



Elizabethtown Gas™

An **AGL Resources** Company

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Berkeley Heights, NJ 07922

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February 5, 2009

**VIA ELECTRONIC MAIL AND FEDERAL EXPRESS**

Kristi Izzo, Secretary  
Office of the Secretary  
Board of Public Utilities  
Two Gateway Center  
Newark, NJ 07102

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas For Approval Of Energy Efficiency Programs And  
A Regional Greenhouse Gas Initiative Cost Recovery Rider  
BPU Docket No. \_\_\_\_\_**

Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of a Petition and supporting Exhibits of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas in the above-referenced matter.

Copies of the Petition and supporting Exhibits are also being served upon the Department of the Public Advocate, Division of Rate Counsel and the Division of Law.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope.

Respectfully submitted,

Mary Patricia Keefe  
Director, Regulatory Affairs

Enclosures  
cc: Service List

**In The Matter Of The Petition Of Pivotal Utility  
Holdings, Inc. d/b/a Elizabethtown Gas For  
Approval Of Energy Efficiency Programs And A  
Regional Greenhouse Gas Initiative Cost  
Recovery Rider  
BPU Docket No. GR09\_\_\_\_\_**

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

|   |          |                             |
|---|----------|-----------------------------|
| <b>In The Matter Of The Petition Of</b>     | <b>x</b> |                             |
| <b>Pivotal Utility Holdings, Inc. d/b/a</b> | <b>:</b> | <b>BPU Docket No.</b> _____ |
| <b>Elizabethtown Gas For Approval Of</b>    | <b>:</b> |                             |
| <b>Energy Efficiency Programs And A</b>     | <b>:</b> | <b>Verified Petition</b>    |
| <b>Regional Greenhouse Gas Initiative</b>   | <b>:</b> |                             |
| <b>Cost Recovery Rider</b>                  | <b>x</b> |                             |

To: The Honorable Board of Public Utilities:

Pursuant to *N.J.S.A.* 48:3-98.1, 48:2-21.1 and 48:2.21, Petitioner Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner," "Elizabethtown," or "the Company") hereby submits this Petition by which it seeks approval to implement the Energy Efficiency Programs described herein and authority from the Board of Public Utilities ("Board") to include in its Tariff for Gas Service No. 13, a "Regional Greenhouse Gas Initiative Rider" to enable it to recover the costs associated with the proposed Energy Efficiency Programs. In addition, by this Petition, Petitioner seeks to establish volumetric Regional Greenhouse Gas Initiative surcharge rates of (1) \$0.0036 per therm to be assessed to the Company's residential service classification customers effective April 1, 2009; and (2) \$0.0010 per therm to be assessed to the Company's firm commercial and industrial service classification customers effective April 1, 2009. In support of the requested relief, Petitioner states as follows:

1. Petitioner is a public utility corporation organized under the laws of the State of New Jersey. Petitioner's principal office is located at 300 Connell Drive, Suite 3000, Berkley Heights, New Jersey, 07922.

2. Communications and correspondence concerning this petition should be sent as follows:

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AGL Resources  
Ten Peachtree Place  
Atlanta, GA 30309  
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3. Petitioner is engaged in the sale, transmission and distribution of natural gas to approximately 274,000 customers located within its service territory in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

### **Background Statement**

4. In the "Global Warming Response Act,"<sup>1</sup> or "RGGI Legislation" the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. The RGGI Legislation also found that energy efficiency and conservation measures are essential elements of future energy planning; finding the active involvement and participation of public utilities through the establishment of competitive energy efficiency and conservation programs an integral element to successfully reducing energy consumption and emissions. Similar goals and direction are reflected in the New Jersey Energy Master Plan.

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<sup>1</sup> N.J.S.A.26-2C-45.

5. Pursuant to Section 13 of the RGGI Legislation,<sup>2</sup> an electric or natural gas utility can offer and invest in regulated energy efficiency and conservation programs within its service territory. Furthermore, utilities are authorized to seek approval from the Board for recovery of costs related to such programs.<sup>3</sup> That recovery may include a return on equity, the establishment of incentives and the development of a rate mechanism that decouples the link between utility revenues and customer usage.<sup>4</sup> The eligible ratemaking treatments can provide for the inclusion of certain related investments in rate base or the recovery of such costs through another rate methodology approved by the Board.<sup>5</sup>

6. On May 8, 2008, the Board issued an Order (the "RGGI Order")<sup>6</sup> pursuant to *N.J.S.A. 48:3-98.1(c)* that allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis, provided that the utility files a petition and obtains Board approval for such programs and a mechanism for cost recovery. The RGGI Order also established, certain procedures and Minimum Filing Requirements ("MFRs") for utility petitions proposing energy efficiency programs on a regulated basis pursuant to the RGGI Legislation. Given Governor Corzine's direction in the Economic Stimulus Program ("ESP") to implement programs as soon as possible, Elizabethtown is requesting that the Board waive certain of the MFRs. Further support for this waiver request is set forth below.

7. On October 16, 2008, Governor Corzine discussed the recent economic turmoil and presented a comprehensive Economic Stimulus Plan ("ESP") for New Jersey that is intended to enhance the State's business climate and support short-term employment growth and long-

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<sup>2</sup> *N.J.S.A. 48:3-98.1.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

<sup>5</sup> *Id.*

<sup>6</sup> *In Re Regional Greenhouse Gas Initiative - Minimum Filing Requirements*, BPU Docket No. EO0803D164 (May 8, 2008).

term economic prospects. Recognizing the State's economic condition and the need to encourage energy efficiency, the Governor's stimulus package included provisions for energy companies to invest in programs for utility customers that will encourage energy efficiency, generate jobs and strengthen the local economy.

8. In accordance with the Board's November 17, 2004 "Order of Approval" in BPU Docket No. GM04070721<sup>7</sup> Petitioner is required to file a new base rate case in March 2009 for rates to be effective no later than January 1, 2010 ("March 1 Base Rate Case Filing"). Moreover, the Board's November 17 Acquisition Order requires Elizabethtown to play an active role as a responsible corporate citizen and support economic development in New Jersey.

9. Based on the current needs of the State for enhanced economic development and reduced greenhouse emissions, Elizabethtown has determined that it is reasonable and prudent at this time to propose cost-effective Energy Efficiency Programs ("EE Programs") and associated cost recovery through the Regional Greenhouse Gas Initiative Rider ("RGGI Surcharge"). Petitioner believes that these EE Programs will support the State's economic stimulus and energy conservation goals, consistent with the RGGI Legislation, the ESP and the Energy Master Plan.<sup>8</sup>

### **Proposed Energy Efficiency Programs**

10. Elizabethtown is proposing eight EE Programs as described in this Petition that are designed to complement or supplement the offers contained in the existing New Jersey Clean Energy Programs ("NJCEP"). Key components of these EE Programs include enhanced customer education and outreach to raise awareness of the importance of energy conservation

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<sup>7</sup> *I/M/O The Petition of NUI Utilities, Inc. (D/B/A Elizabethtown Gas Company) and AGL Resources, Inc. For Authority Under N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 Of A Change in Ownership and Control*, BPU Docket No. GM04070721 (November 17, 2004) (November 17 Acquisition Order").

<sup>8</sup> Elizabethtown's Utility Infrastructure Enhancement Program Petitioner filed with Board on January 20, 2009 in BPU Docket No. GO09010053 similarly supports the State's economic growth and energy conservation goals.

among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis. Elizabethtown's proposed energy efficiency programs do not duplicate or eliminate any of the NJCEP programs. They are intended to increase customer awareness, enhance participation and support utilization of the NJCEP. Consistent with the focus of the RGGI Legislation, the ESP and the Energy Master Plan, the EE Programs proposed by Elizabethtown are geared toward encouraging customers to reduce their overall energy usage in a cost effective manner. They also have the beneficial effect of creating additional jobs in the energy efficiency market.

11. Elizabethtown intends to promote these programs through various channels as described in Exhibits 1 through 8. A significant feature is the development and introduction of a customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Again, these customer education and outreach initiatives will encourage customers to conserve energy and reduce their gas bills on a long-term basis. Printed customer education and outreach materials will be provided as and when developed.

12. As set forth below, the EE Programs comprise six (6) Initial EE Programs that will be implemented for a two-year period and two (2) Base EE Programs that will be implemented on a longer-term basis. Significantly, even after the two-year term of the Initial EE Programs, customer education and outreach, including the customer Dashboard, will remain an ongoing component in order to promote conservation on a long-term basis. The total amount budgeted over the two-year period for the Initial EE Programs is \$10,506,000 and \$4,168,000 for the Base EE Programs. These budgeted amounts are based on projected expenditures. Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive



the incentives associated with the proposed EE Programs. A general overview of these six programs is as follows, with more detailed descriptions of each program provided in Exhibits 1 through 8.

#### **“Whole House” Energy Efficiency Program**

13. Elizabethtown’s “Whole House” EE Program is designed to enhance the Home Performance with Energy Star incentives offered through the NJCEP by supplementing the incentives currently offered through the NJCEP. Elizabethtown’s proposal promotes a “whole house” energy conservation approach to residential customers by encouraging them to implement a combination of energy efficiency improvements (*i.e.* air sealing and duct leak sealing, insulation and high-efficiency gas equipment installation) rather than just a single improvement. Elizabethtown is offering this program on both an initial and longer-term basis, with more detailed descriptions set forth in Exhibits 1 and 7.

#### **Residential Expanded Gas Heating Ventilation and Air Conditioning (“HVAC”) and Gas Hot Water Heater Incentive Program**

14. This program is designed to enhance the existing NJCEP gas HVAC and gas hot water heater incentive program by supplementing the incentive offered through NJCEP. The program will target all residential customers who receive natural gas service from Elizabethtown or have the potential to receive gas service. Elizabethtown is offering this program on both an initial and longer-term basis, with more detailed descriptions set forth in Exhibits 2 and 8.

#### **Small Commercial Customer Energy Efficiency Program**

15. This program is designed to enhance the existing NJCEP SmartStart incentive program by supplementing the incentive offered through the NJCEP. This program will target

all commercial customers with a peak demand of 200KW or less. Elizabethtown is offering this program on an initial basis, with a more detailed description set forth in Exhibit 3.

#### **Large Commercial Customer Energy Efficiency Program**

16. This program is designed to enhance the existing NJCEP SmartStart incentive program by supplementing the incentive offered through the NJCEP. This program will target all commercial customers with a peak demand greater than 200KW Elizabethtown is offering this program on an initial basis, with a more detailed description set forth in Exhibit 4.

#### **Combined Heat and Power Program**

17. This program is designed to reduce energy consumption and carbon emissions by lowering dependence on the electric grid system. This program will enhance the existing NJCEP Combined Heat & Power (“CHP”) program by supplementing the incentives offered by NJCEP. This program will target large commercial and industrial customers installing CHP systems, including natural gas-fired combined cycle combustion turbine or natural gas engines to produce both steam and electricity from a single fuel source located on-site. Elizabethtown is offering this program on an initial basis, with a more detailed description set forth in Exhibit 5.

#### **Gas Cooling Program**

18. This program will enhance the existing NJCEP incentives for the installation of gas cooling equipment. It will target all commercial and industrial customers in Elizabethtown’s service territory installing gas cooling equipment. Elizabethtown is offering this program on an initial basis, with a more detailed description set forth in Exhibit 6.

#### **Miscellaneous Program-Related Issues**

19. Given the current economic climate, as well as the relatively limited experience with these types of programs in Elizabethtown’s service territory to date, it is difficult to predict

customer responsiveness to these initiatives. In order to effectively respond to customer needs and market conditions, Elizabethtown requests the flexibility to make adjustments to the programs as may be dictated by customer demand. Such adjustments could include the ability to extend the two-year term of the Initial EE Programs, identify a definitive term for the Base EE Programs, re-allocate program budget funds and overall spending levels and other miscellaneous program adjustment as may be required to satisfy customer needs and market conditions. Flexibility to make these adjustments will help to assure the long-term success and viability of the proposed EE Programs.

### **Proposed Cost Recovery Mechanism**

20. Petitioner proposes to recover the costs associated with the Initial EE Programs and Base EE Programs through the implementation of a new RGGI Rider to be effective April 1, 2009. Petitioner proposes to establish an initial RGGI Rider surcharge rate of \$0.0036 per therm applicable to residential customers and a rate of \$0.0010 per therm applicable to firm commercial and industrial customers, both effective April 1, 2009.

21. Elizabethtown requests that the Board establish a separate process to consider matters raised in this petition so that the RGGI Rider and proposed surcharge can be made effective April 1, 2009. This proposal is consistent with Section 13 of the RGGI Legislation that contemplates a rate mechanism outside base rates. To the extent necessary, Elizabethtown submits that the results of this separate process can be incorporated in the final order issued in the March 1 Base Rate Case Filing to create a full legal nexus between this proceeding and full base rate case approval in accordance with N.J.S.A. 48:2-21.

22. Under the proposed RGGI Rider, which is set forth in Exhibit 14 to this Petition, the Company will surcharge all firm customers,<sup>9</sup> except for firm customers served under special contracts previously approved by and filed with the Board to recover the following revenue requirement components:

- Amortization of an Energy Efficiency Program regulatory asset established to recover the EE Program expenditures over five (5) years utilizing the after tax return on capital, grossed up for the revenue expansion factor most recently established by the Board<sup>10</sup> for the Company multiplied by net EE Program investments, less the accumulated amortization and accumulated deferred income taxes associated with such Program investments;
- Amortization expense calculated using a five-year amortization period;
- Operation and Maintenance expense (O&M) including but not limited to program management and implementation other than labor, customer education costs, outreach and information technology will be included in the net EE Program investments and amortized over a five-year period; and
- Carrying costs on over and under-recovery balances calculated based on the after tax return on capital, grossed up for the revenue expansion factor, most recently established by the Board.

23. Elizabethtown proposes that upon the implementation of the rates associated with the March 1 Base Rate Case Filing, customer education and community outreach costs

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<sup>9</sup> The firm service classifications that would be subject to the surcharge are the RDS, SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS service classes.

<sup>10</sup> The Company's current after tax return on capital is 6.87% and the current revenue expansion factor is 1.71702. This return and revenue expansion factor shall be applied to all investments made for EE Programs investments until the Board establishes a new pre-tax return on capital in the Company's March 1 Base Rate Case Filing. Once a new return is established it will be applied prospectively to all cost balances.

associated with the Base EE programs will no longer be recovered through the RGGI Rider and will be rolled into base rates. Labor costs, including those incurred during calendar year 2009 will not be recovered through the RGGI Rider at any time but will be recovered through base rates.

