



Agenda Date: 5/21/14
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)	DECISION AND ORDER
UTILITY HOLDINGS, INC., d/b/a ELIZABETHTOWN)	APPROVING STIPULATION
GAS TO (1) REVISE ITS WEATHER NORMALIZATION)	AND ADOPTING INITIAL
CLAUSE RATE; (2) REVISE THE CLEAN ENERGY)	DECISION
PROGRAM COMPONENT OF ITS SOCIETAL)	
BENEFITS CHARGE RATE; AND (3) REVISE ITS ON-)	
SYSTEM MARGIN SHARING CREDIT)	DOCKET NO. GR13080771

Parties of Record:

Mary Patricia Keefe, Vice President, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2013 Petition") with the New Jersey Board of Public Utilities ("Board") on August 23, 2013, assigned to Docket No. GR13080771, seeking to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) the New Jersey Clean Energy Program ("CEP") rate component of its Societal Benefits Charge ("SBC"), and (3) its On-System Margin Sharing Credit ("OSMC") rate.

The WNC normalizes the financial impact of weather conditions on both the Company and its weather-sensitive ratepayers. If weather is colder than normal and customer usage exceeds projected levels, excess margin is returned to ratepayer. If weather is warmer than normal and customer gas usage is below normal levels, the Company's margin short-fall is recoverable by the Company.

The CEP was created as a result of the Electric Discount and Energy Competition Act in an effort to promote both energy efficiency and renewable energy programs. The Board annually sets each energy utility's share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs.

The OSMC provides for 80% of the margins generated from certain on-system non-firm sales and transportation services to be credited to firm customers. The OSMC is the rate mechanism by which 80% of the margins generated from on-system non-firm sales and transportation services are flowed back (credited) to the Company's firm sales and residential transportation customers.

WNC

The 2013 Petition called for a decrease in the Company's current WNC per therm rate from \$0.0308 to \$0.0300, reflecting the impact of temperatures during the 2012-2013 Winter Period that were 59 degree days (or 1.25%) warmer than normal, translating to margin under-recovery of \$0.849 million. However, the recoverability of the \$0.849 million was negated as a result of the income limitation imposed by the Company's tariff. In addition, rate cap limitations increased the revenue disallowance to \$0.958 million

Consequently, the proposed WNC per therm rate of \$0.0300 solely reflects the recoverable carry-over balance (\$8.969 million) associated with the (prior) 2011-2012 Winter Period.

CEP

The proposed CEP per therm rate of \$0.0385 per therm was designed to recover \$17.154 million in CEP-related costs inclusive of estimated prior period under-recovered balances.

Subsequent to the filing, the Company determined that a customer credit of approximately \$19.0 million was justified due to the change in the net costs incurred to provide Board approved CEP programs for the year ending June 30, 2013, and the projected costs for the period ending June 30, 2014.

OSMC

The proposed OSMC after-tax per therm credit rate of \$0.0018 reflects a reduction from the current credit of \$0.0078 per therm.

The 2013 Petition was transmitted to the Office of Administrative Law and was assigned to Administrative Law Judge ("ALJ") Gail M. Cookson.

Public hearings were duly notice and held in Rahway on October 16, 2013, and in Flemington on October 26, 2013. No members of the public attended or submitted comments on the 2013 Petition.

STIPULATION FOR SBC, OSMC AND WNC RATES¹

On April 24, 2014 Elizabethtown, Board Staff and Rate Counsel (collectively, "the Parties") reached a stipulation ("Stipulation") that resolved all issues in this proceeding.

¹ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order.

The Parties acknowledge that the rate will become effective ten days after the issuance of a Board Order approving the Stipulation or upon such date thereafter as the Board may specify.

As of the Effective Date, Elizabethtown's effective WNC, SBC-CEP and OSMC rates will be as follows:

WNC	\$0.0300 per therm
SBC - CEP	\$0.0385 per therm
OSMC	(\$0.0018) per therm

The Company will be permitted to charge its WNC rate commencing on the Effective Date through May 31, 2014 to the extent that such rate is necessary to eliminate a WNC under-recovery balance or until such time that the Board approves a change in the rate. Thereafter, the WNC rate shall apply during each October through May period until such time as the Board approves a change in the rate.

