



Deborah M. Franco, Esq.
Regulatory Affairs Counsel

520 Green Lane
Union, NJ 07083
T: (908) 662-8448
F: (908) 662-8496
dfranco@sjindustries.com

July 31, 2019

Electronic Filing & Hand Delivery

Aida Camacho-Welch, Secretary
NJ Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Ste 314
P. O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of Elizabethtown Gas Company To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit
BPU Docket No. _____**

Dear Secretary Camacho-Welch:

Enclosed herewith are an original and two (2) "courtesy" copies of Elizabethtown Gas Company's Petition To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit, which has also been filed electronically utilizing the Board's e-Filing Program.

Kindly acknowledge receipt and filing of the enclosures by date stamping the enclosed copy of this letter and returning it to our messenger.

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 dark ink, appearing to read "Deborah M. Franco".

Deborah M. Franco

DMF:caj
Enclosures

cc: Stacy Peterson, Director (BPU Staff) (3 copies)
Stefanie A. Brand, Esq., Director (Division of Rate Counsel) (5 copies)
Patricia Krogman, Esq. (Department of Law) (2 copies)

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

IN THE MATTER OF THE PETITION OF :
ELIZABETHTOWN GAS COMPANY :
TO 1) REVISE ITS WEATHER : **BPU DOCKET NO. _____**
NORMALIZATION CLAUSE RATE; :
(2) REVISE THE CLEAN ENERGY :
PROGRAM COMPONENT OF ITS :
SOCIETAL BENEFITS CHARGE RATE; AND :
(3) REVISE ITS ON-SYSTEM MARGIN :
SHARING CREDIT :

CASE SUMMARY, PETITION, TESTIMONY AND SCHEDULES

July 22, 2019

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

-----X
In The Matter Of The Petition Of Elizabethtown Gas :
Company To 1) Revise Its Weather Normalization : **Docket No. GR**
(Clause Rate; (2) Revise The Clean Energy Program :
Component Of Its Societal Benefits Charge Rate; and :
(3) Revise Its On-System Margin Sharing Credit : **SUMMARY SHEET**
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This Petition presents the request of Elizabethtown Gas Company (“Petitioner”) that the Board of Public Utilities (“Board” or “BPU”) accept the filing of Petitioner’s revised Weather Normalization Clause (“WNC”), Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”), and On-System Margin Sharing Credit (“OSMC”) rates as noted below, which are inclusive of applicable taxes. The Petition proposes (1) a WNC credit rate of (\$0.0050) per therm effective October 1, 2019, (2) a CEP rate of \$0.0213 per therm effective October 1, 2019, and (3) an OSMC credit rate of (\$0.0015) per therm effective October 1, 2019. If approved by the Board, the combined proposed rates would decrease the monthly bill of a residential heating customer using 100 therms by \$0.60 or 0.6% as compared to the Company’s currently approved rates.

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

-----X		
In The Matter Of The Petition Of Elizabethtown Gas	:	
Company To 1) Revise Its Weather Normalization	:	Docket No. GR
(Clause Rate; 2) Revise The Clean Energy Program	:	
Component Of Its Societal Benefits Charge Rate; and	:	
(3) Revise Its On-System Margin Sharing Credit	:	PETITION
-----X		

To The Honorable Board of Public Utilities:

Petitioner, Elizabethtown Gas Company (“Petitioner”), 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 (“Board”), respectfully states:

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

2. Communications and correspondence concerning these proceedings should be sent as follows:

Deborah M. Franco, Esq.
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, New Jersey 07083
Tel No. (908) 662-8448
dfranco@sjindustries.com

Stefany Graham
Manager, Rates and Regulatory
Initiatives
SJI Utilities
1 South Jersey Place
Atlantic City, NJ 08401
Tel No. (609) 561-9000 x4352
sgraham@sjindustries.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 295,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise the rates associated with Petitioner's Weather Normalization Clause (“WNC”), Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”), and On-System Margin Sharing Credit (“OSMC”), and to reconcile costs and cost recoveries associated with each clause for the periods in which the respective clauses are applicable.

5. 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, described in Mr. Kaufmann's testimony, are attached and referred to in Exhibit P-1:

- a. Tariff Schedule TK-1;
- b. Forecast Schedule TK-1;
- c. WNC Schedule TK-1 through TK-4;
- d. CEP Schedule TK-1 through TK-5; and
- e. OSMC Schedule TK-1 through TK-4.

Rate and Order Background

6. The current rates in effect for the CEP, OSMC and WNC were approved on a provisional basis by the Board in Petitioner's 2018 CEP/OSMC/WNC proceeding in BPU Docket No. GR18080852 on October 29, 2018 and made effective November 1, 2018. The same rates were made final per an Order in the same docket dated February 27, 2019. The following table sets forth the current WNC, CEP and OSMC rates and the WNC, CEP and OSMC rates proposed in this filing:

	Current	Proposed
WNC (1)	\$0.0000	(\$0.0050)
CEP	\$0.0215	\$0.0213
OSMC	(\$0.0007)	(\$0.0015)
<u>Total</u>	\$0.0208	\$0.0148

- (1) Per the tariff, the rate is set to \$0.0000 per therm each June 1st.
From October 2018 – May 2019, the rate was \$0.0194 per therm.

This filing includes 11 months of actuals through May 2019 as well as a June 2019 estimate.

Weather Normalization Clause

7. Pursuant to the WNC provisions contained in Petitioner's tariff as approved by the Board, Petitioner proposes a WNC credit rate of (\$0.0050) per therm to be effective October 1, 2019 through May 31, 2020 ("2020 Winter Period"). Petitioner's revised WNC rate is designed to credit an excess balance associated with the period October 1, 2018 through May 31, 2019 ("2019 Winter Period") that is attributable to the overall colder than normal weather experienced in Petitioner's service territory during this period, as well as a prior year deficiency balance.

8. As addressed by Mr. Kaufmann, the WNC excess balance of \$1,595,770 presented on WNC Schedule TK-1 reflects a 2019 Winter Period that was 109 degree days or 2.4% colder than normal. As reflected on WNC Schedule TK-1, the current period margin revenue excess of \$1,877,951 netted against the prior year deficiency balance of \$282,181 results in a Total Revenue Deficiency Balance of \$1,595,770, which, when divided by projected winter period therm volumes of 340,441,481 therms, produces a WNC credit rate of (\$0.0050) per therm inclusive of applicable taxes.

The CEP Component of the SBC Rate

9. Petitioner's SBC was approved by the Board by Orders dated March 30, 2001 in BPU Docket Nos. GX99030121, *et al.*, and November 21, 2001 in Docket Nos. EX00020091, *et al.* The SBC consists of four components: (1) the New Jersey Clean Energy Program ("CEP") component, (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") component, and (4) the Lifeline component. In this Petition, Petitioner is only addressing the CEP rate component of the SBC.

