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Deborah M. Franco, Esq.  
Vice President, Clean Energy and Sustainability

July 31, 2020

**Electronic Filing**

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 3rd Floor, Ste 314  
P. O. Box 350  
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of Elizabethtown Gas Company To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit  
BPU Docket No. \_\_\_\_\_**

Dear Secretary Camacho-Welch:

Enclosed herewith is Elizabethtown Gas Company's Petition To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit, which has been filed electronically today utilizing the Board's e-filing Program. Due to the pandemic, and in accordance with the New Jersey Board of Public Utilities ("BPU") March 19, 2020 and May 20, 2020 Orders issued in BPU Docket No. EO20030254, hard copies are not being provided at this time, but can be provided at a later time, as needed.

Please do not hesitate to contact me with any questions you may have. Thank you for your attention to this matter.

Respectfully submitted,

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

Deborah M. Franco

DMF:caj  
Enclosures

cc: Service list (electronically)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY  
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE  
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR\_\_\_\_\_**

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

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**In The Matter Of The Petition Of Elizabethtown Gas Company To** :  
**1) Revise Its Weather Normalization (Clause Rate; 2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; and** : **Docket No. GR**  
**(3) Revise Its On-System Margin Sharing Credit** : **SUMMARY SHEET**  
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This Petition presents the request of Elizabethtown Gas Company (“Petitioner”) that the Board of Public Utilities (“Board” or “BPU”) accept the filing of Petitioner’s revised Weather Normalization Clause (“WNC”), Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”), and On-System Margin Sharing Credit (“OSMC”) rates as noted below, which are inclusive of taxes. The Petition proposes (1) a WNC rate of \$0.0171 per therm effective October 1, 2020, (2) a CEP rate of \$0.0280 per therm effective October 1, 2020, and (3) an OSMC credit rate of (\$0.0020) per therm effective October 1, 2020. If approved by the Board, the combined proposed rates would increase the monthly bill of a residential customer using 100 therms by \$2.33 or 2.2% as compared to the Company’s currently approved rates.

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

-----X  
**In The Matter Of The Petition Of Elizabethtown Gas Company To 1) Revise Its Weather Normalization (Clause Rate; 2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit** : : **Docket No. GR**  
: :  
: : **PETITION**  
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**To The Honorable Board of Public Utilities:**

Petitioner, Elizabethtown Gas Company (“Petitioner”), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (“Board”), respectfully states:

1. Petitioner’s principal business office is located at 520 Green Lane, Union, New Jersey 07083.

2. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 298,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

3. The purpose of this filing is to revise the rates associated with Petitioner's Weather Normalization Clause (“WNC”), Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”), and On-System Margin Sharing Credit (“OSMC”), and to reconcile costs and cost recoveries associated with each clause for the periods in which the respective clauses are applicable.

4. Annexed hereto and made a part of this Petition is Exhibit P-1 which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following Schedules, described in Mr. Kaufmann’s testimony, are attached and referred to in Exhibit P-1:

- a. Tariff Schedule TK-1;
- b. Forecast Schedule TK-1;
- c. WNC Schedule TK-1 through TK-5;

- d. CEP Schedule TK-1 through TK-5; and
- e. OSMC Schedule TK-1 through TK-4.

**Rate and Order Background**

5. The current rates in effect for the CEP, OSMC and WNC were approved in Petitioner’s 2019 CEP/OSMC/WNC proceeding in BPU Docket No. GR19070873 per order dated March 9, 2020. The following table sets forth the current WNC, CEP and OSMC rates and the WNC, CEP and OSMC rates proposed in this filing:

	Current	Proposed
WNC (1)	\$0.0000	\$0.0171
CEP	\$0.0213	\$0.0280
OSMC	(\$0.0015)	(\$0.0020)
<u>Total</u>	\$0.0198	\$0.0431

- (1) Per the tariff, the rate is set to \$0.0000 per therm each June 1<sup>st</sup>.  
From November 2019 – March 2020, the rate was (\$0.0050) per therm and from April 2020 – May 2020, the rate was (\$0.0051) per therm.

**Weather Normalization Clause**

6. Pursuant to the WNC provisions contained in Petitioner’s tariff as approved by the Board, Petitioner proposes a WNC rate of \$0.0171 per therm to be effective October 1, 2020 through May 31, 2021 (“2021 Winter Period”). Petitioner’s revised WNC rate is designed to recover a deficient balance associated with the period October 1, 2019 through May 31, 2020 (“2020 Winter Period”) that is attributable to the overall warmer than normal weather experienced in Petitioner’s service territory during this period, as well as credit a prior year excess balance.

7. As addressed by Mr. Kaufmann, the WNC deficient balance presented on WNC Schedule TK-1 reflects a 2020 Winter Period that was 225 degree days or 4.9% warmer than normal. As shown on WNC Schedule TK-1, the current period margin revenue deficiency of \$5,739,573 netted against the prior year excess balance of \$204,994 results in a Total Revenue Deficiency Balance of \$5,534,579 which, when divided by projected winter period therm volumes produces a proposed WNC rate of \$0.0171 per therm inclusive of taxes.

### **The CEP Component of the SBC Rate**

8. Petitioner's SBC was approved by the Board by Orders dated March 30, 2001 in BPU Docket Nos. GX99030121, *et al.*, and November 21, 2001 in Docket Nos. EX00020091, *et al.* The SBC consists of four components: (1) the New Jersey Clean Energy Program ("CEP") component, (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") component, and (4) the Lifeline component. In this Petition, Petitioner is only addressing the CEP rate component of the SBC.

9. In accordance with the Board's Orders in Docket Nos. EX99050347, *et al.* and GX99030121, *et al.*, Petitioner is making this filing to recover prior period costs, the net actual costs incurred to provide Board-approved CEP programs and carry costs for the period ending June 30, 2020, and projected costs for the period ending June 30, 2021 for a total of \$13,247,917 as shown on CEP Schedule TK-1, As shown on CEP Schedule TK-5, in accordance with the Board's August 16, 2019 Notice modifying the June 21, 2019 Order in Docket No. QO19050644, which established the statewide funding levels for CEP programs for Fiscal Year 2020, Petitioner has been allocated \$11,533,947 of CEP funding responsibility for the twelve months ending June 30, 2020. This budget was extended through September 30, 2020 by a July 29, 2020 Order in Docket No. QO19050645. A budget has not been provided beyond September 2020 at the time of filing, as such the Company has presumed that a new budget will be generally consistent with the prior budget and has therefore used that as the estimated budget through June 2021. This level of spending, plus certain additional adjustments shown on CEP Schedule TK-1, produces a proposed CEP rate of \$0.0280 per therm inclusive of taxes.

### **On-System Margin Sharing Credit**

10. In accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, *et. al.*, GR97070552, *et. al.*, and Docket Nos. GX99030121, *et. al.*, margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and Petitioner on an

80/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers. These sharing amounts, plus certain additional adjustments shown on OSMC Schedule TK-1, produces a proposed OSMC credit rate of (\$0.0020) per therm inclusive of taxes.

### **Overall Impact**

11. The overall impact of Petitioner's proposed WNC, CEP and OSMC rates in this proceeding is an increase in the monthly bill of a residential customer using 100 therms by \$2.33, from \$106.14 to \$108.47, or an increase of 2.2% as compared to the currently effective rates.

### **Miscellaneous**

12. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto on the Director, Division of Rate Counsel via electronic mail in lieu of providing hard copies. Due to the pandemic, and in accordance with the BPU's March 19, 2020 and May 20, 2020 Orders issued in BPU Docket No. EO20030254, hard copies cannot be provided at this time, but can be provided at a later time, as needed.

13. Similarly, Petitioner is also serving this notice and a copy of this Petition on the Department of Law and Public Safety via electronic mail in lieu of providing hard copies, but hard copies can be provided at a later time, as needed.

**WHEREFORE**, Petitioner respectfully requests that the Board (1) accept Petitioner's filing, (2) allow the proposed WNC, CEP, and OSMC rates and associated proposals to become effective October 1, 2020, and (3) grant such other relief as the Board may deem just and proper.

