



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, d/b/a ELIZABETHTOWN GAS TO)
(1) REVISE ITS WEATHER NORMALIZATION CLAUSE)
RATE; (2) REVISE THE CLEAN ENERGY PROGRAM)
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE)
RATE; AND (3) REVISE ITS ON-SYSTEM MARGIN)
SHARING CREDIT)
DECISION AND ORDER)
APPROVING STIPULATION)
AND ADOPTING INITIAL)
DECISION)
DOCKET NO. GR12080749

Parties of Record:

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

BY THE BOARD:

BACKGROUND

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 ("Board" or "BPU") on August 14, 2012, assigned to Docket No. GR12080749, seeking to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) the New Jersey Clean Energy Program ("CEP") rate component of its societal benefits charge ("SBC"), and (3) its On-System Margin Sharing Credit ("OSMC") rate.

The WNC normalizes the financial impact of weather conditions on both the Company and its weather-sensitive ratepayers. If weather is colder than normal and customer usage exceeds projected levels, excess margin is returned to ratepayers. If weather is warmer than normal and customer usage is less than projected levels, the resulting deficit margin is recovered by the Company.

The CEP was created as a result of the Electric Discount and Energy Competition Act ("EDECA") in an effort to promote both energy efficiency and renewable energy programs. The Board annually sets each energy utility's share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs.

The OSMC provides for 80% of the margins generated from certain on-system non-firm sales and transportation services to be credited to firm customers.

WNC

As set forth in the 2012 Petition, a revenue deficiency balance in the amount of \$13.7 million is traced by the Company to the 21.2% warmer than normal 2012 winter period (October 2011 through May 2012), partially offset by prior period over-recoveries. The proposed WNC after-tax rate of \$0.0308 per therm is intended to recover this deficiency which is subject to a 3% rate cap of the combined residential distribution and BGSS rates under the terms of the tariff. As such, \$4.7 million of the \$13.7 is being deferred for recovery in a future period. The WNC rate will be set to zero on June 1, 2013 per the seasonal terms of the tariff, and reactivated on October 1, 2013 and remain in effect until May 31, 2014.

The 2012 Petition also proposed to expand the WNC rate applicable to certain General Delivery Service ("GDS") customers during the same months it applies to all other customers, which is October through May.

CEP

The Company's initial filing in this proceeding reflected a proposed after-tax per therm CEP rate of \$0.0548, designed to recover \$24.0 million in CEP-related costs inclusive of prior period under-recoveries. The \$0.0548 rate represented a reduction from the in-place rate of \$0.0641. On November 20, 2012, the Board issued an Order in Docket Nos. EO07030203 and EO11100631V increasing the Company's recoverable CEP-related costs from \$24.0 million to \$33.4 million. The Company then increased the filed-for rate from \$0.0548 to \$0.0763 per therm to recover these additional funds.

OSMC

The proposed OSMC after-tax per therm credit rate of \$0.0078 reflects a reduction from the current credit rate of \$0.0188.

The 2012 Petition was transmitted to the Office of Administrative Law ("OAL") for hearings as a contested case and was assigned to Administrative Law Judge ("ALJ") Diana C. Sukovich. Public hearings were duly notice and held in Rahway on November 8, 2012, and in Flemington, on November 13, 2012. No members of the public attended. Additional public hearings were held on March 26, 2013 in Flemington, New Jersey and on March 27, 2012 in Rahway, New Jersey to provide the public with notice of and the opportunity to comment about the increase in the Company's recoverable CEP-related costs as noted above. No members of the public attend these latter hearings or submitted comments on the 2012 Petition as filed or revised.

On April 3, 2013, Elizabethtown, Board Staff and Rate Counsel (collectively "the Parties") reached a stipulation ("Stipulation") that resolved all issues in this proceeding.

On April 16, 2013, ALJ Diana C. Sukovich issued her Initial Decision approving the Stipulation finding that the Parties voluntarily agreed to the settlement as evidenced by their agreement or their representatives' agreement, and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

STIPULATION FOR SBC, OSMC AND WNC RATES¹

1. The Effective Date of this Stipulation will coincide with the date on which a Board Order in these proceedings has been properly served on the parties of record or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.
2. The following after-tax rates to be set as of the effective date of the Board Order in this matter, and the estimated annual changes in revenue relating to the proposed rates are as follows:

	Proposed After Tax Rates Per therm [\$]	Annual Revenue Change v. Current Rates [\$Mil.]
WNC	\$0.0308	\$5.6
CEP	\$0.0763	\$5.7
OSMC	(\$0.0078)	\$3.2

