



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

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)	DECISION AND ORDER
UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN)	APPROVING STIPULATION
GAS TO REVIEW ITS PERIODIC BASIC GAS)	FOR PROVISIONAL BGSS-P
SUPPLY SERVICE RATE)	RATES
)	
)	DOCKET NO. GR12060474

Parties of Record:

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

BY THE BOARD:

BACKGROUND

Per the generic Order of the Board of Public Utilities ("Board" or "BPU") dated January 6, 2003 in 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 and February 1, 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-P rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

In accordance with the January BGSS Order, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company ("Elizabethtown" or "Company"), filed a petition with the Board on June 1, 2012 seeking to decrease its Periodic Basic Gas Supply Service ("BGSS-P") rate from \$0.6924 per therm to \$0.6663 per therm inclusive of all applicable taxes effective as of October 1, 2012. The estimated projected impact of the proposal would be a decrease in the gas cost revenues of Elizabethtown by approximately \$5.5 million before taxes and assessments or \$5.8 million inclusive of taxes and assessments in the BGSS year beginning on October 1, 2012 and ending on September 30, 2013. The proposed rate is designed to bring the BGSS underrecovery balance to approximately zero as of September 30, 2013.

Based on the proposed BGSS rate change, the monthly bill of a typical residential heating customer using 100 therms would be reduced by \$2.61 from \$115.75 to \$113.14 or by 2.3%. Based on the Company's current volume forecast, under the current rate of \$0.6924 per therm, Elizabethtown would collect approximately \$144.2 million in BGSS related revenues before taxes and assessments or \$154.6 million in BGSS related revenues inclusive of taxes and assessments. Under the proposed rate of \$0.6663 per therm using that same volume forecast, the Company would collect approximately \$138.7 million before taxes and assessment or \$148.8 million inclusive of taxes and assessments.

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were held in Rahway, New Jersey and Flemington, New Jersey on August 15, 2012 and August 22, 2012 respectively. No members of the public attended at either of the hearings.

Stipulation for Provisional BGSS Rates¹

Following a review by, and subsequent discussions among the Company, Board Staff and Rate Counsel the only parties to this proceeding (collectively, the "Parties"), determined that pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown Gas to decrease its BGSS-P rate to \$0.6663 per therm inclusive of all applicable taxes, subject to refund with interest on any net over-recovered BGSS balance. The Parties signed a Stipulation for Provisional BGSS Rates on August 29, 2012 ("Stipulation"). A final rate will be implemented after an opportunity for a full review of the Company's filing in this proceeding at the Office of Administrative Law.

The stipulated change results in a bill decrease from the BGSS-P rate currently in effect of approximately 2.3%, or \$2.61 per month, for a typical residential heating customer using 100 therms per month. Typical residential heating customers using 1000 therms annually would see a decrease in their gas bills of \$26.10 from \$692.40 to \$666.30.

The Parties agree that implementation of the agreed upon BGSS-P rate should be effective as close to October 1, 2012 as reasonably possible.

Elizabethtown also seeks to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2012 and February 1, 2013, if it is determined that such increases are necessary to permit them to avoid a BGSS under recovery balance on September 1, 2013.

Elizabethtown will continue to provide electronically to the Parties the following information on a monthly basis: the BGSS NYMEX Update Report and a monthly report showing the calculation of net gas per therm.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation. The Board FINDS that, subject to the terms and conditions set forth below, the

¹ Although summarized in this Order, the detailed terms of the stipulation control, subject to the findings and conclusions of this Order.

Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein, and HEREBY APPROVES on a provisional basis, subject to refund with interest on any over-recovered BGSS balance, the Company's implementation of a decrease in its BGSS-P rate to \$0.6663 per therm inclusive of all applicable taxes, effective for service rendered as close to October 1, 2012 as reasonable.

The Board HEREBY DIRECTS Elizabethtown to continue to provide electronically to Board Staff and Rate Counsel, on a monthly basis, the following update information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1) attached hereto as Exhibit B; and 2) a monthly report of showing the Cost of Gas per therm (also known as S-ECHART-2) attached hereto as Exhibit C. Each of the above reports is to be completed using information available the first Friday of the month, and submitted to Board Staff and Rate Counsel the following Tuesday. Exhibit C is to be submitted to the Parties on approximately the 15th of the following month.

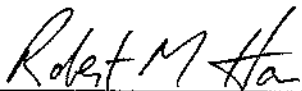
The Board HEREBY DIRECTS the Company to file tariff sheets in the form attached as Exhibit A to the Stipulation within five (5) days of the service of this Order.