10. In accordance with the Board's Orders in Docket Nos. EX99050347, et al. and GX99030121, et al., Petitioner is making this filing to recover prior period costs, the net actual and projected costs incurred to provide Board-approved CEP programs for the period ending June 30, 2019, and projected costs for the period ending June 30, 2020 totaling \$9,958,369. As discussed in Mr. Kaufmann's testimony, Petitioner incurred \$2,584,344 of actual and projected CEP costs during the period beginning July 1, 2018 and ending June 30, 2019 and made payments to the CEP "fiscal agent" of \$8,141,052 during the period. As shown on CEP Schedule TK-5, in accordance with the Board's June 21, 2019 Order in Docket No. QO19050644, which established the statewide funding levels for CEP programs for Fiscal Year 2020, Petitioner has been allocated \$10,637,432 of CEP funding responsibility for the twelve months ending June 30, 2020. Based on this level of spending, plus certain additional adjustments, Petitioner proposes a CEP rate of \$0.0213 per therm inclusive of taxes effective October 1, 2019 which represents a decrease in comparison to the currently effective CEP rate of \$0.0215 per therm inclusive of taxes.

On-System Margin Sharing Credit

11. In accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, et. al., GR97070552, et. al., and Docket Nos. GX99030121, *et. al.*, margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and Petitioner on an 80/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers. Petitioner proposes an OSMC credit rate of (\$0.0015) per therm inclusive of taxes, effective October 1, 2019, which represents an increase in the credit in relation to the currently effective rate credit of (\$0.0007) per therm inclusive of taxes.

Overall Impact

12. The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates

as reflected in this filing would decrease the monthly bill of a residential heating customer using 100 therms by \$0.60, from \$95.17 to \$94.57, or a decrease of 0.6%, as compared to the currently effective rates.

Miscellaneous

13. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibit and schedules annexed hereto upon Stefanie A. Brand, Director, Division of Rate Counsel (“Rate Counsel”), 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the service list compiled in Petitioner’s last WNC and SBC related proceedings, and as outlined in *N.J.A.C. 14:1-5.12*.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner’s filing, (2) allow the proposed WNC, CEP, and OSMC rates and associated proposals to become effective October 1, 2019, and (3) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

By:



Deborah M. Franco, Esq.
Regulatory Affairs Counsel
SJI Utilities
520 Green Lane
Union, New Jersey 07083
Tel No. (908) 662-8448


Date: July 22, 2019

STATE OF NEW JERSEY)
)
COUNTY OF UNION) ss:

Thomas Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

1. I am Manager of Rates and Tariffs of the Petitioner, Elizabethtown Gas Company, in the foregoing Petition and I am authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition and the Exhibits and Schedules submitted therewith to (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) revise its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC") correctly portray the information set forth therein, to the best of my knowledge, information and belief.


Thomas Kaufmann
Elizabethtown Gas Company
Manager, Rates and Tariffs

Sworn to and subscribed to before me this 22nd day of July, 2019.



Jane James
Notary Public
My Commission Expires Dec. 20, 2021

**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY TO (1) REVISE ITS WEATHER
NORMALIZATION CLAUSE RATE; (2) REVISE THE CLEAN ENERGY
PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE;
AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT**

BPU DOCKET NO. _____

DIRECT TESTIMONY

OF

THOMAS KAUFMANN

**On Behalf Of
Elizabethtown Gas Company**

Exhibit P-1

July 22, 2019

**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 (“Board”) and internal
11 management purposes. I also oversee daily rate department functions, including tariff
12 administration, competitive analyses and preparation of management reports.

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

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

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

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

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

A. First, I will discuss the derivation of the proposed Weather Normalization Clause (“WNC”) rate to be credited to the Company’s customer classes subject to the WNC during the eight month period October 1, 2019 through May 31, 2020. In addition, I will discuss proposed changes to the monthly Heating Degree Day Consumption Factors, which will be used in the determination of the monthly margin revenue excess or deficiency for the 2019-2020 WNC period.

I will also support Elizabethtown’s proposed rate for the Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) and its On-System Margin Sharing Credit (“OSMC”) rate for the 2020 Recovery Year, which is the twelve month period ending September 30, 2020.

This filing includes 11 months of actuals through May 2019 as well as a June 2019 estimate. The Company will update schedules supporting the rate calculation as

1 well as the public notice as needed with June 2019 actuals to calculate final proposed
2 rates in this proceeding.

3 **Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE IN THIS**
4 **FILING?**

5 **A.** The Company is proposing that the final rates and associated changes proposed in this
6 filing take effect on October 1, 2019.

7 **Q. WHEN WERE THE COMPANY'S WNC, CEP AND OSMC RATES LAST**
8 **REVISED?**

9 **A.** The current rates in effect for the CEP, OSMC and WNC were approved on a
10 provisional basis by the Board in Petitioner's 2018 CEP/OSMC/WNC proceeding in
11 BPU Docket No. GR18080852 on October 29, 2018 and made effective November 1,
12 2018. The same rates were made final per an Order in the same docket dated February
13 27, 2019.

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

15 **A.** Yes. My testimony includes schedules and proposed tariff sheets that were prepared
16 under my direction and supervision. The schedules are as follows:

17 **(1) Tariff Schedule TK-1** consists of revised tariff sheets in redlined and clean form
18 which reflect the revised rates for the WNC, the CEP rate component of the SBC
19 and the OSMC riders.

20 **(2) Forecast Schedule TK-1** provides the level of forecast sales and services for
21 the 2020 Recovery Year, which was utilized in the calculation of the proposed
22 WNC, CEP and OSMC rates.

23 **(3) WNC Schedule TK-1** sets forth the calculation of the proposed WNC rate.

- (4) **WNC Schedule TK-2** compares the actual calendar month degree days to the Normal Calendar Month Degree Days (“NCMDD”) and presents the calculation of the excess in WNC Margin Revenues for the 2018/2019 Winter Period.
- (5) **WNC Schedule TK-3** reflects the calculation of the prior year’s WNC balance.
- (6) **WNC Schedule TK-4** presents the development of the proposed monthly Degree Day Consumption Factors to be used for the 2019/2020 WNC period.
- (7) **CEP Schedule TK-1** sets forth the calculation of the proposed CEP rate for the 2020 Recovery Year.
- (8) **CEP Schedule TK-2** sets forth the calculation of carrying costs on the CEP balance for the twelve months ended June 30, 2019.
- (9) **CEP Schedule TK-3** sets forth actual and projected CEP Fiscal Agent Payments for the twelve months ended June 30, 2019.
- (10) **CEP Schedule TK-4** sets forth actual and projected CEP recoveries for the twelve months ended June 30, 2019.
- (11) **CEP Schedule TK-5** sets forth the projected total amounts that the Company will either spend on the CEP or that will be paid to the fiscal agent during the twelve month period ended June 30, 2020.
- (12) **OSMC Schedule TK-1** presents a calculation of the proposed OSMC rate per therm for the 2020 recovery year.
- (13) **OSMC Schedule TK-2** presents the projected customer portion of the margin sharing credits forecast to be generated during the twelve month period ended June 30, 2020.

