



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

ENERGY

IN THE MATTER OF THE REQUEST OF PIVOTAL)	DECISION AND ORDER
UTILITY HOLDINGS, d/b/a ELIZABETHTOWN GAS TO)	APPROVING PROVISIONAL
REFUND ITS CURRENT CLEAN ENERGY PROGRAM)	CEP REFUND
OVERRECOVERY BALANCE THROUGH A BILL)	
CREDIT TO CUSTOMERS)	DOCKET NO. GR15070769

Parties of Record:

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

BY THE BOARD: ¹

BACKGROUND

On July 2, 2015, via a letter to the Secretary of the New Jersey Board of Public Utilities (“Board”), Elizabethtown Gas (“Company”) requested approval to refund via a bill credit the current over-recovered balance of the Clean Energy Program (“CEP”) component of its Societal Benefits Charge (“SBC”) authorized by N.J.S.A. 48:3-60. The CEP was created as a result of the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-60 to -109, to promote both energy efficiency and renewable energy programs. The Board annually sets each energy utility’s share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs.

The Company’s current CEP rate is \$0.0244 per therm which was approved by the Board in Docket No. GR14070755² by Order dated February 11, 2015, effective for service rendered on and after February 23, 2015. According to the letter petition, the Company’s CEP balance is currently over-recovered by \$6.900 million, traceable to the time gap between the filing of the petition for the current CEP rate of \$0.0244 and the date when it was approved.

¹ 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.

² I/M/O the Petition of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas to (1) Revise Its Weather Normalization Clause Rate, (2) Revise the Clean Energy Component of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing, BPU Docket No. GR14070755 (February 11, 2015).

The Company proposes to base the bill credit upon each customer's individual gas usage for the twelve (12) month period ending June 30, 2015. The Company represents that the bill credit will result in a total credit of \$14.00 for an average residential heating customer using 1,000 therms.

The Company further represents that the New Jersey Division of Rate Counsel ("Rate Counsel") does not object to the proposed CEP refund, subject to Rate Counsel's right to review the appropriateness of the refund in the Company's future SBC filings.

DISCUSSION AND FINDING

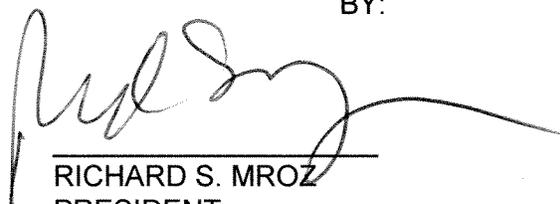
The Board has reviewed the petition and **HEREBY FINDS** that the relief requested is appropriate, timely and in accordance with the law as a means to return an over-collection to ratepayers as expeditiously as possible. Accordingly, the Board **HEREBY ORDERS** the Company to implement the CEP refund on a provisional basis, subject to review in the Company's next SBC filing.

The Company is **HEREBY DIRECTED** to file written notice with the Board and Rate Counsel fifteen (15) days prior to the implementation of the bill credit.

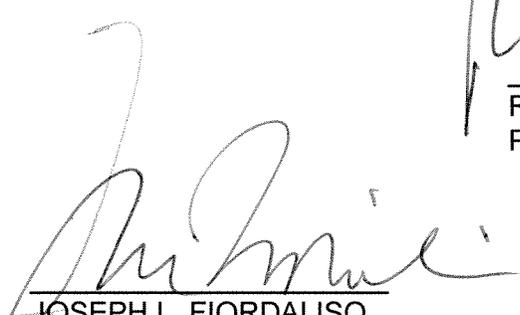
This Order shall become effective on August 29, 2015.

DATED: 8/19/15

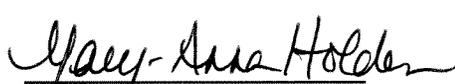
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



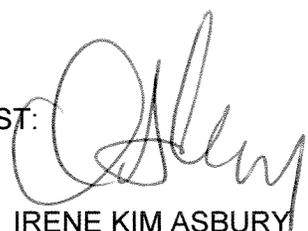
JOSEPH L. FIORDALISO
COMMISSIONER



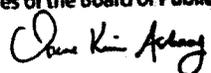
MARY-ANNA HOLDEN
COMMISSIONER



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 REQUEST OF PIVOTAL UTILITY HOLDINGS D/B/A
ELIZABETHTOWN GAS TO REFUND ITS CURRENT CLEAN ENERGY PROGRAM
OVERRECOVERY BALANCE THROUGH A BILL CREDIT TO CUSTOMERS

DOCKET NO. GR15070769

SERVICE LIST

Mary Patricia Keefe, Esq.
Elizabethtown Gas
300 Connell Drive
Suite 3000
Berkeley Heights, NJ 07922

Kenneth T. Maloney, Esq.
Cullen and Dykman
Garden City Center
100 Quentin Roosevelt Boulevard
Garden City, NY 11530

Division of Rate Counsel
140 East Front Street, 4th floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
Sarah H. Steindel, Esq.
Felicia Thomas-Friel, Esq.
Kurt Lewandowski, Esq.

Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029

Alex Moreau, DAG
Babette Tenzer, DAG
Patricia Krogman, DAG

Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Paul Flanagan, Executive Director

Jerome May, Director
Division of Energy

Robert Schultheis, Chief
Division of Energy

Henry Rich
Division of Energy

Megan Lupo, Esq.
Legal Specialist
Counsel's Office



Elizabethtown Gas™

An AGL Resources Company

520 Green Lane
Union, NJ 07083

908 289 5000 phone
www.elizabethtowngas.com

Via FedEx & Electronic Mail

August 4, 2015

Irene Kim Asbury, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: *In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Maintain the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit - BPU Docket No. GR _____*

Dear Secretary Asbury:

Enclosed for filing are an original and ten copies of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) to the Board of Public Utilities (“BPU” or “Board”) to (1) revise the Company's Weather Normalization Clause (“WNC”) rate, (2) maintain its Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate, and (3) revise its On-System Margin Sharing Credit (“OSMC”). Attached to and made part of the Petition are the testimony and supporting schedules of Company witness Thomas Kaufmann, marked as Exhibit P-1.

The WNC Rate

The Company proposes a WNC credit rate of (\$0.0412) per therm inclusive of applicable taxes and assessments, applicable to the Company's Residential Delivery, Small General and General Delivery Classifications for the period October 1, 2015 through May 31, 2016. The proposed WNC rate reflects the actual results for the 2014-2015 Winter Period as well as a prior year excess recovery balance. The

current year's revenue excess of \$7,570,392 reflects the overall colder than normal weather pattern during the 2014/2015 winter heating season. The calculation of the WNC rate and associated issues are addressed in Mr. Kaufmann's testimony.

The CEP Component of the SBC Rate

Elizabethtown's SBC was approved by the Board by an Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.* and November 21, 2001 in Docket No. EX00020091, *et al.* The SBC currently consists of four components: (1) the New Jersey Clean Energy Program ("CEP") component, (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") component, and (4) the Lifeline component. In this Petition, the Company is only addressing the CEP rate component of the SBC. Petitioner will subsequently be filing a separate petition to reconcile its RAC rate. The Company's June 19, 2015 filing to change its USF and Lifeline rates effective October 1, 2015 is pending in BPU Docket No. ER15060732.

The Company proposes to maintain the SBC-CEP rate of \$0.0244 per therm inclusive of applicable taxes and assessments. This proposed CEP rate is designed to enable Elizabethtown to recover approximately \$10.8 million during the period ending September 30, 2016.

The OSMC Rate

Elizabethtown's OSMC is the rate mechanism by which certain margins from on-system, non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers. The OSMC was established pursuant to the Board's Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.* In accordance with the mechanism approved by the Board in Docket No. GX99030121, *et al.*, Elizabethtown proposes an OSMC credit of (\$0.0175) per therm inclusive of applicable taxes and assessments, to be effective October 1, 2015.

Total Customer Impact

The proposed adjustments to the WNC, SBC-CEP and OSMC rates would decrease the monthly bill of a typical residential heating customer using 100 therms by \$5.05, from \$96.77 to \$91.72, or a decrease of 5.2%, as compared to the Company's currently approved rates. Please contact the

undersigned at (908) 662-8452 or Thomas Kaufmann at (908) 662-8461 if you have questions or require further information.

