



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL )  
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN )  
GAS TO REVIEW ITS PERIODIC BASIC GAS SUPPLY )  
SERVICE RATE )  
 )  
 ) DOCKET NO. GR18060608

**Parties of Record:**

**Mary Patricia Keefe, Esq.**, for Elizabethtown Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 31, 2018, Elizabethtown Gas Company<sup>1</sup> (“Elizabethtown” or “Company”) filed a petition (“2018 BGSS Petition”) with the New Jersey Board of Public Utilities (“Board”) seeking approval to modify its Periodic Basic Gas Supply Service (“BGSS”) rate. By this Order, the Board considers a Stipulation for Provisional Rates (“Stipulation”) executed by Elizabethtown, the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, the “Parties”) requesting that the Board approve changes in the Periodic BGSS rate on a provisional basis, subject to refund with interest.

**BACKGROUND**

By Order dated January 6, 2003,<sup>2</sup> in Docket No. GX01050304 (“January 2003 BGSS Order”), the Board directed each of New Jersey’s four (4) gas distribution companies (“GDCs”) to submit to the Board by June 1 its annual BGSS cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes each GDC to self-implement up to a five (5) percent BGSS increase effective December 1 of the current year and February 1 of the following year with one (1) month’s advance notice to the Board and Rate Counsel, while

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<sup>1</sup>In an Order dated June 22, 2018 issued in BPU Docket No. GM17121309, the Board approved, inter alia, the acquisition of Elizabethtown Gas, then a utility operating division of Pivotal Utility Holdings, Inc., by ETG Acquisition Corp., a wholly owned subsidiary of South Jersey Industries, Inc. The acquisition was consummated on July 1, 2018 and ETG Acquisition Corp. was renamed “Elizabethtown Gas Company.”

<sup>2</sup>In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq. – BGSS Pricing, BPU Docket No. GX01050304, (January 6, 2003).

authorizing BGSS rate decreases at any time during the year upon five (5) days' notice to Board Staff and Rate Counsel.

In accordance with the January 2003 BGSS Order, the Company sought approval to decrease its BGSS-P rate per therm from \$0.4540<sup>3</sup> per therm to \$0.4237 per therm effective October 1, 2018, designed to bring the BGSS balance to approximately zero as of September 30, 2019. Based on the proposed BGSS-P rate at the time of the filing, the monthly bill of a typical residential heating customer using 100 therms would have decreased by \$3.03 from \$91.65 to \$88.62, a decrease of 3.3%.

The 2018 BGSS Petition further indicated that the projected impact of the BGSS-P rate of \$0.4237 per therm is a decrease in gas cost recoveries of approximately \$7.1 million before taxes in the year ending September 30, 2019 as compared to the amount that would have otherwise been recovered by Elizabethtown under the current BGSS-P rate of \$0.4540 per therm.

The 2018 BGSS Petition further indicated that pursuant to the Company's current volume forecast, under the BGSS-P rate of \$0.4540 per therm, the Company would collect approximately \$107.0 million before taxes. In contrast, under the proposed BGSS-P rate of \$0.4237 per therm, the Company would collect approximately \$100.0 million before taxes.

After publication of notices in newspapers of general circulation in the Company's service territory, public hearings were held in Flemington and Union on August 15 and 16, 2018, respectively. No members of the public attended the hearings or filed written comments.

## **STIPULATION**

Because additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled and addressed, and the resulting rates are reasonable, on September 10, 2018, the Parties executed the Stipulation. The Stipulation provides the following.<sup>4</sup>

5. The Parties have determined agree that, pending the conclusion of any further review including at the Office of Administrative Law ("OAL"), if necessary, and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS-P rate of \$0.4237 per therm to be effective as October 1, 2018, inclusive of all applicable taxes. The BGSS-P rate of \$0.4237 will decrease the monthly bill of a typical residential heating customer using 100 therms by \$3.03 from \$91.40 to \$88.37 a decrease of 3.3%, compared to the Company's rates in effect as of August 1, 2018. There will be an opportunity for full review of the BGSS-P rate at the OAL, if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% [sic] to be effective December 1, 2018 and February

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<sup>3</sup> All rates quoted include sales and use tax ("SUT").