(14) OSMC Schedule TK-3 sets forth the balance to be trued-up for the actual and projected margin sharing credits generated versus credits disbursed to customers for the twelve month period ended June 30, 2019.

(16) OSMC Schedule TK-4 presents the actual and projected OSMC disbursements to sales customers taking BGSS service and residential transportation customers for the twelve month period ended June 30, 2019.

II. REVENUE FORECAST

Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE COMPANY'S PROPOSED WNC, CEP AND OSMC RATES?

A. The methodology used is the same as that used in the demand forecast which supports Elizabethtown's Basic Gas Supply Service ("BGSS") rates. 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 as set forth on Forecast Schedule TK-1 for the SBC is for the twelve month period ended September 2020, a period of 12 months, also referred to as the 2020 Recovery Year. The WNC sales demand forecast, which is not applicable to all service classes, is for the eight month period October 2019 through May 2020.

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. WEATHER NORMALIZATION CLAUSE**

5 **Q. PLEASE DESCRIBE THE WEATHER NORMALIZATION CLAUSE**
6 **(“WNC”).**

7 **A.** The Company's WNC is a rate mechanism which, in general, mitigates the financial
8 effect of variations from the normal weather on which base rates are set, on both the
9 Company and its customers in the Residential Delivery Service (“RDS”), Small
10 General Service (“SGS”), and General Delivery Service (“GDS”) classes, the
11 Company's most weather-sensitive customer classes. Variances in actual degree days
12 from normal for each day are measured and accumulated over the calendar month for
13 each month in the Winter Period (October through May). These monthly variances are
14 adjusted for a degree day deadband, which is 0.5% of the Normal Calendar Month
15 Degree Days (“NCMDD”). The resulting cumulative degree day variance determines
16 the adjustment to customers’ bills in the following Winter Period, which is either a
17 surcharge to collect a revenue deficiency as a result of warmer-than-normal weather or
18 a credit to customers to refund the excess revenues collected as a result of colder-than-
19 normal weather.

20 **Q. WHAT IS THE RESULT OF THE COMPARISON OF THE ACTUAL**
21 **TEMPERATURES EXPERIENCED IN THE MOST RECENT WINTER**
22 **PERIOD AND THE NCMDD?**

23 **A.** WNC Schedule TK-2 shows the results for the 2018/2019 Winter Period; the weather
24 was 2.4% or 109 degree days colder than normal. The monthly degree day variances

1 must be adjusted for the WNC deadband within which the WNC operates. After this
2 adjustment, the cumulative degree day variance of 106 degree days produces a margin
3 revenue excess of \$1,877,951.

4 **Q. WHAT WERE THE RESULTS OF THE OPERATION OF THE WNC DURING**
5 **THE MOST RECENT WINTER PERIOD?**

6 **A.** WNC Schedule TK-3 shows the results of the operation of the WNC during the
7 2018/2019 Winter Period. As of June 30, 2018, the Company had a revenue deficiency
8 of \$6,252,962. This year's filing reflects the net prior period revenue deficiency, offset
9 by recoveries of \$5,970,781 resulting in a prior period deficiency balance of \$282,181.
10 This deficiency balance plus the current period Margin Revenue Excess of \$1,877,951
11 results in a Total Revenue Excess Balance of \$1,595,770 as shown on TK-1.

12 **Q. HOW IS THE WNC RATE CALCULATED?**

13 **A.** As set forth in Rider B of the Company's tariff, the monthly difference in degree days
14 from normal during the Winter Period, adjusted for a monthly 0.5% deadband, is
15 multiplied by the monthly Degree Day Consumption Factor yielding a difference in
16 therms consumed associated with the variance (in degree days) between actual and
17 normal weather. The monthly Degree Day Consumption Factors included on WNC
18 Schedule TK-2 were calculated using the WNC factors approved in Elizabethtown's
19 previous WNC proceeding.

20 As shown on WNC Schedule TK-2, the variance in therms is then multiplied
21 by the margin revenue factor of \$0.2884 per therm to produce the monthly margin
22 revenues associated with warmer or colder-than-normal weather during the affected
23 winter period. The resulting margin revenue excess or deficiency is then adjusted for
24 the prior year balance, presented on WNC Schedule TK-3. This excess or deficiency

1 is divided by the projected throughput for the months of October through May for the
2 RDS, SGS, and GDS classes and adjusted for taxes to derive the WNC rate.

3 **Q. HOW ARE THE UPDATED MONTHLY DEGREE DAY CONSUMPTION**
4 **FACTORS DEVELOPED?**

5 **A.** WNC Schedule TK-4 presents the development of the monthly Degree Day
6 Consumption Factors to be utilized in the 2019/2020 Winter Period. The normalized
7 use in therms per customer is based on the normalized projected heat load and base
8 number of customers approved by the BPU in Docket No. GR16090826, the
9 Company's base rate case factors applicable to the 2018/2019 Winter Period, using a
10 non-leap year heating degree day pattern in the months of February through May in
11 such years. These are multiplied by the current customer counts, as of May 31, 2019
12 for those classes subject to the WNC clause. The resulting Annualized Normalized
13 Projected Heat Load is then divided by the 20-year normal heating degree day pattern,
14 deriving the new monthly Degree Day Consumption Factors. It should be noted that
15 except for updates in the base number of customers and adjustments to account for the
16 existence of a leap year (when necessary), the information used to update the monthly
17 Degree Day Consumption Factors is derived from the Company's most recent base rate
18 case.

19 **Q. WHAT IS THE TOTAL PROJECTED THROUGHPUT FOR THE CLASSES**
20 **SUBJECT TO THE WNC FOR THE PERIOD OCTOBER 1, 2019 THROUGH**
21 **MAY 31, 2020?**

22 **A.** The total projected throughput is 340,441,481 therms, as set forth on WNC Schedule
23 TK-1.

1 **Q. ARE THERE ANY RESTRICTIONS ON THE APPLICABILITY OF A**
2 **WEATHER NORMALIZATION RATE?**

3 **A.** Yes, there are two restrictions in the tariff. The WNC Rate shall not operate to permit
4 the Company to recover any portion of a margin revenue deficiency that will cause the
5 Company to earn in excess of its allowed return on equity for the thirteen (13) month
6 Annual Period. The return on equity approved by the Board in the Company's most
7 recent rate case in BPU Docket No. GR16090826 and made effective July 1, 2017 is
8 9.6%. Any portion disallowed as a result of this earnings test shall not be deferred. Per
9 the second restriction, the WNC charge rate in any one year shall not exceed a rate cap
10 equal to three percent (3%) of the RDS service classification distribution rate plus the
11 BGSS rate. Any difference between the proposed rate and this rate cap is deferred for
12 recovery in the next winter period.

