



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF	)	DECISION AND ORDER
ELIZABETHTOWN GAS COMPANY TO REVIEW	)	APPROVING STIPULATION
ITS PERIODIC BASIC GAS SUPPLY SERVICE	)	REGARDING PROVISIONAL
RATE	)	BGSS RATE
)	
	)	DOCKET NO. GR19050678
	)	OAL DOCKET NO. PUC 13595-19

Parties of Record:

Deborah M. Franco, Esq., for Elizabethtown Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“Board” or “BPU”) considers an Initial Decision executed by Administrative Law Judge (“ALJ”) Ernest M. Bongiovanni, and a Stipulation for Final Rates (“Stipulation”) executed by Elizabethtown Gas Company (“Elizabethtown” or “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”), and Board Staff (“Staff”) (collectively, “Parties”), intended to resolve the Company’s requests related to the above docketed matter.

BACKGROUND

By Order dated January 6, 2003, in Docket No. GX01050304, the Board directed each of New Jersey’s four (4) gas distribution companies (“GDCs”) to submit to the Board, by June 1, their annual Basic Gas Supply Service (“BGSS”) cost filing for the BGSS year beginning October 1.¹ In addition, the January 2003 BGSS Order authorized each GDC to self-implement up to a five (5) percent BGSS increase, effective December 1 of the current year, and February 1 of the following year, with one (1) month’s advance notice to the Board and Rate Counsel, and implement a decreases in their BGSS rate at any time during the year upon five (5) days’ notice to Board Staff and Rate Counsel.

¹In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq. – BGSS Pricing, BPU Docket No. GX01050304, Order dated January 6, 2003 (“January 2003 BGSS Order”).

2019 BGSS Petition

In accordance with the January 2003 BGSS Order, on May 31, 2019, Elizabethtown filed its 2019 BGSS Petition seeking approval to maintain its current Periodic BGSS (“BGSS-P”) rate of \$0.4691 per therm effective October 1, 2019, designed to bring the BGSS balance to approximately zero as of September 30, 2020 (“2019 BGSS Petition”).² According to the 2019 BGSS Petition, although the Company’s calculations would result in a rate of \$0.4773 per therm, the Company requested no change in the Company’s BGSS-P rate of \$0.4691.

On June 18, 2019, Martin C. Rothfelder, Esq., filed a motion to intervene in these proceedings on behalf of the Environmental Defense Fund (“EDF”). On June 25, 2019, EDF filed a revised motion (“EDF’s Motion”). On July 3, 2019, Elizabethtown filed a Response in Opposition to the Motion to Intervene (“Elizabethtown’s Opposition”) submitted by EDF. On July 2, 2019, Rate Counsel submitted a letter in support of granting intervenor status to EDF. On July 3, 2019, Rate Counsel submitted a revised letter in support of granting intervenor status to EDF. On July 16, 2019, EDF submitted a reply to Elizabethtown’s Opposition. On July 17, 2019, Rate Counsel filed a reply to Elizabethtown’s Opposition.

After publication of notices in newspapers of general circulation in the Company’s service territory, public hearings were held in Union and Flemington on August 15, 2019 and August 19, 2019, respectively. No members of the public attended the hearings or filed written comments.

By Order dated September 11, 2019, the Board authorized Elizabethtown to maintain its BGSS-P rate of \$0.4691 per therm on a provisional basis subject to refund.³ As a result of the September 2019 Provisional Order, customers’ bills did not change. In addition, the September 2019 Provisional Order denied EDF’s motion to intervene based upon the Board’s findings that: 1) the inclusion of EDF in this proceeding would not aid constructively to the case and could confuse or delay the matter, and 2) EDF’s interest with respect to the BGSS costs that are under review in this proceeding is not sufficiently different from that of other parties.

On September 26, 2019, this matter was transmitted to the Office of Administrative Law as a contested case and was assigned to ALJ Bongiovanni. A pre-hearing conference was held by telephone on November 26, 2019, and a Prehearing Order was issued on December 5, 2019.

