



Agenda Date: 12/16/15  
Agenda Item: 8G

**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/)

DIVISION OF ENERGY AND  
OFFICE OF CLEAN  
ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL )  
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN )  
GAS FOR AUTHORITY TO EXTEND THE TERM OF )  
ENERGY EFFICIENCY PROGRAMS WITH CERTAIN )  
MODIFICATIONS AND APPROVAL OF ASSOCIATED )  
COST RECOVERY MECHANISM )

ORDER ADOPTING  
STIPULATION

DOCKET NO. GO15050504

IN THE MATTER OF THE PETITION OF PIVOTAL )  
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN )  
GAS FOR AUTHORITY TO EXTEND THE TERM OF )  
ENERGY EFFICIENCY PROGRAMS WITH CERTAIN )  
MODIFICATIONS AND APPROVAL OF ASSOCIATED )  
COST RECOVERY MECHANISM )

DOCKET NO. GO12100946

**Parties of Record:**

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

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

By this Decision and Order, the New Jersey Board of Public Utilities (“Board”) considers a stipulation executed by Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“ETG” or “Company”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff (“Staff”) (collectively, “Parties”), which resolves the above-captioned matter.

**BACKGROUND AND PROCEDURAL HISTORY**

On January 13, 2008, L. 2007, c. 340 (“Act”) was signed into law by former Governor Corzine based on the New Jersey Legislature’s findings that energy efficiency and conservation measures must be essential elements of the State’s energy future, and that greater reliance on

<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. Commissioner Joseph L. Fiordaliso was not present at the December 16, 2015 agenda meeting.

energy efficiency and conservation will provide significant benefits to the citizens of New Jersey. The Legislature also found that public utility involvement and competition in the conservation and energy efficiency industries are essential to maximize efficiencies. N.J.S.A. 26:2C-45.

Pursuant to Section 13 of the Act, codified as N.J.S.A. 48:3-98.1(a)(1), an electric or gas public utility may, among other things, provide and invest in energy efficiency and conservation programs in its service territory on a regulated basis. Such investment in energy efficiency and conservation programs may be eligible for rate treatment approved by the Board, including a return on equity, or other incentives or rate mechanisms that decouple utility revenue from sales of electricity and gas. N.J.S.A. 48:3-98.1(b). Ratemaking treatment may include placing appropriate technology and program cost investments in the utility's rate base, or recovering the utility's technology and program costs through another ratemaking methodology approved by the Board. An electric or gas public utility seeking cost recovery for any energy efficiency and conservation programs pursuant to N.J.S.A. 48:3-98.1 must file a petition with the Board, and the Board must make a decision on the requested cost recovery within 180 days of receipt of a complete petition ("Review Period"). N.J.S.A. 48:3-98.1(b).

By Order dated August 3, 2009 in Docket Nos. EO09010056 and GO09010060 ("August 3 Order") the Board approved a stipulation authorizing ETG to administer six energy efficiency programs ("EE Programs") for a 17-month period ending on December 31, 2010. The total EE Programs expenditures, including operating and maintenance ("O&M") expenses were \$14,673,100.00.

By Order dated January 19, 2011 in Docket Nos. GO10070446 and GO10100735, the Board approved a stipulation authorizing ETG to extend its EE Programs for a one-year period ending on December 31, 2011. By Order dated November 30, 2011 in Docket No. GO11070399, the Board authorized ETG to continue the Company's EE Programs through April 29, 2012.

By Order dated April 11, 2012, the Board in Docket No. GO11070399 authorized the Company to continue its existing EE Programs until April 19, 2013.

The Company's current programs were authorized by Order dated August 21, 2013 in Docket No. GO12100946. The Board authorized ETG to extend the term of the following EE Programs for a period of 2 years through September 1, 2015:

1. Residential Expanded HVAC and Gas Hot Water Heater Incentive Program
2. Commercial Customer Energy Efficiency Program
3. Customer Education and Outreach/Dashboard Program.

#### **APRIL 2015 PETITION**

ETG filed a petition dated April 30, 2015 ("April 2015 Petition") in Docket No. GO15050504 to further extend the term of its EE Programs for a four year period effective September 1, 2015. The April 2015 Petition sought to continue the three previously approved EE Programs with modifications, as well as add the following two new programs:

1. Energy Savings Kit Program; and
2. Programmable Thermostat Program.

In the April 2015 Petition, the Company proposed an annual budget for the EE Programs and associated O&M expenses of approximately \$1.8 million with a four year amortization period on the investments.

The April 2015 Petition also requested authority to recover the costs of the EE Programs through the Company's existing EE Program surcharge contained in Rider G to the Company's tariff, the EEP Rider. The April 30 Petition did not propose an increase to the EEP rate. The April 2015 Petition instead proposed that any rate adjustment that may be needed in the future be proposed in ETG's next petition to reconcile the EEP Rider rate.

On May 26, 2015, Staff notified ETG that the April 2015 Petition was administratively complete, and that the Review Period would commence as of May 1, 2015 and end on October 28, 2015. By Order dated May 19, 2015, the Board designated Commissioner Mary-Anna Holden as the presiding officer in this proceeding ("May 2015 Order"). The May 2015 Order also delegated to Commissioner Holden the authority to grant a single extension of the Review Period, if agreed to by the parties, and set June 3, 2015 as the last day for filing of motions to intervene or participate in this matter. By Order dated July 2, 2015, Commissioner Holden approved a procedural schedule in this matter. By Order dated August 27, 2015 ("August 27 Order"), the Board approved a Stipulation authorizing the Company to continue to operate the three existing EE Programs until December 31, 2015 using remaining funds as of August 31, 2015, and also extending the Review Period to that same date. At the time, it was estimated that \$739,000.00 remained in the budget. Moreover, the Board extended the date by which Rate Counsel was to file its direct testimony to September 18, 2015, and amended the procedural schedule.

As directed by Commissioner Holden, the Company filed a status letter on September 30, 2015, advising Commissioner Holden that the Company was working on a term sheet and had responded to discovery, but that the Parties could have additional discovery warranting an extension to October 23, 2015 for the filing of Direct Testimony by Rate Counsel. The Company further advised Commissioner Holden that it would file a subsequent status letter on October 15, 2015. The Company filed an updated status report at that time stating that the Parties had reached an agreement in principle. By letters dated October 29, 2015 and November 13, 2015, the Company provided Commissioner Holden with additional status updates.

Discovery was conducted in this proceeding and public hearings were held on August 26, 2015 in Rahway, New Jersey and August 27, 2015 in Flemington, New Jersey. No members of the public attended the public hearings or provided written comments.

The Parties engaged in settlement discussions resulting in the stipulation executed on December 3, 2015 ("Stipulation") which is the subject of this Order.

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

The Parties agree and stipulate as follows:

---

<sup>2</sup> While described at some length in this summary, should there be any discrepancy between this summary and the Stipulation, the terms of the Stipulation will control subject to any modifications in this Order.

ETG will extend its current EE Programs through December 31, 2016 ("Extension Period") at a total budget of approximately \$818,566.00. The Company will not offer the Energy Savings Kit or Programmable Thermostat Programs during the Extension Period.

The budget of approximately \$818,566.00 reflects the amount of funding that remains in the Company's EE Program budget as of November 30, 2015, as previously approved by the August 21, 2013 Order.<sup>3</sup>

The amortization period will continue to be four years as approved by the Board for the 2013 EE Programs.

