



Agenda Date: 5/25/16

Agenda Item: 2A

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

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)	DECISION AND ORDER
UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN)	APPROVING STIPULATION
GAS COMPANY TO REVIEW ITS PERIODIC BASIC)	FOR FINAL BGSS-P RATES
GAS SUPPLY SERVICE RATE)	
)	DOCKET NO. GR15060645

Parties of Record:

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

BY THE BOARD:

BACKGROUND

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

On May 29, 2015, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("the Company") filed its annual BGSS petition ("2015 BGSS Filing"), requesting a decrease in its BGSS – Periodic ("BGSS-P") per therm rate from \$0.5045 to \$0.4203¹ for the BGSS year October 1, 2015 through September 30, 2016. At the time of the filing, this rate change translated into an annual bill reduction of \$84.20 (8.3%) for a residential heating customer using 1,000 therms.

After notice, public hearings were held in Rahway and Flemington on August 26 and 27, 2015, respectively. No members of the public attended the hearings or filed comments.

¹ All rates stated herein include sales and use tax.

By Order dated September 11, 2015, the Board approved an August 28, 2015 Stipulation for Provisional Rates agreed to by the Company, Staff and Rate Counsel (collectively "Parties"), authorizing the Company to change the BGSS-P per therm rate from \$0.5045 to \$0.4203 on a provisional basis, subject to refund with interest.

On October 23, 2015, the Company notified the Board and Rate Counsel that the Company would refund \$8.5 million to its BGSS-P customers with billing cycles beginning on or about November 1, 2015. The Company implemented the bill credit ("November Bill Credit") of \$0.0356 per therm applied to BGSS-P customers' consumption over the twelve months ended September 30, 2015. The refund reduced the annual bill of a residential heating customer using 1,000 therms by \$36.00.

By letter dated December 22, 2015, the Company notified the Board and Rate Counsel that the Company would refund another \$6.3 million to its BGSS-P customers with billing cycles beginning on or about January 1, 2016. The Company implemented a one-time \$0.0264 per therm bill credit ("January Bill Credit") tied to its BGSS-P customers' consumption history over the twelve months ending September 30, 2015. The refund reduced the annual bill of a residential heating customer using 1,000 therms by \$26.00.

On January 14, 2016, the matter was transmitted to the Office of Administrative Law as a contested case and assigned to Administrative Law Judge ("ALJ") Irene Jones.

FINAL STIPULATION²

On May 4, 2016, following discovery and discussions, the Parties entered into a stipulation ("Stipulation") agreeing that the per therm BGSS-P rate of \$0.4203 previously approved by the Board on a provisional basis should be made final, and that all issues related to the Company's BGSS recoverable costs for the BGSS year ending September 30, 2016 are resolved.

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

On May 10, 2016, ALJ Irene Jones issued her Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Final Stipulation, and that the Stipulation fully disposed of all matters and is consistent with the law.

DISCUSSION AND FINDINGS:

The Board, having reviewed the Stipulation for the BGSS-P rate in this proceeding and being persuaded that the 2015 BGSS Filing was thoroughly reviewed, **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, incorporating its terms and conditions as though fully set forth herein.

² Although summarized in this Order, the detailed terms of the Final Stipulation control, subject to the findings and conclusions of this Order.

The Board **HEREBY DIRECTS** that the Company's after-tax per therm BGSS-P rate of \$0.4203 per therm made final and remain in effect until changed by Order of the Board.