Yours truly,

/s/ Mary Patricia Keefe

Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs and Business
Support

cc: Richard S. Mroz, President
Upendra J. Chivukula, Commissioner
Joseph L. Fiordaliso, Commissioner
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Paul Flanagan, Executive Director
Kenneth J. Sheehan, Chief of Staff
Jerome May, Director, Division of Energy
Robert Schultheis, Division of Energy
Stefanie A. Brand, Director, Rate Counsel
Alex Moreau, DAG
Service List (*Electronically*)

IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) MAINTAIN THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR _____

SERVICE LIST

Mary Patricia Keefe, Esq.
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
pkeefe@aglresources.com

Thomas Kaufmann
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
Tom.Kaufmann@aglresources.com

Susan Potanovich
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
spotanov@aglresources.com

Diane Rojek
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
drojek@aglresources.com

Erica McGill, Esq.
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
emcgill@aglresources.com

David Weaver
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
dweaver@aglresources.com

Mark Beyer
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Mark.Beyer@bpu.state.nj.us

Eric Hartsfield
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Eric.Hartsfield@bpu.state.nj.us

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Irene.Asbury@bpu.state.nj.us

Megan Lupo, Esq.
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Megan.Lupo@bpu.state.nj.us

Jerome May
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Jerome.May@bpu.state.nj.us

Henry Rich
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Henry.Rich@bpu.state.nj.us

Robert Schultheis
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Robert.Schultheis@bpu.state.nj.us

Beverly Tyndell
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350
Beverly.Tyndell@bpu.state.nj.us

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
sbrand@rpa.state.nj.us

James W. Glassen, Esq.
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
jglassen@rpa.state.nj.us

Brian Lipman, Esq.
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.state.nj.us

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
ssteinde@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street 4th Floor
P.O. Box 003
Trenton, NJ 08625
ftomas@rpa.state.nj.us

Alex Moreau, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Alex.Moreau@dol.lps.state.nj.us

Deborah Franco, Esq.
Cullen & Dykman
Garden City Center
100 Quentin Roosevelt Blvd.
Garden City, NY 11530
dfranco@cullenanddykman.com

Kenneth T. Maloney
Cullen & Dykman
1101 14th Street NW, Suite 550
Washington, DC 20005
kmaloney@cullenanddykman.com

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

-----X
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To : **Docket No. GR**
(1) Revise Its Weather Normalization Clause Rate :
(2) Maintain The Clean Energy Program Component :
Of Its Societal Benefits Charge Rate; and (3) Revise : **SUMMARY SHEET**
Its On-System Margin Sharing Credit :
-----X

This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”) that the Board of Public Utilities (“Board”) accept the filing of Petitioner’s revised Weather Normalization Clause (“WNC”), Clean Energy Program (“CEP”) Component of the Societal Benefits Charge (“SBC”), and On-System Margin Sharing Credit (“OSMC”) rates as noted below, which are inclusive of applicable taxes and assessments. The Petition proposes (1) a WNC credit rate of (\$0.0412) per therm effective October 1, 2015, (2) to maintain the current SBC-CEP rate of \$0.0244 per therm, and (3) an On-System Margin Sharing Credit of (\$0.0175) per therm effective October 1, 2015. The proposed filing would decrease the monthly bill of a typical residential heating customer using 100 therms by \$5.05 or 5.2% as compared to the Company’s currently approved rates.

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

-----X
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To : **Docket No. GR**
(1) Revise Its Weather Normalization Clause Rate; :
(2) Maintain The Clean Energy Program Component Of :
Its Societal Benefits Charge Rate; and (3) Revise Its :
On-System Margin Sharing Credit : **PETITION**
-----X

To The Honorable Board of Public Utilities:

Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (“Board”), respectfully states:

1. Petitioner’s principal business office is located at 520 Green Lane, Union, New Jersey 07083.
2. Communications and correspondence concerning these proceedings should be sent as follows:

Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs
and Business Support
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
520 Green Lane
Union, New Jersey 07083
Tel. No. (908) 662-8452
Fax No. (908) 662-8496
mkeefe@aglresources.com

Erica McGill, Esq.
AGL Resources, Inc.
Ten Peachtree Place
Atlanta, GA 30309
Tel. No. (404) 584-3682
Fax No. (404) 584-3714
emcgill@aglresources.com

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth Street, N.W.
Suite 550
Washington, DC 20005
Tel. No. (202) 223-8890
Fax No. (202) 457-1405
kmaloney@cullydyk.com

Deborah M. Franco, Esq.
Cullen and Dykman LLP
Garden City Center
100 Quentin Roosevelt Boulevard
Garden City, NY 11530
Tel. No. (516) 357-3878
Fax No. (516) 357-3792
dfranco@cullydyk.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 280,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise the rates associated with Petitioner's Weather Normalization Clause ("WNC"), Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC"), and On-System Margin Sharing Credit ("OSMC"), and to reconcile costs and cost recoveries associated with each clause for the periods in which the respective clauses are applicable.

5. Annexed hereto and made a part of this Petition is Exhibit P-1 which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following Schedules, described in Mr. Kaufmann's testimony, are attached and referred to in Exhibit P-1:

- a. Tariff Schedule TK-1;
- b. Forecast Schedule TK-1;
- c. WNC Schedule TK-1 through TK-4;
- d. CEP Schedule TK-1 through TK-5; and
- e. OSMC Schedule TK-1 through TK-4.

Weather Normalization Clause

6. Pursuant to the WNC provisions contained in Petitioner's tariff as modified and approved by the Board by Order dated November 22, 2002 in Docket No. GR02040245, the Petitioner submits this filing concerning its WNC rate for the period October 1, 2015 through May 31, 2016 ("2016 Winter Period"). Petitioner's revised WNC rate reflects the overall colder than normal weather experienced in Petitioner's service territory during the period October 1,

2014 through May 31, 2015 (“2015 Winter Period”) as well as a prior year excess recovery balance. The 2014 WNC/SBC filing (Docket No. GR14070755) concerning the 2013-2014 Winter Period was approved by the Board on February 11, 2015 (“February 11 Order”). The February 11 Order approved a WNC rate of (\$0.0254) per therm effective February 23, 2015.

7. As addressed by Mr. Kaufmann, the WNC excess balance of \$7,570,392 presented on WNC Schedule TK-1 reflects the fact that the 2014 Winter Period was 408 degree days or 8.6% colder than normal. As reflected on WNC Schedule TK-1, the current period margin revenue excess of \$7,570,392 plus the prior year excess recovery balance of \$4,891,908 results in a Total Revenue Excess Balance of \$12,462,300, which, when divided by projected winter period therm volumes of 324,872,109 therms, produces a WNC credit rate of (\$0.0412) per therm inclusive of applicable taxes and assessments. The proposed WNC rate of (\$0.0412) per therm is an increase of \$0.0158 per therm from the (\$0.0254) per therm credit rate, inclusive of applicable taxes and assessments, in effect during the prior period.

The CEP Component of the SBC Rate

8. Petitioner’s SBC was approved by the Board by Orders dated March 30, 2001 in BPU Docket Nos. GX99030121, *et al.*, and November 21, 2001 in Docket Nos. EX00020091, *et al.* The SBC consists of four components: (1) the New Jersey Clean Energy Program (“CEP”) component, (2) the Remediation Adjustment Clause (“RAC”) component, (3) the Universal Service Fund (“USF”) component, and (4) the Lifeline component.

9. Petitioner is not proposing changes to the RAC, USF and Lifeline rates in this filing. In this Petition, Petitioner is only addressing the CEP rate component of the SBC. Petitioner will file a separate petition to reconcile its RAC rate. Petitioner’s June 19, 2015 filing

to change its USF and Lifeline rates effective October 1, 2015 is pending in BPU Docket No. ER15060732.

10. In accordance with the Board's Orders in Docket Nos. EX99050347, et al. and GX99030121, et al., Petitioner is making this filing to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2015, a proposed refund and projected costs for the period ending June 30, 2016 totaling \$11,097,269. As discussed in Mr. Kaufmann's testimony, Petitioner incurred \$2,596,088 of CEP costs during the period beginning July 1, 2014 and ending June 30, 2015 and made payments to the CEP "fiscal agent" of \$7,834,797 during the period. In accordance with the Board's June 25, 2015 Order in Docket No. QO15040476, which established the statewide funding levels for CEP programs for Fiscal Year 2016, Petitioner has been allocated \$11,149,431 of CEP funding responsibility for the twelve months ending June 30, 2016. This level of spending, plus certain additional adjustments, inclusive of a proposed \$6,900,000 lump sum refund proposed by the Company on July 2, 2015 and discussed by Mr. Kaufmann, results in a calculated rate of \$0.0254 per therm inclusive of applicable taxes and assessments. Given this slight increase to the current rate of \$0.0244 per therm, the Petitioner is proposing to continue the current CEP rate of \$0.0244 per therm inclusive of applicable taxes and assessments as approved by the February 11 Order instead of revising it to \$0.0254 per therm. A final decision on the disposition of the CEP refund proposed by the July 2, 2015 letter awaits BPU approval.

11. The proposed retention of the CEP rate will result in no change to Petitioner's approved SBC rate of \$0.0413 per therm, to remain in effect on October 1, 2015. The SBC reflecting the current components and the proposed retention of the current CEP rate inclusive of applicable taxes and assessments are as follows:

	<u>Approved Rate</u>	<u>Proposed Rate</u>
CEP	\$0.0244 per therm	\$0.0244 per therm
RAC	\$0.0000 per therm	\$0.0000 per therm
USF	\$0.0110 per therm	\$0.0110 per therm
<u>Lifeline</u>	\$0.0059 per therm	\$0.0059 per therm
TOTAL	\$0.0413 per therm	\$0.0413 per therm

On-System Margin Sharing Credit

12. In accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, et. al., GR97070552, et. al., and Docket Nos. GX99030121, et. al., margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and Petitioner on an 80/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers. Petitioner proposes to increase its OSMC credit effective October 1, 2015 from the current level of (\$0.0082) per therm, inclusive of applicable taxes and assessments to (\$0.0175) per therm, inclusive of applicable taxes and assessments. The tariff sheets reflecting these changes are attached as Tariff Schedule TK-1 included with Mr. Kaufmann's testimony.

