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March 10, 2023

Electronic Filing

Carmen D. Diaz, Acting Board Secretary
and Acting Custodian
New Jersey Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of Elizabethtown Gas Company to Review Its Basic Gas Supply Service Rate and Its Conservation Incentive Program Rates
BPU Docket No. GR22060366**

Dear Acting Board Secretary and Acting Custodian Diaz:

Enclosed for filing in the above-referenced proceeding is a Stipulation executed by representatives of Elizabethtown Gas Company, the Staff of the Board of Public Utilities and the Division of Rate Counsel. It is respectfully requested that the Board consider the Stipulation at its next agenda meeting.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in cursive script that reads "Sheree L. Kelly".

Sheree L. Kelly, Esq.

SLK:jlh
Enclosures

cc: Service list (electronically)

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

	-X	
	:	BPU Docket No. GR22060366
In the Matter of the Petition of	:	OAL DKT No. PUC 08527-2022
Elizabethtown Gas Company to Review its	:	
Periodic Basic Gas Supply Service Rate and its	:	STIPULATION REGARDING
Conservation Incentive Program Rates	:	FINAL BGSS AND CIP RATES
	:	
	:	
	-X	

APPEARANCES:

Deborah M. Franco, Esq., Vice President, Rates, Regulatory & Sustainability, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

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

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew Platkin**, Attorney General of the State of New Jersey)

TO THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

I. PROCEDURAL HISTORY

1. On June 1, 2022, Elizabethtown Gas Company (“Elizabethtown” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking authorization to (1) increase the level of its Periodic Basic Gas Supply Service (“BGSS-P”) and (2) change its Conservation Incentive Program (“CIP”) rates for the period October 1, 2022 through September 30, 2023 (“Petition”). This is the first filing to request the implementation of CIP rates pursuant to the Board’s Order dated April 7, 2021 in which the Board authorized the Company to implement a CIP designed to recover lost revenues due to the Company’s Energy Efficiency Program (“EEP”).¹

¹ In re the Implementation of L. 2018, C. 17 Regarding the Establishment of Energy Efficiency and Peak Demand Reduction Programs and In re the Petition of Elizabethtown Gas Company for Approval of New Energy Efficiency Programs and Associated Cost Recovery Pursuant to the Clean Energy Act and the Establishment of a Conservation Incentive Program, BPU Docket Nos. QO19010040 and GO20090619, Board Order dated April 7, 2021 (“EEP-CIP

2. In the Petition, Elizabethtown proposed to increase its current per-therm BGSS-P rate from \$0.4798 to \$0.7190.² As proposed, based upon rates in effect on June 1, 2022, the monthly bill of a residential heating customer using 100 therms of natural gas per month would increase by \$23.92 from \$110.59 to \$134.51, or 21.6%. The proposed BGSS-P rate changes translate to an increase in annual BGSS-P recoveries of approximately \$57.4 million.

3. The Company also sought Board approval to implement the following per-therm CIP rates effective October 1, 2022:

- A credit rate of (\$0.0023) for Residential Delivery Service;
- A credit rate of (\$0.0556) for Small General Service; and
- A credit rate of (\$0.0076) for General Delivery Service.

4. On July 27, 2022, the Company updated its per-therm rates via a 12&0 Update (“CIP Update”) as follows:

- A rate of \$0.0141 for Residential Delivery Service;³
- A credit rate of \$0.0351 for Small General Service; and
- A credit rate of \$0.0020 for General Delivery Service.

5. As proposed, based upon rates in effect July 1, 2022, the requested CIP Update rates would result in a monthly increase of \$1.41, or 1.3%, for a residential heating customer using 100 therms of natural gas per month.

6. These updated proposed rate changes translate to an increase in annual CIP recoveries of \$2.2 million.

Order”).

² All rates quoted herein include all applicable taxes unless otherwise noted.

³ According to the Company, the increase in the Residential Delivery Service rate from the original filing is due to lower actual therms than those originally estimated for May, 2022 and June, 2022, resulting in a reduction in excess residential margins for those months totaling \$3.7 million.

