



Agenda Date: 5/22/24
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st 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 ITS |) | APPROVING INITIAL DECISION |
| PERIODIC BASIC GAS SUPPLY SERVICE RATE |) | AND STIPULATION REGARDING |
| AND ITS CONSERVATION INCENTIVE PROGRAM |) | FINAL BGSS AND CIP RATES |
| RATES FOR THE YEAR ENDED SEPTEMBER 30, |) | |
| 2024 |) | DOCKET NO. GR23060335 |
| |) | OAL DOCKET NO. PUC 13293-23 |

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Sheree L. Kelly, Esq., on behalf of Elizabethtown Gas Company

BY THE BOARD:

On June 1, 2023, Elizabethtown Gas Company (“ETG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to increase its Basic Gas Supply Service (“BGSS”)-Periodic (“BGSS-P”) rate and modify its Conservation Incentive Program (“CIP”) rates for the period October 1, 2023 through September 30, 2024 (“2023 BGSS/CIP Petition”). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge (“ALJ”) Irene Jones and a stipulation of settlement for final rates (“Stipulation”) executed by ETG, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) intended to resolve the Company’s requests related to the above docketed matter.

BACKGROUND AND PROCEDURAL HISTORY

By Order dated January 6, 2003, the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs"), to submit to the Board, by June 1, its annual BGSS gas 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 percent (5%) BGSS rate 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 decrease in its BGSS rate at any time during the year upon five (5) days' notice to the Board and Rate Counsel.

2023 BGSS/CIP PETITION

Pursuant to the January 2003 BGSS Order, ETG filed the 2023 BGSS/CIP Petition requesting authority to increase its per-therm BGSS-P rate from \$0.2692 to \$0.5042, effective October 1, 2023.² The Company projected that it would recover approximately \$59.5 million more of its recoverable gas costs at its proposed BGSS-P rate than it would at its current BGSS-P rate. Based upon actual data through April 2023 and projections for the period from May 2023 through September 2023, ETG projected that its BGSS clause would be over-recovered by \$6,197,005 as of September 30, 2023.

In the 2023 BGSS/CIP Petition, ETG indicated that, although commodity costs leveled, the Company proposed to increase its BGSS-P rate for two (2) reasons. First, according to ETG, the forecast for the period October 1, 2023 – September 30, 2024 ("2023-24 BGSS Year") included costs for peaking services that were not utilized in the period October 1, 2022 – September 30, 2023 ("2022-23 BGSS Year") due to the warmer than normal weather. Second, ETG asserted that the forecasted margin sharing credits from the Company's asset management agreement with South Jersey Resources Group, LLC are in line with historical performance and lower than the unusually high credit experienced during the prior year.

ETG implemented its CIP pursuant to a Board Order dated April 7, 2021.³ In the 2023 BGSS/CIP Petition, ETG requested authority to update its per therm CIP rates to be effective October 1, 2023. On July 21, 2023, ETG filed amended CIP schedules reflecting actual data from July 1, 2022 through June 30, 2023 ("CIP True Up Period") which resulted in the following modified per therm CIP rates ("CIP Update rates"): \$0.0156 for Residential Delivery Service – Non-Heating ("RDS-NH"); \$0.0858 for Residential Delivery Service – Heating ("RDS-H"); \$0.0199 for Small General Service ("SGS"); and a credit rate of \$0.0078 for General Delivery Service ("GDS") ("July 2023 CIP Update").

¹ 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 2003 BGSS Order").

² All rates quoted herein include applicable taxes unless otherwise stated.

³ 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, Order dated April 7, 2021.

Through the course of the proceeding, ETG filed amended 2023 BGSS-P schedules each month to reflect actual data (“Updated BGSS-P Filings”). However, these updates did not modify ETG’s request to increase the BGSS-P rate to \$0.5042 per therm.

Following public notice published in newspapers in general circulation within ETG’s service territory, two (2) virtual public hearings for the 2023 BGSS/CIP Petition were held on August 31, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public attended the hearings to express their views on the Petition. One (1) customer submitted written comments to the Board.

On October 30, 2023, ETG filed an emergent motion (“Emergent Motion”). By the Emergent Motion, ETG sought a waiver of (i) the provisions of Sections 3 and 5 of the BGSS Pricing Structure approved in the January 2003 BGSS Order, which provide that the Company may only self-implement a provisional Periodic BGSS increase to a provisional BGSS-P rate that has previously been approved by the Board, and (ii) the provision of Section 5 of the BGSS Pricing Structure that requires written notice of the intention to implement self-implementing rate increases to be provided to Staff and Rate Counsel no later than November 1 for a December 1 increase. In addition, ETG requested a waiver of the BGSS Rider to its tariff which incorporates the BGSS Pricing Structure.⁴

On November 3, 2023, Rate Counsel filed a response to ETG’s Emergent Motion that indicated that it did not object to the Emergent Motion. Rate Counsel stated that the waiver of the one (1) month’s notice requirement should be limited only to the December self-implemented increase.

By Order dated November 17, 2023, the Board approved a stipulation for provisional rates executed by the Parties (“Provisional Stipulation”).⁵ The November 2023 Provisional Order approved the Emergent Motion to waive certain provisions of the BGSS Pricing Structure and its tariff. The November 2023 Provisional Order also addressed the phased implementation of increases in the BGSS-P and how it represents a one-time response to unique circumstances that have arisen in this proceeding and shall not be considered precedent in any future BGSS proceeding. The November 2023 Provisional Order authorized ETG to accrue carrying costs on the BGSS-P underrecovery balance that accrues from and after November 17, 2023 through September 30, 2024, and continue to accrue such carrying costs until the BGSS-P underrecovery balance as of September 30, 2024 is fully recovered. Pursuant to the November 2023 Provisional Order, carrying costs will be accrued monthly and added to the BGSS underrecovery balance as of October 1, 2024 at an interest rate equal to the interest rate on two-year constant maturity United States Treasury securities as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published) plus 60 basis points but will not exceed the Company’s overall rate of return as authorized by the Board. No carrying costs will be accrued on CIP underrecovery balances.