3. The Company shall apply the WNC rate to its GDS Special Provision customers during the months of October through May as is the case for all other customers subject to the WNC rate.
4. Elizabethtown represents that the labor allocation reflected in the SBC-CEP rider rates 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.
5. Approval of this Stipulation will result in a total SBC rate of \$0.0959 per therm, inclusive of the currently effective RAC, CEP, USF and Lifeline rate components. The current USF and Lifeline rates were approved by the Board in Docket No. ER12060565 dated October 1, 2012 and are not impacted by this Stipulation. The RAC rate of \$0.0012 per therm approved by Board Order, dated May 23, 2012 in Docket No. GR10070510 is also not affected by this Stipulation.
6. The annual bill impact of the Stipulation WNC, SBC-CEP, and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$39.62 from \$1,184.82 to \$1,224.44 or 3.3% as compared to the Company's current effective rates.

The proposed rates will increase annual revenues by approximately \$14.6 million based on the Company's most recent therm forecast.

DISCUSSION AND FINDING

The Board has reviewed the attached Initial Decision and Stipulation in their entirety and **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly,

¹Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of Stipulation control, subject to the findings and conclusion in this Order.

the Board **HEREBY ADOPTS** the Initial Decision and Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the after-tax per therm WNC, SBC-CEP and OSMC rates are as follows:

WNC	\$0.0308 per therm
SBC-CEP	\$0.0763 per therm
OSMC	(\$0.0078) per therm

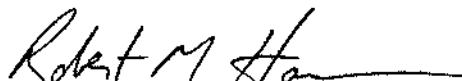
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days after the effective date of this Order.


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 such actions deemed to be appropriate as a result of any such audit.


This Order shall be effective on the date on which this Order is served as required by N.J.S.A. 48:2-40.

DATED: 5/29/13


BOARD OF PUBLIC UTILITIES
BY:

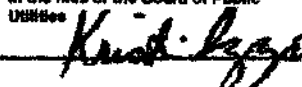

ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
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 d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit

DOCKET NO. GR12080749

SERVICE LIST

Jerome May, Director Division of Energy NJ Board of Public Utilities 44 South Clinton Ave. 9 th Floor Post Office Box 350 Trenton, NJ 08625	Stefanie A. Brand, Esq. Director Division of Rate Counsel 140 East Front Street, 4 th Floor Post Office Box 003 Trenton, NJ 08625	Diane Rojek Elizabethtown Gas 300 Connell Drive, Suite 3000 Berkeley Heights, NJ 07922
Robert Schultheis Division of Energy NJ Board of Public Utilities 44 South Clinton Ave. 9 th Floor Post Office Box 350 Trenton, NJ 08625	Felicia Thomas-Friel, Esq. Division of Rate Counsel 140 East Front Street, 4 th Floor Trenton, NJ 08625	Tricia Caliguire Counsel's Office NJ Board of Public Utilities 44 South Clinton Avenue, 9 th Fl. P.O. Box 350 Trenton, NJ 08625
Beverly Tyndell Division of Energy NJ Board of Public Utilities 44 South Clinton Ave. 9 th Floor Post Office Box 350 Trenton, NJ 08625	Mary Patricia Keefe, Esq. Elizabethtown Gas 300 Connell Dr., Suite 3000 Berkeley Heights, NJ 07922	Eric Hartsfield, Director Division of Customer Assistance NJ Board of Public Utilities 44 South Clinton Ave. 9 th Floor Post Office Box 350 Trenton, NJ 08625
Alex Moreau, Esq. Dept. of Law & Public Safety 124 Halsey Street Post Office Box 45029 Newark, NJ 07102	Kristi Izzo, Secretary NJ Board of Public Utilities 44 South Clinton Ave. 9 th Floor Post Office Box 350 Trenton, NJ 08625	Sarah H. Steindel, Esq. Division of Rate Counsel 140 East Front Street, 4 th Floor Post Office Box 003 Trenton, NJ 08625



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW
33 Washington Street
Newark, NJ 07102
(973) 648-6008

**A copy of the administrative law
judge's decision is enclosed.**

**This decision was mailed to the parties
on APR 16 2013**



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL Dkt. No. PUC 13288-12

AGENCY DKT. NO. GR12080749

**IN THE MATTER OF THE PETITION OF PIVOTAL
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN
GAS TO MAKE CHANGES TO ITS WEATHER
NORMALIZATION CLAUSE RATE AND CLEAN
ENERGY PROGRAM OF ITS SOCIETAL BENEFITS
CLAUSE CHARGE RATE AND REVISE ITS ON-
SYSTEM MARGIN SHARING CREDIT.**

**Mary Patricia Keefe, Esq., Vice President, Regulatory Affairs, for petitioner
Pivotal Utility Holding, Inc. d/b/a Elizabethtown Gas**