The Parties agree that the April 2015 Petition will be considered withdrawn.

The Company will continue to recover EE Program costs through its existing EEP Rider rate. The revenue requirement recovered through the EEP Rider rate will be calculated to include a return on program investments and a return of the Company's investments through amortization of the program costs, as well as associated carrying costs. The revenue requirement recovered through the EEP Rider rate for the programs and budget agreed to in this Stipulation will be calculated to include the following components:

- Return on the unamortized portion of the EE Program investments utilizing the after tax weighted average cost of capital ("WACC") of 5.68%, inclusive of a 9.75% return on equity, grossed up for a revenue expansion factor of 1.71565 which reflects an uncollectible ratio of 1.459%. The unamortized portion of the EE Program investments are net of accumulated amortization and accumulated deferred income taxes associated with the EE Program investments;
- The Company reserves its rights to update the WACC applied to EE Program unamortized investments in future reconciliation proceedings to reflect any Board-approved WACC used to set rates in a subsequent Company base rate case. This Stipulation does not affect the rights of any Party to take any position it deems appropriate in connection with this issue in a future base rate case, reconciliation proceeding or otherwise. However the Parties have agreed that any change in the WACC authorized by the Board in a subsequent base rate case and if applied to EE Program unamortized investments in future reconciliation proceedings will be reflected in the subsequent monthly revenue requirement calculations. The Parties have further agreed that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over- and under-recoveries until the date of the filed annual true up in which the WACC change is proposed and approved by the Board.

---

<sup>3</sup> While the Stipulation approved by the August 27 Order indicated that approximately \$739,000.00 remained in ETG's program budget as of August 31, 2015, that amount reflected two months of projected spending data for July and August that was higher than actual results for these months. Actual results for these months through October 31, 2015 along with estimated spending through November 30, 2015 indicate that approximately \$818,566.00 will remain in ETG's program budget as of November 30, 2015.

- Amortization expense calculated using a four-year amortization period;
- Prudent and reasonable O&M expenses, including customer education and outreach costs, and costs associated with customer dashboard and internal labor costs; the labor allocation will not include incentive compensation costs; and
- Carrying costs on over- and under-recovery balances calculated in the manner set forth below.

In calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines. If both commercial paper and bank credit lines have been utilized, the weighted average of both sources of capital shall be used. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the Company's WACC as defined above. Interest shall be calculated based on the net-of-tax average monthly balance. The true-up calculation for over and under recoveries will be included in the Company's Annual Filing as defined below.

Rate recovery through the EEP Rider rate will be effectuated through the assessment of a non-bypassable volumetric surcharge on all customer service classes, except customers exempt from such charges by law, or specifically and expressly exempted from such charges under special contracts previously filed with and approved by the Board. Any new or existing large volume customer who participates in any EE Program will be subject to the EEP Rider rate.

As is currently the case, the Company will file an annual petition ("Annual Filing") to adjust its EEP Rider rate on a calendar year basis, with copies provided to Board Staff and Rate Counsel with a proposed implementation of the revised EEP Rider rate in October of each year. Each Annual Filing will contain a reconciliation of the projected EEP Rider rate costs and recoveries and actual revenue requirements. All costs incurred during the Extension Period will be reflected in the Company's 2016 and 2017 annual EEP Rider rate reconciliation filing. Commencing with its next annual filing, ETG will provide separate information for each approved program and extension.

There is no impact to the annual bill of a typical residential heating customer using 1,000 therms as a result of the Stipulation.

Any future petition for an extension in the duration of and/or a budget increase for the EE Programs must be filed as a new petition in accordance with the provisions of the Board's RGGI Order dated May 12, 2008 (BPU Dkt. No. EO08030164) including, but not limited to, conducting a 30 day pre-filing meeting and the submittal of all Minimum Filing Requirements, no later than 180 days prior to the expiration date of the Extension Period. It is the intent of the parties in agreeing to the stipulated extension of Elizabethtown's current EE programs to afford Elizabethtown the opportunity to identify and propose modification that will make those programs more cost effective, better coordinated with NJCEP's EE offerings, and more consistent with other utilities' EE programs. Accordingly, any future Petition will include information on the modifications being proposed and how those modifications will achieve the foregoing objectives.

The Company agrees to work collaboratively with the Parties and meet on a regular basis over the next six months, to discuss future EE program design, measurement and verification, data acquisition and the level of O&M expenses. The following issues to be addressed in this collaborative process include, but are not limited to, the following:

- i. Standardization of program elements among utilities offering similar programs, including a goal for percentage of projects to be completed in distressed communities;
- ii. Standardization of evaluation processes and schedules;
- iii. Standardization of data collection and reporting requirements;
- iv. Development of energy savings targets;
- v. Development of standardized inputs and methodologies for cost-benefit analyses (“CBAs”) including a standardized method for determination of avoided natural gas supply costs, avoided electric capacity costs and avoided electric and gas distribution costs;
- vi. The proper measurement of incremental benefits and incremental costs;
- vii. The revenue and cost impacts of providing incentives to customers converting to natural gas from other fuels;
- viii. Focusing utility programs on markets that are not adequately served by NJCEP programs; and
- ix. Both the categories included and the level of O&M expenses.

### **DISCUSSION AND FINDING**

The Board has carefully reviewed the record in this matter, including the April, 2015 Petition and the Stipulation. The Stipulation provides a reasonable time frame for ETG to continue the existing EE Programs using money already in the budget for those programs under Docket No. GO12100946, while reviewing its EE Programs in cooperation with Board Staff and Rate Counsel. The Stipulation further calls for ETG to meet with Staff and Rate Counsel over the next six months to discuss future EE program design, measurement and verification, data acquisition and the appropriate level of O&M expenses.

Based upon its review, the Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully stated herein. The Board **HEREBY DIRECTS** the Parties to comply with the terms and conditions of the Stipulation, and **HEREBY AUTHORIZES** ETG to extend its current EE Programs through December 31, 2016 at a total budget of approximately \$818,566.00.

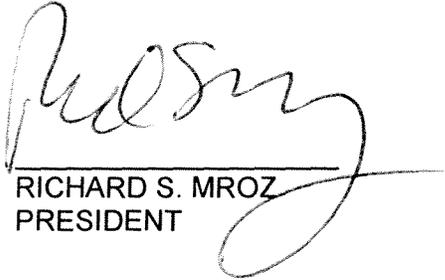
The April 2015 Petition is **HEREBY DEEMED** to be withdrawn. Staff is **HEREBY DIRECTED** to take all necessary action to close Docket No. GO15050504.

The Board **HEREBY RATIFIES** the decisions made by Commissioner Holden during the pendency of this proceeding for the reasons stated in her decisions and Orders.

The Company's rates and costs, including EE Program costs, remain subject to audit. This decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit. This Order shall be effective on December 26, 2015.