The November 2023 Provisional Order authorized ETG to implement (1) the following per-therm CIP Update rates: \$0.0156 for RDS-NH; \$0.0858 for RDS-H; \$0.0199 for SGS; and a credit rate of \$0.0078 for GDS, all to be effective December 1, 2023; and (2) a per therm BGSS-P rate of \$0.5042 to be effective March 1, 2024, subject to refund.

⁴ See ETG’s BPU Tariff – B.P.U. No. 18 – Gas at Original sheet No. 104.

⁵ In re the Petition of Elizabethtown Gas Company to Review its Periodic Basic Gas Supply Service Rate and its Conservation Incentive Program Rates for the Year Ended September 30, 2024, BPU Docket No. GR23060335, Order dated November 17, 2023 (“November 2023 Provisional Order”).

On November 17, 2023, ETG filed a notice of intent to self-implement a BGSS-P rate increase consistent with the requirements of the January 2003 BGSS Order and the November 2023 Provisional Order (“December Notice”). Specifically, ETG noticed its intent to increase its per therm BGSS-P rate from \$0.2692 to \$0.3255, effective December 1, 2023.

As a result of the November 2023 Provisional Order and the December Notice, a typical residential heating customer using 100 therms monthly was expected to experience a bill increase of \$12.80 effective December 1, 2023.

The Board subsequently transferred this matter to the Office of Administrative Law as a contested case on November 28, 2023, where it was assigned to ALJ Irene Jones. A pre-hearing conference was held telephonically on January 8, 2024. A status conference was held virtually, on April 10, 2024.

On December 21, 2023, ETG filed a notice of intent to self-implement a BGSS-P rate increase consistent with the requirements of the January 2003 BGSS Order and the November 2023 Provisional Order (“February Notice”). Specifically, ETG noticed its intent to increase its per-therm BGSS-P rate from \$0.3255 to \$0.3846, effective February 1, 2024. As a result, a typical residential customer using 100 therms monthly was expected to experience a bill increase of \$5.91, effective February 1, 2024.

As a result of the November 2023 Provisional Order, effective March 1, 2024, the total monthly bill for a residential heating customer using 100 therms increased by \$11.96 over the rates that became effective February 1, 2024.

STIPULATION

Following a review of the 2023 BGSS/CIP Petition, the December Notice, the February Notice, the Updated BGSS Filings, the July CIP Update, and discovery, the Parties executed the Stipulation, which provides as follows:⁶

27. The Parties stipulate and agree that the Company’s provisional BGSS-P rate of \$0.5042 per therm, effective March 1, 2024, and provisional CIP rates of \$0.0156 for Residential Delivery Service – Non-Heating; \$0.0858 for Residential Delivery Service – Heating; \$0.0199 for Small General Service; and a credit rate of \$0.0078 for General Delivery Service, effective December 1, 2023, are prudent and reasonable and should be made final as 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”).
28. The Parties stipulate and agree that the Company’s self-implemented BGSS-P rate of \$0.3255 per therm, effective December 1, 2023 and the Company’s self-implemented BGSS-P rate of \$0.3846 per therm effective February 1, 2024 will be reviewed and tried up in Elizabethtown’s next annual BGSS proceeding which is to be filed no later than June 1, 2024.

⁶ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation are controlling subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

29. As of the Effective Date, the Company will maintain its provisional BGSS-P rate of \$0.5042 per therm and its provisional CIP rates of \$0.0156 for Residential Delivery Service – Non-Heating; \$0.0858 for Residential Delivery Service – Heating; \$0.0199 for Small General Service; and a credit rate of \$0.0078 for General Delivery Service. These rates shall remain in effect until changed by Order of the Board.
30. 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 A of the Stipulation.
31. 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 to the Stipulation 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 to the Stipulation 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 approximately the 15th of the following month.
32. Upon Board approval of the BGSS-P and CIP rates reflected in the Stipulation, the Company will file with the Board tariff sheets to reflect the final BGSS-P and CIP rates agreed to in the Stipulation.
33. Pursuant to the EEP-CIP Order, the Company must provide a funding amount of \$384,000 per year, ("Shareholder Contribution") as long as the CIP remains in place to fund CIP programs that: 1) aid customers in reducing their natural gas costs, and 2) reduce the Company's peak demand ("Two Objectives"). The credit per customer is \$1.21 based on a customer count of 316,313 as of March 31, 2024. The Company agrees to annually review the CIP programs it funds, compare them to other available programs, and make changes to the programs it chooses to fund if it determines other programs are more effective in achieving the Two Objectives. The Company agrees to include testimony in all future CIP petitions that identifies any changes the Company made to the list of programs it funds and supports how the CIP programs it funds help to achieve the Two Objectives. The testimony will also address why the Company believes that the programs it funds are more effective in achieving the Two Objectives than other available programs that the Company considered. In addition, the Company agrees to review and update its ETG Conserve website at least every two months, to help ensure that the content and links to other websites are current, and annually to help ensure that the content is effective in helping to meet the Two Objectives. The Company will further include testimony in all future CIP petitions that addresses the content of the website and changes made to the website to make it more effective in helping to achieve the Two Objectives.
34. If the Board approves the Stipulation in its entirety, all issues concerning the BGSS-P and CIP and the costs recovered through these clauses, with the exception of the Company's self-implemented BGSS-P rate of \$0.3255 per therm, effective December 1, 2023 and the Company's self-implemented BGSS-P rate of \$0.3846 per therm effective February 1, 2024, are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

On May 1, 2024, ALJ Jones issued an Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation and that the Stipulation fully disposes of

all issues and is consistent with the law.

DISCUSSION AND FINDINGS

Having reviewed the record in this matter, including the 2023 BGSS/CIP Petition, the December Notice, the February Notice, the Updated BGSS Filings, the July CIP Update, discovery, ALJ Jones's Initial Decision, and the Stipulation, the Board **HEREBY FINDS** that the Parties 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 **FURTHER FINDS** the Initial Decision, which adopted the Stipulation, to be reasonable, in the public interest, and in accordance with the law. As such, 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 though fully set forth herein.

