



Agenda Date: 9/22/17
 Agenda Item: 2F

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

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)
 UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN)
 GAS TO REVIEW ITS PERIODIC BASIS SUPPLY)
 SERVICE RATE)
)
) DECISION AND ORDER
) APPROVING STIPULATION
) FOR PROVISIONAL RATES
)
) DOCKET NO. GR17060590

Parties of Record:

Deborah M. Franco, Esq., Cullen and Dykman, LLP, on behalf of Elizabethtown Gas
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 31, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2017 BGSS Petition") with the New Jersey Board of Public Utilities ("Board") seeking approval to modify its Periodic Basic Gas Supply Service ("BGSS"). By this Order, the Board considers a Stipulation for Provisional Rates ("Stipulation") executed by Elizabethtown, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") requesting that the Board approve changes in the Periodic BGSS rate on a provisional basis, subject to refund with interest.

BACKGROUND

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January 2003 BGSS Order"), each of New Jersey's four gas distribution companies ("GDC's"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes, each GDC to self-implement up to a five percent BGSS rate increase effective December 1, and February 1, after giving the Board and the New Jersey Division of Rate Counsel ("Rate Counsel") one month's advance notice, while BGSS rate decreases may be implemented at any time after five days' notice to the Board and Rate Counsel.

In accordance with the January 2003 BGSS Order, on May 31, 2017, Elizabethtown filed its 2017 BGSS Petition with the Board, seeking approval to increase its Periodic BGSS ("BGSS-P") rate per therm from \$0.3757¹ to \$0.4592 per therm effective October 1, 2017, designed to bring the BGSS balance to approximately zero as of September 30, 2018. Based on the proposed BGSS-P rate at the time of the filing, the monthly bill of a typical residential heating customer using 100 therms would have increased by \$8.35 from \$81.82 to \$90.17, increase of 10.2%.

The 2017 BGSS Petition further indicated that the projected impact of the BGSS-P rate of \$0.4592 per therm is an increase in gas cost recoveries of approximately \$19 million before taxes in the year ending September 30, 2018 as compared to the amount that would have otherwise been recovered by Elizabethtown under the current BGSS-P rate of \$0.3757 per therm.

The 2017 BGSS Petition further indicated that the Company's current volume forecast, under the BGSS-P rate of \$0.3757 per therm, the Company would collect approximately \$85.5 million before taxes. In contrast, under the proposed BGSS-P rate of \$0.4592 per therm, the Company would collect approximately \$104.6 million before taxes.

Updated data through July 31, 2017 projects an under-recovery balance (including the impact of interest) of \$1,835,872 as of September 30, 2017, compared to the projected under-recovery balance (including the impact of interest) of \$2,770,324 as of September 30, 2017 found in the Company's 2017 BGSS Petition. This update indicates a lower BGSS-P rate per therm than the originally proposed BGSS-P rate which only included actual data through April 2017 and supports a decrease in the provisional BGSS-P rate from the proposed rate of \$0.4592 per therm to a rate of \$0.4551 per therm.

After publication of notices in newspapers of general circulation in the Company's service territory, public hearings were held in Union and Flemington on September 13 and 14, 2017, respectively. One member of the public attended the Flemington public hearing to comment about natural gas supplies and the increase in gas rates.

STIPULATION

Because additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled and addressed, and the resulting rates are reasonable, on September 18, 2017, the Parties executed the Stipulation. The Stipulation provides the following:²

6. The Parties have determined that, pending the conclusion of any further review including at the Office of Administrative Law, if necessary, and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1; it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS- P rate of \$0.4551 per therm to be effective as October 1, 2017, inclusive of all applicable taxes. The BGSS-P rate of \$0.4551 will increase the monthly bill of a typical residential

¹ All referenced rates inclusive of all applicable taxes.

² Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

heating customer using 100 therms by \$7.94 from \$91.24 to \$98.18, an increase of 8.8%, compared to the Company's rates that will be in effect as of October 1, 2017 pursuant to the Board's July 27, 2017 Order in BPU Docket No. GR16080786. There will be an opportunity for full review of the BGSS-P rate at the Office of Administrative Law, if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2017 and February 1, 2018, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2018.

7. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1, example attached to the Stipulation as Appendix A); and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2, example attached to the Stipulation as Appendix B). S-E Chart-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-E Chart-2 is to be submitted to the Parties on approximately the 15th of the following month.
8. The Company will submit tariff sheets in the form attached to the Stipulation as Appendix C within five (5) days of the effective date of the Board's Order approving the Stipulation.

DISCUSSION AND FINDING

The Board has reviewed the record to date in this proceeding, including the attached Stipulation. The Board **FINDS** it to be reasonable and in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

Accordingly, the Board **HEREBY APPROVES** on a provisional basis, subject to refund with interest on any over-recovered BGSS balance, Elizabethtown's implementation of an increase in its BGSS-P rate to \$0.4551 per therm for services rendered on and after October 1, 2017.

The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for review and evidentiary hearings, if needed.

The Board **FURTHER DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2017.

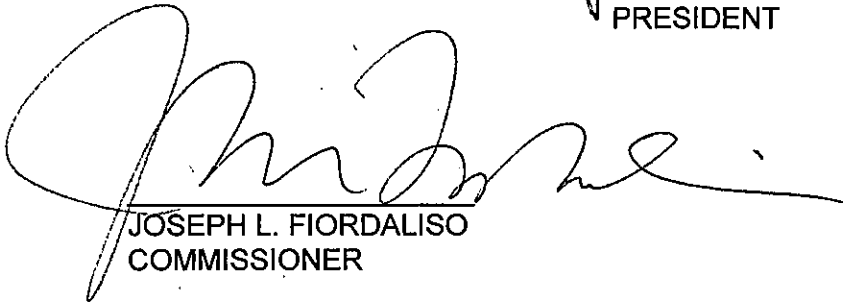
The Company's costs, including those related to BGSS, remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is September 29, 2017.

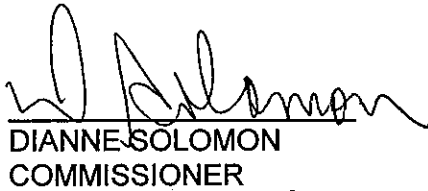
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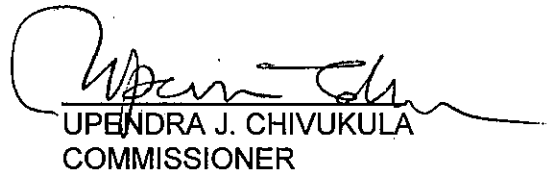
BOARD OF PUBLIC UTILITIES
BY:

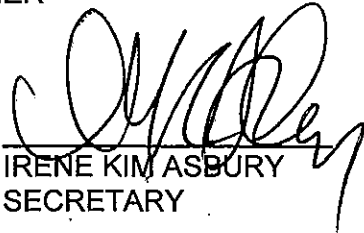

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

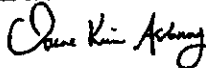

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities



IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. D/B/A
ELIZABETHTOWN GAS TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE
DOCKET NO. GR17060590

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September 19, 2017

Via Email and FedEx

Honorable Irene Kim Asbury, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue
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Trenton, New Jersey 08625-0350

**Re: I/M/O The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
To Review Its Periodic Basic Gas Supply Service Rate
BPU Docket No. GR17060590**

Dear Secretary Asbury:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of Public Utilities and the Department of the Public Advocate, Division of Rate Counsel. Elizabethtown requests that the Board consider and adopt the Stipulation as expeditiously as possible.

Please contact the undersigned if you have questions or require further information.
Thank you.

