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February 23, 2023

Electronic Filing

Carmen Diaz
Acting Secretary of the Board
NJ Board of Public Utilities
44 South Clinton Avenue
P.O. Box 350
Trenton, NJ 08625-0350

**RE: I/M/O The Petition of Elizabethtown Gas Company to Review its Basic Gas Supply Service Rate and its Conservation Incentive Program Rates
BPU Docket No. GR22060366**

**NOTICE OF INTENT TO EXERCISE SELF-IMPLEMENTING RATE REDUCTION
EFFECTIVE MARCH 1, 2023 (UPDATED)**

Dear Acting Secretary Diaz:

On February 15, 2023, in accordance with the authority reflected in the New Jersey Board of Public Utilities (“BPU” or “Board”) Order Approving BGSS Pricing Structure, dated January 6, 2003, in BPU Docket No. GX01050304 (“January 6th Order”), Elizabethtown Gas Company (“Elizabethtown” or the “Company”) submitted a notice of intent to self-implement a Periodic Basic Gas Supply Service (“BGSS-P”) rate reduction from the current provisional rate of \$0.7190 per therm¹ to \$0.5828 per therm effective March 1, 2023 (“Original Notice”). By this letter, Elizabethtown hereby submits an updated notice of intent to self-implement a BGSS-P rate reduction from the current provisional rate of \$0.7190 per therm to \$0.2692 per therm effective March 1, 2023 (“Updated Notice”). This Updated Notice is meant to replace the Original Notice in its entirety.

¹ All rates stated herein include Sales and Use tax.

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This rate reduction will decrease the monthly bill of a typical residential heating customer by \$44.98, or 30.2%, as compared to the Company's current rates. This Updated Notice is hereby made to Board Staff and the New Jersey Division of Rate Counsel pursuant to the terms of the January 6th Order.

On June 1, 2022, Elizabethtown filed a petition in the above referenced docket seeking approval to increase its BGSS-P rate for the 2022/2023 BGSS year ending September 30, 2023 from \$0.4798 per therm to \$0.7190 per therm ("Original Filing"). The Company's requested increase was based on forecasted information including the May 10, 2022 New York Mercantile Exchange ("NYMEX") natural gas futures settlement prices. By Board Order dated September 7, 2022 in this proceeding, the Board approved a Stipulation authorizing Elizabethtown to increase its BGSS-P rate to \$0.7190 per therm on a provisional basis, subject to refund, effective October 1, 2022.

Since the time of the June 1, 2022 filing, commodity gas costs have decreased significantly. The rate reduction in the Original Notice reflected the 12-month natural gas NYMEX strip price (the average of the monthly futures prices for a 12-month period) as of February 8, 2023 and actual data through December 2022 as well as updates to certain basis projections, demand charges, pipeline refunds and margin sharing amounts. The rate reduction in this Updated Notice reflects the 12-month natural gas NYMEX strip price as of February 10, 2023 and actual data through January 2023, including changes regarding the use of bundled peaking supply and related pricing, pricing of market area purchases and the recognition of certain hedging gains as well as warmer than normal weather in January 2023. As of February 10, 2023, the 12-month natural gas NYMEX strip price for October 2022 through September 2023 decreased by 34 percent from Elizabethtown's Original Filing. The January 2023 through March 2023 winter months decreased an average of \$3.6583 per dekatherm



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(\$0.36583 per therm), or 52 percent. Prices are projected to remain at these lower levels through the foreseeable future. It is prudent for the Company to decrease its BGSS-P rate now to reduce the potential for a significant over-recovery for the 2022/2023 BGSS year ending September 30, 2023..

The Company projects that absent this rate reduction effective March 1, 2023, it will end the 2022/2023 BGSS year on September 30, 2023 with an over-recovery balance of approximately \$36.5 million. This rate reduction will enable Elizabethtown to pass along to customers in a timely manner the savings the Company has achieved as a result of lower-than-forecast gas prices. Elizabethtown will continue to monitor natural gas market conditions and the Company's costs to determine whether future BGSS-P rate related adjustments are appropriate.

In accordance with the Board's 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, should you have any questions.

Respectfully submitted,

ELIZABETHTOWN GAS COMPANY

A handwritten signature in dark ink, appearing to read "Deborah M. Franco", written over a light gray background.

By: _____

Deborah M. Franco
VP – Rates, Regulatory & Sustainability

DMF:clc

cc: Service List (attached)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE AND
ITS CONSERVATION INCENTIVE PROGRAM RATES
BPU DOCKET NO. GR22060366**

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