The Board **HEREBY APPROVES**, as final, the Company's current BGSS-P rate of \$0.5042 per therm. Additionally, the Board **HEREBY APPROVES** on a final basis, the following per-therm CIP rates: \$0.0156 for RDS-NH, \$0.0858 for RDS-H, \$0.0199 for SGS and (\$0.0078) for GDS. Any net over-recovery on the BGSS-P and CIP is subject to refund with interest. The above changes shall be made final for services rendered on and after June 1, 2024. ETG's self-implemented BGSS-P rate of \$0.3255 per therm, effective December 1, 2023, and the Company's self-implemented BGSS-P rate of \$0.3846 per therm, effective February 1, 2024, shall remain subject to review and true up in ETG's next annual BGSS proceeding.

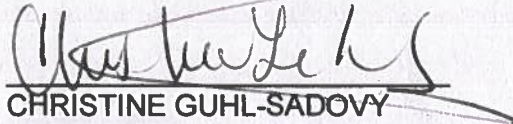
The Board **FURTHER DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by June 15, 2024.

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

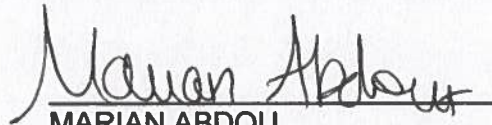
The effective date of this Board Order is May 29, 2024.

DATED: May 22, 2024

BOARD OF PUBLIC UTILITIES
BY:

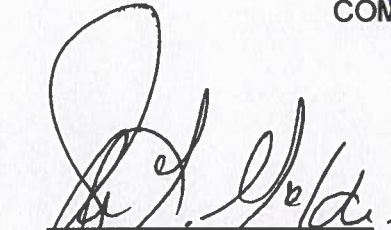

CHRISTINE GUHL-SADOVY
PRESIDENT


DR. ZENON CHRISTODOULOU
COMMISSIONER


MARIAN ABDOU
COMMISSIONER


MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRI L. GOLDEN
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 ELIZABETHTOWN GAS COMPANY TO REVIEW ITS
PERIODIC BASIC GAS SUPPLY SERVICE RATE AND ITS CONSERVATION INCENTIVE PROGRAM
RATES FOR THE YEAR ENDED SEPTEMBER 30, 2024

DOCKET NO. GR23060335, OAL DOCKET NO. PUC 13293-23

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT NO. PUC 13293-23

AGENCY DKT. NO. GR23060335

**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 FOR THE YEAR ENDING
SEPTEMBER 30, 2024.**

Dominick DiRocco, Esq., VP, Rates & Regulatory Affairs, and **Sheree L. Kelly**, Esq., Regulatory Affairs Counsel, for petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney Gas and Clean Energy, **Megan Lupo**, Esq., **Mamie W. Purnell**, Esq. and **Andrew Gold**, Esq. (Assistant Deputies Rate Counsel), for the New Jersey 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 J. Platkin, Attorney General of New Jersey, attorney)

Record Closed: April 26, 2024

Decided: May 1, 2024

BEFORE: **IRENE JONES**, ALJ (Ret., on recall):

STATEMENT OF THE CASE

On June 1, 2023, petitioner, Elizabethtown Gas Company (“petitioner” or “Company”) filed a petition with the Board of Public Utilities (“BPU”) seeking approval to increase its annual gas revenues from its Basic Gas Supply Service (“BGSS”) Commodity Charge and to increase its Balancing Charge. Petitioner proposed to increase the level of its Periodic Basic Gas Supply Service (“BGSS-P”) rate; and to modify its Conservation Incentive Program (“CIP”) rates for the period October 1, 2023.

On August 31, 2023, virtual public hearings were held at 4:30 p.m. and 5:30 p.m. wherein members of the public were given an opportunity to speak. Subsequently, the parties met and agreed to an interim provisional increase. Specifically, the parties entered into Provisional Stipulation agreeing to the proposed rate changes in the petition and updated CIP rates, subject to refund. By Order dated November 17, 2023, the Board approved the Provisional Stipulation of Settlement for the provisional BGSS rate increase, subject to refund.

On November 28, 2023, the matter was transmitted to the Office of Administrative Law for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to 13. A telephone prehearing conference was held on January 8, 2024. The parties engaged in discovery and numerous conferences. Subsequently, the parties agreed to settle this matter and on April 26, 2024, the petitioner filed a Stipulation of Settlement with the undersigned. The attached Stipulation of Settlement provides the agreed upon rates and is incorporated herein as if it were fully set forth herein.

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

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby concluded.

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.

May 1, 2024
DATE



IRENE JONES, ALJ (Ret., on recall)

Date Received at Agency:

May 1, 2024

Date Mailed to Parties:
Isr

May 1, 2024

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

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|---|----------|------------------------------------|
| -----X | | |
| In the Matter of the Petition of | : | BPU Docket No. GR23060335 |
| Elizabethtown Gas Company to Review its | : | OAL Docket No. PUC 13293-23 |
| Periodic Basic Gas Supply Service Rate and | : | |
| Conservation Incentive Program Rates for the | : | STIPULATION REGARDING |
| Year Ended September 30, 2024 | : | FINAL BGSS AND CIP RATES |
| -----X | | |

APPEARANCES:

Dominick DiRocco, Esq., VP, Rates & Regulatory Affairs, SJI Utilities, Inc. for Petitioner, Elizabethtown Gas Company

Maura Caroselli, Esq., Managing Attorney Gas and Clean Energy, **Megan Lupo, Esq.**, **Mamie W. Purnell, Esq.**, and **Andrew H. Gold, Esq.**, Assistant Deputies 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 J. Platkin**, Attorney General of the State of New Jersey)

TO THE HONORABLE IRENE JONES:

I. PROCEDURAL HISTORY

1. On June 1, 2023, 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”) rate; and 2) modify its Conservation Incentive Program (“CIP”) rates for the period October 1, 2023 through September 30, 2024 (“Petition”).