STIPULATION

Following a review of the 2019 BGSS Petition and conducting discovery, the Parties executed the Stipulation, which provides for the following:⁴

- A. The Parties acknowledge that the BGSS-P provisional rate, which has been in place since the Company’s self-implementing increase made effective February 1, 2019 pursuant to a December 27, 2018 Notice and as reflected in the stipulation approved by the Board in its March 29, 2019 Order in BPU Docket No. GR18060608, will become final effective as

² All rates quoted include all applicable taxes.

³ In re the Petition of Elizabethtown Gas Company to Review its Periodic Basic Gas Supply Service Rate, BPU Docket No. GR19050678, Order dated September 11, 2019. (“September 2019 Provisional Order”).

⁴ Although summarized in this Order, the detailed terms of the stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

of the effective date of a Board Order approving the Stipulation in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify ("Effective Date").

- B. As of the Effective Date, the Company will maintain its BGSS-P rate of \$0.4691 per therm, and this rate shall remain in effect until changed by order of the Board.
- C. The Company's future annual BGSS gas cost filings shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFR") adopted by the Board by Order dated June 20, 2003 in Docket No. GR02120945, et al. as listed in the index contained in Appendix A of the Stipulation, as well as certain additional MFRs.
- D. The Company agrees to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1) in the form attached as Appendix B of the Stipulation; and 2) the calculation of net gas per therm (also known as S-ECHART-2) in the form attached as Appendix C of the Stipulation, which is to be submitted in the middle of the following month. The data reflected in these forms are for illustrative purposes.
- E. Any pipeline refunds received by Elizabethtown during the period October 2019 through September 2020 will be reflected in the Company's June 2020 filing to reconcile Elizabethtown's BGSS.
- F. If the Board approves the Stipulation in its entirety, all issues concerning the BGSS-P and the costs recovered through this clause are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

On March 17, 2020, ALJ Bongiovanni issued his Initial Decision in this matter finding that the Parties voluntarily agreed to the terms of the Stipulation and that the Stipulation disposed of all matters and is consistent with the law.

DISCUSSION AND FINDING

Having reviewed the record in this matter, including ALJ Bongiovanni's Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto as its own, incorporating by reference the terms and conditions of the Stipulation, as if they were fully set forth at length herein.

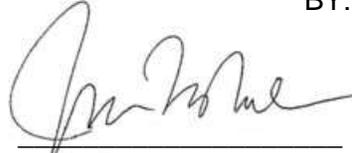
The Board **HEREBY APPROVES** as final the Company's BGSS-P rate of \$0.4691 per therm. Any net over-recovery on the BGSS-P is subject to refund with interest. The Board **FURTHER DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by May 1, 2020.

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.

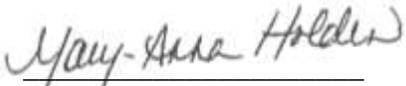
The effective date of this Order is April 16, 2020.

DATED: April 6, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

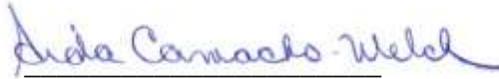


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY TO REVIEW ITS
PERIODIC BASIC GAS SUPPLY SERVICE RATE
BPU DOCKET NO. GR19050678
OAL DOCKET NO. PUC 13595-19
SERVICE LIST

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 13595-19

AGENCY DKT. NOS. GR19050678

**IN THE MATTER OF THE PETITION OF
ELIZABETHTOWN GAS COMPANY TO
REVIEW ITS PERIODIC BASIC GAS SUPPLY
SERVICE RATE.**

Deborah M. Franco, Esq., for petitioner Elizabeth Gas Company

Matko Ilic , Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey, attorney)

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

Record Closed: March 16, 2020

Decided: March 17, 2020

BEFORE **ERNEST M. BONGIOVANNI**, ALJ:

Petitioner, Elizabethtown Gas Company (Petitioner, or the Company) filed a petition for basic gas supply service rate increase. The file was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to- 13, on or about September 27, 2019.

