

December 21, 2023

Electronic Filing

Sherri L. Golden
Secretary of the Board
New Jersey Board of Public Utilities
44 South Clinton Avenue
P. O. Box 350
Trenton, NJ 08625-0350

**RE: In the Matter of the Petition of Elizabethtown Gas Company to Review Its Periodic Basic Gas Supply Service Rate and Conservation Incentive Program Rates For The Year Ended September 30, 2024
BPU Docket No. GR23060335**

**NOTICE OF INTENT TO EXERCISE SELF-IMPLEMENTING RATE INCREASE
EFFECTIVE FEBRUARY 1, 2024**

Dear Secretary Golden:

Elizabethtown Gas Company (“ETG” or “Company”) hereby submits this notice of intent to self-implement a Periodic Basic Gas Supply Service (“BGSS-P”) rate adjustment based on a 5% increase of the monthly bill of a typical residential heating customer using 100 therms to be effective February 1, 2024 (“Notice”), consistent with the requirements set forth in the New Jersey Board of Public Utilities’ (“BPU” or “Board”) “Order Approving BGSS Pricing Structure,” dated January 6, 2003, in BPU Docket No. GX01050304 (“January 6 Order”) and the Board’s Order dated November 17, 2023 in BPU Docket No. GR23060335 (“November 17 Order”). This Notice is hereby made to Board Staff (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) in accordance with the terms of the January 6 Order and November 17 Order.

I. BACKGROUND

On June 1, 2023, ETG filed a petition (“June 1 Petition”) in the above referenced docket seeking approval to increase its BGSS-P rate for the 2023-2024 BGSS year from \$0.2692¹ per therm to \$0.5042 per therm effective October 1, 2023. The June 1 Petition also sought Board approval to implement per-therm CIP rates for service classifications Residential Delivery Service – Non-Heating (“RDS-NH”), Residential Delivery Service – Heating (“RDS-H”), Small General Service (“SGS”) and General Delivery Service (“GDS”). On July 21, 2023, the Company updated its per-therm CIP rates for RDS-NH, RDS-H, SGS and GDS via a 12&0 Update (“CIP Update”).

As shown in the June 1 Petition, maintaining the BGSS-P rate of \$0.2692 per therm was forecast to result in a projected under-recovery of BGSS costs of approximately \$59 million for the twelve months ending September 30, 2024. By its November 17 Order, the Board approved a Stipulation authorizing ETG to implement its (i) proposed per-therm CIP rates from ETG’s CIP Update effective December 1, 2023 and (ii) the proposed BGSS-P rate of \$0.5042 per therm on a provisional basis effective March 1, 2024. Because the provisional BGSS-P rate approved by the Board’s November 17 Order will not be effective until March 1, 2024, it was necessary and prudent for ETG to self-implement a 5% BGSS-P increase to the monthly bill of a typical residential heating customer using 100 therms effective December 1, 2023, as permitted by the Company’s tariff, to mitigate a significant forecast under-recovery. As the higher provisional rate is still not in effect, it is again necessary and prudent for ETG to self-implement a 5% BGSS-P increase to the monthly bill of a typical residential heating customer using 100 therms effective February 1, 2024, as permitted by the Company’s tariff, to further mitigate a significant forecast under-recovery.

¹ All rates stated herein include all applicable taxes.

A. SELF-IMPLEMENTING RATE INCREASE

The January 6 Order provides that a gas distribution company that submits an annual BGSS filing no later than June 1 of each year with a proposed implementation date of October 1 of the same year may file two additional self-implementing BGSS-P rate increases to be effective in the next succeeding winter upon written notice to the Staff and Rate Counsel. Such increases may take effect on December 1 and February 1, subject to the requirement that the written notice to Staff and Rate Counsel of the intention to implement a self-implementing rate be given in the manner required by the Board. The January 6 Order further provides that notices for December or February increases shall include specific reference to the previous annual filing with justification and supporting documentation explaining the need for the periodic increase.

After consideration of the significant forecast BGSS under-recovery as of September 30, 2024, it is reasonable for ETG to implement a BGSS-P rate increase to be effective February 1, 2024 as authorized by the January 6 Order.

