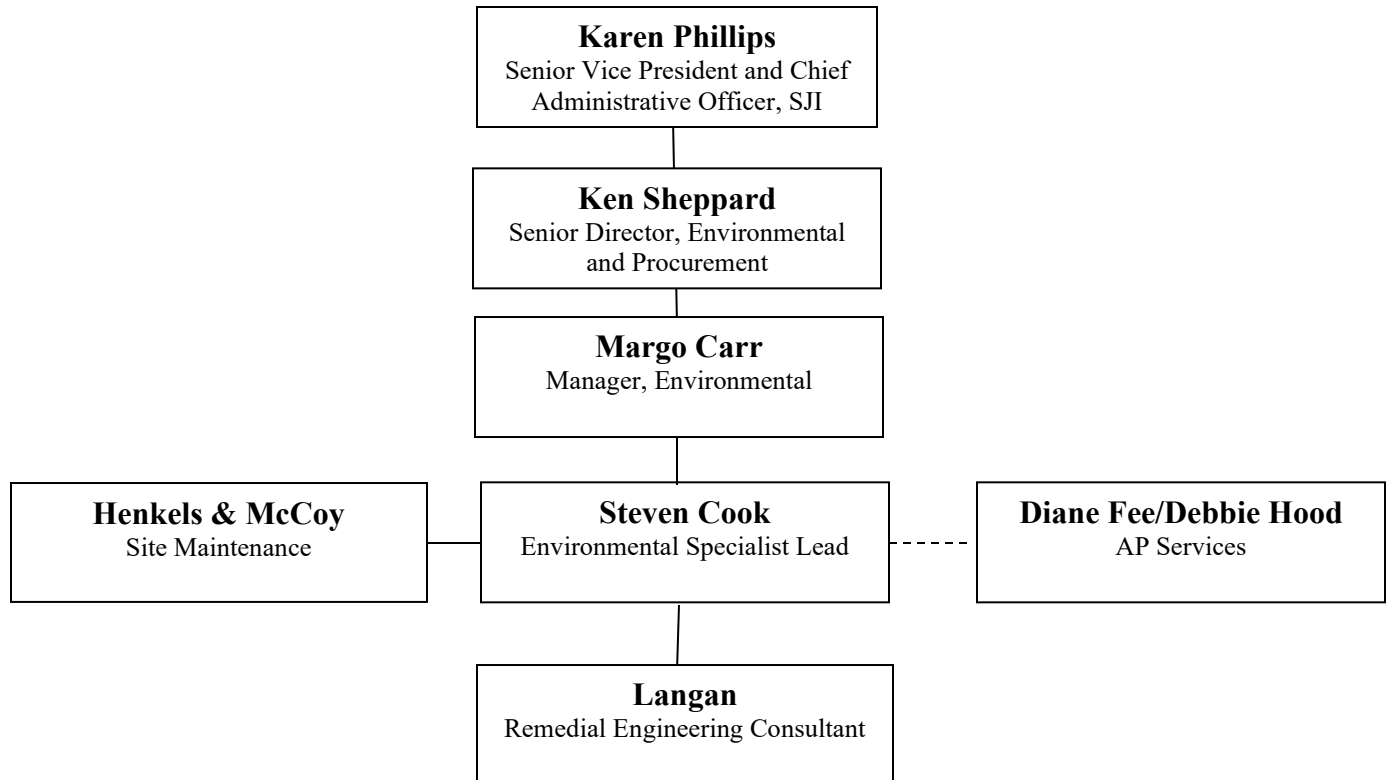


South Street

The main engineering consultant utilized for the remedial investigation work at the site is Langan Engineering and Environmental Services (“Langan”). Langan was contracted with SJI. Steven Cook had day to day responsibility for management of ongoing remediation efforts. Langan reported directly to Steven Cook, SJI/ETG Environmental Specialist Lead. Steven Cook reported through the SJI organization, as described above.

Henkels & McCoy provides site maintenance and reported to Steven Cook. Diane Fee and Debbie Hood of SJI provided accounts payable services.