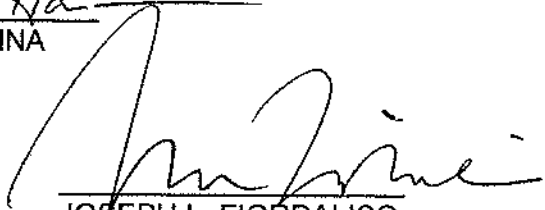
The Board HEREBY DIRECTS that this matter be transmitted to the Office of Administrative Law for review and evidentiary hearings, if necessary.

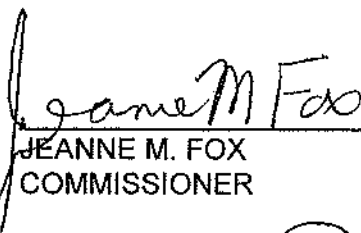
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

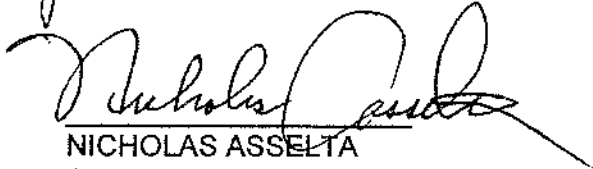
DATED: 9/13/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER


JEANNE M. FOX
COMMISSIONER


NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
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
To Review its Periodic Basic Gas Supply
Service Rate
DOCKET NO. GR12060474

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August 30, 2012

Honorable Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
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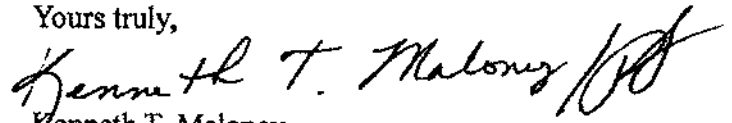
**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas To Review Its Periodic Basic Gas Supply
Service Rate, BPU Docket No. GR12060474**

Dear Secretary Izzo:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation For Provisional Rates 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.

Yours truly,



Kenneth T. Maloney

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

cc: Attached Service List

FOUNDED 1850

BROOKLYN

LONG ISLAND

MANHATTAN

WASHINGTON, D.C.

NEW JERSEY

**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. GR12060474**

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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. GR12060474**

SERVICE LIST

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

-----X
In The Matter Of The Petition Of Pivotal Utility : **BPU Docket No. GR12060474**
Holdings, Inc. d/b/a Elizabethtown Gas To :
Review Its Periodic Basic Gas Supply : **STIPULATION FOR**
Service Rate : **PROVISIONAL BGSS RATES**
-----X

APPEARANCES:

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

Felicia Thomas-Friel, Managing Attorney Gas, Division of Rate Counsel, **Sarah H. Steindel, Esq. and Christine Juarez, Esq.**, Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

Alex Moreau and Marisa Slaten, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

1. On June 1, 2012, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, (“Elizabethtown” or “Company”) filed a Petition (“June 1 Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR11060330 to revise its Periodic Basic Gas Supply Service (“BGSS-P”) rates for the period October 1, 2012 through September 30, 2013.

2. In its June 1 Petition, Elizabethtown proposed to decrease its current BGSS-P rate from \$0.6924 per therm inclusive of all applicable taxes to \$0.6663 per therm inclusive of all applicable taxes to become effective October 1, 2012. The estimated underrecovery balance as of September 30, 2012 amounts to approximately \$9.9 million. The proposed rate of \$0.6663 per therm is designed to bring the BGSS balance to approximately zero as of September 30, 2013. The rate proposed would decrease the monthly bill of a typical residential heating customer using 100 therms by \$2.61 from \$115.75 to \$113.14, a decrease of 2.3%. The projected impact of the proposed

rate change is a decrease in gas cost recoveries of approximately \$5.5 million before taxes and assessments or \$5.8 million inclusive of taxes and assessments in the year ending September 30, 2013 than would otherwise be recovered by Elizabethtown under the current BGSS-P rate. Based on the Company's current volume forecast, under the current rate of \$0.6924 per therm, Elizabethtown would collect approximately \$144.2 million before taxes and assessments or \$154.6 million inclusive of taxes and assessments. Based on the Company's current volume forecast, under the proposed rate of \$0.6663 per therm, Elizabethtown would collect approximately \$138.7 million before taxes and assessments or \$148.8 million inclusive of taxes and assessments. Notices setting forth the requested rate change and 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 within the Company's service territory. Public hearings concerning the Company's Petition were held in Rahway, New Jersey on August 15, 2012 and Flemington, New Jersey on August 22, 2012. No members of the public attended.

