



Agenda Date: 5/19/15  
Agenda Item: 2D

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL )  
UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN )  
GAS COMPANY TO REVIEW ITS PERIODIC BASIC )  
GAS SUPPLY SERVICE RATE )  
)  
) DOCKET NO. GR14060538

**Parties of Record:**

**Deborah M. Franco, Esq.**, for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

BY THE BOARD<sup>1</sup>:

**BACKGROUND**

Pursuant to the generic Order of the New Jersey Board of Public Utilities (“Board”) dated January 6, 2003, Docket No. GX01050304 (“January BGSS Order”), each of New Jersey’s four gas distribution companies (“GDCs”), by June 1, submits to the Board its annual Basic Gas Supply Service (“BGSS”) gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year, and February 1 of the following year, with one month’s advance notice to the Board and the New Jersey Division of Rate Counsel (“Rate Counsel”). Each GDC may implement a decrease in its BGSS rate at any time, without prior Board approval, after five days’ notice to Board Staff and Rate Counsel.

On May 30, 2014, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“the Company”) filed its annual BGSS petition (“2014 BGSS Filing”), requesting a decrease in its BGSS – Periodic (“BGSS-P”) per therm rate from 62.41 cents to 50.45 cents for the BGSS year October 1, 2014 through September 30, 2015. At the time of the filing, this rate change translated into an annual bill reduction of \$119.60 (10.0%) for a residential heating customer using 1000 therms, and \$29.90 (8.0%) for a residential non-heating customer using 250 therms.

<sup>1</sup> Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

After notice, public hearings were held in Flemington and Rahway on August 18 and 20, 2014, respectively. No members of the public attended the hearings or submitted comments.

By Order dated September 30, 2014, the Board approved a September 10, 2014 Stipulation for Provisional Rates agreed to by the Company, Staff and Rate Counsel (collectively "the Parties"), authorizing the Company to change the BGSS-P per therm rate from 62.41 cents to 50.45 cents on a provisional basis, subject to refund with interest.

On November 26, 2014, the matter was transmitted to the Office of Administrative Law as a contested case and assigned to Administrative Law Judge ("ALJ") Moss.

By correspondence dated December 23, 2014, the Company notified the Board and Rate Counsel that the Company would refund \$10.0 million to its BGSS-P customers with billing cycles beginning on or about January 2, 2015. The Company implemented the refund via a one-time January 2015 bill credit ("January Bill Credit") of 4.29 cents per therm applied to BGSS-P customers' consumption over the twelve months ended October 31, 2014. The refund reduced the bill of a typical residential heating customer using 1,000 therms annually by approximately \$43, and the bill of a typical residential non-heating customer using 250 therms a year by approximately \$11. Appendix A attached to the stipulation that is the subject of this Order ("Final Stipulation") details the January Bill Credit calculation.

Subsequently, by letter dated February 23, 2015, the Company notified the Board and Rate Counsel that the Company would refund another \$10.0 million to its BGSS-P customers with billing cycles beginning on or about March 1, 2015. The Company implemented the refund via a one-time bill credit of 4.44 cents per therm applied to BGSS-P customers' consumption during the twelve months ending January 31, 2015 ("March Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms annually by approximately \$44 and the annual bill of a residential non-heating customer using 250 therms by approximately \$11. Appendix B attached to the Final Stipulation details the March Bill Credit calculation.

### **FINAL STIPULATION**<sup>2</sup>

On April 8, 2015, following discovery and discussions, the Parties entered into the Final Stipulation agreeing that the after-tax per therm BGSS-P rate of 50.45 cents previously approved by the Board on a provisional basis should be made final, and that all issues related to the Company's BGSS recoverable costs for the BGSS year ending September 30, 2015 are resolved.

In addition, the Company agreed to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), attached as Appendix C and 2) the calculation of net gas per therm (also known as S-EChart-2) in the form attached as Appendix D, which is to be submitted in the middle of the following month.

On April 12, 2015, ALJ Moss issued her Initial Decision approving the Final Stipulation, finding that the Parties voluntarily agreed to the terms of the Final Stipulation, and that the Final Stipulation fully disposed of all matters and is consistent with the law.

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<sup>2</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

**DISCUSSION AND FINDINGS:**

The Board, having reviewed the Final Stipulation in this proceeding and being persuaded that the 2014 BGSS Filing was thoroughly reviewed, **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Final Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Final Stipulation, incorporating its terms and conditions as though fully set forth herein.

The Board **HEREBY DIRECTS** that the Company's after-tax per therm BGSS-P rate of 50.45 cents per therm shall be deemed final and remain in effect until changed by Order of the Board.

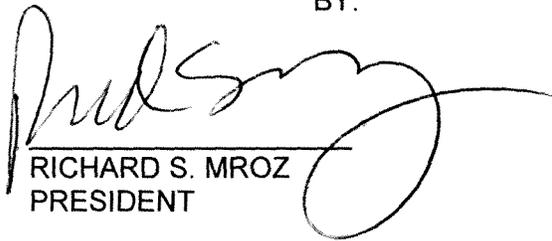
The Company is **HEREBY DIRECTED** to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), in the form attached to the Final Stipulation as Exhibit A; and 2) the calculation of net gas per therm (also known as S-EChart-2) in the form attached to the Final Stipulation as Exhibit B, which is to be submitted in the middle of the following month.

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

This Order shall become effective on May 29, 2015.

DATED: *May 19, 2015*

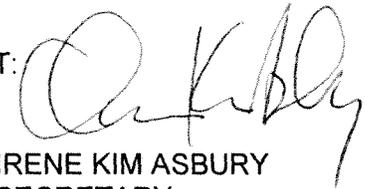
BOARD OF PUBLIC UTILITIES  
BY:

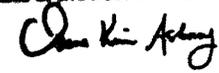
  
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PRESIDENT

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

  
DIANNE SOLOMON  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


In The Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company  
to Review its Periodic Basic Gas Supply Service Rate  
Docket No. GR14060538

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April 8, 2015

**VIA FEDERAL EXPRESS**

Honorable Kimberly Moss  
Administrative Law Judge  
Office of Administrative Law  
33 Washington St  
Newark, NJ 07102

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas To Revise Its Periodic Basic Gas Supply Service Rate  
BPU Docket No. GR14060538, OAL Docket No. PUC 16109-14**

Dear Judge Moss:

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

Please contact the undersigned if you have questions or require further information.  
Thank you.

