



January 20, 2009

Honorable Kristi Izzo
Secretary
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas For Approval Of A Utility Infrastructure Enhancement Cost Recovery Rider
BPU Docket No. _____**

Dear Secretary Izzo:

Enclosed for filing with the Board of Public Utilities (“Board”) are an original and ten copies of a petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown,” “Petitioner” or “Company”) seeking authority to (i) include in its tariff a “Utility Infrastructure Enhancement Cost Recovery Rider” (“Cost Recovery Rider”), and (ii) establish an initial Cost Recovery Rider surcharge of \$0.0041 per therm to be assessed to all of Elizabethtown’s firm service classes. This petition is being filed pursuant to *N.J.S.A.* 48:2-21.1 and 48:2.21. Elizabethtown proposes an effective date for the proposed Cost Recovery Rider and initial surcharge rate of April 1, 2009.

The purpose of the petition is to respond to Governor Corzine’s call for New Jersey’s energy utilities to play a role in assisting in a broad economic recovery in the State by increasing planned investments in necessary and beneficial utility infrastructure. Elizabethtown submits that increasing its capital expenditures over the next two years will promote economic development and assist in job creation while also enabling the Company to maintain the safety, reliability and integrity of its gas distribution system. In addition, Elizabethtown submits that certain of the expenditures being proposed at this time will assist the State in attaining its energy conservation and greenhouse gas emission abatement goals.

In accordance with the Board's "Order of Approval" dated November 17, 2008 in BPU Docket No. GM04070721,¹ Petitioner is required to file a new base rate case in March 2009 for rates to be effective January 1, 2010. In that rate case, the Board will establish new rates for the Company within the normal ratemaking parameters that apply to natural gas distribution rates. At the same time, the petition being filed here is intended to permit the Company to proceed with an enhanced capital spending program and to establish a Cost Recovery Rider to enable Elizabethtown to recover solely the costs of that enhanced effort. In addition, while there is a clear nexus between the present filing and the Company's imminent base rate filing, Elizabethtown nonetheless requests that a separate review process be established to consider this petition, including separate public hearings, so that the Company can proceed with its infrastructure enhancement program and obtain cost recovery associated with that program on an expedited basis commencing no later than April 1, 2009. The results of this separate process can then be incorporated in the Board's final order concerning Elizabethtown's imminent base rate case.

The Proposed Utility Infrastructure Enhancement Project

As part of its proposed enhancement project, Elizabethtown is proposing the following incremental projects; all of which are outside the scope of its projected normal capital expenditures and all of which will significantly enhance the safety, reliability and integrity of the Company's distribution system:

- (1) the replacement of 29 miles of elevated pressure ten to twelve-inch cast iron main in Union and Middlesex counties;
- (2) the replacement of 40 miles of low pressure four-inch cast iron main;
- (3) the construction of a pipeline interconnect between Franklin Township and Sparta Township to eliminate a current one-way feed that serves 4,500 customers;
- (4) the construction of a pipeline interconnect between Washington Township and the Town of Newton in order to eliminate the dependency of 7,500 customers on a single source of interstate natural gas pipeline supply; and
- (5) the replacement of heaters at the Company's Sussex and Cloverleaf gate stations.

The total incremental capital investment required to complete these projects by March 31, 2011 is estimated to be \$60.4 million.

¹ *I/M/O The Petition of NUI Utilities Inc. (d/b/a Elizabethtown Gas Company and AGL Resources, Inc. for Authority Under N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3.10) Of A Change In Ownership and Control, BPU Docket No. GM04070721 (November 17, 2004).*

The Proposed Cost Recovery Rider

As discussed more fully in the enclosed petition, Elizabethtown proposes to establish an initial volumetric surcharge of \$0.0041 per therm to recover the projected costs of its infrastructure enhancement program. The Company further proposes to make two reconciliation filings to be effective April 1, 2010 and April 1, 2011, respectively, in order to fully reconcile the costs of the enhanced infrastructure program. The enhanced infrastructure program, as proposed, will be completed by April 1, 2011 and the surcharge established for the program at that time will remain in effect until the Company next changes its base delivery rates, at which time the costs of the enhanced infrastructure will be rolled-in to base delivery rates in accordance with normal ratemaking procedures. In addition, depending on economic conditions in Elizabethtown's service territory, the Company may propose to extend the term of the Cost Recover Rider.