The Company represents that the labor allocation reflected in the SBC-CEP rider rate proposed in the 2013 Petition did not include recovery of incentive compensation costs and the rates agreed to in the Stipulation do not reflect recovery of such costs.

The WNC, SBC-CEP and OSMC rates established herein shall remain in effect until changed by order of the Board. Upon approval of these rates by the Board, the Company will propose and file with the Board revised tariff sheets to reflect the rates agreed to in this Stipulation. Draft tariff sheets are attached hereto as Appendix A.

The current Universal Service Fund ("USF") rate of \$0.0065 per therm and Lifeline rate of \$0.0061 per therm approved by the Board in BPU Docket No. ER13060534 on September 18, 2013 and made effective October 1, 2013 are not affected by the Stipulation. The current Remediation Adjustment Clause ("RAC") rate of \$0.0229 per therm approved by the Board in its December 18, 2013 Order in BPU Docket No. GR12100936 is not affected by this Stipulation. Approval of the CEP rate in the Stipulation will result in a total SBC rate of \$0.0740 per therm, inclusive of the currently effective RAC, USF and Lifeline rate components.

The following after-tax rates are to be set as of the effective date of the Board Order in this matter, and the estimated annual net changes in revenue relating to the proposed rates are as follows:

	Proposed After Tax Rates Per therm [\$]	Annual Revenue Change v. Current Rates [\$Mil.]
WNC	\$0.0300	-\$0.257
CEP	\$0.0385	-\$16.808
OSMC	\$0.0018	\$1.644

Elizabethtown represents that the labor allocation reflected in the SBC-CEP rider rates proposed in the 2013 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

As of June 30, 2014, the Company expects to have a CEP over-recovery balance of approximately \$19.0 million. The Company will reduce this over-recovery balance by implementing a refund of approximately \$19.0 million to begin no later than July 1, 2014. The bill credit will be based on each customer's individual gas usage for the twelve (12) month period ending April 30, 2014 times a per therm amount to be determined by the Company upon compiling the total gas usages through April 30, 2014 on which the refund will be based. The bill credit is expected to reduce the annual bill of an average residential heating customer using 1,000 therms by approximately \$39.00 or 3.3% based on rates currently in effect. The actual credit will vary based on individual customer usage during this period. The bill credit will be applied to all customers subject to the CEP rate which includes all of the Company's customers except for one customer who is exempt from the CEP rate pursuant to the Long-Term Capacity Agreement Pilot Program Act during this period. The CEP refund rate per therm factor applied to the customers who qualify for the credit is derived by dividing the projected CEP over recovery balance at June 30, 2014 by the twelve (12) months of billed therms for the period ending April 30, 2014 which the Company currently estimates to be approximately 517 million therms, plus taxes and assessments.

The WNC, CEP and OSMC rates agreed to in the Stipulation will remain in effect until changed by order of the Board.

The annual bill impact of the stipulated WNC, SBC-CEP and OSMC rates on a typical residential heating customer using 1,000 therms, excluding the bill credit, is an annual decrease of \$32.53 from \$1,197.54 to \$1,165.01 or 2.7% as compared to the Company's currently effective rates. The proposed rates will decrease Elizabethtown's annual revenues by approximately \$15.4 million based on the Company's most recent therm forecast.

INITIAL DECISION

On April 25, 2014, ALJ Gail Cookson issued her Initial Decision approving the Stipulation finding that the Parties voluntarily agreed to the stipulation as evidenced by their agreement or their representative's agreement, and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDING

The Board has reviewed the attached Initial Decision and Stipulation and **HEREBY FINDS** that the attached Stipulation is reasonable, in the public interest, and in accordance with the law as the Board is persuaded that there has been a thorough review of the costs reflected in the 2013 Petition. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the after-tax per therm WNC, SBC-CEP and OSMC rates are as follows:

WNC	\$0.0300 per therm
SBC-CEP	\$0.0385 per therm
OSMC	(\$0.0018) per therm

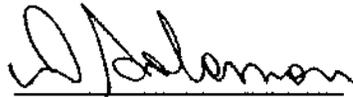
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days after the effective date of this Order and to file written notice with the Board and Rate Counsel fifteen (15) days prior to the implementation of the bill credit.