The requisite supporting documentation is provided with this Notice and sets forth the impact of the self-implementing rate increase on a residential heating customer's monthly bill as of February 1, 2024. Specifically, effective February 1, 2024, the current BGSS-P rate of \$0.3255 per therm will be increased to \$0.3846 per therm, resulting in an increase to the monthly bill of a residential heating customer using 100 therms of \$5.91 from \$118.26 to \$124.17, or 5%. Based on this self-implementing rate increase effective February 1, 2024 and considering that the provisional BGSS-P rate of \$0.5042 per therm will take effect March 1, 2024 pursuant to the Board's November 17 Order, the projected under-recovery of BGSS costs is forecast to be approximately \$25 million at September 30, 2024.

B. SUPPORTING DOCUMENTATION

In accordance with the terms of the January 6 Order, enclosed is the following supporting documentation:

Exhibit A: Statement of Over/Under Recoveries of Gas Costs for the Projected Period October 1, 2023 through September 30, 2024 based on the original assumptions from the June 1 Petition updated for accounting actuals through November 2023 and a NYMEX strip from December 8, 2023, assuming (1) the current BGSS-P Rate which was made effective December 1, 2023; (2) the Self-implementing BGSS-P Rate to be made effective February 1, 2024 and (3) the provisional BGSS-P rate that will become effective March 1, 2024 pursuant to the Board's November 17 Order.

Exhibit B: Bill Impacts

Exhibit C: Proposed Tariff sheets.

C. PUBLIC NOTICE

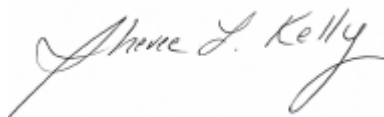
The potential for this self-implementing increase was included and sufficiently detailed in the public notice of ETG's filing in this proceeding and was the subject of telephonic public hearings conducted on August 31, 2023.

II. CONCLUSION

Based on the foregoing, including the authority granted by the January 6 Order and the November 17 Order, ETG is providing the requisite notice to self-implement a rate increase effective February 1, 2024. Should circumstances change that warrant reconsideration or an increase less than the self-implementing BGSS-P rate described in this Notice, ETG will promptly notify the Board, Staff and Rate Counsel. ETG shall make a compliance filing no later than January 31, 2024 reflecting final Tariff sheets to be effective February 1, 2024.

Respectfully submitted,

ELIZABETHTOWN GAS COMPANY

A handwritten signature in cursive script that reads "Sheree L. Kelly".

By: _____
Sheree L. Kelly, Esq.
Regulatory Affairs Counsel

SLK:
Enclosures

cc: Service List (attached)

Elizabethtown Gas Company

Statement of (Over) Under Recoveries of Gas Costs
For the Projected Period October 1, 2023 through September 30, 2024
Current BGSS-P Rate including December 1, 2023 5% Increase with Provisional Increase March 1, 2024