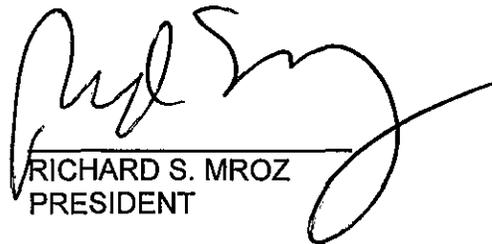
The Company is **HEREBY DIRECTED** to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), in the form attached to the Stipulation as Exhibit A; and 2) the calculation of net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

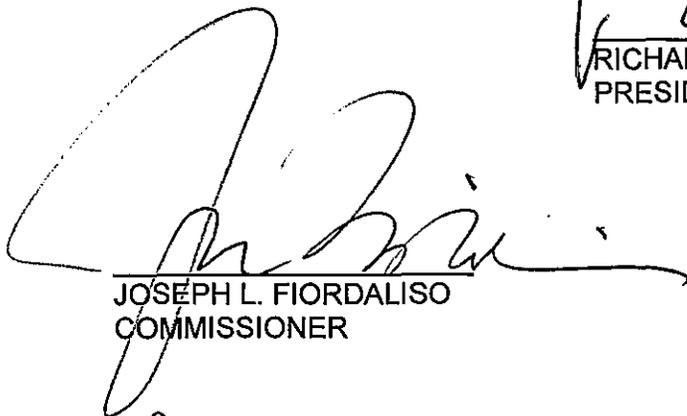
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

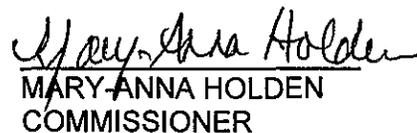
This Order shall become effective on June 4, 2016.

DATED: *May 25, 2016*

BOARD OF PUBLIC UTILITIES
BY:

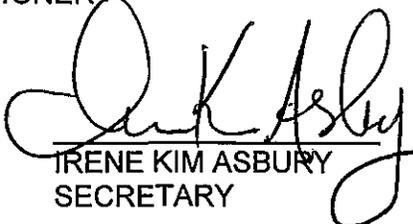

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

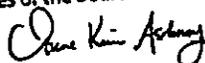

MARY ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
SECRETARY

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



In The Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company
to Review its Periodic Basic Gas Supply Service Rate
Docket No. GR15060645

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May 4, 2016

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Honorable Irene Jones
Administrative Law Judge
Office of Administrative Law
33 Washington St
Newark, NJ 07102

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas To Revise Its Periodic Basic Gas Supply Service Rate
BPU Docket No. GR15060645, OAL Docket No. PUC 19484-2015N**

Dear Judge Jones:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of New Jersey Board of Public Utilities and the New Jersey Division of Rate Counsel. It is respectfully requested that Your Honor issue an initial decision approving 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
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE
BPU DOCKET NO. GR15060645**

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**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE
BPU DOCKET NO. GR15060645**

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

Office of Administrative Law

-----X
In The Matter Of The Petition Of Pivotal Utility : **BPU Docket No. GR15060645**
Holdings, Inc. d/b/a Elizabethtown Gas To : **OAL Dkt. No. PUC-19484-2015N**
Revise Its Periodic Basic Gas Supply :
Service Rate : **FINAL STIPULATION**
-----X

APPEARANCES:

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

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

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

To: Honorable Irene Jones, A.L.J.

BACKGROUND

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

On May 29, 2015, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a Petition (“May 29 Petition”) with the Board, which was assigned BPU Docket No. GR15060645 to decrease its then current after-tax per therm BGSS rate of \$0.5045 to \$0.4203 for the BGSS period commencing October 1, 2015 through September 30, 2016 (“BGSS Period”). As indicated in the May 29 Petition, the proposed decrease was based upon the Company’s projection that the Company would be over-recovered by approximately \$3.0 million as of September 30, 2015. The proposed BGSS rate of \$0.4203 per therm was designed to bring the BGSS balance to approximately zero as of September 30, 2016 and as of the time of the filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$8.42 from \$99.94 to \$91.52, a decrease of 8.4%.

Notices describing the May 29 Petition and setting forth the dates of the public hearings were placed in newspapers having circulation within Elizabethtown’s service territory and served on the county executives and clerks of all municipalities in the Company’s service territory. Public hearings concerning the Company’s May 29 Petition were held in Rahway, New Jersey on August 26, 2015 and Flemington, New Jersey on August 27, 2015. No one from the public attended the hearings.