13 **Q. DO THE EARNINGS TEST RESTRICTIONS APPLY IN THIS**
14 **PROCEEDING?**

15 **A.** No. As shown on WNC Schedule TK-2, the WNC has resulted in a Margin Revenue
16 Excess for the 2018/2019 Winter Period.

17 **Q. DOES THE RATE CAP RESTRICTION APPLY IN THIS PROCEEDING?**

18 **A.** No. As shown on WNC Schedule TK-1, the proposed rate is lower than the 3% rate
19 cap.

20 **Q. WHAT IS THE PROPOSED WNC RATE?**

21 **A.** The proposed WNC credit rate is (\$0.0050) per therm.

22 **IV. SOCIETAL BENEFITS CHARGE**

23 **Q. PLEASE DESCRIBE THE SBC.**

1 **A.** The SBC currently consists of the following components: (1) the New Jersey Clean
2 Energy Program (“CEP”), (2) the Remediation Adjustment Clause (“RAC”)
3 component, (3) the Universal Service Fund (“USF”) charge, and (4) the Lifeline
4 charge. As discussed in the accompanying Petition, Petitioner is not proposing changes
5 to the RAC, USF and Lifeline rates in this filing; these rates have been or will be
6 addressed in separate filings. My testimony is limited to addressing the CEP
7 component of the SBC rate.

8 **V. SBC – CEP COMPONENT**

9 **Q. DESCRIBE THE PURPOSE OF THE CEP.**

10 **A.** The CEP was created as a result of the Electric Discount and Energy Competition Act
11 of 1999 and the Board’s March 9 Order in Docket No. EX99050347, *et al.* The
12 programs described below were developed after consultation between the BPU and the
13 Department of Environmental Protection to promote both energy efficiency and Class
14 1 renewable energy programs for the State of New Jersey and its energy consumers.

15 **Q. WERE ALL APPROVED CEP FUNDS COLLECTED BY ELIZABETHTOWN**
16 **SPENT ON PROGRAMS ADMINISTERED BY ELIZABETHTOWN AND/OR**
17 **THE FISCAL AGENT?**

18 **A.** Yes. Elizabethtown expends program funds in the following three ways: (i) expenses
19 for the costs of administering CEP Energy Efficiency Programs, (ii) payments made to
20 renewable or grid supply program vendors at the direction of BPU Staff, and (iii)
21 payments made directly to the fiscal agent, which are equal to the difference between
22 the Board-approved funding and the Company’s administrative costs and payments to
23 vendors.

1 **Q. PLEASE EXPLAIN HOW THE CEP COMPONENT OF THE SBC WAS**
2 **CALCULATED.**

3 **A.** The CEP component is calculated by determining the sum of (i) the total of the current
4 year's expenditures and fiscal agent payments, less recoveries, plus carrying costs as
5 shown on CEP Schedule TK-2, (ii) the prior year's over or under-recovery shown as
6 the opening balance on CEP Schedule TK-2, and (iii) the projected CEP costs for the
7 twelve month period ended period June 30, 2020, which are adjusted for costs in excess
8 of the CEP Budget as of June 30, 2019, if any. The net total represents the costs to be
9 recovered in the 2020 Recovery Year, as shown on CEP Schedule TK-1. This total is
10 then divided by the sales and transportation volumes projected for the 2020 Recovery
11 Year for the service classes shown on Forecast Schedule TK-1, with the resulting
12 quotient being adjusted for taxes to arrive at a CEP rate of \$0.0213 per therm.

13 **Q. WHAT ARE THE CEP PROGRAM COSTS FOR THE YEAR ENDED JUNE**
14 **30, 2019 AS REFLECTED IN THE COMPANY'S FILING?**

15 **A.** CEP Schedule TK-2 reflects actual and projected CEP expenditures of \$2,584,344 and
16 fiscal agent payments of \$8,141,052 for the twelve months ended June 30, 2019.

17 **Q. WHAT ARE THE RESULTS OF THE PRIOR YEAR RECOVERY AND**
18 **CURRENT YEAR ACTIVITIES?**

19 **A.** As of June 30, 2019, the Company's CEP Charge Component will result in a projected
20 underrecovery of \$129,973. This amount consists of the underrecovery of \$59,765 at
21 June 30, 2018 plus the current year CEP costs of \$2,584,344 and payments made to the
22 CEP Fiscal Agent of \$8,141,052 less CEP recoveries of \$10,624,730 less carrying costs
23 of \$30,458 for the twelve months ended June 30, 2019.

1 **Q. WHAT LEVEL OF COSTS IS THE PROPOSED CEP RATE DESIGNED TO**
2 **RECOVER?**

3 **A.** This year, the proposed CEP component is designed to recover \$9,958,369 as set forth
4 on CEP Schedule TK-1, line 8, resulting in a per therm rate of \$0.0213. This amount
5 is made up of the net CEP under-recovery balance at June 30, 2019 of \$129,973 as
6 described above and shown on CEP Schedule TK-1 line 6 and projected fiscal agent
7 payments to be remitted during the next twelve months of \$9,828,396 as shown on CEP
8 Schedule TK-1 line 7. The twelve months of fiscal agent payments are based on May
9 and June payable amounts plus next year's scheduled spending for July through April,
10 anticipated to be remitted by June 30th; these are per the Board's June 21, 2019 Order
11 in Docket No. QO19050644. As shown on CEP Schedule TK-5, the Company has
12 been allocated \$10,637,432 of CEP funding responsibility for the twelve months
13 ending June 30, 2020.

14 **Q. ARE CARRYING COSTS INCLUDED IN THE CEP CALCULATION?**

15 **A.** Yes. In accordance with the Board's Order dated March 30, 2001 in Docket No.
16 GX99030121 *et al.* the Company applies carrying costs on its CEP balance. The
17 Company accrues carrying costs on the net monthly balance as shown on CEP Schedule
18 TK-2. Carrying costs are not compounded monthly.

19 **Q. WHAT IS THE CHANGE IN THE CEP RATE RESULTING FROM THE**
20 **PROPOSED RATE?**

21 **A.** The proposed CEP rate of \$0.0213 per therm is a decrease of \$0.0002 per therm from
22 the current CEP rate of \$0.0215 per therm.

23 **VI. OSMC RATE**

24 **Q. PLEASE BRIEFLY DESCRIBE THE OSMC.**

1 **A.** The OSMC was originally approved by the Board by Order dated March 30, 2001 in
2 Docket No. GX99030121, *et al.*, as the rate mechanism to be used to refund to firm
3 sales and residential transportation customers portions of the margins derived by the
4 Company from the rendition of certain non-firm sales and transportation services.