24. The proposed initial residential customer surcharge of \$0.0036 per therm and the initial commercial and industrial customer surcharge of \$0.0010 per therm have been designed to recover the projected incremental, non-internal labor costs associated with the EE Programs based on a projection of costs incurred in the first year of the program. The calculation of the projected revenue requirements associated with the proposed EE Programs is set forth on Exhibit 9. The Company will file an annual reconciliation petition every February 1 reflecting a true-up for actual costs and recoveries for the previous years and projected revenue requirements for the upcoming year. Petitioner proposes to recover no more than its actual costs of providing the EE Programs.

25. As set forth in Exhibit 13, the impact of the proposed surcharge on the typical monthly bill of a residential heating customer using 100 therms is \$0.36 and the impact on typical non-heating customers using 15 therms is \$0.06. These modest cost increases are fully justified by the benefits they will bring to the Company's customers, the New Jersey economy and the environment.

26. The EE Programs proposed herein will help customers reduce their natural gas costs and play an important role in reducing greenhouse gas emissions, preserving environmental resources and stimulating economic growth. Instead of promoting the sale and use of gas, Elizabethtown is encouraging conservation to help customers reduce their costs and achieve the State's goals. At the same time, it is important to address the impact of declining use related to

energy efficiency on Elizabethtown's ability to recover its fixed costs. While the Company is not seeking the approval of incentives or a rate mechanism that decouples utility revenues from sales and services in this Petition, it plans to propose such a mechanism its March 1 Base Rate Case filing to ensure a more direct alignment of the interests of Petitioner's customers and the clean energy policies of New Jersey with those of the Company. Petitioner seeks an order supporting the approval of an appropriate revenue decoupling mechanism. Moreover, Petitioner reserves the right to discontinue any program approved herein in the event that an acceptable revenue decoupling mechanism is not approved in Petitioner's pending March 1, 2009 Base Rate Case Filing.

#### **Request for Waiver of Certain Procedures and Minimum Filing Requirements**

27. The RGGI Order provides that the MFRs may be modified as appropriate on a case-by-case basis. In addition, as a result of discussions among the parties concerning the ESP and utility energy efficiency programs, the Office of Staff Counsel recognized the need to modify the MFRs to provide for a more expeditious process. In order to ensure that the EE Programs proposed in this filing can be implemented on an expedited basis as suggested by Governor Corzine in his ESP, Elizabethtown is requesting a waiver of the following procedural requirements and MFRs:

- The requirement that Elizabethtown have a pre-filing meeting with Board Staff and the Department of the Public Advocate Division of Rate Counsel ("Rate Counsel"). Elizabethtown, Board Staff, Rate Counsel and other interested stakeholders met on several occasions in the months leading up to this filing to discuss energy efficiency program design. Notice was also previously provided to

Board Staff concerning cost recovery. Given these prior meetings, the pre-filing meeting is unnecessary.

- The provision providing the Board with 180 days to review and approve any RGGI filing. A waiver of this provision will allow for expedited approval of this Petition and permit implementation of the proposed EE Programs during the first half of calendar year 2009 or as soon possible.
- The requirement of the submission of a pro forma income statement reflecting operating income at present and proposed rates.
- The requirement of the submission of pre-filed testimony.
- The requirement of the submission of proposed draft contracts; these will be submitted as and when available.
- The requirement of the submission of proposed marketing material; this will be submitted as and when available.
- The requirement of the submission of job impact data; this will be submitted as soon as it is available.
- The requirement of the submission of a cost/benefit analysis.

28. It is Elizabethtown's understanding that the Rutgers Center for Energy, Economic, and Environmental Policy ("CEEP") will be performing the requisite cost/benefit analysis in lieu of Elizabethtown and the other New Jersey utilities. Therefore, Elizabethtown is not submitting any such analysis with this Petition. Elizabethtown will provide CEEP with the necessary data, as requested by CEEP, to enable CEEP to perform such analysis. Elizabethtown will discontinue any programs that are ultimately determined not to be cost-effective.

29. Elizabethtown respectfully submits that the information provided with this Petition is sufficient to allow the Board to approve the proposed EE Programs and associated cost recovery proposals in an expeditious manner. To the extent Elizabethtown has not expressly requested a waiver of a specific MFR or is not otherwise in strict compliance with the RGGI procedures or MFRs, Elizabethtown respectfully requests that the Board waive all MFR requirements necessary to accept, review and approve this Petition on an expedited basis.

**Request for Expedited Treatment and Notice**

30. Consistent with the Governor's directive in the ESP that programs be implemented as soon as possible, Elizabethtown requests expedited treatment of this Petition. Elizabethtown further requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. Elizabethtown submits that evidentiary hearings are not necessary or required to approve this Petition and requests that the Board issue an Order as soon as reasonably possible to promote implementation of the proposed EE Programs in the first half of calendar year 2009.

31. Two copies of this filing are being served on Stefanie A. Brand, Director, Rate Counsel, 31 Clinton Street, Newark, New Jersey 07101 and the Department of Law and Public Safety, 124 Halsey Street, PO Box 45029, Newark, New Jersey 07101. In addition, Elizabethtown will provide notice of this filing to all its customers through publication of a notice in newspapers of general circulation in its service territory. A copy of a draft public notice is attached as Exhibit 15 to this Petition.

32. Attached to and made a part of this Petition are the following exhibits:

- Exhibit 1 - Initial "Whole House" Energy Efficiency Program
- Exhibit 2 - Initial Residential Expanded HVAC/Water Heater Program



- Exhibit 3 - Small Commercial Customer Program
- Exhibit 4 - Large Commercial Customer Program
- Exhibit 5 - Combined Heat & Power Program
- Exhibit 6 - Gas Cooling Program
- Exhibit 7 - Base “Whole House” Energy Efficiency Program
- Exhibit 8 - Base Residential Expanded HVAC/Water Heater Program
- Exhibit 9 - Revenue Requirements Data
- Exhibit 10 - Calculation of Capital Structure/Rate of Return
- Exhibit 11 - Budget Based on 2009 NJCEP Components
- Exhibit 12 - Calculation of Proposed Rates
- Exhibit 13 - Calculation of Customer Impacts
- Exhibit 14 - Proposed Tariff Sheets
- Exhibit 15 - Draft Public Notice

### **Conclusion**

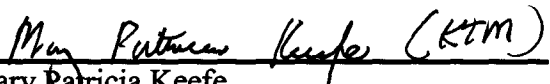
33. For all the foregoing reasons, Elizabethtown respectfully requests that the Board retain jurisdiction of this matter and issue an Order on an expedited basis approving this Petition in its entirety and finding as follows:

- The Initial and Base Energy Efficiency Programs are in the public interest and Elizabethtown is authorized to implement and administer these regulated services utility services under the terms set forth in this Petition and accompanying Exhibits;
- Elizabethtown is granted a waiver of the RGGI procedures and MFRs as necessary;

- Elizabethtown is authorized to recover all costs as requested herein;
- Elizabethtown is authorized to employ deferred accounting to account for differences between costs incurred and costs recovered in providing its EE Programs;
- Elizabethtown is authorized to earn a return on the Energy Efficiency Program Regulatory Asset;
- Elizabethtown is authorized to utilize the revenue requirements methodology as set forth herein;
- Elizabethtown is authorized to implement the surcharge effective April 1, 2009 or upon the issuance of a written Board order approving such surcharge, whichever is later;
- Elizabethtown has Board support for the approval of an appropriate revenue decoupling mechanism;
- Elizabethtown is granted such other and further relief as may be necessary to protect the Company's interests and implement the proposals as set forth in this Petition.

Respectfully submitted,

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

  
Mary Patricia Keefe  
Director, Regulatory Affairs

Dated: February 5, 2009

**Elizabethtown Initial “Whole House” Energy Efficiency Program**

|                                      |  |
|--------------------------------------|--|
| <p><b>Description Of Program</b></p> | <p>This program is designed to enhance the Home Performance with Energy Star (“HPES”) incentives offered through the New Jersey Clean Energy Program (“NJCEP”) by supplementing the incentives currently offered through NJCEP. This program promotes a “whole-house” energy conservation approach to all residential customers by encouraging them to implement a combination of energy efficiency improvements (<i>i.e.</i>, air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>This program will offer the following three tiers of service to all residential customers:</p> <p>Tier I – Elizabethtown will provide (1) \$50 toward the cost of an energy audit, which will include a visit to assess the energy efficiency of the customer’s home, and a report which will identify and recommend energy efficiency measures to improve energy conservation; (2) \$10 towards the cost of an Energy Cost Cutter Kit; and (3) \$20 towards the cost of a programmable thermostat.</p> <p>Tier II – Elizabethtown will supplement the NJCEP incentive by covering the full costs associated with the installation of Tier II measures (air and/or duct sealing) in excess of the rebate offered by NJCEP in an amount up to \$1,000. Customers must receive a Tier I audit to be eligible for this Tier II incentive.</p> <p>Tier III – Elizabethtown will supplement the NJCEP incentive by providing up to \$2,500 towards the installation of high efficiency gas HVAC; \$125 towards the installation of a gas hot water heater; \$400 towards the installation of a gas tankless hot water heater. Customers must receive a Tier I audit to be eligible for this Tier III incentive.</p> <p>New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered</p> |
|--------------------------------------|--|

**Elizabethtown Initial “Whole House” Energy Efficiency Program**

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|   | <p>under this program.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>Elizabethtown will offer this program for a two-year period.</p> <p>This program cannot be combined with any other Elizabethtown Energy Efficiency Program.</p> |
| <b>Market Segment/<br/>Efficiency Targeted</b>    | <p>All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.</p> <p>The program will target the installation of high efficiency gas HVAC and gas hot water heater equipment and energy conservation measures (<i>i.e.</i> building weatherization improvements).</p>                        |
| <b>Delivery Method</b>                            | <p>Audits will be performed by certified home energy auditors, including those currently performing for the NJCEP.</p> <p>Installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including those currently performing these services for the NJCEP.</p>                          |
| <b>Estimated Program<br/>Participants</b>         | <p>Tier I – 3,400 participants (Audit)<br/> 3,400 participants (Cost Cutter Kit)<br/> 2040 participants (Programmable Thermostat)</p> <p>Tier II – 250 participants</p> <p>Tier III – 500 participants (HVAC)<br/> 250 participants (Water Heater)<br/> 250 participants (Tankless Hot Water Heater)</p>  |
| <b>Estimated Annual Program<br/>Therm Savings</b> | <p>Tier I – 421,260 therms</p> <p>Tier II – 18,750 therms</p>   |

**Elizabethtown Initial “Whole House” Energy Efficiency Program**

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|   | Tier III – 135,950 therms  |
| <b>Link To Existing Programs</b>  | This program is directly linked to the NJCEP HPES program by enhancing the offerings currently offered under that program.   |
| <b>Existing NJCEP Incentives For 2009</b>   | <p>Tier I – Audit provided for a fee of approximately \$175</p> <p>Tier II – Up to \$1,000 in air/duct sealing</p> <p>Tier III – Up to a 50% incentive with a cap of \$5,000</p> <p>NJCEP Comfort Partners (Low Income Program) provides the audit and installs energy efficiency measures at no cost to qualifying customers</p>                                |
| <p><b>Proposed Elizabethtown Incentives under this Program</b></p> <p><b>Proposed Elizabethtown Incentives under this Program – continued</b></p> | <p>Tier I – \$50 towards cost of Audit, Report, Cost Cutter Kit and Thermostat</p> <p>Tier II – Up to \$1,000 in air/duct sealing</p> <p>Tier III – Up to \$2,500 towards installation of high efficiency gas HVAC; up to \$125 towards the installation of a gas hot water heater; up to \$400 towards the installation of a tankless gas hot water heater.</p> |
| <b>Estimated Avoided Air Emissions</b>  | <p>Tier I – CO2(tons) 48,484.1, NOx(tons) 30.6, SO2(tons) 60.9</p> <p>Tier II - CO2(tons) 5,962.0, NOx(tons) 3.8, SO2(tons) 7.5</p> <p>Tier III - CO2(tons) 27,076.9, NOx(tons) 13.3, SO2(tons) 26.5</p>   |
| <b>Anticipated Job Creation</b>   | Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs for auditors, contractors and contractor employees. More detailed information on job creation will be filed when available.  |
| <b>Budget Information</b>   | <p>\$84,800 (Energy Cost Cutter Kit/Programmable Thermostat)</p> <p>\$170,000 (Tier I Audit)</p> <p>\$250,000 (Tier II)</p> <p>\$1,381,250 (Tier III)</p>  |

**Elizabethtown Initial “Whole House” Energy Efficiency Program**

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| <p><b>Customer Education and Outreach</b></p> | <p>Elizabethtown’s existing sales staff will promote this program and utilize direct mail offers and traditional channels such as the utility website and customer newsletter or bill insert. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program. Printed materials will be provided as and when developed.</p> |
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**Elizabethtown Initial Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

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| <p><b>Description Of Program</b></p> | <p>This program is designed to enhance the existing NJCEP HVAC incentive program by supplementing the incentive offered through NJCEP.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>This program be available to all residential customers as follows:</p> <p>The customer must participate in a Tier I Audit. Elizabethtown will provide (1) \$50 toward the cost of an energy audit, which will include a visit to assess the energy efficiency of the customer’s home, and a report which will identify and recommend energy efficiency measures to improve energy conservation; (2) \$10 towards the cost of an Energy Cost Cutter Kit; and (3) \$20 towards the cost of a programmable thermostat.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$900 for the installation of a complete energy efficient gas central heating system depending on the efficiency standard of the equipment.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$200 for the installation of an energy efficient gas tankless hot water heater.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$75 for the installation of an energy efficient gas hot water heater.</p> <p>New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered under this program.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> |
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**Elizabethtown Initial Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

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|  | <p>Elizabethtown will offer this program for a two-year period.</p> <p>This program cannot be combined with any other Elizabethtown Energy Efficiency Program.</p>   |
| <b>Market Segment/<br/>Efficiency Targeted</b> | <p>All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.</p> <p>The program will target the installation of high efficiency gas HVAC and gas hot water heater equipment.</p>   |
| <b>Delivery Method</b>                         | <p>Audits will be performed by certified home energy auditors, including those performing work for the NJCEP</p> <p>HVAC installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including contractors providing such services for the NJCEP</p> |
| <b>Estimated Program Participants</b>          | <p>2900 participants (HVAC)<br/>1000 participants (Hot Water Heater)<br/>250 participants (Tankless Hot Water Heater)</p>  |
| <b>Estimated Annual Savings</b>                | <p>321,700 therms</p>  |
| <b>Link To Existing Programs</b>               | <p>Directly linked to NJCEP</p>  |
| <b>Existing NJCEP Incentives For 2009</b>      | <p>The current NJCEP program offers a rebate of approximately \$300-\$400 for high efficiency gas equipment.</p> <p>The current NJCEP program offers a rebate of approximately \$25-\$300 for high efficiency gas equipment.</p>   |
| <b>Proposed Elizabethtown Incentives</b>       | <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$900 towards the installation of a complete energy efficient gas central heating</p>  |



