

Deborah M. Franco, Esq.  
Regulatory Affairs Counsel

July 16, 2019

**Via Electronic Submission and Overnight Mail**Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 S. Clinton Ave., 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

**Re In the Matter of the Petition of Elizabethtown Gas Company For Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions  
BPU Docket No GR19040486  
OAL Docket No. PUC 06692-2019 N**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above-referenced matter, please find the original and two (2) copies of Elizabethtown Gas Company's 9+3 Update in the referenced matter.

Please contact me at (908) 662-8448 if you have any questions.

Respectfully,



Deborah M. Franco

DMF:caj  
Enclosurescc: Administrative Law Judge Irene Jones  
Service List (w/Enclosure)

**IN THE MATTER OF THE PETITION OF ELIZABETHTOWN GAS COMPANY FOR APPROVAL OF  
INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR19040486**

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INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR19040486**

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INCREASED BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION  
RATES AND OTHER TARIFF REVISIONS**

**BPU DOCKET NO. GR19040486**

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STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF :  
ELIZABETHTWN GAS COMPANY FOR : DOCKET NO. GR19040486  
APPROVAL OF INCREASED BASE TARIFF :  
RATES AND CHARGES FOR GAS SERVICE, : OAL DOCKET NO. PUC 06692-2019 N  
CHANGES TO DEPRECIATION RATES AND :  
OTHER TARIFF REVISIONS :

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**9&3 Update  
Schedules**

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July 16, 2019

## 9 & 3 UPDATE

### **TABLE OF CONTENTS**

#### A. Updated Schedules (9&3)

- a. SMG-1 through SMG-18
- b. MPS-1 through MPS-4
- c. NN-8 through NN-12
- d. TK-2.1
- e. TK-5

**9 & 3 UPDATE**

**Schedules  
of  
S.M. GRAHAM**

ELIZABETHTOWN GAS COMPANY  
REVENUE REQUIREMENT

<u>Line No.</u>			<u>REFERENCE</u>
1			
2	Adjusted Rate base	\$1,101,494,060	SMG-2
3			
4	Rate of Return	<u>7.60%</u>	
5			
6	Required Operating income	83,738,332	
7			
8	Adjusted Net Operating Income	<u>36,910,625</u>	SMG-3
9			
10	Income Deficiency	46,827,707	
11			
12	Revenue Factor	<u>1.406762</u>	SMG-5
13			
14	Requested Additional Operating Revenue	<u><u>\$65,875,431</u></u>	



ELIZABETHTOWN GAS COMPANY  
STATEMENT OF RATE BASE

Line No.		ACTUAL RATE BASE 5/31/19	ADJUSTMENT 6/1/19-8/31/19	PROJECTED RATE BASE 8/31/19	PRO FORMA ADJUSTMENT	ADJUSTED RATE BASE 2/29/20	REFERENCE TO RATEMAKING ADJUSTMENTS
1	Utility Plant In Service	\$1,398,804,121	\$ 75,896,831	\$1,474,700,952	\$ 145,741,159	\$1,620,442,111	MPS-1
2	Accumulated Depreciation & Amortization	(467,424,090)	(511,868)	(\$467,935,958)	(11,505,658)	(\$479,441,615)	NN-8
3							
4	Net Utility Plant	931,380,031	75,384,963	1,006,764,994	134,235,502	1,141,000,496	
5							
6	Pension/OPEB	37,680,485	(582,155)	37,098,330	(1,164,311)	\$35,934,019	NN-12
7	Cash Working Capital	0	0	30,004,215	5,524,124	\$35,528,339	SMG-17, SMG-18
8	Customer Deposits <sup>(1)</sup>	(3,937,345)	304,662	(3,632,683)	29,059	(\$3,603,624)	SMG-16
9	Customer Advances <sup>(1)</sup>	(1,230,614)	0	(1,230,614)	0	(\$1,230,614)	
10	Deferred Income Taxes:						
11	Excess Protected ADIT	(82,165,426)	412,751	(81,752,675)	720,063	(\$81,032,611)	ADF-3
12	Federal Income Tax	(9,695,633)	(2,589,110)	(12,284,743)	(4,780,293)	(\$17,065,036)	NN-9
13	NJ CBT	(4,566,232)	(1,219,361)	(5,785,593)	(2,251,315)	(\$8,036,908)	NN-10
14	Consolidated Tax Adjustment	0	0	0	0	\$0	ADF-2
15							
16	Total Rate Base	\$867,465,266	\$71,711,750	\$969,181,231	\$132,312,829	\$1,101,494,060	

<sup>(1)</sup> Represents Thirteen Month Averages of Account Balances

ELIZABETHTOWN GAS COMPANY  
OPERATING INCOME STATEMENT

Line No.		9 MONTHS ACTUAL DATA	3 MONTHS PROJECTED DATA	TEST YEAR ENDED 8/31/2019	PRO FORMA ADJUSTMENTS	POST TEST YEAR ENDED 5/31/2020	REVENUE DEFICIENCY	PRO FORMA POST TEST YEAR ENDED 5/31/2020
1	Operating Revenues	\$281,447,657	\$28,241,639	\$309,689,295	(\$4,825,776)	\$304,863,520	\$65,875,431	\$370,738,950
2								
3	Operating Expenses:							
4								
5	Purchased Gas	\$134,851,849	\$7,999,513	\$142,851,361	(\$4,565,197)	\$138,286,164	\$0	\$138,286,164
6								
7	Operation & Maintenance Exps.	\$54,152,587	\$18,744,604	\$72,897,191	6,150,194	\$79,047,385	\$563,002	\$79,610,387
8								
9	Depreciation & Amortization Exps.	\$22,720,182	\$7,903,255	\$30,623,437	\$13,209,987	\$43,833,425	\$0	\$43,833,425
10								
11	Taxes Other Than Income Taxes	\$2,831,584	\$964,363	\$3,795,947	\$168,632	\$3,964,579	\$174,431	\$4,139,010
12								
13	Excess Deferred Tax Amortization	(\$1,649,133)	(\$622,872)	(\$2,272,006)	\$508,827	(\$1,763,178)	\$0	(\$1,763,178)
14								
15	Federal Income Taxes & NJ CBT	\$13,587,974	(\$4,044,956)	\$9,543,018	(5,026,535)	\$4,516,483	\$18,310,291	\$22,826,774
16								
17	Total Operating Expenses	\$226,495,042	\$30,943,907	\$257,438,948	\$10,445,909	\$267,884,858	\$19,047,724	\$286,932,582
18								
19	Net Operating Income	\$54,952,615	(\$2,702,268)	\$52,250,347	(\$15,271,685)	\$36,978,662	\$46,827,707	\$83,806,369
20								
21	Ratemaking Adjustment:							
22	Interest on Customer Deposits	\$38,544	\$16,881	\$55,425	\$12,612	\$68,037	\$0	\$68,037
23								
24								
25	Adjusted Net Operating Income	\$54,914,071	(\$2,719,149)	\$52,194,922	(\$15,284,297)	\$36,910,625	\$46,827,707	\$83,738,332
26								
27	Total Rate Base			\$969,181,231		\$1,101,494,060		\$1,101,494,060
28								
29	Return on Rate Base			5.39%		3.35%		7.60%
30								
31	Adjusted Net Income			\$31,432,637		\$13,313,869		\$60,141,576
32								
33	Return on Equity			6.18%		2.30%		10.40%

