



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)
UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN) DECISION AND ORDER
GAS TO REVISE THE REMEDIATION ADJUSTMENT)
CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS)
CHARGE RATE) DOCKET NO. GR12100936

Parties of Record:

Mary Patricia Keefe, Esq., Vice President 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

Elizabethtown Gas ("ETG" or "the Company") has six former manufactured gas plant ("MGP") sites in New Jersey: two in Elizabeth, and one each in Rahway, Perth Amboy, Fleming and Newton. The Elizabeth, Rahway and Perth Amboy sites were owned and/or operated exclusively by ETG and/or its predecessor companies. Flemington and Newton were co-owned by a predecessor of Jersey Central Power & Light ("JCP&L") and are now owned by First Energy, JCP&L's parent company.

On October 12, 2012, ETG filed a petition ("2012 Petition") with the New Jersey Board of Public Utilities ("the Board"), assigned to this docket, to revise the Remediation Adjustment Clause ("RAC") component of its Societal Benefits Charge ("SBC") rate¹. Subsequently, selected schedules to the 2012 Petition were modified through filings made on February 1 and March 1, 2013.

The proposed SBC-RAC rate of \$0.0229 per therm represents an increase from the current rate of \$0.0106, and is designed to recover \$10,034,723 in RAC-related costs including prior year RAC

¹ The 2012 Petition did not seek any adjustment of other SBC rate components—the New Jersey Clean Energy Program and Universal Service Fund and Lifeline charges.

under-recoveries which includes adjustments required in connection with the RAC audit and an additional RAC credit related to previously disallowed RAC-related costs².

Recovery is sought for \$7,536,783 of RAC-related costs to test, contain and remediate the Company's former MGP sites incurred over the period from July 1, 2011 through June 30, 2012³. Duly noticed public hearings were held in Flemington, New Jersey and Rahway, New Jersey on March 26 and 27, 2013 respectively. No members of the public attended.

STIPULATION

The Company, Rate Counsel, and Board Staff ("the Parties") conducted extensive discovery, reached a settlement and on December 5, 2013, executed a Stipulation⁴ intended to resolve any and all issues associated with this proceeding. Key terms of the Stipulation include the following:

As of the effective date, the Company will implement a RAC rate of \$0.0229 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board.

The Company represents that the labor allocation reflected in the RAC rate proposed in the 2012 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

The Company represents that the RAC filing does not include the recovery of any Natural Resource Damage ("NRD")-related costs. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any.

The Company agrees that it will include with its RAC filings responses to the minimum filing requirements as set forth in Appendix C attached to the Stipulation and that in future RAC filings it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.

In the Affiliated Transaction and Management Audit of Elizabethtown Gas ("the Audit"), BPU Docket No. GA07100795, filed November 24, 2009, the Board's auditor made several findings and recommendations relating to the Company's MGP remediation program. The Company agrees to include within its next RAC filing, subsequent to the Board's approval of this Stipulation, an update on the status of the Audit and provide a description of all practices and procedures required by the Board or agreed upon by Board Staff and the Company in connection of the Audit.

Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board the revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix D.

² Appendix A attached to the Stipulation details the calculation of the \$0.0229 per therm rate.

³ Appendix B attached to the Stipulation provides cost by MGP site for the RAC year ending 06/30/12

⁴ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

The annual bill impact of the stipulation SBC-RAC rate on a typical residential heating customer using 1,000 therms is an increase of \$12.30 from \$1,193.44 to \$1,205.74 or 1.0% as compared to the Company's currently effective rates. The proposed rates will increase the Company's annual revenues by approximately \$5.4 million based on the Company's most recent therm forecast.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this proceeding including the 2012 Petition, supplemental filings and the attached Stipulation. The Board **FINDS** that, with the terms and conditions set forth below, the Stipulation is reasonable 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** the Company's implementation of an increase in its SBC-RAC rate to \$0.0229 per therm inclusive of all applicable taxes, effective for service rendered on and after January 1, 2014.