Overall Impact

13. The overall impact of Petitioner's filing in this proceeding is a proposed decrease in the monthly bill of a typical residential heating customer using 100 therms by \$5.05, from \$96.77 to \$91.72 or a decrease of 5.2% as compared to the Company's currently approved rates.

Miscellaneous

14. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibit and schedules annexed hereto upon Stefanie A. Brand, Director, Division of Rate Counsel (“Rate Counsel”), 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the service list compiled in Petitioner’s last WNC and SBC related proceedings, and as outlined in *N.J.A.C. 14:1-5.12*.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner’s filing, (2) allow the proposed WNC, CEP, and OSMC rates and associated proposals to become effective October 1, 2015, (3) approve the WNC tariff modification and (4) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

By: /s/ Mary Patricia Keefe

Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs and
Business Support
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
520 Green Lane
Union, New Jersey 07083
(908) 662-8452

Date: August 4, 2015

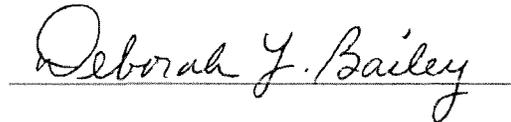
STATE OF NEW JERSEY)
 :
COUNTY OF UNION) ss:

Thomas Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

1. I am Manager of Rates and Tariffs of the Petitioner in the foregoing Petition and I am authorized to make this Affidavit on behalf of the Petitioner.
2. The statements made in the foregoing Petition and the Exhibits and Schedules submitted therewith to (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) maintain its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC") correctly portray the information set forth therein, to the best of my knowledge, information and belief.


Thomas Kaufmann
Manager, Rates and Tariffs

Sworn to and subscribed to before me this 4th day of AUGUST, 2015.



DEBORAH Y. BAILEY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 8, 2015

PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS
DIRECT TESTIMONY OF
THOMAS KAUFMANN

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Thomas Kaufmann. My business address is 520
3 Green Lane, Union, New Jersey 07083.

4 Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

5 A. I am employed by Pivotal Utility Holdings, Inc. d/b/a
6 Elizabethtown Gas ("Elizabethtown" or "Company") as
7 Manager of Rates and Tariffs.

8 Q. WHAT IS THE SCOPE OF YOUR DUTIES AT ELIZABETHTOWN?

9 A. I am responsible for designing and developing rates and
10 rate schedules for regulatory filings with the New Jersey
11 Board of Public Utilities ("Board") and internal
12 management purposes. I also oversee daily rate
13 department functions, including tariff administration,
14 monthly parity pricing, competitive analyses and
15 preparation of management reports.

16 Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND
17 BUSINESS EXPERIENCE.

18 A. In June 1977, I graduated from Rutgers University,
19 Newark, New Jersey with a Bachelor of Arts degree in
20 Business Administration, majoring in accounting and
21 economics. In July 1979, I graduated from Fairleigh

1 Dickinson University, Madison, New Jersey with a Masters
2 of Business Administration, majoring in finance.

3 My professional responsibilities have encompassed
4 financial analysis, accounting, planning, and pricing in
5 manufacturing and energy services companies in both
6 regulated and unregulated industries. In 1977, I was
7 employed by Allied Chemical Corp. as a staff accountant.
8 In 1980, I was employed by Celanese Corp. as a financial
9 analyst. In 1981, I was employed by Suburban Propane as
10 a Strategic Planning Analyst, promoted to Manager of
11 Rates and Pricing in 1986 and to Director of Acquisitions
12 and Business Analysis in 1990. In 1993, I was employed
13 by Concurrent Computer as a Manager, Pricing
14 Administration. In 1996, I joined NUI Corporation
15 ("NUI") as a Rate Analyst, was promoted to Manager of
16 Regulatory Support in August 1997 and Manager of
17 Regulatory Affairs in February 1998, and named Manager of
18 Rates and Tariffs in July 1998. NUI Corporation was
19 acquired by AGL Resources Inc. ("AGL") in November 2004.
20 AGL is now the parent company of Elizabethtown.

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

22 **A.** First, I will discuss the derivation of the Weather
23 Normalization Clause ("WNC") rate to be assessed to the
24 Company's customer classes subject to the WNC during the

1 eight month period October 1, 2015 through May 31, 2016.
2 In addition, I will discuss proposed changes to the
3 monthly Heating Degree Day Consumption Factors, which
4 will be used in the determination of the monthly margin
5 revenue excess or deficiency for the 2015-2016 WNC
6 period.

7 I will also support Elizabethtown's proposed rate
8 for the Clean Energy Program ("CEP") component of the
9 Societal Benefits Charge ("SBC") and its On-System Margin
10 Sharing Credit ("OSMC") rate for the 2016 Recovery Year,
11 which is the twelve month period ending September 30,
12 2016.

13 **Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE IN THIS**
14 **FILING?**

15 **A.** The Company is proposing that the rates and associated
16 changes proposed in this filing take effect on October 1,
17 2015.

18 **Q. WHEN WERE THE COMPANY'S WNC, SBC AND OSMC RATES LAST**
19 **REVISED?**

20 **A.** These rates were last revised on February 23, 2015 by a
21 Board Order dated February 11, 2015 ("February 11 Order")
22 in Docket No. GR14070755. The February 11 Order resolved
23 the Company's 2014 annual WNC, SBC and OSMC filing.

1 Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?

2 A. Yes. My testimony includes schedules and proposed tariff
3 sheets that were prepared under my direction and
4 supervision. The schedules are as follows:

5 (1) **Tariff Schedule TK-1** consists of revised tariff
6 sheets in redlined and clean form which reflect the
7 revised rates for the WNC, the CEP rate component of
8 the SBC and the OSMC riders;

9 (2) **Forecast Schedule TK-1** provides the level of forecast
10 sales and services for the 2016 Recovery Year, which
11 was utilized in the calculation of the proposed WNC,
12 SBC and OSMC rates.

13 (3) **WNC Schedule TK-1** sets forth the calculation of the
14 proposed WNC rate.

15 (4) **WNC Schedule TK-2** compares the actual calendar month
16 degree days to the Normal Calendar Month Degree Days
17 ("NCMDD") and presents the calculation of the
18 deficiency in WNC Margin Revenues for the 2014/2015
19 Winter Period.

20 (5) **WNC Schedule TK-3** reflects the calculation of the
21 prior year's WNC balance.

22 (6) **WNC Schedule TK-4** presents the development of the
23 proposed monthly Degree Day Consumption Factors to be
24 used for the 2015/2016 WNC period.

- 1 (7) **CEP Schedule TK-1** sets forth the calculation of the
2 proposed Clean Energy Program ("CEP") rate for the
3 2016 Recovery Year.
- 4 (8) **CEP Schedule TK-2** sets forth the calculation of
5 carrying costs on the CEP balance for the twelve
6 months ended June 30, 2015.
- 7 (9) **CEP Schedule TK-3** sets forth CEP Fiscal Agent
8 Payments for the twelve months ended June 30, 2015.
- 9 (10) **CEP Schedule TK-4** sets forth CEP recoveries for the
10 twelve months ended June 30, 2015.
- 11 (11) **CEP Schedule TK-5** sets forth the projected total
12 amounts that the Company will either spend on the CEP
13 or that will be paid to the fiscal agent during the
14 twelve month period ended June 30, 2016, pursuant to
15 the spending levels authorized by the Board in its
16 June 25, 2015 Order in Docket No. QO15040476 for July
17 2015 through June 2016.
- 18 (12) **OSMC Schedule TK-1** presents a calculation of the
19 proposed OSMC rate per therm for the 2016 recovery
20 year.
- 21 (13) **OSMC Schedule TK-2** presents the projected customer
22 portion of the margin sharing credits forecast to be
23 generated during the twelve month period ended June
24 30, 2016.

1 (14) OSMC Schedule TK-3 sets forth the balance to be
2 trued-up for the actual margin sharing credits
3 generated versus credits disbursed to customers for
4 the twelve month period ended June 30, 2015.

5 (15) OSMC Schedule TK-4 presents the actual OSMC
6 disbursements to sales customers taking BGSS service
7 and residential transportation customers for the
8 twelve month period ended June 30, 2015.

9 REVENUE FORECAST

10 Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND
11 SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE
12 COMPANY'S PROPOSED WNC, SBC AND OSMC RATES?

13 A. The methodology used is the same as that used in the
14 demand forecast which supports Elizabethtown's Basic Gas
15 Supply Service ("BGSS") rates. A summary of the forecast
16 of normalized sales and services is set forth on Forecast
17 Schedule TK-1.

18 Q. WHAT PERIOD IS COVERED BY THE DEMAND FORECAST?

19 A. The gas sales demand forecast as set forth on Forecast
20 Schedule TK-1 for the SBC is for the twelve month period
21 ended September 2016, a period of 12 months, also
22 referred to as the 2016 Recovery Year. The WNC sales
23 demand forecast, which is not applicable to all service

1 classes, is for the eight month period October 2015
2 through May 2016.

3 Q. WERE THE COMPANY'S FIRM AND NON-FIRM SALES AND
4 TRANSPORTATION REVENUE FORECASTS PREPARED USING THE SAME
5 METHODOLOGY USED BY THE COMPANY IN PREPARING LAST YEAR'S
6 REVENUE FORECASTS?