Respectfully submitted,

*/s/ Deborah M. Franco*

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Deborah M. Franco  
Of Counsel to  
Pivotal Utility Holdings, Inc.  
d/b/a Elizabethtown Gas

cc: Service List

IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE  
BPU DOCKET NO. GR14060538

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

**Office of Administrative Law**

-----X  
**In The Matter Of The Petition Of Pivotal Utility** : **BPU Docket No. GR14060538**  
**Holdings, Inc. d/b/a Elizabethtown Gas To** : **OAL Dkt. No. PUC 16109-14**  
**Revise Its Periodic Basic Gas Supply** :  
**Service Rate** : **FINAL STIPULATION**  
-----X

**APPEARANCES:**

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

**Mary Patricia Keefe**, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Felicia Thomas-Friel, Managing Attorney - Gas**, Division of Rate Counsel, **Kurt S. Lewandowski**, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

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

**To: Honorable Kimberly A. Moss, A.L.J.**

**BACKGROUND**

In accordance with a generic Order of the New Jersey Board of Public Utilities (“Board” or “BPU”) dated January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”), each of New Jersey’s four gas distribution companies (“GDCs”), by June 1, submits to the Board its annual Basic Gas Supply Service (“BGSS”) gas cost filing for the BGSS year beginning October 1. In addition, the Generic BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1 upon 30 days advance written notice to the Board and the New Jersey Division of Rate Counsel (“Rate Counsel”). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

On May 30, 2014, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a Petition (“May 30 Petition”) with the Board, which was assigned BPU Docket No.

GR14060538 to decrease its then current after-tax per therm BGSS rate of \$0.6241 to \$0.5045 for the BGSS period commencing October 1, 2014 through September 30, 2015 ("BGSS Period"). As indicated in the May 30 Petition, the proposed decrease was based upon the Company's projection that the Company would be over-recovered by approximately \$6.6 million as of September 30, 2014. The proposed BGSS rate of \$0.5045 per therm was designed to bring the BGSS balance to approximately zero as of September 30, 2015 and as of the time of the filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$11.96 from \$118.44 to \$106.48, a decrease of 10.1%.

Notices describing the May 30 Petition and setting forth the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities in the Company's service territory. Public hearings concerning the Company's May 30 Petition were held in Flemington, New Jersey on August 18, 2014 and Rahway, New Jersey on August 20, 2014. No one from the public attended the hearings.

By Order dated September 30, 2014 issued in this proceeding, the Board approved a Stipulation authorizing the Company to implement the proposed BGSS rate of \$0.5045 per therm on a provisional basis subject to refund with interest on any net over-recovered BGSS balance. Based on updated rates in effect at September 30, 2014, the BGSS rate of \$0.5045 per therm decreased the monthly bill of a typical residential heating customer using 100 therms by \$11.96 from \$112.18 to \$100.22, a decrease of 10.7%.

In accordance with the Generic BGSS Order, by letter dated December 23, 2014, Elizabethtown notified the Board of its intent to refund \$10 million to its BGSS-P customers with billing cycles beginning on or about January 2, 2015. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0429) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended October 31, 2014 ("January Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$43 and the

bill of a residential non-heating customer using 250 therms by approximately \$11. Attached as Appendix A is a schedule showing the derivation of the January Bill Credit.

Subsequently, by letter dated February 23, 2015, Elizabethtown notified the Board of its intent to refund another \$10 million to its BGSS-P customers with billing cycles beginning on or about March 1, 2015. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0444) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended January 31, 2015 ("March Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$44 and the bill of a residential non-heating customer using 250 therms by approximately \$11. Attached as Appendix B is a schedule showing the derivation of the March Bill Credit.

This matter was subsequently transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held by telephone on January 22, 2015.

Elizabethtown, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") engaged in discovery and discussed certain matters at issue in this docket. As a result of those discussions, the Parties have resolved all remaining issues in this proceeding in accordance with the Stipulation set forth below.

### **STIPULATION**

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

- A. The Company shall maintain its BGSS-P rate of \$0.5045 per therm, inclusive of all applicable taxes, and that rate shall remain in effect on a final basis until revised in accordance with applicable laws and regulations.
- B. This Stipulation provides for a final resolution in this proceeding. All issues related to

Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2014 are resolved.

C. The Company agrees to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), in the form attached as Appendix C; and 2) the calculation of net gas per therm (also known as S-EChart-2) in the form attached as Appendix D, which is to be submitted in the middle of the following month.

D. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

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

F. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Presiding Administrative Law Judge and request (1) the Administrative Law Judge to issue an initial decision approving the Stipulation; and (2) the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

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

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

By:   
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
And Business Support

By:   
Kurt S. Lewandowski  
Assistant Deputy Rate Counsel

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

By:   
Alex Moreau  
Deputy Attorney General

Dated: April 8, 2015

ETG  
 BGSS-P  
 RDS and SGS Sales Customers  
 January 2015 Refund

Refund pre assessment and tax	(\$10,000,000)
Therms 12 months ending 10-31-14	249,784,694

GL- Balance Sheet

191000	<b>BGSS-P Refund</b>		(\$0.0400)
238111	Assessment		(\$0.0001)
	<b>Tax Exempt Rate</b>		(\$0.0401)
220066	SUT		(\$0.0028)
	<b>Taxable Rate</b>		(\$0.0429)

Customer Refund / Annual Therms

Heating	1,000	\$42.90
Non Heating	250	\$10.73

ETG  
 BGSS-P  
 RDS and SGS Sales Customers  
 March 2015 Refund

Refund pre assessment and tax	(\$10,000,000)
Therms 12 months ending 1-31-15	241,802,016

GL- Balance Sheet

191000	<b>BGSS-P Refund</b>		(\$0.0414)
238111	Assessment		(\$0.0001)
	<b>Tax Exempt Rate</b>		(\$0.0415)
220066	SUT		(\$0.0029)
	<b>Taxable Rate</b>		(\$0.0444)

