



**State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.nj.gov/bpu**

ENERGY

IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS INC., d/b/a
ELIZABETHTOWN GAS COMPANY TO
RECONCILE ITS PERIODIC BASIC GAS
SUPPLY SERVICE RATE)

DECISION AND ORDER
APPROVING STIPULATION
FOR PROVISIONAL RATES

DOCKET NO GR08050365

(SERVICE LIST ATTACHED)

BY THE BOARD:

Per the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDC's), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes, with one month's advance notice to the Board and the Department of the Public Advocate, Division of Rate Counsel ("Rate Counsel"), each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1.

In accordance with the January BGSS Order Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company ("Elizabethtown" or "Company"), filed a petition with the Board on May 30, 2008 seeking to increase its Periodic Basic Gas Supply Service ("BGSS-P") charge from \$1.0339 per therm to \$1.3561 per therm inclusive of all applicable taxes effective as of October 1, 2008. Approval of the Company's proposal would result in an increase of 21.99% to the typical residential customer using 100 therms monthly. The projected impact of the proposal is an increase in gas cost revenues to Elizabethtown of approximately \$67.5 million in the year ending September 30, 2009.

The two public hearings in this matter presided over by a Board appointed Legalist Specialist were held in Rahway, New Jersey and Flemington, New Jersey on August 12, 2008, and August 18, 2008 respectively. Two members of the public appeared to speak out against the proposed rate increase at the Flemington hearing. No one appeared at the Rahway hearing. The public hearings were preceded by notices in newspapers of general circulation throughout the Company's gas service territory.

STIPULATION FOR PROVISIONAL RATES

On September 29, 2008, the Company, Board Staff and Rate Counsel (collectively, the "Parties"), the only Parties to this proceeding, entered into a Stipulation for Provisional BGSS Rates. The Parties agreed to reduce the requested increase due to a steady decline in gas costs as reflected in the New York Mercantile Exchange ("NYMEX") futures price. The Parties recommend that the Board approve a rate of \$1.2801 per therm (including SUT) on a provisional basis. This change is projected to increase the Company's revenue by \$51.1 million in the year ending September 30, 2009. The Parties agree that any net over-recovery of BGSS costs as of September 30, 2009 will be credited with appropriate interest to the Company's BGSS-P clause.

The Parties request that the provisional BGSS commodity charge rate be effective as close to October 1, 2008 as reasonably possible.

DISCUSSION AND FINDINGS

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation of the Parties. The Board FINDS that, subject to the terms and conditions set forth below, the Stipulation is reasonable, 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, and HEREBY APPROVES an increase in the Company's BGSS-P rate from \$1.0339 per therm to \$1.2801 per therm inclusive of all applicable taxes. The increase is projected to increase the Company's gas cost revenues by \$51.5 million for the year ending September 30, 2009.

This change shall become effective upon the date of this Order approving the Stipulation. Any net over-recovered BGSS balance at the end of the BGSS period shall be subject to refund with interest.

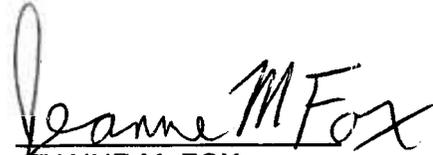
The Board HEREBY ORDERS that this docketed matter be transmitted to the Office of Administrative Law for a full review and an Initial Decision, and then returned to the Board for a Final Decision.

The Company is HEREBY DIRECTED to file tariff sheets that conform to the terms and conditions of this Order within seven (7) days from the date of this Order.