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

- 1, 2019, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2019. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. Elizabethtown is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and Rate Counsel.
6. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1, example attached as Appendix A to the Stipulation); and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2, example attached as Appendix B to the Stipulation). S-E Chart-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-E Chart-2 is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.
  7. The Company will submit tariff sheets in the form attached as Appendix C to the Stipulation within five (5) days of the effective date of the Board's Order approving the Stipulation.

#### **DISCUSSION AND FINDING**

The Board has reviewed the record to date in this proceeding, including the attached Stipulation. The Board **FINDS** it to be reasonable and in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

Accordingly, the Board **HEREBY APPROVES** on a provisional basis, subject to refund with interest on any over-recovered BGSS balance, Elizabethtown's implementation of a decrease in its BGSS-P rate to \$0.4237 per therm for services rendered on and after October 1, 2018.

The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for review and evidentiary hearings, if needed.

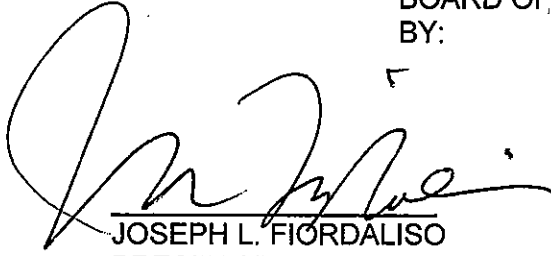
The Board **FURTHER DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2018.

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


The effective date of this Order is September 27, 2018.

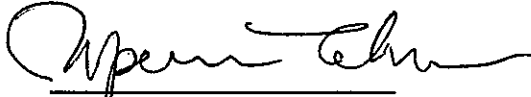
DATED: 9/17/18

BOARD OF PUBLIC UTILITIES  
BY:

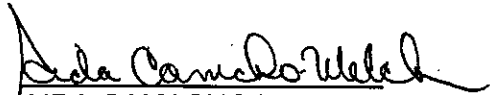
  
JOSEPH L. FIORDALISO  
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COMMISSIONER

  
ROBERT M. GORDON  
COMMISSIONER

ATTEST:   
AIDA CAMACHO-WELCH  
SECRETARY

I HEREBY CERTIFY that the within  
document is a true copy of the original  
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. D/B/A  
ELIZABETHTOWN GAS TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE  
DOCKET NO. GR18060608

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September 10, 2018

*Via Email and FedEx*

Aida Camacho-Welch, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue  
3<sup>rd</sup> Floor, Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: I/M/O The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
To Review Its Periodic Basic Gas Supply Service Rate  
BPU Docket No. GR18060608**

Dear Secretary Camacho-Welch:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation Regarding Provisional BGSS Rates executed by representatives of Elizabethtown Gas Company ("Elizabethtown"), the Staff of the Board of Public Utilities and the Division of Rate Counsel. Elizabethtown respectfully requests that the Board consider and adopt the Stipulation at its next agenda meeting on September 17, 2018.

Please contact the undersigned if you have questions or require further information. Thank you.

Respectfully submitted,

*/s/ Deborah M. Franco*

Deborah M. Franco

Of Counsel to  
Elizabethtown Gas Company

cc: Service List

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE  
BPU DOCKET NO. GR18060608**

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

-----X  
**In The Matter Of The Petition Of** : **BPU Docket No. GR18060608**  
**Pivotal Utility Holdings, Inc.** :  
**d/b/a Elizabethtown Gas To Review Its** : **STIPULATION REGARDING**  
**Periodic Basic Gas Supply Service Rate** : **PROVISIONAL BGSS RATES**  
-----X

**APPEARANCES:**

**Kenneth T. Maloney and Deborah M. Franco** (Cullen and Dykman LLP), Attorneys for the Petitioner, Elizabethtown Gas Company  
**Mary Patricia Keefe**, Vice President for Elizabethtown Gas Company

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

**Alex Moreau and Timothy Oberleiton**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

1. On May 31, 2018, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, now Elizabethtown Gas Company<sup>1</sup> (“Elizabethtown” or “Company”), filed a Petition (“May 31 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR18060608 to revise its Periodic Basic Gas Supply Service (“BGSS-P”) rate for the period October 1, 2018 through September 30, 2019.