The Company's proposed Cost Recovery Rider is designed to permit the Company to recover both the return on and return of capital associated with the infrastructure enhancement program as well as associated carrying costs. In determining these costs, the Company proposes to utilize the pre-tax weighted average cost of capital and depreciation rates underlying its base delivery rates as those rates may be modified from time-to-time.

Based on current cost estimates, Elizabethtown estimates the proposed Cost Recovery Rider will result in the establishment of a per therm surcharge of no more than \$0.0219 per therm during the term of the Cost Recovery Rider. Moreover, Elizabethtown's estimates that recoveries through the Cost Recovery Rider would not exceed \$8.0 million in any annual period. Based on current costs, the impact of the initial proposed surcharge on the typical monthly bill of a residential customer using 100 therms is \$0.41 or 0.2% and the impact on a typical residential non-heating customer using 15 therms is \$0.06 or 0.2%.

Other Steps To Be Taken By The Company

In addition to making this filing, Elizabethtown also plans to make a filing consistent with the Global Warming Response Act² (otherwise known as the "RGGI Legislation") in the near future to propose a series of energy efficiency programs to permit Elizabethtown to make greater progress toward achieving the State's energy conservation and greenhouse gas emission abatement goals. Elizabethtown plans to include in the filing energy efficiency programs and investments primarily targeted to residential market segments, with additional programs directed at commercial and industrial markets.

² N.J.S.A. 26:26-45.

Elizabethtown expects to offer a package of energy efficiency programs designed to assist residential and other customers in auditing the energy efficiency of their homes and facilities and weatherizing those premises. Elizabethtown also plans to offer rebates and other incentives designed to encourage the replacement of less energy efficient gas burning equipment with higher efficiency equipment. Elizabethtown is also considering other programs designed to make its distribution system and facilities as energy efficient as possible in a cost effective manner.

In sum, Elizabethtown submits that the enclosed petition proposes the Company's first steps in attempting to assist the State in achieving its economic development, job creation, greenhouse gas emission reduction and energy efficiency goals. Elizabethtown respectfully requests that the Board accept this petition for filing and establish a process to allow it to become effective April 1, 2009. Please contact the undersigned if you need further information concerning the Company's filing.

Yours truly,

/s/ *Mary Patricia Keefe*

Mary Patricia Keefe
Director, Regulatory Affairs

cc: Hon. Jeanne Fox, President
Hon. Frederick Butler, Commissioner
Hon. Nicholas Asselta, Commission
Hon. Joseph Fiordaliso, Commissioner
Hon. Elizabeth Randall, Commissioner
Stefanie A. Brand – Director, Division of Rate Counsel
Victor A. Fortkiewicz, Executive Director
Kenny Esser, Energy Policy Advisor, Office of the Governor
Alice Bator, Chief, Bureau of Rates and Tariffs
Sheila Iannaccone, Chief, Bureau of Revenue Requirements

**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC.
D/B/A ELIZABETHTOWN GAS FOR
APPROVAL OF A UTILITY INFRASTRUCTURE
ENHANCEMENT COST RECOVERY RIDER
BPU DOCKET NO. _____**

SERVICE LIST

NJ BOARD OF PUBLIC UTILITIES

Mark Beyer, Chief Economist
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Michael Stonack
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Alice Bator
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Samuel Wolfe, Chief Counsel
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Victor Fortkiewicz
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

DIVISION OF RATE COUNSEL

Judith Appel, Esq.
Dept. of Public Advocate
Division of Rate Counsel
31 Clinton St. 11th Fl.
P.O. Box 46005
Newark, NJ 07101