By Order dated September 11, 2015 issued in this proceeding, the Board approved a Stipulation authorizing the Company to implement the proposed BGSS rate of \$0.4203 per therm on a provisional basis effective October 1, 2015 subject to refund with interest on any net over-recovered BGSS balance. Based on this change, the BGSS rate of \$0.4203 per therm decreased the monthly bill of a typical residential heating customer using 100 therms by \$8.42 from \$95.82 to \$87.40, a decrease of 8.8%.

In accordance with the Generic BGSS Order, by letter dated October 23, 2015, Elizabethtown notified the Board of its intent to refund \$8.5 million to its BGSS-P customers with billing cycles beginning on or about November 1, 2015. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0356) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended September 30, 2015 ("November Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$36 and the bill of a residential non-heating customer using 250 therms by approximately \$9. Attached as Appendix A is a schedule showing the derivation of the November Bill Credit.

Subsequently, by letter dated December 22, 2015, Elizabethtown notified the Board of its intent to issue another refund in the amount of \$6.3 million to its BGSS-P customers with billing cycles beginning on or about January 1, 2016. The Company implemented the refund through a one-time lump sum bill credit of (\$0.0264) per therm (inclusive of taxes and assessments) applied to BGSS-P customers' consumption during the twelve months ended September 30, 2015 ("January Bill Credit"). The refund reduced the typical bill of a residential heating customer using 1,000 therms by approximately \$26 and the bill of a residential non-heating customer using 250 therms by approximately \$7. Attached as Appendix B is a schedule showing the derivation of the January Bill Credit.

This matter was subsequently transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held by telephone on January 25, 2016.

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

proceeding in accordance with the Stipulation set forth below.

STIPULATION

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

A. The Company shall maintain its BGSS-P rate of \$0.4203 per therm, inclusive of all applicable taxes, and that rate shall remain in effect on a final basis until revised in accordance with applicable laws and regulations.

B. This Stipulation provides for a final resolution in this proceeding. All issues related to Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2015 are resolved.

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

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

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

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

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

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

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

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Mary Patricia Keefe
Vice President, Regulatory Affairs
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**ROBERT LOUGY
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: _____

Alex Moreau
Alex Moreau
Deputy Attorney General

Dated: May ⁴ 2, 2016

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

Refund pre assessment and tax	(\$8,500,000)
Therms 12 months ending Sept 30 2015	255,725,095

GL- Balance Sheet

191000	BGSS-P Refund	(\$0.0332)
238111	Assessment	(\$0.0001)
	Tax Exempt Rate	(\$0.0333)
220066	SUT	(\$0.0023)
	Taxable Rate	(\$0.0356)

Customer Refund / Annual Therms

Heating	1,000	(\$35.60)
Non Heating	250	(\$8.90)

ETG
 BGSS-P
 RDS and SGS Sales Customers
 January 2016 Refund

Refund pre assessment and tax		(\$6,300,000)
Therms 12 months ending Sept 30 2015		255,725,095

GL- Balance Sheet

191000	BGSS-P Refund	(\$0.0246)
238111	Assessment	(\$0.0001)
	Tax Exempt Rate	<u>(\$0.0247)</u>
220066	SUT	(\$0.0017)
	Taxable Rate	<u>(\$0.0264)</u>

Customer Refund / Annual Therms

Heating	1,000	(\$26.40)
Non Heating	250	(\$6.60)