South Street



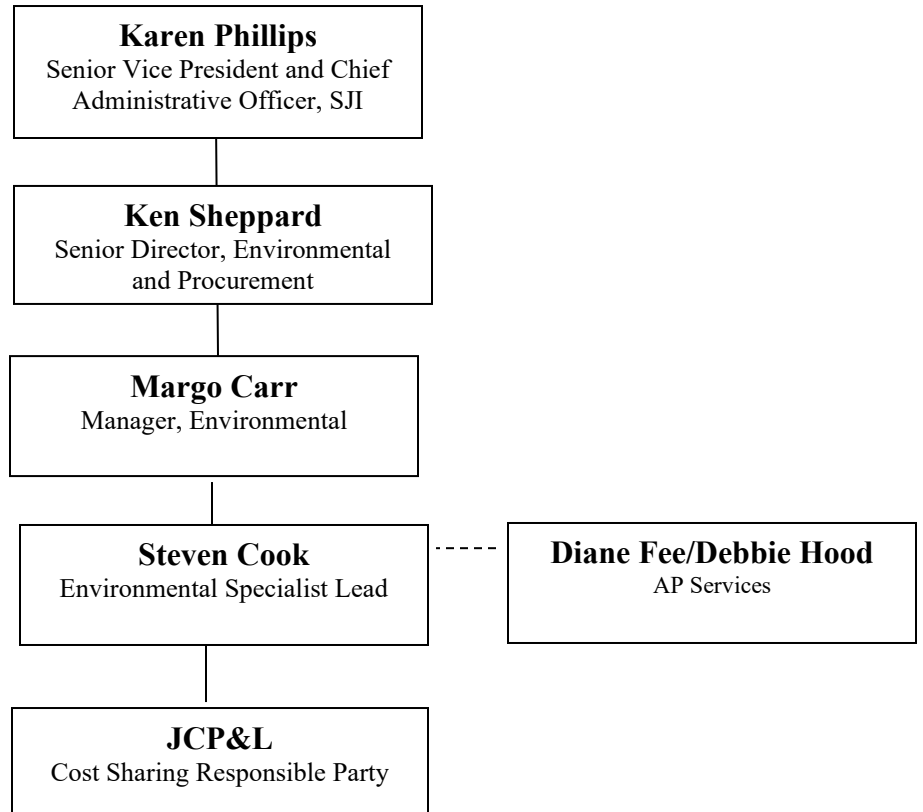
Newton

Steven Cook, SJI/ETG Environmental Specialist Lead, had day to day responsibility for management of ongoing remediation efforts. Steven Cook reported through the SJI organization as described above.

JCP&L is a cost sharing responsible party with Elizabethtown Gas pursuant to a cost sharing agreement. JCP&L is responsible for 60% of remediation costs while Elizabethtown Gas is responsible for 40% of remediation costs with equal decision making for each party.

Diane Fee and Debbie Hood of SJI provided accounts payable services.

Newton



MFR-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.

During the prior RAC period, the Company continued its ongoing efforts keep its insurers periodically informed regarding the status of the MGP sites, pursue claims against insolvent insurers and seek negotiated resolutions with solvent insurers of coverage for the MGP sites.

During the prior RAC period, the Company received a settlement that is reflected in the calculation of the RAC rate shown on RAC Schedule TK-1.

MFR-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.

There have been no RAC audit reports or related materials prepared by the Board's Audit Staff or FERC during the previous twelve months that the Company is aware of. An internal audit was performed during the previous twelve months. Per the Board's Order dated November 30, 2011 in Docket No. GA10110840, the Company's Internal Audit group conducted an audit of the RAC period July 1, 2023 through June 30, 2024.

The Company considers the requested information confidential and proprietary. A copy of the audit report dated December 19, 2024 will be provided to parties executing an appropriate confidentiality agreement as confidential attachment MFR-7.1.

MFR-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.**

No material events occurred during the RAC period from July 1, 2024 through June 30, 2025.

MFR-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.

No remediation contracts were awarded during the most recent RAC period.

MFR-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.

Per the Board Order in Docket No. GR13090839, the Company agrees that as part of its response to MFR-11 the Company will provide affirmative support that unit prices were maintained from the original master agreement for change orders or supplemental contracts that were not subject to competitive bidding or otherwise explain any unit price variations.

The Company considers this information confidential and proprietary. Such information is competitively sensitive in that it would provide potential vendors with information that is normally not made available in negotiations. The requested information will be provided to parties executing an appropriate confidentiality agreement as confidential attachments MFR-11.1 and MFR-11.2.