James Giuliano, Director
Division of Reliability & Security
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Stefanie A. Brand, Esq.
Dept. of Public Advocate
Division of Rate Counsel
31 Clinton St. 11th Fl.
P.O. Box 46005
Newark, NJ 07101

Sheila Iannaccone
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Paul Flanagan, Esq.
Dept. of Public Advocate
Division of Rate Counsel
31 Clinton St. 11th Fl.
P.O. Box 46005
Newark, NJ 07101

Naji Ugoji
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Stacy Peterson
Division of Energy
NJ Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

Felicia Thomas-Friel, Esq.
Dept. of Public Advocate
Division of Rate Counsel
31 Clinton St. 11th Fl.
P.O. Box 46005
Newark, NJ 07101

DEPT. OF LAW & PUBLIC SAFETY
DIVISION OF LAW

Elise Goldblat, Assistant Section Chief
Deputy Attorney General
Dept. of Law & Public Safety – Div. of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Caroline Vachier
Deputy Attorney General
Dept. of Law & Public Safety – Div. of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

AGL RESOURCES/ELIZABETHTOWN GAS

Jodi Gidley
Ten Peachtree Place
Atlanta, GA 30309

Donald Carter
300 Connell Drive
Suite 3000
Berkeley Heights, NJ 07922

Scott Carter
Ten Peachtree Place
Atlanta, GA 30309

Elizabeth Wade
Ten Peachtree Place
Atlanta, GA 30309

Michael Morley
Ten Peachtree Place
Atlanta, GA 30309

Michael Scacifero
520 Green Lane
Union, NJ 07083

Thomas Kaufmann
300 Connell Drive
Suite 3000
Berkeley Heights, NJ 07092

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth St., N.W.
Suite 550
Washington, DC 20005

Deborah Franco
Cullen and Dykman LLP
100 Quentin Roosevelt Blvd.
Garden City, NY 11530-4850

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

-----X
In The Matter Of The Petition Of :
Pivotal Utility Holdings, Inc. d/b/a : **BPU Docket No.** _____
Elizabethtown Gas For Approval Of :
A Utility Infrastructure Enhancement : **Verified Petition**
Cost Recovery Rider :
-----X

To: The Honorable Board of Public Utilities:

Pursuant to *N.J.S.A. 48:2-21.1* and *N.J.S.A. 48:2-21* Petitioner Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner,” “Elizabethtown,” or “the Company”) hereby submits this Petition by which it seeks authority from the Board of Public Utilities (“Board”) to include in its Tariff for Gas Service No. 13 a “Utility Infrastructure Enhancement Cost Recovery Rider” to enable it to recover the costs associated with certain identified incremental utility investments. Petitioner submits that its proposed incremental investments will provide environmental benefits and promote economic recovery and employment growth in the Company’s service territory while also enhancing the safety, reliability and integrity of Elizabethtown’s distribution system. In addition, by this Petition, Petitioner seeks to establish, pursuant to *N.J.S.A. 48:2.21.1* and *N.J.S.A. 48:2-21* a volumetric Utility Infrastructure Enhancement surcharge rate of \$0.0041, per therm to be assessed to the Company’s firm service classification customers effective April 1, 2009. In support of the requested relief, Petitioner states as follows:

1. Petitioner is a public utility corporation organized under the laws of the State of New Jersey. Petitioner’s principal office is located at 300 Connell Drive, Suite 3000, Berkley Heights, New Jersey, 07922.