7 A. Yes. The Company continues to use regression equations
8 based on actual historical sales demand data as well as
9 any known customer changes to develop the forecast
10 demand.

11

12

WEATHER NORMALIZATION CLAUSE

13 Q. PLEASE DESCRIBE THE WEATHER NORMALIZATION CLAUSE ("WNC").

14 A. The Company's WNC is a rate mechanism which, in general,
15 mitigates the financial effect of variations from the
16 normal weather on which base rates are set, on both the
17 Company and its customers in the Residential Delivery
18 Service ("RDS"), Small General Service ("SGS"), and
19 General Delivery Service ("GDS"), classes, the Company's
20 most weather-sensitive customer classes. Variances in
21 actual degree days from normal for each day are measured
22 and accumulated over the calendar month for each month in
23 the Winter Period (October through May). These monthly
24 variances are adjusted for a degree day deadband, which

1 is 0.5% of the Normal Calendar Month Degree Days
2 ("NCMDD"). The resulting cumulative degree day variance
3 determines the adjustment to customers' bills in the
4 following Winter Period, which is either a surcharge to
5 collect a revenue deficiency as a result of warmer-than-
6 normal weather or a credit to customers to refund the
7 excess revenues collected as a result of colder-than-
8 normal weather.

9 **Q. HAVE THERE BEEN ANY CHANGES TO THE WNC MARGIN REVENUE**
10 **FACTOR?**

11 **A.** No. The Company is using the current Margin Revenue
12 Factor of \$0.2792 per therm in accordance with the
13 Stipulation resolving the Company's Utility
14 Infrastructure Enhancement ("UIE") program approved
15 August 31, 2013 in Docket No. GR12100951. However, in a
16 Petition filed with the NJ Board of Public Utilities on
17 June 1, 2015 regarding the costs associated with the
18 Elizabethtown Natural gas Distribution Utility
19 Reinforcement Effort Program ("ENDURE Proceeding"), the
20 Company proposed an update to the WNC Margin Revenue
21 Factor of \$0.2829 per therm. The Company proposes that
22 the current factor of \$0.2792 per therm reflected in this
23 filing would change if and to the extent updated in the
24 ENDURE proceeding.

1 Q. WHAT IS THE RESULT OF THE COMPARISON OF THE ACTUAL
2 TEMPERATURES EXPERIENCED IN THE MOST RECENT WINTER PERIOD
3 AND THE NCMD?

4 A. WNC Schedule TK-2 shows the results for the 2014/2015
5 Winter Period, the weather was 8.6% or 408 degree days
6 colder than normal. The monthly degree day variances
7 must be adjusted for the WNC deadband within which the
8 WNC operates. After this adjustment, the cumulative
9 degree day variance of 400 degree days produces a margin
10 revenue excess of \$7,570,392.

11 Q. WHAT WERE THE RESULTS OF THE OPERATION OF THE WNC DURING
12 THE MOST RECENT WINTER PERIOD?

13 A. WNC Schedule TK-3 shows the results of the operation of
14 the WNC during the 2014/2015 Winter Period. As of June
15 30, 2014, the Company had a revenue excess of \$7,616,114.
16 This year's filing reflects the net prior period revenue
17 excess, reduced for refunds of \$2,724,206, resulting in a
18 prior period excess balance of \$4,891,908. This excess
19 balance plus the current period Margin Revenue Excess of
20 \$7,570,392 results in a Total Revenue Excess Balance of
21 \$12,462,300 as shown on TK-1.

22 Q. HOW IS THE WNC RATE CALCULATED?

23 A. As set forth in Rider B of the Company's tariff, the
24 monthly difference in degree days from normal during the

1 Winter Period, adjusted for a monthly 0.5% deadband, is
2 multiplied by the monthly Degree Day Consumption Factor
3 yielding a difference in therms consumed associated with
4 the variance (in degree days) between actual and normal
5 weather. The monthly Degree Day Consumption Factors
6 included on WNC Schedule TK-2 were calculated using the
7 WNC factors filed in Elizabethtown's previous WNC
8 proceeding.

9 As shown on WNC Schedule TK-2, the variance in
10 therms is then multiplied by the margin revenue factor of
11 \$0.2792 per therm to produce the monthly margin revenues
12 associated with warmer or colder-than-normal weather
13 during the affected winter period. The resulting margin
14 revenue excess or deficiency is then adjusted for the
15 prior year balance, presented on WNC Schedule TK-3. This
16 excess or deficiency is divided by the projected
17 throughput for the months of October through May for the
18 RDS, SGS, and GDS classes and adjusted for applicable
19 taxes and assessments in order to derive the WNC rate.

20 **Q. HOW ARE THE UPDATED MONTHLY DEGREE DAY CONSUMPTION**
21 **FACTORS DEVELOPED?**

22 **A.** WNC Schedule TK-4 presents the development of the monthly
23 Degree Day Consumption Factors to be utilized in the
24 2015/2016 Winter Period. The normalized use in therms

1 per customer is based on the normalized projected heat
2 load and base number of customers approved by the BPU in
3 Docket No. GR09030195, the Company's most recent base
4 rate case, using a leap year pattern in the months of
5 February through May in such years. These are multiplied
6 by the current customer counts, as of May 31, 2015 for
7 those classes subject to the WNC clause. The resulting
8 Annualized Normalized Projected Heat Load is then divided
9 by the 20-year normal heating degree day pattern,
10 deriving the new monthly Degree Day Consumption Factors.
11 It should be noted that except for updates in the base
12 number of customers and adjustments to account for the
13 existence of a leap year (when necessary), the
14 information used to update the monthly Degree Day
15 Consumption Factors is derived from the Company's
16 previous base rate case.

17 **Q. WHAT IS THE TOTAL PROJECTED FIRM THROUGHPUT FOR THE**
18 **CLASSES SUBJECT TO THE WNC FOR THE PERIOD OCTOBER 1, 2015**
19 **THROUGH MAY 31, 2016?**

20 **A.** The total projected throughput is 324,872,109 therms, as
21 set forth on WNC Schedule TK-1.

1 Q. ARE THERE ANY RESTRICTIONS ON THE APPLICABILITY OF A
2 WEATHER NORMALIZATION RATE?

3 A. Yes, there are two restrictions in the tariff: (i) the
4 WNC Rate shall not operate to permit the Company to
5 recover any portion of a margin revenue deficiency that
6 will cause the Company to earn in excess of 10.3% for the
7 Annual Period. Any portion disallowed as a result of
8 this earnings test shall not be deferred and (ii) the WNC
9 charge rate in any one year shall not exceed a rate cap
10 equal to three percent (3%) of the RDS service
11 classification distribution rate plus the BGSS rate. Any
12 difference between the calculated rate and this rate cap
13 is recoverable in a future period.

14 Q. DO THESE RESTRICTIONS APPLY IN THIS PROCEEDING?

15 A. No, these restrictions do not apply since the Company has
16 a margin revenue excess and is proposing a credit rate.

17 Q. WHAT IS THE CHANGE IN THE PRIOR WINTER'S WNC RATE TO THE
18 PROPOSED RATE?

19 A. The proposed WNC credit rate of (\$0.0412) per therm is an
20 increase in the credit of \$0.0158 per therm from the
21 prior winter's WNC rate of (\$0.0254) per therm approved
22 on February 11, 2015 in BPU Docket No. GR14070755, and
23 implemented on February 23, 2015 through May 31, 2015.

1 The standard summer rate of \$0.0000 was made effective
2 from June 1, 2015.

3 **Q. HAS THE COMPANY PROPOSED ANY CHANGE TO THE WNC TARIFF?**

4 **A.** Yes. As stated, on Revised Tariff Sheet No. 103,
5 Definition of Degree Days (DD), the Company currently
6 uses a 24 point average temperature for the day as
7 established in the Company's 2009 Rate Case (Dkt. No.
8 GR09030195). The language pertaining to the eight
9 temperature observations for a day in that paragraph
10 should have been removed at that time and the Company
11 proposes that housekeeping change in this filing.

12 **SOCIETAL BENEFITS CHARGE**

13 **Q. PLEASE DESCRIBE THE SBC.**

14 **A.** The SBC currently consists of the following components:
15 (1) the New Jersey Clean Energy Program ("CEP"), (2) the
16 Remediation Adjustment Clause ("RAC") component, (3) the
17 Universal Service Fund ("USF") charge, and (4) the
18 Lifeline charge. As discussed in the accompanying
19 Petition, Petitioner is not proposing changes to the RAC,
20 USF and Lifeline rates in this filing; these rates have
21 been or will be addressed in separate filings. My
22 testimony is limited to addressing the CEP component of
23 the SBC rate.

SBC - CEP COMPONENT

1

2 Q. DESCRIBE THE PURPOSE OF THE CEP.

3 A. The CEP was created as a result of the Electric Discount
4 and Energy Competition Act of 1999 and the Board's March
5 9 Order in Docket No. EX99050347, et al. The programs
6 described below were developed after consultation between
7 the BPU and the Department of Environmental Protection to
8 promote both energy efficiency and Class 1 renewable
9 energy programs for the State of New Jersey and its
10 energy consumers.