Customer Refund / Annual Therms

Heating	1,000	\$44.40
Non Heating	250	\$11.10

# Appendix C

## S-ECHART-1 BGSS NYMEX Update Report as of March 06, 2015

Month	a		b		c = b - a		d	e	f = d - e	g = c x f
	BGSS	NYMEX	Incr/	% Chg	Sales	Hedged	Unhedged	Change in		
	(see note below)	(3/6/2015 Close)	(Decr)		forecast (dths)	volume (dths)	volume (dths)	value unhedged		
Oct-14	\$ 4.422	\$ 3.984	\$ (0.438)		1,459,614	781,100	678,514	(\$297,189)		
Nov-14	\$ 4.467	\$ 3.728	\$ (0.739)		2,453,640	1,619,089	834,551	(\$616,733)		
Dec-14	\$ 4.573	\$ 4.282	\$ (0.291)		4,764,346	3,379,394	1,384,952	(\$403,021)		
Jan-15	\$ 4.640	\$ 3.189	\$ (1.451)		5,291,977	3,487,736	1,804,241	(\$2,611,954)		
Feb-15	\$ 4.614	\$ 2.866	\$ (1.748)		3,918,789	2,548,843	1,369,946	(\$2,394,665)		
Mar-15	\$ 4.519	\$ 2.894	\$ (1.625)		3,033,286	2,158,370	874,916	(\$1,421,738)		
Apr-15	\$ 4.072	\$ 2.839	\$ (1.233)		1,413,434	751,100	662,334	(\$816,658)		
May-15	\$ 4.046	\$ 2.872	\$ (1.174)		771,506	471,100	300,406	(\$352,677)		
Jun-15	\$ 4.064	\$ 2.906	\$ (1.158)		695,791	321,100	374,691	(\$433,892)		
Jul-15	\$ 4.088	\$ 2.957	\$ (1.131)		560,128	311,100	249,028	(\$281,651)		
Aug-15	\$ 4.083	\$ 2.974	\$ (1.109)		538,596	351,100	187,496	(\$207,933)		
Sep-15	\$ 4.068	\$ 2.962	\$ (1.106)		575,141	351,100	224,041	(\$247,789)		
<b>Avg Total \$</b>	<b>\$ 4.305</b>	<b>\$ 3.204</b>	<b>\$ (1.100)</b>	<b>-25.6%</b>	<b>25,476,248</b>	<b>16,531,133</b>	<b>8,945,115</b>	<b>(\$10,091,900)</b>		
Oct-15	\$ 4.087	\$ 2.987	\$ (1.100)		1,473,895	731,100	742,795	(\$817,075)		
Nov-15	\$ 4.134	\$ 3.078	\$ (1.056)		2,477,534	1,499,089	978,445	(\$1,033,238)		
Dec-15	\$ 4.283	\$ 3.235	\$ (1.048)		4,811,357	3,339,394	1,471,963	(\$1,542,617)		
Jan-16	\$ 4.421	\$ 3.355	\$ (1.066)		5,343,544	3,587,736	1,755,808	(\$1,871,692)		
Feb-16	\$ 4.401	\$ 3.339	\$ (1.062)		3,956,240	2,648,843	1,307,397	(\$1,388,455)		
Mar-16	\$ 4.341	\$ 3.286	\$ (1.055)		3,062,297	2,178,370	883,927	(\$932,543)		
Apr-16	\$ 4.066	\$ 3.147	\$ (0.919)		1,426,776	708,000	718,776	(\$660,555)		
May-16	\$ 4.080	\$ 3.145	\$ (0.935)		778,972	435,200	343,772	(\$321,427)		
Jun-16	\$ 4.104	\$ 3.182	\$ (0.922)		702,801	351,800	351,001	(\$323,623)		
Jul-16	\$ 4.134	\$ 3.225	\$ (0.909)		566,041	322,200	243,841	(\$221,651)		
Aug-16	\$ 4.147	\$ 3.232	\$ (0.915)		543,960	318,000	225,960	(\$206,753)		
Sep-16	\$ 4.142	\$ 3.217	\$ (0.925)		580,806	310,600	270,206	(\$249,941)		
<b>Avg Total \$</b>	<b>\$ 4.195</b>	<b>\$ 3.202</b>	<b>\$ (0.993)</b>	<b>-23.7%</b>	<b>25,724,223</b>	<b>16,430,333</b>	<b>9,293,890</b>	<b>(\$9,569,569)</b>		

### Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; **Oct-2014 to Sept-2016 based on 05/12/2014 Close.**