2. In its May 31 Petition, Elizabethtown proposed to decrease its current BGSS-P rate from \$0.4540 per therm inclusive of all applicable taxes to \$0.4237 per therm inclusive of all applicable taxes to become effective October 1, 2018. As set forth in the May 31 Petition, the Company projected that it would have an estimated underrecovery balance as of September 30, 2018 of approximately \$1.9 million including interest. The May 31 Petition indicated that the

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<sup>1</sup> In an order dated June 22, 2018 issued in BPU Docket No. GM17121309, the Board approved, *inter alia*, the acquisition of Elizabethtown Gas, then a utility operating division of Pivotal Utility Holdings, Inc., by ETG Acquisition Corp., a wholly owned subsidiary of South Jersey Industries, Inc. The acquisition was consummated on July 1, 2018 and ETG Acquisition Corp. was renamed “Elizabethtown Gas Company.”



proposed BGSS-P rate of \$0.4237 per therm is designed to bring the BGSS balance to approximately zero as of September 30, 2019, and, at the time of filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$3.03 from \$91.65 to \$88.62, a decrease of 3.3%. The May 31 Petition further indicated that the projected impact of the BGSS-P rate of \$0.4237 per therm is a decrease in gas cost recoveries of approximately \$7.1 million before taxes in the year ending September 30, 2019 as compared to the amount that would otherwise be recovered by Elizabethtown under the current BGSS-P rate of \$0.4540 per therm. The May 31 Petition, in Schedule LJW-3, further indicated that, pursuant to the Company's current volume forecast, under the BGSS-P rate of \$0.4540 per therm, Elizabethtown would collect approximately \$107.0 million before taxes. In contrast, under the proposed BGSS-P rate of \$0.4237 per therm, Elizabethtown would collect approximately \$100.0 million before taxes.

3. Notices setting forth the requested rate change and the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities within the Company's service territory. Public hearings concerning the Company's May 31 Petition were held on August 15, 2018 in Flemington, New Jersey and on August 16, 2018 in Union, New Jersey. No members of the public attended the public hearings.

4. Elizabethtown, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "Parties"). The Parties agree that additional time is needed to complete a comprehensive review of the Company's filing and that permitting a BGSS-P rate to become effective on a provisional basis is reasonable to permit Elizabethtown to timely collect BGSS costs and to mitigate the impact of further potential increases in the underrecovery balance as additional review of the Company's filing takes place.

5. The Parties have determined and hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review including at the Office of Administrative Law, if necessary, and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS-P rate of \$0.4237 per therm to be effective as October 1, 2018, inclusive of all applicable taxes. The BGSS-P rate of \$0.4237 will decrease the monthly bill of a typical residential heating customer using 100 therms by \$3.03 from \$91.40 to \$88.37 a decrease of 3.3%, compared to the Company's rates in effect as of August 1, 2018. There will be an opportunity for full review of the BGSS-P rate at the Office of Administrative Law, if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2018 and February 1, 2019, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2019. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. Elizabethtown is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and Rate Counsel.

6. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1, example attached as Appendix A); and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2, example attached as Appendix B). S-E Chart-1 is to be completed using information from the first Friday

of the month and submitted to the Parties the following Tuesday. S-E Chart-2 is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

7. The Company will submit tariff sheets in the form attached as Appendix C within five (5) days of the effective date of the Board's Order approving this Stipulation.