Respectfully submitted,



Deborah M. Franco, Esq.  
Vice President, Clean Energy and Sustainability  
SJI

Date: July 31, 2020

Communications addressed to the Petitioner  
in this case are to be sent to:

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NOTICE OF PUBLIC HEARINGS

IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE; (2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT BPU Docket No. \_\_\_\_\_

On July 31, 2020, Elizabethtown Gas Company ("Company" or "Elizabethtown") filed a petition with the New Jersey Board of Public Utilities ("Board") in Docket No. GR\_\_\_\_\_ to revise its Weather Normalization Clause ("WNC"), the Clean Energy Program ("CEP") component of its Societal Benefit Charge ("SBC"), and its On-System Margin Sharing Credit ("OSMC"). The Company has petitioned the Board to establish a WNC rate of \$0.0171 per therm to recover a deficiency balance of \$5.5 million, a CEP rate of \$0.0280 per therm to recover CEP cost responsibility amounting to \$13.2 million, and an OSMC credit rate of \$0.0020 per therm for an adjustment to margin contributions amounting to \$0.6 million, inclusive of taxes, to be effective October 1, 2020. The WNC allows the Company to implement surcharges or credits during the months of October through May to compensate for weather-related changes in customer usage from the previous winter period. The CEP component of the SBC recovers the costs of statewide energy efficiency and renewable energy programs mandated by the Board. The OSMC rate is designed to flow back to the Company's firm customers the margins received from on-system sales and transportation services. The proposed rates are subject to BPU approval and may be higher or lower depending on the Board's final determination and the date on which such rates are made effective. A comparison of the Company's current rates to the proposed rates is as follows:

	<u>Current Rates</u> <u>per Therm</u>	<u>Proposed Rates</u> <u>per Therm</u>
<b>WNC</b>	\$0.0000	\$0.0171
<b>CEP</b>	\$0.0213	\$0.0280
<b>OSMC</b>	<u>(\$0.0015)</u>	<u>(\$0.0020)</u>
<b>Total</b>	\$0.0198	\$0.0431

The combined effect of the Company's filing to a residential customer using an average of 100 therms per month is as follows as compared to rates currently in effect:

<u>Consumption in</u> <u>Therms</u>	<u>Present Bill</u> <u>July 1, 2020</u>	<u>Proposed Bill</u>	<u>Proposed Increase</u>	<u>Percent Change</u>
100	\$106.14	\$108.47	\$2.33	2.2%

Any assistance required by customers in ascertaining the impact of the proposed rate increase will be provided by the Company on request.

Copies of the Petition are available online at Elizabethtown's website: [www.elizabethtowngas.com/rates-and-tariff](http://www.elizabethtowngas.com/rates-and-tariff) under Regulatory Information.

**PLEASE TAKE NOTICE** that due to the COVID-19 state of emergency, a telephonic public hearing will be conducted on the following date and times so that members of the public may present their views on the Company's filing.

Date:

Hearing Times: 4:30 pm and 5:30 pm

Dial In:

Conference ID:

Representatives from the Company, Board Staff, and Rate Counsel will participate in the telephonic public hearing. Members of the public are invited to participate by utilizing the Dial In and Conference ID information set forth above, and may express their views on this filing. Such comments will be made part of the final record of the proceeding to be considered by the Board. The Board is also accepting written and emailed comments. Although both will be given equal consideration, the preferred method of transmittal is via email to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic. Written comments may be submitted to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. Email comments should be submitted to: [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov). Please include the name of the petition and the docket number when submitting comments. Written and emailed comments will be provided the same weight as statements made at the hearings. Hearings will continue, if necessary, on such additional dates and at such locations as the Board may designate, to ensure that all interested persons are heard.

**Elizabethtown Gas Company**  
**Christie McMullen –President and Chief Operating Officer**

# Verification

I, Stefany M. Graham, of full age, being duly sworn according to law, upon my oath, depose and say:

1. I am Director, Rates & Regulatory Affairs of SJI Utilities Inc., the parent company to Elizabethtown Gas Company ("Company") and I am authorized to make this verification on behalf of the Company.

2. I have reviewed the within petition and the information contained therein is true according to the best of my knowledge, information and belief.

  
Stefany M. Graham,  
Director, Rates & Regulatory Affairs

Sworn to and subscribed to before me this 31<sup>st</sup> day of July, 2020.

  
CAROLYN A. JACOBS

NOTARY PUBLIC OF NEW JERSEY

My Commission Expires October 28, 2023



**IN THE MATTER OF THE PETITION OF  
ELIZABETHTOWN GAS COMPANY TO (1) REVISE ITS WEATHER  
NORMALIZATION CLAUSE RATE; (2) REVISE THE CLEAN ENERGY  
PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE;  
AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT**

**BPU DOCKET NO. \_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**THOMAS KAUFMANN**

**On Behalf Of  
Elizabethtown Gas Company**

**Exhibit P-1**

**July 31, 2020**

**ELIZABETHTOWN GAS COMPANY  
DIRECT TESTIMONY OF  
THOMAS KAUFMANN**

1     **I.    INTRODUCTION**

2     **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3     **A.    My name is Thomas Kaufmann. My business address is 520 Green Lane, Union, New**  
4         **Jersey 07083.**

5     **Q.    BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6     **A.    I am employed by Elizabethtown Gas Company (“Elizabethtown” or “Company”) as**  
7         **Manager of Rates and Tariffs.**

8     **Q.    WHAT IS THE SCOPE OF YOUR DUTIES AT ELIZABETHTOWN?**

9     **A.    I am responsible for designing and developing rates and rate schedules for regulatory**  
10         **filings with the New Jersey Board of Public Utilities (“Board”) and internal**  
11         **management purposes. I also oversee daily rate department functions, including tariff**  
12         **administration, competitive analyses and preparation of management reports.**

13    **Q.    PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND**  
14         **BUSINESS EXPERIENCE.**

15    **A.    In June 1977, I graduated from Rutgers University, Newark, New Jersey with a**  
16         **Bachelor of Arts degree in Business Administration, majoring in accounting and**  
17         **economics. In July 1979, I graduated from Fairleigh Dickinson University, Madison,**  
18         **New Jersey with a Masters of Business Administration, majoring in finance.**

19             My professional responsibilities have encompassed financial analysis,  
20             accounting, planning, and pricing in manufacturing and energy services companies in  
21             both regulated and unregulated industries. In 1977, I was employed by Allied

1 Chemical Corp. as a staff accountant. In 1980, I was employed by Celanese Corp. as  
2 a financial analyst. In 1981, I was employed by Suburban Propane as a Strategic  
3 Planning Analyst, promoted to Manager of Rates and Pricing in 1986 and to Director  
4 of Acquisitions and Business Analysis in 1990. In 1993, I was employed by  
5 Concurrent Computer as a Manager, Pricing Administration. In 1996, I joined NUI  
6 Corporation (“NUI”) as a Rate Analyst, was promoted to Manager of Regulatory  
7 Support in August 1997 and Manager of Regulatory Affairs in February 1998, and  
8 named Manager of Rates and Tariffs in July 1998. NUI Corporation was acquired by  
9 AGL Resources Inc. (“AGL”) in November 2004. AGL was acquired by Southern  
10 Company in July 2016. SJI acquired Elizabethtown Gas July 1, 2018.

11 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

12 **A.** First, I will discuss the derivation of the proposed Weather Normalization Clause  
13 (“WNC”) rate to be charged to the Company’s customer classes subject to the WNC  
14 during the eight month period October 1, 2020 through May 31, 2021. In addition, I  
15 will discuss proposed changes to the monthly Heating Degree Day Consumption  
16 Factors, which will be used in the determination of the monthly margin revenue excess  
17 or deficiency for the 2020-2021 WNC period.

18 I will also support Elizabethtown’s proposed rate for the Clean Energy Program  
19 (“CEP”) component of the Societal Benefits Charge (“SBC”) and its On-System  
20 Margin Sharing Credit (“OSMC”) rate for the 2021 Recovery Year, which is the twelve  
21 month period ending September 30, 2021.

22

23

1 **Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE IN THIS**  
2 **FILING?**

3 **A.** The Company is proposing that the final rates and associated changes proposed in this  
4 filing take effect on October 1, 2020.

5 **Q. WHEN WERE THE COMPANY’S WNC, CEP AND OSMC RATES LAST**  
6 **REVISED?**

7 **A.** The current rates in effect for the CEP, OSMC and WNC were approved in Petitioner’s  
8 2019 CEP/OSMC/WNC proceeding in BPU Docket No. GR19070873 per final order  
9 dated March 9, 2020.

10 **Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?**

11 **A.** Yes. My testimony includes schedules and proposed tariff sheets that were prepared  
12 under my direction and supervision. The schedules are as follows:

13 (1) **Tariff Schedule TK-1** consists of revised tariff sheets in redlined and clean form  
14 which reflect the revised rates for the WNC, the CEP rate component of the SBC  
15 and the OSMC riders.

16 (2) **Forecast Schedule TK-1** provides the level of forecast sales and services for  
17 the 2021 Recovery Year, which was utilized in the calculation of the proposed  
18 WNC, CEP and OSMC rates.

19 (3) **WNC Schedule TK-1** sets forth the calculation of the proposed WNC rate.