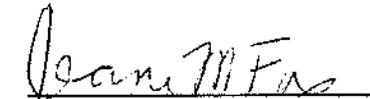
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

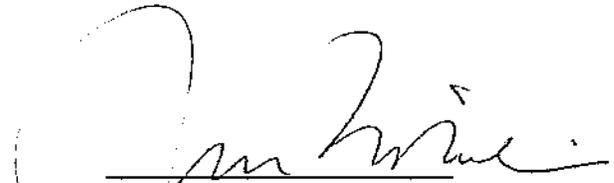
This Order shall become effective June 1, 2014.

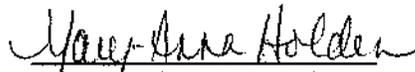
DATED: 5/21/14

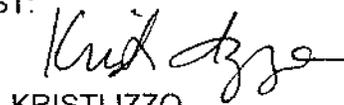
BOARD OF PUBLIC UTILITIES
BY:


DIANNE SOLOMON
PRESIDENT

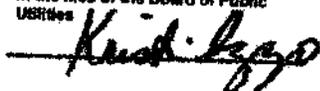

JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA HOLDEN
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 TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE;
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT

DOCKET NO. GR13080771

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION SETTLEMENT

OAL DKT. NO. PUC 13468-13

AGENCY DKT. NO. GR13080771

I/M/O THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS TO: (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE; (2) REVISE THE CLEAN ENERGY PROGRAM OF ITS SOCIETAL BENEFITS CHARGE RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT.

Kevin T. Maloney, Esq., and Deborah M. Franco, Esq., for petitioner Pivotal Utilities Holdings, Inc. d/b/a Elizabethtown Gas Company (Cullen and Dykman, attorneys)

Alex Moreau and Marisa Slaten, Deputy Attorneys General, for the Staff of the Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey, attorney)

Sarah Steindel and Christine M. Juarez, Assistant Deputies Rate Counsel, for Division of Rate Counsel (Stefanie A. Brand, Director, attorney)

Record Closed: April 24, 2014

Decided: April 25, 2014

BEFORE **GAIL M. COOKSON, ALJ:**

This matter was filed by Pivotal Utilities Holdings, Inc. d/b/a Elizabethtown Gas Company (Company) on August 26, 2013, seeking approval from the Board of Public Utilities (BPU) for proposed adjustments to the Weather Normalization Clause (WNC), Clean Energy Program rate component of the Societal Benefits Charge (CEP-SBC), and On-System Margin Sharing Credit (OSMC), resulting in a net decrease to a typical residential heating customer of 2.7% or \$3.26. The file was transmitted to the Office of Administrative Law (OAL), on or about September 20, 2013, for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F-1 to -13. The case was assigned to the undersigned on October 8, 2013. Duly noticed public hearings were held on October 16, 2013, in Rahway, New Jersey, and October 22, 2013, in Flemington, New Jersey.

A prehearing conference was convened telephonically on October 30, 2013. At that time, the parties reported progress on settlement because of the proposed decrease position in the petition. Accordingly, plenary hearing dates were not scheduled and the matter was monitored regularly as to the settlement progress.

On April 24, 2014, I received electronically a Stipulation fully-executed by all parties to this matter with a request that I enter an Initial Decision Settlement and transmit same to the Board. The agreement more completely sets forth the terms and conditions of the settlement of all issues raised by the filing of the petition.

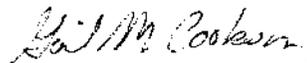
I have reviewed the record and terms of the Stipulations and **FIND:**

1. The parties have voluntarily agreed to the settlement as evidenced by the signatures of the parties or their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with law.

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and therefore, it is **ORDERED** that the matter be deemed dismissed with prejudice and that these proceedings be and are hereby concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



April 25, 2014
DATE

GAIL M. COOKSON, ALJ

Date Received at Agency: _____ 4/25/14

Date Mailed to Parties: _____

id



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TITLE: PARTNER
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April 24, 2014

VIA FEDERAL EXPRESS
Honorable Gail M. Cookson
Administrative Law Judge
Office of Administrative Law
33 Washington St
Newark, NJ 07102

Re: **I/M/O the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate (3) Revise Its On-System Margin Sharing Credit BPU Docket No. GR13080771, OAL Docket No. PUC 13468-2013**

Dear Judge Cookson:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of New Jersey Board of Public Utilities and the New Jersey Division of Rate Counsel.