7. Pursuant to the EEP-CIP Order, recovery of any non-weather-related CIP deficiency requires passing both a Modified BGSS Savings Test and Variable Margin Test.

8. The Modified BGSS Savings Test requires the Company to achieve savings in its costs of providing BGSS to partially offset any recovery of the non-weather-related CIP margin deficiency. To recover for non-weather-related CIP deficiencies, the Company must achieve BGSS savings of at least 75% of the non-weather-related deficiency. The BGSS savings may originate from any, or all, of the following three categories: (1) permanent savings realized from permanent capacity releases or contract terminations; (2) additional BGSS gas cost savings from reductions of capacity on a long-term basis; and (3) avoided capacity costs to meet residential customer growth.

9. The Variable Margin Test limits recovery on non-weather-related CIP deficiency so as not to exceed 4.0 percent (4.0%) of total variable margins for the year ending June 30. The 4.0 percent (4.0%) cap applies to the CIP annual period of July 1, 2021 to June 30, 2022. Thereafter, the recoverable non-weather-related CIP is limited to 6.5 percent (6.5%) per the EEP-CIP Order.

10. In computing the non-weather-related CIP value, the margin impact of weather must first be deducted from the total CIP charge or credit. As noted in paragraph eight (8) above, the non-weather-related CIP component shall be subject to a dual-eligibility test comprised of the Modified BGSS Savings Test and the Variable Margin Test. In order to be eligible for recovery, non-weather-related CIP impacts must pass both recovery tests. Amounts that do not pass one or both tests are still recoverable in future years.

11. Based on the CIP Update, Elizabethtown indicated that its non-weather-related excess margin was approximately \$6.8 million. This amount was determined by subtracting the weather-related deficiency component of approximately \$8.9 million from the total CIP deficiency of approximately \$2.1 million.

12. According to Elizabethtown, its permanent BGSS savings associated with permanently released and/or terminated transportation capacity or storage assets that remain constant after re-setting the CIP benchmarks established in future base rate cases (Category One of the Modified BGSS Savings Test) total approximately \$2.2 million per year. BGSS savings realized from gas cost savings from capacity reductions on a long-term basis, contract restructuring, and contract terminations not captured in Category One and reductions in commodity cost of gas supply through purchasing strategies (Category Two of the Modified BGSS Savings Test) total approximately \$0.9 million. The Company did not have any BGSS savings realized from avoided capacity costs to meet prospective residential customer growth (Category Three of the Modified BGSS Savings Test). Using these values, the total BGSS savings for the 12-month period ending September 30, 2022 is \$3.1 million. Because the non-weather-related CIP amount is a credit to customers, the Modified BGSS Savings Test and the Variable Margin Revenue Test are not applicable.

13. Also pursuant to the EEP-CIP Order, based on the calculations provided by the Company, the CIP will not cause the Company to earn in excess of its allowed rate of return on common equity (“ROE”) of 9.6% plus 50 basis points for any 12-month period ending June 30. Based upon the Company’s calculations, the ROE Test will not limit Elizabethtown’s recovery of the CIP deficiency.

14. Based upon rates in effect July 1, 2022, the proposed BGSS-P and updated CIP rate changes would increase the monthly bill of a residential customer using 100 therms per month by \$25.33 from \$110.59 to \$135.92, or 22.9%, consisting of a proposed BGSS-P increase of \$23.92 or 21.6% and a proposed CIP increase of \$1.41 or 1.3%.

15. Following public notice published in newspapers of general circulation within Elizabethtown’s service territory, two (2) virtual public hearings for this Petition were held on

August 30, 2022 at 4:30 p.m. and 5:30 p.m.⁴ No members of the public attended the hearings to express their views on the Petition and one set of written comments was filed with the Board.

16. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) agreed that additional time was needed to complete a comprehensive review of the Petition. The Parties agreed that the implementation of the proposed BGSS-P and updated CIP rates, subject to refund with interest on any net over-recovered BGSS-P and CIP balances, was reasonable, and accordingly executed a stipulation for provisional rates effective October 1, 2022 (“Provisional Stipulation”), subject to an opportunity for full review at the Office of Administrative Law (“OAL”), if necessary, and final approval by the Board.