A telephone prehearing conference was held on November 26, 2019, after which a Prehearing Order, dated December 5, 2019, was entered. Evidentiary hearings were scheduled for March 30 and 31, 2020. Prior to the commencement of the hearings, the parties filed, on March 16, 2020, a Stipulation of Settlement which resolves all the issues. (J-1) Said Stipulation of Settlement has been signed by the attorney for the petitioner, by Staff of the Board of Public Utilities, and the New Jersey Division of Rate Counsel. That agreement more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the Company.

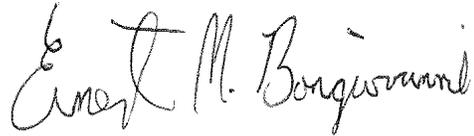
I have reviewed the record and terms of the Stipulation and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or their representatives' signatures on the attached document.

2. The settlement fully disposes of all issues in controversy and is consistent with law.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



March 17, 2020
DATE

ERNEST M. BONGIOVANNI, ALJ

Date Received at Agency: 3/17/20

Date Mailed to Parties: _____

id

APPENDIX

EXHIBITS

Jointly Submitted

J-1 Stipulation of Settlement



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dfranco@sjindustries.com

Deborah M. Franco, Esq.
Director, Regulatory Affairs Counsel

March 16, 2020

VIA ELECTRONIC MAIL

Judge Ernest Bongiovanni
New Jersey Office of Administrative Law
33 Washington Street
Newark, NJ 07102

**Re: In the Matter of the Petition of Elizabethtown Gas Company to Review its Periodic
Basic Gas Supply Service Rate
BPU Docket No. GR19050678**

Dear Judge Bongiovanni:

Enclosed for filing and consideration by the New Jersey Board of Public Utilities is a Stipulation to resolve the above-referenced proceeding. We are unable to provide hard copies at this time because we are working remotely. Hard copies will be provided upon return to the office.

Please direct any inquiries to the undersigned. Thank you for your consideration.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Deborah M. Franco".

Deborah M. Franco

cc: Service List (electronic only)

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

-----X
:
In The Matter of the Petition of Elizabethtown : **BPU Docket No. GR19050678**
Gas Company to Review Its Periodic Basic Gas Supply :
Service Rate : **STIPULATION REGARDING**
: **FINAL BGSS RATE**
-----X

APPEARANCES:

Deborah M. Franco, Director, Regulatory Affairs Counsel, Elizabethtown Gas Company

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

Matko Ilic, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

BACKGROUND

1. On May 31, 2019, Elizabethtown Gas Company (“Elizabethtown” or “Company”), filed a Petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR19050678 to revise its Periodic Basic Gas Supply Service (“BGSS-P”) rate for the period October 1, 2019 through September 30, 2020 (“May 31 Petition”).

2. In its May 31 Petition, Elizabethtown proposed to maintain its current BGSS-P rate of \$0.4691 per therm¹. As such, the monthly bill of a residential customer using 100 therms would remain at \$95.17 based on rates in effect June 1, 2019. The proposed BGSS-P rate of \$0.4691 per therm produces BGSS recoveries of approximately \$106.5 million before taxes.

3. 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.

¹ All rates quoted herein include all applicable taxes.

Public hearings concerning the Company's May 31 Petition were held on August 15, 2019 in Union, New Jersey and on August 19, 2019 in Flemington, New Jersey. No members of the public attended the public hearings.

4. By Order dated September 11, 2019, issued in this proceeding, the Board approved a stipulation authorizing the Company to maintain its BGSS-P rate of \$0.4691 per therm on a provisional basis, effective on October 1, 2019 ("September 11 Provisional Order"). This matter was transmitted to the Office of Administrative Law as a contested case and assigned to ALJ Ernest Bongiovanni. A pre-hearing conference was held by telephone on November 26, 2019, and a Prehearing Order was issued on December 5, 2019.

5. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") engaged in discovery and resolved all issues in this proceeding in accordance with the Stipulation set forth below.

STIPULATED MATTERS

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

Effective Date

A. The Parties acknowledge that the BGSS-P provisional rate, which has been in place since the Company's self-implementing increase made effective February 1, 2019 pursuant to a December 27, 2018 Notice and as reflected in the Stipulation approved by the Board in its March 29, 2019 Order in BPU Docket No. GR18060608, will become final effective as of the effective date of a Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40, or upon such date thereafter as the Board may specify ("Effective Date").

Effective Rates

B. As of the Effective Date, the Company will maintain its BGSS-P rate of \$0.4691 per therm, and this rate shall remain in effect until changed by order of the Board.

Future Filings

C. The Company's future annual BGSS gas cost filings shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFR") adopted by the Board by Order dated June 20, 2003 in Docket No. GR02120945, et al. as listed in the index contained in Appendix A, as well as certain additional MFRs.

D. The Company agrees to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1) in the form attached as Appendix B; and 2) the calculation of net gas per therm (also known as S-ECHART-2) in the form attached as Appendix C, which is to be submitted in the middle of the following month. The data reflected in these forms are for illustrative purposes.

E. Any pipeline refunds received by Elizabethtown during the period October 2019 through September 2020 will be reflected in the Company's June 2020 filing to reconcile Elizabethtown's BGSS.

All Issues Resolved

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

Entirety of Stipulation

G. 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.

Binding Effect

H. 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.

General Reservation

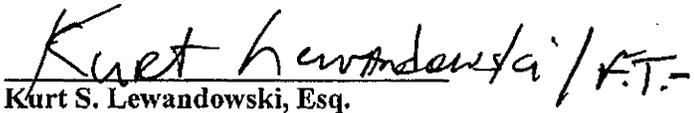
I. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, the Parties shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

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

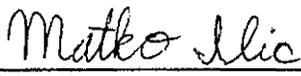
ELIZABETHTOWN GAS COMPANY

**STEFANIE A. BRAND
DIRECTOR, DIVISION OF
RATE COUNSEL**

By: 
**Deborah M. Franco
Director, Regulatory Affairs Counsel**

By:  / F.T.-
**Kurt S. Lewandowski, Esq.
Assistant Deputy Rate Counsel**

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

By: 
**Matko Ilic
Deputy Attorney General**

Dated: March 16, 2020

**Elizabethtown Gas Company
2019 / 2020 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. 23-25
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 February 07, 2020