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2019 OPERATING INCOME

	<b>Pro Forma Adjustments</b>
1. Operating Revenues (SMG-6)	
(a) Remove Rider Revenues (SMG-7)	\$ (5,906,521)
(b) Adjust Revenues to Annualized Post Test Year (TK-2.1)	\$ 1,829,210
(c) Adjust Revenues for WNC (TK-5)	\$ (748,465)
	<u><b>(4,825,776)</b></u>
2. Purchased Gas Costs (SMG-6)	
(a) Remove Rider Amortizations (SMG-7)	\$ (5,673,856)
(b) Adjust Purchased Gas Cost to Annualized Post Test Year (TK-2.1)	\$ 1,108,659
	<u><b>(4,565,197)</b></u>
3. Operation and Maintenance expenses (SMG-8)	
(a) Annualization of Payroll (SMG-9)	\$ 2,015,671
(b) Annualization of Benefits (SMG-10)	\$ 651,271
(c) Annualization of Allocated Service Company Salaries & Benefits (SMG-11)	\$ 2,063,579
(d) Amortization of Rate Case expenses (SMG-12)	\$ 268,183
(e) Other Operations and Maintenance Expenses (SMG-13)	\$ 230,592
(f) Remove Charitable & Civic Contribution Expense	\$ (195,044)
(g) Inflation Adjustment (SMG-14)	\$ 1,115,942
	<u><b>6,150,194</b></u>
4. Depreciation Expense (NN-8)	
(a) Annualize Test Year Depreciation Expense as of 8/31/2019 with proposed depreciation rates	\$ 5,839,453
(b) Annualize Post Test Year Depreciation Expense as of 2/29/2020 with proposed depreciation expense	\$ 7,370,535
	<u><b>13,209,987</b></u>
5. Taxes Other Than Income	
(a) Payroll Tax Adjustment (SMG-9)	\$ 181,410
(b) Adjustment for PUA (SMG-15)	\$ (12,778)
	<u><b>168,632</b></u>
6. Interest (SMG-16)	
(a) Adjust Interest on Customer Deposits by Average Yield on 6 month Treasury Bill	\$ 12,612
	<u><b>12,612</b></u>
7. Taxes - Income - Current	
(a) Interest Synchronization (NN-11)	\$ 539,808
(b) Income Tax effect of adjustments 1 - 6	\$ (5,566,343)
	<u><b>(5,026,535)</b></u>

**ELIZABETHTOWN GAS COMPANY  
DERIVATION OF REVENUE EXPANSION FACTOR**

**Line  
No.**

1	Additional Required Revenue Percentage	100.000%
2		
3	Percentage Adjustment for Uncollectibles	0.854646%
4	BPU Assessments	0.211620%
5	Rate Counsel Assessments	0.053170%
6		
7	Percentage of Income Before State Income Tax	98.88056%
8		
9	State Income Tax Percentage	9% <span style="border-bottom: 1px solid black;">8.8993%</span>
10		
11	Percentage of Income Before Federal Income Tax	89.9813%
12		
13	Federal Income Tax Percentage	21% <span style="border-bottom: 1px solid black;">18.896%</span>
14		
15	Revenue Expansion Factor - Percent	71.0852%
16		
17	Revenue Expansion Factor - Whole Number	<b>1.406762</b>

**ELIZABETHTOWN GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME**  
**SUMMARY OF REVENUE & COST OF GAS ADJUSTMENTS**

<u>Line No.</u>		<u>Therm Adjustments</u>	<u>Revenue Adjustments</u>	<u>Cost of Gas Adjustments</u>	<u>Reference</u>
1	Rider Adjustment	N/A	(\$5,906,521)	(\$5,673,856)	SMG-7
2	Customer Annualization	8,931,137	\$1,829,210	\$1,108,659	TK-2.1
3	WNC Revenue Adjustment	N/A	(\$748,465)	N/A	TK-5
4	<b>Total Firm Revenue and Cost of Gas Adjustments</b>	<b><u>8,931,137</u></b>	<b><u>(4,825,776)</u></b>	<b><u>(4,565,197)</u></b>	

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME  
RIDER ADJUSTMENTS: EEP, RAC, CLE, OSMC