**Kenneth T. Maloney, Esq., and Deborah Franco, Esq., for petitioner
Pivotal Utility Holding, Inc. d/b/a Elizabethtown Gas (Cullen and Dykman
LLP, attorneys)**

**Felicia Thomas-Friel, Deputy Rate Counsel, and Sarah Steindel and Maria
Novas-Ruiz, Assistant Deputy Rate Counsels, for intervener the Division
of Rate Counsel (Stephanie Brand, Director, attorney)**

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

Record Closed: April 4, 2013

Decided: April 12, 2013

BEFORE: **DIANA C. SUKOVICH**, ALJ t/a:

On August 15, 2012, Pivotal Utility Holding, Inc. d/b/a Elizabethtown Gas (petitioner) filed a petition with the Board of Public Utilities (BPU) to revise its Weather Normalization Clause; Clean Energy Program of its Societal Benefits Charge Rates; and its on-System Margin Sharing Credit, to be effective October 1, 2013. The BPU transmitted the matter to the Office of Administrative Law (OAL) on September 28, 2012 for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13. The BPU conducted public hearings on November 8 and 13, 2012 in Rahway and Flemington, New Jersey, respectively, and on March 26, and March 27, 2013 in Flemington and Rahway, New Jersey, respectively. No members of the public appeared at the hearings.

Telephone conferences were conducted throughout the proceedings at the OAL. The parties conducted discovery and conferred throughout the proceedings and reached a resolution of the matter. An executed Stipulation, reflecting the settlement, was filed on April 4, 2013, on which date the record was closed. The Stipulation provides that it is to be effective on the date on which a BPU Order in these proceedings has been properly served on the parties of record or upon such date after the service thereof as the BPU may specify. Attached herewith is a copy of the Stipulation.

I have reviewed the record and the settlement terms and I **FIND** that the parties have voluntarily agreed to the Stipulation as evidenced by their signatures, and the Stipulation fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that the Stipulation meets the requirements of N.J.A.C. 1:1-19.1 and that it should be approved.

It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**; the rates reflected therein be effective on the date on which a BPU Order in these proceedings has been properly served on the parties of record or upon such date after the service thereof as the BPU may specify; and these proceedings be 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 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.

April 12, 2013

DATE

Diana C. Sukovich

DIANA C. SUKOVICH, ALJ t/a

Date Received at Agency:

4-16-13

Date Mailed to Parties:

APR 16 2013

Steven Sanders

DIRECTOR AND
CHIEF ADMINISTRATIVE LAW JUDGE

Rr/db



CULLEN and DYKMAN LLP

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

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

April 4, 2013

Via Federal Express and Electronic Mail (rachel.robinson2@oal.state.nj.us)

Honorable Diana C. Sukovich
Administrative Law Judge
Office of Administrative Law
33 Washington Street
Newark, New Jersey 07102

Re: I/M/O The Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate (3) Revise Its On-System Margin Sharing Credit, OAL Docket No. PUC 13288-12, BPU Docket No. GR12080749

Dear Judge Sukovich:

Enclosed for filing is a fully executed Stipulation signed by representatives of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, New Jersey Board of Public Utilities Staff and the Division of Rate Counsel to resolve the above-referenced proceeding.

It is respectfully requested that Your Honor recommend approval of the Stipulation and grant such other relief as may be needed to fully resolve this matter.

Please feel free to contact me at (516) 357-3878 if you have any questions or require additional 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

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

-----X
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To : **BPU Docket No. GR12080749**
(1)Revise its Weather Normalization Clause :
Rate; (2) Revise the Clean Energy Program : **PUC 13288-12**
Component of its Societal Benefits Charge :
Rate; and (3) Revise its On-System Margin : **STIPULATION**
Sharing Credit :
-----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, Deputy Rate Counsel, **Sarah H. Steindel, Esq. and Maria Novas-Ruiz, Esq.**, Assistant Deputy Rate Counsels, 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 (Jeffrey S. Chiesa, Attorney General of New Jersey)

To: Honorable Diana C. Sukovich
Administrative Law Judge

BACKGROUND

1. On August 14, 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. GR12080749 to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) New Jersey Clean Energy Program ("CEP") rate component of the Societal Benefits Charge ("SBC") rate, and (3) On-System Margin Sharing Credit ("OSMC") to be effective October 1, 2012. By Order dated July 18, 2012 ("July 18 Order") issued in BPU Docket No. GR11080470, the Board approved a June 13, 2012

Stipulation among Board Staff, the New Jersey Division of Rate Counsel ("Rate Counsel") and the Company resolving all issues concerning the petitions to reconcile Elizabethtown's SBC and WNC for the 2010-2011 period and approving the Company's currently effective WNC, CEP and OSMC rates. On August 3, 2012, the Board reissued the July 18 Order to correct a typographical error.