<u>Month</u>	<u>a</u> BGSS (see note below)	<u>b</u> NYMEX (2/7/2020 Close)	<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-19	\$ 2.681	\$ 2.428	\$ (0.253)		1,344,472	691,000	653,472	(\$165,328)
Nov-19	\$ 2.755	\$ 2.597	\$ (0.158)		2,911,357	1,668,812	1,242,545	(\$196,322)
Dec-19	\$ 2.919	\$ 2.470	\$ (0.449)		4,514,821	3,249,808	1,265,013	(\$567,991)
Jan-20	\$ 3.007	\$ 2.158	\$ (0.849)		5,744,090	4,045,054	1,699,036	(\$1,442,482)
Feb-20	\$ 2.963	\$ 1.877	\$ (1.086)		4,516,002	3,308,646	1,207,356	(\$1,311,188)
Mar-20	\$ 2.838	\$ 1.858	\$ (0.980)		3,526,816	2,258,726	1,268,090	(\$1,242,728)
Apr-20	\$ 2.590	\$ 1.892	\$ (0.698)		1,561,543	747,500	814,043	(\$568,202)
May-20	\$ 2.554	\$ 1.951	\$ (0.603)		607,327	222,700	384,627	(\$231,930)
Jun-20	\$ 2.586	\$ 2.015	\$ (0.571)		415,761	139,900	275,861	(\$157,517)
Jul-20	\$ 2.619	\$ 2.085	\$ (0.534)		468,541	175,600	292,941	(\$156,430)
Aug-20	\$ 2.627	\$ 2.117	\$ (0.510)		464,618	165,200	299,418	(\$152,703)
Sep-20	\$ 2.611	\$ 2.115	\$ (0.496)		507,003	249,400	257,603	(\$127,771)
Avg Total \$	\$ 2.729	\$ 2.130	\$ (0.599)	-21.9%	26,582,351	16,922,346	9,660,005	(\$6,320,593)
Oct-20	\$ 2.635	\$ 2.149	\$ (0.486)		1,357,917	722,400	635,517	(\$308,861)
Nov-20	\$ 2.687	\$ 2.264	\$ (0.423)		2,940,469	1,738,812	1,201,657	(\$508,301)
Dec-20	\$ 2.844	\$ 2.462	\$ (0.382)		4,559,969	3,249,808	1,310,161	(\$500,482)
Jan-21	\$ 2.944	\$ 2.574	\$ (0.370)		5,801,530	4,035,054	1,766,476	(\$653,596)
Feb-21	\$ 2.906	\$ 2.541	\$ (0.365)		4,561,162	3,318,646	1,242,516	(\$453,518)
Mar-21	\$ 2.776	\$ 2.451	\$ (0.325)		3,562,082	2,248,726	1,313,356	(\$426,841)
Apr-21	\$ 2.509	\$ 2.215	\$ (0.294)		1,577,159	717,600	859,559	(\$252,710)
May-21	\$ 2.476	\$ 2.196	\$ (0.280)		613,401	326,900	286,501	(\$80,220)
Jun-21	\$ 2.505	\$ 2.235	\$ (0.270)		419,920	264,200	155,720	(\$42,044)
Jul-21	\$ 2.539	\$ 2.277	\$ (0.262)		473,226	276,500	196,726	(\$51,542)
Aug-21	\$ 2.549	\$ 2.285	\$ (0.264)		469,264	261,900	207,364	(\$54,744)
Sep-21	\$ 2.543	\$ 2.270	\$ (0.273)		512,073	258,600	253,473	(\$69,198)
Avg Total \$	\$ 2.659	\$ 2.327	\$ (0.333)	-12.5%	26,848,172	17,419,146	9,429,026	(\$3,402,058)

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; **Oct-2019 to Sept-2021 based on 05/9/2019 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	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	12 Month
	<u>Oct-19</u>	<u>Nov-19</u>	<u>Dec-19</u>	<u>Jan-20</u>	<u>Feb-20</u>	<u>Mar-20</u>	<u>Apr-20</u>	<u>May-20</u>	<u>Jun-20</u>	<u>Jul-20</u>	<u>Aug-20</u>	<u>Sep-20</u>	<u>Average</u>
1 NYMEX - 05/9/19 - Included in BGSS Filing	\$0.2681	\$0.2755	\$0.2919	\$0.3007	\$0.2963	\$0.2838	\$0.2590	\$0.2554	\$0.2586	\$0.2619	\$0.2627	\$0.2611	
2 NYMEX - Actual Settlement	\$0.2428	\$0.2597	\$0.2470	\$0.2158									
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
13 Flowing Gas Cost	-\$0.2797	\$0.3270	\$0.1162	\$0.0635	\$0.1093	\$0.1221	\$0.0435	-\$0.0824	-\$0.2234	-\$0.1911	-\$0.1762	-\$0.0820	\$0.0780
14 Gas Withdrawn From Storage Cost	\$0.0534	\$0.1030	\$0.1034	\$0.1041	\$0.0882	\$0.0622	\$0.0005	\$0.0016	\$0.0039	\$0.0045	\$0.0046	\$0.0041	\$0.0710
15 Hedged Volumes Delivered Cost	\$0.5893	\$0.1499	\$0.0995	\$0.1096	\$0.0543	\$0.0503	\$0.1175	\$0.1924	\$0.3587	\$0.3261	\$0.2819	\$0.2408	\$0.1181
16 Pipeline Demand Cost	\$0.7015	\$0.2496	\$0.1224	\$0.1183	\$0.0916	\$0.1136	\$0.1822	\$0.4826	\$1.1625	\$1.1856	\$1.1873	\$1.1668	\$0.2260
17 Storage Demand Cost	\$0.1446	\$0.0509	\$0.0352	\$0.0114	\$0.0164	\$0.0206	\$0.0334	\$0.0884	\$0.2130	\$0.2174	\$0.2174	\$0.2138	\$0.0423
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0055	\$0.0059	\$0.0094	\$0.0100	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0055
19 Weighted Average Fuel Cost	\$0.0192	\$0.0143	\$0.0068	\$0.0054	\$0.0039	\$0.0025	\$0.0077	\$0.0124	\$0.0276	\$0.0257	\$0.0230	\$0.0245	\$0.0076
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0171	\$0.0172	\$0.0186	\$0.0536	\$0.0939	\$0.0892	\$0.0924	\$0.0924	\$0.0165
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	\$1.2283	\$0.8948	\$0.4890	\$0.4183	\$0.3902	\$0.3986	\$0.4034	\$0.7485	\$1.6363	\$1.6574	\$1.6304	\$1.6604	\$0.5648