Line No.	2018	2018	2018	2018	2019	2019	2019	2019	2019	2019	2019	2019	TOTAL	
	Actual September	Actual October	Actual November	Actual December	Actual January	Actual February	Actual March	Actual April	Actual May	Projected June	Projected July	Projected August		
1	EEP Revenue Adjustment	\$ 824	\$ 2,007	\$ 4,056	\$ 234,416	\$ 135,399	\$ 145,725	\$ 131,121	\$ 84,157	\$ 73,156	\$ 72,642	\$ 74,685	\$ 85,209	\$ 1,043,397
2	RAC Revenue Adjustment	\$ (209,358)	\$ (273,444)	\$ (521,812)	\$ (795,668)	\$ (882,916)	\$ (1,000,244)	\$ (885,665)	\$ (567,014)	\$ (341,929)	\$ (80,236)	\$ (74,029)	\$ (69,712)	\$ (5,702,027)
3	CLE Revenue Adjustment	\$ 408,800	\$ 536,801	\$ 932,023	\$ 1,338,383	\$ 1,483,884	\$ 1,681,730	\$ 1,489,363	\$ 954,861	\$ 574,794	\$ 342,355	\$ 350,494	\$ 344,327	\$ 10,437,814
4	OSMC Revenue Adjustment	\$ 7,343	\$ 8,115	\$ 8,741	\$ 9,846	\$ 10,741	\$ 14,241	\$ 10,276	\$ 10,589	\$ 8,324	\$ 12,640	\$ 14,392	\$ 12,089	\$ 127,337
5	<b>Total Revenue Adjustment</b>	<b>\$ 207,609</b>	<b>\$ 273,479</b>	<b>\$ 423,008</b>	<b>\$ 786,977</b>	<b>\$ 747,108</b>	<b>\$ 841,452</b>	<b>\$ 745,095</b>	<b>\$ 482,593</b>	<b>\$ 314,344</b>	<b>\$ 347,401</b>	<b>\$ 365,542</b>	<b>\$ 371,912</b>	<b>\$ 5,906,521</b>
6	EEP Amortization Adjustment	\$ -	\$ -	\$ -	\$ 220,405	\$ 123,064	\$ 132,129	\$ 118,520	\$ 76,095	\$ 65,994	\$ 62,885	\$ 64,774	\$ 74,203	\$ 938,069
7	RAC Amortization Adjustment	\$ (209,358)	\$ (273,444)	\$ (521,812)	\$ (795,668)	\$ (882,916)	\$ (1,000,244)	\$ (885,665)	\$ (567,014)	\$ (341,929)	\$ (80,236)	\$ (74,029)	\$ (69,712)	\$ (5,702,027)
8	CLE Amortization Adjustment	\$ 408,800	\$ 536,801	\$ 932,023	\$ 1,338,383	\$ 1,483,884	\$ 1,681,730	\$ 1,489,363	\$ 954,861	\$ 574,794	\$ 342,355	\$ 350,494	\$ 344,327	\$ 10,437,814
9	<b>Total Amortization Adjustment</b>	<b>\$ 199,442</b>	<b>\$ 263,357</b>	<b>\$ 410,211</b>	<b>\$ 763,120</b>	<b>\$ 724,032</b>	<b>\$ 813,615</b>	<b>\$ 722,218</b>	<b>\$ 463,942</b>	<b>\$ 298,858</b>	<b>\$ 325,004</b>	<b>\$ 341,239</b>	<b>\$ 348,818</b>	<b>\$ 5,673,856</b>

**ELIZABETHTOWN GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME**  
**SUMMARY OF O&M ADJUSTMENTS**

<u>Line No.</u>	<u>Amount</u>	<u>Reference</u>
1 Payroll Expense Adjustment	\$ 2,015,671	SMG-9
2 Employee Benefits Expense Adjustment	\$ 651,271	SMG-10
3 Allocated Service Company Salaries & Benefits Expense Adj	\$ 2,063,579	SMG-11
4 Rate Case Expense Adjustment	\$ 268,183	SMG-12
5 Other O&M Expense	\$ 230,592	SMG-13
6 Inflation Adjustment	\$ 1,115,942	SMG-14
7 Charitable & Civic Contributions	\$ (195,044)	
8 <b>Total O&amp;M Adjustments</b>	<b><u><u>\$ 6,150,194</u></u></b>	

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME  
PAYROLL EXPENSE

Line No.		<u>Test Year</u>	<u>Annualized Test Year</u>	<u>Annualized Post Test Year</u>	<u>Pro Forma Adjustment</u>
1	Payroll Expenses:				
2					
3	Total Fixed Compensation Expense	\$23,710,972	\$24,977,323	\$25,726,643	\$2,015,671
4	Total Variable Compensation Expense	\$836,269	\$836,269	\$836,269	\$0
5	<b>Pro Forma Payroll Adjustment (O&amp;M)</b>	<b><u>\$ 24,547,241</u></b>	<b><u>\$ 25,813,592</u></b>	<b><u>\$ 26,562,912</u></b>	<b><u>\$ 2,015,671</u></b>
6					
7	<b>Pro Forma Payroll Tax Adjustment (Taxes Other than Income)</b>				<b>181,410</b>
8					
9	<b>Total Pro Forma Adjustment</b>				<b><u>\$ 2,197,081</u></b>



**ELIZABETHTOWN GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME**  
**EMPLOYEE BENEFITS EXPENSE**

---

Line  
No.

1	<u>Employee Benefits Expenses:</u>		
2			
3	Annualized Employee Benefits Expense	\$4,834,545	
4	Less: Test Year Employee Benefits Expense	<u>\$4,183,274</u>	
5			
6	<b>Pro Forma Benefits Adjustment</b>		<b><u>\$ 651,271</u></b>

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME  
ALLOCATED SERVICE COMPANY SALARIES & BENEFITS EXPENSE

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Line No.			
1	<u>Allocated Service Company Salaries &amp; Benefits Expenses:</u>		
2			
3	Annualized Expenses	\$3,770,507	
4	Less: Test Year Expenses	<u>\$1,706,928</u>	
5			
6	<b>Pro Forma Allocated Expense Adjustment</b>		<b><u>\$ 2,063,579</u></b>

**ELIZABETHTOWN GAS COMPANY**  
**PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME**  
**RATE CASE EXPENSES**

<b>Line No.</b>	<b>Category</b>	<b>Expense</b>
1	Legal Expenses	\$ 800,000
2	Consultant Expenses	\$ 486,000
3	Newspaper Notices	\$ 2,600
4	Court Reporting	\$ 1,000
5	Postage	\$ 10,000
6	Office Supplies	\$ 7,500
7	Miscellaneous Expenses	\$ 2,000
8	Contingency/Rebuttal Witnesses	\$ 300,000
9	Total Rate Case Expenses	<u>\$ 1,609,100</u>
10		50% \$ 804,550
11	<b>Pro Forma Adjustment - Three Year Amortization</b>	<u><b>\$ 268,183</b></u>

**ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2019 OPERATING INCOME  
OTHER O&M EXPENSE**

Line No.		
	<u>Lease Expense:</u>	
1		
2		
3	Current Lease Cost (Per Month)	\$1
4	Estimated New Lease Cost	\$5,000
5	Increase in Lease Cost	<u>\$4,999</u>
6	Annual	12
7	<b>Pro Forma Adjustment to Lease Expense</b>	<b><u><u>\$59,988</u></u></b>
8		
9		
10	<u>EDI Costs:</u>	
11		
12	Current Costs (per Month)	\$833
13	Estimated New Cost	<u>\$13,800</u>
14	Increase in EDI Cost	<u>\$12,967</u>
15	Annual	12
16	Annual Increase in EDI Costs	\$155,604
17	Additional testing costs (Avg 5 per year)	<u>\$15,000</u>
18	<b>Pro Forma Adjustment to EDI Expense</b>	<b><u><u>\$170,604</u></u></b>
19		
25		
26	<b>Total Pro Forma Adjustment - Other O&amp;M Expense</b>	<b><u><u>\$230,592</u></u></b>

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME  
O&M INFLATION ADJUSTMENT

<u>Line No.</u>	<u>Description</u>	<u>Index</u>
1	<u>Calculation of Inflation Rate</u>	
2		
3	GDPIPD Index Value at the Midpoint of the Test Year:	
4	February 2019 Index-GDP	111.4
5	March 2019 Index-GDP	111.4
6	February 28, 2019 Index-GDP (Midpoint)	<u>111.4</u>
7		
8	GDPIPD Index Value at the End of the Post-Test Year:	
9	May 2020 Index-GDP	114.5
10	June 2020 Index-GDP	114.7
11	May 31, 2020 Index-GDP (Midpoint)	<u>114.6</u>
12		
13	Projected Inflation Rate	2.87%
14		
15	<u>Calculation of O&amp;M Inflation Adjustment</u>	
16		
17	Post-Test Year Total O&M Expenses	\$ 79,047,385
18		
19	Less: Normalizing Adjustments	
20	(a) Annualization of Payroll	\$ 26,562,912
21	(b) Annualization of Benefits	4,834,545
22	(c) Annualization of Allocated Service Company Costs	3,770,507
23	(d) Amortization of Rate Case expenses	268,183
24	(e) Other Operations and Maintenance Expenses	240,600
25	Total Normalizing Adjustments	<u>\$ 35,676,747</u>
26		
27	Less: Items Not Subject to Inflation	
28	Pension / OBEP	\$ 1,446,496
29	Uncollectibles	3,075,398
30	Total Items Not Subject to Inflation	<u>\$ 4,521,894</u>
31		
32	Residual O&M Expenses	\$ 38,848,745
33		
34	Inflation Rate	2.87%
35		
36	Pro Forma Adjustment to O&M Expense	<u><u>\$ 1,115,942</u></u>

**ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2019 OPERATING INCOME  
REVENUE TAXES - TAXES OTHER THAN INCOME**

Line No.		
1	<b><u>PUA Adjustments</u></b>	
2	Rider Adjustment	(\$5,906,521)
3	Customer Annualization	\$1,829,210
4	WNC Revenue Adjustment	<u>(\$748,465)</u>
5	Total Revenue Adjustment	(\$4,825,776)
6	PUA Tax Rate	<u>0.002648</u>
7	<b>Pro Forma Adjustment to PUA Taxes</b>	<b><u><u>(\$12,778)</u></u></b>

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO OPERATING INCOME AND RATE BASE  
CUSTOMER DEPOSITS

Line No.	Month	Actual and Projected Data	Number of Customers	Number of Customers with Deposits	Percentage of Customers with Deposits	Average Deposit Per Customer	Rate Base for Customer Deposits	Current Interest Rate	Monthly Interest
1									
2									
3									
4									
5	Aug-18	Actual	290,818	24,964	8.58%	\$157	\$3,927,329	0.87%	\$3,231
6	Sep-18	Actual	291,008	23,958	8.23%	\$156	\$3,738,740	0.87%	\$2,897
7	Oct-18	Actual	291,619	23,143	7.94%	\$155	\$3,576,808	0.87%	\$2,656
8	Nov-18	Actual	292,688	23,421	8.00%	\$153	\$3,578,914	0.87%	\$2,797
9	Dec-18	Actual	293,672	23,609	8.04%	\$152	\$3,588,921	0.87%	\$900
10	Jan-19	Actual	294,258	23,820	8.09%	\$152	\$3,615,481	1.87%	\$5,743
11	Feb-19	Actual	294,600	23,828	8.09%	\$152	\$3,626,566	1.87%	\$5,465
12	Mar-19	Actual	294,842	23,949	8.12%	\$152	\$3,631,910	1.87%	\$6,119
13	Apr-19	Actual	294,677	23,957	8.13%	\$151	\$3,610,342	1.87%	\$5,869
14	May-19	Actual	294,447	24,067	8.17%	\$149	\$3,585,573	1.87%	\$6,098
15	Jun-19	Projected	294,512	24,062	8.17%	\$149	\$3,584,774	1.87%	\$5,510
16	Jul-19	Projected	294,194	24,036	8.17%	\$149	\$3,580,903	1.87%	\$5,687
17	Aug-19	Projected	294,006	24,020	8.17%	\$149	\$3,578,615	1.87%	\$5,684
18	Sep-19	Projected	294,182	24,035	8.17%	\$149	\$3,580,757	1.87%	\$5,504
19	Oct-19	Projected	294,925	24,095	8.17%	\$149	\$3,589,801	1.87%	\$5,701
20	Nov-19	Projected	296,043	24,187	8.17%	\$149	\$3,603,409	1.87%	\$5,538
21	Dec-19	Projected	297,206	24,282	8.17%	\$149	\$3,617,565	1.87%	\$5,745
22	Jan-20	Projected	297,870	24,336	8.17%	\$149	\$3,625,647	1.87%	\$5,758
23	Feb-20	Projected	298,330	24,374	8.17%	\$149	\$3,631,246	1.87%	\$5,395
24	Mar-20	Projected	298,695	24,403	8.17%	\$149	\$3,635,689	1.87%	\$5,774
25	Apr-20	Projected	298,594	24,395	8.17%	\$149	\$3,634,460	1.87%	\$5,586
26	May-20	Projected	298,160	24,360	8.17%	\$149	\$3,629,177	1.87%	\$5,764
27									
28	<b>Post-Test Year Annualization of Interest</b>								
29									
30	May-20	Projected	298,911	24,421	8.17%	\$149	\$3,638,318	1.87%	\$68,037
31									
32									
33	<b>Rate Base Test Year Adjustment</b>		<b>Rate Base PTY Pro-Forma Adjustment</b>			<b>Income Statement Interest Pro-Forma Adjustment</b>			
34									
35			<i>13 mo average</i>			<i>13 mo average</i>			
36	Actual Ending May 31, 2019		\$3,937,345	Projected ending August 31, 2019		\$3,632,683	Projected Test Year Interest		\$55,425
37									
38	Projected ending August 31, 2019		\$3,632,683	Actual Ending February 28, 2020		<u>\$3,603,624</u>	Post Test Year Annualized Interest		<u>\$68,037</u>
39									
40	<b>Test Year Adjustment</b>		<b><u>(\$304,662)</u></b>	<b>Pro-Forma PTY Adjustment</b>		<b><u>(\$29,059)</u></b>	<b>Pro-Forma Adjustment</b>		<b><u>\$12,612</u></b>