**Elizabethtown Initial Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

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|  | <p>system, depending on the efficiency standard of the equipment.</p> <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$200 towards the installation of a complete energy efficient tankless gas hot water heater.</p> <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$75 towards the installation of a complete energy efficient gas hot water heater.</p>   |
| <b>Estimated Avoided Air Emissions</b> | CO2(tons) 49,882.5_; NOx(tons) 31.5, SO2(tons) 62.6   |
| <b>Anticipated Job Creation</b>        | Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs auditors, contractors and contractor employees. More detailed information regarding job creation will be filed when available.  |
| <b>Budget Information</b>              | \$2,735,000   |
| <b>Customer Education and Outreach</b> | <p>Elizabethtown’s existing sales staff will promote this program and utilize direct mail offers and traditional channels such as the utility website and customer newsletter or bill insert.</p> <p>Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program. Printed materials will be provided as and when developed.</p> |

**Elizabethtown Initial Small Commercial Customer Energy Efficiency Program**

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| <p><b>Description Of Program</b></p>                  | <p>This program is designed to enhance the existing NJCEP SmartStart incentive program by supplementing the incentive offered through NJCEP.</p> <p>Under this program, Elizabethtown will supplement the NJCEP incentive for the installation of high efficiency gas equipment such as gas-fired boilers, gas-fired furnaces, gas-fired water heaters and gas-fired booster water heaters in an amount up to \$15,000 (HVAC) and \$100 (hot water heater) for commercial customers with a peak demand of 200 KW or less.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>Elizabethtown will offer this program for a two-year period.</p> |
| <p><b>Market Segment/<br/>Efficiency Targeted</b></p> | <p>All commercial customers with a peak demand of 200KW or less.</p>  |
| <p><b>Delivery Method</b></p>                         | <p>Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those currently performing such services for the NJCEP.</p>  |
| <p><b>Estimated Program<br/>Participants</b></p>      | <p>30 participants (HVAC)<br/>30 participants (Hot Water Heater)</p>  |
| <p><b>Estimated Annual Savings</b></p>                | <p>302,845 therms</p>   |
| <p><b>Link To Existing<br/>Programs</b></p>           | <p>Directly linked to NJCEP SmartStart Program</p>  |

**Elizabethtown Initial Small Commercial Customer Energy Efficiency Program**

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| <p><b>Existing NJCEP Incentives For 2009</b></p> | <p>Gas-fired boiler ≤ 300 MBH - \$300 per unit</p> <p>Gas-fired boiler &gt; 300 -1500 MBH (\$1.75 per MBH)</p> <p>Gas-fired boiler &gt; 1500 MBH - ≤ 4000 MBH (\$1.00 per MBH)</p> <p>Gas-fired boiler &gt; 4000 MBH (Calculated through Custom Measure Path)</p> <p>Gas-fired furnace- \$300-\$400 per unit</p> <p>Gas-fired water heater ≤ 50 gallons- \$50 per unit</p> <p>Gas-fired water heater &gt; 50 gallons- \$50 per unit</p> <p>Gas-fired booster water heater - \$17 - \$35 per MBH</p>  |
| <p><b>Proposed Elizabethtown Incentives</b></p>  | <p>Elizabethtown will supplement the NJCEP incentives in an amount up to \$15,000 (HVAC) and \$100 (Hot Water Heater)</p>  |
| <p><b>Estimated Avoided Air Emissions</b></p>    | <p>CO<sub>2</sub>(tons) 5952.6; NO<sub>x</sub>(tons) 3.8, SO<sub>2</sub>(tons) 7.5</p>   |
| <p><b>Anticipated Job Creation</b></p>           | <p>Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs auditors, contractors and contractor employees. More detailed information on job creation will be submitted when available.</p>   |
| <p><b>Budget Information</b></p>                 | <p>\$453,000</p>   |
| <p><b>Customer Education and Outreach</b></p>    | <p>To promote these offers, Elizabethtown’s existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available.</p> |

**Elizabethtown Initial Large Commercial Customer Energy Efficiency Program**

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| <p><b>Description Of Program</b></p>                  | <p>This program is designed to enhance the existing NJCEP SmartStart incentive program by supplementing the incentive offered through NJCEP.</p> <p>Under this program, Elizabethtown will supplement the NJCEP incentive for the installation of high efficiency gas equipment such as gas-fired boilers, gas-fired furnaces, gas-fired water heaters and gas-fired booster water heaters in an amount up to \$25,000 (HVAC) and \$100 (hot water heater) for commercial customers with a peak demand greater than 200 KW.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>Elizabethtown will offer this program for a two-year period.</p> |
| <p><b>Market Segment/<br/>Efficiency Targeted</b></p> | <p>All commercial customers with a peak demand greater than 200KW.</p>  |
| <p><b>Delivery Method</b></p>                         | <p>Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those providing services for the NJCEP.</p>  |
| <p><b>Estimated Program<br/>Participants</b></p>      | <p>25 (HVAC)<br/>25 (Hot Water Heater)</p>  |
| <p><b>Estimated Annual Savings</b></p>                | <p>757,425 therms</p>   |
| <p><b>Link To Existing<br/>Programs</b></p>           | <p>Directly linked to NJCEP SmartStart Program</p>  |

**Elizabethtown Initial Large Commercial Customer Energy Efficiency Program**

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| <p><b>Existing NJCEP Incentives For 2009</b></p> | <p>Gas-fired boiler <math>\leq</math> 300 MBH - \$300 per unit</p> <p>Gas-fired boiler &gt; 300 -1500 MBH (\$1.75 per MBH)</p> <p>Gas-fired boiler &gt; 1500 MBH - <math>\leq</math> 4000 MBH (\$1.00 per MBH)</p> <p>Gas-fired boiler &gt; 4000 MBH (Calculated through Custom Measure Path)</p> <p>Gas-fired furnace- \$300-\$400 per unit</p> <p>Gas-fired water heater <math>\leq</math> 50 gallons- \$50 per unit</p> <p>Gas-fired water heater &gt; 50 gallons- \$50 per unit</p> <p>Gas-fired booster water heater - \$17 - \$35 per MBH</p>  |
| <p><b>Proposed Elizabethtown Incentives</b></p>  | <p>Elizabethtown will supplement the NJCEP incentives in an amount up to \$25,000. (HVAC) and \$100 (Hot Water Heater)</p>   |
| <p><b>Estimated Avoided Air Emissions</b></p>    | <p>CO2(tons) 14,887.1; NOx(tons) 9.4 SO2(tons) 18.7</p>  |
| <p><b>Anticipated Job Creation</b></p>           | <p>Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs for contractors and contractor employees. More detailed information on job creation will be filed when available.</p>   |
| <p><b>Budget Information</b></p>                 | <p>\$627,500</p>   |
| <p><b>Customer Education and Outreach</b></p>    | <p>To promote these offers, Elizabethtown’s existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available.</p> |

**Elizabethtown Initial Combined Heat & Power Program**

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| <p><b>Description Of Program</b></p>                  | <p>This program is designed to reduce energy consumption and carbon emissions by lowering dependence upon the electric grid system. It will enhance the existing NJCEP Combined Heat &amp; Power (“CHP”) program by supplementing the incentives offered by NJCEP in an amount up to \$500,000.</p> <p>The incentive will be available to large commercial and industrial customers installing CHP systems, including natural gas-fired combined cycle combustion turbine or natural gas engines to produce both steam and electricity from a single fuel source located on-site. Elizabethtown will offer eligible customers an incentive of up to \$500,000.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>The customer must meet all applicable NJCEP criteria to be eligible for the program.</p> <p>Elizabethtown will offer this program for a two-year period.</p> |
| <p><b>Market Segment/<br/>Efficiency Targeted</b></p> | <p>Large commercial and industrial customers installing CHP systems.</p>   |
| <p><b>Delivery Method</b></p>                         | <p>Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those performing services for the NJCEP.</p>  |
| <p><b>Estimated Program Participants</b></p>          | <p>3 participants</p>  |
| <p><b>Estimated Annual Savings</b></p>                | <p>This will reduce power consumption on the electric grid between 4-5 megawatts of power by the end of 2010.</p>  |

**Elizabethtown Initial Combined Heat & Power Program**

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| <b>Existing NJCEP Incentives for 2009</b> | \$1,000,000   |
| <b>Proposed Elizabethtown Incentives</b>  | Capped at \$500,000 matching the NJCEP rebate.  |
| <b>Estimated Avoided Air Emissions</b>    | CO2(tons) 12,537.0; NOx(tons) 103.6, SO2(tons) 199.0  |
| <b>Anticipated Job Creation</b>           | Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs for contractors and contractor employees. More detailed information on job creation will be submitted when available.   |
| <b>Budget Information</b>                 | \$1,500,000   |
| <b>Customer Education and Outreach</b>    | To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available. |

**Elizabethtown Initial Gas Cooling Program**

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| <p><b>Description Of Program</b></p>                  | <p>This program will enhance the existing NJCEP incentives for the installation of gas cooling equipment.</p> <p>All commercial and industrial customers installing gas cooling equipment which includes direct and indirect fired absorbers with a minimum COP efficiency of 1.2, natural gas desiccant systems and gas engine drives, will be eligible for the following incentives beyond those offered by NJCEP in an amount up to \$150,000:</p> <p>Gas absorption chillers (\$185-\$450 per ton)</p> <p>Gas engine-driven chillers (calculated through custom measure path)</p> <p>Desiccant Systems (\$1.00 per cfm-gas)</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>Elizabethtown will provide this program for a two-year period.</p> |
| <p><b>Market Segment/<br/>Efficiency Targeted</b></p> | <p>All commercial and industrial customers installing gas cooling equipment which includes direct and indirect fired absorbers with a minimum COP efficiency of 1.2, natural gas desiccant systems and gas engine drives</p>  |
| <p><b>Delivery Method</b></p>                         | <p>Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those providing services for the NJCEP.</p>  |
| <p><b>Estimated Program Participants</b></p>          | <p>3 participants</p>   |



**Elizabethtown Initial Gas Cooling Program**

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| <b>Estimated Annual Savings</b>          | This will reduce power consumption on the electric grid between 2-3 megawatts of power by the end of 2010.  |
| <b>Link To Existing Programs</b>         | Directly linked to NJCEP SmartStart gas cooling program.  |
| <b>Existing NCEP Incentives For 2009</b> | Gas absorption chillers (\$185-\$450 per ton)<br><br>Gas engine-driven chillers (calculated through custom measure path)<br><br>Desiccant Systems (\$1.00 per cfm-gas_  |
| <b>Proposed Elizabethtown Incentives</b> | Elizabethtown will match the existing NJCEP 2009 incentives in an amount up to \$150,000  |
| <b>Estimated Avoided Air Emissions</b>   | CO2(tons) 2,325.9; NOx(tons) 24.8, SO2(tons) 47.6   |
| <b>Anticipated Job Creation</b>          | Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs auditors, contractors and contractor employees. More detailed information on job creation will be submitted when available.   |
| <b>Budget Information</b>                | \$450,000   |
| <b>Customer Education and Outreach</b>   | To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available. |

**Elizabethtown Base “Whole House” Energy Efficiency Program**

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| <p><b>Description Of Program</b></p> | <p>This program is designed to enhance the Home Performance with Energy Star (“HPES”) incentives offered through the New Jersey Clean Energy Program (“NJCEP”) by supplementing the incentives currently offered through NJCEP. This program promotes a “whole-house” energy conservation approach to all residential customers by encouraging them to implement a combination of energy efficiency improvements (<i>i.e.</i>, air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>This program will offer the following tiers of service to all residential customers:</p> <p>Tier I – Elizabethtown will provide (1) \$50 toward the cost of an energy audit, which will include a visit to assess the energy efficiency of the customer’s home, and a report which will identify and recommend energy efficiency measures to improve energy conservation; (2) \$10 towards the cost of an Energy Cost Cutter Kit; and (3) \$20 towards the cost of a programmable thermostat.</p> <p>Tier II – Elizabethtown will promote the NJCEP incentive, but will not supplement it.</p> <p>Tier III – Elizabethtown will supplement the NJCEP incentive by providing up to \$500 towards the installation of high efficiency gas HVAC; \$75 towards the installation of a gas hot water heater; \$300 towards the installation of a gas tankless hot water heater. Customers must receive a Tier I audit to be eligible for this Tier III incentive.</p> <p>New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered under this program.</p> |
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**Elizabethtown Base “Whole House” Energy Efficiency Program**

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|  | <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> <p>This program will replace Elizabethtown’s Initial “Whole House” Energy Efficiency Program.</p> <p>This program cannot be combined with any other Elizabethtown Energy Efficiency Program.</p> |
| <p><b>Market Segment/<br/>Efficiency Targeted</b></p>    | <p>All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.</p> <p>The program will target the installation of high efficiency gas HVAC and gas hot water heater equipment and energy conservation measures (<i>i.e.</i> building weatherization improvements).</p>                           |
| <p><b>Delivery Method</b></p>                            | <p>Audits will be performed by certified home energy auditors, including those currently performing for the NJCEP.</p> <p>Installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including those currently performing these services for the NJCEP.</p>                             |
| <p><b>Estimated Program<br/>Participants</b></p>         | <p>Tier I – 3,400 participants (Audit)<br/>         3,400 participants (Cost Cutter Kit)<br/>         2040 participants (Programmable Thermostat)</p> <p>Tier II – n/a</p> <p>Tier III – 500 participants (HVAC)<br/>         250 participants (Water Heater)<br/>         250 participants (Tankless Hot Water Heater)</p>                                |
| <p><b>Estimated Annual Program<br/>Therm Savings</b></p> | <p>Tier I – 421,260 therms</p> <p>Tier II – _____ therms</p> <p>Tier III – 135,950 therms</p>  |