5 **Q. TO WHICH SERVICE CLASSIFICATIONS IS THE OSMC RATE APPLIED?**

6 **A.** In accordance with the Board's March 30, 2001 Order in Docket No. GX99030121, *et*
7 *al.*, the OSMC component applies to customers receiving BGSS service from the
8 Company as well as RDS customers taking gas supply from a Third Party Supplier.

9 **Q. WHAT IS THE PROPOSED OSMC RATE?**

10 **A.** The proposed OSMC rate is a credit of (\$0.0015) per therm as presented on OSMC
11 Schedule TK-1.

12 **Q. PLEASE EXPLAIN HOW THE OSMC RATE WAS CALCULATED.**

13 **A.** As shown on OSMC Schedule TK-1, the derivation of the OSMC rate is based on the
14 projected level of margins from certain non-firm sales and transportation services for
15 the twelve month period ended June 30, 2020 and the prior year's over or under-
16 recovery of margins generated, less margins credited to customers as more fully
17 described below, divided by the applicable projected volumes.

18 **Q. PLEASE EXPLAIN HOW MARGIN SHARING AMOUNTS REFLECTED ON**
19 **OSMC SCHEDULE TK-2 HAVE BEEN CALCULATED.**

20 **A.** Margins from the commodity element of non-firm sales to IS, CS and CSI customers
21 and from certain ITS and CS transportation services are shared 80% to customers and
22 20% to the Company.

23 In addition, also included in the sharing formula are certain commodity margins
24 from non-firm transportation customers under the ITS-CSI service classification and

certain demand and commodity margins from non-firm transportation customers under the ITS-IS service classification, if any.

VII. CONCLUSION

Q. PLEASE SUMMARIZE THE PROPOSED CHANGES TO THE CEP, WNC and OSMC RATE COMPONENTS.

A. A comparison of current rates as of August 1, 2019 and the rates proposed in this filing, inclusive of sales tax, are as follows:

	Current	Proposed
WNC (1)	\$0.0000	(\$0.0050)
CEP	\$0.0215	\$0.0213
OSMC	(\$0.0007)	(\$0.0015)
Total	\$0.0208	\$0.0148

(1) Per the tariff, the rate is set to \$0.0000 per therm each June 1st. From October 2018 – May 2019, the rate was \$0.0194 per therm.

Q. WHAT IS THE IMPACT OF THE PROPOSED CHANGES IN THESE RATES ON TYPICAL RESIDENTIAL CUSTOMERS?

A. The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as reflected in this filing would decrease the monthly bill of a residential heating customer using 100 therms by \$0.60, from \$95.17 to \$94.57, or a decrease of 0.6%, as compared to the Company's approved rates.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

~~2nd~~xx1 REVISED SHEET NO.

111

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

~~November~~October 1, 201~~8~~9 through May 31, ~~2019~~2020 (\$~~0.0194~~0050) per
therm

June 1 through September 30 of any year \$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

Date of Issue: ~~March 8, 2019~~xx2

Effective: Service Rendered
on and after ~~March 9, 2019~~xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~February 27, 2019~~xx4 in Docket No. ~~GR18080852~~xx5

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

~~2nd~~xx1 REVISED SHEET NO.
116

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.~~0007~~0015) per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

Date of Issue: ~~March 8, 2019~~xx2

Effective: Service Rendered
on and after ~~March 9, 2019~~xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~February 27, 2019~~xx4 in Docket No. ~~GR18080852~~xx5

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

~~5th-xx6~~ REVISED SHEET NO. 117

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0. 0215 <u>0213</u>
II.	Remediation Adjustment Charge ("RAC")	\$0.0020
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0049
	2. Lifeline	<u>\$0.0054</u>
TOTAL		\$0. 0338 <u>0336</u>

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

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

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

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: ~~May 22, 2019~~xx2

Effective: Service Rendered
on and after ~~June 1, 2019~~xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~May 8, 2019~~xx4 in Docket No. ~~GR18080885~~xx5

CLEAN

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

xx1 REVISED SHEET NO. 111

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2019 through May 31, 2020 (\$0.0050) per therm

June 1 through September 30 of any year \$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

Date of Issue: xx2

Effective: Service Rendered
on and after xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx4 in Docket No. xx5

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

xx1 REVISED SHEET NO. 116

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0015) per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

Date of Issue: xx2

Effective: Service Rendered
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520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated xx4 in Docket No. xx5

ELIZABETHTOWN GAS COMPANY
B. P. U. NO. 16 – GAS

xx6 REVISED SHEET NO. 117

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

	<u>SBC Rate Components:</u>	<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0213
II.	Remediation Adjustment Charge ("RAC")	\$0.0020
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0049
	2. Lifeline	<u>\$0.0054</u>
	TOTAL	\$0.0336

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

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

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

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: xx2

Effective: Service Rendered
on and after xx3

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

Filed Pursuant to Order of the Board of Public Utilities
Dated xx4 in Docket No. xx5

ELIZABETHTOWN GAS COMPANY
FORECASTED SALES VOLUME - THERMS

RECOVERY YEAR - 2020

	SBC (CEP) *	OSMC	WNC (Oct- May)
Residential	225,193,000	225,193,000	210,520,500
Commercial	80,889,274	80,889,274	72,657,981
Industrial	1,231,006	1,231,006	
Interruptible	1,236		
Total Sales	307,314,516	307,313,280	283,178,481
Residential, <i>included above</i>	-	-	-
Commercial	65,821,500		57,263,000
Industrial	54,882,521		
Interruptible	70,439,206		
Total Transportation	191,143,227	-	57,263,000
Total Sales and Transportation	498,457,743	307,313,280	340,441,481

* Excludes LCAPP therms used for wholesale electric generation.

**Elizabethtown Gas Company
Weather Normalization Clause (WNC)**

**Calculation of the WNC Rate
Based on Cumulative Degree Day Differences at:
June 30, 2019
11 months actual 1 month forecast**

1	Current Period - Margin Revenue Excess / (Deficiency), (TK-2)		\$1,877,951
1a	Earnings Test Disallowance, if applicable		<u>\$0</u>
1b	Current Recoverable Margin Revenue Excess/(Deficiency), (L1 less L1a)		\$1,877,951
2	Prior Year - Excess / (Deficient) Recovery Balance, (TK-3)		<u>(\$282,181)</u>
3	Total Revenue Excess / (Deficiency) Balance (L1b+L2)		\$1,595,770
4	Projected Therm Volumes (10/1/19 - 5/31/20)		
	RDS	210,520,500	
	SGS and GDS	129,920,981	340,441,481 therms
5	WNC Charge/(Credit) Rate, before tax (L3a*-1/L4)		(\$0.0047) /therm
6	Plus Sales Tax	6.625%	<u>(\$0.0003)</u>
7	WNC Charge/(Credit) Rate (L5+L6)		<u><u>(\$0.0050) /therm</u></u>
8	<u>3% RDS Rate Cap:</u>	<u>rate w/tax</u>	<u>Cap Rate Components:</u>
	RDS Distribution Charge	\$0.3625	
	BGSS-P rate	<u>\$0.4691</u>	pre Tax \$0.0234
	Cap Rate	\$0.8316	Sales Tax <u>\$0.0015</u> <u>\$0.0249</u> /therm