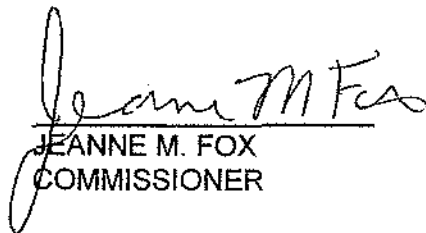
The Board **HEREBY DIRECTS** the Company to file tariff sheets in the form attached as Appendix D to the Stipulation within ten days of the effective date of this Board's Order.

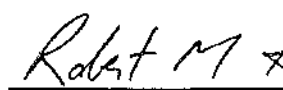
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

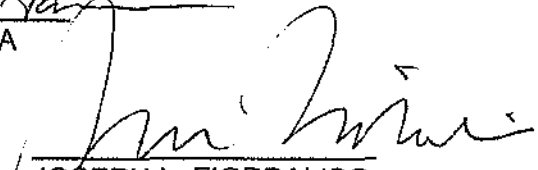
The effective date of this Order is December 30, 2013.

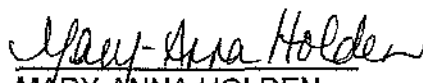
DATED: 12/18/13

BOARD OF PUBLIC UTILITIES
BY:


JEANNE M. FOX
COMMISSIONER


ROBERT M. HANNA
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

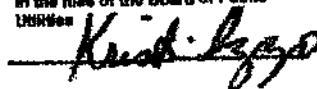

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
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 REVISE THE REMEDIATION ADJUSTMENT CLAUSE
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE
DOCKET NO. GR12100936

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December 5, 2013

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Honorable Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue
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**Re: In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas To Revise The Remediation Adjustment
Clause Component of its Societal Benefits Charge Rate,
BPU Docket No. GR12100936**

Dear Secretary Izzo:

Enclosed for filing in the above proceeding is a Stipulation executed by representatives of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, the Staff of the New Jersey Board of Public Utilities and the Division of Rate Counsel that is intended to resolve all issues associated with the above-referenced proceeding. It is respectfully requested that the Board approve this Stipulation in its entirety at the December 18, 2013 agenda meeting. 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 REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
 OF ITS SOCIETAL BENEFITS CHARGE RATE
 BPU DOCKET NO. GR12100936**

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

-----X
: BPU Docket No. GR12100936
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To :
Revise The Remediation Adjustment Clause :
Component of its Societal Benefits Charge Rate :
: 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, Deputy Rate Counsel, **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

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

BACKGROUND

1. On October 12, 2012, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition (“2012 Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) in BPU Docket No. GR12100936 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate. Certain schedules to the 2012 Petition were modified through supplemental filings made on February 1 and March 1, 2013.

2. The 2012 Petition proposed an increase in the Company’s then-current SBC-RAC rate of \$0.0012 per therm to \$0.0229 per therm, inclusive of current sales taxes. The proposed SBC-RAC rate of \$0.0229 per therm was designed to recover \$10,034,723

in RAC-related costs as shown in the February 1, 2013 Supplemental Filing. Elizabethtown's currently effective RAC rate is \$0.0106 per therm including sales and use taxes. By Order dated April 29, 2013 issued in BPU Docket No. GR11080485 ("April 29 Order") with an effective date of May 10, 2013, the Board approved a March 5, 2013 Stipulation among Board Staff, New Jersey Division of Rate Counsel ("Rate Counsel") and the Company resolving all issues concerning the petition to reconcile Elizabethtown's SBC, including the SBC-RAC, for the July 1, 2010 through June 30, 2011 period and approving the Company's currently effective SBC-RAC rate of \$0.0106 per therm.

3. The RAC-related costs for which recovery was sought in the 2012 Petition were the costs to test, contain and remediate the Company's former manufactured gas plant sites (described below) incurred during the period July 1, 2011 through June 30, 2012. These costs totaled \$7,605,951 which the Company is entitled to recover over a seven-year period. The Company deducted third party recoveries, insurance recoveries and applicable insurance litigation costs of \$149,370 from the amount of \$7,605,951, and added back in \$80,202 of deferred expenses relating to the pursuit of insurance and/or third party recoveries, resulting in recoverable net remediation costs of \$7,536,783 that are subject to recovery over the seven-year period.