S-ECHART-1
BGSS NYMEX Update Report
as of March 04, 2016

<u>Month</u>	<u>a</u> <u>BGSS</u> <u>(see note below)</u>	<u>b</u> <u>NYMEX</u> <u>(3/4/2016 Close)</u>	<u>c = b - a</u> <u>Incr/</u> <u>(Decr)</u>	<u>% Chg</u>	<u>d</u> <u>Sales</u> <u>forecast (dths)</u>	<u>e</u> <u>Hedged</u> <u>volume (dths)</u>	<u>f = d - e</u> <u>Unhedged</u> <u>volume (dths)</u>	<u>g = c x f</u> <u>Change in</u> <u>value unhedged</u>
Oct-15	\$ 2.919	\$ 2.563	\$ (0.356)		1,396,155	735,800	660,355	(\$235,086)
Nov-15	\$ 3.021	\$ 2.033	\$ (0.988)		2,605,928	2,072,831	533,097	(\$526,700)
Dec-15	\$ 3.196	\$ 2.206	\$ (0.990)		4,442,382	2,830,209	1,612,173	(\$1,596,051)
Jan-16	\$ 3.306	\$ 2.372	\$ (0.934)		5,290,751	3,688,048	1,602,703	(\$1,496,925)
Feb-16	\$ 3.295	\$ 2.189	\$ (1.106)		4,432,728	2,921,746	1,510,982	(\$1,671,146)
Mar-16	\$ 3.245	\$ 1.711	\$ (1.534)		3,072,179	2,066,699	1,005,480	(\$1,542,406)
Apr-16	\$ 3.083	\$ 1.666	\$ (1.417)		1,574,498	750,200	824,298	(\$1,168,030)
May-16	\$ 3.083	\$ 1.787	\$ (1.296)		912,946	468,700	444,246	(\$575,743)
Jun-16	\$ 3.112	\$ 1.900	\$ (1.212)		722,242	352,000	370,242	(\$448,733)
Jul-16	\$ 3.147	\$ 1.996	\$ (1.151)		560,267	314,500	245,767	(\$282,878)
Aug-16	\$ 3.153	\$ 2.046	\$ (1.107)		539,957	327,700	212,257	(\$234,968)
Sep-16	\$ 3.145	\$ 2.065	\$ (1.080)		567,594	284,800	282,794	(\$305,418)
Avg Total \$	\$ 3.142	\$ 2.045	\$ (1.098)	-34.9%	26,117,627	16,813,233	9,304,394	(\$10,084,085)
Oct-16	\$ 3.176	\$ 2.107	\$ (1.069)		1,411,889	674,800	737,089	(\$787,948)
Nov-16	\$ 3.245	\$ 2.276	\$ (0.969)		2,635,172	1,872,831	762,341	(\$738,708)
Dec-16	\$ 3.417	\$ 2.549	\$ (0.868)		4,492,093	2,830,209	1,661,884	(\$1,442,516)
Jan-17	\$ 3.542	\$ 2.680	\$ (0.862)		5,350,478	3,718,048	1,632,430	(\$1,407,155)
Feb-17	\$ 3.531	\$ 2.678	\$ (0.853)		4,482,746	3,071,746	1,411,000	(\$1,203,583)
Mar-17	\$ 3.471	\$ 2.647	\$ (0.824)		3,107,176	2,096,699	1,010,477	(\$832,633)
Apr-17	\$ 3.211	\$ 2.490	\$ (0.721)		1,592,122	757,700	834,422	(\$601,618)
May-17	\$ 3.216	\$ 2.508	\$ (0.708)		923,329	468,600	454,729	(\$321,948)
Jun-17	\$ 3.254	\$ 2.552	\$ (0.702)		730,661	371,900	358,761	(\$251,850)
Jul-17	\$ 3.295	\$ 2.596	\$ (0.699)		567,311	333,800	233,511	(\$163,224)
Aug-17	\$ 3.307	\$ 2.604	\$ (0.703)		546,460	325,100	221,360	(\$155,616)
Sep-17	\$ 3.295	\$ 2.595	\$ (0.700)		574,323	315,700	258,623	(\$181,036)
Avg Total \$	\$ 3.330	\$ 2.524	\$ (0.807)	-24.2%	26,413,760	16,837,133	9,576,627	(\$8,087,836)