Respectfully submitted,

/s/ Deborah M. Franco

Deborah M. Franco

Of Counsel to
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas

cc: Service List

**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE
BPU DOCKET NO. GR17060590**

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**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE
BPU DOCKET NO. GR17060590**

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

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In The Matter Of The Petition Of	:	BPU Docket No. GR17060590
Pivotal Utility Holdings, Inc.	:	
d/b/a Elizabethtown Gas To Review Its	:	STIPULATION REGARDING
Periodic Basic Gas Supply Service Rate	:	PROVISIONAL BGSS RATES
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APPEARANCES:

Kenneth T. Maloney and Deborah M. Franco (Cullen and Dykman LLP), Attorneys for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Mary Patricia Keefe, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

Brian O. Lipman, Esq., Litigation Manager, **Felicia Thomas-Friel**, Managing Attorney Gas, Division of Rate Counsel, and **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau and Patricia Krogman, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey)

1. On May 31, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, (“Elizabethtown” or “Company”) filed a Petition (“May 31 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR17060590 to revise its Periodic Basic Gas Supply Service (“BGSS-P”) rate for the period October 1, 2017 through September 30, 2018.

2. In its May 31 Petition, Elizabethtown proposed to increase its current BGSS-P rate from \$0.3757 per therm inclusive of all applicable taxes to \$0.4592 per therm inclusive of all applicable taxes to become effective October 1, 2017. As set forth in the May 31 Petition, the Company projected that it would have an estimated underrecovery balance as of September 30, 2017 of approximately \$2.8 million including interest. The May 31 Petition indicated that the proposed BGSS-P rate of \$0.4592 per therm is designed to bring the BGSS balance to

approximately zero as of September 30, 2018, and, at the time of filing, would have increased the monthly bill of a typical residential heating customer using 100 therms by \$8.35 from \$81.82 to \$90.17, an increase of 10.2%. The May 31 Petition further indicated that the projected impact of the BGSS-P rate of \$0.4592 per therm is an increase in gas cost recoveries of approximately \$19 million before taxes in the year ending September 30, 2018 as compared to the amount that would otherwise be recovered by Elizabethtown under the current BGSS-P rate of \$0.3757 per therm. The May 31 Petition in Schedule LJW-3 further indicated that, pursuant to the Company's current volume forecast, under the BGSS-P rate of \$0.3757 per therm, Elizabethtown would collect approximately \$85.5 million before taxes. In contrast, under the proposed BGSS-P rate of \$0.4592 per therm, Elizabethtown would collect approximately \$104.6 million before taxes.

3. Updated data through July 31, 2017 projects an under-recovery balance (including the impact of interest) of \$1,835,872 as of September 30, 2017, compared to the projected under-recovery balance (including the impact of interest) of \$2,770,324 as of September 30, 2017 found in the Company's Petition. This update indicates a lower BGSS-P rate per therm than the originally proposed BGSS-P rate which only included actual data through April 2017 and supports a decrease in the provisional BGSS-P rate from the proposed rate of \$0.4592 per therm to a rate of \$0.4551 per therm.

4. Notices setting forth the requested rate change and the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities within the Company's service territory. Public hearings concerning the Company's May 31 Petition were held in Union, New Jersey on September 13, 2017 and Flemington, New Jersey on September 14, 2017.

One member of the public attended the September 14, 2017 public hearing to comment about natural gas supplies and the increase in gas rates.

5. Elizabethtown, the Board's Staff and the New Jersey Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "Parties"). The Parties agree that additional time is needed to complete a comprehensive review of the Company's filing and that permitting a BGSS-P rate to become effective on a provisional basis is reasonable to permit Elizabethtown to timely collect BGSS costs and to mitigate the impact of further potential increases in the underrecovery balance as additional review of the Company's filing takes place.

6. The Parties have determined and hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review including at the Office of Administrative Law, if necessary, and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS- P rate of \$0.4551 per therm to be effective as October 1, 2017, inclusive of all applicable taxes. The BGSS-P rate of \$0.4551 will increase the monthly bill of a typical residential heating customer using 100 therms by \$7.94 from \$90.24 to \$98.18, an increase of 8.8%, compared to the Company's rates that will be in effect as of October 1, 2017 pursuant to the Board's July 26, 2017 order in BPU Docket No. GR16080786.. There will be an opportunity for full review of the BGSS-P rate at the Office of Administrative Law, if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2017 and February 1, 2018, if the Company determines that such

increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2018.