2. The 2012 Petition proposed an increase in Elizabethtown's then-current WNC rate of \$0.0000 per therm to \$0.0308 per therm. The July 18 Order approved a WNC rate of \$0.0127 per therm to start on October 31, 2012. The Company's WNC rate allows the Company to implement surcharges or credits to compensate for weather-related variations in customer usage. As set forth in the 2012 Petition, the proposed WNC rate of \$0.0308 per therm reflected a revenue deficiency balance in the amount of \$14,535, 214, as well as the fact that the 2012 Winter Period was 1,002 degree days or 21.2% warmer than normal. The revenue deficiency balance of \$14,535,214 was reduced by \$500,142 and \$249,652 of prior period excess recoveries as a result of a then estimated net income limitation imposed by Elizabethtown's tariff and the 2011-2012 Winter Period excess revenue balance, respectively, resulting in a recoverable WNC revenue deficiency balance of \$13,785,420. On November 30, 2012, the Company filed an update to actualize the WNC earning test information. This update revised the Earnings Test Disallowance from \$500,142 to \$589,667 resulting in a lower recoverable WNC revenue deficiency balance of \$13,695,895. The 2012 Petition also proposed to make the WNC rate applicable to GDS Special Provision Customers during the same months it applies to all other customers, which is October through May.

3. In addition, the 2012 Petition proposed an increase in Elizabethtown's then-effective SBC-CEP rate of \$0.0426 per therm to \$0.0548 per therm. The July 18 Order approved

a CEP rate of \$0.0641 per therm. The CEP rate is designed to recover costs associated with the New Jersey Clean Energy Program ("NJCEP"). The NJCEP is a statewide program mandated by the Board that offers financial incentives, programs and services to New Jersey residents, business owners and local government. The objective of the NJCEP is to promote increased energy efficiency and the use of clean, renewable sources of energy in order to decrease pollution, lower costs and reduce the demand for energy. The Company collects the costs associated with the NJCEP through the CEP rate and provides the funds to the State.

4. The proposed SBC-CEP rate of \$0.0548 per therm was designed to recover \$23,975,491 in CEP-related costs inclusive of prior period under-recovery balances. The costs included in the SBC-CEP rate include (i) expenses for the costs of administering NJCEP energy efficiency programs (ii) payments made to the renewable or grid supply program vendors at the direction of BPU Staff and (iii) payments made directly to the State's fiscal agent. In accordance with the July 18 Order, Elizabethtown's currently effective SBC-CEP rate is \$0.0641 per therm. On January 8, 2013 Elizabethtown provided updated CEP schedules to reflect the CEP-related costs resulting from the Board Order issued on November 20, 2012 in BPU Docket Nos. EO07030203 and EO11100631V. The updated schedules reflected an increase in the Company's CEP-related costs for the period at issue in this proceeding from \$23,975,491 as originally filed to \$33,393,812 as updated. This increase in CEP-related costs resulted in an increase in the proposed CEP rate from \$0.0548 per therm as originally filed to \$0.0763 per therm as updated. A full set of updated CEP Schedules are attached this Stipulation as indicated in paragraph G herein.

5. The 2012 Petition further proposed an OSMC credit rate of \$0.0078 per therm. This proposed OSMC credit rate of \$0.0078 per therm is a decrease in the amount of the credit

from the then-current credit rate of \$0.0241 per therm. The OSMC is the rate mechanism by which margins from on-system non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers. In accordance with the July 18 Order, Elizabethtown's currently effective OSMC rate is a credit of \$0.0188 per therm.

6. The 2012 Petition did not propose to adjust the Remediation Adjustment Clause ("RAC"), Universal Service Fund ("USF") and Lifeline rate components of the SBC.

7. The 2012 Petition was transmitted to the OAL and duly noticed public hearings regarding the 2012 Petition as filed were held in Rahway, New Jersey on November 8, 2012 at 4:30 p.m. and 5:30 p.m. and in Flemington, New Jersey on November 13, 2012 at 4:30 p.m. and 5:30 p.m. Further public hearings were held in Flemington, New Jersey on March 26, 2013 at 4:30 p.m. and 5:30 p.m. and in Rahway, New Jersey on March 27, 2013 at 4:30 p.m. and 5:30 p.m. to provide notice regarding the updated increase in Elizabethtown's CEP-related costs for the period at issue in this proceeding. No members of the public attended the public hearings. Elizabethtown, Board Staff and the New Jersey Division of Rate Counsel ("Rate Counsel") conducted discovery and met to discuss 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 Effective Date of this Stipulation will coincide with the date on which a Board Order in these proceedings has been properly served on the parties of record or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

Effective Rates

B. As of the Effective Date, Elizabethtown's effective WNC, SBC-CEP and OSMC rates will be as follows:

WNC	\$0.0308 per therm
SBC - CEP	\$0.0763 per therm
OSMC	(0.0078) per therm

The Company will be permitted to charge its WNC rate commencing on the Effective Date through May 31, 2013 to the extent that such rate is necessary to eliminate a WNC under-recovery balance or until such time that the Board approves a change in the rate. Thereafter, the WNC rate shall apply during each October through May period until such time as the Board approves a change in the rate. In addition, as reflected in the draft tariff sheets attached hereto as Appendix A, the Company shall apply the WNC rate to its GDS Special Provision customers during the months of October through May as is the case for all other customers subject to the WNC rate.