11 Q. WERE ALL APPROVED CEP FUNDS COLLECTED BY ELIZABETHTOWN
12 SPENT ON PROGRAMS ADMINISTERED BY ELIZABETHTOWN AND/OR
13 THE FISCAL AGENT?

14 A. Yes. Elizabethtown expends program funds in the
15 following three ways: (i) expenses for the costs of
16 administering CEP Energy Efficiency Programs, (ii)
17 payments made to renewable or grid supply program vendors
18 at the direction of BPU Staff, and (iii) payments made
19 directly to the fiscal agent, which are equal to the
20 difference between the Board-approved funding and the
21 Company's administrative costs and payments to vendors.

22 Q. PLEASE EXPLAIN HOW THE PROPOSED CEP COMPONENT OF THE SBC
23 WAS CALCULATED.

1 **A.** The proposed CEP component is calculated by determining
2 the sum of (i) the total of the current year's
3 expenditures and fiscal agent payments, less recoveries,
4 plus carrying costs as shown on CEP Schedule TK-2, (ii)
5 the prior year's over or under-recovery shown as the
6 opening balance on CEP Schedule TK-2, and (iii) the
7 projected CEP costs for the twelve month period ended
8 period June 30, 2016, which are adjusted for costs in
9 excess of the CEP Budget as of June 30, 2015, if any. The
10 net total represents the costs to be recovered in the
11 2016 Recovery Year, as shown on CEP Schedule TK-1. This
12 total is then divided by the sales and transportation
13 volumes projected for the 2016 Recovery Year for the
14 service classes shown on Forecast Schedule TK-1, with the
15 resulting quotient being adjusted for applicable taxes
16 and assessments to arrive at a CEP rate of \$0.0254 per
17 therm. Given the slight increase to the current rate of
18 \$0.0244 per therm the Company is proposing to continue
19 the current CEP rate of \$0.0244 per therm inclusive of
20 applicable taxes and assessments as approved by the
21 February 11 Order.

22 **Q.** **WHAT ARE THE CEP PROGRAM COSTS FOR THE YEAR ENDED JUNE**
23 **30, 2015 AS REFLECTED IN THE COMPANY'S FILING?**

1 **A.** CEP Schedule TK-2 reflects CEP expenditures of \$2,596,088
2 and fiscal agent payments of \$7,834,797 for the twelve
3 months ended June 30, 2015.

4 **Q. WHAT ARE THE RESULTS OF THE PRIOR YEAR RECOVERY AND**
5 **CURRENT YEAR ACTIVITIES?**

6 **A.** As of June 30, 2015, the Company's CEP Charge Component
7 has resulted in an overrecovery of \$6,781,124. This
8 amount consists of the overrecovery of \$15,829,632 at
9 June 30, 2014 plus the current year CEP costs of
10 \$2,596,088 and payments made to the CEP Fiscal Agent of
11 \$7,834,797 plus CEP recoveries, net of the refund paid in
12 July and August 2014 of (\$1,244,891), plus a carrying
13 cost credit of (\$137,486) for the twelve months ended
14 June 30, 2015.

15 **Q. PLEASE DESCRIBE THE REFUND REFERENCED ON SCHEDULES TK-1**
16 **AND TK-4.**

17 **A.** The CEP billing rate, which was lowered on February 23,
18 2015, which prior to that was at a higher level than it
19 needed to be to recover program costs during the prior
20 period. This, coupled with the colder than normal
21 weather of the 2014-2015 winter, resulted in an even
22 higher over recovery. Based on these factors the Company
23 projected a CEP over-recovery balance at June 30, 2015
24 and has sought to implement a lump sum refund of

1 approximately \$6.9 million, excluding taxes and
2 assessments, to be approved per the Board Order in Docket
3 No. GR15070769. Based on the terms of the request the
4 Company anticipates to start issuing refunds to customers
5 beginning with billing cycles commencing in September.
6 The one time bill credit will be based on each customer's
7 individual gas usage for the twelve (12) month period
8 ending June 30, 2015 and is applicable to all of the
9 Company's customers except for one customer who is exempt
10 from the CEP rate pursuant to the Long-Term Capacity
11 Agreement Pilot Program Act during this period. As shown
12 on CEP Schedule TK-1 line 7a, a total estimated refund of
13 \$6.9 million excluding taxes and assessments has been
14 credited to the CEP in this period.

15 **Q. WHAT LEVEL OF COSTS IS THE PROPOSED CEP RATE DESIGNED TO**
16 **RECOVER?**

17 **A.** The CEP rate of \$0.0254 per therm would recover
18 \$11,216,145 plus applicable taxes and assessments as set
19 forth on CEP Schedule TK-1, line 8. This amount is made
20 up of the net CEP over-recovery balance at June 30, 2015
21 of \$6,781,124 as described above and shown on CEP
22 Schedule TK-1 line 6, and the proposed refund of
23 \$6,900,000 described above and projected fiscal agent
24 payments to be remitted during the next twelve months of

1 \$11,097,269 as shown on CEP Schedule TK-1 line 7a and 7b.
2 The fiscal agent amounts are based on the Board's June
3 25, 2015 Order in Docket No. QO15040476, wherein, as
4 shown on CEP Schedule TK-5, the Company has been
5 allocated \$11,149,431 of CEP funding responsibility for
6 the twelve months ending June 30, 2016. The pre tax and
7 assessment recovery from maintaining the current CEP rate
8 of \$0.0244 per therm, as proposed, would be \$10,792,936
9 calculated as shown on CEP Schedule TK-1 line 16.

10 **Q. ARE CARRYING COSTS INCLUDED IN THE CEP CALCULATION?**

11 **A.** Yes. In accordance with the Board's Order dated March
12 30, 2001 in Docket No. GX99030121 et al. the Company
13 applies carrying costs on its CEP balance. The Company
14 accrues carrying costs on the net monthly balance as
15 shown on CEP Schedule TK-2. Carrying costs are not
16 compounded monthly.

17 **Q. WHAT IS THE CHANGE IN THE CEP RATE RESULTING FROM THE**
18 **PROPOSED RATE?**

19 **A.** The calculated CEP rate of \$0.0254 per therm inclusive of
20 taxes and assessments would be a slight increase of
21 \$0.0010 per therm or \$0.10 on a 100 therm bill from the
22 CEP rate of \$0.0244 per therm approved on February 11,
23 2015 in BPU Docket No. GR14070755. Given the minimal

1 increase the Company is proposing to maintain the current
2 CEP rate.

3

4

OSMC RATE

5 **Q. PLEASE BRIEFLY DESCRIBE THE OSMC.**

6 **A.** The OSMC was originally approved by the Board by Order
7 dated March 30, 2001 in Docket No. GX99030121, *et al.*, as
8 the rate mechanism to be used to refund to firm sales and
9 residential transportation customers portions of the
10 margins derived by the Company from the rendition of
11 certain non-firm sales and transportation services.

12 **Q. TO WHICH SERVICE CLASSIFICATIONS IS THE OSMC RATE**
13 **APPLIED?**

14 **A.** In accordance with the Board's March 30, 2001 Order in
15 Docket No. GX99030121, *et al.*, the OSMC component applies
16 to customers receiving BGSS service from the Company as
17 well as RDS customers taking gas supply from a Third
18 Party Supplier.

19 **Q. WHAT IS THE PROPOSED OSMC RATE?**

20 **A.** The proposed OSMC rate is a credit of (\$0.0175) per therm
21 as presented on OSMC Schedule TK-1.

22 **Q. PLEASE EXPLAIN HOW THE OSMC RATE WAS CALCULATED.**

23 **A.** As shown on OSMC Schedule TK-1, the derivation of the
24 OSMC rate is based on the projected level of margins from

1 certain non-firm sales and transportation services for
2 the twelve month period ended June 30, 2016 and the prior
3 year's over or under-recovery of margins generated, less
4 margins credited to customers as more fully described
5 below, divided by the applicable projected volumes.

6 **Q. PLEASE EXPLAIN HOW MARGIN SHARING AMOUNTS REFLECTED ON**
7 **OSMC SCHEDULE TK-2 HAVE BEEN CALCULATED.**

8 **A.** Margins from the commodity element of non-firm sales to
9 IS, CS and CSI customers and from certain ITS and CS
10 transportation services are shared 80% to customers and
11 20% to the Company.

12 In addition, also included in the sharing formula
13 are certain commodity margins from non-firm
14 transportation customers under the ITS-CSI service
15 classification and certain demand and commodity margins
16 from non-firm transportation customers under the ITS-IS
17 service classification. Finally, also included in the
18 derivation of the OSMC are 100% of margins from sales and
19 services to Cogen Technologies pursuant to an Order dated
20 December 23, 1991 in Docket No. GM90090949.

21 **Q. PLEASE SUMMARIZE THE PROPOSED CHANGES TO THE SBC, WNC and**
22 **OSMC RATE COMPONENTS.**

23 **A.** The approved and proposed SBC rate per therm components
24 are as follows:

	Approved	Proposed
CEP	\$0.0244	\$0.0244
RAC (1)	\$0.0000	\$0.0000
USF (2)	\$0.0110	\$0.0110
Lifeline (2)	\$0.0059	\$0.0059
Total SBC	\$0.0413	\$0.0413
WNC (3)	\$0.0000	(\$0.0412)
OSMC	(\$0.0082)	(\$0.0175)
Total	\$0.0331	(\$0.0174)

- (1) A reconciliation of this rate will be provided in a separate petition.
- (2) Statewide rates filed under a separate petition.
- (3) The summer rate of \$0.0000 per therm was made effective on June 1, 2015.