Elizabethtown Gas Company  
Lead-Lag Study  
Working Capital Requirement  
Test Year

Line	Description	Test Year Expenses	Average Daily Expenses	Revenue Lag	Ref.	Expense Lag	Ref.	Net (Lead)/Lag Days	Working Capital Requirement
1	Operations and Maintenance Expenses								
2	Purchased Gas Costs	\$ 142,851,361	391,374	51.03	A	(40.24)	B	10.78	\$ 4,219,841
3	Regular Payroll	23,710,972	64,962	51.03	A	(9.94)	C-1	41.09	2,669,169
4	Variable Compensation	836,269	2,291	51.03	A	(139.75)	C-2	(88.72)	(203,282)
5	Pension/OPEB	1,446,496	3,963	51.03	A	0.00		51.03	202,213
6	Retirement Savings Plan	919,064	2,518	51.03	A	(18.69)	C-5	32.34	81,422
7	Group Insurance	3,155,073	8,644	51.03	A	(46.15)	C-6	4.87	42,098
8	Uncollectible Expense	2,512,397	6,883	51.03	A	76.66	A	127.68	878,870
9	Service Company Charges	13,698,107	37,529	51.03	A	(46.00)	C-7	5.03	188,589
10	Other Third-Party O&M Expenses	26,618,814	72,928	51.03	A	(59.85)	C-8	(8.82)	(643,322)
11	Total O&M Expenses	\$ 215,748,552							\$ 7,435,598
12	Income Taxes								
13	Excess Deferred Tax Amortization	\$ (2,272,006)	(6,225)	51.03		0.00		51.03	(317,615)
14	Federal Income Taxes	6,487,623	17,774	51.03	A	(38.25)	D-1	12.78	227,069
15	State Income Tax	3,055,395	8,371	51.03	A	(38.50)	D-2	12.53	104,847
16	Total Federal Income Taxes	\$ 7,271,012							\$ 14,302
17	Taxes Other Than Income Taxes	\$ 3,795,947	10,400	51.03	A	(12.39)	E	38.64	\$ 401,815
18	Depreciation and Amortization Expense	\$ 30,623,437	83,900	51.03	A	0.00		51.03	\$ 4,281,001
19	Interest Expense								
20	Interest on Long-Term Debt	\$ 25,517,098	69,910	51.03	A	(81.05)	F-1	(30.02)	\$ (2,098,703)
21	Interest on Short-Term Debt	-	-	51.03	A	2.84	F-2	53.86	-
22	Interest on Customer Deposits	55,425	152	51.03	A	(236.39)	F-3	(185.36)	(28,147)
23	Total Interest Expense	\$ 25,572,523							\$ (2,126,851)
24	Return	\$ 26,677,824	73,090	51.03	A	0.00		51.03	\$ 3,729,424
25	Other Adjustments								
26	Incidental collections								\$ 1,559,855
27	Employee deductions								(149,481)
28	Total Other Adjustments	\$ -	\$ -						\$ 1,410,374
29	Total	\$ 309,689,295	\$ 167,390						\$ 15,145,663



Elizabethtown Gas Company  
Lead-Lag Study  
Working Capital Requirement  
Post Test Year

Line	Description	Adjusted Test Year Expenses	Average Daily Expenses	Revenue Lag	Ref.	Expense Lag	Ref.	Net (Lead)/Lag Days	Working Capital Requirement
1	Operations and Maintenance Expenses								
2	Purchased Gas Costs	\$ 138,286,164	378,866	51.03	A	(40.24)	B	10.78	\$ 4,084,985
3	Regular Payroll	25,726,643	70,484	51.03	A	(9.94)	C-1	41.09	2,896,076
4	Variable Compensation	836,269	2,291	51.03	A	(139.75)	C-2	(88.72)	(203,282)
5	Pension/OPEB	1,446,496	3,963	51.03	A	0.00		51.03	202,213
6	Retirement Savings Plan	919,064	2,518	51.03	A	(18.69)	C-5	32.34	81,422
7	Group Insurance	3,806,343	10,428	51.03	A	(46.15)	C-6	4.87	50,788
8	Uncollectible Expense	3,075,398	8,426	51.03	A	76.66	A	127.68	1,075,816
9	Service Company Charges	15,761,686	43,183	51.03	A	(46.00)	C-7	5.03	216,999
10	Other Third-Party O&M Expenses	28,038,488	76,818	51.03	A	(59.85)	C-8	(8.82)	(677,633)
11	Total O&M Expenses	\$ 217,896,551							\$ 7,727,383
12	Income Taxes								
13	Excess Deferred Tax Amortization	\$ (1,763,178)	(4,831)	51.03		0.00		51.03	(246,483)
14	Federal Income Taxes	15,518,308	42,516	51.03	A	(38.25)	D-1	12.78	543,147
15	State Income Tax	7,308,465	20,023	51.03	A	(38.50)	D-2	12.53	250,793
16	Total Federal Income Taxes	\$ 21,063,595							\$ 547,457
17	Taxes Other Than Income Taxes	\$ 4,139,010	11,340	51.03	A	(12.39)	E	38.64	\$ 438,130
18	Depreciation and Amortization Expense	\$ 43,833,425	120,092	51.03	A	0.00		51.03	\$ 6,127,690
19	Interest Expense								
20	Interest on Long-Term Debt	\$ 23,596,756	64,649	51.03	A	(81.05)	F-1	(30.02)	\$ (1,940,761)
21	Interest on Short-Term Debt	-	-	51.03	A	2.84	F-2	53.86	-
22	Interest on Customer Deposits	68,037	186	51.03	A	(236.39)	F-3	(185.36)	(34,552)
23	Total Interest Expense	\$ 23,664,793							\$ (1,975,313)
24	Return	\$ 60,141,576	164,771	51.03	A	0.00		51.03	\$ 8,407,486
25	Other Adjustments								
26	Incidental collections								\$ 1,559,855
27	Employee deductions								(149,481)
28	Total Other Adjustments	\$ -	\$ -						\$ 1,410,374
29	Total	\$ 370,738,950	\$ 296,203						\$ 22,683,206