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing

d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

PIVOTAL UTILITY HOLDINGS, INC.  
d/b/a ELIZABETHTOWN GAS

S-ECHART-2

Elizabethtown Gas  
Calculation of Net Cost of Gas Per Therm

	Actual <u>Oct-14</u>	Actual <u>Nov-14</u>	Actual <u>Dec-14</u>	Actual <u>Jan-15</u>	Actual <u>Feb-15</u>	Estimate <u>Mar-15</u>	Estimate <u>Apr-15</u>	Estimate <u>May-15</u>	Estimate <u>Jun-15</u>	Estimate <u>Jul-15</u>	Estimate <u>Aug-15</u>	Estimate <u>Sep-15</u>	12 Month Weighted Average
1 NYMEX - 05/12/14 - Included in BGSS Filing	\$0.4422	\$0.4467	\$0.4573	\$0.4640	\$0.4614	\$0.4519	\$0.4072	\$0.4046	\$0.4064	\$0.4088	\$0.4083	\$0.4088	
2 NYMEX - Actual Settlement	\$0.3984	\$0.3728	\$0.4282	\$0.3189	\$0.2866	\$0.2894							
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
13 Flowing Gas Cost	-\$0.4105	\$0.2157	\$0.1707	\$0.2442	\$0.3561	\$0.1422	\$0.0375	-\$0.0962	-\$0.1598	-\$0.1863	-\$0.1663	-\$0.0685	\$0.1576
14 Gas Withdrawn From Storage Cost	\$0.0757	\$0.2512	\$0.1564	\$0.1857	\$0.1131	\$0.1397	\$0.0005	\$0.0011	\$0.0022	\$0.0029	\$0.0029	\$0.0026	\$0.1188
15 Hedged Volumes Delivered Cost	\$0.9524	\$0.3522	\$0.1762	\$0.1258	\$0.0669	\$0.0898	\$0.2365	\$0.3759	\$0.6564	\$0.7429	\$0.6990	\$0.6041	\$0.2145
16 Pipeline Demand Cost	\$0.5731	\$0.2207	\$0.1055	\$0.0852	\$0.0627	\$0.0931	\$0.1482	\$0.3048	\$0.6374	\$0.8004	\$0.8053	\$0.7676	\$0.1732
17 Storage Demand Cost	\$0.1332	\$0.0509	\$0.0245	\$0.0192	\$0.0136	\$0.0209	\$0.0336	\$0.0691	\$0.1444	\$0.1814	\$0.1825	\$0.1739	\$0.0393
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0133	\$0.0008	\$0.0032	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0033
19 Weighted Average Fuel Cost	\$0.0307	\$0.0188	\$0.0108	\$0.0106	\$0.0121	\$0.0029	\$0.0069	\$0.0090	\$0.0178	\$0.0208	\$0.0214	\$0.0218	\$0.0111
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0055	\$0.0039	\$0.0057	\$0.0115	\$0.0135	\$0.0149	\$0.0154	\$0.0026
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.3547</b>	<b>\$1.1095</b>	<b>\$0.6573</b>	<b>\$0.6714</b>	<b>\$0.6277</b>	<b>\$0.4984</b>	<b>\$0.4671</b>	<b>\$0.6693</b>	<b>\$1.3100</b>	<b>\$1.5756</b>	<b>\$1.5597</b>	<b>\$1.5169</b>	<b>\$0.7203</b>
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
	Actual <u>Oct-13</u>	Actual <u>Nov-13</u>	Actual <u>Dec-13</u>	Actual <u>Jan-14</u>	Actual <u>Feb-14</u>	Actual <u>Mar-14</u>	Actual <u>Apr-14</u>	Actual <u>May-14</u>	Actual <u>Jun-14</u>	Actual <u>Jul-14</u>	Actual <u>Aug-14</u>	Actual <u>Sep-14</u>	Weighted Average
23 NYMEX - Actual Settlement	\$0.3498	\$0.3497	\$0.3818	\$0.4407	\$0.5557	\$0.4855	\$0.4584	\$0.4795	\$0.4619	\$0.4400	\$0.3808	\$0.3957	
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
24 Flowing Gas Cost	-\$0.0662	\$0.4113	\$0.2816	\$0.5399	\$0.4671	\$0.3603	\$0.0695	-\$0.1052	-\$0.3277	-\$0.1281	-\$0.4871	-\$0.4039	\$0.2818
25 Gas Withdrawn From Storage Cost	\$0.0543	\$0.1851	\$0.2011	\$0.1945	\$0.1360	\$0.1274	\$0.0382	\$0.0025	\$0.0057	\$0.0064	\$0.0149	\$0.0059	\$0.1259
26 Hedged Volumes Delivered Cost	\$0.8544	\$0.2825	\$0.1448	\$0.1028	\$0.0665	\$0.0752	\$0.1825	\$0.3024	\$0.5520	\$0.7178	\$0.7988	\$0.7549	\$0.1926
27 Pipeline Demand Cost	\$0.5921	\$0.2346	\$0.1064	\$0.0818	\$0.0672	\$0.0828	\$0.1099	\$0.2366	\$0.5073	\$0.6646	\$0.7128	\$0.6601	\$0.1594
28 Storage Demand Cost	\$0.1356	\$0.0529	\$0.0254	\$0.0189	\$0.0159	\$0.0185	\$0.0283	\$0.0571	\$0.1186	\$0.1525	\$0.1661	\$0.1542	\$0.0373
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0120	\$0.0034	\$0.0029	\$0.0033	\$0.0004	\$0.0002	\$0.0183	\$0.0000	\$0.0000	\$0.0000	\$0.0038
30 Weighted Average Fuel Cost	\$0.0628	\$0.0309	\$0.0187	\$0.0277	\$0.0234	\$0.0187	\$0.0178	\$0.0236	\$0.0371	\$0.0490	\$0.0419	\$0.0416	\$0.0250
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 <b>Total Gross Cost of Gas Per Therm</b>	<b>\$1.6331</b>	<b>\$1.1974</b>	<b>\$0.7901</b>	<b>\$0.9690</b>	<b>\$0.7788</b>	<b>\$0.6864</b>	<b>\$0.4466</b>	<b>\$0.5173</b>	<b>\$0.9112</b>	<b>\$1.4621</b>	<b>\$1.2474</b>	<b>\$1.2129</b>	<b>\$0.8258</b>

**Footnotes:**

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
- Pipeline Demand Cost = Fixed Pipeline costs
- Storage Demand Cost = Fixed Storage related costs
- Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
- Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
- Variable Pipeline Cost = Pipeline Charge per therm shipped

S-ECHART-2

Elizabethtown Gas

Calculation of Net Cost of Gas Per Therm

	Actual <u>Oct-14</u>	Actual <u>Nov-14</u>	Actual <u>Dec-14</u>	Actual <u>Jan-15</u>	Actual <u>Feb-15</u>	Estimate <u>Mar-15</u>	Estimate <u>Apr-15</u>	Estimate <u>May-15</u>	Estimate <u>Jun-15</u>	Estimate <u>Jul-15</u>	Estimate <u>Aug-15</u>	Estimate <u>Sep-15</u>	12 Month Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
1 Asset Management Credits	\$0.0000	\$0.0000	\$0.0336	\$0.0000	\$0.0000	\$0.0786	\$0.0000	\$0.0000	\$0.2023	\$0.0000	\$0.0000	\$0.2436	\$0.0262
2 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
3 Capacity release	\$0.0066	\$0.0022	\$0.0010	\$0.0008	\$0.0006	\$0.0009	\$0.0014	\$0.0030	\$0.0061	\$0.0078	\$0.0078	\$0.0073	\$0.0017
4 On System Credits to BGSS-P Customers	\$0.2656	\$0.1850	\$0.1604	\$0.1802	\$0.1493	\$0.1708	\$0.1620	\$0.2021	\$0.2975	\$0.4163	\$0.4025	\$0.3455	\$0.1851
5 Supplier Refunds	\$0.0008	\$0.0018	\$0.0022	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0004
6 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9 Over / Under Recovery & Interest to Customers	\$0.5400	\$0.4507	-\$0.0042	\$0.2680	\$0.0213	-\$0.2220	-\$0.1665	-\$0.0059	\$0.3340	\$0.6813	\$0.6792	\$0.4504	\$0.0818
10 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.8129	\$0.6398	\$0.1931	\$0.4490	\$0.1712	\$0.0283	-\$0.0031	\$0.1992	\$0.8398	\$1.1055	\$1.0895	\$1.0467	\$0.2952
12 <b>Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)</b>	\$0.5418	\$0.4697	\$0.4642	\$0.2224	\$0.4565	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4251