2. In the Petition, Elizabethtown proposed to increase its current per therm BGSS-P rate of \$0.2692 to \$0.5042.¹ As proposed, based upon rates in effect on June 1, 2023, the monthly bill of a residential heating customer using 100 therms of natural gas would increase by \$23.50

¹ All rates quoted herein include all applicable taxes unless otherwise noted.

from \$103.77 to \$127.27, or 22.6%. The proposed BGSS-P rate changes would translate to an increase in annual BGSS-P recoveries of approximately \$59.5 million.

3. By the Petition, Elizabethtown also sought Board approval to implement the following per-therm CIP rates effective October 1, 2023:

- A rate of \$0.0122 for Residential Delivery Service - Non-Heating;
- A rate of \$0.0920 for Residential Delivery Service - Heating;
- A rate of \$0.0211 for Small General Service; and
- A credit rate of \$0.0047 for General Delivery Service.

4. On July 21, 2023, the Company updated its per-therm CIP rates via a 12&0 Update (“CIP Update”) as follows:

- A rate of \$0.0156 for Residential Delivery Service – Non-Heating;
- A rate of \$0.0858 for Residential Delivery Service - Heating;
- A rate of \$0.0199 for Small General Service; and
- A credit rate of \$0.0078 for General Delivery Service.

5. As proposed, based upon rates in effect July 1, 2023, the requested CIP updated rates would result in a monthly increase of \$7.17, or 6.9%, for a residential heating customer using 100 therms of natural gas.

6. These updated proposed rate changes translate to an increase in annual CIP recoveries of \$17.1 million.

7. In the Board’s Order dated April 7, 2021, the Company received approval to implement a CIP designed to recover lost revenues due to the Company’s Energy Efficiency

Program (“EEP”).² 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 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 the recovery on non-weather CIP deficiency so as not to exceed 6.5% of total variable margins for the year ending June 30 per the EEP-CIP Order.

10. In computing the non-weather CIP value, the margin impact of weather must first be deducted from the total CIP charge or credit. As noted in paragraph (7) 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 \$3.7 million. This amount was determined by subtracting the weather-related deficiency component of approximately \$22.8 million from the total CIP deficiency of approximately \$19.1 million.

² In re 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, Order dated April 7, 2021, (“EEP-CIP Order”).

12. According to Elizabethtown, (1) its permanent BGSS savings associated with permanently released and/or terminated transportation capacity or storage assets that remain constant after the re-setting of the CIP benchmarks established in future base rate cases (Category One of the Modified BGSS Savings Test) total approximately \$2.2 million per year; (2) 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 \$1.6 million; and (3) 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, 2023 is \$3.8 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 and 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, 2023, the proposed BGSS-P and CIP Update rate changes would increase the monthly bill of a residential heating customer using 100 therms by \$30.67 from \$103.77 to \$134.44, or 29.6%, consisting of a proposed BGSS-P increase of \$23.50 or 22.6% and a proposed CIP increase of \$7.17 or 6.9%.

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 31, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public attended the hearings to express their views on the Petition. One (1) customer submitted written comments to the Board.

16. Elizabethtown, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties to this proceeding (collectively, "Parties"), agreed that additional time was needed to complete a comprehensive review of the Petition. On October 30, 2023, the Parties executed a stipulation for provisional rates ("Provisional Stipulation") whereby 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. By the Provisional Stipulation, the Parties agreed that it was reasonable to implement provisional CIP rates effective December 1, 2023 and a provisional BGSS-P rate effective March 1, 2024 ("Provisional Stipulation"), subject to an opportunity for full review at the Office of Administrative Law ("OAL"), and final approval by the Board.

17. In accordance with the Board's Generic BGSS Order, the Board approved a BGSS Pricing Structure that required Elizabethtown to submit an annual BGSS filing no later than June 1 of each year, seeking a new Periodic BGSS rate to be effective October 1 of the same year.³ Under the BGSS Pricing Structure, the Company may seek to implement provisional increases in its BGSS rate of up to 5% to be effective December 1 of the same year and February 1 of the following year, if the Company determines that such increases are necessary to permit it to avoid a BGSS under-recovered balance as of September 30 of that following year. In order to implement

³ 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. Order approving the BGSS Price Structure, BPU Docket No. GX01050304, Order dated January 6, 2003 ("January 2003 Order").

a self-implementing rate increase on December 1, Elizabethtown is required to provide a written notice to Staff and Rate Counsel no later than November 1 as well as information concerning the appropriate amount of the increase based on current market rates. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. The Company is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and the Rate Counsel.

18. On October 30, 2023, Elizabethtown filed an emergent motion (“Emergent Motion”) seeking a waiver of (i) the provisions of Sections 3 and 5 of the BGSS Pricing Structure which provide that the Company may only self-implement a provisional Periodic BGSS increase to a provisional BGSS-P rate that has previously been approved by the Board, and (ii) the provision of Section 5 of the BGSS Pricing Structure that requires written notice of the intention to implement self-implementing rate increases to be provided to Board Staff and Rate Counsel no later than November 1 for a December 1 increase. In addition, Elizabethtown requested a waiver of the BGSS Rider to its tariff which incorporates the BGSS Pricing Structure.

19. By Order dated November 17, 2023, the Board adopted the Provisional Stipulation in its entirety, and approved per therm rates on a provisional basis, subject to refund with interest on any net over-recovered balance.⁴ The per therm rates approved by the November 17 Order included: 1) the implementation of the following proposed CIP Update rates: \$0.0156 for Residential Delivery Service – Non-Heating; \$0.0858 for Residential Delivery Service – Heating; \$0.0199 for Small General Service; and a credit rate of \$0.0078 for General Delivery Service; effective for services rendered on and after December 1, 2023; and 2) the implementation of a provisional BGSS-P rate of \$0.5042 for services rendered on and after March 1, 2024.