8. This Stipulation represents a mutual balancing of interests and therefore is intended to be accepted and approved in its entirety. If the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

9. It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

10. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

11. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

**WHEREFORE**, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

ELIZABETHTOWN GAS COMPANY

STEFANIE A. BRAND  
DIRECTOR, DIVISION OF  
RATE COUNSEL

By: Mary Patricia Keefe / MKB  
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
and Business Support

By: [Signature]  
~~Felicia Thomas-Friel, Kurt J. Lewandowski, Esq.~~  
~~Managing Attorney Gas~~  
ADJT DEPUTY RATE COUNSEL

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

By: [Signature]  
Alex Moreau Timothy R. Oberleiton  
Deputy Attorney General

Dated: September <sup>10</sup> 7, 2018

**S-ECHART-1**  
**BGSS NYMEX Update Report**  
**as of September 01, 2017**

<u>Month</u>	<u>a</u>	<u>b</u>	<u>c = b - a</u>		<u>d</u>	<u>e</u>	<u>f = d - e</u>	<u>g = c x f</u>
	<u>BGSS</u> (see note below)	<u>NYMEX</u> (9/1/2017 Close)	<u>Incr/</u> ( <u>Decr</u> )	<u>% Chg</u>	<u>Sales</u> forecast (dths)	<u>Hedged</u> volume (dths)	<u>Unhedged</u> volume (dths)	<u>Change in</u> value unhedged
Oct-16	\$ 2.459	\$ 2.952	\$ 0.493		1,355,844	671,200	684,644	\$337,529
Nov-16	\$ 2.672	\$ 2.764	\$ 0.092		2,592,122	1,880,648	711,474	\$65,456
Dec-16	\$ 2.965	\$ 3.232	\$ 0.267		4,413,447	2,852,175	1,561,272	\$416,860
Jan-17	\$ 3.096	\$ 3.930	\$ 0.834		5,223,578	3,744,021	1,479,557	\$1,233,950
Feb-17	\$ 3.089	\$ 3.391	\$ 0.302		4,015,189	3,088,265	926,924	\$279,931
Mar-17	\$ 3.039	\$ 2.627	\$ (0.412)		3,249,406	2,117,209	1,132,197	(\$466,465)
Apr-17	\$ 2.850	\$ 3.175	\$ 0.325		1,644,797	774,100	870,697	\$282,977
May-17	\$ 2.835	\$ 3.142	\$ 0.307		989,275	472,400	516,875	\$158,681
Jun-17	\$ 2.865	\$ 3.236	\$ 0.371		688,412	313,100	375,312	\$139,241
Jul-17	\$ 2.900	\$ 3.067	\$ 0.167		530,601	240,900	289,701	\$48,380
Aug-17	\$ 2.909	\$ 2.969	\$ 0.060		530,507	245,300	285,207	\$17,112
Sep-17	\$ 2.905	\$ 2.961	\$ 0.056		559,072	280,600	278,472	\$15,594
<b>Avg Total \$</b>	<b>\$ 2.882</b>	<b>\$ 3.121</b>	<b>\$ 0.239</b>	<b>8.3%</b>	<b>25,792,250</b>	<b>16,679,918</b>	<b>9,112,332</b>	<b>\$2,529,246</b>
Oct-17	\$ 2.933	\$ 3.070	\$ 0.137		1,371,052	659,600	711,452	\$97,469
Nov-17	\$ 3.374	\$ 3.136	\$ (0.238)		2,621,145	1,710,648	910,497	(\$216,698)
Dec-17	\$ 3.546	\$ 3.270	\$ (0.276)		4,462,786	2,912,175	1,550,611	(\$427,969)
Jan-18	\$ 3.681	\$ 3.366	\$ (0.315)		5,282,565	3,704,021	1,578,544	(\$497,241)
Feb-18	\$ 3.661	\$ 3.361	\$ (0.300)		4,060,702	3,008,265	1,052,437	(\$315,731)
Mar-18	\$ 3.600	\$ 3.318	\$ (0.282)		3,286,305	2,167,209	1,119,096	(\$315,585)
Apr-18	\$ 3.300	\$ 2.943	\$ (0.357)		1,663,137	795,900	867,237	(\$309,604)
May-18	\$ 3.302	\$ 2.902	\$ (0.400)		1,000,330	394,300	606,030	(\$242,412)
Jun-18	\$ 3.334	\$ 2.925	\$ (0.409)		696,131	238,400	457,731	(\$187,212)
Jul-18	\$ 3.370	\$ 2.949	\$ (0.421)		536,623	244,300	292,323	(\$123,068)
Aug-18	\$ 3.381	\$ 2.952	\$ (0.429)		536,527	244,200	292,327	(\$125,408)
Sep-18	\$ 3.374	\$ 2.928	\$ (0.446)		565,393	285,200	280,193	(\$124,966)
<b>Avg Total \$</b>	<b>\$ 3.405</b>	<b>\$ 3.093</b>	<b>\$ (0.311)</b>	<b>-9.1%</b>	<b>26,082,696</b>	<b>16,364,218</b>	<b>9,718,478</b>	<b>(\$2,788,426)</b>