4. In accordance with the Company's tariff, the Company's proposed SBC-RAC rider rate was determined by calculating the sum of (a) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30th for the periods ending 2012, 2011, 2010, 2009, 2008, 2007 and 2006, less the deferred tax benefit, as

shown in the table set out in the footnote below,¹ which equals \$3,728,704 (b) the prior year's RAC underrecovery balance of \$5,769,097² and (c) \$536,922 of interest accrued on RAC-related costs calculated in the manner approved by the Board in its order in BPU Docket No. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total \$10,034,723, which was divided by the projected sales and service volumes

¹ The Company's 2012 Petition set forth the net deferred remediation costs for the twelve months ended June 30th for the period ending 2012, 2011, 2010, 2009, 2008, 2007 and 2006 less the deferred tax benefit as follows:

YEAR	RECOVERABLE AMOUNT
2012	\$1,010,181
2011	\$1,338,141
2010	\$432,451
2009	\$451,040
2008	\$356,924
2007	\$ 82,647
2006	<u>\$ 57,320</u>
TOTAL	\$3,728,704

² This underrecovery balance was the result of a downward adjustment to the actual prior year underrecovery balance of \$6,158,138 by \$214,041 and \$175,000, respectively. Specifically, in Audit No. A-2888, the Board's Audit Staff conducted a review of Elizabethtown's deferral and recovery of costs through the Company's RAC for the period October 1, 1987 through June 30, 2006. After this review, Staff issued a report and representatives of Staff and Elizabethtown entered into a Stipulation ("RAC Audit Stipulation") approved by a Board Order dated November 30, 2011 ("November 30 Order") issued in BPU Docket No. GA10110840. The Board's November 30 Order approving the RAC Audit Stipulation required the disallowance of approximately \$183,000 plus simple interest through the effective date of the Stipulation, January 14, 2012, which is forty-five (45) days from the date of the November 30 Order. This resulted in a RAC credit in the amount of \$214,041, as of January 14, 2012 that served to reduce the Company's underrecovery balance \$6,158,138, inclusive of interest. In addition, an Order dated September 22, 2011 issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 ("September 22 Order") required the Company to include in the Company's 2012 RAC Petition, a credit to the SBC-RAC balance of \$175,000 to reflect the disallowance of certain RAC-related costs agreed to by the parties. This credit was similarly applied to the Company's RAC underrecovery balance of \$6,158,138. The application of the two credits of \$214,041 and \$175,000 to the underrecovery balance of \$6,158,138, resulted in a net prior year underrecovery balance of \$5,769,097.

to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider rate of \$0.0229 per therm.

5. The Company has six former manufactured gas plant sites in New Jersey: two that are located in Elizabeth, one on South Street, and one on Erie Street including the Renora Landfill, and one each in Rahway, Perth Amboy, Flemington and Newton. The Eric Street, South Street, Rahway and Perth Amboy sites were owned and/or operated exclusively by Elizabethtown and/or its predecessor companies. Flemington and Newton were also owned by a predecessor of Jersey Central Power & Light, which is now owned by First Energy. The 2012 Petition sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.

6. The 2012 Petition did not propose to adjust the New Jersey Clean Energy Program (“CEP”), Universal Service Fund (“USF”) and Lifeline rate components of the SBC.

7. The 2012 Petition was not transmitted to the Office of Administrative Law by the Board and duly noticed public hearings were held in Flemington, New Jersey on March 26, 2013 and in Rahway, New Jersey on March 27, 2013. No members of the public attended the public hearings. Elizabethtown, Board Staff and Rate Counsel conducted discovery and discussed discovery-related issues and settlement of this proceeding.

8. Board Staff, Rate Counsel and Elizabethtown (the “Stipulating Parties”) have reached this Stipulation which is intended to resolve all issues associated with the 2012 Petition in the manner set forth below.

STIPULATED MATTERS

The Stipulating Parties hereby **STIPULATE AND AGREE** as follows:

Effective Date

A. The Parties acknowledge that the RAC rate change will become effective ten days after the issuance of a Board Order approving this Stipulation or upon such date thereafter as the Board may specify.