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; Oct-2015 to Sept-2017 based on 05/11/2015 Close.

b: Nymex rate as of date of the report

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

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

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

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

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

S-ECHART-2
Elizabethtown Gas
Calculation of Net Cost of Gas Per Therm

	Actual	Actual	Actual	Actual	Actual	Estimate	12 Month						
	<u>Oct-15</u>	<u>Nov-15</u>	<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>	Weighted
													Average
1 NYMEX - 05/11/15 - Included in BGSS Filing	\$0.2919	\$0.3021	\$0.3196	\$0.3306	\$0.3295	\$0.3245	\$0.3083	\$0.3083	\$0.3112	\$0.3147	\$0.3153	\$0.3145	
2 NYMEX - Actual Settlement	\$0.2563	\$0.2033	\$0.2206	\$0.2372	\$0.2189								
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
13 Flowing Gas Cost	-\$0.0391	-\$0.0110	-\$0.0807	\$0.1699	\$0.1041	\$0.0463	-\$0.0363	-\$0.1056	-\$0.1800	-\$0.1979	-\$0.1835	-\$0.0914	\$0.0193
14 Gas Withdrawn From Storage Cost	\$0.0287	\$0.1303	\$0.1465	\$0.1228	\$0.0777	\$0.0640	\$0.0013	\$0.0027	\$0.0051	\$0.0073	\$0.0080	\$0.0061	\$0.0709
15 Hedged Volumes Delivered Cost	\$0.7608	\$0.3663	\$0.2466	\$0.1758	\$0.0858	\$0.0867	\$0.1938	\$0.2979	\$0.4866	\$0.5709	\$0.5551	\$0.4767	\$0.2201
16 Pipeline Demand Cost	\$0.4815	\$0.2576	\$0.1548	\$0.1127	\$0.0761	\$0.0938	\$0.1371	\$0.2878	\$0.5495	\$0.7797	\$0.8546	\$0.7827	\$0.1956
17 Storage Demand Cost	\$0.1115	\$0.0563	\$0.0374	\$0.0250	\$0.0172	\$0.0189	\$0.0280	\$0.0585	\$0.1123	\$0.1589	\$0.1738	\$0.1600	\$0.0418
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0001	\$0.0163	\$0.0043	\$0.0075	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0047
19 Weighted Average Fuel Cost	\$0.0340	\$0.0107	\$0.0053	\$0.0105	\$0.0058	\$0.0020	\$0.0041	\$0.0064	\$0.0119	\$0.0166	\$0.0181	\$0.0186	\$0.0078
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0057	\$0.0272	\$0.0557	\$0.1037	\$0.1484	\$0.1627	\$0.1475	\$0.0199
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 Total Gross Cost of Gas Per Therm	\$1.3774	\$0.8103	\$0.5101	\$0.6330	\$0.3709	\$0.3250	\$0.3551	\$0.6034	\$1.0891	\$1.4839	\$1.5889	\$1.5001	\$0.5800
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
23 NYMEX - Actual Settlement	\$0.3984	\$0.3728	\$0.4282	\$0.3189	\$0.2866	\$0.2894	\$0.2590	\$0.2517	\$0.2815	\$0.2773	\$0.2886	\$0.2638	
<u>Breakdown of Gross Cost of Gas Per Therm:</u>													
24 Flowing Gas Cost	-\$0.4105	\$0.2157	\$0.1707	\$0.2442	\$0.3561	\$0.1701	-\$0.0080	-\$0.1586	-\$0.2654	-\$0.2148	-\$0.3172	-\$0.1694	\$0.1391
25 Gas Withdrawn From Storage Cost	\$0.0757	\$0.2512	\$0.1564	\$0.1857	\$0.1131	\$0.0976	\$0.0254	\$0.0224	\$0.0199	\$0.0585	\$0.0062	\$0.0107	\$0.1125
26 Hedged Volumes Delivered Cost	\$0.9524	\$0.3522	\$0.1762	\$0.1258	\$0.0669	\$0.0671	\$0.1810	\$0.3347	\$0.5758	\$0.7026	\$0.8509	\$0.8366	\$0.2048
27 Pipeline Demand Cost	\$0.5731	\$0.2207	\$0.1055	\$0.0852	\$0.0627	\$0.0690	\$0.1063	\$0.2680	\$0.5198	\$0.6504	\$0.7544	\$0.7293	\$0.1551
28 Storage Demand Cost	\$0.1332	\$0.0509	\$0.0245	\$0.0192	\$0.0136	\$0.0156	\$0.0256	\$0.0602	\$0.1197	\$0.1524	\$0.1777	\$0.1699	\$0.0357
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0133	\$0.0008	\$0.0032	\$0.0985	\$0.0322	\$0.0000	\$0.0000	\$0.0005	\$0.0000	\$0.0000	\$0.0252
30 Weighted Average Fuel Cost	\$0.0307	\$0.0188	\$0.0108	\$0.0106	\$0.0121	\$0.0094	\$0.0076	\$0.0097	\$0.0195	\$0.0236	\$0.0298	\$0.0357	\$0.0125
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 Total Gross Cost of Gas Per Therm	\$1.3547	\$1.1095	\$0.6573	\$0.6714	\$0.6277	\$0.5274	\$0.3702	\$0.5364	\$0.9893	\$1.3732	\$1.5018	\$1.6128	\$0.6849