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>RECOVERABLE COSTS</u>			<u>GAS COST RECOVERIES</u>			<u>(OVER) UNDER RECOVERY</u>		
		<u>LESS</u>							
		<u>SUPPLIER</u>	<u>NET</u>				<u>TOTAL</u>	<u>MONTHLY</u>	<u>CUMULATIVE</u>
<u>PERIOD</u>	<u>GAS</u>	<u>REFUNDS</u>	<u>RECOVERABLE</u>	<u>BGSS-P</u>	<u>BGSS-M</u>	<u>NON-</u>	<u>RECOVERIES</u>	<u>(OVER) UNDER</u>	<u>(OVER) UNDER</u>
	<u>SENDOUT</u>	<u>CREDITS &</u>	<u>COSTS</u>	<u>FIRM SALES</u>	<u>FIRM SALES</u>	<u>FIRM SALES</u>	<u>(COL 4+5+6)</u>	<u>RECOVERY</u>	<u>RECOVERY</u>
		<u>Other</u>	<u>(COL 1-2)</u>					<u>(COL 3-7)</u>	
BALANCE BEGINNING OCTOBER 1, 2023									(\$5,840,091) ¹
Oct 2023 ²	\$9,210,620	\$155,454	\$9,055,166	\$1,859,746	\$1,195,172	\$0	\$3,054,918	\$6,000,248	\$160,157
Nov 2023 ²	\$14,655,555	\$157,396	\$14,498,159	\$4,314,788	\$2,626,733	\$0	\$6,941,521	\$7,556,638	\$7,716,795
Dec 2023	\$18,850,284	\$1,175,263	\$17,675,021	\$10,185,261	\$5,225,907	\$0	\$15,411,168	\$2,263,853	\$9,980,648
Jan 2024	\$28,016,377	\$369,705	\$27,646,672	\$14,993,343	\$5,957,600	\$0	\$20,950,943	\$6,695,729	\$16,676,377
Feb 2024	\$23,369,456	\$154,077	\$23,215,379	\$15,286,599	\$5,732,084	\$0	\$21,018,683	\$2,196,696	\$18,873,073
Mar 2024	\$20,497,877	\$5,978,000	\$14,519,877	\$15,922,341	\$4,555,207	\$0	\$20,477,548	(\$5,957,671)	\$12,915,402
Apr 2024	\$17,393,392	\$351,653	\$17,041,739	\$14,332,522	\$3,326,146	\$0	\$17,658,668	(\$616,929)	\$12,298,473
May 2024	\$10,935,525	\$470,859	\$10,464,666	\$7,026,067	\$1,975,256	\$0	\$9,001,323	\$1,463,343	\$13,761,816
Jun 2024	\$8,764,011	\$505,774	\$8,258,237	\$3,091,205	\$1,402,953	\$0	\$4,494,158	\$3,764,079	\$17,525,895
Jul 2024	\$8,635,195	\$679,206	\$7,955,989	\$3,045,460	\$1,451,523	\$0	\$4,496,983	\$3,459,006	\$20,984,901
Aug 2024	\$8,457,341	\$574,002	\$7,883,339	\$3,051,565	\$1,455,081	\$0	\$4,506,646	\$3,376,693	\$24,361,594
Sep 2024	<u>\$8,203,254</u>	<u>\$619,527</u>	<u>\$7,583,727</u>	<u>\$3,060,004</u>	<u>\$1,429,999</u>	<u>\$0</u>	<u>\$4,490,003</u>	<u>\$3,093,724</u>	<u>\$27,455,318</u>
TOTALS	<u>\$176,988,887</u>	<u>\$11,190,916</u>	<u>\$165,797,971</u>	<u>\$96,168,901</u>	<u>\$36,333,661</u>	<u>\$0</u>	<u>\$132,502,562</u>	<u>\$33,295,409</u>	

¹ Represents opening balance as of September 30th, including interest due to customers in the amount of \$801,503.

² Actuals

Elizabethtown Gas Company

Statement of (Over) Under Recoveries of Gas Costs
For the Projected Period October 1, 2023 through September 30, 2024
Assuming Additional Proposed 5% Increase BGSS-P Rate effective February 1, 2024 and Provisional Increase March 1, 2024

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	RECOVERABLE COSTS			GAS COST RECOVERIES			(OVER) UNDER RECOVERY		
		LESS	NET				TOTAL	MONTHLY	CUMULATIVE
PERIOD	GAS	SUPPLIER	RECOVERABLE	BGSS-P	BGSS-M	NON-	RECOVERIES	(OVER) UNDER	(OVER) UNDER
	SENDOUT	REFUNDS	COSTS	FIRM SALES	FIRM SALES	FIRM SALES	(COL 4+5+6)	RECOVERY	RECOVERY
		CREDITS &	(COL 1-2)					(COL 3-7)	
		Other							
BALANCE BEGINNING OCTOBER 1, 2023									(\$5,840,091) ¹
Oct 2023 ²	\$9,210,620	\$155,454	\$9,055,166	\$1,859,746	\$1,195,172	\$0	\$3,054,918	\$6,000,248	\$160,157
Nov 2023 ²	\$14,655,555	\$157,396	\$14,498,159	\$4,314,788	\$2,626,733	\$0	\$6,941,521	\$7,556,638	\$7,716,795
Dec 2023	\$18,850,284	\$1,175,263	\$17,675,021	\$10,185,261	\$5,225,907	\$0	\$15,411,168	\$2,263,853	\$9,980,648
Jan 2024	\$28,016,377	\$369,705	\$27,646,672	\$14,993,343	\$5,957,600	\$0	\$20,950,943	\$6,695,729	\$16,676,377
Feb 2024	\$23,369,456	\$154,077	\$23,215,379	\$16,673,558	\$5,732,084	\$0	\$22,405,642	\$809,737	\$17,486,114
Mar 2024	\$20,497,877	\$5,978,000	\$14,519,877	\$17,055,852	\$4,555,207	\$0	\$21,611,059	(\$7,091,182)	\$10,394,932
Apr 2024	\$17,393,392	\$351,653	\$17,041,739	\$14,332,522	\$3,326,146	\$0	\$17,658,668	(\$616,929)	\$9,778,003
May 2024	\$10,935,525	\$470,859	\$10,464,666	\$7,026,067	\$1,975,256	\$0	\$9,001,323	\$1,463,343	\$11,241,346
Jun 2024	\$8,764,011	\$505,774	\$8,258,237	\$3,091,205	\$1,402,953	\$0	\$4,494,158	\$3,764,079	\$15,005,425
Jul 2024	\$8,635,195	\$679,206	\$7,955,989	\$3,045,460	\$1,451,523	\$0	\$4,496,983	\$3,459,006	\$18,464,431
Aug 2024	\$8,457,341	\$574,002	\$7,883,339	\$3,051,565	\$1,455,081	\$0	\$4,506,646	\$3,376,693	\$21,841,124
Sep 2024	\$8,203,254	\$619,527	\$7,583,727	\$3,060,004	\$1,429,999	\$0	\$4,490,003	\$3,093,724	\$24,934,848
TOTALS	<u>\$176,988,887</u>	<u>\$11,190,916</u>	<u>\$165,797,971</u>	<u>\$98,689,371</u>	<u>\$36,333,661</u>	<u>\$0</u>	<u>\$135,023,032</u>	<u>\$30,774,939</u>	