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
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas

cc: Service List

**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS
SOCIAL BENEFITS CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT**

BPU DOCKET NO. GR13080771

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**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS
SOCIETAL BENEFITS CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT**

BPU DOCKET NO. GR13080771

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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 (1) Revise its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-System Margin Sharing Credit	: BPU Docket No. GR13080771 : PUC 13468-2013 : STIPULATION :
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APPEARANCES:

Kenneth T. Maloney and Deborah M. Franco (Cullen and Dykman LLP), Attorneys for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Mary Patricia Keefe, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

Felicia Thomas-Friel, Deputy Rate Counsel, **Sarah H. Steindel, Esq. and Christine M. Juarez, Esq.**, Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Marisa Slaten, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey)

To: Honorable Gail M. Cookson
Administrative Law Judge

BACKGROUND

1. On August 23, 2013, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2013 Petition") with the New Jersey Board of Public Utilities ("BPU" or "Board") in BPU Docket No. GR13080771 to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) New Jersey Clean Energy Program ("CEP") rate component of the Societal Benefits Charge ("SBC") rate, and (3) On-System Margin Sharing Credit ("OSMC") to be effective October 1, 2013. By Order dated May 29, 2013 issued in BPU Docket No. GR12080749, the Board approved a Stipulation among Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel") and the Company resolving all issues concerning the

petitions to reconcile Elizabethtown's SBC and WNC for the 2011-2012 period and approving the Company's currently effective WNC, CEP and OSMC rates.

2. The 2013 Petition proposed a decrease in Elizabethtown's WNC rate of \$0.0308, inclusive of all applicable taxes per therm to \$0.0300 per therm, inclusive of all applicable taxes. The Company's WNC rate allows the Company to implement surcharges or credits to compensate for weather-related variations in customer usage. As set forth in the 2013 Petition, the proposed WNC rate of \$0.0300 per therm reflected a revenue deficiency balance in the amount of \$849,330, as well as the fact that the 2013 Winter Period was 59 degree days or 1.25% warmer than normal. This revenue deficiency balance of \$849,330 was reduced to \$0 as a result of the net income limitation imposed by the Company's tariff. This reduction equals a revenue disallowance of \$849,330 that may not be recovered in a future period. The proposed WNC rate of \$0.0300 per therm reflected only the prior period recovery balance associated with the 2011-2012 Winter Period of \$9,927,014 which when divided by the projected winter period therm volumes of 321,468,300 therms produced a WNC rate of \$0.0332 per therm. This rate of \$0.0332 was reduced to \$0.0300 to reflect the rate cap limitations set forth in Elizabethtown's tariff. The revenue disallowance resulting from this reduction equals \$958,048 which may be recoverable in future periods by the Company.

3. In addition, the 2013 Petition proposed a decrease in Elizabethtown's SBC-CEP rate of \$0.0763 per therm to \$0.0385 per therm. The CEP rate is designed to recover costs associated with the New Jersey Clean Energy Program ("NJCEP"). The NJCEP is a statewide program mandated by the Board that offers financial incentives, programs and services to New Jersey residents, business owners and local government. The objective of the NJCEP is to promote increased energy efficiency and the use of clean, renewable sources of energy in order

to decrease pollution, lower costs and reduce the demand for energy. The Company collects the costs associated with the NJCEP through the CEP rate and provides the funds to the State.

4. The proposed SBC-CEP rate of \$0.0385 per therm was designed to recover \$17,154,038 in CEP-related costs inclusive of prior period under-recovery balances, the net costs incurred to provide Board approved CEP Programs for the period ending June 30, 2013 and projected costs for the period ending June 30, 2014. The costs included in the SBC-CEP rate include (i) expenses for the costs of administering NJCEP energy efficiency programs (ii) payments made to the renewable or grid supply program vendors at the direction of BPU Staff and (iii) payments made directly to the State's fiscal agent.