**9 & 3 UPDATE**

**Schedules  
of  
M.P. SCACIFERO**

ELIZABETHTOWN GAS COMPANY  
STATEMENT OF RATE BASE  
UTILITY PLANT IN SERVICE (UPIS)

<u>Line No.</u>			<u>Reference</u>
1			
2	Actual UPIS as of 5/31/19	\$1,398,804,121	<u>SMG-2</u>
3			
4	Projected Test Year Plant Additions (6/1/19 - 8/31/19)	\$79,373,828	MPS-2
5			
6	Projected Test Year Plant Retirements (6/1/19 - 8/31/19)	(\$3,476,997)	
7			
8	<b>Projected Test Year Ending UPIS at 8/31/19</b>	<b><u>\$1,474,700,952</u></b>	
9			
10	Projected Post Test Year Plant Additions (9/1/19 - 2/29/20)	\$76,000,290	MPS-3
11			
12	Projected Post Test Year Major IT Capital Projects	\$75,567,098	MPS-4
13			
14	Projected Post Test Year Plant Retirements (9/1/19 - 2/29/20)	(\$5,826,229)	
15			
16	<b>Projected Post Test Year Ending UPIS at 2/29/20</b>	<b><u>\$1,620,442,111</u></b>	

ELIZABETHTOWN GAS COMPANY  
TEST YEAR PLANT ADDITIONS  
12 MONTHS ENDING AUGUST 2019

	September Actual 2018	October Actual 2018	November Actual 2018	December Actual 2018	January Actual 2019	February Actual 2019	March Actual 2019	April Actual 2019	May Actual 2019	June Projected 2019	July Projected 2019	August Projected 2019	2018-2019 Test Year Total
New Business	2,703,927	2,104,806	2,210,717	3,666,853	2,296,262	1,799,270	2,053,167	2,887,070	2,393,528	1,151,129	1,522,511	2,474,879	27,264,117
Facilities	-	-	-	-	-	-	-	29,860	30,733	453,694	622,961	72,402	1,209,650
Fleet	-	-	-	-	99,935	102,138	(69,368)	25,847	702	651,644	689,062	1,295,748	2,795,708
Gas Operations	80,981	185,199	22,708	11,162	32,963	699	12,168	53,565	(11,463)	1,121,230	1,171,111	748,836	3,429,160
Mandatory	171,828	23,936	431,434	75,259	10,995	9,150	183,917	141,596	8,594	342,274	342,275	342,275	2,083,534
Distribution Integrity Management (DIMP)	4,752,374	8,170,482	7,448,540	7,750,434	3,982,710	3,785,679	9,289,045	8,810,702	11,424,550	9,571,095	4,013,444	4,245,733	83,244,788
Transmission Integrity Mgmt Program (TIMP)	104,273	66,012	492,270	77,358	91,414	145,988	(17,037)	67,146	24,188	1,180,403	368,995	4,447	2,605,458
DOT	3,476	17,582	3,599	213,914	4,443	21,705	353,860	13,607	9,045	50	50	50	641,382
Periodic Testing (PT) Meter	157,886	215,815	184,778	184,379	321,530	102,554	172,833	330,519	278,343	394,234	394,234	394,234	3,131,340
Pressure Improvement (PRIM)	13,889	217,603	676,571	162,076	32,273	34,333	31,466	213,240	38,885	41	235,231	41	1,655,651
Renewals	2,367,683	517,976	1,685,134	1,302,481	461,018	(216,558)	969,157	132,831	427,387	284,038	284,037	284,037	8,499,223
Corrosion Work	2,518	400,531	(397,662)	88,634	(74,751)	12,160	23,615	705	2,937	53,467	53,467	53,467	219,087
Field Operations	23,128	47,689	32,675	55,757	43,009	155,570	20,840	797,094	71,251	47,223	47,223	47,223	1,388,681
Regulator Station	2,487	-	-	-	-	-	-	-	-	-	106,905	106,905	216,298
Tools and Equipment	34,142	16,793	4,417	394	278	-	5,015	-	23,429	67,061	65,992	65,992	283,513
Information Technology (IT)	7,447	11,314,094	26,381	571,182	900,297	947,195	862,349	1,038,392	710,946	1,332,620	1,438,250	234,155	19,383,309
Infrastructure Investment Program (IIP)	-	-	-	-	-	-	-	-	-	-	-	-	-
IIP Base Spending	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer from CWIP To UPIS	-	-	-	-	-	-	-	-	-	589,650	34,924,443	5,483,358	40,997,450
<b>TOTAL ETG PLANT ADDITIONS</b>	<b>10,426,039</b>	<b>23,298,519</b>	<b>12,821,563</b>	<b>14,159,883</b>	<b>8,202,377</b>	<b>6,899,883</b>	<b>13,891,028</b>	<b>14,542,174</b>	<b>15,433,054</b>	<b>17,239,853</b>	<b>46,280,193</b>	<b>15,853,782</b>	<b>199,048,347</b>