17. On September 7, 2022, the Board issued an Order adopting the Provisional Stipulation in its entirety and approving per therm rates on a provisional basis, subject to refund with interest on any net over-recovered balance. These per-therm rates included a BGSS-P rate of \$0.7190 and CIP rates of \$0.0141 for Residential Delivery Service, a credit rate of \$0.0351 for Small General Service, and a credit rate of \$0.0020 for General Delivery Service, effective for service rendered on and after October 1, 2022. The monthly bill of a residential heating customer using 100 therms per month increased by \$25.33 from \$110.59 to \$135.92, or 22.9%, based upon rates in effect on July 1, 2022.

18. This matter was transmitted to the OAL as a contested case and assigned to Administrative Law Judge Irene Jones. On December 28, 2022, a pre-hearing conference was held telephonically.

19. On February 14, 2023, in accordance with the Board Order dated January 6, 2003, Elizabethtown submitted a notice of intent to self-implement a BGSS-P rate reduction from

⁴ Due to the COVID-19 pandemic, the Public Hearings were conducted virtually.

the current provisional rate of \$0.7190 per therm to \$0.5828 per therm effective March 1, 2023 (“Original Notice”).⁵

20. On February 23, 2023, pursuant to the January 6 Order, Elizabethtown filed 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”). The Company submitted the Updated Notice to replace the Original Notice in its entirety. This rate reduction will decrease the monthly bill of a typical residential heating customer using 100 therms per month by \$44.98 or 30.2%.

21. The reduction in the BGSS-P rate translates to a decrease in annual BGSS recoveries of \$36.5 million.

22. The Parties engaged in discovery and resolved all issues in this proceeding in accordance with the stipulated terms set forth below.

II. STIPULATED TERMS

23. The Parties stipulate and agree that the Company’s updated, self-implemented BGSS-P rate of \$0.2692 per therm, effective March 1, 2023, and provisional CIP rates of \$0.0141 for Residential Delivery Service, a credit rate of \$0.0351 for Small General Service, and a credit rate of \$0.0020 for General Delivery Service are prudent and reasonable and should be made final as of the effective date of a Board Order approving this Stipulation of Settlement (“Stipulation”) in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify (“Effective Date”).

24. As of the Effective Date, the Company will maintain its self-implemented BGSS-P rate of \$0.2692 per therm, and CIP rates of \$0.0141 for Residential Delivery Service, credit rate

⁵ In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et. seq., BPU Docket No. GX01050304, Order dated January 6, 2003 (“January 6 Order”).

of \$0.0351 for Small General Service, and credit rate of \$0.0020 for General Delivery Service. These rates shall remain in effect until changed by Order of the Board.

25. The Company's future annual BGSS gas cost filings shall continue to comply with the Annual BGSS Minimum Filing Requirements adopted by the Board as listed in the index contained in Appendix A⁶.

26. The Company agrees to continue to provide electronically, to the Parties in this proceeding and on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-ECHART-1, an example of which is attached as Appendix B); and 2) a monthly report showing the calculation of net cost of gas per therm (also known as S-ECHART-2, an example of which is attached as Appendix C). S-ECHART-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-ECHART-2 is to be submitted to the Parties on the 15th of the following month.

27. Upon Board approval of the BGSS-P and CIP rates reflected in this Stipulation, the Company will file with the Board tariff sheets to reflect the final BGSS-P and CIP rates agreed to in this Stipulation.

III. MISCELLANEOUS

28. If the Board approves this Stipulation in its entirety, all issues concerning the BGSS-P and CIP and the costs recovered through these clauses are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

29. This Stipulation represents a mutual balancing of interests and is therefore intended to be accepted and approved in its entirety. If the Board does not adopt this Stipulation

⁶ In re the Petition of NUI Utilities, Inc. d/b/a Elizabethtown Gas Company to (1) Revise its Basic Gas Supply Service Rate, (2) Revise its On-System Margin Sharing Credit, (3) Revise its Commodity Rates for Commercial And Industrial Air Conditioning and Distributed Generation Uses and Seasonal Delivery Service, and (4) Make Other Tariff Changes, BPU Docket No. GR02120945 et al., Board Order dated June 20, 2003, and In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to Review its Periodic Basic Supply Service Rate, BPU Docket No. GR17060590, Order dated May 22, 2018.

in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

30. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.


31. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof, as soon as reasonably possible.

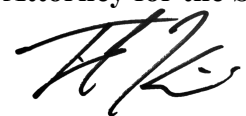
ELIZABETHTOWN GAS COMPANY

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By:  3/10/23
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Assistant Deputy Rate Counsel

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By:  3/10/23
Terel Klein
Deputy Attorney General

Dated: March 9, 2023

GR22060366 – ETG 2022 BGSS-P/CIP

**Elizabethtown Gas Company
2022 / 2023 BGSS Filing**

MINIMUM FILING REQUIREMENT (MFR) INDEX

<u>Minimum Filing Requirement</u>	<u>Schedule(s)</u>
1. Motion, Supporting Testimony & Tariff Modifications	Petition, Testimony, TK-12
2. Computation of Proposed BGSS Rates	LJW-1, LJW-3
3. Public Notice with Proposed Impact on Bills	Petition
4. Actual and Forecasted Refund Amounts	TK-3, LJW-9
5. Cost of Gas Sendout by Component	TK-2, TK-5, TK-7, LJW-2, LJW-4, LJW-6, LJW-7, LJW-10, LJW-11
6. BGSS Contribution and Credit Offsets	TK-3, TK-4, LJW-9, LJW-12
7. Over/Under Recovery Comparisons	TK-1, TK-6, LJW-3
8. Wholesale Gas Pricing Assumptions	LJW-7, LJW-13
9. GCUA Recoveries and Balances	not applicable
10. Historical Service Interruptions	TK-9
11. Gas Price Hedging Activities	TK-11, LJW-14
12. Storage Gas Volumes, Prices and Utilization	TK-7, LJW-10
13. Affiliate Gas Supply Transactions	TK-8
14. Projected Supply and Demand Data with Design Peak Day	LJW-16
15. Actual Peak Day Supply and Demand	TK-10
16. Capacity Contract Changes	Testimony - L J Willey pgs. 16, 18
17. FERC Pipeline Activities	LJW-15
18. Changes to Firm Transportation and Storage Contracts	LJW-17