2. Communications and correspondence concerning this petition should be sent as follows:

Elizabeth Wade
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
Phone: (404) 584-3160
Email: ewade@aglresources.com

Mary Patricia Keefe
Director, Regulatory Affairs
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922
Phone: (908) 771-8220
Email: mkeefe@aglresources.com

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth St., N.W.
Suite 550
Washington, DC 20005
Phone: (202) 223-8890
Email: kmaloney@cullydyk.com

Deborah Franco
Cullen and Dykman LLP
100 Quentin Roosevelt Blvd
Garden City, New York 11530-4850
Phone: (516) 357-3700
Email: dfranco@cullydyk.com

3. Petitioner is engaged in the sale, transmission and distribution of natural gas to approximately 274,000 customers located within its service territory in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

Background Statement

4. In response to recent economic conditions, on October 16, 2008, Governor Corzine presented a Comprehensive Economic Stimulus Plan for New Jersey that is intended to enhance the State's business climate and support short-term employment growth and long-term economic prospects. Recognizing that the State's natural gas utilities playing a crucial role in both improving the State's economic condition and encouraging energy efficiency, the Governor's stimulus package included provisions for energy companies to invest in programs for utility customers that will encourage energy efficiency, generate jobs and strengthen the local economy.

5. In addition, in the “Global Warming Response Act,”¹ the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. In developing such a program, it is widely recognized that replacement and improvement of utility infrastructure can help to achieve goals for reduced greenhouse gas emissions and carbon abatement.

6. In accordance with the Board’s November 17, 2004 “Order of Approval” in BPU Docket No. GM04070721,² Petitioner is required to file a new base rate case in March 2009 for rates to be effective January 1, 2010. Moreover, the Board’s November 17 Acquisition Order requires Elizabethtown to play an active role as a responsible corporate citizen and support economic development in New Jersey.

7. Based on the current needs of the State for enhanced economic development and reduced greenhouse emissions, Elizabethtown has determined that it is reasonable and prudent for it to advance its capital spending at this time. Petitioner believes that such advancement will promote environmentally beneficial economic development and job growth in the State while also enhancing the reliability, safety and integrity of Elizabethtown’s distribution system. Accordingly, Petitioner requests the Board to approve on an expedited basis the enhanced infrastructure investment program as well as the Utility Infrastructure Enhancement Cost Recovery Rider (hereinafter “the Cost Recovery Rider”) outlined below.

¹ N.J.S.A.26-2C-45.

² *I/M/O The Petition of NUI Utilities, Inc. (D/B/A Elizabethtown Gas Company) and AGL Resources, Inc. For Authority Under N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 Of A Change In Ownership and Control*, BPU Docket No. GM04070721 (November 17, 2004) (November 17 Acquisition Order”).

The Proposed Utility Infrastructure Enhancement Program

8. Prior to developing the enhanced infrastructure replacement program set forth herein, Elizabethtown projected that its capital expenditures for calendar year 2009³ would be approximately \$35.2 million.⁴ This level of capital expenditures supports Elizabethtown's projected customer growth and would enable the Company to maintain the safety, reliability and integrity of its distribution system and permit the Company to continue the provision of safe, adequate and proper utility service. Elizabethtown's plan was and is to reflect its ongoing capital expenditures for 2009 in the new base rates it will file on or before March 1, 2009.

9. For the past few years, an important component of Elizabethtown's capital spending program has been its ongoing program to replace elevated pressure ("EP") 8-inch cast iron main on an accelerated basis.⁵ During calendar year 2009, Elizabethtown projects that it will spend approximately \$13.2 million to complete this program in accordance with a timetable approved by the Board in BPU Docket No. GR05040371.⁶ Elizabethtown believes that the replacement of 8-inch EP cast iron mains has enhanced the reliability and integrity of its distribution system significantly.

10. In its proposed enhanced infrastructure investment program, Elizabethtown is proposing several additional projects, outside the scope of its normal capital expenditures budget, that will also significantly enhance the safety, reliability and integrity of the Company's distribution system. Moreover, these projects will also help to assist the Company in its effort to achieve important environmental goals including reduced greenhouse gas emissions and greater

³ The Company does not have an approved capital budget for 2010.

⁴ This amount does not include capital spending associated with manufactured gas plant remediation activities.

⁵ Elizabethtown completed a program in which it fully replaced all of four to six-inch EP cast iron main in 2007.

