



Agenda Date: 1/31/18
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE ACQUISITION OF)	ORDER DESIGNATING
ELIZABETHTOWN GAS, A DIVISION OF)	COMMISSIONER AND
PIVOTAL UTILITY HOLDINGS, INC. BY ETG)	SETTING MANNER OF
ACQUISITION CORP., A SUBSIDIARY OF)	SERVICE
SOUTH JERSEY INDUSTRIES INC. AND)	
RELATED TRANSACTIONS)	DOCKET NO. GM17121309

Parties of Record:

Ira Megdal, Esq., on behalf of South Jersey Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On or about December 21, 2017, South Jersey Industries, Inc. ("SJI"), ETG Acquisition Corp. and South Jersey Resources Group, LLC ("SJR"),¹ together with Pivotal Utility Holdings, Inc. ("Pivotal") (collectively, "Joint Petitioners") filed a verified joint petition ("Acquisition Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking approval of the acquisition of control by ETG Acquisition Corp. of Pivotal's New Jersey utility operating division, Elizabethtown Gas ("Elizabethtown"), including the sale of substantially all of Elizabethtown's assets ("Acquisition") pursuant to N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7, N.J.A.C. 14:1-5.14, and N.J.A.C. 14:1-5.6.

The Joint Petitioners also seek approval of:

- Certain affiliate service agreements for provision of administrative, support and management services pursuant to N.J.S.A. 48:3-7.1 and N.J.A.C. 14:4-4.5;
- A transfer of South Jersey Gas Company's ("SJG's") stock from SJI to SJI Utilities, Inc. ("SJI Utilities") pursuant to N.J.S.A. 48:3-10 and N.J.A.C. 14:1-5.10;

¹ ETG Acquisition Corp. and SJRG are wholly owned subsidiaries of SJI.

- The discontinuance by Pivotal of the provision of utility service pursuant to N.J.S.A. 48:2-24, including all obligations under the "Elizabethtown Gas Tariff for Gas Service B.P.U. No.15" on file with the Board ("Elizabethtown Tariff")² and applicable Board Orders;
- The adoption of the Elizabethtown Tariff by ETG Acquisition Corp.; and
- Authority for ETG Acquisition Corp. to record certain regulatory assets and liabilities and to continue to employ deferred accounting for the costs recorded as regulatory assets and liabilities.

In addition, Pivotal further requests the Board to disclaim potential jurisdiction over the sale by Pivotal of the assets of Elkton Gas, Pivotal's Maryland utility operating division, or in the alternative, to approve the sale.

According to the Joint Petitioners, the Acquisition will result in Elizabethtown once again being brought under the umbrella of New Jersey-based ownership and control. SJI will expand its utility operations in New Jersey through ownership of both Elizabethtown and SJG, service more than 675,000 utility customers in New Jersey. Some of the benefits listed in petition by the Joint Petitioners are:

- A one (1) time \$5 million rate credit to Elizabethtown's Basic Gas Supply Service Customers within ninety (90) days of closing;
- For three (3) years following the closing, SJI or an affiliate, will maintain a minimum of 330 employees in New Jersey to support Elizabethtown's operations. SJI will also honor collective bargaining agreements in effect at the time of the closing and will maintain the same local core management that exists today;
- SJI will add a significant number of new employees to New Jersey, over and above the 300 employee commitment, to provide services that are currently provided to Elizabethtown by Southern Gas Company in other states;
- The current asset management agreement between Elizabethtown and Sequent Energy Management L.P. will be assigned to SJRG and extended for an additional five (5) year period with a guaranteed minimum \$26.25 million credit to customers over that period;
- Elizabethtown and SJG will have the opportunity to share local employees during times of emergency and otherwise take advantage of each other's resources during critical times, thereby enhancing safety and reliability; and
- The commitment to maintain Elizabethtown's current level of community support contribution of \$190,000 per year for a period of five (5) years post-closing.

The Joint Petitioners have also requested that the Acquisition Petition be retained at the Board and that a Commissioner be assigned for hearing of this matter.

DISCUSSION

The Board has determined that the Acquisition Petition described above should be retained by the Board for hearing and, pursuant to N.J.S.A. 48:2-32, **HEREBY DESIGNATES** President Joseph L. Fiordaliso as the presiding officer who is authorized to rule on all motions that arise during the pendency of these proceedings and modify any schedules that may be set as necessary to secure a just and expeditious determination of the issues. Further, the Board

² The Elizabethtown Tariff is available on Elizabethtown's website at <https://www.elizabethtowngas.com/-/media/Files/ETG/Rates-Tariff/ETG%20TARIFF%20NO%2015.pdf>.

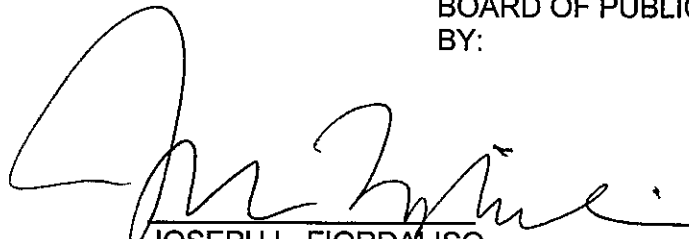
HEREBY DIRECTS that any entities seeking to intervene or participate in this matter file the appropriate application with the Board by February 23, 2018. Any party wishing to file a motion for admission of counsel, pro-hac vice, should do so concurrently with any motion to intervene or participate. President Fiordaliso, as the presiding officer, will render a decision with regard to any pending motions following the expiration of the February 23, 2018 deadline.

Also in the interests of economy, all parties are **HEREBY DIRECTED** to serve all documents electronically, while still providing hard copies to the Board for those documents which must be filed with the Board, and also providing two (2) hard copies to each party, unless otherwise requested by the parties. Finally, the Board **HEREBY DIRECTS** Staff to post this Order on the Board's website.

This Order shall be effective February 10, 2018.

DATED: 1/31/18

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



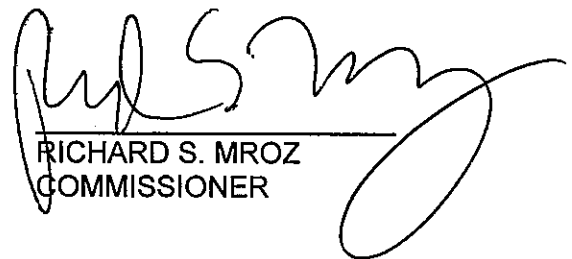
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UPENDRA J. CHIVUKULA
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RICHARD S. MROZ
COMMISSIONER

ATTEST: 
CARMEN D. DIAZ
ASSISTANT BOARD 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 ACQUISITION OF ELIZABETHTOWN GAS, A DIVISION OF
PIVOTAL UTILITY HOLDINGS, INC. BY ETG ACQUISITION CORP., A SUBSIDIARY OF
SOUTH JERSEY INDUSTRIES INC. AND RELATED TRANSACTIONS
DOCKET NO GM17121309

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