	Actual <u>Oct-13</u>	Actual <u>Nov-13</u>	Actual <u>Dec-13</u>	Actual <u>Jan-14</u>	Actual <u>Feb-14</u>	Actual <u>Mar-14</u>	Actual <u>Apr-14</u>	Actual <u>May-14</u>	Actual <u>Jun-14</u>	Actual <u>Jul-14</u>	Actual <u>Aug-14</u>	Actual <u>Sep-14</u>	Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
13 Asset Management Credits	\$0.0000	\$0.0000	\$0.0390	\$0.0000	\$0.0000	\$0.0287	\$0.0000	\$0.5876	\$0.1664	\$0.0000	\$0.0000	\$1.3953	\$0.0724
14 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15 Capacity release	\$0.0052	\$0.0021	\$0.0009	\$0.0007	\$0.0006	\$0.0007	\$0.0011	\$0.0024	\$0.0051	\$0.0065	\$0.0070	\$0.0066	\$0.0015
16 On System Credits to BGSS-P Customers	\$0.2528	\$0.1868	\$0.1715	\$0.1813	\$0.2008	\$0.2131	\$0.1870	\$0.2001	\$0.2619	\$0.2886	\$0.2718	\$0.2656	\$0.2003
17 Supplier Refunds	\$0.0000	\$0.0010	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2031	\$0.0000	-\$0.0008	\$0.0000	\$0.0000	\$0.0108
18 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21 Over / Under Recovery & Interest to Customers	\$0.7688	\$0.4269	\$0.0016	\$0.2199	\$0.0061	-\$0.1345	-\$0.3401	-\$1.0411	-\$0.1510	\$0.5770	\$0.4106	-\$1.0516	-\$0.0379
22 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$1.0268	\$0.6168	\$0.2131	\$0.4018	\$0.2076	\$0.1080	-\$0.1519	-\$0.0480	\$0.2823	\$0.8714	\$0.6894	\$0.6159	\$0.2472
24 <b>Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)</b>	\$0.6063	\$0.5806	\$0.5770	\$0.5671	\$0.5712	\$0.5783	\$0.5985	\$0.5653	\$0.6289	\$0.5908	\$0.5580	\$0.5969	\$0.5786

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 16109-14N

AGENCY DKT. NO. GR14060538

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

**Deborah M. Franco, Esq.** for petitioner Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas

**Kurt Lewandowski, Esq., Assistant Deputy Rate Counsel and James Glassen,  
Esq., Assistant Deputy Rate Counsel,** for New Jersey Division of Rate  
Counsel (Stefanie A. Brand, Director)

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

Record Closed: April 9, 2015

Decided: April 13, 2015

**BEFORE: KIMBERLY A. MOSS, ALJ:**

On December 3, 2014, this matter was transmitted to the Office of Administrative  
Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and

N.J.S.A. 52:14F 1 to- 13. The matter was scheduled for a telephone prehearing on January 22, 2014 during which time a hearing was scheduled for April 8, 2015. Prior to the hearing date the parties reached a tentative settlement and asked that the hearing be adjourned. On April 9, 2015 the Company submitted a fully executed Stipulation of Settlement which resolves all issues in dispute. Attached herewith is a copy of the Stipulation.

I have reviewed the record and the settlement terms and I **FIND** that the parties have voluntarily agreed to the Stipulation as evidenced by their signatures and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and that it should be approved. It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**, the rates reflected therein be effective on the effective date of approval by the BPU of the pertinent tariff sheets, and these proceedings be concluded.

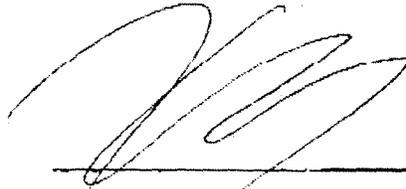
I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

OAL DKT. NO.: PUC 16109-14

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

4-13-15

DATE



KIMBERLY A. MOSS, ALJ

Date Received at Agency:

\_\_\_\_\_

Date Mailed to Parties:

ljb

\_\_\_\_\_

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

Office of Administrative Law

-----X  
**In The Matter Of The Petition Of Pivotal Utility :** **BPU Docket No. GR14069538**  
**Holdings, Inc. d/b/a Elizabethtown Gas To :** **OAL Dkt. No. PUC 16109-14**  
**Revise Its Periodic Basic Gas Supply :**  
**Service Rate :** **FINAL STIPULATION**  
 -----X

**APPEARANCES:**

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

**Felicia Thomas-Friel, Managing Attorney - Gas**, Division of Rate Counsel, **Kurt S. Lewandowski**, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

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

To: **Honorable Kimberly A. Moss, A.L.J.**

**BACKGROUND**

In accordance with a generic Order of the New Jersey Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("Generic BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the Generic BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1 upon 30 days advance written notice to the Board and the New Jersey Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

On May 30, 2014, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a Petition ("May 30 Petition") with the Board, which was assigned BPU Docket No.