DATED: 12/16/15

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



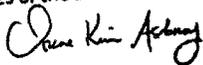
DIANNE SOLOMON  
COMMISSIONER

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 FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY  
PROGRAMS WITH CERTAIN MODIFICATIONS AND APPROVAL OF ASSOCIATED COST  
RECOVERY MECHANISM  
BPU Docket No. GO15050504**

**AND**

**IN THE MATTER IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. D/B/A/  
ELIZABETHTOWN GAS FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY  
PROGRAMS WITH CERTAIN MODIFICATIONS AND APPROVAL OF ASSOCIATED COST  
RECOVERY MECHANISM  
BPU Docket No. GO12100946**

**SERVICE LIST**

Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Brian Lipman, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[blipman@rpa.state.nj.us](mailto:blipman@rpa.state.nj.us)

Felicia Thomas-Friel  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[ftthomas@rpa.state.nj.us](mailto:ftthomas@rpa.state.nj.us)

Kurt Lewandowski, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[klewandowski@rpa.state.nj.us](mailto:klewandowski@rpa.state.nj.us)

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[mcaroselli@rpa.state.nj.us](mailto:mcaroselli@rpa.state.nj.us)

Irene Kim Asbury, Esq.  
Secretary of the Board  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[irene.asbury@bpu.state.nj.us](mailto:irene.asbury@bpu.state.nj.us)

Secil Uztetik Onat  
Executive Director  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Secil.uztetik@bpu.state.nj.us](mailto:Secil.uztetik@bpu.state.nj.us)

Marisa Slaten, Esq.  
Assistant Director  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Marisa.slaten@bpu.state.nj.us](mailto:Marisa.slaten@bpu.state.nj.us)

Sherri Jones  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Sherri.jones@bpu.state.nj.us](mailto:Sherri.jones@bpu.state.nj.us)

Sarah Steindel, Esq.  
Division of Rate Counsel  
140 East Front Street, 4<sup>th</sup> Floor  
Post Office Box 003  
Trenton, NJ 08625-0003  
[ssteindel@rpa.state.nj.us](mailto:sssteindel@rpa.state.nj.us)

Patricia A. Krogman, Esq.  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Patricia.krogman@dol.lps.state.nj.us](mailto:Patricia.krogman@dol.lps.state.nj.us)

Geoffrey Gersten, Esq.  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Geoffrey.gersten@dol.lps.state.nj.us](mailto:Geoffrey.gersten@dol.lps.state.nj.us)

Alex Moreau, Esq.  
Division of Law  
124 Halsey Street  
Post Office Box 45029  
Newark, NJ 07101-45029  
[Alex.moreau@dol.lps.state.nj.us](mailto:Alex.moreau@dol.lps.state.nj.us)

Mary Patricia Keefe, Esq.  
Vice President, Regulatory Affairs and  
Business Support  
Pivotal Holdings d/b/a Elizabethtown Gas  
520 Green Lane  
Union, NJ 07083  
[mkeefe@aglresources.com](mailto:mkeefe@aglresources.com)

Deborah M. Franco, Esq.  
Cullen and Dyman  
Garden City Center  
100 Quentin Roosevelt Boulevard  
Garden City, NY 11530

Kenneth T. Maloney, Esq.  
Cullen and Dykman  
1101 14<sup>th</sup> Street NW  
Suite 550  
Washington, DC 20005

Elizabeth Teng  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Elizabeth.teng@bpu.state.nj.us](mailto:Elizabeth.teng@bpu.state.nj.us)

Mahogany Hendricks  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Mahogany.hendricks@bpu.state.nj.us](mailto:Mahogany.hendricks@bpu.state.nj.us)

Allison Mitchell  
Division of Economic Development and  
Energy Policy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Alisson.mitchell@bpu.state.nj.us](mailto:Alisson.mitchell@bpu.state.nj.us)

Jerome May, Director  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Jerome.may@bpu.state.nj.us](mailto:Jerome.may@bpu.state.nj.us)

Alice Bator, Chief  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Alice.bator@bpu.state.nj.us](mailto:Alice.bator@bpu.state.nj.us)

Stacy Peterson  
Division of Energy  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Stacy.peterson@bpu.state.nj.us](mailto:Stacy.peterson@bpu.state.nj.us)

Erica McGill  
Regulatory Counsel  
AGL Resources Inc.  
10 Peachtree Place  
Atlanta, GA 30309

Mike Vogel  
Pivotal Holdings d/b/a Elizabethtown Gas  
520 Green Lane  
Union, NJ 07083

Dan Nikolich  
AGL Resources  
Ten Peachtree Place  
Atlanta, GA 30309

Heather Weisband, Esq.  
Counsel's Office  
Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
Post Office Box 350  
Trenton, NJ 08625-0350  
[Heather.azoulay@bpu.state.nj.us](mailto:Heather.azoulay@bpu.state.nj.us)



CULLEN and DYKMAN LLP

---

Garden City Center  
100 Quentin Roosevelt Boulevard  
Garden City, New York 11530-4850

NAME: DEBORAH M. FRANCO, ESQ.  
TITLE: PARTNER  
DIRECT DIAL: 516-357-3878  
DIRECT FAX: 516-357-3792  
DFRANCO@CULLENANDDYKMAN.COM

December 3, 2015

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Honorable Irene Kim Asbury, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas For Authority To Extend The Term Of Energy Efficiency  
Programs With Certain Modifications And Approval Of Associated Cost  
Recovery Mechanism  
BPU Docket No. GR15050504**

Dear Secretary Asbury:

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 Public Utilities and the Department of the Public Advocate, Division of Rate Counsel. Elizabethtown requests that the Board consider and adopt the Stipulation as expeditiously as possible.

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

Respectfully submitted,

/s/ Deborah M. Franco

Deborah M. Franco

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

cc: Service List

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS  
WITH CERTAIN MODIFICATIONS AND APPROVAL OF  
ASSOCIATED COST RECOVERY MECHANISM  
BPU DOCKET NO. GO15050504**

**SERVICE LIST**

Thomas Kaufmann  
**Elizabethtown Gas**  
520 Green Lane  
Union, NJ 07083  
[Tom.Kaufmann@aglresources.com](mailto:Tom.Kaufmann@aglresources.com)

Mary Patricia Keefe, Esq.  
**Elizabethtown Gas**  
520 Green Lane  
Union, NJ 07083  
[pkeefe@aglresources.com](mailto:pkeefe@aglresources.com)

Brian MacLean  
**Elizabethtown Gas**  
520 Green Lane  
Union, NJ 07083  
[bmaclean@aglresources.com](mailto:bmaclean@aglresources.com)

Gary Marmo  
**Elizabethtown Gas**  
520 Green Lane  
Union, NJ 07083  
[gmarmo@aglresources.com](mailto:gmarmo@aglresources.com)

Kevin Kirby  
**AGL Resources**  
1844 Ferry Road  
Naperville, IL 60563  
[kkirby@aglresources.com](mailto:kkirby@aglresources.com)

Archie Hickerson  
**AGL Resources**  
Ten Peachtree Place  
Atlanta, GA 30309  
[ahickers@aglresources.com](mailto:ahickers@aglresources.com)

Erica McGill  
**AGL Resources**  
Ten Peachtree Place  
Atlanta, GA 30309  
[emcgill@aglresources.com](mailto:emcgill@aglresources.com)

Dan Nikolich  
**AGL Resources**  
Ten Peachtree Place  
Atlanta, GA 30309  
[dnikolic@aglresources.com](mailto:dnikolic@aglresources.com)

David Weaver  
**AGL Resources**  
Ten Peachtree Place  
Atlanta, GA 30309  
[dweaver@aglresources.com](mailto:dweaver@aglresources.com)

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](mailto:Irene.Asbury@bpu.state.nj.us)