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

8. The Company will submit tariff sheets in the form attached as Appendix C within five (5) days of the effective date of the Board's Order approving this Stipulation.

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

10. 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.

11. 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, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to

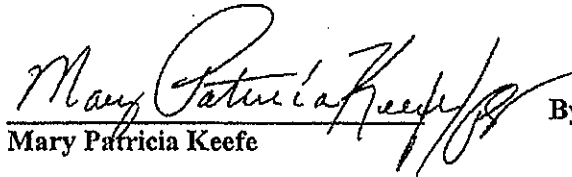
have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.


12. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

**PIVOTAL UTILITY HOLDINGS, INC.
D/B/A ELIZABETHTOWN GAS**

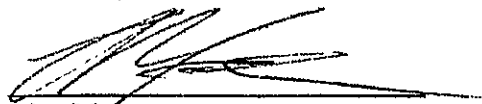
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By: 
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By: 
Kurt S. Lewandowski, Esq.,
Assistant Deputy Rate Counsel .

**Vice President, External Affairs
and Business Support**

**CHRISTOPHER S. PORRINO
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: 
Alex Moreau
Deputy Attorney General

Dated: September 18, 2017

S-ECHART-1
BGSS NYMEX Update Report
as of September 01, 2017

Month	a	b	c = b - a		d	e	f = d - e	g = c x f
	BGSS (see note below)	NYMEX (9/1/2017 Close)	Incr/ (Decr)	% Chg	Sales forecast (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-16	\$ 2.459	\$ 2.952	\$ 0.493		1,355,844	671,200	684,644	\$337,529
Nov-16	\$ 2.672	\$ 2.764	\$ 0.092		2,592,122	1,880,648	711,474	\$65,456
Dec-16	\$ 2.965	\$ 3.232	\$ 0.267		4,413,447	2,852,175	1,561,272	\$416,860
Jan-17	\$ 3.096	\$ 3.930	\$ 0.834		5,223,578	3,744,021	1,479,557	\$1,233,950
Feb-17	\$ 3.089	\$ 3.391	\$ 0.302		4,015,189	3,088,265	926,924	\$279,931
Mar-17	\$ 3.039	\$ 2.627	\$ (0.412)		3,249,406	2,117,209	1,132,197	(\$466,465)
Apr-17	\$ 2.850	\$ 3.175	\$ 0.325		1,644,797	774,100	870,697	\$282,977
May-17	\$ 2.835	\$ 3.142	\$ 0.307		989,275	472,400	516,875	\$158,681
Jun-17	\$ 2.865	\$ 3.236	\$ 0.371		688,412	313,100	375,312	\$139,241
Jul-17	\$ 2.900	\$ 3.067	\$ 0.167		530,601	240,900	289,701	\$48,380
Aug-17	\$ 2.909	\$ 2.969	\$ 0.060		530,507	245,300	285,207	\$17,112
Sep-17	\$ 2.905	\$ 2.961	\$ 0.056		559,072	280,600	278,472	\$15,594
Avg Total \$	\$ 2.882	\$ 3.121	\$ 0.239	8.3%	25,792,250	16,679,918	9,112,332	\$2,529,246
Oct-17	\$ 2.933	\$ 3.070	\$ 0.137		1,371,052	659,600	711,452	\$97,469
Nov-17	\$ 3.374	\$ 3.136	\$ (0.238)		2,621,145	1,710,648	910,497	(\$216,698)
Dec-17	\$ 3.546	\$ 3.270	\$ (0.276)		4,462,786	2,912,175	1,550,611	(\$427,969)
Jan-18	\$ 3.681	\$ 3.366	\$ (0.315)		5,282,565	3,704,021	1,578,544	(\$497,241)
Feb-18	\$ 3.661	\$ 3.361	\$ (0.300)		4,060,702	3,008,265	1,052,437	(\$315,731)
Mar-18	\$ 3.600	\$ 3.318	\$ (0.282)		3,286,305	2,167,209	1,119,096	(\$315,585)
Apr-18	\$ 3.300	\$ 2.943	\$ (0.357)		1,663,137	795,900	867,237	(\$309,604)
May-18	\$ 3.302	\$ 2.902	\$ (0.400)		1,000,330	394,300	606,030	(\$242,412)
Jun-18	\$ 3.334	\$ 2.925	\$ (0.409)		696,131	238,400	457,731	(\$187,212)
Jul-18	\$ 3.370	\$ 2.949	\$ (0.421)		536,623	244,300	292,323	(\$123,068)
Aug-18	\$ 3.381	\$ 2.952	\$ (0.429)		536,527	244,200	292,327	(\$125,408)
Sep-18	\$ 3.374	\$ 2.928	\$ (0.446)		565,393	285,200	280,193	(\$124,966)
Avg Total \$	\$ 3.405	\$ 3.093	\$ (0.311)	-9.1%	26,082,696	16,364,218	9,718,478	(\$2,788,426)