**Elizabethtown Base “Whole House” Energy Efficiency Program**

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|---|--|
| <p><b>Existing NJCEP Incentives For 2009</b></p>  | <p>Tier I – Audit provided for a fee of approximately \$175</p> <p>Tier II – Up to \$1,000 in air/duct sealing</p> <p>Tier III – Up to a 50% incentive with a cap of \$5,000</p> <p>NJCEP Comfort Partners (Low Income Program) provides the audit and installs energy efficiency measures at no cost to qualifying customers</p>  |
| <p><b>Proposed Elizabethtown Incentives under this Program</b></p> <p><b>Proposed Elizabethtown Incentives under this Program – continued</b></p> | <p>Tier I – \$50 towards cost of Audit, Report and Cost Cutter Kit</p> <p>Tier II – None</p> <p>Tier III – Up to \$500 towards installation of high efficiency gas HVAC; up to \$75 towards the installation of a gas hot water heater; up to \$300 towards the installation of a tankless gas hot water heater.</p>   |
| <p><b>Estimated Avoided Air Emissions</b></p>   | <p>Tier I – CO2(tons) 48,484.1, NOx(tons) 30.6, SO2(tons) 60.9</p> <p>Tier II - CO2(tons) _____, NOx(tons) _____, SO2(tons) _____</p> <p>Tier III - CO2(tons) 27076.9, NOx(tons) 13.3, SO2(tons) 26.5</p>  |
| <p><b>Anticipated Job Creation</b></p>  | <p>Elizabethtown expects to hire some internal personnel, such as a project manager. Elizabethtown anticipates that this program will generate additional jobs for auditors, contractors and contractor employees. More detailed information on job creation will be filed when available.</p>   |
| <p><b>Budget Information</b></p>  | <p>\$84,800 (Energy Cost Cutter Kit/Programmable Thermostat)</p> <p>\$170,000 (Tier I Audit)</p> <p>\$343,750 (Tier III)</p>   |
| <p><b>Customer Education and Outreach</b></p>   | <p>Elizabethtown’s existing sales staff will promote this program and utilize direct mail offers and traditional channels such as the utility website and customer newsletter or bill insert. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and</p> |

**Elizabethtown Base “Whole House” Energy Efficiency Program**

|  |  |
|--|--|
|  | <p>various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program. Printed materials will be provided as and when developed.</p> |
|--|--|

**Elizabethtown Base Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

|                                      |   |
|--------------------------------------|---|
| <p><b>Description Of Program</b></p> | <p>This program is designed to enhance the existing NJCEP HVAC incentive program by supplementing the incentive offered through NJCEP.</p> <p>A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.</p> <p>This program be available to all residential customers as follows:</p> <p>The customer must participate in a Tier I Audit. Elizabethtown will provide (1) \$50 toward the cost of an energy audit, which will include a visit to assess the energy efficiency of the customer’s home, and a report which will identify and recommend energy efficiency measures to improve energy conservation; (2) \$10 towards the cost of an Energy Cost Cutter Kit; and (3) \$20 towards the cost of a programmable thermostat.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$400 for the installation of a complete energy efficient gas central heating system depending on the efficiency standard of the equipment.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$200 for the installation of an energy efficient gas tankless hot water heater.</p> <p>Elizabethtown will supplement the NJCEP incentive in an amount up to \$75 for the installation of an energy efficient gas hot water heater.</p> <p>New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered under this program.</p> <p>Only those customers who are subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.</p> |
|--------------------------------------|---|

**Elizabethtown Base Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

|  |  |
|--|--|
|  | <p>This program will replace Elizabethtown’s Initial Residential Gas HVAC and Gas Hot Water Heater Incentive Program</p> <p>This program cannot be combined with any other Elizabethtown Energy Efficiency Program.</p>  |
| <b>Market Segment/<br/>Efficiency Targeted</b> | <p>All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.</p> <p>The program will target the installation of high efficiency gas HVAC and gas hot water heater equipment.</p>   |
| <b>Delivery Method</b>                         | <p>Audits will be performed by certified home energy auditors, including those performing work for the NJCEP</p> <p>HVAC installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including contractors providing such services for the NJCEP</p> |
| <b>Estimated Program Participants</b>          | <p>2900 participants (HVAC)<br/>1000 participants (Hot Water Heater)<br/>250 participants (Tankless Hot Water Heater)</p>  |
| <b>Estimated Annual Savings</b>                | <p>321,700 therms</p>  |
| <b>Link To Existing Programs</b>               | <p>Directly linked to NJCEP</p>  |
| <b>Existing NJCEP Incentives For 2009</b>      | <p>The current NJCEP program offers a rebate of approximately \$300-\$400 for high efficiency gas equipment.</p> <p>The current NJCEP program offers a rebate of approximately \$25-\$300 for high efficiency gas equipment.</p>   |
| <b>Proposed Elizabethtown Incentives</b>       | <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$400 towards the</p>  |

**Elizabethtown Base Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program**

|   |  |
|---|--|
|   | <p>installation of a complete energy efficient gas central heating system, depending on the efficiency standard of the equipment.</p> <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$200 towards the installation of a complete energy efficient tankless gas hot water heater.</p> <p>Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$75 towards the installation of a complete energy efficient gas hot water heater.</p>  |
| <p><b>Estimated Avoided Air Emissions</b></p>           | <p>CO2(tons) 49,882.5_; NOx(tons) 31.5, SO2(tons) 62.6</p>   |
| <p><b>Anticipated Job Creation</b></p>                  | <p>Elizabethtown expects to hire some internal personnel, such as a project manager and an analyst. Elizabethtown anticipates that this program will generate additional jobs auditors, contractors and contractor employees. More detailed information regarding job creation will be filed when available.</p>   |
| <p><b>Budget Information</b></p>                        | <p>\$1,285,000</p>   |
| <p><b>Customer Education and Community Outreach</b></p> | <p>Elizabethtown’s existing sales staff will promote this program and utilize direct mail offers and traditional channels such as the utility website and customer newsletter or bill insert. Elizabethtown will also develop and introduce a customer Dashboard, an on-line tool that provides in-depth information about customers’ natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program. Printed materials will be provided as and when developed.</p> |



Elizabethtown Gas  
Energy Efficiency Programs

|                                   | Revenue Requirement<br>(\$000) |                 |                 |                 |                 |              |
|-----------------------------------|--------------------------------|-----------------|-----------------|-----------------|-----------------|--------------|
|                                   | Year 1                         | Year 2          | Year 3          | Year 4          | Year 5          | Year 6       |
| <b>Rate Base</b>                  |                                |                 |                 |                 |                 |              |
| Cumulative Investments            | \$ 6,672                       | \$ 14,674       | \$ 14,674       | \$ 14,674       | \$ 14,674       | \$ 14,674    |
| Accumulated Amortization          | 667                            | 2,802           | 5,736           | 8,671           | 11,605          | 14,540       |
| Accumulated Deferred Income Taxes | 2,467                          | 4,877           | 3,671           | 2,466           | 1,260           | 55           |
| <b>Total</b>                      | <b>\$ 3,538</b>                | <b>\$ 6,996</b> | <b>\$ 5,267</b> | <b>\$ 3,538</b> | <b>\$ 1,808</b> | <b>\$ 79</b> |

**Revenue Requirements**

|   |               |                 |                 |                 |                 |                 |
|---|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Investment Amortization                   | \$ 667        | \$ 2,134        | \$ 2,935        | \$ 2,935        | \$ 2,935        | \$ 2,935        |
| Debt Cost                                 | 49            | 142             | 163             | 117             | 71              | 25              |
| Equity Return                             | 97            | 283             | 325             | 233             | 142             | 50              |
| Carrying Costs on Under Recoveries        | (2)           | 27              | 66              | 65              | 62              | 58              |
| Expansion Factor (Primarily Income Taxes) | 70            | 205             | 235             | 169             | 103             | 36              |
| <b>Total</b>                              | <b>\$ 881</b> | <b>\$ 2,792</b> | <b>\$ 3,723</b> | <b>\$ 3,519</b> | <b>\$ 3,312</b> | <b>\$ 3,104</b> |

Note - the revenue requirement associated with the Carrying Costs on Under Recoveries is reflected in the above schedule in the year earned. In Exhibit 12, these same revenues are shown on a one year lag in the year collected.

Elizabethtown Gas  
Energy Efficiency Programs

| Rate Base                                | Rate Base<br>(\$000) |                  |                  |                  |                  |                  |
|--|----------------------|------------------|------------------|------------------|------------------|------------------|
|  | Year 1               | Year 2           | Year 3           | Year 4           | Year 5           | Year 6           |
| Cumulative Base Program Investments      | \$ 2,284             | \$ 4,168         | \$ 4,168         | \$ 4,168         | \$ 4,168         | \$ 4,168         |
| Cumulative Enhanced Program Investments  | 4,388                | 10,506           | 10,506           | 10,506           | 10,506           | 10,506           |
| <b>Total Cumulative Investments</b>      | <b>\$ 6,672</b>      | <b>\$ 14,674</b> | <b>\$ 14,674</b> | <b>\$ 14,674</b> | <b>\$ 14,674</b> | <b>\$ 14,674</b> |
| Less - Accumulated Amortization          | 667                  | 2,802            | 5,736            | 8,671            | 11,605           | 14,540           |
| Less - Accumulated Deferred Income Taxes | 2,467                | 4,877            | 3,671            | 2,466            | 1,260            | 55               |
| <b>Net Investment</b>                    | <b>\$ 3,538</b>      | <b>\$ 6,996</b>  | <b>\$ 5,267</b>  | <b>\$ 3,538</b>  | <b>\$ 1,808</b>  | <b>\$ 79</b>     |

**Elizabethtown Gas  
Energy Efficiency Programs**

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**Capital Structure and Cost of Capital**

| <b>Component</b>              | <b>Ratio</b>   | <b>Cost</b> | <b>Weighted<br/>Cost</b> | <b>After-tax Cost</b> |
|-------------------------------|----------------|-------------|--------------------------|-----------------------|
| <b><u>Cost of Capital</u></b> |                |             |                          |                       |
| Long - Term Debt -Net         | 47.01%         | 5.64%       | 2.65%                    | 1.57%                 |
| Common Equity                 | <u>52.99%</u>  | 10.00%      | <u>5.30%</u>             | 5.30%                 |
| Total Capitalization          | <u>100.00%</u> |             | <u>7.95%</u>             | <u>6.87%</u>          |

**Tax Effects**

|                         |              |
|-------------------------|--------------|
| Federal Income Tax      | 35.00%       |
| NJ Corporate Income Tax | <u>9.00%</u> |

**Combined Tax Rate**                      **40.85%**

Debt Cost                                      2.65%

**After Tax Debt Cost**                      **1.57%**

*Note - the above capital structure, debt cost, return on equity and income tax rate are based on those approved in Elizabethtown Gas' last rate case - Docket No. GR02040245*

**Elizabethtown Gas  
Energy Efficiency Programs**

**Budgeted Program Units and Costs  
(\$000)**

| Description   | Year 1 |            |                 | Year 2 |            |                 | Petition Exhibit |
|---|--------|------------|-----------------|--------|------------|-----------------|------------------|
|   | Units  | Unit Cost  | Total Cost      | Units  | Unit Cost  | Total Cost      |                  |
| <b>Base Programs</b>                                  |        |            |                 |        |            |                 |                  |
| <b>HPES</b>   |        |            |                 |        |            |                 |                  |
| Tier 1 - Residential Audits                           | 3,400  | \$ 50      | \$ 170          | 3,400  | \$ 50      | \$ 170          | Exhibit 7        |
| Tier 1 - Residential Cost Cutter Kits                 | 3,400  | \$ 10      | \$ 34           | 3,400  | \$ 10      | \$ 34           | Exhibit 7        |
| Tier 1 - Residential Thermostats                      | 2,040  | \$ 20      | \$ 41           | 2,040  | \$ 20      | \$ 41           | Exhibit 7        |
| Tier 3 - Residential HVAC installation                | 500    | \$ 500     | \$ 250          | 500    | \$ 500     | \$ 250          | Exhibit 7        |
| Tier 3 - Residential Automatic Water Heater (AWH)     | 250    | \$ 75      | \$ 19           | 250    | \$ 75      | \$ 19           | Exhibit 7        |
| Tier 3 - Residential Tankless Water Heater (TWH)      | 250    | \$ 300     | \$ 75           | 250    | \$ 300     | \$ 75           | Exhibit 7        |
| Expanded Residential HVAC installation                | 2,900  | \$ 400     | \$ 1,160        | 2,900  | \$ 400     | \$ 1,160        | Exhibit 8        |
| Expanded Residential AWH                              | 1,000  | \$ 75      | \$ 75           | 1,000  | \$ 75      | \$ 75           | Exhibit 8        |
| Expanded Residential TWH                              | 250    | \$ 200     | \$ 50           | 250    | \$ 200     | \$ 50           | Exhibit 8        |
| Fulfillment Costs - cost cutter/thermostats           |        |            | \$ 10           |        |            | \$ 10           |                  |
| Outreach and Customer Education                       |        |            | \$ 400          |        |            | -               |                  |
| <b>Total Base Programs</b>                            |        |            | <b>\$ 2,284</b> |        |            | <b>\$ 1,884</b> |                  |
| <b>Enhanced Programs</b>                              |        |            |                 |        |            |                 |                  |
| Tier 2 - Residential Air Duct Sealing                 | 250    | \$ 1,000   | \$ 250          | 250    | \$ 1,000   | \$ 250          | Exhibit 1        |
| Residential Tier 3 Audits - Whole House               | 500    | \$ 2,000   | \$ 1,000        | 500    | \$ 2,000   | \$ 1,000        | Exhibit 1        |
| Residential Tier 3 Audits - - AWH                     | 250    | \$ 50      | \$ 13           | 250    | \$ 50      | \$ 13           | Exhibit 1        |
| Residential Tier 3 Audits - TWH                       | 250    | \$ 100     | \$ 25           | 250    | \$ 100     | \$ 25           | Exhibit 1        |
| Expanded Residential HVAC installation                | 2,900  | \$ 500     | \$ 1,450        | 2,900  | \$ 500     | \$ 1,450        | Exhibit 2        |
| Small Commercial Customer Programs                    |        |            |                 |        |            |                 |                  |
| HVAC  | 30     | \$ 15,000  | \$ 450          | 30     | \$ 15,000  | \$ 450          | Exhibit 3        |
| AWH   | 30     | \$ 100     | \$ 3            | 30     | \$ 100     | \$ 3            | Exhibit 3        |
| Large Commercial Customer Program                     |        |            |                 |        |            |                 |                  |
| HVAC  | 25     | \$ 25,000  | \$ 625          | 25     | \$ 25,000  | \$ 625          | Exhibit 4        |
| AWH   | 25     | \$ 100     | \$ 3            | 25     | \$ 100     | \$ 3            | Exhibit 4        |
| Combined Heat and Power program                       | -      | \$ 500,000 | \$ -            | 3      | \$ 500,000 | \$ 1,500        | Exhibit 5        |
| Gas Cooling Program                                   | -      | \$ 150,000 | \$ -            | 3      | \$ 150,000 | \$ 450          | Exhibit 6        |
| Outreach and Customer Education                       |        |            | \$ 350          |        |            | \$ 350          |                  |
| Customer Dashboard for Online Customer Education      |        |            | \$ 220          |        |            | -               |                  |
| <b>Total Enhanced Programs</b>                        |        |            | <b>\$ 4,388</b> |        |            | <b>\$ 6,118</b> |                  |
| <b>Total Elizabethtown Energy Efficiency Programs</b> |        |            | <b>\$ 6,672</b> |        |            | <b>\$ 8,002</b> |                  |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**COMMERCIAL  
CALCULATION OF THE RGGI RATE**

|  | April 1, 2009          | April 1, 2010          | April 1, 2011          |        |
|--|------------------------|------------------------|------------------------|--------|
| 1 Prior Year (Over)/ Under Balance (Sch. TK-2) |                        | (\$685)                | \$2,477                |        |
| 2 Estimated Program Costs (Sch. TK-2)          | \$148,887              | \$692,226              | \$1,053,178            |        |
| 3 Total Proposed Recoveries (Sum L1+L2)        | <u>\$148,887</u>       | <u>\$691,541</u>       | <u>\$1,055,655</u>     |        |
| 4 Projected Firm Sales                         | 166,573,842            | 166,573,842            | 166,573,842            | therms |
| 5 Rate, before taxes (L3/L4)                   | \$0.0009               | \$0.0042               | \$0.0063               |        |
| 6 Sales & Use Tax @ 7.00%                      | <u>0.0001</u>          | <u>0.0003</u>          | <u>0.0004</u>          |        |
| 7 Rate (L5+L6)                                 | <u><b>\$0.0010</b></u> | <u><b>\$0.0045</b></u> | <u><b>\$0.0067</b></u> | /therm |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