Effective Rates

B. As of the Effective Date, Elizabethtown will implement an SBC-RAC rate of \$0.0229 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board. The calculation of this rate and the costs it is designed to collect are set forth in Appendices A and B, respectively, which are attached to this Stipulation.

C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2012 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. “NRD-related costs” also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate

and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the September 22 Order.

E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements ("MFR") as set forth in Appendix C to this Stipulation and that in future RAC filings it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.

F. In the Affiliated Transactions and Management Audit of Elizabethtown Gas ("the Audit") BPU Docket No. GA07100795 filed November 24, 2009, the Board's auditor made several findings and recommendations relating to the Company's Manufactured Gas Plant remediation program. The Company agrees to include within its next RAC filing, subsequent to the Board's approval of this Stipulation, an update on the status of the Audit and provide a description of all practices and procedures required by the Board or agreed upon by Board Staff and the Company in connection with the Audit.

G. Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix D.

H. The current CEP rate of \$0.0763 per therm approved by the Board in BPU Docket No. GR12080749 is not affected by this Stipulation. The current USF rate of \$0.0065 per therm and Lifeline rate of \$0.0061 per therm approved by the Board in BPU

Docket No. ER13060534 are also not affected by this Stipulation. Approval of this Stipulation will result in a total SBC rate of \$0.1118 per therm, inclusive of the RAC, CEP, USF and Lifeline rate components of the SBC rate.

Rate Impact

I. The annual bill impact of the stipulated SBC-RAC rate on a typical residential heating customer using 1,000 therms is an increase of \$12.30 from \$1,193.44 to \$1,205.74 or 1.0% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$5.4 million based on the Company's most recent therm forecast.

All Issues Resolved

J. Upon the Board's approval of this Stipulation, all issues concerning the SBC-RAC and the costs recovered through this rate are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

Further Provisions

K. 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 Administrative Law Judge or the Board, then any Stipulating 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. In the event this Stipulation is not adopted in its entirety by the Board in its Order in this matter, then any Stipulating 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.

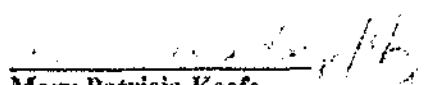
L. It is the intent of the Stipulating Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Stipulating Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

M. 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.

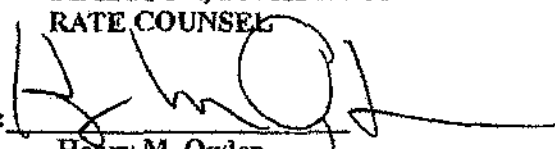
**PIVOTAL UTILITY HOLDINGS, INC.
D/B/A/ ELIZABETHTOWN GAS**

By:


Mary Patricia Keefe
Vice President, Regulatory Affairs
and Assistant Corporate Secretary

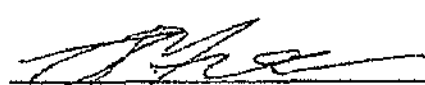
**STEFANIE A. BRAND
DIRECTOR, DIVISION OF
RATE COUNSEL**

By:


Henry M. Ogden
Assistant Deputy Rate Counsel

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

By:


Alex Moreau
Deputy Attorney General

Dated: December 5, 2013

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
 SOCIETAL BENEFITS CHARGE (SBC)
 REMEDIATION ADJUSTMENT CLAUSE (RAC)

CALCULATION OF THE RAC COMPONENT OF THE SBC
 October 1, 2012 through September 30, 2013
 RECOVERY YEAR - 2013

1.a Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)		\$3,918,171
1.b Recovery Year Deferred Tax benefits (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)		<u>(\$189,467)</u>
1 Recovery Year Recoverable Costs (1.a +1.b)		\$3,728,704
2 Accrued Carrying Costs (Sch. TK-3)		\$536,922
3 Prior Year RAC Underrecovery (Sch. TK-4)	\$6,158,138	
Memorandum of Understanding - Audit Finding No. 2 plus "I" (Sch TK-3a)	(\$214,041)	
Settlement Adjustment per Stipulation Approved on 9-22-11 in Docket Nos GR07080645, GR08090836 & GR09080651	(\$175,000)	<u>\$5,769,097</u>
4 Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)		\$10,034,723
5 Projected Normalized Sales and Services (Forecast Sch. TK-1)		469,601,269 therms
6 RAC COMPONENT, before taxes and assessment (L4/L5)		\$0.0214 /therm
7 BPU & RC Assessment Factors		<u>1.0022</u>
8 RAC COMPONENT, before taxes (L6*L7)		\$0.0214
9 Sales & Use Tax @ 7.00%		<u>\$0.0015</u>
10 RAC COMPONENT (L8+L9)		<u><u>\$0.0229</u></u> /therm