Confidential attachments MFR-11.1 and MFR-11.2 contain documentation regarding the largest supplemental contract amendments authorized by the Company during the most recent RAC period, including the contractor's request for supplemental funding and the reason for the request.

The Company evaluates all requests for additional funding based on whether the reason for the requested funding was known or should have been known at the time of bidding and contract award. The Company also evaluates requests for additional funding on proposed costs compared to unit costs, if available, reasonableness of the requested costs and whether the need for the requested additional funding was a result of the contractor's action or inaction.

Based on the Company's evaluation, the Company ultimately approved the attached request for additional funding.

MFR-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.

There were no instances during the previous RAC period where the Company sought to modify, change or eliminate NJDEP site remediation requirements for any of its MGP sites.

MFR-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.

Please see attachment MFR-14.1 for schedules that summarize the expenditures incurred by major cost category by site on a quarterly basis.

Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Quarterly Report
July 2024 through September 2024

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit./ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Amortizable Recoverable Expenses This Quarter | Remediation Year To Date Recoverable Expenses |
|----------|--|-------------------------|-------|-----------------|--------------------------------|----------|-----------------------------------|--------------------------|--|--|-------------------------------|---|---|
| 1 | Elizabeth (Erie Street) | \$6,604,859 | | | | | \$6,604,859 | | | | | \$6,604,859 | \$6,604,859 |
| 2 | Elizabeth (South Street) | \$10,493 | | | | | \$10,493 | | | | | \$10,493 | \$10,493 |
| 3 | Perth Amboy | | | | | | \$0 | | | | | \$0 | \$0 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 | \$0 |
| 5 | Newton | \$396,129 | | | | | \$396,129 | | | | | \$396,129 | \$396,129 |
| 6 | Internal | | | | | \$28,622 | \$28,622 | | | | | \$28,622 | \$28,622 |
| 7 | Misc. | \$24,059 | | | | | \$24,059 | | | | | \$24,059 | \$24,059 |
| 8 | Insurance Litigation/ Third Party Claims | | | | | | \$0 | | | | | \$0 | \$0 |
| 9 | | \$7,035,540 | \$0 | \$0 | \$0 | \$28,622 | \$7,064,162 | \$0 | \$0 | \$0 | \$0 | \$7,064,162 | \$7,064,162 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Quarterly Report
October 2024 through December 2024

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit./ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Amortizable Recoverable Expenses This Quarter | Remediation Year To Date Recoverable Expenses |
|----------|---|----------------------------|----------|--------------------|---|----------|---|-----------------------------|--|--|----------------------------------|--|--|
| 1 | Elizabeth (Erie Street) | \$2,459,191 | | | | | \$2,459,191 | | | | | \$2,459,191 | \$9,064,050 |
| 2 | Elizabeth (South Street) | \$2,877 | | | | | \$2,877 | | | | | \$2,877 | \$13,370 |
| 3 | Perth Amboy | | | | | | \$0 | | | | | \$0 | \$0 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 | \$0 |
| 5 | Newton | \$10,187 | | | | | \$10,187 | | | | | \$10,187 | \$406,316 |
| 6 | Internal | | | | | \$26,780 | \$26,780 | | | | | \$26,780 | \$55,402 |
| 7 | Misc. | \$34,451 | | | | | \$34,451 | | | | | \$34,451 | \$58,510 |
| 8 | Insurance Litigation/ Third Party Claims | | \$20,533 | | | | \$20,533 | | (\$10,267) | | | \$10,266 | \$10,266 |
| 9 | | \$2,506,706 | \$20,533 | \$0 | \$0 | \$26,780 | \$2,554,019 | \$0 | (\$10,267) | \$0 | \$0 | \$2,543,752 | \$9,607,914 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Quarterly Report
January 2025 through March 2025