Heather Azoulay  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Heather.Azoulay@bpu.state.nj.us](mailto:Heather.Azoulay@bpu.state.nj.us)

Alice Bator  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Alice.Bator@bpu.state.nj.us](mailto:Alice.Bator@bpu.state.nj.us)

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](mailto:Mark.Beyer@bpu.state.nj.us)

Rachel Boylan  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Rachel.Boylan@bpu.state.nj.us](mailto:Rachel.Boylan@bpu.state.nj.us)

Julie Ford-Williams  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Julie.Ford@bpu.state.nj.us](mailto:Julie.Ford@bpu.state.nj.us)

Mahogany Hendricks  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Mahogany.Hendricks@bpu.state.nj.us](mailto:Mahogany.Hendricks@bpu.state.nj.us)

Sherri Jones  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Sherri.Jones@bpu.state.nj.us](mailto:Sherri.Jones@bpu.state.nj.us)

Megan Lupo  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Megan.Lupo@bpu.state.nj.us](mailto: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](mailto:Jerome.May@bpu.state.nj.us)

Stacy Peterson  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Stacy.Peterson@bpu.state.nj.us](mailto:Stacy.Peterson@bpu.state.nj.us)

Andrea Reid  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Andrea.Reid@bpu.state.nj.us](mailto:Andrea.Reid@bpu.state.nj.us)

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS  
WITH CERTAIN MODIFICATIONS AND APPROVAL OF  
ASSOCIATED COST RECOVERY MECHANISM  
BPU DOCKET NO. GO15050504**

**SERVICE LIST**

Rosalie Serapiglia  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Rosalie.Serapiglia@bpu.state.nj.us](mailto:Rosalie.Serapiglia@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](mailto:Robert.Schultheis@bpu.state.nj.us)

Marisa Slaten  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Marisa.Slaten@bpu.state.nj.us](mailto:Marisa.Slaten@bpu.state.nj.us)

Elizabeth Teng  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Elizabeth.Teng@bpu.state.nj.us](mailto:Elizabeth.Teng@bpu.state.nj.us)

Michael Winka  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[Michael.Winka@bpu.state.nj.us](mailto:Michael.Winka@bpu.state.nj.us)

John Zarzycki  
**Board of Public Utilities**  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350  
[John.Zarzycki@bpu.state.nj.us](mailto:John.Zarzycki@bpu.state.nj.us)

Stefanie A. Brand, Director  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[smassey@rpa.state.nj.us](mailto:smassey@rpa.state.nj.us)

Maura Caroselli, Esq.  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[mcaroselli@rpa.state.nj.us](mailto:mcaroselli@rpa.state.nj.us)

Kurt S. Lewandowski, Esq.  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[klewando@rpa.state.nj.us](mailto:klewando@rpa.state.nj.us)

Brian Lipman, Litigation Manager  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[blipman@rpa.state.nj.us](mailto:blipman@rpa.state.nj.us)

Shelly Massey, Paralegal  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[smassey@rpa.state.nj.us](mailto:smassey@rpa.state.nj.us)

Sarah H. Steindel, Esq.  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[ssteinde@rpa.state.nj.us](mailto:ssteinde@rpa.state.nj.us)

Felicia Thomas-Friel, Esq.  
**Division of Rate Counsel**  
140 East Front Street, 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625  
[ftomas@rpa.state.nj.us](mailto:ftomas@rpa.state.nj.us)

Patricia A. Krogman  
**Department of Law & Public Safety**  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
[Patricia.Krogman@dol.lps.state.nj.us](mailto:Patricia.Krogman@dol.lps.state.nj.us)

Alex Moreau, DAG  
**Department of Law & Public Safety**  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
[Alex.Moreau@dol.lps.state.nj.us](mailto:Alex.Moreau@dol.lps.state.nj.us)

Babette Tenzer  
**Department of Law & Public Safety**  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
[Babette.Tenzer@dol.lps.state.nj.us](mailto:Babette.Tenzer@dol.lps.state.nj.us)

Caroline Vachier  
**Department of Law & Public Safety**  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101  
[Caroline.Vachier@dol.lps.state.nj.us](mailto:Caroline.Vachier@dol.lps.state.nj.us)

Deborah Franco, Esq.  
**Cullen and Dykman**  
Garden City Center  
100 Quentin Roosevelt Blvd.  
**Garden City, NY 11530**  
[dfranco@cullenanddykman.com](mailto:dfranco@cullenanddykman.com)

Kenneth T. Maloney, Esq.  
**Cullen and Dykman**  
1101 14th Street NW, Suite 750  
Washington, DC 20005  
[kmaloney@cullenanddykman.com](mailto:kmaloney@cullenanddykman.com)

Bruce Biewald  
**Synapse Energy Economics, Inc.**  
485 Massachusetts Avenue, Suite 2  
Cambridge, MA 02139  
[bbiewald@synapse-energy.com](mailto:bbiewald@synapse-energy.com)

Alice Napoleon  
**Synapse Energy Economics, Inc.**  
485 Massachusetts Avenue, Suite 2  
Cambridge, MA 02139  
[anapoleon@synapse-energy.com](mailto:anapoleon@synapse-energy.com)

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS  
WITH CERTAIN MODIFICATIONS AND APPROVAL OF  
ASSOCIATED COST RECOVERY MECHANISM  
BPU DOCKET NO. GO15050504**

**SERVICE LIST**

Kenji Takahashi  
**Synapse Energy Economics, Inc.**  
485 Massachusetts Avenue, Suite 2  
Cambridge, MA 02139  
[ktakahashi@synapse-energy.com](mailto:ktakahashi@synapse-energy.com)

Robert J. Henkes  
**Henkes Consulting**  
7 Sunset Road  
Old Greenwich, CT 06870  
[rhenkes@optonline.net](mailto:rhenkes@optonline.net)

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 for Authority to Extend the Term of Energy Efficiency Programs with Certain Modifications and Approval of Associated Cost Recovery Mechanism** : **STIPULATION**  
: **BPU Docket No. GO15050504**  
:  
:  
**And** :  
:  
**In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Extend the Term of Energy Efficiency Programs with Certain Modifications and Approval of Associated Cost Recovery Mechanism** : **BPU Docket No. GO12100946**  
:  
:  
:  
-----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, Esq.**, Managing Attorney – Gas, Division of Rate Counsel,  
**Maura Caroselli, Esq., Sarah H. Steindel, Esq., and Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

**Alex Moreau and Patricia A. Krogman**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey)

**TO THE NEW JERSEY BOARD OF PUBLIC UTILITIES:**

1. Pursuant to the State’s Regional Greenhouse Gas Initiative (“RGGI”) legislation, an electric or natural gas utility can offer and invest in regulated energy efficiency and conservation programs within its service territory. N.J.S.A. 48:3-98.1 (the

“Statute”). Furthermore, utilities are authorized to seek approval from the New Jersey Board of Public Utilities (“Board”) for recovery of costs related to such programs. *Id.*

2. Based on the Statute, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or the “Company”) has made filings in Docket Nos. EO09010056, GO09010060, GO10100735, GO11070399 and GO12100946 seeking approval to implement Energy Efficiency Programs (“EE Programs”) that complemented or supplemented existing programs offered through the New Jersey Clean Energy Program (“NJCEP”). In Orders dated August 3, 2009, January 19, 2011, April 11, 2012 and August 21, 2013 (“August 21, 2013 Order”), the Board adopted the terms of stipulations entered into among representatives from Board Staff (“Staff”), the New Jersey Division of Rate Counsel (“Rate Counsel”) and Elizabethtown approving the implementation of Elizabethtown’s EE Programs and the associated cost recovery mechanism. Recovery of the costs necessary to deliver these programs, including grants, incentives, incremental operations and maintenance (“O&M”) expenses and carrying costs is provided through Rider G to the Company’s Tariff.