20 (4) **WNC Schedule TK-2** compares the actual calendar month degree days to the  
21 Normal Calendar Month Degree Days (“NCMDD”) and presents the calculation  
22 of the excess in WNC Margin Revenues for the 2019/2020 Winter Period.



1           **(16) OSMC Schedule TK-3** sets forth the balance to be trued-up for the margin  
2           sharing credits generated versus credits disbursed to customers for the twelve  
3           month period ended June 30, 2020.

4           **(16) OSMC Schedule TK-4** presents the actual OSMC disbursements to sales  
5           customers taking BGSS service and residential transportation customers for the  
6           twelve month period ended June 30, 2020.

7       **II. REVENUE FORECAST**

8       **Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND**  
9       **SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE**  
10       **COMPANY'S PROPOSED WNC, CEP AND OSMC RATES?**

11       **A.** The methodology used is the same as that used in the demand forecast which supports  
12       Elizabethtown's Basic Gas Supply Service ("BGSS") rates. A summary of the forecast  
13       of normalized sales and services is set forth on Forecast Schedule TK-1.

14       **Q. WHAT PERIOD IS COVERED BY THE DEMAND FORECAST?**

15       **A.** The gas sales demand forecast as set forth on Forecast Schedule TK-1 for the SBC is  
16       for the twelve month period ended September 2021, a period of 12 months, also  
17       referred to as the 2021 Recovery Year. The WNC sales demand forecast, which is not  
18       applicable to all service classes, is for the eight month period October 2020 through  
19       May 2021.

20       **Q. WERE THE COMPANY'S FIRM AND NON-FIRM SALES AND**  
21       **TRANSPORTATION REVENUE FORECASTS PREPARED USING THE**  
22       **SAME METHODOLOGY USED BY THE COMPANY IN PREPARING LAST**  
23       **YEAR'S REVENUE FORECASTS?**

1 **A.** Yes. The Company continues to use regression equations based on actual historical  
2 sales demand data as well as any known customer changes to develop the forecast  
3 demand.

4 **III. WEATHER NORMALIZATION CLAUSE**

5 **Q. PLEASE DESCRIBE THE WEATHER NORMALIZATION CLAUSE**  
6 **(“WNC”).**

7 **A.** The Company's WNC is a rate mechanism which, in general, mitigates the financial  
8 effect of variations from the normal weather on which base rates are set, on both the  
9 Company and its customers in the Residential Delivery Service (“RDS”), Small  
10 General Service (“SGS”), and General Delivery Service (“GDS”) classes, the  
11 Company's most weather-sensitive customer classes. Variances in actual degree days  
12 from normal for each day are measured and accumulated over the calendar month for  
13 each month in the Winter Period (October through May). These monthly variances are  
14 adjusted for a degree day deadband, which is 0.5% of the Normal Calendar Month  
15 Degree Days (“NCMDD”). The resulting cumulative degree day variance determines  
16 the adjustment to customers’ bills in the following Winter Period, which is either a  
17 surcharge to collect a revenue deficiency as a result of warmer-than-normal weather or  
18 a credit to customers to refund the excess revenues collected as a result of colder-than-  
19 normal weather.

20 **Q. WHAT IS THE RESULT OF THE COMPARISON OF THE ACTUAL**  
21 **TEMPERATURES EXPERIENCED IN THE MOST RECENT WINTER**  
22 **PERIOD AND THE NCMDD?**

23 **A.** WNC Schedule TK-2 shows the results for the 2019/2020 Winter Period; the weather  
24 was 4.9% or 225 degree days warmer than normal. The monthly degree day variances

1 must be adjusted for the WNC deadband within which the WNC operates. After this  
2 adjustment, the cumulative degree day variance of 222 degree days produces a margin  
3 revenue deficiency of \$5,739,573.

4 **Q. WHAT WERE THE RESULTS OF THE OPERATION OF THE WNC DURING**  
5 **THE MOST RECENT WINTER PERIOD?**

6 **A.** WNC Schedule TK-3 shows the results of the operation of the WNC during the  
7 2019/2020 Winter Period resulting in a prior period excess balance of \$204,994. This  
8 excess balance plus the current period Margin Revenue Deficiency of \$5,739,573  
9 results in a Total Revenue Deficiency Balance of \$5,534,579 as shown on TK-1.

10 **Q. HOW WERE THE 2019 RATE CASE WNC DEGREE DAY CONSUMPTION**  
11 **FACTORS AND MARGIN REVENUE FACTOR, EFFECTIVE ON**  
12 **NOVEMBER 15, 2019, INCORPORATED INTO THE WNC MARGIN**  
13 **REVENUE EXCESS OR DEFICIENCY CALCULATIONS?**

14 **A.** As shown on WNC Schedule TK-2.1 the WNC Margin Revenue for the month of  
15 November was calculated daily using the Degree Day Consumption Factor and Margin  
16 Revenue Factor for those factors in effect prior to November 15<sup>th</sup> and thereafter from  
17 the Rate Case in BPU Docket No. GR19040486 made effective November 15, 2019.

18 **Q. HOW IS THE WNC RATE CALCULATED?**

19 **A.** As set forth in Rider B of the Company's tariff, the monthly difference in degree days  
20 from normal during the Winter Period, adjusted for a monthly 0.5% deadband, is  
21 multiplied by the monthly Degree Day Consumption Factor yielding a difference in  
22 therms consumed associated with the variance (in degree days) between actual and  
23 normal weather. The monthly Degree Day Consumption Factors included on WNC

1 Schedule TK-2 were calculated using the WNC factors approved in Elizabethtown's  
2 previous WNC proceeding.

3 As shown on WNC Schedule TK-2, the variance in therms is then multiplied  
4 by the margin revenue factor of \$0.2884 per therm for October, with November of  
5 \$0.3083 per the proration calculation presented on WNC Schedule TK-2.1 and \$0.3456  
6 from December forward, to produce the monthly margin revenues associated with  
7 warmer or colder-than-normal weather during the affected winter period. The resulting  
8 margin revenue excess or deficiency is then adjusted for the prior year balance,  
9 presented on WNC Schedule TK-3. This excess or deficiency is divided by the  
10 projected throughput for the months of October through May for the RDS, SGS, and  
11 GDS classes and adjusted for taxes to derive the WNC rate.

12 **Q. HOW ARE THE UPDATED MONTHLY DEGREE DAY CONSUMPTION**  
13 **FACTORS DEVELOPED?**

14 **A.** WNC Schedule TK-4 presents the development of the monthly Degree Day  
15 Consumption Factors to be utilized in the 2020/2021 Winter Period. The normalized  
16 use in therms per customer is based on the normalized projected heat load and base  
17 number of customers approved by the BPU in Docket No. GR19040486, the  
18 Company's base rate case factors applicable to the 2019/2020 Winter Period, using a  
19 non-leap year heating degree day pattern in the months of February through May in  
20 such years. These are multiplied by the current customer counts, as of May 31, 2020  
21 for those classes subject to the WNC clause. The resulting Annualized Normalized  
22 Projected Heat Load is then divided by the 20-year normal heating degree day pattern,  
23 deriving the new monthly Degree Day Consumption Factors. It should be noted that  
24 except for updates in the base number of customers and adjustments to account for the

1 existence of a leap year (when necessary), the information used to update the monthly  
2 Degree Day Consumption Factors is derived from the Company's most recent base rate  
3 case.

4 **Q. WHAT IS THE TOTAL PROJECTED THROUGHPUT FOR THE CLASSES**  
5 **SUBJECT TO THE WNC FOR THE PERIOD OCTOBER 1, 2020 THROUGH**  
6 **MAY 31, 2021?**

7 **A.** The total projected throughput is 345,114,981 therms, as set forth on WNC Schedule  
8 TK-1.

9 **Q. ARE THERE ANY RESTRICTIONS ON THE APPLICABILITY OF A**  
10 **WEATHER NORMALIZATION RATE?**

11 **A.** Yes, there are two restrictions in the tariff. The WNC Rate shall not operate to permit  
12 the Company to recover any portion of a margin revenue deficiency that will cause the  
13 Company to earn in excess of its allowed return on equity for the thirteen (13) month  
14 Annual Period. The return on equity approved by the Board in the Company's most  
15 recent rate cases in BPU Docket No. GR16090826 made effective July 1, 2017 and in  
16 BPU Docket No. GR19040486 made effective November 15, 2019 is 9.6%. Any  
17 portion disallowed as a result of this earnings test shall not be deferred. Per the second  
18 restriction, the WNC charge rate in any one year shall not exceed a rate cap equal to  
19 three percent (3%) of the RDS service classification distribution rate plus the BGSS  
20 rate. Any difference between the proposed rate and this rate cap is deferred for  
21 recovery in the next winter period.