⁶ *I/M/O The Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company To Establish A Pipeline Replacement Program Cost Recovery Rider*, BPU Docket No. GR05040371, "Order Adopting Stipulation" (August 18, 2006).

carbon abatement. Completion of these capital projects will assist the State in meeting its environmental goals. These projects, which are projected to cost \$60.4 million over the next two years⁷ are as follows:

(1) Replacement of twenty-nine miles of 10-inch and 12-inch EP cast iron main in Union and Middlesex Counties at a total estimated cost of \$16.6 million;

(2) Replacement of forty miles of low pressure, 4-inch cast iron main at a total estimated cost of \$14.9 million;

(3) Construction of a pipeline interconnect between Franklin Township and Sparta Township in Sussex County to eliminate a current one-way feed that serves approximately 4,500 customers at a total estimated cost of \$4.75 million;

(4) Construction of an interconnect between Washington Township and the Town of Newton in Sussex County to permit the Company to obtain gas supplies from more than one interstate pipeline to serve approximately 7,500 customers, at an estimated total cost of \$14.8 million; and

(5) Replacement of two heaters at the Company's Cloverleaf and Sussex gate stations in Sussex County at an estimated total cost of \$630,000.

Additional details concerning these projects are provided in Exhibit A to this Petition.

11. Elizabethtown submits that these proposed incremental capital expenditures will not only improve the reliability of the Company's distribution system, these investments will also create approximately 70 additional jobs. These additional jobs will provide a significant incremental benefit to the State as it is generally recognized that job creation produces economic growth that far exceeds the value of the jobs created.

⁷ Clearly, the proposed level of incremental capital spending is major in nature and consequence for Elizabethtown as it nearly doubles Elizabethtown's normal capital budget.

The Proposed Cost Recovery Rider

12. Petitioner proposes to implement the Cost Recovery Rider in accordance with *N.J.S.A. 48:2-21.1*, to be effective April 1, 2009. Petitioner also proposes to establish an initial surcharge rate of \$0.0041 per therm to be effective April 1, 2009 to recover the initial costs of the utility infrastructure enhancement program. Under the Company's proposal, the surcharge rate will be revised effective April 1, 2010 at the mid-point of the program and at April 1, 2011, after completion of the infrastructure enhancement program. In addition, under this proposal, the surcharge rate established April 1, 2011 would continue in effect until Elizabethtown's base rates are first revised after April 1, 2011.

13. Elizabethtown requests that the Board establish a separate process to consider matters raised in this petition so that the Cost Recovery Rider and proposed surcharge can be made effective April 1, 2009. At the same time however, Elizabethtown submits that the results of the separate process can be incorporated in the final order in the base rate proceeding to be filed by the Company on or before March 1, 2009; thus creating a full legal nexus between this proceeding and full base rate case approved in accordance with *N.J.S.A. 48:2-21*. In addition, both the rates established under this petition and all subsequent rate adjustments under the Cost Recovery Rider would be subject to all applicable statutory and regulatory notice and hearing procedures,⁸ as well as to review by the Board, its Staff, the Department of the Public Advocate – Division of Rate Counsel (“Rate Counsel”) and other intervenors. All costs recovered through the proposed Cost Recovery Rider would be quantified through appropriate evidentiary proofs in accordance with the Board's general ratemaking standards.

⁸ The Company envisions that separate public hearings would be held in the near future concerning issues associated solely with the Cost Recovery Rider itself and the initial surcharge.

14. Under the proposed Cost Recovery Rider, which is set forth in Exhibit B to this petition, the Company will surcharge firm customers⁹ for the return on and return of the capital investments set forth on Exhibit A. The costs to be recovered are as follows:

A. Capital costs which are defined as the after tax return on capital, grossed up for the revenue expansion factor, most recently established by the Board¹⁰ for the Company multiplied by net plant additions associated with incremental projects less the accumulated depreciation and accumulated deferred income taxes on such plant additions;

B. Depreciation expense calculated using the Board-approved rates as modified from time-to-time; and

C. Carrying costs on over and under-recovery balances calculated at the after tax return on capital, grossed up for the revenue expansion factor.