COMMERCIAL  
Carrying Costs  
12 Months Ended

|                              | Beginning<br>Balance | Estimated<br>Program<br>Costs<br>TK-3 | Adjustments | Recoveries<br>TK-4 | Ending<br>Balance | Average<br>Balance | Wtd. Avg.<br>Cost of Cap.<br>@ Revenue<br>Gross Up | Carrying<br>Cost | Ending Balance ***<br>Cumulative (O) / L<br>Interest |
|------------------------------|----------------------|---------------------------------------|-------------|--------------------|-------------------|--------------------|--|------------------|--|
| a                            | b                    | c                                     | d           | e                  | f=b+c+d-e         | g=(b+f)2           |  | i=g*h/12         | i=f+ cum of i  |
| <b>Beginning Balance (1)</b> |                      |                                       |             |                    |                   |                    |  |                  |  |
| Apr-09                       | \$0                  | \$1,050                               | \$0         | \$11,436           | (\$10,386)        | (\$5,193)          | 11.79%   | (\$51)           | (\$10,437)   |
| May-09                       | (\$10,386)           | \$3,145                               | \$0         | \$7,180            | (\$14,421)        | (\$12,404)         | 11.79%   | (\$122)          | (\$14,594)   |
| Jun-09                       | (\$14,421)           | \$5,231                               | \$0         | \$5,736            | (\$14,926)        | (\$14,674)         | 11.79%   | (\$144)          | (\$15,243)   |
| Jul-09                       | (\$14,926)           | \$7,308                               | \$0         | \$5,110            | (\$12,728)        | (\$13,827)         | 11.79%   | (\$136)          | (\$13,181)   |
| Aug-09                       | (\$12,728)           | \$9,376                               | \$0         | \$5,318            | (\$8,669)         | (\$10,699)         | 11.79%   | (\$105)          | (\$9,228)  |
| Sep-09                       | (\$8,669)            | \$11,435                              | \$0         | \$5,713            | (\$2,948)         | (\$5,809)          | 11.79%   | (\$57)           | (\$3,563)  |
| Oct-09                       | (\$2,948)            | \$13,485                              | \$0         | \$9,238            | \$1,299           | (\$824)            | 11.79%   | (\$8)            | \$676  |
| Nov-09                       | \$1,299              | \$15,526                              | \$0         | \$13,794           | \$3,031           | \$2,165            | 11.79%   | \$21             | \$2,429  |
| Dec-09                       | \$3,031              | \$17,558                              | \$0         | \$20,896           | (\$307)           | \$1,362            | 11.79%   | \$13             | (\$896)  |
| Jan-10                       | (\$307)              | \$19,581                              | \$0         | \$24,166           | (\$4,893)         | (\$2,600)          | 11.79%   | (\$26)           | (\$5,507)  |
| Feb-10                       | (\$4,893)            | \$21,594                              | \$0         | \$21,464           | (\$4,763)         | (\$4,828)          | 11.79%   | (\$47)           | (\$5,425)  |
| Mar-10                       | (\$4,763)            | \$23,599                              | \$0         | \$18,836           | \$0               | (\$2,382)          | 11.79%   | (\$23)           | (\$685)  |
| Total pre adjustment         |                      | \$148,887                             | \$0         | \$148,887          |                   |                    |  | (\$685)          |  |
| Apr-10                       | (\$685)              | \$27,399                              | \$0         | \$53,118           | (\$26,403)        | (\$13,544)         | 11.79%   | (\$133)          | (\$26,537)   |
| May-10                       | (\$26,403)           | \$32,988                              | \$0         | \$33,349           | (\$26,765)        | (\$26,584)         | 11.79%   | (\$261)          | (\$27,159)   |
| Jun-10                       | (\$26,765)           | \$38,552                              | \$0         | \$26,640           | (\$14,853)        | (\$20,809)         | 11.79%   | (\$204)          | (\$15,452)   |
| Jul-10                       | (\$14,853)           | \$44,091                              | \$0         | \$23,734           | \$5,504           | (\$4,674)          | 11.79%   | (\$46)           | \$4,860  |
| Aug-10                       | \$5,504              | \$49,606                              | \$0         | \$24,700           | \$30,410          | \$17,957           | 11.79%   | \$176            | \$29,942   |
| Sep-10                       | \$30,410             | \$55,096                              | \$0         | \$26,536           | \$58,971          | \$44,690           | 11.79%   | \$439            | \$58,941   |
| Oct-10                       | \$58,971             | \$60,562                              | \$0         | \$42,910           | \$76,622          | \$67,796           | 11.79%   | \$666            | \$77,259   |
| Nov-10                       | \$76,622             | \$66,003                              | \$0         | \$64,069           | \$78,556          | \$77,589           | 11.79%   | \$762            | \$79,955   |
| Dec-10                       | \$78,556             | \$71,419                              | \$0         | \$97,055           | \$52,920          | \$65,738           | 11.79%   | \$646            | \$54,965   |
| Jan-11                       | \$52,920             | \$76,811                              | \$0         | \$112,247          | \$17,484          | \$35,202           | 11.79%   | \$346            | \$19,875   |
| Feb-11                       | \$17,484             | \$82,178                              | \$0         | \$99,696           | (\$34)            | \$8,725            | 11.79%   | \$86             | \$2,443  |
| Mar-11                       | (\$34)               | \$87,521                              | \$0         | \$87,487           | \$0               | (\$17)             | 11.79%   | (\$0)            | \$2,477  |
| Total pre adjustment         |                      | \$692,226                             | \$0         | \$691,541          |                   |                    |  | \$2,477          |  |
| Apr-11                       | \$2,477              | \$89,984                              | \$0         | \$81,086           | \$11,375          | \$6,926            | 11.79%   | \$68             | \$11,443   |
| May-11                       | \$11,375             | \$89,581                              | \$0         | \$50,908           | \$50,047          | \$30,711           | 11.79%   | \$302            | \$50,417   |
| Jun-11                       | \$50,047             | \$89,177                              | \$0         | \$40,667           | \$98,557          | \$74,302           | 11.79%   | \$730            | \$99,657   |
| Jul-11                       | \$98,557             | \$88,774                              | \$0         | \$36,230           | \$151,101         | \$124,829          | 11.79%   | \$1,227          | \$153,427  |
| Aug-11                       | \$151,101            | \$88,370                              | \$0         | \$37,705           | \$201,766         | \$176,433          | 11.79%   | \$1,734          | \$205,826  |
| Sep-11                       | \$201,766            | \$87,967                              | \$0         | \$40,508           | \$249,225         | \$225,495          | 11.79%   | \$2,216          | \$255,501  |
| Oct-11                       | \$249,225            | \$87,563                              | \$0         | \$65,503           | \$271,285         | \$260,255          | 11.79%   | \$2,557          | \$280,118  |
| Nov-11                       | \$271,285            | \$87,160                              | \$0         | \$97,803           | \$260,641         | \$265,963          | 11.79%   | \$2,613          | \$272,088  |
| Dec-11                       | \$260,641            | \$86,756                              | \$0         | \$148,157          | \$199,240         | \$229,941          | 11.79%   | \$2,259          | \$212,946  |
| Jan-12                       | \$199,240            | \$86,353                              | \$0         | \$171,348          | \$114,245         | \$156,742          | 11.79%   | \$1,540          | \$129,491  |
| Feb-12                       | \$114,245            | \$85,949                              | \$0         | \$152,189          | \$48,005          | \$81,125           | 11.79%   | \$797            | \$64,048   |
| Mar-12                       | \$48,005             | \$85,546                              | \$0         | \$133,551          | \$0               | \$24,003           | 11.79%   | \$236            | \$16,279   |
| Total pre adjustment         |                      | \$1,053,178                           | \$0         | \$1,055,655        |                   |                    |  | \$16,279         |  |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

COMMERCIAL  
Monthly Recoverable Investment

|               |              |             |             | Avg. Book |           | Accum.      | Accum.      | Earnings /  | Average     | Wtd. Avg. |         | Monthly          | Monthly  |
|---------------|--------------|-------------|-------------|-----------|-----------|-------------|-------------|-------------|-------------|-----------|---------|------------------|----------|
|               | Expenditures | Cumulative  | Average     | Amort.    | Monthly   | Amort.      | Deferred    | Rate Base   | Rate Base   | Cost      | Revenue | Return on        | Revenue  |
| a             | b            | c           | d           | e         | f=d*e/12  | f           | g= TK-5     | h=c-f-g     | i           | k         | l       | m=(j)<br>*k*1/12 | n=m+f    |
| Begin Balance |              | \$0         |             |           |           | \$0         |             | \$0         |             |           |         |                  |          |
| Apr-09        | \$93,701     | \$93,701    | \$46,851    | 20.00%    | \$ 781    | \$781       | \$38,172    | \$54,749    | \$27,374    | 6.87%     | 1.71702 | \$269            | \$1,050  |
| May-09        | \$93,701     | \$187,402   | \$140,552   | 20.00%    | \$ 2,343  | \$3,123     | \$75,702    | \$108,577   | \$81,663    | 6.87%     | 1.71702 | \$802            | \$3,145  |
| Jun-09        | \$93,701     | \$281,104   | \$234,253   | 20.00%    | \$ 3,904  | \$7,028     | \$112,590   | \$161,486   | \$135,031   | 6.87%     | 1.71702 | \$1,327          | \$5,231  |
| Jul-09        | \$93,701     | \$374,805   | \$327,954   | 20.00%    | \$ 5,466  | \$12,493    | \$148,838   | \$213,474   | \$187,480   | 6.87%     | 1.71702 | \$1,842          | \$7,308  |
| Aug-09        | \$93,701     | \$468,506   | \$421,656   | 20.00%    | \$ 7,028  | \$19,521    | \$184,443   | \$264,542   | \$239,008   | 6.87%     | 1.71702 | \$2,349          | \$9,376  |
| Sep-09        | \$93,701     | \$562,207   | \$515,357   | 20.00%    | \$ 8,589  | \$28,110    | \$219,407   | \$314,690   | \$289,616   | 6.87%     | 1.71702 | \$2,846          | \$11,435 |
| Oct-09        | \$93,701     | \$655,909   | \$609,058   | 20.00%    | \$ 10,151 | \$38,261    | \$253,730   | \$363,918   | \$339,304   | 6.87%     | 1.71702 | \$3,334          | \$13,485 |
| Nov-09        | \$93,701     | \$749,610   | \$702,759   | 20.00%    | \$ 11,713 | \$49,974    | \$287,410   | \$412,225   | \$388,072   | 6.87%     | 1.71702 | \$3,813          | \$15,526 |
| Dec-09        | \$93,701     | \$843,311   | \$796,461   | 20.00%    | \$ 13,274 | \$63,248    | \$320,450   | \$459,613   | \$435,919   | 6.87%     | 1.71702 | \$4,283          | \$17,558 |
| Jan-10        | \$93,701     | \$937,012   | \$890,162   | 20.00%    | \$ 14,836 | \$78,084    | \$352,848   | \$506,080   | \$482,847   | 6.87%     | 1.71702 | \$4,744          | \$19,581 |
| Feb-10        | \$93,701     | \$1,030,714 | \$983,863   | 20.00%    | \$ 16,398 | \$94,482    | \$384,604   | \$551,628   | \$528,854   | 6.87%     | 1.71702 | \$5,197          | \$21,594 |
| Mar-10        | \$93,701     | \$1,124,415 | \$1,077,564 | 20.00%    | \$ 17,959 | \$112,441   | \$415,719   | \$596,255   | \$573,941   | 6.87%     | 1.71702 | \$5,640          | \$23,599 |
| Apr-10        | \$254,789    | \$1,379,204 | \$1,251,809 | 20.00%    | \$ 20,863 | \$133,305   | \$511,815   | \$734,083   | \$665,169   | 6.87%     | 1.71702 | \$6,536          | \$27,399 |
| May-10        | \$254,789    | \$1,633,992 | \$1,506,598 | 20.00%    | \$ 25,110 | \$158,415   | \$606,167   | \$869,410   | \$801,747   | 6.87%     | 1.71702 | \$7,878          | \$32,988 |
| Jun-10        | \$254,789    | \$1,888,781 | \$1,761,387 | 20.00%    | \$ 29,356 | \$187,771   | \$698,775   | \$1,002,235 | \$935,823   | 6.87%     | 1.71702 | \$9,195          | \$38,552 |
| Jul-10        | \$254,789    | \$2,143,570 | \$2,016,176 | 20.00%    | \$ 33,603 | \$221,374   | \$789,638   | \$1,132,558 | \$1,067,396 | 6.87%     | 1.71702 | \$10,488         | \$44,091 |
| Aug-10        | \$254,789    | \$2,398,359 | \$2,270,964 | 20.00%    | \$ 37,849 | \$259,224   | \$878,757   | \$1,260,378 | \$1,196,468 | 6.87%     | 1.71702 | \$11,757         | \$49,606 |
| Sep-10        | \$254,789    | \$2,653,148 | \$2,525,753 | 20.00%    | \$ 42,096 | \$301,320   | \$966,131   | \$1,385,697 | \$1,323,038 | 6.87%     | 1.71702 | \$13,000         | \$55,096 |
| Oct-10        | \$254,789    | \$2,907,936 | \$2,780,542 | 20.00%    | \$ 46,342 | \$347,662   | \$1,051,761 | \$1,508,514 | \$1,447,105 | 6.87%     | 1.71702 | \$14,219         | \$60,562 |
| Nov-10        | \$254,789    | \$3,162,725 | \$3,035,331 | 20.00%    | \$ 50,589 | \$398,251   | \$1,135,646 | \$1,628,828 | \$1,568,671 | 6.87%     | 1.71702 | \$15,414         | \$66,003 |
| Dec-10        | \$254,789    | \$3,417,514 | \$3,290,119 | 20.00%    | \$ 54,835 | \$453,086   | \$1,217,787 | \$1,746,641 | \$1,687,735 | 6.87%     | 1.71702 | \$16,584         | \$71,419 |
| Jan-11        | \$254,789    | \$3,672,303 | \$3,544,908 | 20.00%    | \$ 59,082 | \$512,168   | \$1,298,183 | \$1,861,951 | \$1,804,296 | 6.87%     | 1.71702 | \$17,729         | \$76,811 |
| Feb-11        | \$254,789    | \$3,927,091 | \$3,799,697 | 20.00%    | \$ 63,328 | \$575,496   | \$1,376,835 | \$1,974,760 | \$1,918,356 | 6.87%     | 1.71702 | \$18,850         | \$82,178 |
| Mar-11        | \$254,789    | \$4,181,880 | \$4,054,486 | 20.00%    | \$ 67,575 | \$643,071   | \$1,453,743 | \$2,085,066 | \$2,029,913 | 6.87%     | 1.71702 | \$19,946         | \$87,521 |
| Apr-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$712,769   | \$1,425,111 | \$2,044,000 | \$2,064,533 | 6.87%     | 1.71702 | \$20,286         | \$89,984 |
| May-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$782,467   | \$1,396,479 | \$2,002,934 | \$2,023,467 | 6.87%     | 1.71702 | \$19,883         | \$89,581 |
| Jun-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$852,165   | \$1,367,847 | \$1,961,868 | \$1,982,401 | 6.87%     | 1.71702 | \$19,479         | \$89,177 |
| Jul-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$921,863   | \$1,339,215 | \$1,920,802 | \$1,941,335 | 6.87%     | 1.71702 | \$19,076         | \$88,774 |
| Aug-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$991,561   | \$1,310,583 | \$1,879,736 | \$1,900,269 | 6.87%     | 1.71702 | \$18,672         | \$88,370 |
| Sep-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,061,259 | \$1,281,951 | \$1,838,670 | \$1,859,203 | 6.87%     | 1.71702 | \$18,269         | \$87,967 |
| Oct-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,130,957 | \$1,253,319 | \$1,797,604 | \$1,818,137 | 6.87%     | 1.71702 | \$17,865         | \$87,563 |
| Nov-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,200,655 | \$1,224,687 | \$1,756,538 | \$1,777,071 | 6.87%     | 1.71702 | \$17,462         | \$87,160 |
| Dec-11        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,270,353 | \$1,196,055 | \$1,715,472 | \$1,736,005 | 6.87%     | 1.71702 | \$17,058         | \$86,756 |
| Jan-12        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,340,051 | \$1,167,423 | \$1,674,406 | \$1,694,939 | 6.87%     | 1.71702 | \$16,655         | \$86,353 |
| Feb-12        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,409,749 | \$1,138,791 | \$1,633,340 | \$1,653,873 | 6.87%     | 1.71702 | \$16,251         | \$85,949 |
| Mar-12        | \$0          | \$4,181,880 | \$4,181,880 | 20.00%    | \$ 69,698 | \$1,479,447 | \$1,110,160 | \$1,592,274 | \$1,612,807 | 6.87%     | 1.71702 | \$15,848         | \$85,546 |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