22

1 **Q. DO THE EARNINGS TEST RESTRICTIONS APPLY IN THIS**  
2 **PROCEEDING?**

3 **A.** No. As shown on the Earnings Test on WNC Schedule TK-5, the Company's regulated  
4 jurisdictional net income for the actual / projected period ending September 30, 2020  
5 is projected to be lower than the allowed return on common equity. This schedule is  
6 more fully discussed below.

7 **Q. PLEASE EXPLAIN WNC SCHEDULE TK-5.**

8 **A.** WNC Schedule TK-5 shows the calculation of projected Regulated Jurisdictional Net  
9 Income Excess / (Deficiency) for the year ending September 30, 2020. For purposes  
10 of this calculation, the amounts presented include nine months of actual income  
11 through June 30, 2020 and three months of projected income through September 30,  
12 2020.

13 The second part of this section sets forth the calculation of the authorized return  
14 on common equity using the average thirteen-month common equity balance noted  
15 above. The average common equity balance was calculated by adding the common  
16 equity balances at the end of each of the ten months ended June 30, 2020, and projected  
17 balances at the end of the months July through September 2020. The sum of these  
18 balances was divided by 13 to arrive at the average equity balance. The difference  
19 between the Regulated Jurisdictional Net Income and Allowed Return results in the  
20 Excess or (Deficiency) to Net Income to be considered in determining the amount of  
21 deficiency to recovered.

22 The Net WNC Margin Revenue Excess / (Deficiency) section of the schedule  
23 shows the amount of the WNC Margin computed on WNC Schedule TK-2 on an after

1 tax basis to determine what if any portion of a deficiency is disallowed when compared  
2 to the Regulated Jurisdictional Net Income deficiency.

3 The Revenue Disallowance section shows the amount of Net Income  
4 Disallowed, if any, grossed for taxes to derive the Revenue Disallowance used on WNC  
5 Schedule TK-1 to derive the current period's margin revenue

6 **Q. PLEASE EXPLAIN THE RESULT OF THIS EARNINGS TEST.**

7 **A.** The test of earnings shows that the regulated jurisdictional net income for the period  
8 ending September 30, 2020 is projected to be lower than the allowed return on common  
9 equity resulting in no net income disallowance and therefore no revenue disallowance.  
10 As per the tariff, had there been a disallowance this amount is not allowed to be  
11 deferred.

12 **Q. DOES THE RATE CAP RESTRICTION APPLY IN THIS PROCEEDING?**

13 **A.** No. As shown on WNC Schedule TK-1, the proposed rate is lower than the 3% rate  
14 cap.

15 **Q. WHAT IS THE PROPOSED WNC RATE?**

16 **A.** The proposed WNC rate is \$0.0171 per therm inclusive of taxes as presented on WNC  
17 Schedule TK-1.

18 **IV. SOCIETAL BENEFITS CHARGE**

19 **Q. PLEASE DESCRIBE THE SBC.**

20 **A.** The SBC currently consists of the following components: (1) the New Jersey Clean  
21 Energy Program ("CEP"), (2) the Remediation Adjustment Clause ("RAC")  
22 component, (3) the Universal Service Fund ("USF") charge, and (4) the Lifeline  
23 charge. As discussed in the accompanying Petition, Petitioner is not proposing changes  
24 to the RAC, USF and Lifeline rates in this filing; these rates have been or will be

1 addressed in separate filings. My testimony is limited to addressing the CEP  
2 component of the SBC rate.

3 **V. SBC – CEP COMPONENT**

4 **Q. DESCRIBE THE PURPOSE OF THE CEP.**

5 **A.** The CEP was created as a result of the Electric Discount and Energy Competition Act  
6 of 1999 and the Board’s March 9 Order in Docket No. EX99050347, *et al.* The  
7 programs described below were developed after consultation between the BPU and the  
8 Department of Environmental Protection to promote both energy efficiency and Class  
9 1 renewable energy programs for the State of New Jersey and its energy consumers.

10 **Q. WERE ALL APPROVED CEP FUNDS COLLECTED BY ELIZABETHTOWN**  
11 **SPENT ON PROGRAMS ADMINISTERED BY ELIZABETHTOWN AND/OR**  
12 **THE FISCAL AGENT?**

13 **A.** Yes. Elizabethtown expends program funds in the following three ways: (i) expenses  
14 for the costs of administering CEP Energy Efficiency Programs, (ii) payments made to  
15 renewable or grid supply program vendors at the direction of BPU Staff, and (iii)  
16 payments made directly to the fiscal agent, which are equal to the difference between  
17 the Board-approved funding and the Company’s administrative costs and payments to  
18 vendors.

19 **Q. PLEASE EXPLAIN HOW THE CEP COMPONENT OF THE SBC WAS**  
20 **CALCULATED.**

21 **A.** The CEP component is calculated by determining the sum of (i) the total of the current  
22 year’s expenditures and fiscal agent payments, less recoveries, plus carrying costs as  
23 shown on CEP Schedule TK-2, (ii) the prior year’s over or under-recovery shown as  
24 the opening balance on CEP Schedule TK-2, and (iii) the projected CEP costs for the

1 twelve month period ended period June 30, 2021, which are adjusted for costs in excess  
2 of the CEP Budget as of June 30, 2020, if any. The net total represents the costs to be  
3 recovered in the 2021 Recovery Year, as shown on CEP Schedule TK-1. This total is  
4 then divided by the sales and transportation volumes projected for the 2021 Recovery  
5 Year for the service classes shown on Forecast Schedule TK-1, with the resulting  
6 quotient being adjusted for taxes to arrive at a CEP rate of \$0.0280 per therm.

7 **Q. WHAT ARE THE CEP PROGRAM COSTS FOR THE YEAR ENDED JUNE**  
8 **30, 2020 AS REFLECTED IN THE COMPANY'S FILING?**

9 **A.** CEP Schedule TK-2 reflects actual Company Program Costs of \$1,788,526 and Fiscal  
10 Agent Payments of \$10,067,118 for the twelve months ended June 30, 2020.

11 **Q. WHAT ARE THE RESULTS OF THE PRIOR YEAR RECOVERY AND**  
12 **CURRENT YEAR ACTIVITIES?**

13 **A.** As of June 30, 2020, the Company's CEP Charge Component will result in a projected  
14 under recovery of \$2,109,345. As shown on CEP Schedule TK-1 line 6, this amount  
15 consists of the beginning balance at June 30, 2019, the current year Company Program  
16 Costs, Fiscal Agent Payments, Recoveries and Carrying Costs for the twelve months  
17 ended June 30, 2020. A portion of the current year's under recovery is due to the  
18 revised funding levels for the New Jersey Clean Energy Program for fiscal year 2020  
19 contained in the BPU's August 16, 2019 Notice modifying the funding levels  
20 established by its original June 21, 2019 order in BPU Docket No. QO19050644 that  
21 were not captured in the current rate. The funding level increase was approximately  
22 \$0.9 million.

23 **Q. WHAT LEVEL OF COSTS IS THE PROPOSED CEP RATE DESIGNED TO**  
24 **RECOVER?**

1 **A.** This year, the proposed CEP component is designed to recover \$13,247,917 as set forth  
2 on CEP Schedule TK-1, line 8, resulting in a per therm rate of \$0.0280. This amount  
3 is made up of the net CEP under-recovery balance as described above and shown on  
4 CEP Schedule TK-1 line 6 and projected fiscal agent payments to be remitted during  
5 the next twelve months of as shown on CEP Schedule TK-1 line 7. The twelve months  
6 of fiscal agent payments are based on June payable amounts plus next year's scheduled  
7 spending for July through May, anticipated to be remitted by June 30<sup>th</sup>. In accordance  
8 with the Board's August 16, 2019 Notice modifying the June 21, 2019 Order in Docket  
9 No. QO19050644, which established the statewide funding levels for CEP programs  
10 for Fiscal Year 2020, Petitioner has been allocated \$11,533,947 of CEP funding  
11 responsibility for the twelve months ending June 30, 2020. This budget was extended  
12 through September 30, 2020 by a July 29, 2020 Order in Docket No. QO19050645. A  
13 budget has not been provided beyond September 2020 at the time of filing as such the  
14 Company has presumed that a new budget will be generally consistent with the prior  
15 budget and has therefore used that as the estimated budget through June 2021.

16 **Q. ARE CARRYING COSTS INCLUDED IN THE CEP CALCULATION?**

17 **A.** Yes. In accordance with the Board's Order dated March 30, 2001 in Docket No.  
18 GX99030121 *et al.* the Company applies carrying costs on its CEP balance. The  
19 Company accrues carrying costs on the net monthly balance as shown on CEP Schedule  
20 TK-2. Carrying costs are not compounded monthly.