15. The proposed initial surcharge of \$0.0041 per therm has been designed to recover the projected incremental costs associated with the enhanced utility infrastructure investment program based on a projection of costs incurred in the first year of the program as set forth on Exhibit C to this petition. The calculation of the projected revenue requirements associated with these proposed projects is set forth on Exhibit D. The Company proposes that the proposed surcharge will be fully reconciled in both 2010 and 2011 so that the Company will be permitted to recover no more than its actual costs. The Company will file its annual petitions concerning the Cost Recovery Rider no later than February 1, 2010 and 2011. Once the enhanced utility infrastructure program is completed in 2011, the Company will establish a surcharge rate that

⁹ The firm service classification that would be subject to the surcharge are the RDS, SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS service classes.

¹⁰ The Company's current after tax return on capital is 6.87% and the current revenue expansion factor is 1.71702. This return and revenue expansion factor shall be applied to all investments made for enhanced utility infrastructure investments until the Board establishes a new pre-tax return on capital in the Company's base rate proceeding to be filed March 1, 2009. Once a new return is established it will be applied prospectively to all cost balances.

will remain in effect until base rates are reset, at which time the costs of the program will be rolled into base rates in accordance with normal ratemaking practice. The Company may also request an extension of the enhanced infrastructure program and the Cost Recovery Rider.¹¹

16. Only the costs associated with the enhanced utility infrastructure program will be eligible for recovery through the Cost Recovery Rider. All other costs incurred by the Company will be recovered through base delivery rates or other tariff riders, as appropriate.

17. A current estimate of the costs to be recovered through the proposed rider is set forth in Exhibit D. Based on Petitioner's current cost estimates, Petitioner's recoveries through the Cost Recovery Rider are not projected to exceed \$8.0 million in any annual period. Moreover, it is estimated that the per therm charge will be between \$0.0041 and \$0.0219 per therm during the life of the Cost Recovery Rider. Based on current costs, the impact of the proposed surcharge on the typical monthly bill of a residential heating customer using 100 therms is \$0.41 and the impact on typical residential non-heating customers using 15 therms is \$0.06. These modest cost increases are fully justified by the benefits they will bring to Petitioner's service territory.

Miscellaneous

18. Attached to and made part of this Petition are the following exhibits:

- Exhibit A - Schedule of Petitioner's proposed enhanced utility infrastructure projects;
- Exhibit B - Proposed Cost Recovery Rider (to be supplied with hard copies);
- Exhibit C - Schedule of proposed expenditures for enhanced utility infrastructure projects;
- Exhibit D - Calculation of the proposed surcharge revenue requirements, rates and bill impacts;

¹¹ Of course, such an extension could affect the rates established under the Cost Recovery Rider in future years.

Exhibit E - Affidavits of Donald F. Carter and Thomas Kaufmann.

Exhibit F - Draft Public Notice.

19. Two copies of this filing are being served on Stefanie A. Brand, Director, Department of the Public Advocate, Division of Rate Counsel, 31 Clinton Street, Newark, New Jersey 07101 and the Department of Law and Public Safety, 124 Halsey Street, PO Box 45029, Newark, New Jersey 07101. In addition, Elizabethtown will provide notice of this filing to all of its customers through publication of a notice in newspapers of general circulation in its service territory. A copy of a draft public notice is attached as Exhibit F to this petition.

Conclusion

For all the foregoing reasons, Elizabethtown respectfully requests that the Board expeditiously approve Elizabethtown's proposed Cost Recovery Rider and surcharge of \$0.0041 per therm to be effective April 1, 2009 pursuant to *N.J.S.A. 48:2-21.1* and grant such other and further relief as may be required to protect the Company's interests.