S-ECHART-1
BGSS NYMEX Update Report
as of December 02, 2022

<u>Month</u>	<u>a</u> BGSS <u>(see note below)</u>	<u>b</u> NYMEX <u>(12/2/2022 Close)</u>	<u>c = b - a</u> Incr/ (Decr)	<u>% Chg</u>	<u>d</u> Sales forecast (dths)	<u>e</u> Hedged volume (dths)	<u>f = d - e</u> Unhedged volume (dths)	<u>g = c x f</u> Change in value unhedged
Oct-22	\$ 7.391	\$ 6.868	\$ (0.523)		856,115	331,400	524,715	(\$274,426)
Nov-22	\$ 7.457	\$ 5.186	\$ (2.271)		1,952,650	1,922,984	29,666	(\$67,371)
Dec-22	\$ 7.571	\$ 6.712	\$ (0.859)		3,918,672	3,103,765	814,907	(\$700,005)
Jan-23	\$ 7.663	\$ 6.281	\$ (1.382)		4,992,625	4,030,476	962,149	(\$1,329,690)
Feb-23	\$ 7.342	\$ 6.169	\$ (1.173)		5,131,224	3,271,167	1,860,057	(\$2,181,846)
Mar-23	\$ 6.302	\$ 5.582	\$ (0.720)		4,101,389	2,367,581	1,733,808	(\$1,248,342)
Apr-23	\$ 4.659	\$ 4.935	\$ 0.276		3,110,706	1,520,000	1,590,706	\$439,035
May-23	\$ 4.496	\$ 4.906	\$ 0.410		1,596,814	668,100	928,714	\$380,773
Jun-23	\$ 4.539	\$ 4.991	\$ 0.452		854,187	411,800	442,387	\$199,959
Jul-23	\$ 4.581	\$ 5.080	\$ 0.499		610,700	270,700	340,000	\$169,660
Aug-23	\$ 4.574	\$ 5.086	\$ 0.512		553,257	213,100	340,157	\$174,160
Sep-23	\$ 4.550	\$ 5.028	\$ 0.478		660,048	308,100	351,948	\$168,231
Avg Total \$	\$ 5.927	\$ 5.569	\$ (0.358)	-6.0%	28,338,387	18,419,173	9,919,214	(\$4,269,863)
Oct-23	\$ 4.585	\$ 5.082	\$ 0.497		864,677	395,600	469,077	\$233,131
Nov-23	\$ 4.731	\$ 5.339	\$ 0.608		1,972,180	1,652,984	319,196	\$194,071
Dec-23	\$ 4.996	\$ 5.701	\$ 0.705		3,957,866	2,793,765	1,164,101	\$820,691
Jan-24	\$ 5.133	\$ 5.926	\$ 0.793		5,042,557	3,430,476	1,612,081	\$1,278,380
Feb-24	\$ 4.953	\$ 5.669	\$ 0.716		5,182,542	3,211,167	1,971,375	\$1,411,504
Mar-24	\$ 4.530	\$ 5.028	\$ 0.498		4,142,405	2,177,581	1,964,824	\$978,482
Apr-24	\$ 3.849	\$ 4.277	\$ 0.428		3,141,816	1,320,000	1,821,816	\$779,737
May-24	\$ 3.778	\$ 4.203	\$ 0.425		1,612,782	760,000	852,782	\$362,432
Jun-24	\$ 3.840	\$ 4.263	\$ 0.423		862,728	358,500	504,228	\$213,288
Jul-24	\$ 3.899	\$ 4.329	\$ 0.430		616,807	254,200	362,607	\$155,921
Aug-24	\$ 3.922	\$ 4.349	\$ 0.427		558,790	200,500	358,290	\$152,990
Sep-24	\$ 3.910	\$ 4.301	\$ 0.391		666,649	172,700	493,949	\$193,134
Avg Total \$	\$ 4.344	\$ 4.872	\$ 0.528	12.2%	28,621,799	16,727,473	11,894,326	\$6,773,763

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; **Oct-2022 to Sept-2024 based on 5-10-2022 Close.**

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing

d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-ECHART-2

**Elizabethtown Gas Company
Calculation of Net Cost of Gas Per Therm**

	Actual <u>Oct-22</u>	Actual <u>Nov-22</u>	Estimate <u>Dec-22</u>	Estimate <u>Jan-23</u>	Estimate <u>Feb-23</u>	Estimate <u>Mar-23</u>	Estimate <u>Apr-23</u>	Estimate <u>May-23</u>	Estimate <u>Jun-23</u>	Estimate <u>Jul-23</u>	Estimate <u>Aug-23</u>	Estimate <u>Sep-23</u>	12 Month Weighted Average
1 NYMEX - 05/10/22 - Included in BGSS Filing	\$0.7391	\$0.7457	\$0.7571	\$0.7663	\$0.7342	\$0.6302	\$0.4659	\$0.4496	\$0.4539	\$0.4581	\$0.4574	\$0.4550	
2 NYMEX - Actual Settlement	\$0.6868	\$0.5186											
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
13 Flowing Gas Cost	-\$0.3230	\$0.5091	\$0.2836	\$0.2500	\$0.3824	\$0.3783	\$0.2545	\$0.1151	-\$0.1484	-\$0.2686	-\$0.2787	-\$0.1737	\$0.2441
14 Gas Withdrawn From Storage Cost	\$0.1417	\$0.4460	\$0.3056	\$0.3147	\$0.2678	\$0.1880	\$0.0013	\$0.0027	\$0.0054	\$0.0087	\$0.0100	\$0.0079	\$0.2078
15 Hedged Volumes Delivered Cost	\$0.3755	\$0.2356	\$0.1138	\$0.1186	\$0.0844	\$0.1050	\$0.1596	\$0.2127	\$0.4139	\$0.5423	\$0.5649	\$0.4424	\$0.1676
16 Pipeline Demand Cost	\$0.5433	\$0.3367	\$0.1373	\$0.1077	\$0.1010	\$0.1301	\$0.1717	\$0.3401	\$0.6385	\$0.9265	\$1.0280	\$0.8381	\$0.2276
17 Storage Demand Cost	\$0.1326	\$0.0803	\$0.0327	\$0.0254	\$0.0238	\$0.0313	\$0.0416	\$0.0824	\$0.1546	\$0.2250	\$0.2490	\$0.2029	\$0.0547
18 Peaking Cost	\$0.0000	\$0.0358	\$0.0245	\$0.3028	\$0.0213	\$0.0235	\$0.0271	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0704
19 Weighted Average Fuel Cost	\$0.0213	\$0.0225	\$0.0064	\$0.0101	\$0.0090	\$0.0079	\$0.0137	\$0.0132	\$0.0183	\$0.0269	\$0.0299	\$0.0248	\$0.0120
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0206	\$0.0189	\$0.0170	\$0.0177	\$0.0237	\$0.0381	\$0.0589	\$0.0852	\$0.0943	\$0.0967	\$0.0242
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 Total Gross Cost of Gas Per Therm	\$0.8914	\$1.6660	\$0.9246	\$1.1482	\$0.9068	\$0.8817	\$0.6930	\$0.8044	\$1.1412	\$1.5461	\$1.6973	\$1.4391	\$1.0084