C. The Company represents that the labor allocation reflected in the SBC-CEP rider 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 WNC, SBC-CEP and OSMC rates established herein shall remain in effect until changed by order of the Board. Upon approval of these rates by the Board, the Company

will propose and file with the Board revised tariff sheets to reflect the rates agreed to in this Stipulation. Draft tariff sheets are attached hereto as Appendix A.

E. The current USF rate of \$0.0136 per therm and Lifeline rate of \$0.0048 per therm approved by the Board in BPU Docket No. ER12060565 on September 13, 2012 and made effective October 1, 2012 are not affected by this Stipulation. The current RAC rate of \$0.0012 per therm approved by the Board in its May 23, 2012 Order in BPU Docket No. GR10070510 is not affected by this Stipulation. Approval of this Stipulation will result in a total SBC rate of \$0.0959 per therm, inclusive of the currently effective RAC, CEP, USF and Lifeline rate components.

Rate Impact

F. The annual bill impact of the stipulated WNC, SBC-CEP and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$39.62 from \$1,184.82 to \$1,224.44 or 3.3% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$14.6 million based on the Company's most recent therm forecast. A breakdown of these revenues at current billing determinants is as follows:

	Revenue at Current Rates	Revenue at Stipulated Rates
CEP	\$30,101,442	\$35,830,577
OSMC	(\$5,531,780)	(\$2,295,100)
WNC	<u>\$3,964,259</u>	<u>\$9,614,107</u>
	\$28,533,921	\$43,149,584

All Issues Resolved

G. Upon the Board's approval of this Stipulation, all issues concerning the WNC, SBC-CEP and OSMC and the costs recovered through these clauses are deemed resolved for

purposes of this proceeding, but remain subject to audit by the Board. The WNC rate has been computed using the Degree Day Consumption Usage Factor submitted with the Company's 2012 Petition as reflected in attached Appendix B. As further reflected in the Company's 2012 Petition and set forth on attached Appendix C, are the Degree Day Consumption Usage Factors being used during the 2012-2013 WNC period. This Stipulation resolves all issues with respect to the proposed Factors. In addition a full set of updated CEP Schedules, as previously noted in the Background and Procedural History are attached as Appendix D to reflect the increase in CEP related costs ordered by the Board.

Further Provisions

H. 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.

I. 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.

J. 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 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**

By: *Mary Patricia Keefe*
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: April 2, 2013

APPENDIX A

RIDER "B"
WEATHER NORMALIZATION CLAUSE ("WNC")

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

October 1 through May 31	\$0.0308 per therm
June 1 through September 30	\$0.0000 per therm

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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue:

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.

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

(\$0.0078) per therm

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

Determination of the OSMC

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

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

Date of Issue:

Effective: Service Rendered
on and after

Issued by: 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.

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")	\$0.0012
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0136
	2. Lifeline	<u>\$0.0048</u>
	TOTAL	\$0.0959

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.

REDLINE

RIDER "B"
WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS ~~except for GDS customers during the months of October and May under Special Provision 2.~~

October 1, 2012 through May 31, 2013 ~~\$0.0308~~ \$0.0427 per therm

June 1, 2013 through September 30, 2013 \$0.0000 per therm

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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

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

Date of Issue: ~~September 26, 2012~~

Effective: Service Rendered
on and after ~~September 24, 2012~~

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 ~~August 10, 2012~~ in Docket No. GR11080470

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

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

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

~~(\$0.0078)~~~~(\$0.0488)~~ per therm

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

Determination of the OSMC

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

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

Date of Issue: ~~September 26, 2012~~

Effective: Service Rendered
on and after ~~September 24, 2012~~

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 ~~August 10, 2012~~ in Docket No. ~~GR11080470~~

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>9-24-12</u>	<u>10-1-12</u>
		<u>Per Therm</u>	<u>Per Therm</u>
I.	<u>New Jersey Clean Energy Program ("CEP")</u>	\$0.0641	\$0.0763 <u>\$0.0641</u>
II.	<u>Remediation Adjustment Charge ("RAC")</u>	\$0.0012	\$0.0012
III.	<u>Universal Service Fund and Lifeline:</u>		
	1. <u>Universal Service Fund ("USF")</u>	\$0.0134	\$0.0136
	2. <u>Lifeline</u>	\$0.0051	\$0.0048
	TOTAL	\$0.0838	\$0.0959 <u>\$0.0837</u>