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; Oct-2016 to Sept-2018 based on 05/10/2016 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

PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS

S-ECHART-1

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

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	12 Month
	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	<u>Average</u>
1 NYMEX - 05/10/16 - Included in BGSS Filing	\$0.2459	\$0.2672	\$0.2965	\$0.3096	\$0.3089	\$0.3039	\$0.2850	\$0.2835	\$0.2865	\$0.2900	\$0.2909	\$0.2905	
2 NYMEX - Actual Settlement	\$0.2952	\$0.2764	\$0.3232	\$0.3930	\$0.3391	\$0.2627	\$0.3175	\$0.3142	\$0.3236	\$0.3067	\$0.2969	\$0.2961	
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
13 Flowing Gas Cost	-\$0.1868	\$0.0509	\$0.2074	\$0.1761	\$0.1300	\$0.1854	-\$0.0277	\$0.0476	-\$0.1164	-\$0.2098	-\$0.2639	-\$0.0494	\$0.0910
14 Gas Withdrawn From Storage Cost	\$0.0095	\$0.1064	\$0.1219	\$0.0900	\$0.0674	\$0.0997	\$0.0274	\$0.0289	-\$0.0004	\$0.0188	\$0.0073	\$0.0076	\$0.0715
15 Hedged Volumes Delivered Cost	\$0.6950	\$0.2147	\$0.1488	\$0.1057	\$0.0907	\$0.0790	\$0.1392	\$0.2505	\$0.3531	\$0.4923	\$0.5293	\$0.4279	\$0.1718
16 Pipeline Demand Cost	\$0.5503	\$0.2242	\$0.1179	\$0.0840	\$0.0855	\$0.1031	\$0.1156	\$0.2865	\$0.4220	\$0.6624	\$0.7229	\$0.8184	\$0.1795
17 Storage Demand Cost	\$0.1360	\$0.0521	\$0.0272	\$0.0188	\$0.0196	\$0.0240	\$0.0273	\$0.0675	\$0.0997	\$0.1562	\$0.1702	\$0.1699	\$0.0416
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0098	\$0.0198	\$0.0110	\$0.0126	\$0.0159	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0107
19 Weighted Average Fuel Cost	\$0.0227	\$0.0087	\$0.0110	\$0.0088	\$0.0069	\$0.0081	\$0.0070	\$0.0160	\$0.0204	\$0.0235	\$0.0235	\$0.0208	\$0.0104
20 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	\$0.1558	\$0.0029
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	\$1.2266	\$0.6570	\$0.6440	\$0.5032	\$0.4111	\$0.5119	\$0.3049	\$0.6971	\$0.7784	\$1.1435	\$1.1893	\$1.5510	\$0.5794
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
23 NYMEX - Actual Settlement	\$0.2563	\$0.2033	\$0.2206	\$0.2372	\$0.2189	\$0.1711	\$0.1903	\$0.1995	\$0.1963	\$0.2917	\$0.2672	\$0.2853	
24 Flowing Gas Cost	-\$0.0391	-\$0.0110	-\$0.0807	\$0.1699	\$0.1041	\$0.0453	-\$0.0073	\$0.0041	-\$0.2244	-\$0.1466	-\$0.3450	-\$0.2988	\$0.0188
25 Gas Withdrawn From Storage Cost	\$0.0287	\$0.1303	\$0.1465	\$0.1228	\$0.0777	\$0.0724	\$0.0134	\$0.0169	\$0.0120	\$0.0160	\$0.0147	\$0.0192	\$0.0753
26 Hedged Volumes Delivered Cost	\$0.7608	\$0.3663	\$0.2466	\$0.1758	\$0.0858	\$0.0938	\$0.2209	\$0.2632	\$0.4503	\$0.6022	\$0.6611	\$0.6745	\$0.2335
27 Pipeline Demand Cost	\$0.4815	\$0.2576	\$0.1548	\$0.1127	\$0.0761	\$0.0998	\$0.1445	\$0.2439	\$0.4504	\$0.6729	\$0.7582	\$0.7415	\$0.1931
28 Storage Demand Cost	\$0.1115	\$0.0563	\$0.0374	\$0.0250	\$0.0172	\$0.0227	\$0.0394	\$0.0579	\$0.1071	\$0.1576	\$0.1781	\$0.1660	\$0.0451
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0001	\$0.0163	\$0.0043	\$0.0092	\$0.0063	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0058
30 Weighted Average Fuel Cost	\$0.0340	\$0.0107	\$0.0053	\$0.0105	\$0.0058	\$0.0042	\$0.0086	\$0.0119	\$0.0144	\$0.0283	\$0.0216	\$0.0216	\$0.0097
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	\$1.3774	\$0.8103	\$0.5101	\$0.6330	\$0.3709	\$0.3475	\$0.4258	\$0.6024	\$0.8098	\$1.3303	\$1.2887	\$1.3239	\$0.5814