21 **Q. WHAT IS THE PROPOSED CEP RATE?**

22 **A.** The proposed CEP rate is \$0.0280 per therm inclusive of taxes as presented on CEP  
23 Schedule TK-1.

24

1 **VI. OSMC RATE**

2 **Q. PLEASE BRIEFLY DESCRIBE THE OSMC.**

3 **A.** The OSMC was originally approved by the Board by Order dated March 30, 2001 in  
4 Docket No. GX99030121, *et al.*, as the rate mechanism to be used to refund to firm  
5 sales and residential transportation customers portions of the margins derived by the  
6 Company from the rendition of certain non-firm sales and transportation services.

7 **Q. TO WHICH SERVICE CLASSIFICATIONS IS THE OSMC RATE APPLIED?**

8 **A.** In accordance with the Board's March 30, 2001 Order in Docket No. GX99030121, *et*  
9 *al.*, the OSMC component applies to customers receiving BGSS service from the  
10 Company as well as RDS customers taking gas supply from a Third Party Supplier.

11 **Q. WHAT IS THE PROPOSED OSMC RATE?**

12 **A.** The proposed OSMC rate is a credit of (\$0.0020) per therm inclusive of taxes as  
13 presented on OSMC Schedule TK-1.

14 **Q. PLEASE EXPLAIN HOW THE OSMC RATE WAS CALCULATED.**

15 **A.** As shown on OSMC Schedule TK-1, the derivation of the OSMC rate is based on the  
16 projected level of margins from certain non-firm sales and transportation services for  
17 the twelve month period ended June 30, 2021 and the prior year's over or under-  
18 recovery of margins generated, less margins credited to customers as more fully  
19 described below, divided by the applicable projected volumes.

20 **Q. PLEASE EXPLAIN HOW MARGIN SHARING AMOUNTS REFLECTED ON**  
21 **OSMC SCHEDULE TK-2 HAVE BEEN CALCULATED.**

22 **A.** Margins from the commodity element of non-firm sales to IS, CS and CSI customers  
23 and from certain ITS and CS transportation services are shared 80% to customers and  
24 20% to the Company.

1            In addition, also included in the sharing formula are certain commodity margins  
 2 from non-firm transportation customers under the ITS-CSI service classification and  
 3 certain demand and commodity margins from non-firm transportation customers under  
 4 the ITS-IS service classification, if any.

5 **VII. CONCLUSION**

6 **Q. PLEASE SUMMARIZE THE PROPOSED CHANGES TO THE CEP, WNC and**  
 7 **OSMC RATE COMPONENTS.**

8 **A.** A comparison of current rates as of July 1, 2020 and the rates proposed in this filing,  
 9 inclusive of sales tax, are as follows:

	Current	Proposed
WNC (1)	\$0.0000	\$0.0171
CEP	\$0.0213	\$0.0280
OSMC	(\$0.0015)	(\$0.0020)
Total	\$0.0198	\$0.0431

(1) Per the tariff, the rate is set to \$0.0000 per therm each June 1st. From November 2019 – March 2020, the rate was (\$0.0050) per therm and from April 2020 – May 2020, the rate was (\$0.0051) per therm.

10 **Q. WHAT IS THE IMPACT OF THE PROPOSED CHANGES IN THESE RATES**  
 11 **ON TYPICAL RESIDENTIAL CUSTOMERS?**

12 **A.** The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as  
 13 reflected in this filing would increase the monthly bill of a residential customer using  
 14 100 therms by \$2.33, from \$106.14 to \$108.47, or an increase of 2.2%, as compared to  
 15 the Company’s approved rates.

16 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

17 **A.** Yes, it does.

ELIZABETHTOWN GAS COMPANY  
B. P. U. NO. 17 – GAS

~~1st~~<sup>xx1</sup> REVISED SHEET NO. 109

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

~~April~~<sup>October</sup> 1, 2020 through May 31, ~~2020~~<sup>2021</sup> ~~\$0.0171~~<sup>(\$0.0054)</sup> per  
therm

June 1 through September 30 of any year \$0.0000 per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

Date of Issue: ~~March 16, 2020~~<sup>xx2</sup>

Effective: Service Rendered  
on and after ~~April 1, 2020~~<sup>xx3</sup>

Issued by: Christie McMullen, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~March 9, 2020~~<sup>xx4</sup> in Docket No. ~~GR19070873~~<sup>xx5</sup>

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Firm Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

~~(\$0.0015)~~ (\$0.0020) per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

---

Date of Issue: ~~March 16, 2020~~ xx2

Effective: Service Rendered  
on and after ~~April 1, 2020~~ xx3

Issued by: Christie McMullen, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~March 9, 2020~~ xx4 in Docket No. ~~GR19070873~~ xx5

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	<del>-\$0.0213</del> <u>\$0.0280</u>
II.	Remediation Adjustment Charge ("RAC")	\$0.0149
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	<u>\$0.0055</u>
	TOTAL	<del>\$0.0483</del> <u>\$0.0550</u>

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU" in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: ~~March 16, 2020~~ xx2

Effective: Service Rendered on and after ~~April 1, 2020~~ xx3

Issued by: Christie McMullen, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~March 9, 2020~~ xx4 in Docket Nos. ~~GR19070871 and GR19070873~~ xx5

CLEAN

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2020 through May 31, 2021	\$0.0171 per therm
June 1 through September 30 of any year	\$0.0000 per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

---

Date of Issue: xx2

Effective: Service Rendered  
on and after xx3

Issued by: Christie McMullen, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated xx4 in Docket No. xx5

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Firm Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0020) per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

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Date of Issue: xx2

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520 Green Lane  
Union, New Jersey 07083

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Dated xx4 in Docket No. xx5

ELIZABETHTOWN GAS COMPANY

B. P. U. NO. 17 – GAS

xx1 REVISED SHEET NO. 115

## RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0280
II.	Remediation Adjustment Charge ("RAC")	\$0.0149
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0066
	2. Lifeline	\$0.0055
	TOTAL	\$0.0550

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU" in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: xx2

Effective: Service Rendered  
on and after xx3

Issued by: Christie McMullen, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated xx4 in Docket No. xx5

ELIZABETHTOWN GAS COMPANY  
FORECASTED SALES VOLUME - THERMS  
RECOVERY YEAR - 2021

	SBC (CEP) *	OSMC	WNC (Oct- May)
<hr/> Residential	231,643,700	231,643,700	215,858,600
Commercial	74,979,474	74,979,474	67,160,481
Industrial	7,592,773	7,592,773	
Interruptible	22,296		
Total Sales	<hr/> 314,238,243	<hr/> 314,215,947	<hr/> 283,019,081
<hr/> Residential, <i>included above</i>	-	-	-
Commercial	71,971,500		62,095,900
Industrial	46,017,153		
Interruptible	71,163,798		
Total Transportation	<hr/> 189,152,451	<hr/> -	<hr/> 62,095,900
Total Sales and Transportation	<hr/> 503,390,694	<hr/> 314,215,947	<hr/> 345,114,981

\* Excludes LCAPP therms used for wholesale electric generation.



**Elizabethtown Gas Company  
Weather Normalization Clause (WNC)**

Month	Actual Calendar Degree Days	Normal <sup>(a)</sup> Calendar Degree Days	(Warmer) / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor <sup>(b)</sup>	Variance in Therms	Margin Revenue Factor <sup>(c)</sup>	Margin Revenue Excess / (Deficiency)
Oct-19	177	257	(80)	(31.1%)	(31.1%)	1	(79)	51,839	(4,095,281)	\$0.2884	(\$1,181,079)
Nov	655	523	132	25.2%	6.7%	3	129	61,938	7,989,961	\$0.3083	\$2,463,057
Dec	835	828	7	0.8%	3.7%	4	3	69,064	207,192	\$0.3456	\$71,606
Jan-20	805	998	(193)	(19.3%)	(5.1%)	5	(188)	68,081	(12,799,228)	\$0.3456	(\$4,423,413)
Feb	734	854	(120)	(14.1%)	(7.3%)	4	(116)	67,808	(7,865,728)	\$0.3456	(\$2,718,396)
Mar	543	680	(137)	(20.1%)	(9.4%)	3	(134)	63,693	(8,534,862)	\$0.3456	(\$2,949,648)
Apr	442	344	98	28.5%	(6.5%)	2	96	52,489	5,038,944	\$0.3456	\$1,741,459
May	<u>185</u>	<u>117</u>	<u>68</u>	58.1%	(4.9%)	<u>1</u>	<u>67</u>	54,279	<u>3,636,693</u>	\$0.3456	<u>\$1,256,841</u>
Total	4,376	4,601	(225)			23	(222)		(16,422,309)		(\$5,739,573)

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder	(16,422,309)
WNC Margin Revenue - Excess / (Deficiency)	<u>(\$5,739,573)</u>

<sup>(a)</sup> Degree Days as set forth in Tariff No. 16 - Rider B, Original Sheet No. 112 through November 14th and Tariff No. 17 Original Sheet No. 110 thereafter.