3. As authorized by the August 21, 2013 Order, the Company was to offer the following EE Programs for a two year period through September 1, 2015 with an amortization over four years (“2013 EE Programs”):

- a) Residential Expanded Heating and Ventilation and Air Conditioning (“HVAC”) and Gas Hot Water Heater Incentive Program
- b) Commercial Customer Energy Efficiency Program
- c) Customer Education and Outreach/Dashboard Program

4. Elizabethtown filed a petition dated April 30, 2015 (“April 30 Petition”) in BPU Docket No. GO15050504 to extend the term of its EE Programs made available to

Elizabethtown's customers pursuant to the Statute for a four year period effective September 1, 2015. The April 30 Petition was filed to replace a petition filed on February 23, 2015 in BPU Docket No. GO15020262 in accordance with the Board's March 18, 2015 "Order Denying Waiver of 30-Day Pre-filing Meeting". The April 30 Petition sought to continue the 2013 EE Programs, as well as add the following two new programs:

- (i) Energy Savings Kit Program; and
- (ii) Programmable Thermostat Program.

In the April 30 Petition the Company proposed an annual budget for the EE Programs and associated O&M expenses of approximately \$1.8 million with a four year amortization period on investments.

5. The April 30 Petition also requested authority to recover the costs of the EE Programs through the Company's existing EE Program surcharge contained in Rider G to the Company's tariff. The April 30 Petition did not propose an increase to the EEP Rider G rate. The April 30 Petition instead proposed that any rate adjustment that may be needed in the future be proposed in Elizabethtown's next petition to reconcile the EEP Rider rate.

6. On May 26, 2015, Staff notified Elizabethtown that the April 30 Petition was administratively complete and that the 180-day review period prescribed by the Statute for a final Board determination would commence as of May 1, 2015 and end on October 28, 2015 ("Statutory Review Period"). On May 19, 2015, the Board issued an order designating Commissioner Mary-Anna Holden as the presiding officer in this proceeding. By Order dated July 2, 2015, Commissioner Holden approved a procedural schedule in this matter. By Order dated August 27, 2015 ("August 27 Order"), the Board

approved a Stipulation authorizing the Company to continue to operate the 2013 EE Programs until December 31, 2015 using remaining funds as of August 31, 2015 and also to extend the Statutory Review Period until that time. At the time, it was estimated that \$739,000 remained in the budget. Moreover, the Board extended the date by which Rate Counsel was to file its direct testimony to September 18, 2015 and amended the procedural schedule.

7. Pursuant to the directives from the Attorney General's Office, the Company filed a status letter on September 30, 2015, advising Commissioner Holden that the Company was working on a term sheet and that the Company had responded to discovery but that the Parties could have additional discovery, warranting an extension to October 23, 2015 for the filing of Direct testimony by Rate Counsel. The Company further advised Commissioner Holden that it would file a subsequent status letter on October 15, 2015. The Company filed an October 15, 2015 status report stating that the Parties have reached an agreement in principle.

8. Discovery was conducted in this proceeding and public hearings were held on August 26, 2015 in Rahway, New Jersey and August 27, 2015 in Flemington, New Jersey. No members of the public attended the public hearings or provided written comments.

9. Representatives from the Company, Staff and Rate Counsel (collectively, the "Parties") have engaged in settlement discussions and as a result of these efforts, have reached this Stipulation.

#### **STIPULATION**

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

A. **Effective Date.** The Effective Date of this Stipulation will be the effective date of a Board Order approving this Stipulation. A Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

B. **Extension of EE Programs.** Elizabethtown is authorized to extend the 2013 EE Programs described in Appendix A through December 31, 2016 (“Extension Period”) at a total budget of approximately \$818,566, as set forth in Appendix B.

The Company will not offer the Energy Savings Kit or Programmable Thermostat Programs during the term of this Stipulation. Elizabethtown may continue the Cost Cutter Kit component of the Residential HVAC and Gas Hot Water Heater Incentive Program.

The budget contained in Appendix B of approximately \$818,566 reflects the amount of funding that is estimated to be remaining in Elizabethtown’s EE Program budget as of November 30, 2015, as previously approved by the August 21, 2013 Order.<sup>1</sup> The amortization period will continue to be four years as approved by the Board for the 2013 EE Programs.

The Parties agree that by signing this Stipulation, the April 2015 Petition will be considered withdrawn.

C. **Cost Recovery Mechanism.** The Company will continue to recover EE Program costs through its existing EEP Rider rate. The revenue requirement recovered through the EEP Rider rate will be calculated to include a return on program investments

---

<sup>1</sup> While the Stipulation approved by the August 27 Order indicated that approximately \$739,000 remained in Elizabethtown’s program budget as of August 31, 2015, that amount reflected two months of projected spending data for July and August that was higher than actual results for these months. Actual results for these months through October 31, 2015 along with estimated spending through November 30, 2015 indicate that approximately \$818,566 will remain in Elizabethtown’s program budget as of November 30, 2015.

and a return of the Company's investments through amortization of the program costs, as well as associated carrying costs. The revenue requirement recovered through the EEP Rider rate for the programs and budget agreed to in this Stipulation will be calculated to include the following components:

- Return on the unamortized portion of the EE Program investments utilizing the after tax weighted average cost of capital ("WACC") of 5.68%, inclusive of a 9.75% return on equity, grossed up for a revenue expansion factor of 1.71565 which reflects an uncollectible ratio of 1.459%. The unamortized portion of the EE Program investments are net of accumulated amortization and accumulated deferred income taxes associated with the EE Program investments;
- The Company reserves its rights to update the WACC applied to EE Program unamortized investments in future reconciliation proceedings to reflect any Board-approved WACC used to set rates in a subsequent Company base rate case. This Stipulation does not affect the rights of any Party to take any position it deems appropriate in connection with this issue in a future base rate case, reconciliation proceeding or otherwise. However the Parties have agreed that any change in the WACC authorized by the Board in a subsequent base rate case and if applied to EE Program unamortized investments in future reconciliation proceedings will be reflected in the subsequent monthly revenue requirement calculations. The Parties have further agreed that any change in the revenue requirement resulting from the change in the WACC will not be included in the monthly interest calculation for over- and under-recoveries until the date of the filed annual true up in which the WACC change is proposed and approved by the Board;

- Amortization expense calculated using a four-year amortization period;
- Prudent and reasonable O&M expenses, including customer education and outreach costs, and costs associated with customer dashboard and internal labor costs; the labor allocation will not include incentive compensation costs; and
- Carrying costs on over- and under-recovery balances calculated in the manner set forth below.

A sample calculation of the EEP Rider rate and the revenue requirement is set forth in Appendix C that will be included in the Company's Annual Filings as defined below.