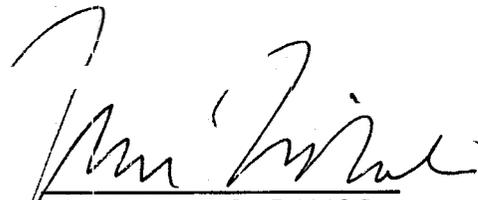
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

DATED: 10/3/08

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
PRESIDENT


FREDERICK F. BUTLER
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

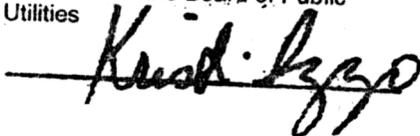

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
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 Company to Reconcile its Periodic Basic Gas Supply Service Rate
Docket No. GR08050365**

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

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In The Matter Of The Petition Of Pivotal Utility
Holdings, Inc. d/b/a Elizabethtown Gas To
Reconcile Its Periodic Basic Gas Supply
Service Rate

BPU Docket No. GR08050365

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**STIPULATION FOR
PROVISIONAL RATES**

APPEARANCES:

Kenneth T. Maloney, Esq., Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas

Kurt S. Lewandowski and Henry M. Ogden, Esq.s, Assistant Deputy Public Advocates,
Department of the Public Advocate, Division of Rate Counsel (Ronald K. Chen, Public
Advocate, Stefanie A. Brand, Director)

Arlene Pasko and Geoffrey Gersten, Deputy Attorneys General, for the
Staff of the New Jersey Board of Public Utilities (Anne Milgram, Attorney General of
New Jersey)

On May 30, 2008, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas,
("Elizabethtown" or "Company") filed a Petition ("May 30 Petition") with the Board of Public
Utilities ("Board" or "BPU") in BPU Docket No. GR08050365 to revise its Periodic Basic Gas
Supply Service ("BGSS-P") rates for the period October 1, 2008 through September 30, 2009.

In its May 30 Petition, Elizabethtown proposed to increase its current BGSS-P rate
from \$1.0339 per therm inclusive of all applicable taxes to \$1.3561 per therm inclusive of all
applicable taxes to become effective October 1, 2008. The rate initially proposed would increase the
bill of a residential heating customer using 100 therms by \$146.49 to \$178.71, an increase of
21.99%. The projected impact of the proposal is an increase in gas cost revenues to Elizabethtown of
approximately \$67.5 million in the year ending September 30, 2009. 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 Petition were held in Flemington, New Jersey on August 18, 2008 and Rahway, New Jersey on August 12, 2008. One member of the public appeared at the public hearing on August 18, 2008 and generally opposed the proposed increase in rates.

Elizabethtown, the Board's Staff and the Department of the Public Advocate – Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "the Parties"). The Parties agree that additional time is needed to complete the review of the Company's filing and that provisional rates reflecting updated information concerning natural gas prices are reasonable to permit Elizabethtown to timely collect appropriate costs while additional review of the Company's filing takes place.

4. The Parties have determined and hereby STIPULATE AND AGREE that, pending the conclusion of any further review 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 increase its BGSS-P rate to \$1.2801 per therm inclusive of all applicable taxes. This authorization will be implemented on a provisional basis, subject to refund with interest on any net BGSS overrecoveries. A final rate will be implemented after an opportunity for a full review of the Company's filing in this proceeding at the Office of Administrative Law, if necessary, and final Board approval. The stipulated change results in a bill increase from the BGSS-P rate currently in effect of approximately 16.9%, or \$24.62 per month, for a typical residential heating customer using 100 therms per month. The stipulated increase is projected to increase the Company's BGSS gas cost revenues by \$51.5 million in the year ending September

¹ The New Jersey Industrial Energy Users have sought to intervene in this proceeding. However, that intervention has not yet been acted on by the Board.

30, 2009. The Parties request that the Board issue an order authorizing the provisional rates effective as close to October 1, 2008 as reasonably possible.

5. The Company will submit tariff sheets in compliance with the provisional rates within seven (7) days of the Board's Order approving these rates.

6. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that 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.

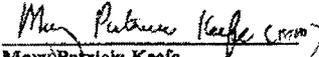
It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

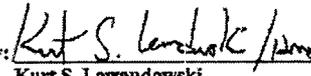
8. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, neither Elizabethtown, the Board, its Staff, Rate Counsel nor any other Party shall be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

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.

PIVOTAL UTILITY HOLDINGS, INC.
D/B/A ELIZABETHTOWN GAS

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By: 
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Ariene E. Pasko, DAG

Dated: September 29, 2008

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