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

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

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

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

Date of Issue: ~~September 26, 2012~~

Effective: Service Rendered
 on and after ~~September 24, 2012~~
 and ~~October 1, 2012~~

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 ~~August 10, 2012~~ in Docket No. ~~GR11080470 (CEP)~~

Dated ~~September 13, 2012~~ in Docket No. ~~ER12060565 (USF & Lifeline)~~

APPENDIX B

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

Month	Actual Calendar Degree Days	Normal Calendar Degree Days	(Warmer) / Colder	Normal	(Warmer) / Colder	% Normal	Season % (Warmer) / Colder	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor (b)	Variance in Therms	Margin Revenue Excess / (Deficiency)
Oct-11	238	274	(36)	(13.14%)	(35)	(13.14%)	(13.14%)	1	(35)	45,385	(1,588,475)	(\$433,336)
Nov	416	537	(121)	(22.53%)	(121)	(22.53%)	(19.36%)	3	(118)	52,556	(6,201,608)	(\$1,691,799)
Dec	676	869	(193)	(22.21%)	(193)	(22.21%)	(20.83%)	4	(189)	58,158	(10,991,862)	(\$2,998,580)
Jan-12	870	967	(97)	(10.03%)	(97)	(10.03%)	(16.89%)	5	(92)	60,229	(5,541,068)	(\$1,511,603)
Feb	713	866	(153)	(17.67%)	(153)	(17.67%)	(17.08%)	4	(149)	59,020	(8,793,980)	(\$2,398,998)
Mar	447	693	(246)	(35.50%)	(246)	(35.50%)	(20.11%)	3	(243)	56,563	(13,744,809)	(\$3,749,584)
Apr	295	371	(76)	(20.49%)	(76)	(20.49%)	(20.14%)	2	(74)	43,419	(3,213,006)	(\$876,508)
May	65	145	(80)	(55.17%)	(80)	(55.17%)	(21.22%)	1	(79)	40,592	(3,206,768)	(\$874,806)
Total	3,720	4,722	(1,002)					23	(979)		(53,281,576)	(\$14,535,214)

Margin Revenue Factor (\$/Thm) (c) \$0.2728

Summary: Weather Normalization Clause To Date

Variance in Therms (Warmer)/Colder
WNC Margin Revenue - Excess / (Deficiency)

(53,281,576)
(\$14,535,214)

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

(b) Degree Day Consumption Factor as filed in Docket No. GR11080470, WNC Schedule TK-4

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

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

APPENDIX C

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

Development of the Degree Day Consumption Usage Factor
 October 2012 - May 2013

Month <u>a</u>	Normalized Projected Heat Load ¹ (therms) <u>b</u>	Base Number of Customers ² <u>c</u>	Normalized Use in Therms Per Customer <u>d=b/c</u>	Number of Customers ³ <u>e</u>	Annualized Normalized Projected Heat Load (therms) <u>f=d*e</u>	Monthly Normal Heating Degree Days ⁴ <u>g</u>	Annualized Normalized Consumption in Therms Per Degree Day <u>h=f/g</u>
October	12,215,528	270,827	45.10454	276,975	12,492,830	274	45,594
November	27,786,365	271,439	102.36689	276,975	28,353,069	537	52,799
December	49,912,468	272,283	183.31100	276,975	50,772,564	869	58,426
January	57,735,289	273,306	211.24779	276,975	58,510,357	967	60,507
February	49,317,791	273,936	180.03399	276,975	49,864,914	841	59,292
March	39,429,020	274,159	143.81808	276,975	39,834,013	701	56,825
April	16,477,951	273,907	60.15893	276,975	16,662,520	382	43,619
May	6,029,896	273,032	22.08494	276,975	6,116,976	150	40,780

¹ Adjusted for: a) LAUF as calculated and approved for the 2009 base rate case and
 b) the normal heating degree day leap-year pattern for the months of February - May.
² Base number of customers from the 2009 base rate case.
³ May 31, 2012 customer count for those classes subject to the WNC clause.
⁴ 20-year 1988-2008 monthly normal heating degree days (base 65°F); represents a non leap-year pattern.