**Footnotes:**

a : Nymex rate used for annual BGSS periodic rate filing; Oct-2016 to Sept-2018 based on 05/10/2016 Close.

b : Nymex rate as of date of the report

c : Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing

d : Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume

e : 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f : 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g : Not necessarily representative of a change in under/over-recovery value

PIVOTAL UTILITY HOLDINGS, INC.  
d/b/a ELIZABETHTOWN GAS

S-ECHART-1

## S-ECHART-2

**Elizabethtown Gas**  
**Calculation of Net Cost of Gas Per Therm**

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	12 Month
	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Jan-17</u>	<u>Feb-17</u>	<u>Mar-17</u>	<u>Apr-17</u>	<u>May-17</u>	<u>Jun-17</u>	<u>Jul-17</u>	<u>Aug-17</u>	<u>Sep-17</u>	Weighted
													Average
1 NYMEX - 05/10/16 - Included in BGSS Filing	\$0.2459	\$0.2672	\$0.2965	\$0.3096	\$0.3089	\$0.3039	\$0.2850	\$0.2835	\$0.2865	\$0.2900	\$0.2909	\$0.2905	
2 NYMEX - Actual Settlement	\$0.2952	\$0.2764	\$0.3232	\$0.3930	\$0.3391	\$0.2627	\$0.3175	\$0.3142	\$0.3236	\$0.3067	\$0.2969	\$0.2961	
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
13 Flowing Gas Cost	-\$0.1868	\$0.0509	\$0.2074	\$0.1761	\$0.1300	\$0.1854	-\$0.0277	\$0.0476	-\$0.1164	-\$0.2098	-\$0.2639	-\$0.0494	\$0.0910
14 Gas Withdrawn From Storage Cost	\$0.0095	\$0.1064	\$0.1219	\$0.0900	\$0.0674	\$0.0997	\$0.0274	\$0.0289	-\$0.0004	\$0.0188	\$0.0073	\$0.0076	\$0.0715
15 Hedged Volumes Delivered Cost	\$0.6950	\$0.2147	\$0.1488	\$0.1057	\$0.0907	\$0.0790	\$0.1392	\$0.2505	\$0.3531	\$0.4923	\$0.5293	\$0.4279	\$0.1718
16 Pipeline Demand Cost	\$0.5503	\$0.2242	\$0.1179	\$0.0840	\$0.0855	\$0.1031	\$0.1156	\$0.2865	\$0.4220	\$0.6624	\$0.7229	\$0.8184	\$0.1795
17 Storage Demand Cost	\$0.1360	\$0.0521	\$0.0272	\$0.0188	\$0.0196	\$0.0240	\$0.0273	\$0.0675	\$0.0997	\$0.1562	\$0.1702	\$0.1699	\$0.0416
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0098	\$0.0198	\$0.0110	\$0.0126	\$0.0159	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0107