⁴ In re the Petition of Elizabethtown Gas Company to Review its Basic Gas Supply Service Rate and its Conservation Incentive Program Rates, BPU Docket No. GR23060335, Order dated November 17, 2023 (“November 17 Order”).

20. The November 17 Order also addressed the phased implementation of increases in the BGSS-P and how it represents a one-time response to unique circumstances that have arisen in this proceeding and shall not be considered precedent in any future BGSS proceeding. By the November 17 Order, Elizabethtown was permitted to accrue carrying costs on the BGSS-P underrecovery balance that accrues from and after November 17, 2023 through September 30, 2024, and would continue to accrue such carrying costs until the BGSS-P underrecovery balance as of September 30, 2024 is fully recovered. Carrying costs would be accrued monthly and added to the BGSS underrecovery balance as of October 1, 2024 at an interest rate equal to the interest rate on two-year constant maturity United States Treasury securities as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published) plus 60 basis points but will not exceed the Company's overall rate of return as authorized by the Board. No carrying costs were to be accrued on CIP underrecovery balances.

21. Per the November 17 Order, in its next annual BGSS-P filing, Elizabethtown would make a proposal to recover its September 30, 2024 BGSS-P underrecovery balance (including the carrying costs provided under paragraph 20 of this Stipulation) over a period to be determined. It is the intent of the Parties that the BGSS-P underrecovery balance will be recovered within a reasonable period of time. However, all Parties reserved the right to take any position concerning the period over which Elizabethtown will recover the BGSS-P underrecovery balance. Any CIP underrecovery balance as of September 30, 2024 would be recovered over the period October 1, 2024 through September 30, 2025 in accordance with the normal operation of the CIP.

22. The November 17 Order also approved the Emergent Motion to waive the deadline for providing notice of a provisional increase in the BGSS-P rate of up to 5% of the total bill, including the proposed CIP rate, to be effective December 1, 2023 and affirmed that nothing in the

Provisional Stipulation shall affect Elizabethtown's right to implement a further provisional increase in the BGSS-P rate of up to 5% effective February 1, 2024.

23. On November 17, 2023, Elizabethtown submitted a notice of intent to self-implement a BGSS-P rate adjustment based on a 5% increase of the monthly bill of a typical residential customer using 100 therms to be effective December 1, 2023 ("December Notice"), consistent with the requirements set forth in the January 2003 and November 17 Orders. The December Notice was made to Board Staff and Rate Counsel pursuant to the terms of the January 2003 and November 17 Orders. The 5% self-implementing increase, effective December 1, 2023, resulted in a per therm BGSS-P rate of \$0.3255.

24. This matter was transmitted to the OAL as a contested case on November 28, 2023 and assigned to Administrative Law Judge Irene Jones. On January 8, 2024, a pre-hearing conference was held telephonically. A status conference was held virtually, on April 10, 2024.

25. On December 17, 2023, Elizabethtown submitted a notice of intent to self-implement a BGSS-P rate adjustment based on a 5% increase of the monthly bill of a typical residential customer using 100 therms to be effective February 1, 2024 ("February Notice"), consistent with the requirements set forth in the January 2003 and November 17 Orders. The February Notice was made to Staff and Rate Counsel pursuant to the terms of the January 2003 and November 17th Orders. The 5% self-implementing increase, effective February 1, 2024, resulted in a per therm BGSS-P rate of \$0.3846.

26. The Parties engaged in discovery and resolved all issues in this proceeding in accordance with the Final Stipulation set forth below:

II. STIPULATED TERMS

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

27. The Parties stipulate and agree that the Company's provisional BGSS-P rate of \$0.5042 per therm, effective March 1, 2024, and provisional CIP rates of \$0.0156 for Residential Delivery Service – Non-Heating; \$0.0858 for Residential Delivery Service – Heating; \$0.0199 for Small General Service; and a credit rate of \$0.0078 for General Delivery Service, effective December 1, 2023, are prudent and reasonable and should be made final 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").

28. The Parties stipulate and agree that the Company's self-implemented BGSS-P rate of \$0.3255 per therm, effective December 1, 2023 and the Company's self-implemented BGSS-P rate of \$0.3846 per therm effective February 1, 2024 will be reviewed and trued up in Elizabethtown's next annual BGSS proceeding which is to be filed no later than June 1, 2024.

29. As of the Effective Date, the Company will maintain its provisional BGSS-P rate of \$0.5042 per therm and its provisional CIP rates of \$0.0156 for Residential Delivery Service – Non-Heating; \$0.0858 for Residential Delivery Service – Heating; \$0.0199 for Small General Service; and a credit rate of \$0.0078 for General Delivery Service. These rates shall remain in effect until changed by Order of the Board.

30. 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 A.

31. 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 approximately the 15th of the following month.

32. 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.

33. Pursuant to the EEP-CIP Order, the Company must provide a funding amount of \$384,000 per year, ("Shareholder Contribution") as long as the CIP remains in place to fund CIP programs that: 1) aid customers in reducing their natural gas costs, and 2) reduce the Company's peak demand ("Two Objectives"). The credit per customer is \$1.21 based on a customer count of 316,313 as of March 31, 2024., Company agrees to annually review the CIP programs it funds, compare them to other available programs, and make changes to the programs it chooses to fund if it determines other programs are more effective in achieving the Two Objectives. The Company agrees to include testimony in all future CIP petitions that identifies any changes the Company made to the list of programs it funds and supports how the CIP programs it funds help to achieve the Two Objectives. The testimony will also address why the Company believes that the programs it funds are more effective in achieving the Two Objectives than other available programs that the Company considered. In addition, the Company agrees to review and update its ETG Conserve website at least every two months, to help ensure that the content and links to other websites are

current, and annually to help ensure that the content is effective in helping to meet the Two Objectives. The Company will further include testimony in all future CIP petitions that addresses the content of the website and changes made to the website to make it more effective in helping to achieve the Two Objectives.