Respectfully submitted,

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

/s/ Mary Patricia Keefe

Mary Patricia Keefe
Director, Regulatory Affairs

Date: January 20, 2009

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

**Projects To Be Included In
Utility Infrastructure Enhancement Program**

- I. Replace 29 miles of Elevated Pressure ten-inch and twelve-inch cast iron main:

	Estimated Miles To Be Replaced	Estimated Cost
2009	20	\$16.6 million
2010	9	\$ 8.6 million
Total:		\$25.2 million

Benefits: Replacement of such main will improve the reliability of Elizabethtown's system. This type of main can be prone to graphitic corrosion.

- II. Replace 40 miles of low pressure four-inch cast iron main:

	Estimated Miles To Be Replaced	Estimated Cost
2009	10	\$ 3.5 million
2010	30	\$11.4 million
Total:		\$14.9 million

Benefits: Elizabethtown replaced its elevated pressure four-inch cast iron main over the past decade. Replacement of low pressure four-inch main will improve the reliability of Elizabethtown's distribution system. This type of main also may be prone to graphitic corrosion.

- III. Construct 6 miles of high pressure ("HP") eight-inch main between Sparta Township in Sussex County and Franklin Township in Hunterdon County. This project will eliminate an existing 24-mile one way feed.

	Estimated Miles To Be Replaced	Estimated Cost
2009		\$ 2.25 million
2010		\$ 2.50 million
Total:		\$ 4.75 million

Benefits: The current one-way feed from Tennessee Gas Pipeline Company ("Tennessee") supplies approximately 4,500 customers from the Sussex gate station. The proposed project would connect the Vernon and Sussex gate stations as well, creating redundancy between the two gate stations if one were lost.

- IV. Construct 12 miles of HP twelve-inch main between Washington Township and Newton Township in Sussex County in order to access additional supply sources for the benefit of 7,500 customers.

	Estimated Miles To Be Replaced	Estimated Cost
2009		\$ 0.3 million
2010		\$ 14.5 million
Total:		\$ 14.8 million

Total Benefits: Tennessee is currently the only supply source to this portion of the Company's service territory. This project will permit interchangeability of supply between Tennessee, Transcontinental Gas Pipe Line LLC and Columbia Gas Transmission System.

- V. Replace heaters at the Clove Lakes and Sussex Gate Stations:

	Facilities To Be Replaced	Estimated Cost
2009	Cloverleaf Gate Station	\$480,000
2010	Sussex Gate Station	\$150,000
Total:		\$630,000

Benefits: These projects will allow for greater efficiency, reduced fuel use and reduced greenhouse gas emissions at the affected gate stations.

ELIZABETHTOWN GAS COMPANY
 B. P. U. NO. 13 – GAS
 CANCELLING
 B. P. U. NO. 12 – GAS

SECTION II
 REVISED SHEET NO. 102
 SUPERSEDING
 REVISED SHEET NO. 102

RIDER "F"

UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")

Applicable to all RDS, SGS, GDS, MFS, TC, LVD, IPF, EGF, GLS and FTS customers receiving service through the Company's distribution system. The UIE shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU.

\$0.0041 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.

On October 16, 2008, Governor Jon S. Corzine proposed a comprehensive economic stimulus plan to address the economic crisis facing New Jersey. As part of this program the utilities of New Jersey have been encouraged to accelerate prudent and reasonable capital investment projects to support economic development and job growth within their respective service territories. Elizabethtown has identified infrastructure investments described below as projects that will enhance the reliability, safety and system integrity of Elizabethtown's distribution system while promoting energy efficiency and preservation of the environment. The UIE will enable the Company to recover the incremental revenue requirement associated with the accelerated capital investments with the following projects:

- (1) The replacement of 29 miles of elevated pressure ten to twelve-inch cast iron main in Union and Middlesex counties;
- (2) The replacement of 40 miles of low pressure four-inch cast iron main;
- (3) the construction of a pipeline interconnect between Franklin Township and Sparta Township to eliminate a current one-way feed that serves 4,500 customers;
- (4) The construction of a pipeline interconnect between Washington Township and the Town of Newton in order to eliminate the dependency of 7,500 customers on a single source of interstate natural gas pipeline supply; and
- (5) The replacement of heaters at the Company's Sussex and Cloverleaf gate stations.