<sup>(b)</sup> Degree Day Consumption Factor from the prior year annual filing Sch. TK-4 for October 2019, Sch. TK-2.1 November and Tariff No. 17 Sheet No. 111 thereafter.

<sup>(c)</sup> Margin Revenue Factor as set forth in Tariff No. 16 Rider B, Sheet No. 113 through November 14th and Tariff No. 17 Sheet No. 111 thereafter.

\* Dead Band is 0.5% of the Monthly Normal Calendar Degree Days

**Elizabethtown Gas Company  
Weather Normalization Clause (WNC)**

Daily Calculation of November 2019 Margin Revenue  
per approval of the Company's Rate Case In Docket No. GR19040486 effective on November 15, 2019.

Month	Actual Calendar Degree Days	Normal Calendar Degree Days <sup>(a)</sup>	% (Warmer / Colder / Normal)	Season % (Warmer / Colder / Normal)	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor <sup>(b)</sup>	Variance in Therms	Margin Revenue Factor <sup>(c)</sup>	Margin Revenue Excess / (Deficiency)	
11/1/19	18	12	6	50.0%	50.0%	0.060	5.940	<b>60,354</b>	358,503	<b>\$0.2884</b>	\$103,392
11/2/19	17	14	3	21.4%	34.6%	0.070	2.930	60,354	176,837	\$0.2884	\$51,000
11/3/19	19	14	5	35.7%	35.0%	0.070	4.930	60,354	297,545	\$0.2884	\$85,812
11/4/19	13	15	(2)	(13.3%)	21.8%	0.075	(1.925)	60,354	(116,181)	\$0.2884	(\$33,507)
11/5/19	12	15	(3)	(20.0%)	12.9%	0.075	(2.925)	60,354	(176,535)	\$0.2884	(\$50,913)
11/6/19	16	14	2	14.3%	13.1%	0.070	1.930	60,354	116,483	\$0.2884	\$33,594
11/7/19	20	15	5	33.3%	16.2%	0.075	4.925	60,354	297,243	\$0.2884	\$85,725
11/8/19	32	16	16	100.0%	27.8%	0.080	15.920	60,354	960,836	\$0.2884	\$277,105
11/9/19	28	15	13	86.7%	34.6%	0.075	12.925	60,354	780,075	\$0.2884	\$224,974
11/10/19	17	15	2	13.3%	32.4%	0.075	1.925	60,354	116,181	\$0.2884	\$33,507
11/11/19	10	16	(6)	(37.5%)	25.5%	0.080	(5.920)	60,354	(357,296)	\$0.2884	(\$103,044)
11/12/19	36	17	19	111.8%	33.7%	0.085	18.915	60,354	1,141,596	\$0.2884	\$329,236
11/13/19	35	18	17	94.4%	39.3%	0.090	16.910	60,354	1,020,586	\$0.2884	\$294,337
11/14/19	26	16	10	62.5%	41.0%	0.080	9.920	60,354	598,712	\$0.2884	\$172,669
<b>11/15/19</b>	<b>22</b>	<b>15</b>	<b>7</b>	<b>46.7%</b>	<b>41.4%</b>	<b>0.075</b>	<b>6.925</b>	<b>62,593</b>	<b>433,457</b>	<b>\$0.3456</b>	<b>\$149,803</b>
11/16/19	31	16	15	93.8%	44.9%	0.080	14.920	62,593	933,888	\$0.3456	\$322,752
11/17/19	25	20	5	25.0%	43.3%	0.100	4.900	62,593	306,706	\$0.3456	\$105,998
11/18/19	24	20	4	20.0%	41.7%	0.100	3.900	62,593	244,113	\$0.3456	\$84,365
11/19/19	21	19	2	10.5%	39.7%	0.095	1.905	62,593	119,240	\$0.3456	\$41,209
11/20/19	21	21	0	0.0%	37.2%	0.105	0.000	62,593	0	\$0.3456	\$0
11/21/19	15	20	(5)	(25.0%)	33.5%	0.100	(4.900)	62,593	(306,706)	\$0.3456	(\$105,998)
11/22/19	23	21	2	9.5%	32.1%	0.105	1.895	62,593	118,614	\$0.3456	\$40,993
11/23/19	23	22	1	4.5%	30.6%	0.110	0.890	62,593	55,708	\$0.3456	\$19,253
11/24/19	24	19	5	26.3%	30.4%	0.095	4.905	62,593	307,019	\$0.3456	\$106,106
11/25/19	19	20	(1)	(5.0%)	28.7%	0.100	(0.900)	62,593	(56,334)	\$0.3456	(\$19,469)
11/26/19	13	19	(6)	(31.6%)	26.1%	0.095	(5.905)	62,593	(369,612)	\$0.3456	(\$127,738)
11/27/19	12	20	(8)	(40.0%)	23.3%	0.100	(7.900)	62,593	(494,485)	\$0.3456	(\$170,894)
11/28/19	25	20	5	25.0%	23.3%	0.100	4.900	62,593	306,706	\$0.3456	\$105,998
11/29/19	29	20	9	45.0%	24.2%	0.100	8.900	62,593	557,078	\$0.3456	\$192,526
11/30/19	29	19	10	52.6%	25.2%	0.095	9.905	62,593	619,984	\$0.3456	\$214,266
	<u>655</u>	<u>523</u>	<u>132</u>			<u>3</u>	<u>129</u>	<u>61,938</u>	<u>7,989,961</u>	<u>\$0.3083</u>	<u>\$2,463,057</u>

(a) Daily Degree Days 20 year normal approved in the 2016 rate case supporting November DD's in Tariff No.16 Rider B, Sheet No. 112 through November 14th and those approved in the 2019 rate case supporting Tariff No. 17 Sheet No. 110 thereafter.

(b) Degree Day Consumption Factor from the prior year annual filing Sch. TK-4 for October 2019, Sch. TK-2.1 November and Tariff No. 17 Sheet No. 111 thereafter.

(c) Margin Revenue Factor as set forth in Tariff No. 16 Rider B, Sheet No. 113 through November 14th and Tariff No. 17 Sheet No. 111 thereafter.

**Elizabethtown Gas Company  
Weather Normalization Clause (WNC)**

**Calculation of Prior Year Recovery Balance  
June 30, 2020**

1	Prior Year Excess / (Deficient) Revenues at June 30, 2019	\$1,877,951
2	Prior Year Excess / (Deficient) Balance	(\$237,009)
3	Adjusted Excess / (Deficient) Revenues (L1+L2)	\$1,640,942
4	Current Recovery / (Refund) to RDS , SGS and GDS Customer Classes:	
	<u>Therms*</u>	<u>Rate w/o Tax*</u>
	July-19	\$1,002
	August-19	\$1,753
	September-19	\$2,121
	October-19	\$1,773
	November-19	(\$63,920)
	December-19	(\$253,134)
	January-20	(\$280,252)
	February-20	(\$285,607)
	March-20	(\$240,800)
	April-20	(\$162,310)
	May-20	(\$121,491)
	June-20	(\$35,083)
	313,612,401	(\$1,435,948)
5	Total Excess / (Deficient) Revenues (L3+L4)	\$204,994

\* Therms and Rates are shown when a WNC rate is in effect. The WNC rate, when approved, is not in effect during the non-winter months of June - September, however, activity can occur in all periods for customer billing adjustments and in the case of June recoveries/(refunds) from pro-rating and billing May consumption in June when a rate is in effect.

The rate presented is derived from dividing that amount by the therms in months when a WNC rate is in effect, as such rounding differences to the tariff / billing rate may result.