COMMERCIAL  
Cost Recoveries

|        | <u>Therms</u>      | <u>Rate w/o tax</u> | <u>Recovery</u>    |
|--------|--------------------|---------------------|--------------------|
| Apr-09 | 12,794,704         | \$0.0009            | \$11,436           |
| May-09 | 8,032,932          | \$0.0009            | \$7,180            |
| Jun-09 | 6,416,988          | \$0.0009            | \$5,736            |
| Jul-09 | 5,716,778          | \$0.0009            | \$5,110            |
| Aug-09 | 5,949,592          | \$0.0009            | \$5,318            |
| Sep-09 | 6,391,784          | \$0.0009            | \$5,713            |
| Oct-09 | 10,335,838         | \$0.0009            | \$9,238            |
| Nov-09 | 15,432,547         | \$0.0009            | \$13,794           |
| Dec-09 | 23,378,039         | \$0.0009            | \$20,896           |
| Jan-10 | 27,037,253         | \$0.0009            | \$24,166           |
| Feb-10 | 24,014,165         | \$0.0009            | \$21,464           |
| Mar-10 | 21,073,222         | \$0.0009            | \$18,836           |
| Total  | <u>166,573,842</u> |                     | <u>\$148,887</u>   |
| Apr-10 | 12,794,704         | \$0.0042            | \$53,118           |
| May-10 | 8,032,932          | \$0.0042            | \$33,349           |
| Jun-10 | 6,416,988          | \$0.0042            | \$26,640           |
| Jul-10 | 5,716,778          | \$0.0042            | \$23,734           |
| Aug-10 | 5,949,592          | \$0.0042            | \$24,700           |
| Sep-10 | 6,391,784          | \$0.0042            | \$26,536           |
| Oct-10 | 10,335,838         | \$0.0042            | \$42,910           |
| Nov-10 | 15,432,547         | \$0.0042            | \$64,069           |
| Dec-10 | 23,378,039         | \$0.0042            | \$97,055           |
| Jan-11 | 27,037,253         | \$0.0042            | \$112,247          |
| Feb-11 | 24,014,165         | \$0.0042            | \$99,696           |
| Mar-11 | 21,073,222         | \$0.0042            | \$87,487           |
| Total  | <u>166,573,842</u> |                     | <u>\$691,541</u>   |
| Apr-10 | 12,794,704         | \$0.0063            | \$81,086           |
| May-10 | 8,032,932          | \$0.0063            | \$50,908           |
| Jun-10 | 6,416,988          | \$0.0063            | \$40,667           |
| Jul-10 | 5,716,778          | \$0.0063            | \$36,230           |
| Aug-10 | 5,949,592          | \$0.0063            | \$37,705           |
| Sep-10 | 6,391,784          | \$0.0063            | \$40,508           |
| Oct-10 | 10,335,838         | \$0.0063            | \$65,503           |
| Nov-10 | 15,432,547         | \$0.0063            | \$97,803           |
| Dec-10 | 23,378,039         | \$0.0063            | \$148,157          |
| Jan-11 | 27,037,253         | \$0.0063            | \$171,348          |
| Feb-11 | 24,014,165         | \$0.0063            | \$152,189          |
| Mar-11 | 21,073,222         | \$0.0063            | \$133,551          |
| Total  | <u>166,573,842</u> |                     | <u>\$1,055,655</u> |



PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**RESIDENTIAL  
CALCULATION OF THE RGGI RATE**

|  | April 1, 2009          | April 1, 2010          | April 1, 2011                 |
|--|------------------------|------------------------|-------------------------------|
| 1 Prior Year (Over)/ Under Balance (Sch. TK-2) |                        | (\$308)                | \$27,286                      |
| 2 Estimated Program Costs (Sch. TK-2)          | \$734,514              | \$2,072,395            | \$2,604,262                   |
| 3 Total Proposed Recoveries (Sum L1+L2)        | <u>\$734,514</u>       | <u>\$2,072,087</u>     | <u>\$2,631,548</u>            |
| 4 Projected Firm Sales                         | 216,874,200            | 216,874,200            | 216,874,200 therms            |
| 5 Rate, before taxes (L3/L4)                   | \$0.0034               | \$0.0096               | \$0.0121                      |
| 6 Sales & Use Tax @ 7.00%                      | <u>0.0002</u>          | <u>0.0007</u>          | <u>0.0008</u>                 |
| 7 Rate (L5+L6)                                 | <u><b>\$0.0036</b></u> | <u><b>\$0.0103</b></u> | <u><b>\$0.0129</b></u> /therm |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**RESIDENTIAL  
Carrying Costs  
12 Months Ended**

|                              | Beginning<br>Balance | Estimated<br>Program<br>Costs<br>TK-3 | Adjustments | Recoveries<br>TK-4 | Ending<br>Balance | Average<br>Balance | Wtd. Avg.<br>Cost of Cap.<br>@ Revenue<br>Gross Up | Carrying<br>Cost | Ending Balance ***<br>Cumulative (O) / L<br>Interest |
|------------------------------|----------------------|---------------------------------------|-------------|--------------------|-------------------|--------------------|--|------------------|--|
| a                            | b                    | c                                     | d           | e                  | f=b+c+d-e         | g=(b+f)2           |  | i=q*h/12         | j=f+ cum of i  |
| <b>Beginning Balance (1)</b> |                      |                                       |             |                    |                   |                    |  |                  |  |
| Apr-09                       | \$0                  | \$5,179                               | \$0         | \$55,451           | (\$50,272)        | (\$25,136)         | 11.79%   | (\$247)          | (\$50,519)   |
| May-09                       | (\$50,272)           | \$15,515                              | \$0         | \$28,128           | (\$62,885)        | (\$56,578)         | 11.79%   | (\$556)          | (\$63,688)   |
| Jun-09                       | (\$62,885)           | \$25,807                              | \$0         | \$15,602           | (\$52,680)        | (\$57,782)         | 11.79%   | (\$568)          | (\$54,051)   |
| Jul-09                       | (\$52,680)           | \$36,053                              | \$0         | \$16,788           | (\$33,415)        | (\$43,047)         | 11.79%   | (\$423)          | (\$35,209)   |
| Aug-09                       | (\$33,415)           | \$46,256                              | \$0         | \$16,797           | (\$3,957)         | (\$18,686)         | 11.79%   | (\$184)          | (\$5,934)  |
| Sep-09                       | (\$3,957)            | \$56,413                              | \$0         | \$18,433           | \$34,023          | \$15,033           | 11.79%   | \$148            | \$32,194   |
| Oct-09                       | \$34,023             | \$66,526                              | \$0         | \$41,405           | \$59,144          | \$46,584           | 11.79%   | \$458            | \$57,772   |
| Nov-09                       | \$59,144             | \$76,595                              | \$0         | \$70,704           | \$65,035          | \$62,090           | 11.79%   | \$610            | \$64,273   |
| Dec-09                       | \$65,035             | \$86,618                              | \$0         | \$115,087          | \$36,567          | \$50,801           | 11.79%   | \$499            | \$36,304   |
| Jan-10                       | \$36,567             | \$96,598                              | \$0         | \$138,027          | (\$4,863)         | \$15,852           | 11.79%   | \$156            | (\$4,970)  |
| Feb-10                       | (\$4,863)            | \$106,532                             | \$0         | \$119,757          | (\$18,088)        | (\$11,476)         | 11.79%   | (\$113)          | (\$18,307)   |
| Mar-10                       | (\$18,088)           | \$116,422                             | \$0         | \$98,334           | \$0               | (\$9,044)          | 11.79%   | (\$89)           | (\$308)  |
| Total pre adjustment         |                      | \$734,514                             | \$0         | \$734,514          |                   |                    |  | (\$308)          |  |
| Apr-10                       | (\$308)              | \$125,704                             | \$0         | \$156,428          | (\$31,032)        | (\$15,670)         | 11.79%   | (\$154)          | (\$31,186)   |
| May-10                       | (\$31,032)           | \$134,382                             | \$0         | \$79,351           | \$23,999          | (\$3,517)          | 11.79%   | (\$35)           | \$23,810   |
| Jun-10                       | \$23,999             | \$143,019                             | \$0         | \$44,014           | \$123,004         | \$73,501           | 11.79%   | \$722            | \$123,537  |
| Jul-10                       | \$123,004            | \$151,616                             | \$0         | \$47,360           | \$227,260         | \$175,132          | 11.79%   | \$1,721          | \$229,515  |
| Aug-10                       | \$227,260            | \$160,174                             | \$0         | \$47,386           | \$340,049         | \$283,655          | 11.79%   | \$2,787          | \$345,091  |
| Sep-10                       | \$340,049            | \$168,692                             | \$0         | \$52,001           | \$456,740         | \$398,394          | 11.79%   | \$3,915          | \$465,696  |
| Oct-10                       | \$456,740            | \$177,171                             | \$0         | \$116,805          | \$517,105         | \$486,922          | 11.79%   | \$4,785          | \$530,846  |
| Nov-10                       | \$517,105            | \$185,609                             | \$0         | \$199,457          | \$503,257         | \$510,181          | 11.79%   | \$5,013          | \$522,011  |
| Dec-10                       | \$503,257            | \$194,008                             | \$0         | \$324,664          | \$372,602         | \$437,929          | 11.79%   | \$4,303          | \$395,659  |
| Jan-11                       | \$372,602            | \$202,367                             | \$0         | \$389,380          | \$185,589         | \$279,095          | 11.79%   | \$2,742          | \$211,388  |
| Feb-11                       | \$185,589            | \$210,686                             | \$0         | \$337,837          | \$58,438          | \$122,014          | 11.79%   | \$1,199          | \$85,437   |
| Mar-11                       | \$58,438             | \$218,966                             | \$0         | \$277,404          | \$0               | \$29,219           | 11.79%   | \$287            | \$27,286   |
| Total pre adjustment         |                      | \$2,072,395                           | \$0         | \$2,072,087        |                   |                    |  | \$27,286         |  |
| Apr-11                       | \$27,286             | \$222,590                             | \$0         | \$198,664          | \$51,211          | \$39,249           | 11.79%   | \$386            | \$51,597   |
| May-11                       | \$51,211             | \$221,577                             | \$0         | \$100,775          | \$172,014         | \$111,613          | 11.79%   | \$1,097          | \$173,496  |
| Jun-11                       | \$172,014            | \$220,565                             | \$0         | \$55,898           | \$336,681         | \$254,347          | 11.79%   | \$2,499          | \$340,663  |
| Jul-11                       | \$336,681            | \$219,553                             | \$0         | \$60,147           | \$496,087         | \$416,384          | 11.79%   | \$4,091          | \$504,160  |
| Aug-11                       | \$496,087            | \$218,540                             | \$0         | \$60,180           | \$654,447         | \$575,267          | 11.79%   | \$5,653          | \$668,173  |
| Sep-11                       | \$654,447            | \$217,528                             | \$0         | \$66,042           | \$805,934         | \$730,190          | 11.79%   | \$7,175          | \$826,834  |
| Oct-11                       | \$805,934            | \$216,516                             | \$0         | \$148,343          | \$874,107         | \$840,020          | 11.79%   | \$8,254          | \$903,261  |
| Nov-11                       | \$874,107            | \$215,503                             | \$0         | \$253,310          | \$836,300         | \$855,203          | 11.79%   | \$8,403          | \$873,858  |
| Dec-11                       | \$836,300            | \$214,491                             | \$0         | \$412,322          | \$638,468         | \$737,384          | 11.79%   | \$7,246          | \$683,272  |
| Jan-12                       | \$638,468            | \$213,479                             | \$0         | \$494,512          | \$357,435         | \$497,952          | 11.79%   | \$4,893          | \$407,131  |
| Feb-12                       | \$357,435            | \$212,466                             | \$0         | \$429,053          | \$140,849         | \$249,142          | 11.79%   | \$2,448          | \$192,993  |
| Mar-12                       | \$140,849            | \$211,454                             | \$0         | \$352,303          | \$0               | \$70,424           | 11.79%   | \$692            | \$52,836   |
| Total pre adjustment         |                      | \$2,604,262                           | \$0         | \$2,631,548        |                   |                    |  | \$52,836         |  |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**RESIDENTIAL**  
**Monthly Recoverable Investment**