**D. Carrying Costs.** In calculating the monthly interest on net over- and under-recoveries, the interest rate shall be based upon the Company's interest rate obtained on its commercial paper and/or bank credit lines. If both commercial paper and bank credit lines have been utilized, the weighted average of both sources of capital shall be used. The Company shall accrue simple interest with an annual roll-in at the end of each 12-month period. The interest rate shall not exceed the Company's WACC as defined above. Interest shall be calculated based on the net-of-tax average monthly balance. The true-up calculation for over and under recoveries will be included in the Company's Annual Filing as defined below.

**E. Rate Design.** Rate recovery through the EEP Rider rate will be effectuated through the assessment of a non-bypassable volumetric surcharge on all customer service classes, except customers exempt from such charges by law, or specifically and expressly exempted from such charges under special contracts previously filed with and approved by the Board. Any new or existing large volume customer who participates in any EE Program will be subject to the EEP Rider rate.

F. **Annual Filing.** As is currently the case, the Company will file an annual petition (“Annual Filing”) to adjust its EEP Rider rate on a calendar year basis, with copies provided to Board Staff and Rate Counsel with a proposed implementation of the revised EEP Rider rate in October of each year. Each Annual Filing will contain a reconciliation of the projected EEP Rider rate costs and recoveries and actual revenue requirements. All costs incurred during the Extension Period will be reflected in the Company’s 2016 and 2017 annual EEP Rider rate reconciliation filing. Commencing with its next annual filing, Elizabethtown will provide separate information for each approved program and extension. For example, separate cost and recovery information will be provided for the programs approved by the August 3, 2009 Order, the January 19, 2011 Order, and the August 21, 2013 Order, as well as any future approved programs.

G. **Rate Impact.** There is no impact to the annual bill of a typical residential heating customer using 1,000 therms as a result of this Stipulation.

H. **Procedural Requirements.** Any future petition for an extension in the duration of and/or a budget increase for the EE Programs must be filed as a new petition in accordance with the provisions of the Board’s RGGI Order dated May 12, 2008 (BPU Dkt. No. EO08030164), including, but not limited to, conducting a 30 day pre-filing meeting and the submittal of all Minimum Filing Requirements, no later than 180 days prior to the expiration date of the Extension Period. It is the intent of the parties in agreeing to the stipulated extension of Elizabethtown’s current EE programs to afford Elizabethtown the opportunity to identify and propose modification that will make those programs more cost effective, better coordinated with NJCEP’s EE offerings, and more consistent with other utilities’ EE programs. Accordingly, any future Petition will include

information on the modifications being proposed and how those modifications will achieve the foregoing objectives.

The Company agrees to work collaboratively with the Parties and meet on a regular basis over the next six months, to discuss future EE program design, measurement and verification, data acquisition and the level of O&M expenses. The following issues to be addressed in this collaborative process include, but are not limited to, the following:

- i. Standardization of program elements among utilities offering similar programs, including a goal for percentage of projects to be completed in distressed communities;
- ii. Standardization of evaluation processes and schedules;
- iii. Standardization of data collection and reporting requirements;
- iv. Development of energy savings targets;
- v. Development of standardized inputs and methodologies for cost-benefit analyses (“CBAs”) including a standardized method for determination of avoided natural gas supply costs, avoided electric capacity costs, and avoided electric and gas distribution costs;
- vi. The proper measurement of incremental benefits and incremental costs;
- vii. The revenue and cost impacts of providing incentives to customers converting to natural gas from other fuels;
- viii. Focusing utility programs on markets that are not adequately served by NJCEP programs;
- ix. Both the categories included and the level of O&M expenses.

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

J. **Binding Effect.** It is the intent of the Stipulating Parties that the provisions hereof be approved by the Board. The Stipulating Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

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

WHEREFORE, the Stipulating Parties hereto do respectfully submit this Stipulation to the Board and request 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 / KB  
Mary Patricia Keefe, Esq.  
Vice President, Regulatory  
Affairs and Assistant Corporate

By: [Signature]  
Kurt S. Lewandowski, Esq.  
Assistant Deputy Rate Counsel  
Secretary

Dated: December 3, 2015

Dated: 12/3/15

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

By: [Signature]  
Alex Moreau  
Deputy Attorney General

Dated: December 3, 2015

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

This program is designed to enhance the existing New Jersey Clean Energy Program ("NJCEP") gas HVAC and hot water heater incentive program by supplementing the incentives offered through NJCEP. The name of the NJCEP program being supplemented by this Elizabethtown Gas (ETG) Program is WARMADVANTAGE.

This program will be available to all residential customers as follows:

Participation in this program does not require an energy audit, however ETG will endeavor to refer participants to the NJCEP Home Performance with Energy Star ("HPwES") Program in order to promote a whole house solutions approach to energy efficiency.

All participants will be advised of the availability of HPwES audits from the NJCEP.

ETG will supplement the NJCEP incentive of \$300 for boilers and \$250 / \$500 for furnaces in an amount up to \$300 for the installation of a complete energy efficient gas heating boiler or furnace.

ETG will supplement the NJCEP incentive of \$500 in an amount up to \$200 for the installation of an energy efficient gas hot water heater.

In addition to the rebates offered, participants will also receive a Cost Cutter Kit which includes, weatherization tape, rope caulk, switch and gasket outlet sealers, a faucet aerator and a hot water gauge.

In no event will the combined NJCEP and ETG incentive exceed the total project cost.

The specific types of equipment that qualify for incentives under this program are as follows:

**Gas Fired Boilers**

Gas Boiler – Hydronic AFUE 90% or greater

Gas Boiler – Steam AFUE 82% or greater

**Gas Furnaces**

Tier 1 - AFUE\*95% or greater

Tier 2 - AFUE 97% or greater

**Gas Water Heater**

Energy Factor (EF) .82 or greater and ENERGY STAR

Thermal Efficiency (TE) 90% or greater with sealed combustion

Power Vent Storage Water Heaters do not qualify for an incentive.

Only those customers who are in good standing and subject to the EEP surcharge are eligible to participate in and receive the incentives associated with this program.

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

ETG will offer this program through December 31, 2016.

The equipment standards reflected in this program description track the standards utilized by the NJCEP. To the extent these standards are modified by NJCEP during the term of the program, the ETGown equipment standard will reflect such modified standard.

\*AFUE (Annual Fuel Utilization Efficiency)

**Summary of Program Description As Set Forth Above:**

<u>Qualifying Equipment</u>	<u>Current NJCEP Incentive</u>	<u>ETG Incentive</u>	<u>Total Grant</u>
Gas Fired Boilers*	\$300	\$300	\$600
Gas Furnaces*			
AFUE 95% or greater	\$250	\$250	\$500
AFUE 97% or greater	\$500	\$250	\$750
Gas Water Heater*	\$500	\$200	\$700

\*Efficiency standards noted above

The NJCEP incentives are as of the signing of the Stipulation and may be subject to change. The change in an NJCEP incentive level will not impact the ETG incentive level, but may impact the total grant amount.

HVAC installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including contractors providing such services for the NJCEP.

1,510 Participants (HVAC – Furnaces & Boilers)  
 140 Participants (Hot Water Heaters)  
 1,550 Participants (Cost Cutter Kits)

\$738,566 (Program Cost=\$479,249 (Rebates - \$443,664; Rebate Processing - \$3,585; Cost Cutter Kits - \$17,036; Cost Cutter Kit Fulfillment - \$14,964) O&M=\$259,317 (Labor - \$138,726; Customer Education Outreach - \$120,591).