**Elizabethtown Gas Company  
Weather Normalization Clause (WNC)**

**Development of the Normalized Degree Day Consumption Usage Factor  
October 2020 through May 2021**

<u>Month</u> <u>a</u>	<u>Normalized Projected Heat Load (1)</u> <u>(therms)</u> <u>b</u>	<u>Base Number of Customers (2)</u> <u>c</u>	<u>Therms Per Customer</u> <u>d=b/c</u>	<u>Number of Customers (3)</u> <u>e</u>	<u>Annualized Projected Heat Load (therms)</u> <u>f=d*e</u>	<u>Normal HDDs (4)</u> <u>g</u>	<u>Annualized Consumption Therms Per HDD</u> <u>h=f/g</u>
Oct-20	12,586,818	293,159	42.93512	298,816	12,829,701	244	52,581
Nov	32,226,642	293,834	109.67635	298,816	32,773,048	516	63,514
Dec	57,214,418	294,633	194.18876	298,816	58,026,709	828	70,081
Jan-21	68,077,503	295,059	230.72505	298,816	68,944,337	998	69,083
Feb	56,372,689	295,322	190.88550	298,816	57,039,642	829	68,805
Mar	44,032,417	295,477	149.02147	298,816	44,530,000	689	64,630
Apr	18,674,159	295,126	63.27521	298,816	18,907,645	355	53,261
May	6,513,470	294,483	22.11832	298,816	6,609,308	120	55,078

- 1) Based on determinants used in the calculation of Therms per Degree Day approved in the 2019 base rate case, with a non-leap year HDD pattern for the months of February through May.
- 2) Base number of customers as approved in the 2019 base rate case.
- 3) Current Year May 31st customer count for those classes subject to the WNC clause.
- 4) 20-year 1999-2019 monthly normal heating degree days (base 65°F); represents a non leap-year pattern.

**Elizabethtown Gas Company  
Weather Normalization Clause (WNC)  
Earnings Test**

October-19 Through September-20

<b><u>Regulated Jurisdictional Net Income Excess / (Deficiency):</u></b>		
	Net Income (including WNC margin revenue, net of tax)	\$43,164,800
	add back WNC margin revenue, net of tax	<u>(\$4,126,179)</u>
1	Net Income (excluding WNC margin revenue, net of tax) *	\$39,038,621
2	Less: Non-firm Sales & Transportation margins, net of tax	\$101,984
	Off-system Sales & Capacity Release, net of tax	\$57,375
	Amort. of Pension/OPEB Regulatory Assets, net of tax **	\$2,883,008
3	Other income (expense), net of tax	<u>\$952,144</u>
4	Regulated Jurisdictional Net Income	\$3,994,511
		\$35,044,110
5	Average Thirteen Month Common Equity ***	\$563,498,863
6	Rate of Return on Equity, in both the 2017 and 2019 Rate Case(s)	<u>9.60%</u>
7	Allowed Return (L5*L6)	<u>\$54,095,891</u>
8	Regulated Jurisdictional Net Income Excess / (Deficiency) (L7-L 4)	<u><u>(\$19,051,781)</u></u>
<b><u>Net WNC Margin Revenue Excess / (Deficiency):</u></b>		
9	WNC Margin Revenue Excess / (Deficiency) (TK-2)	(\$5,739,573)
10	Less: Corporate Business Tax 9.0%	(\$516,562)
11	Federal Income Tax 21.0%	<u>(\$1,096,832)</u>
12	Net WNC Margin Revenue Excess / (Deficiency) (L9-L10-L11)	<u><u>(\$4,126,179)</u></u>
<b><u>Revenue Disallowance:</u></b>		
13	Net Income Disallowance, (L8-L12) {Occurs when a Deficiency on L12 exceeds a Deficiency on L8.}	\$0
14	Tax Gross Up Factor	28.11%
15	Grossed Up Net Income Disallowance, (L13/(1-L14))	<u>\$0</u>
16	WNC Revenue Disallowance, (smaller of absolute L9 and L15)	<u><u>\$0</u></u>

\* Net Income is adjusted to exclude non-jurisdictional allocated income taxes and to exclude interest and related income tax amounts of non-jurisdictional acquisition adjustment amounts.

\*\* Represents the amortization of the Pension and Other Post-Employment Benefits regulatory assets consistent with the BPU Order approving the acquisition of NUI by AGL Resources Inc. dated 11-17-2004. The amortization was not recorded in the books and records consistent with Generally Accepted Accounting Principles and therefore is included as an adjustment above to reflect the expense for regulatory reporting purposes.

\*\*\* Common Equity is adjusted to exclude non-jurisdictional acquisition adjustment amounts.



ELIZABETHTOWN GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
CLEAN ENERGY PROGRAM (CEP)

**Carrying Costs**  
12 Months Ended  
June-20

	Beginning Balance <u>a</u> <u>b</u>	Program Costs * TK-3 <u>c</u>	Current Fiscal Agent Payments * TK-3 <u>d</u>	Recoveries TK-4 <u>e</u>	Ending Balance f=b+c+d-e	Average Balance g=(b+f)/2	Interest Rate ** <u>h</u>	Carrying Costs i=g*h/12	Ending Balance plus Cumulative Interest j=f+ cum of i (Over) / Under
Jul-19	(\$75,932)	\$133,480	\$435,353	\$389,204	\$103,697	\$13,883	3.41%	\$39	\$103,736
Aug-19	\$103,697	\$123,491	\$190,664	\$344,070	\$73,782	\$88,740	3.41%	\$252	\$74,073
Sep-19	\$73,782	\$132,604	\$317,604	\$336,635	\$187,355	\$130,569	2.05%	\$223	\$187,869
Oct-19	\$187,355	\$210,213	\$212,815	\$402,139	\$208,244	\$197,800	2.05%	\$338	\$209,096
Nov-19	\$208,244	\$174,597	\$236,245	\$752,008	(\$132,922)	\$37,661	2.05%	\$64	(\$132,006)
Dec-19	(\$132,922)	\$228,926	\$984,493	\$1,313,409	(\$232,912)	(\$182,917)	2.05%	(\$312)	(\$232,308)
Jan-20	(\$232,912)	\$205,871	\$0	\$1,427,629	(\$1,454,670)	(\$843,791)	2.05%	(\$1,441)	(\$1,455,507)
Feb-20	(\$1,454,670)	\$211,249	\$1,263,969	\$1,449,120	(\$1,428,572)	(\$1,441,621)	2.05%	(\$2,463)	(\$1,431,872)
Mar-20	(\$1,428,572)	\$207,342	\$1,642,934	\$1,239,720	(\$818,016)	(\$1,123,294)	2.05%	(\$1,919)	(\$823,235)
Apr-20	(\$818,016)	\$41,202	\$1,695,561	\$888,613	\$30,134	(\$393,941)	2.05%	(\$673)	\$24,242
May-20	\$30,134	\$83,113	\$1,408,765	\$693,564	\$828,448	\$429,291	2.05%	\$733	\$823,289
Jun-20	\$828,448	\$36,438	\$1,678,715	\$431,609	\$2,111,992	\$1,470,220	2.05%	\$2,512	\$2,109,345
Total pre adjustment		<u>\$1,788,526</u>	<u>\$10,067,118</u>	<u>\$9,667,720</u>				<u>(\$2,647)</u>	-

Notes:

\* Per the "MOA" of May 5, 2004 the costs will be netted against the program budget to determine the fiscal agent payments, see CEP Schedule TK-3

\*\* Interest Rate seven year constant maturity Treasuries closest to August 31 of each year plus 60 basis points per the Board's Order in Docket No. GX99030121 et al. [www.federalreserve.gov/releases/h15](http://www.federalreserve.gov/releases/h15).

ELIZABETHTOWN GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
CLEAN ENERGY PROGRAM (CEP)

**Fiscal Agent Payments**  
12 Months Ended  
June-20

<u>a</u>	<u>b</u>	<u>c</u>	<u>d</u>	<u>e = b-c+d</u>	<u>f</u>	<u>g</u>	<u>h = b-c+d-g</u>	<u>i = Cum of h</u>
<u>Prior Year Payable / (Deferred)</u>	<u>Company Portion of Statewide CEP Funding</u>	<u>less Program Costs Offsets</u>	<u>Prior Year Payable / (Deferred)</u>	<u>Fiscal Agent Payable (1)</u>	<u>Payment For</u>	<u>Amount Paid (1)</u>	<u>Fiscal Agent Payable / (Deferred) Per Month (2)</u>	<u>Monthly Fiscal Agent Payable / (Deferred)</u>
Jul-19	\$429,645	\$133,480	\$352,092	\$648,257	May-19	\$435,353	\$212,904	\$212,904
Aug-19	\$375,292	\$123,491	\$0	\$251,801	Jun-19	\$190,664	\$61,137	\$274,041
Sep-19	\$383,673	\$132,604	\$0	\$251,069	Jul-19	\$317,604	(\$66,535)	\$207,506
Oct-19	\$477,648	\$210,213	\$0	\$267,435	Aug-19	\$212,815	\$54,620	\$262,126
Nov-19	\$888,989	\$174,597	\$0	\$714,392	Sep-19	\$236,245	\$478,147	\$740,273
Dec-19	\$1,380,855	\$228,926	\$0	\$1,151,929	Oct & Nov19	\$984,493	\$167,436	\$907,709
Jan-20	\$1,846,129	\$205,871	\$0	\$1,640,258	-	\$0	\$1,640,258	\$2,547,967
Feb-20	\$1,906,810	\$211,249	\$0	\$1,695,561	Dec-19	\$1,263,969	\$431,592	\$2,979,559
Mar-20	\$1,616,107	\$207,342	\$0	\$1,408,765	Jan-20	\$1,642,934	(\$234,169)	\$2,745,390
Apr-20	\$1,127,929	\$41,202	\$0	\$1,086,727	Feb-20	\$1,695,561	(\$608,834)	\$2,136,556
May-20	\$675,100	\$83,113	\$0	\$591,987	Mar-20	\$1,408,765	(\$816,778)	\$1,319,778
Jun-20	\$425,769	\$36,438	\$0	\$389,331	Apr & May 20	\$1,678,715	(\$1,289,384)	\$30,394
<b>Total</b>	<b>\$11,533,946</b>	<b>\$1,788,526</b>	<b>\$352,092</b>	<b>\$10,097,512</b>		<b>\$10,067,118</b>	<b>\$30,394</b>	

Notes:

(1) Fiscal Agent Payable is based on Program Cost Offsets on a paid basis while the Amount Paid to the Fiscal Agent is based on paid and accrued program costs.