GR14060538 to decrease its then current after-tax per therm BGSS rate of \$0.6241 to \$0.5045 for the BGSS period commencing October 1, 2014 through September 30, 2015 ("BGSS Period"). As indicated in the May 30 Petition, the proposed decrease was based upon the Company's projection that the Company would be over-recovered by approximately \$6.6 million as of September 30, 2014. The proposed BGSS rate of \$0.5045 per therm was designed to bring the BGSS balance to approximately zero as of September 30, 2015 and as of the time of the filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$11.96 from \$118.44 to \$106.48, a decrease of 10.1%.

Notices describing the May 30 Petition and setting forth the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities in the Company's service territory. Public hearings concerning the Company's May 30 Petition were held in Flemington, New Jersey on August 18, 2014 and Rahway, New Jersey on August 20, 2014. No one from the public attended the hearings.

By Order dated September 30, 2014 issued in this proceeding, the Board approved a Stipulation authorizing the Company to implement the proposed BGSS rate of \$0.5045 per therm on a provisional basis subject to refund with interest on any net over-recovered BGSS balance. Based on updated rates in effect at September 30, 2014, the BGSS rate of \$0.5045 per therm decreased the monthly bill of a typical residential heating customer using 100 therms by \$11.96 from \$112.18 to \$100.22, a decrease of 10.7%.

In accordance with the Generic BGSS Order, by letter dated December 23, 2014, Elizabethtown notified the Board of its intent to refund \$10 million to its BGSS-P customers with billing cycles beginning on or about January 2, 2015. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0429) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended October 31, 2014 ("January Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$43 and the

bill of a residential non-heating customer using 250 therms by approximately \$11. Attached as Appendix A is a schedule showing the derivation of the January Bill Credit.

Subsequently, by letter dated February 23, 2015, Elizabethtown notified the Board of its intent to refund another \$10 million to its BGSS-P customers with billing cycles beginning on or about March 1, 2015. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0444) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended January 31, 2015 ("March Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$44 and the bill of a residential non-heating customer using 250 therms by approximately \$11. Attached as Appendix B is a schedule showing the derivation of the March Bill Credit.

This matter was subsequently transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held by telephone on January 22, 2015.

Elizabethtown, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") engaged in discovery and discussed certain matters at issue in this docket. As a result of those discussions, the Parties have resolved all remaining issues in this proceeding in accordance with the Stipulation set forth below.

**STIPULATION**

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

A. The Company shall maintain its BGSS-P rate of \$0.5045 per therm, inclusive of applicable taxes, and that rate shall remain in effect on a final basis until revised in accordance with applicable laws and regulations.

B. This Stipulation provides for a final resolution in this proceeding. All issues related to

Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2014 are resolved.

C. The Company agrees to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), in the form attached as Appendix C; and 2) the calculation of net gas per therm (also known as S-EChart-2) in the form attached as Appendix D, which is to be submitted in the middle of the following month.

D. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

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

F. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Presiding Administrative Law Judge and request (1) the Administrative Law Judge to issue an initial decision approving the Stipulation; and (2) the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

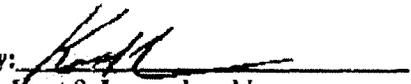
**PIVOTAL UTILITY HOLDINGS, INC.  
D/B/A ELIZABETHTOWN GAS**

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

By:

  
**Mary Patricia Keefe  
Vice President, Regulatory Affairs  
And Business Support**

By:

  
**Kurt S. Lewandowski  
Assistant Deputy Rate Counsel**

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

By:

  
**Alex Moreau  
Deputy Attorney General**

Dated: April 8, 2015

Appendix A

ETG  
 BGSS-P  
 RDS and SGS Sales Customers  
 January 2015 Refund

Refund pre assessment and tax	(\$10,000,000)
Therms 12 months ending 10-31-14	249,784,694

GL- Balance Sheet

191000	<b>BGSS-P Refund</b>	(\$0.0400)
238111	Assessment	(\$0.0001)
	<b>Tax Exempt Rate</b>	(\$0.0401)
220000	SUT	(\$0.0020)
	<b>Taxable Rate</b>	(\$0.0429)

Customer Refund / Annual Therms

Heating	1,000	\$42.90
Non Heating	250	\$10.73

Appendix B

ETG  
 BGSS-P  
 RDS and SGS Sales Customers  
 March 2015 Refund

Refund pre assessment and tax	(\$10,000,000)
Therms 12 months ending 1-31-15	241,802,016

GL- Balance Sheet

191000	<b>BGSS-P Refund</b>	(\$0.0414)
238111	Assessment	(\$0.0001)
	<b>Tax Exempt Rate</b>	(\$0.0415)
220066	SUT	(\$0.0029)
	<b>Taxable Rate</b>	(\$0.0444)