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit./ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Amortizable Recoverable Expenses This Quarter | Remediation Year To Date Recoverable Expenses |
|----------|--|-------------------------|---------|-----------------|--------------------------------|----------|-----------------------------------|--------------------------|--|--|-------------------------------|---|---|
| 1 | Elizabeth (Erie Street) | \$1,381,717 | | | | | \$1,381,717 | | | | | \$1,381,717 | \$10,445,767 |
| 2 | Elizabeth (South Street) | | | | | | \$0 | | | | | \$0 | \$13,370 |
| 3 | Perth Amboy | \$4,407 | | | | | \$4,407 | | | | | \$4,407 | \$4,407 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 | \$0 |
| 5 | Newton | \$2,346 | | | | | \$2,346 | | | | | \$2,346 | \$408,662 |
| 6 | Internal | | | | | \$30,954 | \$30,954 | | | | | \$30,954 | \$86,356 |
| 7 | Misc. | \$30,595 | | | | | \$30,595 | | | | | \$30,595 | \$89,105 |
| 8 | Insurance Litigation/ Third Party Claims | | \$9,714 | | | | \$9,714 | | (\$4,857) | \$17,869 | (\$69,250) | (\$46,524) | (\$36,258) |
| 9 | | \$1,419,065 | \$9,714 | \$0 | \$0 | \$30,954 | \$1,459,733 | \$0 | (\$4,857) | \$17,869 | (\$69,250) | \$1,403,495 | \$11,011,409 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Quarterly Report
April 2025 through June 2025

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit./ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Amortizable Recoverable Expenses This Quarter | Remediation Year To Date Recoverable Expenses |
|----------|---|----------------------------|-------|--------------------|---|----------|---|-----------------------------|--|--|----------------------------------|--|--|
| 1 | Elizabeth (Erie Street) | \$553,649 | | | | | \$553,649 | | | | | \$553,649 | \$10,999,416 |
| 2 | Elizabeth (South Street) | \$3,500 | | | | | \$3,500 | | | | | \$3,500 | \$16,870 |
| 3 | Perth Amboy | \$1,900 | | | | | \$1,900 | | | | | \$1,900 | \$6,307 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 | \$0 |
| 5 | Newton | \$30,686 | | | | | \$30,686 | | | | | \$30,686 | \$439,348 |
| 6 | Internal | | | | | \$26,465 | \$26,465 | | | | | \$26,465 | \$112,821 |
| 7 | Misc. | \$17,308 | | | | | \$17,308 | | | | | \$17,308 | \$106,413 |
| 8 | Insurance Litigation/ Third Party Claims | | | | | | \$0 | | | | | \$0 | (\$36,258) |
| 9 | | \$607,043 | \$0 | \$0 | \$0 | \$26,465 | \$633,508 | \$0 | \$0 | \$0 | \$0 | \$633,508 | \$11,644,917 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

Schedule MC-1

Elizabethtown Gas Company
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Annual Report
July 2024 through June 2025

| Line No. | Description | Consulting/ Remediation | Legal | NJDEP Oversight | Natural Resource Damages (NRD) | Other | (1) Total Remediation Expenses | (2) NRD Deferral 100% | (3) Ins. Lit/ Third Party Deferral 50% | (4) Recovery of Prior Deferred Expenses | (5) Third Party Recoveries | Net Remediation Cost This Period |
|----------|--|-------------------------|----------|-----------------|--------------------------------|-----------|-----------------------------------|--------------------------|---|--|-------------------------------|----------------------------------|
| 1 | Elizabeth (Erie Street) | \$10,999,416 | | | | | \$10,999,416 | | | | | \$10,999,416 |
| 2 | Elizabeth (South Street) | \$16,870 | | | | | \$16,870 | | | | | \$16,870 |
| 3 | Perth Amboy | \$6,307 | | | | | \$6,307 | | | | | \$6,307 |
| 4 | Flemington | | | | | | \$0 | | | | | \$0 |
| 5 | Newton | \$439,348 | | | | | \$439,348 | | | | | \$439,348 |
| 6 | Internal | | | | | \$112,821 | \$112,821 | | | | | \$112,821 |
| 7 | Misc. | \$106,413 | | | | | \$106,413 | | | | | \$106,413 |
| 8 | Insurance Litigation/ Third Party Claims | | \$30,247 | | | | \$30,247 | | (\$15,124) | \$17,869 | (\$69,250) | (\$36,258) |
| 9 | | \$11,568,354 | \$30,247 | \$0 | \$0 | \$112,821 | \$11,711,422 | \$0 | (\$15,124) | \$17,869 | (\$69,250) | \$11,644,917 |

Notes:

- 1 Line 9 - Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 2 100% of Natural Resource Damages deferred pending BPU resolution.
- 3 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 4 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 5 Credit of 100% of amounts received from Third Parties.
- 6 Internal expenses above adjusted to remove incentive compensation costs that may have been reported in previously filed quarterly reports.