|               |              |              |              | Avg. Book |            |             | Accum.      | Earnings /  | Average     | Wtd. Avg. |         | Monthly          | Monthly   |
|---------------|--------------|--------------|--------------|-----------|------------|-------------|-------------|-------------|-------------|-----------|---------|------------------|-----------|
|               | Expenditures | Cumulative   | Average      | Amort.    | Monthly    | Accum.      | Deferred    | Rate Base   | Rate Base   | Cost      | Revenue | Return on        | Revenue   |
| a             | b            | c            | d            | e         | f=d*e/12   | f           | g=TK-5      | h=c-f-g     | i           | k         | l       | m=(j)<br>*k*1/12 | n=m+f     |
| Begin Balance |              | \$0          |              |           |            | \$0         |             |             |             |           |         |                  |           |
| Apr-09        | \$462,261    | \$462,261    | \$231,131    | 20.00%    | \$ 3,852   | \$3,852     | \$188,314   | \$270,095   | \$135,047   | 6.87%     | 1.71702 | \$1,327          | \$5,179   |
| May-09        | \$462,261    | \$924,523    | \$693,392    | 20.00%    | \$ 11,557  | \$15,409    | \$373,464   | \$535,650   | \$402,872   | 6.87%     | 1.71702 | \$3,959          | \$15,515  |
| Jun-09        | \$462,261    | \$1,386,784  | \$1,155,653  | 20.00%    | \$ 19,261  | \$34,670    | \$555,449   | \$796,666   | \$666,158   | 6.87%     | 1.71702 | \$6,546          | \$25,807  |
| Jul-09        | \$462,261    | \$1,849,045  | \$1,617,914  | 20.00%    | \$ 26,965  | \$61,635    | \$734,268   | \$1,053,142 | \$924,904   | 6.87%     | 1.71702 | \$9,088          | \$36,053  |
| Aug-09        | \$462,261    | \$2,311,306  | \$2,080,176  | 20.00%    | \$ 34,670  | \$96,304    | \$909,923   | \$1,305,079 | \$1,179,111 | 6.87%     | 1.71702 | \$11,586         | \$46,256  |
| Sep-09        | \$462,261    | \$2,773,568  | \$2,542,437  | 20.00%    | \$ 42,374  | \$138,678   | \$1,082,412 | \$1,552,477 | \$1,428,778 | 6.87%     | 1.71702 | \$14,039         | \$56,413  |
| Oct-09        | \$462,261    | \$3,235,829  | \$3,004,698  | 20.00%    | \$ 50,078  | \$188,757   | \$1,251,737 | \$1,795,335 | \$1,673,906 | 6.87%     | 1.71702 | \$16,448         | \$66,526  |
| Nov-09        | \$462,261    | \$3,698,090  | \$3,466,959  | 20.00%    | \$ 57,783  | \$246,539   | \$1,417,897 | \$2,033,654 | \$1,914,494 | 6.87%     | 1.71702 | \$18,812         | \$76,595  |
| Dec-09        | \$462,261    | \$4,160,351  | \$3,929,221  | 20.00%    | \$ 65,487  | \$312,026   | \$1,580,892 | \$2,267,433 | \$2,150,543 | 6.87%     | 1.71702 | \$21,131         | \$86,618  |
| Jan-10        | \$462,261    | \$4,622,613  | \$4,391,482  | 20.00%    | \$ 73,191  | \$385,218   | \$1,740,722 | \$2,496,673 | \$2,382,053 | 6.87%     | 1.71702 | \$23,406         | \$96,598  |
| Feb-10        | \$462,261    | \$5,084,874  | \$4,853,743  | 20.00%    | \$ 80,896  | \$466,113   | \$1,897,387 | \$2,721,374 | \$2,609,023 | 6.87%     | 1.71702 | \$25,636         | \$106,532 |
| Mar-10        | \$462,261    | \$5,547,135  | \$5,316,004  | 20.00%    | \$ 88,600  | \$554,714   | \$2,050,887 | \$2,941,535 | \$2,831,454 | 6.87%     | 1.71702 | \$27,822         | \$116,422 |
| Apr-10        | \$412,007    | \$5,959,142  | \$5,753,139  | 20.00%    | \$ 95,886  | \$650,599   | \$2,180,749 | \$3,127,794 | \$3,034,664 | 6.87%     | 1.71702 | \$29,819         | \$125,704 |
| May-10        | \$412,007    | \$6,371,149  | \$6,165,146  | 20.00%    | \$ 102,752 | \$753,352   | \$2,307,791 | \$3,310,006 | \$3,218,900 | 6.87%     | 1.71702 | \$31,629         | \$134,382 |
| Jun-10        | \$412,007    | \$6,783,156  | \$6,577,153  | 20.00%    | \$ 109,619 | \$862,971   | \$2,432,012 | \$3,488,173 | \$3,399,090 | 6.87%     | 1.71702 | \$33,400         | \$143,019 |
| Jul-10        | \$412,007    | \$7,195,163  | \$6,989,160  | 20.00%    | \$ 116,486 | \$979,457   | \$2,553,412 | \$3,662,294 | \$3,575,234 | 6.87%     | 1.71702 | \$35,130         | \$151,616 |
| Aug-10        | \$412,007    | \$7,607,170  | \$7,401,167  | 20.00%    | \$ 123,353 | \$1,102,810 | \$2,671,991 | \$3,832,369 | \$3,747,332 | 6.87%     | 1.71702 | \$36,821         | \$160,174 |
| Sep-10        | \$412,007    | \$8,019,177  | \$7,813,174  | 20.00%    | \$ 130,220 | \$1,233,029 | \$2,787,750 | \$3,998,399 | \$3,915,384 | 6.87%     | 1.71702 | \$38,473         | \$168,692 |
| Oct-10        | \$412,007    | \$8,431,185  | \$8,225,181  | 20.00%    | \$ 137,086 | \$1,370,115 | \$2,900,687 | \$4,160,382 | \$4,079,390 | 6.87%     | 1.71702 | \$40,084         | \$177,171 |
| Nov-10        | \$412,007    | \$8,843,192  | \$8,637,188  | 20.00%    | \$ 143,953 | \$1,514,069 | \$3,010,804 | \$4,318,319 | \$4,239,351 | 6.87%     | 1.71702 | \$41,656         | \$185,609 |
| Dec-10        | \$412,007    | \$9,255,199  | \$9,049,195  | 20.00%    | \$ 150,820 | \$1,664,889 | \$3,118,099 | \$4,472,211 | \$4,395,265 | 6.87%     | 1.71702 | \$43,188         | \$194,008 |
| Jan-11        | \$412,007    | \$9,667,206  | \$9,461,202  | 20.00%    | \$ 157,687 | \$1,822,575 | \$3,222,574 | \$4,622,056 | \$4,547,133 | 6.87%     | 1.71702 | \$44,680         | \$202,367 |
| Feb-11        | \$412,007    | \$10,079,213 | \$9,873,209  | 20.00%    | \$ 164,553 | \$1,987,129 | \$3,324,228 | \$4,767,856 | \$4,694,956 | 6.87%     | 1.71702 | \$46,133         | \$210,686 |
| Mar-11        | \$412,007    | \$10,491,220 | \$10,285,216 | 20.00%    | \$ 171,420 | \$2,158,549 | \$3,423,061 | \$4,909,610 | \$4,838,733 | 6.87%     | 1.71702 | \$47,546         | \$218,966 |
| Apr-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$2,333,403 | \$3,351,231 | \$4,806,586 | \$4,858,098 | 6.87%     | 1.71702 | \$47,736         | \$222,590 |
| May-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$2,508,256 | \$3,279,401 | \$4,703,562 | \$4,755,074 | 6.87%     | 1.71702 | \$46,724         | \$221,577 |
| Jun-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$2,683,110 | \$3,207,572 | \$4,600,538 | \$4,652,050 | 6.87%     | 1.71702 | \$45,711         | \$220,565 |
| Jul-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$2,857,964 | \$3,135,742 | \$4,497,515 | \$4,549,026 | 6.87%     | 1.71702 | \$44,699         | \$219,553 |
| Aug-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,032,817 | \$3,063,912 | \$4,394,491 | \$4,446,003 | 6.87%     | 1.71702 | \$43,687         | \$218,540 |
| Sep-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,207,671 | \$2,992,082 | \$4,291,467 | \$4,342,979 | 6.87%     | 1.71702 | \$42,674         | \$217,528 |
| Oct-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,382,525 | \$2,920,252 | \$4,188,443 | \$4,239,955 | 6.87%     | 1.71702 | \$41,662         | \$216,516 |
| Nov-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,557,378 | \$2,848,422 | \$4,085,419 | \$4,136,931 | 6.87%     | 1.71702 | \$40,650         | \$215,503 |
| Dec-11        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,732,232 | \$2,776,592 | \$3,982,396 | \$4,033,908 | 6.87%     | 1.71702 | \$39,637         | \$214,491 |
| Jan-12        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$3,907,086 | \$2,704,762 | \$3,879,372 | \$3,930,884 | 6.87%     | 1.71702 | \$38,625         | \$213,479 |
| Feb-12        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$4,081,939 | \$2,632,932 | \$3,776,348 | \$3,827,860 | 6.87%     | 1.71702 | \$37,613         | \$212,466 |
| Mar-12        | \$0          | \$10,491,220 | \$10,491,220 | 20.00%    | \$ 174,854 | \$4,256,793 | \$2,561,103 | \$3,673,324 | \$3,724,836 | 6.87%     | 1.71702 | \$36,600         | \$211,454 |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**RESIDENTIAL  
Cost Recoveries**

|        | <u>Therms</u>      | <u>Rate w/o tax</u> | <u>Recovery</u>    |
|--------|--------------------|---------------------|--------------------|
| Apr-09 | 16,372,500         | \$0.0034            | \$55,451           |
| May-09 | 8,305,200          | \$0.0034            | \$28,128           |
| Jun-09 | 4,606,700          | \$0.0034            | \$15,602           |
| Jul-09 | 4,956,900          | \$0.0034            | \$16,788           |
| Aug-09 | 4,959,600          | \$0.0034            | \$16,797           |
| Sep-09 | 5,442,700          | \$0.0034            | \$18,433           |
| Oct-09 | 12,225,400         | \$0.0034            | \$41,405           |
| Nov-09 | 20,876,100         | \$0.0034            | \$70,704           |
| Dec-09 | 33,980,800         | \$0.0034            | \$115,087          |
| Jan-10 | 40,754,300         | \$0.0034            | \$138,027          |
| Feb-10 | 35,359,600         | \$0.0034            | \$119,757          |
| Mar-10 | 29,034,400         | \$0.0034            | \$98,334           |
| Total  | <u>216,874,200</u> |                     | <u>\$734,514</u>   |
| Apr-10 | 16,372,500         | \$0.0096            | \$156,428          |
| May-10 | 8,305,200          | \$0.0096            | \$79,351           |
| Jun-10 | 4,606,700          | \$0.0096            | \$44,014           |
| Jul-10 | 4,956,900          | \$0.0096            | \$47,360           |
| Aug-10 | 4,959,600          | \$0.0096            | \$47,386           |
| Sep-10 | 5,442,700          | \$0.0096            | \$52,001           |
| Oct-10 | 12,225,400         | \$0.0096            | \$116,805          |
| Nov-10 | 20,876,100         | \$0.0096            | \$199,457          |
| Dec-10 | 33,980,800         | \$0.0096            | \$324,664          |
| Jan-11 | 40,754,300         | \$0.0096            | \$389,380          |
| Feb-11 | 35,359,600         | \$0.0096            | \$337,837          |
| Mar-11 | 29,034,400         | \$0.0096            | \$277,404          |
| Total  | <u>216,874,200</u> |                     | <u>\$2,072,087</u> |
| Apr-10 | 16,372,500         | \$0.0121            | \$198,664          |
| May-10 | 8,305,200          | \$0.0121            | \$100,775          |
| Jun-10 | 4,606,700          | \$0.0121            | \$55,898           |
| Jul-10 | 4,956,900          | \$0.0121            | \$60,147           |
| Aug-10 | 4,959,600          | \$0.0121            | \$60,180           |
| Sep-10 | 5,442,700          | \$0.0121            | \$66,042           |
| Oct-10 | 12,225,400         | \$0.0121            | \$148,343          |
| Nov-10 | 20,876,100         | \$0.0121            | \$253,310          |
| Dec-10 | 33,980,800         | \$0.0121            | \$412,322          |
| Jan-11 | 40,754,300         | \$0.0121            | \$494,512          |
| Feb-11 | 35,359,600         | \$0.0121            | \$429,053          |
| Mar-11 | 29,034,400         | \$0.0121            | \$352,303          |
| Total  | <u>216,874,200</u> |                     | <u>\$2,631,548</u> |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