III. MISCELLANEOUS

34. If the Board approves this Stipulation in its entirety, all issues concerning the BGSS-P and CIP and the costs recovered through these clauses, with the exception of the Company's self-implemented BGSS-P rate of \$0.3255 per therm, effective December 1, 2023 and the Company's self-implemented BGSS-P rate of \$0.3846 per therm effective February 1, 2024, are deemed resolved for purposes of this proceeding but remain subject to audit by the Board.

35. 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 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.

36. 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 consider the Stipulation to be binding on them for all purposes herein.

37. It is specifically understood 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.

38. The Parties further acknowledge that, should a Board Order be entered approving this Stipulation, 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.

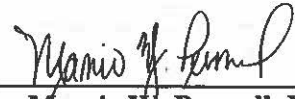
WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof, as soon as reasonably possible.

ELIZABETHTOWN GAS COMPANY

**BRIAN O. LIPMAN
DIRECTOR, DIVISION
OF RATE COUNSEL**




By: _____ 4/25/24
Dominick DiRocco, Esq.
VP, Rates & Regulatory Affairs
SJI Utilities, Inc.



By: _____ 4/26/24
Mamie W. Purnell, Esq.
Assistant Deputy Rate Counsel

Matthew J. Platkin
ATTORNEY GENERAL OF THE STATE OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities



By: _____ 4/25/24
Terel Klein
Deputy Attorney General

Dated: 4/25/24

GR23060335 – ETG 2023 BGSS-P/CIP

**Elizabethtown Gas Company
2023 / 2024 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 Utilitization | 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. 16-17 |
| 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 March 01, 2024

| <u>Month</u> | <u>a</u> <u>BGSS</u> <u>(see note below)</u> | <u>b</u> <u>NYMEX</u> <u>(3/1/2024 Close)</u> | <u>c = b - a</u> <u>Incr/</u> <u>(Decr)</u> | <u>% Cha</u> | <u>d</u> <u>Sales</u> <u>forecast (dths)</u> | <u>e</u> <u>Hedged</u> <u>volume (dths)</u> | <u>f = d - e</u> <u>Unhedged</u> <u>volume (dths)</u> | <u>g = c x f</u> <u>Change in</u> <u>value unhedged</u> |
|---------------------|--|---|---|---------------|--|---|---|---|
| Oct-23 | \$ 2.520 | \$ 2.764 | \$ 0.244 | | 826,581 | 333,100 | 493,481 | \$120,409 |
| Nov-23 | \$ 2.974 | \$ 3.164 | \$ 0.190 | | 2,126,789 | 1,666,126 | 460,663 | \$87,526 |
| Dec-23 | \$ 3.470 | \$ 2.706 | \$ (0.764) | | 3,996,492 | 2,803,765 | 1,192,727 | (\$911,243) |
| Jan-24 | \$ 3.719 | \$ 2.619 | \$ (1.100) | | 5,357,272 | 3,500,476 | 1,856,796 | (\$2,042,476) |
| Feb-24 | \$ 3.635 | \$ 2.490 | \$ (1.145) | | 5,393,457 | 3,640,568 | 1,752,889 | (\$2,007,057) |
| Mar-24 | \$ 3.323 | \$ 1.615 | \$ (1.708) | | 4,373,274 | 2,673,531 | 1,699,743 | (\$2,903,161) |
| Apr-24 | \$ 3.004 | \$ 1.835 | \$ (1.169) | | 3,232,839 | 2,150,000 | 1,082,839 | (\$1,265,839) |
| May-24 | \$ 2.998 | \$ 1.975 | \$ (1.023) | | 1,554,835 | 1,390,000 | 164,835 | (\$168,626) |
| Jun-24 | \$ 3.147 | \$ 2.212 | \$ (0.935) | | 744,487 | 329,400 | 415,087 | (\$388,106) |
| Jul-24 | \$ 3.288 | \$ 2.466 | \$ (0.822) | | 736,680 | 346,300 | 390,380 | (\$320,892) |
| Aug-24 | \$ 3.329 | \$ 2.538 | \$ (0.791) | | 737,051 | 346,400 | 390,651 | (\$309,005) |
| Sep-24 | \$ 3.293 | \$ 2.525 | \$ (0.768) | | 737,492 | 346,600 | 390,892 | (\$300,205) |
| Avg Total \$ | \$ 3.225 | \$ 2.409 | \$ (0.816) | -25.3% | 29,817,249 | 19,526,266 | 10,290,983 | (\$10,408,676) |
| Oct-24 | \$ 3.378 | \$ 2.598 | \$ (0.780) | | 834,846 | 360,800 | 474,046 | (\$369,756) |
| Nov-24 | \$ 3.795 | \$ 2.992 | \$ (0.803) | | 2,148,057 | 1,486,126 | 661,931 | (\$531,531) |
| Dec-24 | \$ 4.282 | \$ 3.477 | \$ (0.805) | | 4,036,458 | 2,853,765 | 1,182,693 | (\$952,068) |
| Jan-25 | \$ 4.612 | \$ 3.747 | \$ (0.865) | | 5,410,846 | 3,680,476 | 1,730,370 | (\$1,496,770) |
| Feb-25 | \$ 4.503 | \$ 3.591 | \$ (0.912) | | 5,447,391 | 3,650,568 | 1,796,823 | (\$1,638,702) |
| Mar-25 | \$ 4.136 | \$ 3.241 | \$ (0.895) | | 4,417,006 | 2,693,531 | 1,723,475 | (\$1,542,510) |
| Apr-25 | \$ 3.733 | \$ 3.015 | \$ (0.718) | | 3,265,169 | 1,990,000 | 1,275,169 | (\$915,571) |
| May-25 | \$ 3.707 | \$ 3.052 | \$ (0.655) | | 1,570,384 | 1,140,000 | 430,384 | (\$281,902) |
| Jun-25 | \$ 3.842 | \$ 3.219 | \$ (0.623) | | 751,933 | 387,000 | 364,933 | (\$227,353) |
| Jul-25 | \$ 3.972 | \$ 3.391 | \$ (0.581) | | 744,046 | 373,700 | 370,346 | (\$215,171) |
| Aug-25 | \$ 4.007 | \$ 3.430 | \$ (0.577) | | 744,421 | 357,600 | 386,821 | (\$223,196) |
| Sep-25 | \$ 3.962 | \$ 3.389 | \$ (0.573) | | 744,866 | 336,600 | 408,266 | (\$233,936) |
| Avg Total \$ | \$ 3.994 | \$ 3.262 | \$ (0.732) | -18.3% | 30,115,423 | 19,310,166 | 10,805,257 | (\$8,628,466) |

Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing; Oct-2023 to Sept-2025 based on 5-10-2023 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 | Actual | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | Estimate | 12 Month |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|
| | <u>Oct-23</u> | <u>Nov-23</u> | <u>Dec-23</u> | <u>Jan-24</u> | <u>Feb-24</u> | <u>Mar-24</u> | <u>Apr-24</u> | <u>May-24</u> | <u>Jun-24</u> | <u>Jul-24</u> | <u>Aug-24</u> | <u>Sep-24</u> | Weighted |
| | | | | | | | | | | | | | Average |
| 1 NYMEX - 05/10/23 - Included in BGSS Filing | \$0 2520 | \$0 2974 | \$0 3470 | \$0 3719 | \$0 3635 | \$0 3323 | \$0 3004 | \$0 2998 | \$0 3147 | \$0 3288 | \$0 3329 | \$0 3293 | |
| 2 NYMEX - Actual Settlement | \$0 2764 | \$0 3164 | \$0 2706 | \$0 2619 | \$0 2490 | | | | | | | | |
| Breakdown of Gross Cost of Gas Per Therm: | | | | | | | | | | | | | |
| 13 Flowing Gas Cost | -\$0 1424 | \$0 1966 | \$0 0998 | \$0 2291 | \$0 0338 | \$0 1675 | \$0 0858 | -\$0 0386 | -\$0 2221 | -\$0 1314 | -\$0 0802 | -\$0 0846 | \$0 0872 |
| 14 Gas Withdrawn From Storage Cost | \$0 0492 | \$0 1246 | \$0 0961 | \$0 0815 | \$0 0876 | \$0 0608 | \$0 0005 | \$0 0010 | \$0 0025 | \$0 0028 | \$0 0029 | \$0 0029 | \$0 0609 |
| 15 Hedged Volumes Delivered Cost | \$0 5741 | \$0 2038 | \$0 1358 | \$0 1215 | \$0 1634 | \$0 1576 | \$0 2813 | \$0 3670 | \$0 6212 | \$0 5171 | \$0 4475 | \$0 4281 | \$0 2265 |
| 16 Pipeline Demand Cost | \$0 6067 | \$0 2627 | \$0 1395 | \$0 1056 | \$0 1014 | \$0 1136 | \$0 1497 | \$0 3097 | \$0 6941 | \$0 7144 | \$0 7130 | \$0 7012 | \$0 2128 |
| 17 Storage Demand Cost | \$0 1473 | \$0 0572 | \$0 0297 | \$0 0225 | \$0 0209 | \$0 0262 | \$0 0349 | \$0 0723 | \$0 1618 | \$0 1671 | \$0 1664 | \$0 1634 | \$0 0483 |
| 18 Peaking Cost | \$0 0000 | \$0 0000 | \$0 0092 | \$0 0070 | \$0 0383 | \$0 0237 | \$0 0277 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0161 |
| 19 Weighted Average Fuel Cost | \$0 0197 | \$0 0123 | \$0 0074 | \$0 0108 | \$0 0071 | \$0 0053 | \$0 0108 | \$0 0111 | \$0 0195 | \$0 0206 | \$0 0204 | \$0 0187 | \$0 0101 |
| 20 Variable Pipeline Cost | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0161 | \$0 0225 | \$0 0360 | \$0 0652 | \$0 0682 | \$0 0683 | \$0 0658 | \$0 0141 |
| 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 2547 | \$0 8572 | \$0 5175 | \$0 5779 | \$0 4525 | \$0 5707 | \$0 6132 | \$0 7585 | \$1 3421 | \$1 3589 | \$1 3383 | \$1 2955 | \$0 6760 |

| | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Actual | Weighted |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------|
| | <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> | Average |
| 23 NYMEX - Actual Settlement | \$0 6868 | \$0 5186 | \$0 6712 | \$0 4709 | \$0 3109 | \$0 2451 | \$0 1991 | \$0 2117 | \$0 2181 | \$0 2603 | \$0 2492 | \$0 2556 | |
| Breakdown of Gross Cost of Gas Per Therm: | | | | | | | | | | | | | |
| 24 Flowing Gas Cost | -\$0 3230 | \$0 5091 | \$0 6201 | -\$0 0439 | \$0 1352 | \$0 0788 | -\$0 0245 | -\$0 0178 | -\$0 1449 | -\$0 2981 | -\$0 3196 | -\$0 3324 | \$0 1016 |
| 25 Gas Withdrawn From Storage Cost | \$0 1417 | \$0 4460 | \$0 3167 | \$0 2638 | \$0 3077 | \$0 2517 | \$0 0273 | \$0 0122 | -\$0 0024 | \$0 0837 | \$0 0236 | \$2 3404 | \$0 2720 |
| 26 Hedged Volumes Delivered Cost | \$0 3755 | \$0 2356 | \$0 1200 | \$0 1177 | \$0 1066 | \$0 1061 | \$0 1812 | \$0 2507 | \$0 4096 | \$0 5801 | \$0 7368 | \$0 7481 | \$0 1919 |
| 27 Pipeline Demand Cost | \$0 5433 | \$0 3367 | \$0 1453 | \$0 0946 | \$0 1254 | \$0 1221 | \$0 1673 | \$0 3691 | \$0 5706 | \$0 7780 | \$0 8951 | \$0 8538 | \$0 2290 |
| 28 Storage Demand Cost | \$0 1326 | \$0 0803 | \$0 0347 | \$0 0240 | \$0 0265 | \$0 0291 | \$0 0379 | \$0 0805 | \$0 1153 | \$0 1699 | \$0 1953 | \$0 1863 | \$0 0521 |
| 29 Peaking Cost | \$0 0000 | \$0 0358 | \$0 0113 | \$0 0139 | \$0 0136 | \$0 0136 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0000 | \$0 0107 |
| 30 Weighted Average Fuel Cost | \$0 0213 | \$0 0225 | \$0 0232 | \$0 0027 | \$0 0074 | \$0 0059 | \$0 0069 | \$0 0117 | \$0 0141 | \$0 0169 | \$0 0215 | \$0 0192 | \$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 | \$0 8914 | \$1 6660 | \$1 2713 | \$0 4728 | \$0 7225 | \$0 6073 | \$0 3960 | \$0 7064 | \$0 9623 | \$1 3305 | \$1 5528 | \$3 8154 | \$0 8683 |