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
 Calculation of Net Cost of Gas Per Therm

	Actual <u>Oct-16</u>	Actual <u>Nov-16</u>	Actual <u>Dec-16</u>	Actual <u>Jan-17</u>	Actual <u>Feb-17</u>	Actual <u>Mar-17</u>	Actual <u>Apr-17</u>	Actual <u>May-17</u>	Actual <u>Jun-17</u>	Actual <u>Jul-17</u>	Actual <u>Aug-17</u>	Estimate <u>Sep-17</u>	12 Month Weighted Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
1	Asset Management Credits	\$0.0000	\$0.0994	\$0.0371	\$0.0000	\$0.0000	\$0.0324	\$0.0000	\$0.5188	\$0.1378	\$0.0000	\$0.0000	\$0.4622	\$0.0565
2	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
3	Capacity release	\$0.0055	\$0.0023	\$0.0011	\$0.0008	\$0.0009	\$0.0010	\$0.0012	\$0.0030	\$0.0045	\$0.0069	\$0.0076	\$0.0082	\$0.0018
4	On System Credits to BGSS-P Customers	\$0.2035	\$0.1488	\$0.1586	\$0.1572	\$0.1602	\$0.1493	\$0.1243	\$0.1349	\$0.1410	\$0.1725	\$0.1718	\$0.2021	\$0.1530
5	Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0003	\$0.0000	\$0.0000	\$0.0008	\$0.0005	\$0.0030	\$0.0014	\$0.0000	\$0.0000	\$0.0003
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	\$0.9393	\$0.0578	\$0.0954	-\$0.0049	-\$0.1015	-\$0.0197	-\$0.1739	-\$0.3075	\$0.1413	\$0.6123	\$0.6621	\$0.5277	\$0.0247
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	\$1.1483	\$0.3083	\$0.2923	\$0.1533	\$0.0596	\$0.1630	-\$0.0476	\$0.3496	\$0.4277	\$0.7931	\$0.8414	\$1.2003	\$0.2364
12	Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)	\$0.0784	\$0.3487	\$0.3517	\$0.3499	\$0.3515	\$0.3488	\$0.3524	\$0.3474	\$0.3507	\$0.3504	\$0.3479	\$0.3507	\$0.3430