Customer Refund / Annual Therms

Heating	1,000	\$44.40
Non Heating	250	\$11.10

# Appendix C

## S-ECHART-1 BGSS NYMEX Update Report as of March 06, 2015

Month	a	t	c = b - a		d	e	f = d - e	g = c x f
	BGSS (see note below)	NYMEX (3/6/2015 Close)	Incr/ (Decr)	% Chg	Sales forecast (dths)	Hedged volume (dths)	Unhedged volume (dths)	Change in value unhedged
Oct-14	\$ 4.422	\$ 3.984	\$ (0.438)		1,459,614	781,100	678,514	(\$297,189)
Nov-14	\$ 4.467	\$ 3.728	\$ (0.739)		2,453,640	1,619,089	834,551	(\$616,733)
Dec-14	\$ 4.573	\$ 4.282	\$ (0.291)		4,764,346	3,379,394	1,384,952	(\$403,021)
Jan-15	\$ 4.640	\$ 3.189	\$ (1.451)		5,291,977	3,487,736	1,804,241	(\$2,617,954)
Feb-15	\$ 4.614	\$ 2.866	\$ (1.748)		3,918,789	2,548,843	1,369,946	(\$2,394,665)
Mar-15	\$ 4.519	\$ 2.894	\$ (1.625)		3,033,286	2,158,370	874,916	(\$1,421,738)
Apr-15	\$ 4.072	\$ 2.839	\$ (1.233)		1,413,434	751,100	662,334	(\$816,658)
May-15	\$ 4.046	\$ 2.872	\$ (1.174)		771,506	471,100	300,406	(\$352,677)
Jun-15	\$ 4.064	\$ 2.906	\$ (1.158)		695,791	321,100	374,691	(\$433,892)
Jul-15	\$ 4.088	\$ 2.957	\$ (1.131)		560,128	311,100	249,028	(\$281,651)
Aug-15	\$ 4.083	\$ 2.974	\$ (1.109)		538,596	351,100	187,496	(\$207,933)
Sep-15	\$ 4.068	\$ 2.962	\$ (1.106)		575,141	351,100	224,041	(\$247,789)
<b>Avg Total \$</b>	<b>\$ 4.305</b>	<b>\$ 3.204</b>	<b>\$ (1.100)</b>	<b>-25.6%</b>	<b>25,476,248</b>	<b>16,531,133</b>	<b>8,945,115</b>	<b>(\$10,091,900)</b>
Oct-15	\$ 4.087	\$ 2.987	\$ (1.100)		1,473,895	731,100	742,795	(\$817,075)
Nov-15	\$ 4.134	\$ 3.078	\$ (1.056)		2,477,534	1,499,089	978,445	(\$1,033,238)
Dec-15	\$ 4.283	\$ 3.235	\$ (1.048)		4,811,357	3,339,394	1,471,963	(\$1,542,617)
Jan-16	\$ 4.421	\$ 3.355	\$ (1.066)		5,343,544	3,587,736	1,755,808	(\$1,871,692)
Feb-16	\$ 4.401	\$ 3.339	\$ (1.062)		3,956,240	2,648,843	1,307,397	(\$1,388,455)
Mar-16	\$ 4.341	\$ 3.286	\$ (1.055)		3,062,297	2,178,370	883,927	(\$932,543)
Apr-16	\$ 4.066	\$ 3.147	\$ (0.919)		1,426,776	708,000	718,776	(\$660,555)
May-16	\$ 4.080	\$ 3.145	\$ (0.935)		778,972	435,200	343,772	(\$321,427)
Jun-16	\$ 4.104	\$ 3.182	\$ (0.922)		702,801	351,800	351,001	(\$323,623)
Jul-16	\$ 4.134	\$ 3.225	\$ (0.909)		566,041	322,200	243,841	(\$221,651)
Aug-16	\$ 4.147	\$ 3.232	\$ (0.915)		543,960	318,000	225,960	(\$206,753)
Sep-16	\$ 4.142	\$ 3.217	\$ (0.925)		580,806	310,600	270,206	(\$249,941)
<b>Avg Total \$</b>	<b>\$ 4.195</b>	<b>\$ 3.202</b>	<b>\$ (0.993)</b>	<b>-23.7%</b>	<b>25,724,223</b>	<b>16,430,333</b>	<b>9,293,890</b>	<b>(\$9,569,569)</b>

### Footnotes:

- a: Nymex rate used for annual BGSS periodic rate filing, Oct-2014 to Sept-2016 based on 05/12/2014 Close.  
b: Nymex rate as of date of the report  
c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing  
d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume  
e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)  
f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume  
g: Not necessarily representative of a change in under/over-recovery value

**PIVOTAL UTILITY HOLDINGS, INC.**  
**d/b/a ELIZABETHTOWN GAS**

4/15/2015 10:07 AM

4/15/2015 10:07 AM

S-ECHART-2

Elizabethtown Gas  
Calculation of Net Cost of Gas Per Therm

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Estimate Mar-15	Estimate Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	12 Month Weighted Average
1 NYMEX - 05/12/14 - Included in BGSS Filing	\$0.4422	\$0.4467	\$0.4572	\$0.4640	\$0.4614	\$0.4519	\$0.4072	\$0.4046	\$0.4064	\$0.4088	\$0.4083	\$0.4068	
2 NYMEX - Actual Settlement	\$0.3984	\$0.3728	\$0.4282	\$0.3189	\$0.2866	\$0.2894							
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
13 Flowing Gas Cost	-\$0.4105	\$0.2157	\$0.1707	\$0.2442	\$0.3561	\$0.1422	\$0.0375	-\$0.0962	-\$0.1598	-\$0.1863	-\$0.1663	-\$0.0685	\$0.1576
14 Gas Withdrawn From Storage Cost	\$0.0757	\$0.2512	\$0.1864	\$0.1857	\$0.1131	\$0.1397	\$0.0005	\$0.0011	\$0.0022	\$0.0029	\$0.0029	\$0.0026	\$0.1188
15 Hedged Volumes Delivered Cost	\$0.9524	\$0.3522	\$0.1762	\$0.1258	\$0.0669	\$0.0898	\$0.2365	\$0.3759	\$0.6564	\$0.7429	\$0.6990	\$0.6041	\$0.2145
16 Pipeline Demand Cost	\$0.5731	\$0.2207	\$0.1055	\$0.0852	\$0.0627	\$0.0931	\$0.1482	\$0.3048	\$0.6374	\$0.8004	\$0.8053	\$0.7676	\$0.1732
17 Storage Demand Cost	\$0.1332	\$0.0509	\$0.0245	\$0.0192	\$0.0136	\$0.0209	\$0.0336	\$0.0691	\$0.1444	\$0.1814	\$0.1825	\$0.1739	\$0.0393
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0033	\$0.0008	\$0.0032	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0033
19 Weighted Average Fuel Cost	\$0.0307	\$0.0188	\$0.0088	\$0.0166	\$0.0121	\$0.0029	\$0.0069	\$0.0090	\$0.0178	\$0.0208	\$0.0214	\$0.0218	\$0.0111
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0055	\$0.0039	\$0.0057	\$0.0112	\$0.0135	\$0.0149	\$0.0154	\$0.0026
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 Total Gross Cost of Gas Per Therm	\$1.1547	\$1.1095	\$0.6573	\$0.6714	\$0.6277	\$0.4984	\$0.4671	\$0.6693	\$1.3100	\$1.5756	\$1.5597	\$1.5169	\$0.7203
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
23 NYMEX - Actual Settlement	\$0.3498	\$0.3497	\$0.3818	\$0.4407	\$0.5657	\$0.4855	\$0.4584	\$0.4795	\$0.4819	\$0.4400	\$0.3808	\$0.3957	
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
24 Flowing Gas Cost	-\$0.0662	\$0.4113	\$0.2816	\$0.5399	\$0.4671	\$0.3603	\$0.0695	-\$0.1052	-\$0.3277	-\$0.1281	-\$0.4871	-\$0.4039	\$0.2818
25 Gas Withdrawn From Storage Cost	\$0.0543	\$0.1851	\$0.2811	\$0.1945	\$0.1360	\$0.1274	\$0.0382	\$0.0025	\$0.0057	\$0.0064	\$0.0149	\$0.0059	\$0.1259
26 Hedged Volumes Delivered Cost	\$0.8544	\$0.2825	\$0.1448	\$0.1028	\$0.0665	\$0.0752	\$0.1825	\$0.3024	\$0.5520	\$0.7178	\$0.7988	\$0.7549	\$0.1926
27 Pipeline Demand Cost	\$0.5921	\$0.2346	\$0.1064	\$0.0816	\$0.0672	\$0.0828	\$0.1099	\$0.2366	\$0.5072	\$0.6646	\$0.7128	\$0.6601	\$0.1594
28 Storage Demand Cost	\$0.1356	\$0.0529	\$0.0254	\$0.0189	\$0.0159	\$0.0185	\$0.0283	\$0.0571	\$0.1188	\$0.1525	\$0.1661	\$0.1542	\$0.0373
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0020	\$0.0034	\$0.0029	\$0.0033	\$0.0004	\$0.0002	\$0.0183	\$0.0000	\$0.0000	\$0.0000	\$0.0038
30 Weighted Average Fuel Cost	\$0.0628	\$0.0309	\$0.0187	\$0.0277	\$0.0234	\$0.0187	\$0.0178	\$0.0236	\$0.0371	\$0.0490	\$0.0419	\$0.0416	\$0.0250
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 Total Gross Cost of Gas Per Therm	\$1.6331	\$1.1974	\$0.7901	\$0.9690	\$0.7788	\$0.6864	\$0.4466	\$0.5173	\$0.9112	\$1.4621	\$1.2474	\$1.2129	\$0.8258