1 Q. WHAT IS THE IMPACT OF THE PROPOSED CHANGES IN THESE RATES
2 ON TYPICAL RESIDENTIAL CUSTOMERS?

3 A. The total impact of the proposed adjustments to the WNC,
4 SBC and OSMC rates on a typical residential heating
5 customer using 100 therms is to decrease the customer's
6 typical monthly bill by \$5.05 from \$96.77 to \$91.72, a
7 decrease of 5.2%, as compared to the Company's approved
8 rates.

9 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

10 A. Yes, it does.

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

FIFTH REVISED SHEET NO. 103

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

~~February 23, 2015 through May 31, 2015 (\$0.0254) per therm~~
~~October 1, 2015 through May 31, 2016 (\$0.0412) per therm~~

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

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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue: ~~March 2, 2015~~

Effective: Service Rendered
on and after ~~February 23, 2015~~

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~February 11, 2015~~ in Docket No. GR14070755

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

SIXTH REVISED SHEET NO. 108

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

~~(\$0.0082)~~ (\$0.0175) per therm

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

Determination of the OSMC

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

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

Date of Issue: ~~March 2, 2015~~

Effective: Service Rendered
on and after ~~February 23, 2015~~

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~February 11, 2015~~ in Docket No. ~~GR14070755~~

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

FIFTEENTH REVISED SHEET NO. 109

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0244 <i>Proposed to Retain</i>
II.	Remediation Adjustment Charge ("RAC")	\$0.0000
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0110
	2. Lifeline	<u>\$0.0059</u>
	TOTAL	\$0.0413

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

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

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

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

Date of Issue: July 2, 2015	Effective: Service Rendered on and after June 26, 2015
Issued by: Brian MacLean, President 520 Green Lane Union, New Jersey 07083	

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~June 18, 2015~~ in Docket No. ~~GR14101135~~

CLEAN

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

REVISED SHEET NO. 103

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

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

October 1, 2015 through May 31, 2016 (\$0.0412) per therm

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

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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

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

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

REVISED SHEET NO. 108

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

(\$0.0175) per therm

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

Determination of the OSMC

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

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

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

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

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

REVISED SHEET NO. 109

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0244
II.	Remediation Adjustment Charge ("RAC")	\$0.0000
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0110
	2. Lifeline	<u>\$0.0059</u>
	TOTAL	\$0.0413

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

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

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

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

Date of Issue: Effective: Service Rendered
on and after

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

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

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

FORECASTED SALES VOLUME
RECOVERY YEAR - 2016

		SBC Therms *
<u>Sales</u>		
RDS & GLS	Residential	222,831,600
SGS & GDS	Commercial	45,208,363
LVD & EGF	Industrial	1,008,540
IS, CS, CSI & Spec. Contracts	Interruptible	2,687,120
	Total Sales	<u>271,735,623</u>
<u>Transportation</u>		
RDS	Residential, <i>included above</i>	-
GDS	Commercial	91,526,200
FTS & Firm Spec. Contracts	Industrial	47,049,400
IS, CS, & IT Spec. Contracts	Interruptible	65,148,499
	Total Transportation	<u>203,724,099</u>
	Total Sales and Transportation	<u>475,459,722</u>

* Excludes LCAPP therms used for wholesale electric generation.

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

**Calculation of the WNC Rate
Based on Cumulative Degree Day Differences at:
June 30, 2015**

1	Current Period - Margin Revenue Excess / (Deficiency), (TK-2)		\$7,570,392
1a	Earnings Test Disallowance (Not Applicable Due to Excess)		\$0
1b	Current Recoverable Margin Revenue Excess/(Deficiency) (L1 less L1a)		<u>\$7,570,392</u>
2	Prior Year - Excess / (Deficient) Recovery Balance, (TK-3)		<u>\$4,891,908</u>
3	Total Revenue Excess / (Deficiency) Balance (L1b+L2)		\$12,462,300
4	Projected Therm Volumes (10/1/15 - 5/31/16)		
	RDS	204,523,800	
	SGS and GDS	<u>120,348,309</u>	324,872,109 therms
5	WNC Charge/(Credit) Rate, before taxes & assessments (L3a*-1/L4)		(\$0.0384) /therm
6	BPU and RC Assessment Factors		<u>1.0027</u>
7	WNC Rate, before taxes (L5*L6)		(\$0.0385)
8	Plus 7 % Sales Tax		<u>(\$0.0027)</u>
9	WNC Charge/(Credit) Rate (L7+L8)		<u><u>(\$0.0412) /therm</u></u>

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

Month	Actual Calendar Degree Days	Normal ^(a) Calendar Degree Days	(Warmer) / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor ^(b)	Variance in Therms	Margin Revenue Excess / (Deficiency)
Oct-14	191	274	(83)	(30.29%)	(30.29%)	1	(82)	46,285	(3,795,370)	(\$1,059,667)
Nov	632	537	95	17.69%	1.48%	3	92	53,598	4,931,016	\$1,376,740
Dec	792	869	(77)	(8.86%)	(3.87%)	4	(73)	59,311	(4,329,703)	(\$1,208,853)
Jan-15	1,123	967	156	16.13%	3.44%	5	151	61,423	9,274,873	\$2,589,545
Feb	1,166	841	325	38.64%	11.93%	4	321	60,190	19,320,990	\$5,394,420
Mar	844	701	143	20.40%	13.34%	4	139	57,685	8,018,215	\$2,238,686
Apr	318	382	(64)	(16.75%)	10.83%	2	(62)	44,279	(2,745,298)	(\$766,487)
May	63	150	(87)	(58.00%)	8.64%	1	(86)	41,397	(3,560,142)	(\$993,992)
Total	5,129	4,721	408			24	400		27,114,581	\$7,570,392

Margin Revenue Factor (\$/Thm) ^(c) \$0.2792

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder 27,114,581
WNC Margin Revenue - Excess / (Deficiency) \$7,570,392

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

^(b) Degree Day Consumption Factor as approved in Docket No. GR14070755, WNC Schedule TK-4

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

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

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

**Calculation of Prior Year Recovery Balance
June 30, 2015**

1	Prior Year Excess / (Deficient) Revenues at June 30, 2014	\$7,127,035																																																								
2	Prior Year Excess Recovery Balance	\$489,079																																																								
3	Adjusted Excess / (Deficient) Revenues (L1+L2)	\$7,616,114																																																								
4	Current Recovery / (Refund) to RDS, SGS, and GDS Customer Classes:																																																									
	<table border="0" style="width: 100%;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 20%; text-align: center;"><u>Therms*</u></th> <th style="width: 20%; text-align: center;"><u>Rate w/o Tax**</u></th> <th style="width: 30%; text-align: center;"><u>\$'s</u></th> </tr> </thead> <tbody> <tr> <td>July-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$3,076</td> </tr> <tr> <td>August-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$855</td> </tr> <tr> <td>September-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$1,014</td> </tr> <tr> <td>October-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$721</td> </tr> <tr> <td>November-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$727</td> </tr> <tr> <td>December-14</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$560</td> </tr> <tr> <td>January-15</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">\$1,569</td> </tr> <tr> <td>February-15</td> <td style="text-align: right;">78,751,087</td> <td style="text-align: center;">(\$0.0005)</td> <td style="text-align: right;">(\$36,814) (\$0.0254) rate eff. 2/23</td> </tr> <tr> <td>March-15</td> <td style="text-align: right;">74,107,532</td> <td style="text-align: center;">(\$0.0139)</td> <td style="text-align: right;">(\$1,029,251)</td> </tr> <tr> <td>April-15</td> <td style="text-align: right;">45,119,849</td> <td style="text-align: center;">(\$0.0234)</td> <td style="text-align: right;">(\$1,057,253)</td> </tr> <tr> <td>May-15</td> <td style="text-align: right;">20,176,539</td> <td style="text-align: center;">(\$0.0234)</td> <td style="text-align: right;">(\$471,685)</td> </tr> <tr> <td>June-15</td> <td style="text-align: center;">-</td> <td style="text-align: center;">\$0.0000</td> <td style="text-align: right;">(\$137,725)</td> </tr> <tr> <td></td> <td style="text-align: center; border-top: 1px solid black;">218,155,007</td> <td></td> <td style="text-align: right; border-top: 1px solid black;">(\$2,724,206)</td> </tr> </tbody> </table>		<u>Therms*</u>	<u>Rate w/o Tax**</u>	<u>\$'s</u>	July-14	-	\$0.0000	\$3,076	August-14	-	\$0.0000	\$855	September-14	-	\$0.0000	\$1,014	October-14	-	\$0.0000	\$721	November-14	-	\$0.0000	\$727	December-14	-	\$0.0000	\$560	January-15	-	\$0.0000	\$1,569	February-15	78,751,087	(\$0.0005)	(\$36,814) (\$0.0254) rate eff. 2/23	March-15	74,107,532	(\$0.0139)	(\$1,029,251)	April-15	45,119,849	(\$0.0234)	(\$1,057,253)	May-15	20,176,539	(\$0.0234)	(\$471,685)	June-15	-	\$0.0000	(\$137,725)		218,155,007		(\$2,724,206)	
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5	Total Excess / (Deficient) Revenues (L3+L4)	\$4,891,908																																																								

* Therms are shown when a WNC rate is in effect.