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 Oct-23 | Actual Nov-23 | Actual Dec-23 | Actual Jan-24 | Actual Feb-24 | Estimate Mar-24 | Estimate Apr-24 | Estimate May-24 | Estimate Jun-24 | Estimate Jul-24 | Estimate Aug-24 | Estimate Sen-24 | 12 Month Weighted Average |
|--|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| Credits, Refunds, & Recoveries Per Therm: | | | | | | | | | | | | | |
| 1 Asset Management Credits | \$0.0000 | \$0.0000 | \$0.0282 | \$0.0000 | \$0.0000 | \$0.1426 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0263 |
| 2 Off-system sales | \$0.0002 | \$0.0003 | \$0.0003 | \$0.0034 | \$0.0013 | \$0.0002 | \$0.0071 | \$0.0225 | \$0.0567 | \$0.0842 | \$0.0677 | \$0.0749 | \$0.0102 |
| 3 Capacity release | \$0.0209 | \$0.0089 | \$0.0049 | \$0.0041 | \$0.0055 | \$0.0033 | \$0.0045 | \$0.0092 | \$0.0207 | \$0.0213 | \$0.0212 | \$0.0209 | \$0.0072 |
| 4 On System Credits to BGSS-P Customers | \$0.1628 | \$0.1536 | \$0.1277 | \$0.1223 | \$0.1110 | \$0.1355 | \$0.1259 | \$0.1498 | \$0.2417 | \$0.2535 | \$0.2532 | \$0.2479 | \$0.1411 |
| 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 | \$0.8174 | \$0.4510 | \$0.0839 | \$0.1433 | \$0.0084 | -\$0.0161 | \$0.1704 | \$0.2717 | \$0.7177 | \$0.6946 | \$0.6908 | \$0.6466 | \$0.1920 |
| 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 | \$1.0013 | \$0.6138 | \$0.2449 | \$0.2731 | \$0.1261 | \$0.2654 | \$0.3079 | \$0.4532 | \$1.0368 | \$1.0536 | \$1.0330 | \$0.9902 | \$0.3768 |
| 12 Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11) | \$0.2533 | \$0.2434 | \$0.2726 | \$0.3048 | \$0.3264 | \$0.3053 | \$0.3053 | \$0.3053 | \$0.3053 | \$0.3053 | \$0.3053 | \$0.3053 | \$0.2992 |

| | Actual Oct-22 | Actual Nov-22 | Actual Dec-22 | Actual Jan-23 | Actual Feb-23 | Actual Mar-23 | Actual Apr-23 | Actual May-23 | Actual Jun-23 | Actual Jul-23 | Actual Aug-23 | Actual Sep-23 | Weighted Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------|
| Credits, Refunds, & Recoveries Per Therm: | | | | | | | | | | | | | |
| 13 Asset Management Credits | \$0.0000 | \$0.0000 | \$0.0269 | \$0.0000 | \$0.0000 | \$0.4153 | \$0.0000 | \$0.0000 | \$0.1159 | \$0.0000 | \$0.0000 | \$0.1748 | \$0.0766 |
| 14 Off-system sales | \$0.0035 | \$0.0003 | \$0.0028 | \$0.0006 | \$0.0007 | \$0.0000 | \$0.0000 | \$0.0004 | \$0.0000 | \$0.0012 | \$0.0000 | \$0.0002 | \$0.0008 |
| 15 Capacity release | \$0.0069 | \$0.0032 | \$0.0019 | \$0.0035 | \$0.0114 | \$0.0044 | \$0.0061 | \$0.0123 | \$0.0195 | \$0.0256 | \$0.0304 | \$0.0303 | \$0.0077 |
| 16 On System Credits to BGSS-P Customers | \$0.4266 | \$0.1752 | \$0.2216 | \$0.1826 | \$0.1440 | \$0.1181 | \$0.1012 | \$0.1033 | \$0.1120 | \$0.1365 | \$0.1583 | \$0.1650 | \$0.1636 |
| 17 Supplier Refunds | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0227 | \$0.0000 | \$0.1431 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0185 |
| 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 | -\$0.1042 | \$0.8166 | \$0.3449 | -\$0.3880 | -\$0.1291 | -\$0.4178 | -\$0.1082 | \$0.3356 | \$0.4593 | \$0.9115 | \$1.1047 | \$0.8774 | \$0.0180 |
| 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 | \$0.3328 | \$0.9954 | \$0.5982 | -\$0.2012 | \$0.0496 | \$0.1200 | \$0.1422 | \$0.4516 | \$0.7068 | \$1.0749 | \$1.2935 | \$1.2478 | \$0.2852 |
| 24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23) | \$0.5586 | \$0.6706 | \$0.6732 | \$0.6740 | \$0.6728 | \$0.4873 | \$0.2539 | \$0.2548 | \$0.2555 | \$0.2555 | \$0.2593 | \$2.5676 | \$0.5831 |

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.