	Actual <u>Oct-21</u>	Actual <u>Nov-21</u>	Actual <u>Dec-21</u>	Actual <u>Jan-22</u>	Actual <u>Feb-22</u>	Actual <u>Mar-22</u>	Actual <u>Apr-22</u>	Actual <u>May-22</u>	Actual <u>Jun-22</u>	Actual <u>Jul-22</u>	Actual <u>Aug-22</u>	Actual <u>Sep-22</u>	Weighted Average
23 NYMEX - Actual Settlement	\$0.5841	\$0.6202	\$0.5447	\$0.4024	\$0.6265	\$0.4568	\$0.5336	\$0.7267	\$0.8908	\$0.6551	\$0.8687	\$0.9353	
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
24 Flowing Gas Cost	-\$0.5982	\$0.3268	\$0.1693	\$0.3124	\$0.2308	\$0.1451	\$0.1535	\$0.1359	-\$0.2109	-\$0.5059	-\$0.8550	-\$0.7849	\$0.1234
25 Gas Withdrawn From Storage Cost	\$0.0487	\$0.2439	\$0.1271	\$0.1508	\$0.0988	\$0.1029	\$0.0371	-\$0.0021	\$0.0046	\$0.0321	\$0.0219	\$0.0094	\$0.0984
26 Hedged Volumes Delivered Cost	\$0.5312	\$0.2378	\$0.1039	\$0.1079	\$0.0663	\$0.0798	\$0.1312	\$0.1384	\$0.2635	\$0.4020	\$0.4476	\$0.4776	\$0.1412
27 Pipeline Demand Cost	\$0.6947	\$0.3261	\$0.1399	\$0.1022	\$0.0847	\$0.1307	\$0.1834	\$0.2936	\$0.6456	\$0.8738	\$0.9218	\$0.9844	\$0.2220
28 Storage Demand Cost	\$0.1601	\$0.0671	\$0.0289	\$0.0214	\$0.0173	\$0.0254	\$0.0426	\$0.0735	\$0.1534	\$0.2099	\$0.2246	\$0.2415	\$0.0500
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0037	\$0.0074	\$0.0000	\$0.0194	\$0.0040	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0053
30 Weighted Average Fuel Cost	\$0.0245	\$0.0169	\$0.0088	\$0.0127	\$0.0091	\$0.0070	\$0.0147	\$0.0221	\$0.0390	\$0.0374	\$0.0457	\$0.0473	\$0.0146
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 Total Gross Cost of Gas Per Therm	\$0.8610	\$1.2186	\$0.5816	\$0.7148	\$0.5070	\$0.5104	\$0.5665	\$0.6614	\$0.8952	\$1.0494	\$0.8067	\$0.9752	\$0.6548