Footnotes:

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

S-ECHART-2
Elizabethtown Gas
Calculation of Net Cost of Gas Per Therm

	Actual <u>Oct-15</u>	Actual <u>Nov-15</u>	Actual <u>Dec-15</u>	Actual <u>Jan-16</u>	Actual <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>	12 Month Weighted Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
1	Asset Management Credits	\$0.9129	\$0.0000	\$0.0491	\$0.0000	\$0.0000	\$0.1301	\$0.0000	\$0.0000	\$0.1735	\$0.0000	\$0.0000	\$0.2471	\$0.0690
2	Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
3	Capacity release	\$0.0047	\$0.0026	\$0.0015	\$0.0011	\$0.0008	\$0.0009	\$0.0013	\$0.0028	\$0.0053	\$0.0076	\$0.0083	\$0.0075	\$0.0019
4	On System Credits to BGSS-P Customers	\$0.1745	\$0.1273	\$0.1202	\$0.1348	\$0.1193	\$0.0808	\$0.0637	\$0.0726	\$0.1296	\$0.2369	\$0.2371	\$0.2081	\$0.1148
5	Supplier Refunds	\$0.0000	\$0.0005	\$0.0000	\$0.0008	\$0.0002	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
6	Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7	Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8	Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9	Over / Under Recovery & Interest to Customers	-\$0.1482	\$0.8998	-\$0.0280	\$0.2994	-\$0.1387	-\$0.2786	-\$0.1016	\$0.1363	\$0.3891	\$0.8477	\$0.9518	\$0.6458	\$0.0705
10	Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11	Total Credits, Refunds, & Recoveries per Therm	\$0.9439	\$1.0302	\$0.1427	\$0.4361	-\$0.0183	-\$0.0667	-\$0.0366	\$0.2117	\$0.6974	\$1.0922	\$1.1972	\$1.1084	\$0.2564
12	Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)	\$0.4335	-\$0.2199	\$0.3674	\$0.1970	\$0.3892	\$0.3917	\$0.3235						
	Actual <u>Oct-14</u>	Actual <u>Nov-14</u>	Actual <u>Dec-14</u>	Actual <u>Jan-15</u>	Actual <u>Feb-15</u>	Actual <u>Mar-15</u>	Actual <u>Apr-15</u>	Actual <u>May-15</u>	Actual <u>Jun-15</u>	Actual <u>Jul-15</u>	Actual <u>Aug-15</u>	Actual <u>Sep-15</u>	Weighted Average	
<u>Credits, Refunds, & Recoveries Per Therm:</u>														
13	Asset Management Credits	\$0.9979	\$0.0000	\$0.0336	\$0.0000	\$0.0000	\$0.0214	\$0.0000	\$1.4351	\$0.1693	\$0.0000	\$0.0000	\$0.2387	\$0.1099
14	Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15	Capacity release	\$0.0066	\$0.0022	\$0.0010	\$0.0008	\$0.0006	\$0.0007	\$0.0011	\$0.0026	\$0.0052	\$0.0064	\$0.0075	\$0.0074	\$0.0015
16	On System Credits to BGSS-P Customers	\$0.2656	\$0.1850	\$0.1604	\$0.1802	\$0.1493	\$0.1371	\$0.1382	\$0.1506	\$0.2045	\$0.2285	\$0.2603	\$0.2741	\$0.1637
17	Supplier Refunds	\$0.0008	\$0.0018	\$0.0022	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0029	\$0.0000	\$0.0000	\$0.0005
18	Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19	Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20	Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21	Over / Under Recovery & Interest to Customers	-\$0.4579	\$0.4507	-\$0.0042	\$0.2680	\$0.0213	\$0.0922	-\$0.2410	-\$1.5460	\$0.2330	\$0.4531	\$0.6936	\$0.6257	\$0.0134
22	Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23	Total Credits, Refunds, & Recoveries per Therm	\$0.8129	\$0.6398	\$0.1931	\$0.4490	\$0.1712	\$0.2514	-\$0.1017	\$0.0423	\$0.6121	\$0.6909	\$0.9614	\$1.1459	\$0.2890
24	Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.5418	\$0.4697	\$0.4642	\$0.2224	\$0.4565	\$0.2760	\$0.4719	\$0.4942	\$0.3773	\$0.6822	\$0.5404	\$0.4670	\$0.3960