5. The 2013 Petition further proposed an OSMC credit rate of \$0.0018 per therm. This proposed OSMC credit to ratepayers of \$0.0018 per therm (i.e. a rate of (\$0.0018) per therm) is a decrease in the amount of the credit from the current credit of \$0.0078 per therm. The OSMC is the rate mechanism by which margins from on-system non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers.

6. The 2013 Petition did not propose to adjust the Remediation Adjustment Clause ("RAC"), Universal Service Fund ("USF") and Lifeline rate components of the SBC.

7. The 2013 Petition was transmitted to the OAL and duly noticed public hearings were held in Rahway, New Jersey on October 16, 2013 at 4:30 p.m. and 5:30 p.m. and in Flemington, New Jersey on October 22, 2013 at 4:30 p.m. and 5:30 p.m. No members of the public attended the public hearings. Elizabethtown, Board Staff and Rate Counsel conducted discovery and met to discuss discovery-related issues and settlement of this proceeding.

8. Board Staff, Rate Counsel and Elizabethtown (the "Stipulating Parties") have reached this Stipulation which is intended to resolve all issues associated with the 2013 Petition in the manner set forth below.

STIPULATED MATTERS

The Stipulating Parties hereby **STIPULATE AND AGREE** as follows:

Effective Date

A. The parties acknowledge that the rate changes reflected in this Stipulation will become effective ten days after the issuance of a Board order approving this Stipulation or upon such date thereafter as the Board may specify.

Effective Rates

B. As of the Effective Date, Elizabethtown's effective WNC, SBC-CEP and OSMC rates will be as follows:

WNC	\$0.0300 per therm
SBC - CEP	\$0.0385 per therm
OSMC	(\$0.0018) per therm

The Company will be permitted to charge its WNC rate commencing on the Effective Date through May 31, 2014 to the extent that such rate is necessary to eliminate a WNC under-recovery balance or until such time that the Board approves a change in the rate. Thereafter, the WNC rate shall apply during each October through May period until such time as the Board approves a change in the rate.

C. The Company represents that the labor allocation reflected in the SBC-CEP rider rate proposed in the 2013 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The WNC, SBC-CEP and OSMC rates established herein shall remain in effect

until changed by order of the Board. Upon approval of these rates by the Board, the Company will propose and file with the Board revised tariff sheets to reflect the rates agreed to in this Stipulation. Draft tariff sheets are attached hereto as Appendix A.

E. The current USF rate of \$0.0065 per therm and Lifeline rate of \$0.0061 per therm approved by the Board in BPU Docket No. ER13060534 on September 18, 2013 and made effective October 1, 2013 are not affected by this Stipulation. The current RAC rate of \$0.0229 per therm approved by the Board in its December 18, 2013 Order in BPU Docket No. GR12100936 is not affected by this Stipulation. Approval of the CEP rate in this Stipulation will result in a total SBC rate of \$0.0740 per therm, inclusive of the currently effective RAC, USF and Lifeline rate components.

Bill Credit

F. As of June 30, 2014, the Company expects to have a CEP over-recovery balance of approximately \$19.0 million. The Company will reduce this over-recovery balance by implementing a refund in the form of a one-time bill credit of approximately \$19.0 million to begin no later than July 1, 2014. The bill credit will be based on each customer's individual gas usage for the twelve (12) month period ending April 30, 2014 times a per therm amount to be determined by the Company upon compiling the total gas usages through April 30, 2014 on which the refund will be based. The bill credit is expected to reduce the annual bill of an average residential heating customer using 1,000 therms by approximately \$39.00 or 3.3% based on rates currently in effect. The actual credit will vary based on individual customer usage during this period. The bill credit will be applied to all customers subject to the CEP rate which includes all of the Company's customers except for one customer who is exempt from the CEP rate pursuant to the Long-Term Capacity Agreement Pilot Program Act during this period. The

CEP refund rate per therm factor applied to the customers who qualify for the credit is derived by dividing the projected CEP over recovery balance at June 30, 2014 by the twelve (12) months of billed therms for period ending April 30, 2014 which the Company currently estimates to be approximately 517 million therms, plus taxes and assessments.