**Residential Bill Comparisons**

| <u>Usage<br/>Therms</u>                              | <u>Rate Change April 1, 2009</u> |                             |                                  |                           | <u>Year 3 - Estimated Max</u>   |                             |                                  |                           |
|--|----------------------------------|-----------------------------|----------------------------------|---------------------------|---------------------------------|-----------------------------|----------------------------------|---------------------------|
|  | <u>Present<br/>Rates / Bill</u>  | <u>New<br/>Rates / Bill</u> | <u>Increase /<br/>(Decrease)</u> | <u>Percent<br/>Change</u> | <u>Present<br/>Rates / Bill</u> | <u>New<br/>Rates / Bill</u> | <u>Increase /<br/>(Decrease)</u> | <u>Percent<br/>Change</u> |
| <b><u>Residential Distribution Service (RDS)</u></b> |                                  |                             |                                  |                           |                                 |                             |                                  |                           |
| Service Charge                                       | \$7.55                           | \$7.55                      |                                  |                           | \$7.55                          | \$7.55                      |                                  |                           |
| Distribution Charge, per Therm                       |                                  |                             |                                  |                           |                                 |                             |                                  |                           |
| First 35 Therms                                      | \$0.3679                         | \$0.3679                    |                                  |                           | \$0.3679                        | \$0.3679                    |                                  |                           |
| Over 35 Therms                                       | \$0.2675                         | \$0.2675                    |                                  |                           | \$0.2675                        | \$0.2675                    |                                  |                           |
| Riders, per Therm *                                  | \$1.3355                         | \$1.3391                    | \$0.0036                         |                           | \$1.3355                        | \$1.3484                    | \$0.0129                         |                           |
| 10   | \$24.59                          | \$24.63                     | \$0.04                           | 0.2%                      | \$24.59                         | \$24.72                     | \$0.13                           | 0.5%                      |
| 15   | \$33.10                          | \$33.16                     | \$0.06                           | 0.2%                      | \$33.10                         | \$33.29                     | \$0.19                           | 0.6%                      |
| 25   | \$50.14                          | \$50.23                     | \$0.09                           | 0.2%                      | \$50.14                         | \$50.46                     | \$0.32                           | 0.6%                      |
| 50   | \$91.22                          | \$91.40                     | \$0.18                           | 0.2%                      | \$91.22                         | \$91.87                     | \$0.65                           | 0.7%                      |
| 100  | \$171.37                         | \$171.73                    | \$0.36                           | 0.2%                      | \$171.37                        | \$172.66                    | \$1.29                           | 0.8%                      |
| 150  | \$251.51                         | \$252.05                    | \$0.54                           | 0.2%                      | \$251.51                        | \$253.45                    | \$1.94                           | 0.8%                      |
| 250  | \$411.82                         | \$412.72                    | \$0.90                           | 0.2%                      | \$411.82                        | \$415.05                    | \$3.23                           | 0.8%                      |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
 REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")  
 Commercial Bill Comparisons

| Usage<br>Therms                               | Rate Change April 1, 2009 |                     |                          |                   | Year 3 - Estimated Max  |                     |                          |                   |      |
|---|---------------------------|---------------------|--------------------------|-------------------|-------------------------|---------------------|--------------------------|-------------------|------|
|   | Present<br>Rates / Bill   | New<br>Rates / Bill | Increase /<br>(Decrease) | Percent<br>Change | Present<br>Rates / Bill | New<br>Rates / Bill | Increase /<br>(Decrease) | Percent<br>Change |      |
| <b>Small General Service (SGS)</b>            |                           |                     |                          |                   |                         |                     |                          |                   |      |
| Service Charge                                | \$16.15                   | \$16.15             |                          |                   | \$16.15                 | \$16.15             |                          |                   |      |
| Distribution Charge, per Therm                | \$0.2978                  | \$0.2978            |                          |                   | \$0.2978                | \$0.2978            |                          |                   |      |
| Riders, per Therm                             | \$1.3362                  | \$1.3372            | \$0.0010                 |                   | \$1.3362                | \$1.3429            | \$0.0067                 |                   |      |
| 10  | \$32.49                   | \$32.50             | \$0.01                   | 0.0%              | \$32.49                 | \$32.56             | \$0.07                   | 0.2%              |      |
| 15  | \$40.66                   | \$40.68             | \$0.02                   | 0.0%              | \$40.66                 | \$40.76             | \$0.10                   | 0.2%              |      |
| 25  | \$57.00                   | \$57.03             | \$0.03                   | 0.1%              | \$57.00                 | \$57.17             | \$0.17                   | 0.3%              |      |
| 50  | \$97.85                   | \$97.90             | \$0.05                   | 0.1%              | \$97.85                 | \$98.19             | \$0.34                   | 0.3%              |      |
| 100   | \$179.55                  | \$179.65            | \$0.10                   | 0.1%              | \$179.55                | \$180.22            | \$0.67                   | 0.4%              |      |
| 150   | \$261.25                  | \$261.40            | \$0.15                   | 0.1%              | \$261.25                | \$262.26            | \$1.01                   | 0.4%              |      |
| 200   | \$342.95                  | \$343.15            | \$0.20                   | 0.1%              | \$342.95                | \$344.29            | \$1.34                   | 0.4%              |      |
| <b>General Delivery General Service (GDS)</b> |                           |                     |                          |                   |                         |                     |                          |                   |      |
| Service Charge                                | \$16.15                   | \$16.15             |                          |                   | \$16.15                 | \$16.15             |                          |                   |      |
| Demand Charge per Therm                       | \$0.810                   | \$0.810             |                          |                   | \$0.810                 | \$0.810             |                          |                   |      |
| Distribution Charge, per Therm                | \$0.1954                  | \$0.1954            |                          |                   | \$0.1954                | \$0.1954            |                          |                   |      |
| Riders, per Therm                             | \$0.9140                  | \$0.9150            | \$0.0010                 |                   | \$0.9140                | \$0.9207            | \$0.0067                 |                   |      |
| <u>DCQ</u>                                    | <u>Therms</u>             |                     |                          |                   |                         |                     |                          |                   |      |
| 15  | 300                       | \$361.12            | \$361.42                 | \$0.30            | 0.1%                    | \$361.12            | \$363.13                 | \$2.01            | 0.6% |
| 20  | 400                       | \$476.11            | \$476.51                 | \$0.40            | 0.1%                    | \$476.11            | \$478.79                 | \$2.68            | 0.6% |
| 25  | 500                       | \$591.10            | \$591.60                 | \$0.50            | 0.1%                    | \$591.10            | \$594.45                 | \$3.35            | 0.6% |
| 50  | 1,000                     | \$1,166.05          | \$1,167.05               | \$1.00            | 0.1%                    | \$1,166.05          | \$1,172.75               | \$6.70            | 0.6% |
| 149   | 3,000                     | \$3,465.04          | \$3,468.04               | \$3.00            | 0.1%                    | \$3,465.04          | \$3,485.14               | \$20.10           | 0.6% |
| 249   | 5,000                     | \$5,764.84          | \$5,769.84               | \$5.00            | 0.1%                    | \$5,764.84          | \$5,798.34               | \$33.50           | 0.6% |
| 498   | 10,000                    | \$11,513.53         | \$11,523.53              | \$10.00           | 0.1%                    | \$11,513.53         | \$11,580.53              | \$67.00           | 0.6% |
| Demand Charge at<br>66.0% Load Profile        |                           |                     |                          |                   |                         |                     |                          |                   |      |

ELIZABETHTOWN GAS  
 B. P. U. NO. # # – GAS

SECTION II  
 ORIGINAL SHEET NO.

RIDER "G"

REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

Applicable to all RDS, SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS customers except those Customers under special contracts as filed and approved by the NJBPU. The RGGI shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU. The applicable RGGI unit charges are as follows:

|   |                    |
|---|--------------------|
| RDS   | \$0.0036 per therm |
| SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS | \$0.0010 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 "Global Warming Response Act," *N.J.S.A.26-2C-45*. or "RGGI Legislation" the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. On May 8, 2008, the Board issued an Order (the "RGGI Order") pursuant to *N.J.S.A. 48:3-98.1(c)*. The RGGI Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis.

The RGGI program will enhance or supplement existing Clean Energy Program ("CEP") incentives with programs such as:

1. whole-house energy efficiency programs which encourage all residential customers to implement a combination of energy efficiency improvements (*i.e.*, air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement.
2. expanded gas HVAC and hot water heater incentive programs for residential customers.
3. large and small commercial customer energy efficiency programs which enhance CEP SmartStart incentives.
4. a Combined Heat & Power which supplements existing CEP incentives.
5. a gas cooling program which supplements existing CEP incentives; and
6. enhanced customer education and outreach initiatives designed to encourage customers to conserve energy and lower their gas bills.

The RGGI will recover all costs associated with the program, including, but not limited to customer outreach and system implementations to implement and manage the programs.

Determination of the RGGI

Separately for each applicable rate grouping shown above, on or about February 1 of each year, the Company shall file with the Board a RGGI rate filing based on the costs and recoveries incurred during the previous RGGI year. The filing will reflect as much actual information as is available at the time of the filing.

The RGGI monthly recoverable expenditure amounts shall be derived from taking the average of the cumulative beginning and end of month expenditures associated with the RGGI program investments less accumulated amortization and accumulated deferred income tax credits times the Company's after tax weighted average cost of capital grossed up for the Company's revenue factor, as those rates and factors have been approved in the Company's most recent base rate case, plus monthly amortization using a five year amortization period.

The RGGI rate shall be calculated by summing the (i) prior year's RGGI over or under recovery balance, plus (ii) current year monthly recoverable expenditure amounts, less (iii) current year recoveries, plus (iv) current year carrying costs based on the monthly average over or under recovered balances, at a rate equal to that of the weighted average cost of capital after tax from the most recent rate case grossed up for the Company's revenue factor, plus (v) an estimated amount to recover the upcoming year's recoverable expenditures amount and dividing the resulting sum by the annual forecasted per therm quantities for the applicable customers set forth above. The resulting rate shall be adjusted for all applicable taxes. The RGGI rate shall be self implementing on a refundable basis as directed by the NJBPU.

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Date of Issue: xx1

Effective: Service Rendered  
on and after xx2

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 xx3 in Docket No. xx4



**PIVOTAL UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS  
NOTICE OF PUBLIC HEARINGS**

**TO OUR CUSTOMERS:**

On February 5, 2009, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), filed a Petition with the New Jersey Board of Public Utilities ("BPU") in Docket No. GR09\_\_\_\_\_ pursuant to N.J.S.A. 48:3-98.1, 48:2-21.1 and 48:2-21 seeking approval to implement its Energy Efficiency Programs and also seeking approval of an associated cost recovery mechanism in the form of a Tariff Rider. Under the proposed Tariff Rider, Elizabethtown would be permitted to make annual filings to recover capital costs, increased depreciation expense, operating and maintenance costs and certain related carrying costs associated with the following energy efficiency programs: (1) Initial "Whole House" Energy Efficiency Program; (2) Initial Residential Expanded HVAC/Water Heater Program; (3) Small Commercial Customer Program; (4) Large Commercial Customer Program; (5) Combined Heat & Power Program; (6) Gas Cooling Program; (7) Base "Whole House" Energy Efficiency Program; and (8) Base Residential Expanded HVAC/Water Heater Program. These programs will provide customers with increased incentives to reduce their natural gas consumption.

Elizabethtown's proposed Energy Efficiency Programs are being filed in connection with the State's Regional Greenhouse Gas Initiative legislation and directly support Governor Corzine's Economic Stimulus Plan and New Jersey's Energy Master Plan. The Energy Efficiency Programs comprise six (6) initial programs to be offered for a two-year period and two (2) base programs to be offered on a longer-term basis. The total amount costs to be recovered in connection with these programs total approximately \$14.7 million over a two year period.

The proposed Tariff Rider seeks to recover (1) a \$0.0036 per therm surcharge to be assessed to the Company's residential service classification customers effective April 1, 2009; and (2) a \$0.0010 per therm surcharge to be assessed to the Company's firm commercial and industrial service classification customers effective April 1, 2009. These surcharges shall apply to all firm customers, including the RDS, SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS service classes, except for firm customers served under special contracts previously approved by and filed with the Board. The Company will file an annual reconciliation Petition every February 1 reflecting a true-up for actual costs and recoveries for the previous years and projected revenue requirements for the upcoming year. Petitioner proposes to recover no more than its actual costs of providing the Energy Efficiency Programs.

The effect of the Company's filing on typical residential gas bills is illustrated below:

| <u>Consumption in Therms</u> | <u>Present Bill</u> | <u>Proposed Bill</u> | <u>Change in Bill</u> | <u>Percent Change</u> |
|------------------------------|---------------------|----------------------|-----------------------|-----------------------|
| 10                           | \$24.59             | \$24.63              | \$0.04                | 0.2%                  |
| 50                           | \$91.22             | \$91.40              | \$0.18                | 0.2%                  |
| 100                          | \$171.37            | \$171.73             | \$0.36                | 0.2%                  |
| 250                          | \$411.82            | \$412.72             | \$0.90                | 0.2%                  |

Any assistance required by Customers in ascertaining the impact of the proposed tariff rider will be provided by the Company on request.

The BPU has the statutory authority to establish Elizabethtown's rates and tariffs at levels it finds just and reasonable as well as to establish the effective date of such rates and tariffs. Therefore, the BPU may approve rates or tariffs other than those proposed by Elizabethtown.

Copies of the Petition are available for inspection at the Company offices located at 300 Connell Drive, Suite 3000, Berkeley Heights, New Jersey or online at Elizabethtown's website: [www.elizabethtowngas.com](http://www.elizabethtowngas.com) or at the Board of Public Utilities, Two Gateway Center, Newark, New Jersey, 07102.

**PLEASE TAKE NOTICE** that Public Hearings have been scheduled on the above mentioned petition at the following times and places:

Freeholder's Meeting Room, Rt. 12 County Complex, Building #1, Flemington, New Jersey 08822  
Rahway Municipal Council, Court Chambers, 1 City Hall Plaza, Rahway, New Jersey 07065

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including interpreter, listening devices and/or mobility assistance, 48 hours prior to this hearing. In addition, members of the public may submit written comments concerning the petition to the BPU regardless of whether they attend the hearing by addressing them to: Honorable Kristi Izzo, Secretary, Board of Public Utilities, Two Gateway Center, Newark, New Jersey, 07102.

Hearings will continue, if necessary, on such additional dates and at such locations as the Board of Public Utilities may designate in order to ensure that all interested persons may be heard.

**Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
Donald Carter – Vice President of Operations**

**VERIFICATION**

STATE OF NEW JERSEY        )  
  ):        ss.:  
COUNTY OF UNION         )

Donald F. Carter, being duly sworn according to law, upon his oath, deposes and says:

1. I am Vice President of the Petitioner in the foregoing Petition, and I am both responsible for the foregoing Petition and authorized to make this Affidavit on behalf of the Petitioner.
2. The statements made in the foregoing Petition are true to the best of my knowledge, information and belief.

Donald F. Carter

Sworn to and described to before me this 4<sup>th</sup> day of February, 2009

*Jane James*

**JANE JAMES  
NOTARY PUBLIC OF NEW JERSEY  
Commission Expires 12/20/2011**