19 Weighted Average Fuel Cost	\$0.0227	\$0.0087	\$0.0110	\$0.0088	\$0.0069	\$0.0081	\$0.0070	\$0.0160	\$0.0204	\$0.0235	\$0.0235	\$0.0208	\$0.0104
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.1558	\$0.0029
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.2266</b>	<b>\$0.6570</b>	<b>\$0.6440</b>	<b>\$0.5032</b>	<b>\$0.4111</b>	<b>\$0.5119</b>	<b>\$0.3049</b>	<b>\$0.6971</b>	<b>\$0.7784</b>	<b>\$1.1435</b>	<b>\$1.1893</b>	<b>\$1.5510</b>	<b>\$0.5794</b>
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	Average
23 NYMEX - Actual Settlement	\$0.2563	\$0.2033	\$0.2206	\$0.2372	\$0.2189	\$0.1711	\$0.1903	\$0.1995	\$0.1963	\$0.2917	\$0.2672	\$0.2853	
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
24 Flowing Gas Cost	-\$0.0391	-\$0.0110	-\$0.0807	\$0.1699	\$0.1041	\$0.0453	-\$0.0073	\$0.0041	-\$0.2244	-\$0.1466	-\$0.3450	-\$0.2988	\$0.0188
25 Gas Withdrawn From Storage Cost	\$0.0287	\$0.1303	\$0.1465	\$0.1228	\$0.0777	\$0.0724	\$0.0134	\$0.0169	\$0.0120	\$0.0160	\$0.0147	\$0.0192	\$0.0753
26 Hedged Volumes Delivered Cost	\$0.7608	\$0.3663	\$0.2466	\$0.1758	\$0.0858	\$0.0938	\$0.2209	\$0.2632	\$0.4503	\$0.6022	\$0.6611	\$0.6745	\$0.2335
27 Pipeline Demand Cost	\$0.4815	\$0.2576	\$0.1548	\$0.1127	\$0.0761	\$0.0998	\$0.1445	\$0.2439	\$0.4504	\$0.6729	\$0.7582	\$0.7415	\$0.1931
28 Storage Demand Cost	\$0.1115	\$0.0563	\$0.0374	\$0.0250	\$0.0172	\$0.0227	\$0.0394	\$0.0579	\$0.1071	\$0.1576	\$0.1781	\$0.1660	\$0.0451
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0001	\$0.0163	\$0.0043	\$0.0092	\$0.0063	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0058
30 Weighted Average Fuel Cost	\$0.0340	\$0.0107	\$0.0053	\$0.0105	\$0.0058	\$0.0042	\$0.0086	\$0.0119	\$0.0144	\$0.0283	\$0.0216	\$0.0216	\$0.0097
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.3774</b>	<b>\$0.8103</b>	<b>\$0.5101</b>	<b>\$0.6330</b>	<b>\$0.3709</b>	<b>\$0.3475</b>	<b>-\$0.4258</b>	<b>\$0.6024</b>	<b>\$0.8098</b>	<b>\$1.3303</b>	<b>\$1.2887</b>	<b>\$1.3239</b>	<b>\$0.5814</b>