** The WNC rate, when approved, is not in effect during the non-winter months of June - September, however, activity can occur in all periods for customer billing adjustments and in the case of June recoveries/(refunds) from pro-rating and billing May consumption in June when a rate is in effect. The rate presented is derived from dividing that amount by the therms in months when a WNC rate is in effect, as such rounding differences to the tariff / billing rate may result.

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

Development of the Normalized Degree Day Consumption Usage Factor
October 2015 through May 2016

<u>Month</u> <u>a</u>	<u>Projected Heat Load¹ (therms)</u> <u>b</u>	<u>Base Number of Customers²</u> <u>c</u>	<u>Therms Per Customer</u> <u>d=b/c</u>	<u>Number of Customers³</u> <u>e</u>	<u>Annualized Projected Heat Load (therms)</u> <u>f=d*e</u>	<u>Monthly Normal Heating Degree_Days ("HDD")⁴</u> <u>g</u>	<u>Annualized Consumption Therms Per HDD</u> <u>h=f/g</u>
Oct-15	12,215,528	270,827	45.10454	283,316	12,778,838	274	46,638
Nov	27,786,365	271,439	102.36689	283,316	29,002,178	537	54,008
Dec	49,912,468	272,283	183.31100	283,316	51,934,939	869	59,764
Jan-16	57,735,289	273,306	211.24779	283,316	59,849,879	967	61,892
Feb	50,783,838	273,936	185.38578	283,316	52,522,758	866	60,650
Mar	38,979,045	274,159	142.17678	283,316	40,280,957	693	58,125
Apr	16,003,455	273,907	58.42660	283,316	16,553,191	371	44,618
May	5,828,900	273,032	21.34878	283,316	6,048,451	145	41,713

- 1) Adjusted for a) LAUF as calculated and approved for the 2009 base rate case and a leap-year HDD pattern for the months of February - May.
- 2) Base number of customers from the 2009 base rate case.
- 3) May 31, 2015 customer count for those classes subject to the WNC clause.
- 4) 20-year 1988-2008 monthly normal heating degree days (base 65°F); per a leap-year pattern.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

CALCULATION OF THE CEP COMPONENT OF THE SBC
October 1, 2015 through September 30, 2016
RECOVERY YEAR - 2016

1	Prior Year Balance (Sch. TK-2)		(\$15,829,632)
2	Current Year Company Program Costs (Sch. TK-2, col c)		\$2,596,088
3	Current Year and Carry Over Fiscal Agent Payments (Sch. TK-2, col d&e)		\$7,834,797
4	a. Current Year Recoveries w/o Refund (Sch. TK-4)	(\$16,962,952)	
	b. Refunds Paid in July & August (Sch. TK-4)	<u>\$15,718,061</u>	(\$1,244,891)
5	Current Year Carrying Costs (Sch. TK-2)		<u>(\$137,486)</u>
6	Current Year Ending Balance - Over Collection (Sum L1-L5)		(\$6,781,124)
	<u>Projected Payments:</u>		
7.a	Proposed Refund to be Paid after June 2015 Docket No. GR15070769		\$6,900,000
7.b	Next Year's Scheduled Fiscal Agent Payments less June (Sch. TK-5)	\$10,627,938	
	plus Fiscal Agent Payable (Sch. TK-3, col h)	<u>\$469,331</u>	<u>\$11,097,269</u>
8	Total Proposed Recoveries (L6+L7a & b)		\$11,216,145
9	Projected Normalized Sales and Services (Forecast Sch. TK-1)		475,459,722 therms
10	CEP COMPONENT, before taxes and assessment (L8/L9)		\$0.0236
11	BPU & RC Assessment Factors		<u>1.0027</u>
12	CEP COMPONENT, before taxes (L10*L11)		\$0.0237
13	Sales & Use Tax @ 7.00%		<u>0.0017</u>
14	CEP COMPONENT (L12+L13)		<u><u>\$0.0254</u></u> /therm
15	The Company proposes to continue the current rate		<u><u>\$0.0244</u></u> /therm
16	Total Proposed Recoveries before taxes and assessments	<u><u>\$0.0227</u></u>	\$10,792,936

CEP Schedule
TK-2

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Carrying Costs
12 Months Ended
June-15

	Beginning Balance	Program Costs *	Current Fiscal Agent Payments *	Recoveries	Ending Balance	Average Balance	Interest Rate **	Carrying Cost	Ending Balance plus Cumulative Interest
a	b	c	d	e	f=b+c+d-e	g=(b+f)2	h	i=g*h/12	j=f+ cum of i (Over) / Under
Beginning Balance									
Jul-14	(\$15,829,632)	\$274,301	\$0	(\$14,921,663)	(\$633,668)	(\$8,231,650)	2.84%	(\$19,482)	(\$653,150)
Aug-14	(\$633,668)	\$151,180	\$0	\$652,014	(\$1,134,502)	(\$884,085)	2.84%	(\$2,092)	(\$1,156,076)
Sep-14	(\$1,134,502)	\$211,903	\$292,989	\$646,615	(\$1,276,225)	(\$1,205,364)	2.65%	(\$2,662)	(\$1,300,461)
Oct-14	(\$1,276,225)	\$192,293	\$205,303	\$712,445	(\$1,591,074)	(\$1,433,650)	2.65%	(\$3,166)	(\$1,618,476)
Nov-14	(\$1,591,074)	\$263,310	\$223,734	\$1,306,377	(\$2,410,407)	(\$2,000,741)	2.65%	(\$4,418)	(\$2,442,227)
Dec-14	(\$2,410,407)	\$234,039	\$202,274	\$2,182,814	(\$4,156,908)	(\$3,283,658)	2.65%	(\$7,251)	(\$4,195,979)
Jan-15	(\$4,156,908)	\$311,045	\$587,102	\$2,720,114	(\$5,978,875)	(\$5,067,892)	2.65%	(\$11,192)	(\$6,029,138)
Feb-15	(\$5,978,875)	\$173,791	\$1,178,051	\$3,215,759	(\$7,842,792)	(\$6,910,834)	2.65%	(\$15,261)	(\$7,908,316)
Mar-15	(\$7,842,792)	\$153,951	\$1,394,210	\$2,370,999	(\$8,665,630)	(\$8,254,211)	2.65%	(\$18,228)	(\$8,749,382)
Apr-15	(\$8,665,630)	\$237,150	\$1,568,487	\$1,261,699	(\$8,121,692)	(\$8,393,661)	2.65%	(\$18,536)	(\$8,223,980)
May-15	(\$8,121,692)	\$225,424	\$0	\$659,698	(\$8,555,966)	(\$8,338,829)	2.65%	(\$18,415)	(\$8,676,669)
Jun-15	(\$8,555,966)	\$167,701	\$2,182,647	\$438,020	(\$6,643,638)	(\$7,599,802)	2.65%	(\$16,783)	(\$6,781,124)
Total pre adjustment		<u>\$2,596,088</u>	<u>\$7,834,797</u>	<u>\$1,244,891</u>				<u>(\$137,486)</u>	-

Notes:

* Per the "MOA" of May 5, 2004 the costs will be netted against the program budget to determine the fiscal agent payments, see CEP Schedule TK-3.

** Interest Rate seven year constant maturity Treasuries closest to August 31 of each year plus 60 basis points per the Board's Order in Docket No. GX99030121 et al. www.federalreserve.gov/releases/h15/

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
 SOCIETAL BENEFITS CHARGE (SBC)
 CLEAN ENERGY PROGRAM (CEP)

CEP Schedule
 TK-3

Fiscal Agent Payments
 12 Months Ended
 June-15

<u>a</u>	<u>b</u>	<u>c</u>	<u>d</u>	<u>e = b-c+d</u>	<u>f</u>	<u>g</u>	<u>h = b-c+d-g</u>	<u>i = Cum of h</u>
Company Portion of Statewide CEP Funding	<i>less</i> Program Costs Offsets	Prior Year Payable / (Deferred)	Fiscal Agent Payable (1)	Payment For	Amount Paid (1)	Fiscal Agent Payable /(Deferred) Per Month (2)	Monthly Fiscal Agent Payable /(Deferred)	
<u>Prior Year Payable / (Deferred)</u>								
Jul-14	\$409,706	\$274,301	(\$155,641)	(\$20,236)		\$0	(\$20,236)	(\$20,236)
Aug-14	\$388,835	\$151,180	\$0	\$237,655		\$0	\$237,655	\$217,419
Sep-14	\$378,639	\$211,903	\$0	\$166,736	Jul-14	\$292,989	(\$126,253)	\$91,166
Oct-14	\$482,878	\$192,293	\$0	\$290,585	Aug-14	\$205,303	\$85,282	\$176,448
Nov-14	\$842,802	\$263,310	\$0	\$579,492	Sep-14	\$223,734	\$355,758	\$532,206
Dec-14	\$1,392,928	\$234,039	\$0	\$1,158,889	Oct-14	\$202,274	\$956,615	\$1,488,821
Jan-15	\$1,715,575	\$311,045	\$0	\$1,404,530	Nov-14	\$587,102	\$817,428	\$2,306,249
Feb-15	\$1,690,701	\$173,791	\$0	\$1,516,910	Dec-14	\$1,178,051	\$338,859	\$2,645,108
Mar-15	\$1,530,014	\$153,951	\$0	\$1,376,063	Jan-15	\$1,394,210	(\$18,147)	\$2,626,961
Apr-15	\$1,059,978	\$237,150	\$0	\$822,828	Feb-15	\$1,568,487	(\$745,659)	\$1,881,302
May-15	\$646,685	\$225,424	\$0	\$421,261		\$0	\$421,261	\$2,302,563
Jun-15	\$517,116	\$167,701	\$0	\$349,415	Mar & Apr	2,182,647	(\$1,833,232)	\$469,331
Total	\$11,055,857	\$2,596,088	(\$155,641)	\$8,304,128		\$7,834,797	\$469,331	

Notes:

(1) Fiscal Agent Payable is based on Program Cost Offsets on a paid basis while the Amount Paid to the Fiscal Agent is based on paid and accrued program costs.