ELIZABETHTOWN GAS COMPANY  
POST-TEST YEAR PLANT ADDITIONS  
6 MONTHS ENDING FEBRUARY 2020

	September Projected 2019	October Projected 2019	November Projected 2019	December Projected 2019	January Projected 2020	February Projected 2020	2019-2020 Post-Test Year Total
New Business	2,619,933	3,635,932	3,263,761	3,137,920	1,297,436	1,316,732	15,271,715
Facilities	106,966	103,438	46,415	6,416	46,488	46,488	356,211
Fleet	64,204	33,752	72	0	268,200	268,200	634,428
Gas Operations	763,862	1,048,493	682,469	356,106	151,980	151,980	3,154,890
Mandatory	342,275	342,353	346,652	245,068	49,170	49,170	1,374,687
Distribution Integrity Management (DIMP)	3,648,997	2,563,396	897,935	706,099	1,588,775	1,846,544	11,251,745
Transmission Integrity Mgmt Program (TIMP)	4,446	5,304	5,544	0	-	-	15,293
DOT	267,312	256,690	395,726	171,103	89,400	89,400	1,269,630
Periodic Testing (PT) Meter	394,234	394,344	384,908	384,784	439,506	439,506	2,437,283
Pressure Improvement (PRIM)	312,806	588,113	588,152	3	49,170	49,170	1,587,414
Renewals	284,037	284,244	284,302	283,387	49,170	49,170	1,234,310
Corrosion Work	14	17	80,220	0	26,820	26,820	133,892
Field Operations	47,223	47,235	47,239	47,231	48,535	48,535	285,999
Regulator Station	106,905	53,465	0	0	35,760	35,760	231,890
Tools and Equipment	65,989	52,253	50,119	49,021	36,475	36,475	290,333
Information Technology (IT)	26,606	26,676	26,696	125,301	(0)	(0)	205,280
Infrastructure Investment Program (IIP)	-	4,766,917	4,406,211	4,487,020	4,937,074	4,721,232	23,318,454
IIP Base Spending	-	-	-	-	-	-	-
Transfer from CWIP to UPIS	6,548,417	291,050	402,187	5,555,854	68,507	80,823	12,946,837
<b>TOTAL ETG PLANT ADDITIONS</b>	<b>15,604,227</b>	<b>14,493,671</b>	<b>11,908,607</b>	<b>15,555,313</b>	<b>9,182,467</b>	<b>9,256,005</b>	<b>76,000,290</b>

**ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS  
MAJOR IT CAPITAL PROJECTS**

Line No.	Project Name	CWIP			Total	Projected In Service Date
		Life to Date ending May-19	Forecast June 19 - Dec 19	Forecast 2020		
1	Workday Finance Phase 3	\$ -	\$ 5,378,855	\$ 1,733,468	\$ 7,112,323	Jan-20
2	CC&B Core	\$ 9,783,963	\$ 10,317,401	\$ 1,025,007	\$ 21,126,371	Jan-20
3	Customer Portal	\$ 341,172	\$ 635,190	\$ 211,342	\$ 1,187,703	Jan-20
4	Middleware /IIB	\$ 1,417,108	\$ 1,947,774	\$ 401,549	\$ 3,766,431	Jan-20
5	IVR & Workforce Management	\$ 1,374,561	\$ 1,392,590	\$ 348,714	\$ 3,115,865	Jan-20
6	Transportation/Marketing/Sendout Portals	\$ 586,234	\$ 947,237	\$ 158,506	\$ 1,691,977	Jan-20
7	Maximo	\$ 8,501,380	\$ 7,307,643	\$ 1,394,855	\$ 17,203,877	Jan-20
8	MWM/ORS	\$ 301,249	\$ 2,934,812	\$ 528,354	\$ 3,764,415	Jan-20
9	GIS	\$ 2,187,161	\$ 2,130,686	\$ 591,756	\$ 4,909,604	Jan-20
10	Field SCADA	\$ 114,645	\$ 215,650	\$ -	\$ 330,295	Dec-19
11	Salesforce	\$ 290,452	\$ 748,906	\$ 88,763	\$ 1,128,122	Jan-20
12	Toughbook/ Truck	\$ 98,576	\$ 1,748,618	\$ 253,610	\$ 2,100,804	Jan-20
13	Powerplant and Finance Edge	\$ 1,522,631	\$ 5,232,107	\$ 1,374,573	\$ 8,129,311	Jan-20
14						
15	Total Pro Forma Adjustment	\$ 26,519,133	\$ 40,937,468	\$ 8,110,497	\$ <b>75,567,098</b>	

# **9 & 3 UPDATE**

## **Schedules of N. NTELEKOS**



ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO AUGUST 31, 2019 OPERATING INCOME AND RATE BASE  
DEPRECIATION EXPENSE AND ACCUMULATED DEPRECIATION

Line No.		<u>Utility Plant in Service</u>	<u>Depreciation Expense (Proposed Rates)</u>
1	<b><u>Depreciation Expense:</u></b>		
2			
3	Utility Plant In Service as of August 31, 2019	\$ 1,474,700,952	\$ 36,462,890
4			
5	Test Year Depreciation Expense		\$ 30,623,437
6			
7	Pro Forma Depreciation Expense Annualization Adjustment		\$ 5,839,453
8			
11	Post Test Year Depreciation Expense Annualization Adjustment	\$ 145,741,159	\$ 7,370,535
12			
13	<b>Total Pro Forma Adjustment to Depreciation Expense (Income Statement)</b>	<b><u>\$ 1,620,442,111</u></b>	<b><u>\$ 13,209,987</u></b>
14			
15			
16	<b><u>Accumulated Depreciation:</u></b>		
17			
18	Accumulated Depreciation as of August 31, 2019*		\$ (467,935,958)
19			
20	Post Test Year Depreciation on UPIS as of Aug 31, 2019 (Sept 19 - Feb 20)		\$ (18,231,445)
21			
22	Post Test Year Depreciation on PTY Plant (Sept 19 - Feb 20)		\$ (3,685,267)
23			
24	Post Test Year Retirements (Sept 19 - Feb 20)		\$ 5,826,229
25			
26	Post Test Year Cost of Removal (Sept 19 - Feb 20)		\$ 4,584,826
27			
28	<b>Accumulated Depreciation as of Feb 29, 2020 (Rate Base)</b>		<b><u>\$ (479,441,615)</u></b>

\*Reflects Acquisition Adjustment

ELIZABETHTOWN GAS COMPANY  
CALCULATION OF ADJUSTED TEST YEAR  
DEFERRED FEDERAL INCOME TAX (DFIT) INCLUDED IN RATE BASE

<u>Line No.</u>		<u>POST TEST YEAR ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DFIT IN RATE BASE</u>
1	Projected DFIT Rate Base Balance 8/31/19			(12,284,743)
2				
3	<u>Normalization on 8/31/19 Plant (PTY 9/19-2/20):</u>			
4				
5	Book Depreciation	14,671,384		
6				
7	Tax Depreciation-Federal	<u>(40,638,620)</u>		
8				
9	Federal Tax Depreciation Over Book		<u>(25,967,236)</u>	
10				
11	<u>Normalization on PTY Additions (PTY 9/19-2/20):</u>			
12				
13	Book Depreciation	3,685,267		
14				
15	Tax Depreciation-Federal	<u>(2,732,647)</u>		
16				
17	Federal Tax Depreciation Over Book		<u>952,621</u>	
18				
19	Total Added Tax Depreciation		(25,014,616)	
20				
21	Deferred FIT (@ effective FIT rate of 21%)			<u>(5,253,069)</u>
22				
23	Federal benefit of state taxes - 21%			<u>472,776</u>
24				
25	<b>Adjusted DFIT Rate Base Balance 2/29/20</b>			<b><u>(17,065,036)</u></b>