	Actual <u>Oct-15</u>	Actual <u>Nov-15</u>	Actual <u>Dec-15</u>	Actual <u>Jan-16</u>	Actual <u>Feb-16</u>	Actual <u>Mar-16</u>	Actual <u>Apr-16</u>	Actual <u>May-16</u>	Actual <u>Jun-16</u>	Actual <u>Jul-16</u>	Actual <u>Aug-16</u>	Actual <u>Sep-16</u>	Weighted Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
13	Asset Management Credits	\$0.9129	\$0.0000	\$0.0491	\$0.0000	\$0.0000	\$0.0311	\$0.0000	\$0.6916	\$0.1480	\$0.0000	\$0.0000	\$0.2427	\$0.0970
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	\$0.0047	\$0.0026	\$0.0015	\$0.0011	\$0.0008	\$0.0010	\$0.0016	\$0.0025	\$0.0046	\$0.0068	\$0.0076	\$0.0076	\$0.0019
16	On System Credits to BGSS-P Customers	\$0.1745	\$0.1273	\$0.1202	\$0.1348	\$0.1193	\$0.1022	\$0.1063	\$0.1211	\$0.1758	\$0.2494	\$0.2806	\$0.2518	\$0.1313
17	Supplier Refunds	\$0.0000	\$0.0005	\$0.0000	\$0.0008	\$0.0002	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
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	-\$0.1482	\$0.8998	-\$0.0280	\$0.2994	-\$0.1387	-\$0.1801	-\$0.0733	-\$0.6007	\$0.0962	\$0.6770	\$0.6171	\$0.4270	\$0.0284
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	\$0.9439	\$1.0302	\$0.1427	\$0.4361	-\$0.0183	-\$0.0458	\$0.0346	\$0.2145	\$0.4246	\$0.9332	\$0.9053	\$0.9291	\$0.2588
24	Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.4335	-\$0.2199	\$0.3674	\$0.1970	\$0.3892	\$0.3933	\$0.3912	\$0.3878	\$0.3852	\$0.3971	\$0.3834	\$0.3948	\$0.3225

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.

RIDER "A"

BASIC GAS SUPPLY SERVICE CHARGE ("BGSS")

This Rider sets forth the method of determining the BGSS which shall be calculated to four (4) decimal places on a per therm basis established in accordance with the Board Order in Docket No. GX01050304 dated January 6, 2003. The BGSS charge is either BGSS-Monthly ("BGSS-M") or BGSS-Periodic ("BGSS-P") and will be applied to a Customer's Service Classification as follows:

1. The BGSS-M shall be applicable to all GDS, NGV, LVD, and EGF customers receiving gas supply from the Company effective on the first of each month as determined below.
2. The BGSS-P shall be applicable to all RDS, SGS, and GLS customers receiving gas supply from the Company.

The BGSS Charge, as defined herein, is designed to recover the cost to the Company of purchased gas or fuel used as a substitute for or supplemental to purchased gas including the cost of storing or transporting said gases or fuel, the cost of financial instruments employed to stabilize gas costs, other charges or credits as may result from the operation of other tariff provisions, and taxes and other similar charges in connection with the purchase and sale of gas.

BGSS per therm rates:

<u>Effective Date</u>	<u>BGSS-M per therm</u>	<u>BGSS-P Per therm</u>
September 1, 2016	\$0.5125	\$0.4203
October 1, 2016	\$0.5024	\$0.3761
November 1, 2016	\$0.4817	\$0.3761
December 1, 2016	\$0.5333	\$0.3761
January 1, 2017	\$0.6096	\$0.3757
February 1, 2017	\$0.5502	\$0.3757
March 1, 2017	\$0.4660	\$0.3757
April 1, 2017	\$0.5267	\$0.3757
May 1, 2017	\$0.5230	\$0.3757
June 1, 2017	\$0.5333	\$0.3757
July 1, 2017	\$0.5133	\$0.3757
August 1, 2017	\$0.5025	\$0.3757
September 1, 2017	\$0.5017	\$0.3757
October 1, 2017	*	\$0.4551

*To be determinedDate of Issue: September 1, 2017Effective: Service Rendered
on and after September 1, 2017

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated January 6, 2003 in Docket No. GX01050304