**Elizabethtown Gas Company
Weather Normalization Clause (WNC)**

Month	Actual Calendar Degree Days	Normal ^(a) Calendar Degree Days	(Warmer) / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor ^(b)	Variance in Therms	Margin Revenue Factor	Margin Revenue Excess / (Deficiency)
Oct-18	289	257	32	12.5%	12.5%	1	31	51,365	1,592,315	\$0.2884	\$459,224
Nov	631	523	108	20.7%	17.9%	3	105	59,802	6,279,210	\$0.2884	\$1,810,924
Dec	779	814	(35)	(4.3%)	6.6%	4	(31)	61,516	(1,906,996)	\$0.2884	(\$549,978)
Jan-19	1,027	993	34	3.4%	5.4%	5	29	66,018	1,914,522	\$0.2884	\$552,148
Feb	807	837	(30)	(3.6%)	3.2%	4	(26)	67,824	(1,763,424)	\$0.2884	(\$508,571)
Mar	736	678	58	8.6%	4.1%	3	55	64,745	3,560,975	\$0.2884	\$1,026,985
Apr	294	353	(59)	(16.7%)	2.4%	2	(57)	55,526	(3,164,982)	\$0.2884	(\$912,781)
May	<u>127</u>	<u>126</u>	<u>1</u>	0.8%	2.4%	<u>1</u>	<u>0</u>	55,110	<u>0</u>	\$0.2884	<u>\$0</u>
Total	4,690	4,581	109			23	106		6,511,620		\$1,877,951

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder

6,511,620

WNC Margin Revenue - Excess / (Deficiency)

\$1,877,951

^(a) Degree Days as set forth in Tariff No. 16 - Rider B, Original Sheet No. 112

^(b) Degree Day Consumption Factor as filed in prior year's annual filing WNC Schedule TK-4

^(c) Margin Revenue Factor as set forth in Tariff No. 16 - Rider B, Sheet No. 113

* Dead Band is 0.5% of the Monthly Normal Calendar Degree Days

Elizabethtown Gas Company
Weather Normalization Clause (WNC)
Calculation of Prior Year Recovery Balance
June 30, 2019
11 months actual 1 month forecast

1	Prior Year Excess / (Deficient) Revenues at June 30, 2018			\$898,111
2	Prior Year Excess / (Deficient) Balance			(\$7,151,073)
3	Adjusted Excess / (Deficient) Revenues (L1+L2)			<u>(\$6,252,962)</u>
4	Current Recovery / (Refund) to RDS , SGS and GDS Customer Classes:			
		<u>Therms*</u>	<u>Rate w/o Tax*</u>	
	July-18	-	\$ -	(\$837)
	August-18	-	\$ -	\$2,763
	September-18	-	\$ -	(\$1,858)
	October-18	-	\$ -	(\$57)
	November-18	32,713,595	\$ 0.0096	\$313,766
	December-18	55,573,430	\$ 0.0181	\$1,008,655
	January-19	61,441,450	\$ 0.0182	\$1,117,710
	February-19	71,921,673	\$ 0.0182	\$1,307,585
	March-19	61,245,420	\$ 0.0182	\$1,114,278
	April-19	37,361,919	\$ 0.0182	\$680,890
	May-19	19,087,366	\$ 0.0182	\$347,886
	June-19	-	\$ -	\$80,000
		<u>339,344,853</u>		<u>\$5,970,781</u>
5	Total Excess / (Deficient) Revenues (L3+L4)			<u>(\$282,181)</u>

* Therms and Rates are shown when a WNC rate is in effect. The WNC rate, when approved, is not in effect during the non-winter months of June - September, however, activity can occur in all periods for customer billing adjustments and in the case of June recoveries/(refunds) from pro-rating and billing May consumption in June when a rate is in effect. derived

The rate presented is derived from dividing that amount by the therms in months when a WNC rate is in effect, a rounding differences to the tariff / billing rate may result.

**Elizabethtown Gas Company
Weather Normalization Clause (WNC)**

**Development of the Normalized Degree Day Consumption Usage Factor
October 2019 through May 2020**

<u>Month</u> <u>a</u>	<u>Normalized</u> <u>Projected Heat</u> <u>Load¹ (therms)</u> <u>b</u>	<u>Base Number of</u> <u>Customers²</u> <u>c</u>	<u>Therms Per</u> <u>Customer</u> <u>d=b/c</u>	<u>Number of</u> <u>Customers³</u> <u>e</u>	<u>Annualized</u> <u>Projected Heat</u> <u>Load (therms)</u> <u>f=d*e</u>	<u>Monthly</u> <u>Normal</u> <u>Heating</u> <u>Degree_Days</u> <u>("HDD")⁴</u> <u>g</u>	<u>Annualized</u> <u>Consumption</u> <u>Therms Per</u> <u>HDD</u> <u>h=f/g</u>
Oct-19	12,797,687	282,731	45.26453	294,329	13,322,664	257	51,839
Nov	30,407,945	283,538	107.24469	294,329	31,565,222	523	60,354
Dec	48,837,943	284,438	171.69978	294,329	50,536,225	814	62,084
Jan-20	64,070,424	285,027	224.78721	294,329	66,161,395	993	66,628
Feb	57,271,283	285,683	200.47144	294,329	59,004,558	862	68,451
Mar	42,404,328	285,934	148.30110	294,329	43,649,314	668	65,343
Apr	18,719,067	285,804	65.49617	294,329	19,277,422	344	56,039
May	6,590,149	285,854	23.05425	294,329	6,785,534	122	55,619

1) Based on determinants used in the calculation of Therms per Degree Day approved in the 2016 base rate case, with a leap-year HDD pattern for the months of February - May.

2) Base number of customers as approved in the 2016 base rate case.

3) May 31, 2019 customer count for those classes subject to the WNC clause.

4) 20-year 1996-2016 monthly normal heating degree days (base 65°F); per a leap-year pattern.