## Elizabethtown Commercial Customer Energy Efficiency Program

### Description of the Program

This program is designed to supplement the incentives offered by the New Jersey Clean Energy Program ("NJCEP"). The specific NJCEP program supplemented by this ETG program are the SmartSTART Building and Pay for Performance Programs.

#### **SmartSTART Program:**

As to the supplementation of the SmartSTART Program, Elizabethtown will offer an incentive of 25% of the NJCEP incentive but only to those customers who are not otherwise receiving an incentive as a result of Super Storm Sandy. In no event may the combined NJCEP and ETG incentive exceed the total project cost. The types of equipment and existing NJCEP incentive levels for which Elizabethtown will offer an incentive is as follows:

#### **Gas Cooling**

- Gas absorption chillers (\$185-\$450 per ton)

#### **Desiccant Systems (\$1.00 per cfm)**

#### **Gas Heating**

- Gas-fired boilers < 300 MBH (\$0.95/MBH – Minimum \$400 per unit)
- Gas-fired boilers ≥ 300 MBH - 1500 MBH (\$1.75 per MBH)
- Gas-fired boilers ≥ 1500 MBH - ≤ 2500 MBH (\$1.50 per MBH)
- Gas-fired boilers ≥ 2500 MBH - ≤ 4000 MBH (\$1.30 per MBH)
- Gas furnaces ( up to \$400 per unit)
- Gas infrared heaters - indoor only (\$300 - \$500 per unit)
- Boiler economizing controls (\$1,200 - \$2,700 per unit)

#### **Natural Gas Water Heating**

- Gas water heaters ≤ 50 gallons (\$50 per unit)
- Gas-fired water heaters > 50 gallons (-up to \$2.00 per MBH, not less than \$50/unit)
- Tankless water heaters replacing a free standing water heater > 82% energy factor (\$300 per heater)
- Gas-fired booster water heaters (\$17 - \$35 per MBH)

#### **Food Service Equipment**

- Cooking
  - Combination Gas Oven/Steamer (\$750 per oven)
  - Gas Convection Oven (\$500 per oven)
  - Gas Rack Oven (\$1,000 single, \$2,000 double)
  - Gas Conveyor Oven (\$500 small deck, \$750 large deck)
  - Gas Fryer (\$749 per vat)
  - Gas Large Vat Fryer (\$500 per vat)
  - Gas Griddle (\$125 per griddle)
  - Gas Steam Cooker (\$2,000 per steamer)

## Elizabethtown Commercial Customer Energy Efficiency Program

### **Other Equipment Incentives\***

- Custom gas equipment incentives (not prescriptive)

\*Equipment incentives are calculated based on type, efficiency, size, and application and are evaluated on a case-by-case basis. In no event may the 25% ETG incentive cause the payback period to be less than one year as calculated by the Market Manager's Custom Screening Tool.

### **Pay for Performance Program:**

As to the supplementation of the Pay for Performance Program, Elizabethtown will offer an incentive of 25% of the NJCEP incentive. In no event may the combined NJCEP and ETG incentive exceed the total project cost. The NJCEP incentives being supplemented are listed as follows:

### **Existing Buildings**

Incentive #1 - \$0.10 per square foot with a maximum incentive of \$50,000 and a minimum of \$5,000, not to exceed 50% of the facility's annual energy expense.

Incentive #2 - 50% of the total performance –based incentive (combination of incentives #2 and #3) calculated per program's incentive structure.

Incentive #3 - Remaining amount based on the realized energy savings of the project.

### **New Construction**

Incentive #1 - \$0.10 per gross heated square foot up to a maximum of \$50,000

Incentive #2 - \$1.00 per gross heated square foot.\*

Incentive #3 - \$0.35 to \$0.65 per gross heated per square foot and based on confirmation that the building achieved the performance target. \*

\*ETG's 25% additional incentive will only be applied to the NJCEP incentives after the NJCEP incentive is adjusted by the ratio of estimated natural gas savings to estimated total savings provided in the approved ERP. Only those customers (or their assignees) who are in good standing and subject to the EEP surcharge are eligible to participate in and receive the incentives associated with this program. To participate in this program a customer must not also be receiving an incentive offered as a result of Super Storm Sandy.

Elizabethtown will offer this program through December 2016.

The equipment standards reflected in this program description track the standards utilized by the NJCEP. To the extent these standards are modified by NJCEP during the term of the program, the Elizabethtown equipment standard will reflect such modified standard.

**Elizabethtown Commercial Customer Energy Efficiency Program**

**Summary of SmartSTART Supplement Program**

Current NJCEP Incentive\*

ETG Incentive

Gas absorption chillers (\$185-\$450 per ton)	25% of NJCEP Incentive**
Desiccant Systems (\$1.00 per cfm)	25% of NJCEP Incentive
Gas-fired boilers < 300 MBH (\$400 per unit)	25% of NJCEP Incentive
Gas-fired boilers ≥ 300 MBH - 1500 MBH (\$1.75 per MBH)	25% of NJCEP Incentive
Gas-fired boilers ≥ 1500 MBH - ≤ 2500 MBH (\$1.50 per MBH)	25% of NJCEP Incentive
Gas-fired boilers ≥ 2500 MBH - ≤ 4000 MBH (\$1.30 per MBH)	25% of NJCEP Incentive
Gas furnaces (\$300-\$400 per unit)	25% of NJCEP Incentive
Gas infrared heaters - indoor only (\$300 - \$500 per unit)	25% of NJCEP Incentive
Boiler economizing controls (\$1,200 - \$2,700 per unit)	25% of NJCEP Incentive
Gas water heaters ≤ 50 gallons (\$50 per unit)	25% of NJCEP Incentive
Gas-fired water heaters > 50 gallons (\$1.00 - \$2.00 per MBH)	25% of NJCEP Incentive
Tankless water heaters replacing a free standing water heater > 82% energy factor (\$300 per heater)	25% of NJCEP Incentive
Gas-fired booster water heaters (\$17 - \$35 per MBH)	25% of NJCEP Incentive
Combination Gas Oven/Steamer (\$750 per oven)	25% of NJCEP Incentive
Gas Convection Oven (\$500 per oven)	25% of NJCEP Incentive
Gas Rack Oven (\$1,000 single, \$2,000 double)	25% of NJCEP Incentive
Gas Conveyor Oven (\$500 small deck, \$750 large deck)	25% of NJCEP Incentive
Gas Fryer (\$749 per vat)	25% of NJCEP Incentive
Gas Large Vat Fryer (\$500 per vat)	25% of NJCEP Incentive
Gas Griddle (\$125 per griddle)	25% of NJCEP Incentive
Gas Steam Cooker (\$2,000 per steamer)	25% of NJCEP Incentive
Custom gas equipment incentives (not prescriptive)	25% of NJCEP Incentive

**Summary of Pay for Performance Supplement**

Current NJCEP Incentive\*

ETG Incentive

<i>Existing Buildings</i>	25% of NJCEP Incentive
\$0.10 per square foot with a maximum incentive of \$50,000 and a minimum of \$5,000, not to exceed 50% of the facility's annual energy expense.	
Projected first year natural gas savings from \$0.90 per therm for the minimum 15% savings up to \$1.25 per therm based on \$0.05 per therm for each additional 1% savings above 15%.	25% of NJCEP Incentive
Actual first year natural gas savings from \$0.90 per therm for the minimum 15% savings up to \$1.25 per therm based on \$0.05 per therm for each additional 1% savings above 15%.	25% of NJCEP Incentive