(2) Fiscal Agent Payable net of current Program Costs and prior month deferred offset costs if in excess of the Company's portion of the Statewide Funding. The Fiscal Agent payments are generally made on a two month lag.

ELIZABETHTOWN GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
CLEAN ENERGY PROGRAM (CEP)

**Cost Recoveries**

12 Months Ended

June-20

	<u>Therms</u>	<u>Rate w/o tax *</u>	<u>Recovery</u>
Jul-19	18,978,717	0.0205	\$389,204
Aug-19	17,007,459	0.0202	\$344,070
Sep-19	16,952,704	0.0199	\$336,635
Oct-19	19,861,550	0.0202	\$402,139
Nov-19	37,233,944	0.0202	\$752,008
Dec-19	65,680,586	0.0200	\$1,313,409
Jan-20	71,390,607	0.0200	\$1,427,629
Feb-20	72,489,712	0.0200	\$1,449,120
Mar-20	61,990,988	0.0200	\$1,239,720
Apr-20	44,430,770	0.0200	\$888,613
May-20	34,677,680	0.0200	\$693,564
Jun-20	21,576,017	0.0200	\$431,609
Total	<u>482,270,734</u>		<u>\$9,667,720</u>

\* Individual customer billings at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.

ELIZABETHTOWN GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
CLEAN ENERGY PROGRAM (CEP)

**BPU Directed Spending \***

12 Months Ending

June-21

Jul-20	\$429,645
Aug-20	\$375,292
Sep-20	\$383,673
Oct-20	\$477,648
Nov-20	\$888,989
Dec-20	\$1,380,855
Jan-21	\$1,846,129
Feb-21	\$1,906,810
Mar-21	\$1,616,107
Apr-21	\$1,127,929
May-21	\$675,100
Jun-21	\$425,769

Total	<u>\$11,533,947</u>
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Total July - May to TK-1 **	<u>\$11,108,178</u>
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\* Jul-Sep approved in 7/29/20 Board Order in Docket No. QO19050645  
Oct forward from last year's budget approved in the 6/21/2019 Board  
Order in Docket No. QO19050644 modified by the August 16, 2019 Notice.

\*\* Assumes one month payment lag

ELIZABETHTOWN GAS COMPANY  
CALCULATION OF THE ON-SYSTEM MARGIN SHARING CREDIT (OSMC)

October 2020 through September 2021  
Disbursement Year 2021

1	Projected OSMC Margin Contributions for Disbursement (Sch. TK-2)		\$537,891
2	Prior Year Balance, (Over) / Under Disbursement (Sch. TK-3)		(\$87,195)
3	Current Year Balance, (Over) / Under Disbursement (Sch. TK-3)		<u>\$153,227</u>
4	Total OSMC Customer Credits / (Charge) (L1+L2+L3)		\$603,923
5	Projected Therm Volumes (Forecast Sch. TK-1)		
	- RDS and GLS	231,643,700	
	- SGS, GDS and NGV	74,979,474	
	- LVD and EGF	<u>7,592,773</u>	314,215,947
6	OSMC Rate, before taxes (L4/L5)		\$0.0019
7	Sales & Use Tax @ 6.625%		<u>\$0.0001</u>
8	OSM Credit / (Charge) per therm, (L6+L7)		<u><u>\$0.0020</u></u>

ELIZABETHTOWN GAS COMPANY

Projected Customer Portion of On-System Margin Sharing

July-2020 through June-2021  
Disbursement Year 2021

Projected Margin Contribution

Jul-20	\$58,822
Aug-20	\$49,614
Sep-20	\$48,335
Oct-20	\$49,034
Nov-20	\$38,172
Dec-20	\$38,757
Jan-21	\$42,327
Feb-21	\$40,835
Mar-21	\$41,738
Apr-21	\$37,455
May-21	\$41,105
Jun-21	\$51,697
Total	<u>\$537,891</u>

ELIZABETHTOWN GAS COMPANY  
Margin Sharing Generated and Disbursements to Customers  
July 2019 Through June 2020

	Margin Sharing Generated	Adjustments *	Net Margin Sharing for Disbursement	Disbursements to Customers Sch. TK-4	Monthly (Over) / Under Credited	Cumulative (Over) / Under Credited Balance
	a	b	c=a+b	d	e=c-d	g=prior cum bal.+ e
Prior Period						(\$87,195)
Jul-19	\$47,994	\$0	\$47,994	\$15,211	\$32,783	(\$54,412)
Aug-19	\$29,493	\$0	\$29,493	\$4,311	\$25,182	(\$29,230)
Sep-19	\$46,502	\$0	\$46,502	\$4,624	\$41,878	\$12,648
Oct-19	\$27,787	\$0	\$27,787	\$5,603	\$22,184	\$34,832
Nov-19	\$36,746	\$0	\$36,746	\$21,619	\$15,127	\$49,959
Dec-19	\$66,222	\$0	\$66,222	\$64,109	\$2,113	\$52,072
Jan-20	\$107,022	\$0	\$107,022	\$69,716	\$37,306	\$89,378
Feb-20	\$44,684	\$0	\$44,684	\$72,300	(\$27,616)	\$61,762
Mar-20	\$45,230	\$0	\$45,230	\$60,473	(\$15,243)	\$46,519
Apr-20	\$37,316	\$0	\$37,316	\$40,492	(\$3,176)	\$43,343
May-20	\$35,251	\$0	\$35,251	\$31,425	\$3,826	\$47,169
Jun-20	\$33,802	(\$2)	\$33,800	\$14,937	\$18,863	\$66,032
	<u>\$558,049</u>	<u>(\$2)</u>	<u>\$558,047</u>	<u>\$404,820</u>	<u>\$153,227</u>	

\* Adjustment rounding to the GL.

ELIZABETHTOWN GAS COMPANY  
ON-SYSTEM MARGIN SHARING CREDITS  
July 2019 Through June 2020

ACTUAL CREDITS DISBURSED

<u>a</u>	<u>OSM</u>	<u>Sales Customers</u>		<u>Transportation Customers</u>		<u>Total</u>
	<u>Rate pre tax *</u>	<u>Therms</u>	<u>Credits</u>	<u>RDS</u>	<u>RDS</u>	
	<u>b=d/c</u>	<u>c</u>	<u>d</u>	<u>Therms</u>	<u>Credits</u>	<u>Credits</u>
				<u>e</u>	<u>f=b*e</u>	<u>g=d+f</u>
Jul-19	\$0.0019	7,796,783	\$15,166	64,654	\$45	\$15,211
Aug-19	\$0.0007	5,985,444	\$4,272	55,863	\$39	\$4,311
Sep-19	\$0.0007	6,199,286	\$4,583	58,905	\$41	\$4,624
Oct-19	\$0.0007	7,858,996	\$5,547	79,764	\$56	\$5,603
Nov-19	\$0.0010	21,185,257	\$21,390	233,265	\$229	\$21,619
Dec-19	\$0.0014	46,383,346	\$63,367	530,785	\$742	\$64,109
Jan-20	\$0.0014	48,938,443	\$68,876	595,890	\$840	\$69,716
Feb-20	\$0.0014	50,786,636	\$71,453	602,663	\$847	\$72,300
Mar-20	\$0.0014	42,933,625	\$60,227	516,869	\$246	\$60,473
Apr-20	\$0.0014	28,936,850	\$40,492	342,140	\$0	\$40,492
May-20	\$0.0014	21,469,840	\$30,260	279,230	\$1,165	\$31,425
Jun-20	\$0.0014	10,529,949	\$14,744	128,411	\$193	\$14,937
		299,004,455	\$400,377	3,488,439	\$4,443	\$404,820

\* Individual customer billing credits at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.