Rate Impact

G. The annual bill impact of the stipulated WNC, SBC-CEP and OSMC rates on a typical residential heating customer using 1,000 therms, excluding the refund, is an annual decrease of \$32.53 from \$1,197.54 to \$1,165.01 or 2.7% as compared to the Company's currently effective rates. The proposed rates will decrease Elizabethtown's annual revenues by approximately \$15.4 million based on the Company's most recent therm forecast. A breakdown of these revenues at current billing determinants is as follows:

	Revenue at Current Rates	Revenue at Stipulated Rates
CEP	\$33,961,908	\$17,154,038
OSMC	(\$2,124,574)	(\$480,275)
WNC	<u>\$9,226,140</u>	<u>\$8,968,966</u>
	\$41,063,474	\$25,642,729

All Issues Resolved

H. Upon the Board's approval of this Stipulation, all issues concerning the WNC, SBC-CEP and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board. The WNC rate has been computed using the Degree Day Consumption Usage Factor submitted with the Company's 2013 Petition as reflected in attached Appendix B. Also set forth on Appendix B are the Degree Day

Consumption Usage Factors being used during the 2013-2014 WNC period. This Stipulation resolves all issues with respect to the proposed Factors.

Further Provisions

I. This Stipulation is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Administrative Law Judge or the Board, then any Stipulating Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. In the event this Stipulation is not adopted in its entirety by the Board in its Order in this matter, then any Stipulating Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

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

K. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein, is intended to be binding only in this proceeding and only as to the matters specifically addressed herein.

WHEREFORE, the Stipulating Parties hereto do respectfully submit this Stipulation to the Presiding Administrative Law Judge and request (1) the Administrative Law Judge to issue an initial decision approving the Stipulation; and (2) 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**

**STEFANIE A. BRAND
DIRECTOR, DIVISION OF
RATE COUNSEL**

By: *M. Patricia Keefe*
**Mary Patricia Keefe
Vice President, Regulatory Affairs
and Assistant Corporate Secretary**

By: *Sarah H. Steindel*
**Sarah H. Steindel
Assistant Deputy Rate Counsel**

**JOHN JAY HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: *[Signature]*
Alex Moreau, DAG

Dated: April 24, 2014

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

THIRD

REVISED SHEET NO. 103

RIDER "B"
WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2013 through May 31, 2014 ~~\$0.0308~~ \$0.0300 per therm

June 1 through September 30, of any year \$0.0000 per therm

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am. The eight temperature observations for a day shall be 10 am, 1 pm, 4 pm, 7 pm, 10 pm, 1 am, 4 am, and 7 am.

Date of Issue: June 12, 2013

Effective: Service Rendered
on and after October 1, 2013

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated May 29, 2013 in Docket No. GR12080749 GR13080771

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

FOURTH REVISED SHEET NO. 108

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

~~(\$0.0078)~~ (\$0.0018) per therm

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

Date of Issue: ~~June 12, 2013~~

Effective: Service Rendered
on and after ~~June 10, 2013~~

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~May 29, 2013~~ in Docket No. ~~GR12080749~~ GR13080771

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

ELEVENTH REVISED SHEET NO. 109

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges or assessments as filed and approved by the NJBPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the (1) cost of Comprehensive Resource Analysis Programs that were approved by the Board pursuant to its Comprehensive Resource Analysis regulations prior to April 30, 1997, (2) cost of Manufactured Gas Plant Remediation, and (3) cost of Consumer Education and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0385 \$0.0763
II.	Remediation Adjustment Charge ("RAC")	\$0.0229
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0065
	2. Lifeline	\$0.0061 \$0.0061
	TOTAL	\$0.0740 \$0.1118

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

i. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the Board of Public Utilities ("BPU") in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: ~~December 31, 2013~~

Effective: Service Rendered
on and after January 1, 2014

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~December 18, 2013~~ in Docket No. GR13080771GR12400936

CLEAN

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

REVISED SHEET NO. 103

RIDER "B"
WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2013 through May 31, 2014 \$0.0300 per therm

June 1 through September 30, of any year \$0.0000 per therm

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am. The eight temperature observations for a day shall be 10 am, 1 pm, 4 pm, 7 pm, 10 pm, 1 am, 4 am, and 7 am.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No. GR13080771

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

REVISED SHEET NO. 108

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0018) per therm

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated In Docket No. GR13080771