**Footnotes:**

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

Variable Pipeline Cost = Pipeline Charge per therm shipped

**S-ECHART-2**  
**Elizabethtown Gas**  
**Calculation of Net Cost of Gas Per Therm**

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Actual May-17	Actual Jun-17	Actual Jul-17	Actual Aug-17	Estimate Sep-17	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
1	\$0.0000	\$0.0994	\$0.0371	\$0.0000	\$0.0000	\$0.0324	\$0.0000	\$0.5188	\$0.1378	\$0.0000	\$0.0000	\$0.4622	\$0.0565
2	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
3	\$0.0055	\$0.0023	\$0.0011	\$0.0008	\$0.0009	\$0.0010	\$0.0012	\$0.0030	\$0.0045	\$0.0069	\$0.0076	\$0.0082	\$0.0018
4	\$0.2035	\$0.1488	\$0.1586	\$0.1572	\$0.1602	\$0.1493	\$0.1243	\$0.1349	\$0.1410	\$0.1725	\$0.1718	\$0.2021	\$0.1530
5	\$0.0000	\$0.0000	\$0.0000	\$0.0003	\$0.0000	\$0.0000	\$0.0008	\$0.0005	\$0.0030	\$0.0014	\$0.0000	\$0.0000	\$0.0003
6	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9	\$0.9393	\$0.0578	\$0.0954	-\$0.0049	-\$0.1015	-\$0.0197	-\$0.1739	-\$0.3075	\$0.1413	\$0.6123	\$0.6621	\$0.5277	\$0.0247
10	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11	\$1.1483	\$0.3083	\$0.2923	\$0.1533	\$0.0596	\$0.1630	-\$0.0476	\$0.3496	\$0.4277	\$0.7931	\$0.8414	\$1.2003	\$0.2364
12	\$0.0784	\$0.3487	\$0.3517	\$0.3499	\$0.3515	\$0.3488	\$0.3524	\$0.3474	\$0.3507	\$0.3504	\$0.3479	\$0.3507	\$0.3430

	Actual Oct-15	Actual Nov-15	Actual Dec-15	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16	Actual Jul-16	Actual Aug-16	Actual Sep-16	Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
13	\$0.9129	\$0.0000	\$0.0491	\$0.0000	\$0.0000	\$0.0311	\$0.0000	\$0.6916	\$0.1480	\$0.0000	\$0.0000	\$0.2427	\$0.0970
14	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15	\$0.0047	\$0.0026	\$0.0015	\$0.0011	\$0.0008	\$0.0010	\$0.0016	\$0.0025	\$0.0046	\$0.0068	\$0.0076	\$0.0076	\$0.0019
16	\$0.1745	\$0.1273	\$0.1202	\$0.1348	\$0.1193	\$0.1022	\$0.1063	\$0.1211	\$0.1758	\$0.2494	\$0.2806	\$0.2518	\$0.1313
17	\$0.0000	\$0.0005	\$0.0000	\$0.0008	\$0.0002	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
18	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21	-\$0.1482	\$0.8998	-\$0.0280	\$0.2994	-\$0.1387	-\$0.1801	-\$0.0733	-\$0.6007	\$0.0962	\$0.6770	\$0.6171	\$0.4270	\$0.0284
22	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23	\$0.9439	\$1.0302	\$0.1427	\$0.4361	-\$0.0183	-\$0.0458	\$0.0346	\$0.2145	\$0.4246	\$0.9332	\$0.9053	\$0.9291	\$0.2588
24	\$0.4335	-\$0.2199	\$0.3674	\$0.1970	\$0.3892	\$0.3933	\$0.3912	\$0.3878	\$0.3852	\$0.3971	\$0.3834	\$0.3948	\$0.3225

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.

## 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>
September 1, 2017	\$0.5017	\$0.3757
October 1, 2017	\$0.4987	\$0.4551
November 1, 2017	\$0.4744	\$0.4551
December 1, 2017	\$0.5097	\$0.4551
January 1, 2018	\$0.4718	\$0.4540
February 1, 2018	\$0.5692	\$0.4540
March 1, 2018	\$0.4610	\$0.4540
April 1, 2018	\$0.4667	\$0.4540
May 1, 2018	\$0.4809	\$0.4540
June 1, 2018	\$0.4867	\$0.4540
July 1, 2018	\$0.5000	\$0.4540
August 1, 2018	\$0.4810	\$0.4540
September 1, 2018	\$0.4890	\$0.4540
October 1, 2018	*	\$0.4237

\*To be determinedDate of Issue: ~~August 30, 2018~~Effective: Service Rendered  
on and after ~~September 1, 2018~~

Issued by: Brian MacLean, President  
520 Green Lane  
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~January 6, 2003~~ in Docket No. ~~GX01050304~~