¹ Represents opening balance as of September 30th, including interest due to customers in the amount of \$801,503.

² Actuals

Exhibit B

**Elizabethtown Gas Company
 Calculation of Maximum Allowable Rate and Bill Impact
 Self-Implementing BGSS-P Rate Increase February 1, 2024**

Current Residential Heating 100 therm bill	\$118.26
5% increase (maximum allowable) on 100 therm bill	\$124.17
\$ increase	\$5.91
Maximum increase - \$/therm	\$0.0591
Current BGSS rate (including taxes) - \$/therm	\$0.3255
Maximum rate - \$/therm	\$0.3846

<u>Consumption in Therms</u>	<u>Current Bill</u>	<u>Proposed Change</u>	<u>Proposed Bill</u>	<u>Percent Change</u>
100	\$118.26	\$5.91	\$124.17	5.0%
Service Charge	\$10.50	-	\$10.50	
<u>Therm Rates:</u>				
Distribution Rate	\$0.5797	-	\$0.5797	
BGSS-P	\$0.3255	\$0.0591	\$0.3846	
SBC - CEP	\$0.0260	-	\$0.0260	
SBC - RAC	\$0.0023	-	\$0.0023	
SBC - USF	\$0.0115	-	\$0.0115	
SBC - Lifeline	\$0.0062	-	\$0.0062	
OSMC	(\$0.0031)	-	(\$0.0031)	
EEP	\$0.0086	-	\$0.0086	
IIP	\$0.0351	-	\$0.0351	
CIP	\$0.0858	-	\$0.0858	
Total Therm Rates	\$1.0776	\$0.0591	\$1.1367	

RIDER “A”

BASIC GAS SUPPLY SERVICE CHARGE (“BGSS”)

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

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

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

BGSS per therm rates:

<u>Effective Date</u>	<u>BGSS-M per therm</u>	<u>BGSS-P per therm</u>
December 1, 2022	\$0.9635	\$0.7190
January 1, 2023	\$0.7462	\$0.7190
February 1, 2023	\$0.5726	\$0.7190
March 1, 2023	\$0.5011	\$0.2692
April 1, 2023	\$0.4512	\$0.2692
May 1, 2023	\$0.4649	\$0.2692
June 1, 2023	\$0.4719	\$0.2692
July 1, 2023	\$0.5177	\$0.2692
August 1, 2023	\$0.5056	\$0.2692
September 1, 2023	\$0.5125	\$0.2692
October 1, 2023	\$0.5352	\$0.2692
November 1, 2023	\$0.5785	\$0.2692
December 1, 2023	\$0.5289	\$0.3255
January 1, 2024	*	\$0.3255
February 1, 2024	*	\$0.3255 <u>0.3846</u>
March 1, 2024	*	\$0.5042

* To be determined

Date of Issue: ~~November 29, 2023~~ xxx1

Effective: Service Rendered on and after ~~December 1, 2023~~ xxx2

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

Filed Pursuant to Orders of the Board of Public Utilities
 Dated ~~January 6, 2003 in Docket No. GX01050304 and November 17, 2023~~ xxx3 in Docket No. GR23060335xxx4