Footnotes:

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
- Pipeline Demand Cost = Fixed Pipeline costs
- Storage Demand Cost = Fixed Storage related costs
- Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
- Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
- Variable Pipeline Cost = Pipeline Charge per therm shipped

PIVOTAL UTILITY HOLDINGS, Inc.  
d/b/a ELIZABETHTOWN GAS

10/29/2014 11:30

# Appendix D

## S-ECHART-2

### Elizabethtown Gas Calculation of Net Cost of Gas Per Therm

Page 2

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Estimate Mar-15	Estimate Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
1 Asset Management Credits	\$0.0000	\$0.0000	\$0.0036	\$0.0000	\$0.0000	\$0.0786	\$0.0000	\$0.0000	\$0.2022	\$0.0000	\$0.0000	\$0.2436	\$0.0262
2 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
3 Capacity release	\$0.0066	\$0.0022	\$0.0010	\$0.0008	\$0.0006	\$0.0009	\$0.0014	\$0.0030	\$0.0061	\$0.0078	\$0.0078	\$0.0073	\$0.0017
4 On System Credits to BGSS-P Customers	\$0.2656	\$0.1850	\$0.1604	\$0.1802	\$0.1493	\$0.1708	\$0.1620	\$0.2021	\$0.2972	\$0.4163	\$0.4025	\$0.3455	\$0.1851
5 Supplier Refunds	\$0.0008	\$0.0018	\$0.0022	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0004
6 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9 Over / Under Recovery & Interest to Customers	\$0.5400	\$0.4507	-\$0.0042	\$0.2680	\$0.0213	-\$0.2220	-\$0.1665	-\$0.0059	\$0.3340	\$0.6813	\$0.6792	\$0.4504	\$0.0818
10 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries per Therm	\$0.8129	\$0.6398	\$0.1931	\$0.4490	\$0.1712	\$0.0283	-\$0.0031	\$0.1992	\$0.8398	\$1.1055	\$1.0895	\$1.0467	\$0.2952
12 Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)	\$0.5418	\$0.4697	\$0.4642	\$0.2224	\$0.4565	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4701	\$0.4251

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Actual May-14	Actual Jun-14	Actual Jul-14	Actual Aug-14	Actual Sep-14	Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
13 Asset Management Credits	\$0.0000	\$0.0000	\$0.0190	\$0.0000	\$0.0000	\$0.0287	\$0.0000	\$0.5876	\$0.1664	\$0.0000	\$0.0000	\$1.3953	\$0.0724
14 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15 Capacity release	\$0.0052	\$0.0021	\$0.0009	\$0.0007	\$0.0006	\$0.0007	\$0.0011	\$0.0024	\$0.0051	\$0.0065	\$0.0070	\$0.0066	\$0.0015
16 On System Credits to BGSS-P Customers	\$0.2528	\$0.1868	\$0.1715	\$0.1813	\$0.2008	\$0.2131	\$0.1870	\$0.2001	\$0.2619	\$0.2886	\$0.2718	\$0.2656	\$0.2003
17 Supplier Refunds	\$0.0000	\$0.0010	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2031	\$0.0000	-\$0.0008	\$0.0000	\$0.0000	\$0.0108
18 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21 Over / Under Recovery & Interest to Customers	\$0.7688	\$0.4269	\$0.0016	\$0.2199	\$0.0061	-\$0.1345	-\$0.3401	-\$1.0411	-\$0.1510	\$0.5770	\$0.4106	-\$1.0516	-\$0.0379
22 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23 Total Credits, Refunds, & Recoveries per Therm	\$1.0268	\$0.6168	\$0.2131	\$0.4018	\$0.2076	\$0.1080	-\$0.1519	-\$0.0480	\$0.2822	\$0.8714	\$0.6894	\$0.6159	\$0.2472
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.6063	\$0.5806	\$0.5770	\$0.5671	\$0.5712	\$0.5783	\$0.5985	\$0.5653	\$0.6289	\$0.5908	\$0.5580	\$0.5969	\$0.5786

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.

PIVOTAL UTILITY HOLDINGS, Inc.  
d/b/a ELIZABETHTOWN GAS