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

CALCULATION OF THE CEP COMPONENT OF THE SBC
October 1, 2019 through September 30, 2020
RECOVERY YEAR - 2020

July 2019 11 Months Actual 1 Month Estimate

1	Prior Year Balance (Sch. TK-2)		\$59,765
2	Current Year Company Program Costs (Sch. TK-2, col c)		\$2,584,344
3	Current Year and Carry Over Fiscal Agent Payments (Sch. TK-2, col d&e)		\$8,141,052
4	Current Year Recoveries (Sch. TK-4)		(\$10,624,730)
5	Current Year Carrying Costs (Sch. TK-2)		<u>(\$30,458)</u>
6	Current Year Ending Balance - Under Collection (Sum L1-L5)		\$129,973
	<u>Projected Fiscal Agent Payments:</u>		
7	Prior Period Payable for May and June (Sch. TK-3, col h)	\$221,833	
	Next Year's Scheduled Payments July - April (Sch. TK-5)	<u>\$9,606,563</u>	<u>\$9,828,396</u>
8	Total Proposed Recoveries (L6+L7)		\$9,958,369
9	Projected Normalized Sales and Services (Forecast Sch. TK-1)		498,457,743 therms
10	CEP COMPONENT, before taxes (L8/L9)		\$0.0200
11	Sales & Use Tax @ 6.625%		<u>\$0.0013</u>
12	CEP COMPONENT (L10+L11)		<u><u>\$0.0213</u></u> /therm

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Carrying Costs

12 Months Ended

June-19

11 Months Actual 1 Month Estimate

	Beginning Balance	Program Costs *	Current Fiscal Agent Payments *	Recoveries	Ending Balance	Average Balance	Interest Rate **	Carrying Cost	Ending Balance plus Cumulative Interest
a	b	c	d	e	f=b+c+d-e	g=(b+f)/2	h	i=g*h/12	j=f+ cum of i (Over) / Under
<u>Beginning Balance</u>									
Jul-18	\$59,765	\$237,877	\$382,098	\$453,469	\$226,271	\$143,018	2.55%	\$304	\$226,575
Aug-18	\$226,271	\$111,459	\$198,911	\$427,222	\$109,419	\$167,845	2.55%	\$357	\$110,080
Sep-18	\$109,419	\$192,646	\$168,762	\$408,800	\$62,027	\$85,723	3.41%	\$244	\$62,932
Oct-18	\$62,027	\$271,603	\$165,020	\$536,801	(\$38,151)	\$11,938	3.41%	\$34	(\$37,212)
Nov-18	(\$38,151)	\$234,714	\$204,859	\$932,023	(\$530,601)	(\$284,376)	3.41%	(\$808)	(\$530,470)
Dec-18	(\$530,601)	\$236,952	\$239,847	\$1,338,383	(\$1,392,185)	(\$961,393)	3.41%	(\$2,732)	(\$1,394,786)
Jan-19	(\$1,392,185)	\$185,875	\$569,756	\$1,483,884	(\$2,120,438)	(\$1,756,312)	3.41%	(\$4,991)	(\$2,128,030)
Feb-19	(\$2,120,438)	\$113,903	\$1,060,496	\$1,681,730	(\$2,627,769)	(\$2,374,104)	3.41%	(\$6,746)	(\$2,642,107)
Mar-19	(\$2,627,769)	\$247,067	\$1,469,996	\$1,489,363	(\$2,400,069)	(\$2,513,919)	3.41%	(\$7,144)	(\$2,421,551)
Apr-19	(\$2,400,069)	\$233,969	\$1,578,289	\$954,861	(\$1,542,672)	(\$1,971,371)	3.41%	(\$5,602)	(\$1,569,756)
May-19	(\$1,542,672)	\$318,279	\$1,303,018	\$574,794	(\$496,169)	(\$1,019,421)	3.41%	(\$2,897)	(\$526,150)
Jun-19	(\$496,169)	\$200,000	\$800,000	\$343,400	\$160,431	(\$167,869)	3.41%	(\$477)	\$129,973
Total pre adjustment		\$2,584,344	\$8,141,052	\$10,624,730				(\$30,458)	-

Notes:

* Per the "MOA" of May 5, 2004 the costs will be netted against the program budget to determine the fiscal agent payments, see CEP Schedule TK-3.

** 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/

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Fiscal Agent Payments

12 Months Ended

June-19

11 Months Actual 1 Month Estimate

<u>a</u>	<u>b</u>	<u>c</u>	<u>d</u>	<u>e = b-c+d</u>	<u>f</u>	<u>g</u>	<u>h = b-c+d-g</u>	<u>i = Cum of h</u>
Prior Year Payable / (Deferred)	Company Portion of Statewide CEP Funding	less Program Costs Offsets	Prior Year Payable / (Deferred)	Fiscal Agent Payable (1)	Payment For	Amount Paid (1)	Fiscal Agent Payable /(Deferred) Per Month (2)	Monthly Fiscal Agent Payable /(Deferred)
Jul-18	\$353,805	\$237,877	\$309,797	\$425,725	May-18	\$382,098	\$43,627	\$43,627
Aug-18	\$347,447	\$111,459	\$0	\$235,988	Jun-18	\$198,911	\$37,077	\$80,704
Sep-18	\$356,231	\$192,646	\$0	\$163,585	Jul-18	\$168,762	(\$5,177)	\$75,527
Oct-18	\$446,867	\$271,603	\$0	\$175,264	Aug-18	\$165,020	\$10,244	\$85,771
Nov-18	\$824,970	\$234,714	\$0	\$590,256	Sep-18	\$204,859	\$385,397	\$471,168
Dec-18	\$1,290,411	\$236,952	\$0	\$1,053,459	Oct-18	\$239,847	\$813,612	\$1,284,780
Jan-19	\$1,677,473	\$185,875	\$0	\$1,491,598	Nov-18	\$569,756	\$921,842	\$2,206,622
Feb-19	\$1,791,424	\$113,903	\$0	\$1,677,521	Dec-18	\$1,060,496	\$617,025	\$2,823,647
Mar-19	\$1,488,967	\$247,067	\$0	\$1,241,900	Jan-19	\$1,469,996	(\$228,096)	\$2,595,551
Apr-19	\$1,028,968	\$233,969	\$0	\$794,999	Feb-19	\$1,578,289	(\$783,290)	\$1,812,261
May-19	\$624,753	\$318,279	\$0	\$306,474	Mar-19	\$1,303,018	(\$996,544)	\$815,717
Jun-19	\$406,116	\$200,000	\$0	\$206,116	Est.	\$800,000	(\$593,884)	\$221,833
Total	\$10,637,432	\$2,584,344	\$309,797	\$8,362,885		\$8,141,053	\$221,833	

Notes:

(1) Fiscal Agent Payable is based on Program Cost Offsets on a paid basis while the Amount Paid to the Fiscal Agent is based on paid and accrued program costs.