Appendix B

Schedule SLC-1
First Revision

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
REVISED - Annual Report
July 1, 2011 through June 30, 2012

Line No.	(1) Description	Consulting/ Remediation	Legal	NJDEP Oversight	Natural Resource Damages (NRD)	Other	(2) Total Remediation Expenses	(3) NRD Deferral 100%	(4) Ins. Lit/ Third Party Deferral 50%	(5) Recovery of Deferred Expenses	(6) Third Party Recoveries	Net Remediation Cost This Period
1	Elizabeth (Erie Street)	\$732,662	\$25,756	\$636			\$759,055					\$759,055
2	Elizabeth (South Street)	\$6,085,306	\$25,966	\$4,649			\$6,115,921					\$6,115,921
3	Rahway	\$168,671	\$1,075	\$8,774			\$178,519					\$178,519
4	Perth Amboy	\$184,379	\$1,075	\$9,125			\$194,579					\$194,579
5	Flemington	\$23,642	\$1,075				\$24,717					\$24,717
6	Newton	\$21,640	\$1,075				\$22,715					\$22,715
7	Renora (Erie Street)		\$1,075				\$1,075					\$1,075
8	Internal					\$39,484	\$39,484					\$39,484
9	Misc.	\$117,025	\$4,226			\$10,301	\$131,551					\$131,551
10	Insurance Litigation/ Third Party Claims		\$138,335				\$138,335		(\$69,168)	\$78,199	(\$78,199)	\$69,167
11		\$7,333,324	\$199,659	\$23,183	\$0	\$49,785	\$7,605,951	\$0	(\$69,168)	\$78,199	(\$78,199)	\$7,536,783

Notes:

- 1 Elizabeth, Erie Street site includes costs incurred for Renora Landfill.
- 2 Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery.
- 3 100% of Natural Resource Damages deferred pending BPU resolution.
- 4 50% of the expenses incurred in the pursuit of Insurance and/or Third Party Claims.
- 5 Allowable recovery of the deferred expenses incurred in pursuit of Insurance and/or Third Party recoveries.
- 6 Credit of 100% of amounts received from Third Parties.

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
1. Please provide a vendor listing for the prior RAC period that contains information concerning vendor expenditures by MGP site, also showing a description of the services provided and the amount of each vendor invoice. The vendor list should include the monthly actual expenditures for the twelve month RAC period.	SLC-2
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.	SLC-2
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve months of the most recent RAC period.	SLC-2
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.	SLC-2
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.	SLC-2
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company should provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.	SLC-2
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.	SLC-2
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information	SLC-2

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.	
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.	TK-2
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.	SLC-2 Confidential
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request.	SLC-2 Confidential
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.	SLC-2
13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation.	TK-3
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.	SLC-2
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.	SLC-2
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.	SLC-2
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters.	SLC-2

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDICATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements

Schedule

18. Provide details concerning all remediation related charges to the Company from or through AGLR and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2
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RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0763
II.	Remediation Adjustment Charge ("RAC")	\$0.0229
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0065
	2. Lifeline	<u>\$0.0061</u>
	TOTAL	\$0.1118

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

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

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

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

Date of Issue:

Effective: Service Rendered
on and after

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

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No. GR12100936

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

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

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

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0763
II.	Remediation Adjustment Charge ("RAC")	\$0.02290-0406
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0065
	2. Lifeline	\$0.0061
	TOTAL	\$0.11180-0665

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

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

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

Date of Issue: ~~September 20, 2013~~

Effective: Service Rendered
on and after ~~October 1, 2013~~

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~September 13, 2013~~ in Docket No. GR12100936~~ER13060534~~