APPENDIX D

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

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

1	Prior Year Balance - Restated (Sch. TK-2)		\$12,059,849
2	Current Year Company Program Costs (Sch. TK-2, col c)		\$2,792,717
3	Current Year and Carry Over Fiscal Agent Payments (Sch. TK-2, col d&e)		\$12,014,696
4	Current Year Recoveries w/ Adjustments (Sch. TK-2)		(\$11,387,812)
5	Current Year Carrying Costs w/ Adjustments (Sch. TK-2)		<u>\$300,395</u>
6	Current Year Ending Balance (Sum L1-L5)		\$15,779,845
7	Next Years Projected Fiscal Agent Payments Scheduled Payments (Sch. TK-5) - Amended plus Fiscal Agent Payable (Sch. TK-3, col h)	\$15,984,499 <u>\$1,629,468</u>	\$17,613,967
8	Total Proposed Recoveries (L6+L7)		<u>\$33,393,812</u>
9	Projected Normalized Sales and Services (Forecast Sch. TK-1)		469,601,269 therms
10	CEP COMPONENT, before taxes and assessment (L8/L9)		\$0.0711 /therm
11	BPU & RC Assessment Factors		<u>1.0022</u>
12	CEP COMPONENT, before taxes (L10*L11)		\$0.0713
13	Sales & Use Tax $\text{\textcircled{a}}$ 7.00%		<u>0.0050</u>
14	CEP COMPONENT (L12+L13)		<u>\$0.0763 /therm</u>

CEP Schedule
TK-2

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

Carrying Costs
12 Months Ended
June-12

	Beginning Balance a	Beginning Balance b	Program Costs * TK-3 c	Current Fiscal Agent Payments * TK-3 d	Recoveries TK-4 e	Ending Balance f=b+c+d-e	Average Balance g=(b+f)/2	Interest Rate ** h	Carrying Cost i=g*h/12	Ending Balance plus Cumulative Interest j=f+i-cum of i (Over) / Under
Jul-11	\$12,059,849	\$148,947	\$148,947	\$829,621	\$309,249	\$12,729,168	\$12,394,509	2.52%	\$26,028	\$12,755,196
Aug-11	\$12,729,168	\$98,509	\$98,509	\$591,391	\$282,186	\$13,136,882	\$12,933,025	2.52%	\$27,159	\$13,190,069
Sep-11	\$13,136,882	\$131,818	\$131,818	\$601,515	\$326,294	\$13,543,921	\$13,340,402	2.16%	\$24,013	\$13,621,121
Oct-11	\$13,543,921	\$200,296	\$200,296	\$591,376	\$566,716	\$13,768,877	\$13,656,399	2.16%	\$24,582	\$13,870,659
Nov-11	\$13,768,877	\$109,956	\$109,956	\$560,133	\$1,018,752	\$13,420,214	\$13,594,546	2.16%	\$24,470	\$13,546,466
Dec-11	\$13,420,214	\$840,519	\$840,519	\$652,855	\$1,317,354	\$13,596,234	\$13,508,224	2.16%	\$24,315	\$13,746,801
Jan-12	\$13,596,234	\$181,670	\$181,670	\$1,491,799	\$1,877,812	\$13,391,891	\$13,494,063	2.16%	\$24,289	\$13,566,747
Feb-12	\$13,391,891	\$234,721	\$234,721	\$1,397,844	\$1,717,612	\$13,306,844	\$13,349,368	2.16%	\$24,029	\$13,505,729
Mar-12	\$13,306,844	\$196,734	\$196,734	\$2,127,567	\$1,513,445	\$14,117,700	\$13,712,272	2.16%	\$24,682	\$14,341,267
Apr-12	\$14,117,700	\$160,588	\$160,588	\$0	\$1,002,962	\$13,275,426	\$13,696,563	2.16%	\$24,654	\$13,523,647
May-12	\$13,275,426	\$233,560	\$233,560	\$1,873,127	\$773,872	\$14,608,231	\$13,941,829	2.16%	\$25,095	\$14,861,547
Jun-12	\$14,608,231	\$255,409	\$255,409	\$1,297,468	\$681,658	\$15,479,450	\$15,043,841	2.16%	\$27,079	\$15,779,845
Total pre adjustment		\$2,782,717	\$2,782,717	\$12,014,696	\$11,387,812				\$300,395	

Note: Opening balance reduced by \$60 for an overstated February 2011 recovery.