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	<u>Oct-18</u>	<u>Nov-18</u>	<u>Dec-18</u>	<u>Jan-19</u>	<u>Feb-19</u>	<u>Mar-19</u>	<u>Apr-19</u>	<u>May-19</u>	<u>Jun-19</u>	<u>Jul-19</u>	<u>Aug-19</u>	<u>Sep-19</u>	<u>Average</u>
23 NYMEX - Actual Settlement	\$0.3021	\$0.3185	\$0.4715	\$0.3642	\$0.2950	\$0.2855	\$0.2713	\$0.2566	\$0.2633	\$0.2291	\$0.2141	\$0.2251	
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
24 Flowing Gas Cost	\$0.1343	\$0.4400	\$0.1776	\$0.2693	\$0.1362	\$0.1752	-\$0.0205	-\$0.0091	-\$0.0685	-\$0.1231	-\$0.1866	-\$0.1534	\$0.1496
25 Gas Withdrawn From Storage Cost	\$0.0218	\$0.1205	\$0.1257	\$0.1545	\$0.1050	\$0.0883	\$0.0226	\$0.0244	\$0.0158	\$0.0195	\$0.0284	\$0.0354	\$0.0933
26 Hedged Volumes Delivered Cost	\$0.5486	\$0.1187	\$0.1064	\$0.1046	\$0.0694	\$0.0662	\$0.1505	\$0.2105	\$0.3089	\$0.4606	\$0.5081	\$0.4871	\$0.1414
27 Pipeline Demand Cost	\$0.4809	\$0.1602	\$0.0914	\$0.0743	\$0.0636	\$0.0793	\$0.1444	\$0.3010	\$0.5078	\$0.9046	\$0.9420	\$1.0189	\$0.1727
28 Storage Demand Cost	\$0.1048	\$0.0338	\$0.0190	\$0.0168	\$0.0134	\$0.0169	\$0.0314	\$0.0663	\$0.1172	\$0.1730	\$0.1962	\$0.2151	\$0.0368
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0117	\$0.0105	\$0.0326	\$0.0104	\$0.0169	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0130
30 Weighted Average Fuel Cost	\$0.0358	\$0.0184	\$0.0089	\$0.0116	\$0.0066	\$0.0074	\$0.0067	\$0.0114	\$0.0176	\$0.0236	\$0.0263	\$0.0236	\$0.0111
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	\$1.3261	\$0.8916	\$0.5408	\$0.6417	\$0.4269	\$0.4437	\$0.3520	\$0.6045	\$0.8988	\$1.4582	\$1.5145	\$1.6267	\$0.6180