(2) Fiscal Agent Payable net of current Program Costs and prior month deferred offset costs if in excess of the Company's portion of the Statewide Funding. The Fiscal Agent payments are generally made in the following month.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Cost Recoveries

12 Months Ended

June-15

	<u>Therms</u>	<u>Rate w/o tax *</u>	<u>Recovery</u>
Jul-14	18,431,035	na	(\$14,921,663) **
Aug-14	17,761,026	\$0.0367	\$652,014 **
Sep-14	17,906,914	\$0.0361	\$646,615
Oct-14	19,769,984	\$0.0360	\$712,445
Nov-14	36,279,216	\$0.0360	\$1,306,377
Dec-14	60,749,178	\$0.0359	\$2,182,814
Jan-15	75,550,677	\$0.0360	\$2,720,114
Feb-15	91,124,766	\$0.0353	\$3,215,759
Mar-15	86,244,823	\$0.0275	\$2,370,999
Apr-15	54,833,981	\$0.0230	\$1,261,699
May-15	28,557,776	\$0.0231	\$659,698
Jun-15	19,191,088	\$0.0228	\$438,020
Total w/ Refund	<u>526,400,464</u>		\$1,244,891
	0.017		

* Individual customer billings at the tariff rate yields the dollars recovered, inclusive of rate proration, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.

** Includes portion of \$19.35 M refund credited in July and August. Refund was approved in Board Order dated May 21, 2014 in Docket No. GR13080771, see below:

July Refund	(15,718,061)
August Refund	<u>(3,953)</u>
July&Aug Refund Balance Credited on TK-1, 2015 Filing	(15,722,014)
June Refund Amount Shown on TK-1, 2014 Filing	<u>(3,552,631)</u>
Total CEP Refund	<u><u>\$ (19,274,645)</u></u>

Note: Recoveries Excluding the CEP Refund

Jul-14	18,431,035	(\$1.6627)	(\$30,644,614)
Aug-14	17,761,026		\$655,967

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

BPU Directed Spending *

12 Months Ending

June-16

Jul-15	\$413,174
Aug-15	\$392,126
Sep-15	\$381,844
Oct-15	\$486,965
Nov-15	\$849,935
Dec-15	\$1,404,717
Jan-16	\$1,730,095
Feb-16	\$1,705,011
Mar-16	\$1,542,964
Apr-16	\$1,068,949
May-16	\$652,158
Jun-16	\$521,493
Total	<u>\$11,149,431</u>
Total Less June to TK-1 **	<u>\$10,627,938</u>

* Approved in the 6/25/2015 Board Order in Docket No. QO15040476.

** Projected to be paid in a subsequent CEP year.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
CALCULATION OF THE ON-SYSTEM MARGIN SHARING CREDIT (OSMC)

October 2015 through September 2016
Disbursement Year 2016

1	Projected OSMC Margin Contributions for Disbursement (Sch. TK-2)		\$3,768,684
2	Prior Year Balance, (Over) / Under Disbursement (Sch. TK-3)		(\$1,801,998)
3	Current Year Balance, (Over) / Under Disbursement (Sch. TK-3)		<u>\$2,448,813</u>
5	Total OSMC Customer Credits / (Charge) (L1+L2+L3+L4)		\$4,415,499
6	Projected Therm Volumes (Forecast Sch. TK-1)		
	- RDS and GLS	222,831,600	
	- SGS and GDS	45,208,363	
	- LVD and EGF	<u>1,008,540</u>	269,048,503
7	OSMC Rate per therm, before taxes and assessment (L5/L6)		\$0.0164
8	BPU & RC Assessment Factors		<u>1.0027</u>
9	OSMC Rate, before taxes (L7*L8)		\$0.0164
10	Sales & Use Tax @ 7.00%		<u>\$0.0011</u>
11	OSM Credit / (Charge) per therm, (L9+L10)		<u><u>\$0.0175</u></u>

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

Projected Customer Portion of On-System Margin Sharing

July-2015 through June-2016
Disbursement Year 2016

Projected Margin Contribution

Jul-15	\$391,234
Aug-15	\$362,824
Sep-15	\$279,596
Oct-15	\$276,594
Nov-15	\$316,236
Dec-15	\$315,897
Jan-16	\$282,654
Feb-16	\$257,464
Mar-16	\$325,491
Apr-16	\$327,700
May-16	\$312,608
Jun-16	\$320,386
Total	<u>\$3,768,684</u>

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
Margin Sharing Generated and Disbursements to Customers
July 2014 Through June 2015

	Margin Sharing Generated	Adjustments	Net Margin Sharing for Disbursement	Disbursements to Customers Sch. TK-4	Monthly (Over) / Under Credited	Cumulative (Over) / Under Credited Balance
	a	b	c=a+b	d	e=c-d	g=prior cum bal.+ e
Prior Period						(\$1,801,998)
Jul-14	\$304,614	\$0	\$304,614	\$11,863	\$292,751	(\$1,509,247)
Aug-14	\$353,798	\$0	\$353,798	\$10,627	\$343,171	(\$1,166,076)
Sep-14	\$317,946	\$0	\$317,946	\$11,007	\$306,939	(\$859,137)
Oct-14	\$320,437	\$0	\$320,437	\$14,755	\$305,682	(\$553,455)
Nov-14	\$335,079	\$0	\$335,079	\$32,263	\$302,816	(\$250,639)
Dec-14	\$303,311	\$0	\$303,311	\$67,531	\$235,780	(\$14,859)
Jan-15	\$331,648	\$0	\$331,648	\$89,348	\$242,300	\$227,441
Feb-15	\$257,831	\$0	\$257,831	\$114,268	\$143,563	\$371,004
Mar-15	\$163,893	\$0	\$163,893	\$320,347	(\$156,454)	\$214,550
Apr-15	\$352,201	\$0	\$352,201	\$284,087	\$68,114	\$282,664
May-15	\$256,813	\$0	\$256,813	\$122,852	\$133,961	\$416,625
Jun-15	\$292,447	\$0	\$292,447	\$62,257	\$230,190	\$646,815
	<u>\$3,590,018</u>	<u>\$0</u>	<u>\$3,590,018</u>	<u>\$1,141,205</u>	<u>\$2,448,813</u>	

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ON SYSTEM MARGIN SHARING CREDITS
July 2014 Through June 2015

ACTUAL CREDITS DISBURSED

a	OSM	Sales Customers		Transportation Customers		Total Credits g=d+f
	Rate pre tax * b=d/c	Therms c	Credits d	RDS Therms e	RDS Credits f=b*e	
Jul-14	\$0.0018	6,438,960	\$11,696	101,193	\$167	\$11,863
Aug-14	\$0.0017	6,039,500	\$10,469	93,314	\$158	\$10,627
Sep-14	\$0.0017	6,381,816	\$10,843	98,002	\$164	\$11,007
Oct-14	\$0.0019	7,624,697	\$14,561	115,338	\$194	\$14,755
Nov-14	\$0.0017	18,684,984	\$31,811	268,353	\$452	\$32,263
Dec-14	\$0.0017	39,455,479	\$66,553	579,036	\$978	\$67,531
Jan-15	\$0.0017	51,582,031	\$88,146	713,922	\$1,202	\$89,348
Feb-15	\$0.0017	64,843,118	\$112,781	871,641	\$1,487	\$114,268
Mar-15	\$0.0051	62,456,328	\$316,361	816,714	\$3,986	\$320,347
Apr-15	\$0.0076	37,025,911	\$280,542	462,692	\$3,545	\$284,087
May-15	\$0.0076	15,962,268	\$121,422	186,689	\$1,430	\$122,852
Jun-15	\$0.0076	8,062,998	\$61,568	90,083	\$689	\$62,257
		324,558,090	\$1,126,753	4,396,977	\$14,452	\$1,141,205

* Individual customer billing credits at the tariff rate yields the dollars recovered, inclusive of rate proration, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result .