**Elizabethtown Commercial Customer Energy Efficiency Program**

<i>New Buildings</i>		
Incentive #1 – Incentives are based on \$0.10 per gross heated square foot up to \$50,000		25% of NJCEP Incentive
Incentive #2 – 50% of the total performance-based incentive (combination of incentives #2 and #3) calculated per program’s incentive structure.		25% of NJCEP Incentive
Incentive #3 – Remaining amount based on the realized energy savings of the project.		25% of NJCEP Incentive
*The NJCEP incentives are as of the signing of the Stipulation and may be subject to change.		
**ETG will determine the level of the incentive once the NJCEP application is processed and subsequently received and reviewed by ETG.		
Elizabethtown will offer this program through December 31, 2016.		
Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those providing services for the NJCEP.		
<b>Estimated Annual Program Participants (December 2015 – December 31, 2016)</b>		
<b>Rebate</b>	<b>Estimated Annual Participants</b>	
HVAC / AWH	20	
<b>Budget Information (December 2015 – December 31, 2016)</b>		
\$26,000 (Program Cost=\$26,000; O&M=\$0)		

Elizabethtown Customer Dashboard

<p><b><u>Customer Dashboard/ Home Energy Audit</u></b></p> <p>The customer dashboard is an Internet-based Home Energy Audit Program. It is a broad-based program for all residential customers which includes an online home energy audit evaluation that results in premise-specific recommendations of energy efficiency and conservation measures. The online home energy audit will be accessible from a link on Elizabethtown Gas' Internet website. If a customer does not have access to the Internet and/or needs assistance, the audit also can be completed with assistance from an energySMART customer service representative by calling a toll-free number that will be set up by the Company specifically to handle questions and inquiries related to this Program.</p> <p>Upon completion of the audit, the customer will receive a customized report recommending home improvements that can be implemented to reduce natural gas and other energy usage. These energy analyses generate personalized energy savings recommendations that are linked to other components of the <i>energySMART</i> plan. Recommended energy efficiency measures may range from activities requiring little or no customer investment, to recommended customer investments in energy efficiency measures. For instance, the recommendations may address measures included in the plan, such as incentives for high-efficiency natural gas space heating equipment, high-efficiency natural gas water heating equipment and weatherization measures, along with instructions for obtaining such incentives. The personalized analysis may also include other energy efficiency tips.</p> <p>Elizabethtown will offer the Customer Education Dashboard Program through December 31, 2016.</p>
<p>Elizabethtown Staff and Contractor Relationships, Local Agencies, Government and Community Entities.</p>
<p>4,550 participants</p>
<p>\$54,000 O&amp;M</p>

**Appendix B**

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS ENERGY EFFICIENCY PROGRAM ("EEP") ESTIMATED SPENDING BY PROGRAM (December 1, 2015 - December 31, 2016)**

	<u>Dec 15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	<u>Oct-16</u>	<u>Nov-16</u>	<u>Dec-16</u>	<u>Total</u>
<u>ESTIMATE</u>	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Dec 2015 thru Dec 2016
<b>O&amp;M EXPENDITURES</b>														
Labor	\$ 10,826	\$ 10,400	\$ 10,400	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 10,710	\$ 138,726
Customer Education, Outreach	22,267	8,400	8,400	8,400	8,400	8,400	7,500	7,500	8,400	8,400	8,400	8,100	8,024	120,591
Dashboard -IT		13,500	-	-	13,500	-	-	13,500	-	-	13,500	-	-	54,000
<b>TOTAL O&amp;M</b>	<b>\$ 33,093</b>	<b>\$ 32,300</b>	<b>\$ 18,800</b>	<b>\$ 19,110</b>	<b>\$ 32,610</b>	<b>\$ 19,110</b>	<b>\$ 18,210</b>	<b>\$ 31,710</b>	<b>\$ 19,110</b>	<b>\$ 19,110</b>	<b>\$ 32,610</b>	<b>\$ 18,810</b>	<b>\$ 18,734</b>	<b>\$ 313,317</b>
<b>PROGRAM EXPENDITURES</b>														
<b>Residential Gas HVAC/WH:</b>														
Rebates, Grants, Incentives	\$ 68,664	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 443,664
Rebate Processing	585	250	250	250	250	250	250	250	250	250	250	250	250	3,585
Cost Cutter Kit Fulfillments	2,000	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	1,253	17,036
Cost Cutter Kits	-	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	1,247	14,964
	<b>\$ 71,249</b>	<b>\$ 34,000</b>	<b>\$ 479,249</b>											
<b>Commercial:</b>														
Rebates, Grants, Incentives	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 26,000
	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>	<b>\$ 26,000</b>
<b>Total Program Expenditures</b>	<b>\$ 73,249</b>	<b>\$ 36,000</b>	<b>\$ 505,249</b>											
<b>Total Energy Efficiency Program Expendi</b>	<b>\$ 106,342</b>	<b>\$ 68,300</b>	<b>\$ 54,800</b>	<b>\$ 55,110</b>	<b>\$ 68,610</b>	<b>\$ 55,110</b>	<b>\$ 54,210</b>	<b>\$ 67,710</b>	<b>\$ 55,110</b>	<b>\$ 55,110</b>	<b>\$ 68,610</b>	<b>\$ 54,810</b>	<b>\$ 54,734</b>	<b>\$ 818,566</b>

Appendix C

EEP Schedule  
TK-1

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

ENERGY EFFICIENCY PROGRAM ("EEP")

CALCULATION OF THE EEP RATE

October 1, 2015 through September 30, 2016  
RECOVERY YEAR - 2016

1	Prior Year Balance - (Sch. TK-2)		\$2,295,839
	<u>Actual Amounts Through:</u>	June 30, 2015	
2	Current Year O& M Costs (Sch. TK-2)		\$475,796
3	Current Year Revenue Requirements (Sch. TK-2)		\$1,052,561
4	Current Year Recoveries (Sch. TK-2)		(\$3,335,936)
5	Current Year Carrying Costs (Sch. TK-2)		<u>\$3,979</u>
6	Proforma Current Year TK-2 Ending Balance (Sum L1-L5)		\$492,239
7	<u>Projected Recoverables :</u>	June 30, 2016	
	- Revenue Requirements (Sch. TK-3)		\$779,484
	- O&M Costs (Sch. TK-4)		<u>\$877,359</u>
			<u>\$1,656,843</u>
8	Total Proposed Recoveries (L6+L7)		\$2,149,082
9	<u>12 Month Projected Normalized Sales and Services:</u>		
	- Residential	220,519,700	
	- Commercial	135,979,463	
	- Industrial	73,886,247	
	- Street /Yard Lights	28,800	
	- Cogeneration	0	430,414,210 therms
10	EEP Rate, before taxes and assessment (L8/L9)		\$0.0050 /therm
11	BPU & RC Assessment Factors		<u>1.0028</u>
12	EEP Rate, before taxes (L10*L11)		\$0.0050
13	Sales & Use Tax @	7.00%	<u>\$0.0004</u>
14	EEP Rate (L12+L13)		<u><u>\$0.0054</u></u> /therm