June 1, 2026

Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

Attention: Ms. Debbie-Anne A. Reese, Secretary

Reference: Eastern Shore Natural Gas Company
Fuel Retention and Cash-Out Adjustment
Docket No. RP26- -000

Dear Ms. Reese:

Eastern Shore Natural Gas Company ("Eastern Shore") hereby submits for filing and acceptance, pursuant to Section 4 of the Natural Gas Act and Part 154 of the Commission's regulations, the following revised tariff sheets for inclusion in its FERC Gas Tariff, Fifth Revised Volume No. 1 ("Tariff"), with a proposed effective date of July 1, 2026:

Section	Title	Version
4.1	Statement of Rates – FT/ST	20.0.0
4.3	Statement of Rates - Rate Schedule OPT	20.0.0
4.4	Statement of Rates - Incremental Rate Schedule OPT 90	20.0.0
4.5	Statement of Rates - Rate Schedule T-1	20.0.0
4.6	Statement of Rates Rate Schedule IT	20.0.0
4.12	Incremental Rate Schedule 2017 Expansion Project	16.0.0
4.13	Incremental Rate Schedule Del-Mar Energy Pathway Project	16.0.0

The tariff records adjust the Fuel Retention Percentage ("FRP") pursuant to General Terms and Conditions ("GT&C") Section 6.30 and implement a refund pursuant to GT&C Section 6.34.

Statement of Nature, Reasons and Basis

Eastern Shore's Tariff requires it to recalculate a system-wide FRP to be effective July 1 of each year. The Tariff also requires Eastern Shore to refund or surcharge for the over- or under-recovery of cash-out activities by July 1 of each year. In accordance with its Tariff, Eastern Shore proposes to: (1) establish a FRP of 0.11%, comprised of a current component of 0.11%

and deferred component of 0.00%, effective July 1, 2026; and (2) establish the cash-out surcharge of $0.0090 per dt effective July 1, 2026.

I. FRP Adjustment

GT&C Section 6.30 states that Eastern Shore shall file revised tariff sheets containing a re-determined FRP for the affected transportation rate schedules to be effective July 1 of each year. The FRP is designed to reimburse Eastern Shore for the cost of its Gas Required For Operations ("GRO"), which consists of: (a) gas used for compressor fuel, and (b) gas otherwise used, lost or unaccounted for ("LAUF") in its operations. Eastern Shore's re-determined FRP is comprised of two components: (1) a Projected Component and (2) a Deferred Component. The Projected Component is an estimate of how much natural gas should be retained from customers to recover the quantity of gas that will be utilized to provide transportation service on Eastern Shore's system during the upcoming annual FRP period. The Deferred Component is intended to "true-up" under/over-recovered GRO costs via a positive or negative surcharge percentage rate.

A. Projected Component

GT&C Section 6.30(c) provides that Eastern Shore shall separately calculate GRO quantities attributable to general system operations and GRO quantities attributable to incremental facilities that have an incremental FRP for the affected rate schedules using the same methodology and the last 12-month period ended March 31. There are currently no incremental facilities requiring an incremental FRP.[1]

The FRP Projected Component is determined by dividing the GRO quantity by actual transportation quantities for the twelve months ended March 31, 2026. For that twelve-month period, actual compressor fuel quantities recorded were 107,628 dts. The actual change in line pack quantities recorded was 3,206 dts. The actual LAUF quantities for the same period were (49,029) dts, for a net GRO of 61,805 dts.

The GRO quantity was then divided by the actual transportation quantities received through the end of the FRP tracking period of March 31, 2026, which were 56,729,471 dts. The result is 0.11% Projected Component for the system FRP, a reduction from the 0.56% approved in Docket No. RP25-934-000 for the period ending March 31, 2025. The calculation of this component is described in Appendix A, Schedules 1, and 2.

B. Deferred Component

GT&C Section 6.30(d) provides that Eastern Shore shall determine for each month the difference, positive or negative, between (i) total GRO quantities actually incurred by Eastern Shore for transportation service and (ii) total quantities retained for transportation service in accordance with the applicable FRP. Eastern Shore then calculates a Deferred Component GRO balance by multiplying the foregoing difference by the currently applicable GRO Index Price, as defined in

[1] As of July 1, 2018, Eastern Shore has rolled-in all previously reported incremental facilities into its general system FRP.

GT&C Section 6.30(e). The resulting Deferred Component GRO balance is recorded in the Deferred GRO Account and interest accrues thereon in accordance with Commission regulations.

Eastern Shore experienced a general system over-recovery of GRO quantities during the twelve-month period ended March 31, 2026. Appendix B, Schedules 1 through 4, contain the detailed calculations that support the derivation of Eastern Shore's Deferred Component GRO balance.