(2) Fiscal Agent Payable net of current Program Costs and prior month deferred offset costs if in excess of the Company's portion of the Statewide Funding. The Fiscal Agent payments are generally made on a two month lag

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Cost Recoveries

12 Months Ended

June-19

11 Months Actual 1 Month Estimate

	<u>Therms</u>	<u>Rate w/o tax *</u>	<u>Recovery</u>
Jul-18	19,219,302	0.0236	\$453,469
Aug-18	17,832,924	0.0240	\$427,222
Sep-18	16,752,856	0.0244	\$408,800
Oct-18	22,806,279	0.0235	\$536,801
Nov-18	43,532,224	0.0214	\$932,023
Dec-18	66,257,809	0.0202	\$1,338,383
Jan-19	73,543,146	0.0202	\$1,483,884
Feb-19	83,174,174	0.0202	\$1,681,730
Mar-19	73,534,210	0.0203	\$1,489,363
Apr-19	47,175,198	0.0202	\$954,861
May-19	28,433,189	0.0202	\$574,794
Jun-19	17,000,000	0.0202	\$343,400
Total	<u>509,261,311</u>		<u>\$10,624,730</u>

* Individual customer billings at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.

ELIZABETHTOWN GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

BPU Directed Spending *

12 Months Ending

June-20

Jul-19	\$353,805
Aug-19	\$347,447
Sep-19	\$356,231
Oct-19	\$446,867
Nov-19	\$824,970
Dec-19	\$1,290,411
Jan-20	\$1,677,473
Feb-20	\$1,791,424
Mar-20	\$1,488,967
Apr-20	\$1,028,968
May-20	\$624,753
Jun-20	\$406,116

Total	<u>\$10,637,432</u>
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Total July - April to TK-1	<u>\$9,606,563</u>
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* Approved in the 6/21/2019 Board Order in Docket No. QO19050644.

ELIZABETHTOWN GAS COMPANY
CALCULATION OF THE ON-SYSTEM MARGIN SHARING CREDIT (OSMC)

October 2019 through September 2020

Disbursement Year 2020

11 months actual 1 month forecast

1	Projected OSMC Margin Contributions for Disbursement (Sch. TK-2)		\$511,381
2	Prior Year Balance, (Over) / Under Disbursement (Sch. TK-3)		(\$217,513)
3	Current Year Balance, (Over) / Under Disbursement (Sch. TK-3)		<u>\$125,069</u>
4	Total OSMC Customer Credits / (Charge) (L1+L2+L3)		\$418,937
5	Projected Therm Volumes (Forecast Sch. TK-1)		
	- RDS and GLS	225,193,000	
	- SGS, GDS and NGV	80,889,274	
	- LVD and EGF	<u>1,231,006</u>	307,313,280
6	OSMC Rate, before taxes (L4/L5)		\$0.0014
7	Sales & Use Tax @ 6.625%		<u>\$0.0001</u>
8	OSM Credit / (Charge) per therm, (L6+L7)		<u><u>\$0.0015</u></u>

ELIZABETHTOWN GAS COMPANY

Projected Customer Portion of On-System Margin Sharing

July-2019 through June-2020
Disbursement Year 2020

Projected Margin Contribution

Jul-19	\$57,638
Aug-19	\$48,427
Sep-19	\$47,144
Oct-19	\$47,779
Nov-19	\$34,443
Dec-19	\$37,500
Jan-20	\$38,326
Feb-20	\$36,368
Mar-20	\$38,044
Apr-20	\$35,069
May-20	\$39,978
Jun-20	\$50,665
Total	<u>\$511,381</u>

ELIZABETHTOWN GAS COMPANY
Margin Sharing Generated and Disbursements to Customers
July 2018 Through June 2019
11 months actual 1 month forecast

	Margin Sharing Generated	Adjustments	Net Margin Sharing for Disbursement	Disbursements to Customers Sch. TK-4	Monthly (Over) / Under Credited	Cumulative (Over) / Under Credited Balance
	a	b	c=a+b	d	e=c-d	g=prior cum bal.+ e
Prior Period						(\$217,513)
Jul-18	\$57,998	\$0	\$57,998	\$29,459	\$28,539	(\$188,974)
Aug-18	\$47,939	\$0	\$47,939	\$26,043	\$21,896	(\$167,078)
Sep-18	\$29,373	\$0	\$29,373	\$25,588	\$3,785	(\$163,293)
Oct-18	\$32,459	\$0	\$32,459	\$38,945	(\$6,486)	(\$169,779)
Nov-18	\$34,963	\$0	\$34,963	\$69,625	(\$34,662)	(\$204,441)
Dec-18	\$39,385	\$0	\$39,385	\$31,205	\$8,180	(\$196,261)
Jan-19	\$42,964	\$0	\$42,964	\$33,942	\$9,022	(\$187,239)
Feb-19	\$56,962	\$0	\$56,962	\$40,669	\$16,293	(\$170,946)
Mar-19	\$41,105	\$0	\$41,105	\$34,633	\$6,472	(\$164,474)
Apr-19	\$42,357	\$0	\$42,357	\$21,327	\$21,030	(\$143,444)
May-19	\$33,298	\$0	\$33,298	\$10,728	\$22,570	(\$120,874)
Jun-19	\$32,000	\$0	\$32,000	\$3,570	\$28,430	(\$92,444)
	<u>\$490,803</u>	<u>\$0</u>	<u>\$490,803</u>	<u>\$365,734</u>	<u>\$125,069</u>	

ELIZABETHTOWN GAS COMPANY
ON-SYSTEM MARGIN SHARING CREDITS
July 2018 Through June 2019
11 months actual 1 month forecast
ACTUAL CREDITS DISBURSED

	OSM	Sales Customers		Transportation Customers		Total
	Rate pre tax *	Therms	Credits	RDS Therms	RDS Credits	Credits
<u>a</u>	<u>b=d/c</u>	<u>c</u>	<u>d</u>	<u>e</u>	<u>f=b*e</u>	<u>g=d+f</u>
Jul-18	\$0.0044	6,647,398	\$29,200	59,271	\$259	\$29,459
Aug-18	\$0.0046	5,582,774	\$25,819	50,986	\$224	\$26,043
Sep-18	\$0.0046	5,531,370	\$25,343	55,761	\$245	\$25,588
Oct-18	\$0.0044	8,714,377	\$38,591	80,347	\$354	\$38,945
Nov-18	\$0.0027	26,002,489	\$68,963	244,714	\$662	\$69,625
Dec-18	\$0.0007	45,832,537	\$30,900	458,597	\$305	\$31,205
Jan-19	\$0.0007	51,006,659	\$33,609	510,984	\$333	\$33,942
Feb-19	\$0.0007	60,682,278	\$40,242	653,716	\$427	\$40,669
Mar-19	\$0.0007	51,597,453	\$34,264	565,495	\$369	\$34,633
Apr-19	\$0.0007	31,140,441	\$21,102	339,719	\$225	\$21,327
May-19	\$0.0007	15,267,290	\$10,619	164,064	\$109	\$10,728
Jun-19	\$0.0007	5,000,000	\$3,500	100,000	\$70	\$3,570
		313,005,066	\$362,152	3,283,654	\$3,582	\$365,734

* Individual customer billing credits at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.