MFR-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.

The following provides the current status of remedial activities at each of the Company’s MGP sites, an estimated schedule for completion of remaining milestones and a discussion of major remediation problems. Please note that the estimated time frames are subject to a great deal of uncertainty due to factors beyond the Company’s control.

Erie Street

- The Company evaluated remedial strategies for offsite Area of Concern (“AOCs”).
- The Company completed remedial action implementation for Areas C, E and F as well as the remediation of a large subsurface gas holder in Area B of the site.
- Off-site AOCs including the former Bilkay’s property, South Second Street, Third Avenue, and the Elizabeth River will be evaluated based on recent pre-design type sampling.
- Company is preparing for implementation of a soils remedial action on 236 Erie Street and an adjacent third-party owned property for the fourth quarter of 2025.
- Groundwater remediation will likely be a long-term process and include a pump and treat scenario.

Major remediation problems at Erie Street include offsite impacts in two city streets and four offsite properties. The site’s proximity to residential properties and the fact that the site continues to be an important operational facility to the Company may also complicate remedial activities.

South Street

- The Company completed groundwater sampling and is developing a groundwater remediation strategy in 2025.
 - The Company estimates that a long-term groundwater remedy, likely including a pump and treat scenario, would be in place by first quarter 2026.
- Major remediation problems include MGP related non-aqueous phase liquids (“NAPL”) within bedrock fractures beneath the location of the former large gas holder.

Perth Amboy

- The Company completed a remediation on Perth Amboy owned Sadowski Parkway and Sadowski Park. The Licensed Site Remediation Professional has issued Response Action Outcome (“RAO”) for all on-site and off-site AOCs.

Flemington

- The Company and JCP&L completed the remediation of the onsite and offsite soils and offsite wetlands and stream sediment.
- The Company and JCP&L are currently completing administrative requirements to close out the site, including the issuance of a Remedial Action Report, a Remedial Action Permit, and an RAO.
- The Company and JCP&L continue with wetlands restoration and monitoring.

Newton

- Remediation of MGP source areas on the property was completed in the second quarter of 2024.
- The Company will also implement a long-term groundwater remedy which will include a pump and treat scenario.

Potential remedial problems include off site impacts in bedrock that will require deed restrictions on third party owned property.

MFR-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.

The Company has not had any discussions with the NJDEP concerning natural resources damages (“NRD”) issues during the prior RAC period. The Company has not incurred any NRD-related costs -- 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 NJDEP, as well as any amounts paid by the Company to resolve such claims.

The Company has not deferred any NRD-related expenses to date as none were incurred.

MFR-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.

Per the Board Order in Docket No. GR13090839, the Company agrees that as part of its response to MFR-17, the Company will provide a detailed explanation of the causes of any variances between budgeted and actual expenditures in the RAC period at issue in the filing.

Delays caused by 3rd party property owner coordination caused discrepancies between budgeted and actual expenditures based on timing.

MFR-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.

Charges to the Company from or through SJI and its affiliates for the past RAC period are detailed in attachment MFR-18.1. Services provided include invoice processing, waste management and internal legal review as well as overall oversight of the ETG program.

Affiliate charges included in RAC
July 2024 - June 2025

| <u>Type</u> | <u>Month</u> | <u>Amount</u> |
|-------------|--------------|----------------------|
| Payroll | Jul-24 | \$ 9,393.94 |
| Payroll | Aug-24 | \$ 11,003.92 |
| Payroll | Sep-24 | \$ 8,224.24 |
| Payroll | Oct-24 | \$ 8,721.07 |
| Payroll | Nov-24 | \$ 8,994.75 |
| Payroll | Dec-24 | \$ 9,063.75 |
| Payroll | Jan-25 | \$ 12,177.13 |
| Payroll | Feb-25 | \$ 6,311.82 |
| Payroll | Mar-25 | \$ 12,464.61 |
| Payroll | Apr-25 | \$ 8,185.87 |
| Payroll | May-25 | \$ 8,687.70 |
| Payroll | Jun-25 | \$ 9,591.25 |
| | | <u>\$ 112,820.05</u> |

Expenses above adjusted to remove
incentive compensation costs that
may have been reported in previously
filed quarterly reports.