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

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

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

CEP Schedule
 TK-3

Fiscal Agent Payments
 12 Months Ended
 June-12

Company Portion of Statewide CEP Funding	less Program Costs Offsets (1)	Prior Year Payable / (Deferred)	Fiscal Agent Payable (1)	Payment For	Amount Paid	Fiscal Agent Payable / (Deferred) Per Month (2)	Monthly Fiscal Agent Payable / (Deferred) = Cum of h
<u>a</u>	<u>b</u>	<u>c</u>	<u>d</u>	<u>e</u>	<u>f</u>	<u>g</u>	<u>h</u>
Prior Year Payable / (Deferred)			<u>e = b-c+d</u>			<u>h = b-c+d-g</u>	
Jul-11	\$736,463	\$148,947	\$1,486,867	May-11	\$829,621	\$1,244,762	\$1,244,762
Aug-11	\$733,177	\$98,509	\$0	Jun-11	\$591,391	\$43,277	\$1,288,039
Sep-11	\$675,582	\$131,818	\$0	Jul-11	\$601,515	(\$57,750)	\$1,230,289
Oct-11	\$842,795	\$200,296	\$0	Aug-11	\$591,376	\$61,123	\$1,281,412
Nov-11	\$1,029,005	\$109,956	\$0	Sep-11	\$560,133	\$358,916	\$1,640,329
Dec-11	\$1,514,670	\$840,519	\$0	Oct-11	\$652,855	\$21,296	\$1,661,624
Jan-12	\$1,522,090	\$181,670	\$0	Nov 11 & Dec 11	\$1,491,799	(\$151,379)	\$1,510,245
Feb-12	\$2,327,320	\$234,721	\$0	Jan-12	\$1,397,844	\$694,755	\$2,205,000
Mar-12	\$2,033,259	\$196,734	\$0	Feb-12	\$2,127,587	(\$291,042)	\$1,913,958
Apr-12	\$1,498,540	\$180,588	\$0	none	\$0	\$1,337,952	\$3,251,910
May-12	\$1,099,719	\$233,550	\$0	Mar-12	\$1,873,127	(\$1,006,958)	\$2,244,952
Jun-12	\$937,393	\$255,409	\$0	Apr-12	\$1,297,468	(\$615,484)	\$1,629,468
Total	\$14,950,013	\$2,782,717	\$1,486,867		\$12,014,695	\$1,629,468	

Notes:

- (1) The Amount Paid to the Fiscal Agent is based on accrued program costs as opposed to the paid programs costs.
- (2) Fiscal Agent Payable net of current Program Costs and prior month deferred offset costs if in excess of the Company's portion of the Statewide Funding. The Fiscal Agent payments are generally made in the following month.

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

Cost Recoveries
12 Months Ended
June-12

	<u>Therms</u>	<u>Rate w/o tax *</u>	<u>Recovery</u>
Jul-11	20,924,325	\$0.0148	\$309,249
Aug-11	18,937,682	\$0.0149	\$282,186
Sep-11	18,653,946	\$0.0175	\$328,294
Oct-11	21,335,896	\$0.0266	\$566,716
Nov-11	35,970,156	\$0.0283	\$1,018,752
Dec-11	46,436,956	\$0.0284	\$1,317,354
Jan-12	66,259,210	\$0.0283	\$1,877,812
Feb-12	62,440,835	\$0.0275	\$1,717,612
Mar-12	53,339,024	\$0.0284	\$1,513,445
Apr-12	35,028,723	\$0.0286	\$1,002,862
May-12	27,248,180	\$0.0284	\$773,872
Jun-12	19,310,129	\$0.0353	\$681,658
Total	<u>425,885,062</u>		<u>\$11,387,812</u>

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

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

BPU Directed Spending

12 Months Ending

June-13

Jul-12	*	\$874,190
Aug-12	*	\$870,289
Sep-12	*	\$801,924
Oct-12	*	\$1,000,406
Nov-12	*	\$1,221,440
Dec-12	*	\$1,797,929
Jan-13	**	\$1,522,090
Feb-13	**	\$2,327,320
Mar-13	**	\$2,033,259
Apr-13	**	\$1,498,540
May-13	**	\$1,099,719
Jun-13	**	\$937,393
Total		<u>\$15,984,499</u>

* Approved in the September 30, 2008 Board Order in Docket No. EO07030203 for spending through December 31, 2012.

** Amended per Board Order in Docket Nos. EO07030203 & EO11100631V dated November 20, 2012 from zero to the those equal to January- June 2012.

Additional amended amount : \$9,418,321



Elizabethtown Gas™

An AGL Resources Company

300 Connell Drive, Suite 3000
Berkeley Heights NJ 07922

908 289 5000 phone
www.elizabethtowngas.com

Via FedEx & Electronic Mail

August 14, 2012

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

Re: *In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit - BPU Docket No. GR 12-8424*

Dear Secretary Izzo:

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

The WNC Rate

The Company proposes a WNC rate of \$0.0308 per therm applicable to the Company's Residential Delivery, Small General and General Delivery Classifications for the period October 1, 2012 through May 31, 2013. The proposed WNC rate reflects the actual results for the 2011-2012 Winter Period, adjusted to comply with certain net income and rate cap limitations required by Elizabethtown's tariff. The proposed WNC rate also reflects an excess recovery balance associated with the 2010-2011