Footnotes:

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

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

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



STATE OF NEW JERSEY
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 19484-15

AGENCY DKT. NO. GR15060645

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

Deborah M. Franco, Esq., for petitioner (Cullen and Dykman, LLP, attorneys)

Maura Caroselli, Assistant Deputy Rate Counsel, Division of Rate Counsel
(Stephanie A. Brand, Director)

Alex Moreau, Deputy Attorney General for respondent Board of Public Utilities
(Robert Lougy, Attorney General of New Jersey, attorney)

Record Closed: May 5, 2016

Decided: May 10, 2016

Before **IRENE JONES, ALJ**

STATEMENT OF THE CASE

On May 29, 2015, petitioner Pivotal Utility Holding, Inc., d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition with the Board of Public Utilities (BPU)

requesting to decrease its Basic Gas Supply Service ("BGSS") Commodity rate for the BGSS period commencing October 1, 2015 through September 30, 2016. The proposed decrease was based upon the Company's projection that it would be in an over-recovered position of approximately \$3.0 million as of September 30, 2016.

On August 26 and 27, 2015, public hearings were held in Rahway and Flemington, New Jersey, respectively. Thereafter, on September 11, 2015, the Board issued an Order authorizing a previously decreased BGSS rate, subject to refund. A second decrease was implemented on January 16, 2016.

On November 25, 2015, the matter was transmitted to the OAL for hearing as a contested case. A prehearing conference was held on January 25, 2016 wherein a procedural schedule was established.

After discovery and conferences the parties have agree to settle the matter and on May 4, 2016, filed the attached stipulation of settlement.

I have reviewed the record and the terms of the Stipulation of Settlement and I **FIND:**

1. The parties have voluntarily agreed to the settlement as evidence by their signatures or the signatures of their representatives.
2. The settlement fully disposes of all issued in controversy and is consistent with the law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby **CONCLUDED**.

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

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five (45) days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.



May 10, 2016

DATE

IRENE JONES, ALJ

Date Received at Agency:

May 10, 2016

Date Mailed to Parties:
sej