Footnotes:

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

Variable Pipeline Cost = Pipeline Charge per therm shipped

S-ECHART-2
Elizabethtown Gas Company
Calculation of Net Cost of Gas Per Therm

	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	12 Month
	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>	<u>May-23</u>	<u>Jun-23</u>	<u>Jul-23</u>	<u>Aug-23</u>	<u>Sep-23</u>	Weighted
													Average
<u>Credits, Refunds, & Recoveries Per Therm:</u>													
1 Asset Management Credits	\$0.0000	\$0.0000	\$0.0251	\$0.0000	\$0.0000	\$0.1431	\$0.0000	\$0.0000	\$0.1208	\$0.0000	\$0.0000	\$0.3430	\$0.0359
2 Off-system sales	\$0.0035	\$0.0003	\$0.0004	\$0.0012	\$0.0007	\$0.0002	\$0.0002	\$0.0012	\$0.0020	\$0.0023	\$0.0024	\$0.0024	\$0.0009
3 Capacity release	\$0.0069	\$0.0032	\$0.0015	\$0.0012	\$0.0010	\$0.0014	\$0.0019	\$0.0037	\$0.0069	\$0.0102	\$0.0113	\$0.0090	\$0.0025
4 On System Credits to BGSS-P Customers	\$0.4266	\$0.1752	\$0.2777	\$0.2645	\$0.2489	\$0.2358	\$0.1813	\$0.2047	\$0.2847	\$0.4115	\$0.4503	\$0.3681	\$0.2568
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9 Over / Under Recovery & Interest to Customers	-\$0.1042	\$0.8166	-\$0.0545	\$0.2070	-\$0.0181	-\$0.1732	-\$0.1646	-\$0.0795	\$0.0524	\$0.4478	\$0.5590	\$0.0424	\$0.0423
10 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries per Therm	\$0.3328	\$0.9954	\$0.2503	\$0.4739	\$0.2325	\$0.2074	\$0.0187	\$0.1301	\$0.4669	\$0.8718	\$1.0230	\$0.7649	\$0.3383
12 Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)	\$0.5586	\$0.6706	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6743	\$0.6701

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	<u>Oct-21</u>	<u>Nov-21</u>	<u>Dec-21</u>	<u>Jan-22</u>	<u>Feb-22</u>	<u>Mar-22</u>	<u>Apr-22</u>	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	Average
<u>Credits, Refunds, & Recoveries Per Therm:</u>													
13 Asset Management Credits	\$0.0000	\$0.0000	\$0.0327	\$0.0000	\$0.0000	\$0.0418	\$0.3230	\$0.0000	\$0.1207	\$0.0000	\$0.0000	\$0.2751	\$0.0542
14 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15 Capacity release	\$0.0116	\$0.0050	\$0.0016	\$0.0012	\$0.0010	\$0.0013	\$0.0020	\$0.0034	\$0.0070	\$0.0096	\$0.0193	\$0.0134	\$0.0029
16 On System Credits to BGSS-P Customers	\$0.2569	\$0.2242	\$0.1986	\$0.1689	\$0.1602	\$0.1628	\$0.1639	\$0.2102	\$0.3109	\$0.2960	\$0.3809	\$0.3932	\$0.1929
17 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0392	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0041
18 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21 Over / Under Recovery & Interest to Customers	\$0.2394	\$0.6354	-\$0.0429	\$0.0958	-\$0.1037	-\$0.1441	-\$0.4094	\$0.0016	\$0.0177	\$0.3019	-\$0.0384	-\$0.1526	-\$0.0326
22 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23 Total Credits, Refunds, & Recoveries per Therm	\$0.5078	\$0.8646	\$0.1900	\$0.2659	\$0.0575	\$0.0618	\$0.1187	\$0.2151	\$0.4563	\$0.6075	\$0.3618	\$0.5291	\$0.2215
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.3531	\$0.3540	\$0.3916	\$0.4488	\$0.4495	\$0.4486	\$0.4478	\$0.4462	\$0.4389	\$0.4419	\$0.4449	\$0.4462	\$0.4333

Footnotes:

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.