- Schedule 1, Lines 1 through 12, provide the monthly computations of the Deferred GRO Amounts for the deferral period April 2025 through March 2026 in column (h).
- Schedule 1, Line 14 column (h) reflects the total interest applicable to the twelve-month period.
- Schedule 1, Lines 15 through 17, reflect the net impact of the GRO FRP activity for the period April 2025 through March 2026.
- Schedule 1, Line 18 shows the total over-recovered Deferred GRO Balance at March 31, 2026. The general system Deferred GRO Balance is shown in Line 18, column (h) and reflects an over-recovered balance of $202,296.
- Schedules 2 and 3 detail the monthly computations of interest and deferred taxes, respectively.
- Schedule 4 details the monthly recoveries of Eastern Shore's general system unrecovered GRO balance for the period April 1, 2025 through March 31, 2026 through the mechanics of the applicable GRO FRP that was implemented during that period.[2]

FRP Proposal

Eastern Shore proposes to establish a FRP of 0.11% as of July 1, 2026 consisting of a Projected Component of 0.11% and a Deferred Component of 0.00%.

II. Cash-Out Balance

GT&C Section 6.34 requires Eastern Shore to determine its cash-out balance as of March 31 of each year. For the purposes of the 12-month tracking period (April 1, 2025 to March 31, 2026), the applicable cash-out index as set forth in GT&C Section 6.23(f)(1) was used for resolving

.[2] During the twelve-month period ending March 31, 2026, the deferred FRP in effect was 0.19%.

imbalances. Eastern Shore experienced a cash-out under-recovery of $715,044 during the twelve-month period ended March 31, 2026.

Eastern Shore's calculations detailing the over-recovery are shown in Appendix C, Schedules 1 through 5.

- Schedule 1 details the individual components of each month's cash-out activities. These components include monthly cash-out imbalances resulting from actual deliveries, total variance resulting from storage injection/withdrawal activities, and net GRO account activity. This schedule also reflects interest calculated through March 31, 2026.

- Schedule 2 details the monthly variable storage imbalances for the period April 1, 2025 through March 31, 2025, as included on Schedule 1, Line 15.

- Schedules 3 and 4 detail the monthly computation of interest and deferred income taxes, respectively.

- Schedule 5 provides details regarding the monthly recoveries of Eastern Shore's unrecovered cash-out balance through the mechanics of the Cash-Out Surcharge.[3]

Cash-Out Proposal

Eastern Shore proposes to establish a cash-out surcharge of $0.0090 per dekatherm to recover the cash-out under-recovery to be effective as of July 1, 2026. Consistent with GT&C Section 6.34, Eastern Shore combined the over-recovery of GRO of $202,296 to the Cash-Out under-recovery of $715,044 resulting in an under-recovery balance of $512,747 and derived the surcharge by dividing the under-recovery balance by the general system deliveries of 56,729,471 dts.

Material Submitted Herewith

In accordance with Section 154.7(a)(1) of the Commission's regulations, the following material is submitted herewith:

(a) an eTariff .xml filing package containing the effective tariff sections in electronic format;

(b) a .pdf file of the tariff sections for posting on the Commission's eLibrary;

[3] During the twelve-month period ending March 31, 2026, the Cash-Out Surcharge was $0.0030 per dt.

(c) a marked version of the proposed tariff sections showing changes from the currently effective Tariff; and

(d) a Statement of Nature, Reasons and Basis contained in this transmittal letter.

Motion to Place Tariff Sections into Effect

Pursuant to Section 154.7(a)(9) of the Commission's regulations, 18 C.F.R. § 154.7(a)(9), Eastern Shore moves to place the aforementioned revised tariff sections into effect on July 1, 2026, or at the end of any suspension period ordered by the Commission.

Waivers

Eastern Shore respectfully requests any waivers that the Commission may deem necessary in order for the Commission to accept the tariff sections filed herewith and make them effective as of July 1, 2026.

Posting and Certification of Service

Pursuant to Sections 154.2(d), 154.7(b) and 154.208(b) of the Commission's regulations, a copy of this tariff filing is being provided to customers and interested State Commissions. Eastern Shore will provide electronic copies of the filing upon request by any interested party.

Eastern Shore respectfully requests that all Commission orders and correspondence as well as pleadings and correspondence from other persons concerning this filing be served upon the following:

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*Persons designated to receive service pursuant to Rule 203 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.203 (2024).

Thank you for your attention to this matter.

Respectfully submitted,

Eastern Shore Natural Gas Company

s/ Katelyn M. Richardson

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Attachments