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 <u>Oct-19</u>	Actual <u>Nov-19</u>	Actual <u>Dec-19</u>	Actual <u>Jan-20</u>	Estimate <u>Feb-20</u>	Estimate <u>Mar-20</u>	Estimate <u>Apr-20</u>	Estimate <u>May-20</u>	Estimate <u>Jun-20</u>	Estimate <u>Jul-20</u>	Estimate <u>Aug-20</u>	Estimate <u>Sep-20</u>	12 Month Weighted Average
<u>Credits, Refunds, & Recoveries Per Therm:</u>													
1 Asset Management Credits	\$0.0000	\$0.0000	\$0.0288	\$0.0000	\$0.0000	\$0.1439	\$0.0000	\$0.0000	\$0.2725	\$0.0000	\$0.0000	\$0.5395	\$0.0420
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	\$0.0059	\$0.0021	\$0.0010	\$0.0009	\$0.0007	\$0.0009	\$0.0014	\$0.0038	\$0.0091	\$0.0094	\$0.0095	\$0.0092	\$0.0018
4 On System Credits to BGSS-P Customers	\$0.1190	\$0.1150	\$0.1061	\$0.0972	\$0.1227	\$0.1203	\$0.1239	\$0.1708	\$0.2263	\$0.2339	\$0.2353	\$0.2327	\$0.1239
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	\$0.6647	\$0.3380	-\$0.0858	-\$0.1195	-\$0.1731	-\$0.3065	-\$0.1619	\$0.1339	\$0.6884	\$0.9741	\$0.9457	\$0.4391	-\$0.0426
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	\$0.7896	\$0.4551	\$0.0500	-\$0.0215	-\$0.0498	-\$0.0414	-\$0.0366	\$0.3085	\$1.1963	\$1.2174	\$1.1904	\$1.2204	\$0.1251
12 Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)	\$0.4386	\$0.4397	\$0.4390	\$0.4397	$0.4400	$0.4400	$0.4400	$0.4400	$0.4400	$0.4400	$0.4400	\$0.4400	\$0.4397

	Actual <u>Oct-18</u>	Actual <u>Nov-18</u>	Actual <u>Dec-18</u>	Actual <u>Jan-19</u>	Actual <u>Feb-19</u>	Actual <u>Mar-19</u>	Actual <u>Apr-19</u>	Actual <u>May-19</u>	Actual <u>Jun-19</u>	Actual <u>Jul-19</u>	Actual <u>Aug-19</u>	Actual <u>Sep-19</u>	Weighted Average
<u>Credits, Refunds, & Recoveries Per Therm:</u>													
13 Asset Management Credits	\$0.3409	\$0.0000	\$0.0286	\$0.0000	\$0.0000	\$0.0254	\$0.1321	\$0.0000	\$0.1467	\$0.0000	\$0.0000	\$0.2234	\$0.0387
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	\$0.0050	\$0.0016	\$0.0009	\$0.0008	\$0.0007	\$0.0009	\$0.0014	\$0.0029	\$0.0050	\$0.0071	\$0.0079	\$0.0076	\$0.0017
16 On System Credits to BGSS-P Customers	\$0.1361	\$0.1219	\$0.1320	\$0.1364	\$0.1148	\$0.1067	\$0.0927	\$0.0999	\$0.1016	\$0.2313	\$0.1186	\$0.1165	\$0.1197
17 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
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	\$0.4337	\$0.3708	-\$0.0178	\$0.1073	-\$0.1021	-\$0.1287	-\$0.3148	\$0.0626	\$0.2062	\$0.7824	\$0.9503	\$0.8405	\$0.0406
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	\$0.9157	\$0.4943	\$0.1437	\$0.2445	\$0.0134	\$0.0044	-\$0.0886	\$0.1654	\$0.4594	\$1.0208	\$1.0769	\$1.1881	\$0.2006
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.4104	\$0.3972	\$0.3971	\$0.3972	\$0.4135	\$0.4393	\$0.4406	\$0.4391	\$0.4393	\$0.4374	\$0.4377	\$0.4387	\$0.4174

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.