3. Elizabethtown, the Board's Staff and the Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "the Parties"). The Parties agree that additional time is needed to complete a comprehensive review of the Company's filing and that provisional BGSS rates, subject to refund with interest on any net-overrecovered BGSS balance, are reasonable to provide customers with the benefit of the rate decrease proposed in the June 1 Petition, while permitting Elizabethtown to timely collect BGSS costs while additional review of the Company's filing takes place.

4. The Parties have determined and hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest

for the Board to authorize Elizabethtown to decrease its BGSS-P rate to \$0.6663 per therm inclusive of all applicable taxes. This authorization will be implemented on a provisional basis, subject to refund with interest on any net BGSS overrecoveries. A final rate will be implemented after an opportunity for a full review of the Company's filing in this proceeding at the Office of Administrative Law, if necessary, and final Board approval. The stipulated change results in a bill decrease from the BGSS-P rate currently in effect of approximately 2.3%, or \$2.61 per month, for a typical residential heating customer using 100 therms per month. The stipulated change results in a bill decrease from the BGSS-P rate currently in effect of approximately 2.2%, or \$26.10 annually for a typical residential heating customer using 1,000 therms per year. The stipulated decrease is projected to lower the Company's BGSS gas cost recoveries by approximately \$5.5 million in the year ending September 30, 2013. The Parties request that the Board issue an order authorizing the provisional rates effective as close to October 1, 2012 as reasonably possible. The Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2012 and February 1, 2013, in accordance with the procedures specified in the Board's generic order in BPU Docket No. GX01050304, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 1, 2013.

5. The Company will submit tariff sheets in the form attached as Exhibit A in compliance with the provisional rates within five (5) days of the effective date of the Board's Order approving these rates.

6. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1) attached hereto as Exhibit B; and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2) attached hereto as Exhibit C.

The chart reflected as Exhibit B is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit C is to be submitted to the Parties on approximately the 15th of the following month.

7. 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.

8. 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.

9. 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.

10. The Parties further acknowledge that 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.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities 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 (187m)
**Mary Patricia Keefe
Vice President, Regulatory Affairs
and Assistant Corporate Secretary**

By: Sarah H. Steindel
**Sarah H. Steindel
Assistant Deputy Rate Counsel**

**JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: Marisa Slaten
Marisa Slaten, DAG

Dated: August 29, 2012

RIDER "A"
BASIC GAS SUPPLY SERVICE CHARGE ("BGSS")

This Rider sets forth the method of determining the BGSS which shall be calculated to four (4) decimal places on a per therm basis established in accordance with the Board Order in Docket No. GX01050304 dated January 6, 2003. The BGSS charge is either BGSS-Monthly ("BGSS-M") or BGSS-Periodic ("BGSS-P") and will be applied to a Customer's Service Classification as follows:

1. The BGSS-M shall be applicable to all GDS, LVD, and EGF customers receiving gas supply from the Company effective on the first of each month as determined below.
2. The BGSS-P shall be applicable to all RDS, SGS, and GLS customers receiving gas supply from the Company.

The BGSS Charge, as defined herein, is designed to recover the cost to the Company of purchased gas or fuel used as a substitute for or supplemental to purchased gas including the cost of storing or transporting said gases or fuel, the cost of financial instruments employed to stabilize gas costs, other charges or credits as may result from the operation of other tariff provisions, and taxes and assessments in connection with the purchase and sale of gas.

BGSS per therm rates:

<u>Effective Date</u>	<u>BGSS-M per therm</u>	<u>BGSS-P per therm</u>
August 1, 2011	\$0.6913	\$0.8031
September 1, 2011	\$0.6340	\$0.8031
October 1, 2011	\$0.6310	\$0.6924
November 1, 2011	\$0.6047	\$0.6924
December 1, 2011	\$0.5868	\$0.6924
January 1, 2012	\$0.5554	\$0.6924
February 1, 2012	\$0.5101	\$0.6924
February 11, 2012	\$0.5101	\$0.6249
March 1, 2012	\$0.4842	\$0.6249
March 12, 2012	\$0.4842	\$0.6924
April 1, 2012	\$0.4557	\$0.6924
May 1, 2012	\$0.4385	\$0.6924
June 1, 2012	\$0.4808	\$0.6924
July 1, 2012	*	\$0.6924
August 1, 2012	*	\$0.6924
September 1, 2012	*	\$0.6924
October 1, 2012 (<i>Proposed BGSS-P rate</i>)	*	\$0.6863