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

REVISED SHEET NO. 109

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges or assessments as filed and approved by the NJBPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the (1) cost of Comprehensive Resource Analysis Programs that were approved by the Board pursuant to its Comprehensive Resource Analysis regulations prior to April 30, 1997, (2) cost of Manufactured Gas Plant Remediation, and (3) cost of Consumer Education and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0385
II.	Remediation Adjustment Charge ("RAC")	\$0.0229
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0065
	2. Lifeline	<u>\$0.0061</u>
	TOTAL	\$0.0740

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et al.* The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the Board of Public Utilities ("BPU") in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

- CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue: Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No. GR13080771

**Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)**

Month	Actual Calendar Degree Days	Normal ^(a) Calendar Degree Days	(Warmer) / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor ^(b)	Variance in Therms	Margin Revenue Excess / (Deficiency)
Oct-12	213	274	(61)	(22.26%)	(22.26%)	1	(60)	45,594	(2,735,640)	(\$746,283)
Nov	660	537	123	22.91%	7.64%	3	120	52,799	6,335,880	\$1,728,428
Dec	732	869	(137)	(15.77%)	(4.46%)	4	(133)	58,426	(7,770,658)	(\$2,119,836)
Jan-13	920	967	(47)	(4.86%)	(4.61%)	5	(42)	60,507	(2,541,294)	(\$693,265)
Feb	859	841	18	2.14%	(2.98%)	4	14	59,292	830,088	\$226,448
Mar	768	701	67	9.56%	(0.88%)	4	63	56,825	3,579,975	\$976,617
Apr	367	382	(15)	(3.93%)	(1.14%)	2	(13)	43,619	(567,047)	(\$154,690)
May	<u>143</u>	<u>150</u>	<u>(7)</u>	<u>(4.67%)</u>	<u>(1.25%)</u>	<u>1</u>	<u>(6)</u>	40,780	<u>(244,680)</u>	<u>(\$66,749)</u>
Total	4,662	4,721	(59)			24	(57)		(3,113,376)	(\$849,330)

Margin Revenue Factor (\$/Thm) ^(c)

\$0.2728

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder

(3,113,376)

WNC Margin Revenue - Excess / (Deficiency)

(\$849,330)

^(a) Normal Degree Days as set forth in Tariff No. 14 - Rider B, Original Sheet No. 104

^(b) Degree Day Consumption Factor as filed in Docket No. GR12080749, WNC Schedule TK-4

^(c) Margin Revenue Factor as set forth in Tariff No. 14 - Rider B, Sheet No. 105

* Dead Band is 0.5% of the Monthly Normal Calendar Degree Days

**Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)**

**Development of the Degree Day Consumption Usage Factor
October 2013 - May 2014**

<u>Month</u> a	<u>Normalized Projected Heat Load¹ (therms)</u> b	<u>Base Number of Customers²</u> c	<u>Normalized Use in Therms Per Customer</u> d=b/c	<u>Number of Customers³</u> e	<u>Annualized Normalized Projected Heat Load (therms)</u> f=d*e	<u>Monthly Normal Heating Degree Days⁴</u> g	<u>Annualized Normalized Consumption in Therms Per Degree Day</u> h=f/g
October	12,215,528	270,827	45.10454	278,786	12,574,514	274	45,882
November	27,766,365	271,439	102.36689	278,786	28,538,456	537	53,144
December	49,912,468	272,283	183.31100	278,786	51,104,540	869	58,808
January	57,735,289	273,306	211.24779	278,786	58,892,926	967	60,903
February	49,317,791	273,936	180.03399	278,786	50,190,956	841	59,680
March	39,429,020	274,159	143.81808	278,786	40,094,467	701	57,196
April	16,477,951	273,907	60.15893	278,786	16,771,467	382	43,904
May	6,029,896	273,032	22.08494	278,786	6,156,972	150	41,046

¹ Adjusted for: a) LAUF as calculated and approved for the 2009 base rate case and
b) the normal heating degree day leap-year pattern for the the months of February - May.

² Base number of customers from the 2009 base rate case.

³ May 31, 2013 customer count for those classes subject to the WNC clause.

⁴ 20-year 1988-2008 monthly normal heating degree days (base 65°F); represents a non leap-year pattern.