ELIZABETHTOWN GAS COMPANY  
CALCULATION OF ADJUSTED TEST YEAR  
DEFERRED NJ CORPORATE BUSINESS TAX (CBT) INCLUDED IN RATE BASE

<u>Line No.</u>		<u>POST TEST YEAR ADDITIONS</u>	<u>ADDED TAX DEPRECIATION</u>	<u>DFIT IN RATE BASE</u>
1	Projected DCBT Rate Base Balance 8/31/19			(5,785,593)
2				
3	<u>Normalization on 8/31/19 Plant (PTY 9/19-2/20):</u>			
4				
5	Book Depreciation	14,671,384		
6				
7	Tax Depreciation-Federal	<u>(40,638,620)</u>		
8				
9	Federal Tax Depreciation Over Book		<u>(25,967,236)</u>	
10				
11	<u>Normalization on PTY Additions (PTY 9/19-2/20):</u>			
12				
13	Book Depreciation	3,685,267		
14				
15	Tax Depreciation-Federal	<u>(2,732,647)</u>		
16				
17	Federal Tax Depreciation Over Book		<u>952,621</u>	
18				
19	Total Added Tax Depreciation		(25,014,616)	
20				
21	Pro Forma Adjustment - Deferred NJ CBT @ 9.00%			<u>(2,251,315)</u>
22				
23	<b>Adjusted DCBT Rate Base Balance 2/29/20</b>			<b><u>(8,036,908)</u></b>

ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENT TO AUGUST 31, 2019 OPERATING INCOME  
INCOME TAXES - INTEREST SYNCHRONIZATION

Line No.

1	Adjusted Rate Base	\$ 1,101,494,060	
2			
3	Total Weighted Cost of Long Term Debt	<u>2.14%</u>	
4			
5	Annualized Interest Expense	\$ 23,596,756	
6			
7	Less: Test Year Interest Expense	<u>\$ (25,517,098)</u>	
8			
9	Net Interest Expense		<u>\$ (1,920,342)</u>
10			
11	Income Tax Rate		<u>28.11%</u>
12			
13	<b>Total (Increase)/Decrease to test year income taxes</b>		<u><b>\$ (539,808)</b></u>

**ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO RATE BASE  
PENSION AND OPEB REGULATORY ASSETS**

Total Accrued Pension and Other Post Retirement Benefits	\$	(1,585,875)	
Pension & OPEB Regulatory Asset - Southern Acquisition		<u>39,266,360</u>	
<b>Regulatory Asset included in Rate Base Balance as of 5/31/19</b>			<b>\$ 37,680,485</b>
Adjusted for:			
Projected regulatory asset amortization expense and net periodic benefit costs from 6/1/19 - 8/31/19			<u>(582,155)</u>
<b>Regulatory Asset included in Rate Base Test Year Balance as of 8/31/19</b>			<b>37,098,330</b>
Adjusted for:			
Projected regulatory asset amortization expense and net periodic benefit costs from 9/1/19 - 2/28/20			<u>(1,164,311)</u>
<b>Regulatory Asset included in Rate Base Post Test Year Balance as of 2/29/20</b>			<b><u>\$ 35,934,019</u></b>

**9 & 3 UPDATE**

**Schedules  
of  
T. KAUFMANN**

**ELIZABETHTOWN GAS COMPANY  
PRO FORMA ADJUSTMENTS TO OPERATING INCOME**

**TEST YEAR ANNUALIZATION  
TO THE POST TEST YEAR CUSTOMER COUNT AT MAY 2020**

<u>Line No.</u>	<u>Annualized</u>			
	<u>Therms</u>	<u>Margin Revenue</u>	<u>Cost of Gas *</u>	
1	Residential Delivery Service (RDS)	3,204,104	\$1,459,703	\$1,395,707
2	Small General Service (SGS)	464,557	\$254,939	\$77,673
3	General Delivery Service (GDS)	(1,381,174)	(\$263,642)	(\$291,704)
4	GDS - CIAC , Apr-Oct discounted rate	(421,461)	(\$49,514)	(\$185,442)
5	Natural Gas Vehicle (NGV)	68,124	\$62,485	\$29,974
6	Large Volume Demand (LVD), includes FTS	5,041,715	\$217,128	\$66,549
7	Electric Generation Firm (EGF)	27,679	\$1,699	\$12,179
8	Unmetered Gas Light, per mantle (GLS)	8,307	\$3,456	\$3,654
9	Interruptible Cogeneration Srv. (CSI)	0	\$303	\$69
10	Interruptible Service (IS)	0	(\$3,663)	\$0
11	Firm Transportation Srv. (FTS), included in LVD			
12	Interruptible Transportation Srv. (ITS-IS)	404,950	\$15,921	\$0
13	Interruptible Transportation Srv. (ITS-CSI)	0	\$0	\$0
14	Interruptible Transportation Srv. (ITS-LVD)	1,514,336	\$130,395	\$0
15	Total Adjustment	<u>8,931,137</u>	<u>\$1,829,210</u>	<u>\$1,108,659</u>

\*RDS, SGS, GDS and LVD/FTS costs are estimated per the percentage sales therms taking BGSS service.

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

Test Year Adjustment from 20 Year to 10 Year Normal

Month	Margin Revenue Excess / (Deficiency)		
	Booked Per <b>20 Year</b> Normal	per <b>10 Year</b> Normal	Inc / (Dec) In Excess / (Deficiency)
Oct-18	\$459,224	\$814,752	\$355,528
Nov	\$1,810,924	\$1,828,171	\$17,247
Dec	(\$549,978)	\$0	\$549,978
Jan-19	\$552,148	\$456,950	(\$95,198)
Feb	(\$508,571)	(\$1,271,429)	(\$762,858)
Mar	\$1,026,985	\$1,232,382	\$205,397
Apr	(\$912,781)	(\$704,603)	\$208,178
May	\$0	\$270,193	\$270,193
Total	\$1,877,951	\$2,626,416	\$748,465