*To be determined

Date of Issue: **May 23, 2012**

Effective: Service Rendered
 on and after **May 23, 2012**

Issued by: Jodi Gidley
 Sr. Vice President, Mid-Atlantic Operations
 300 Connell Drive, Suite 3000
 Berkeley Heights, New Jersey 07922

*Provisional Approved as Final

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

Exhibit B

S-ECHART-1
BGSS NYMEX Update Report
as of August 03, 2012

Month	a BGSS (see note below)	b NYMEX (9/3/2012 Close)	c = b - a Incr/ (Decr)	% Chg	d Sales forecast (dths)	e Hedged volume (dths)	f = d - e Unhedged volume (dths)	g = c x f Change in value unhedged
Oct-11	\$ 4.413	\$ 3.759	\$ (0.654)		1,543,066	736,200	806,866	(\$527,690)
Nov-11	\$ 4.577	\$ 3.524	\$ (1.053)		2,549,426	1,519,307	1,030,119	(\$1,084,715)
Dec-11	\$ 4.792	\$ 3.364	\$ (1.428)		4,508,509	3,162,715	1,345,794	(\$1,921,794)
Jan-12	\$ 4.908	\$ 3.084	\$ (1.824)		5,111,385	3,571,472	1,539,913	(\$2,808,801)
Feb-12	\$ 4.897	\$ 2.678	\$ (2.219)		4,177,973	2,893,420	1,284,553	(\$2,850,423)
Mar-12	\$ 4.837	\$ 2.446	\$ (2.391)		3,051,453	1,857,722	1,193,731	(\$2,854,210)
Apr-12	\$ 4.707	\$ 2.191	\$ (2.516)		1,378,856	782,646	596,210	(\$1,500,065)
May-12	\$ 4.730	\$ 2.036	\$ (2.694)		827,729	427,100	400,629	(\$1,079,295)
Jun-12	\$ 4.769	\$ 2.429	\$ (2.340)		458,476	297,100	161,376	(\$377,620)
Jul-12	\$ 4.814	\$ 2.774	\$ (2.040)		587,128	297,100	290,028	(\$591,667)
Aug-12	\$ 4.839	\$ 3.010	\$ (1.829)		576,515	327,100	249,415	(\$456,180)
Sep-12	\$ 4.848	\$ 2.877	\$ (1.971)		652,603	397,100	255,503	(\$503,596)
Avg Total \$	\$ 4.761	\$ 2.848	\$ (1.913)	-40.2%	25,423,119	16,268,982	9,154,137	(\$16,556,047)
Oct-12	\$ 4.900	\$ 2.885	\$ (2.015)		1,568,335	747,100	821,235	(\$1,654,789)
Nov-12	\$ 5.058	\$ 3.022	\$ (2.036)		2,589,020	1,505,407	1,083,613	(\$2,206,237)
Dec-12	\$ 5.280	\$ 3.277	\$ (2.003)		4,578,636	3,149,764	1,428,872	(\$2,862,030)
Jan-13	\$ 5.409	\$ 3.409	\$ (2.000)		5,192,152	3,869,187	1,322,965	(\$2,645,931)
Feb-13	\$ 5.373	\$ 3.423	\$ (1.950)		4,242,199	3,084,227	1,157,972	(\$2,258,046)
Mar-13	\$ 5.301	\$ 3.401	\$ (1.900)		3,098,332	2,147,382	950,950	(\$1,806,805)
Apr-13	\$ 5.078	\$ 3.382	\$ (1.696)		1,401,850	660,555	741,295	(\$1,257,236)
May-13	\$ 5.092	\$ 3.410	\$ (1.682)		841,667	359,500	482,167	(\$811,005)
Jun-13	\$ 5.126	\$ 3.462	\$ (1.674)		468,661	179,500	289,161	(\$484,056)
Jul-13	\$ 5.168	\$ 3.497	\$ (1.671)		597,852	249,500	348,352	(\$582,096)
Aug-13	\$ 5.197	\$ 3.520	\$ (1.677)		588,505	314,800	273,705	(\$459,003)
Sep-13	\$ 5.207	\$ 3.526	\$ (1.681)		664,706	337,200	327,506	(\$550,538)
Avg Total \$	\$ 5.182	\$ 3.350	\$ (1.832)	-35.4%	25,831,915	16,604,121	9,227,794	(\$17,577,771)

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; Oct-11 to Sept-13 based on 05/10/2011 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