The UIE will include costs associated with the replacement of connected services, meters and other appurtenant facilities that are upgraded by the Company when it replaces such mains as well as the relocation of meters to outside locations to better facilitate the reading and maintenance of meters. These costs will become recoverable when the project is deemed completed and operational and recorded on the Company's books as plant in service.

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.

ELIZABETHTOWN GAS COMPANY
 B. P. U. NO. 13 – GAS
 CANCELLING
 B. P. U. NO. 12 – GAS

SECTION II
 REVISED SHEET NO. 103
 SUPERSEDING
 REVISED SHEET NO. 103

RIDER "F"

UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")
 (continued)

Determination of the UIE

On or about February 1 of each year, the Company shall file with the Board a UIE rate filing based on the costs and recoveries incurred during the previous UIE year. The filing will reflect as much actual information as is available at the time of the filing.

The UIE monthly recoverable investment amounts shall be derived from taking the average of the beginning and end of month gross plant in service associated with the UIE projects less accumulated depreciation and accumulated deferred income tax credits times the Company's after tax weighted average cost of capital grossed up for the Company's revenue factor, as those rates and factors have been approved in the Company's most recent base rate case, plus monthly depreciation at current approved depreciation rates.

The UIE rate shall be calculated by summing the (i) prior year's UIE over or under recovery balance, plus (ii) current year monthly recoverable investment amounts, less (iii) current year recoveries, plus (iv) current year carrying costs based on the monthly average over or under recovered balances, at a rate equal to that of the weighted average cost of capital after tax from the most recent rate case grossed up for the Company's revenue factor, plus (v) an estimated amount to recover the upcoming year's recoverable investment amount and dividing the resulting sum by the annual forecasted quantities for the applicable customers set forth above. The resulting rate shall be adjusted for all applicable taxes. The UIE rate shall be self implementing on a refundable basis as directed by the NJ-BPU.

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.

Utility Infrastructure Enhancements						
	Project	Q1	Q2	Q3	Q4	Total Cost
Year 1	10" Elevated Pressure Cast Iron	\$250,000	\$2,000,000	\$3,000,000	\$560,000	\$5,810,000
	12" Elevated Pressure Cast Iron	\$250,000	\$4,000,000	\$5,000,000	\$1,540,000	\$10,790,000
	4" Low Pressure Cast Iron	\$150,000	\$1,500,000	\$1,500,000	\$398,000	\$3,548,000
	Franklin-Sparta Interconnect	\$500,000	\$750,000	\$750,000	\$250,000	\$2,250,000
	Washington-Newton Interconnect			\$100,000	\$200,000	\$300,000
	Cloverleaf Heater	\$380,000		\$100,000		\$480,000
		\$1,530,000	\$8,250,000	\$10,450,000	\$2,948,000	\$23,178,000
Year 2	12" Elevated Pressure Cast Iron	\$500,000	\$2,500,000	\$3,000,000	\$2,611,000	\$8,611,000
	4" Low Pressure Cast Iron	\$1,000,000	\$4,000,000	\$4,000,000	\$2,435,000	\$11,435,000
	Franklin-Sparta Interconnect	\$1,500,000	\$1,000,000			\$2,500,000
	Washington-Newton Interconnect	\$4,000,000	\$4,000,000	\$4,000,000	\$2,500,000	\$14,500,000
	Sussex Heater	\$125,000		\$25,000		\$150,000
			\$7,125,000	\$11,500,000	\$11,025,000	\$7,546,000

Exhibit C

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")

CALCULATION OF THE UIE RATE

	April 1, 2009	4/1/2010 *	4/1/2012 *
1 Prior Year (Over)/ Under Balance (Sch. TK-2)		(\$13,203)	\$41,827
2 Estimated Program Costs (Sch. TK-2)	\$1,479,870	\$5,615,500	\$7,913,414
3 Total Proposed Recoveries (Sum L1+L2)	<u>\$1,479,870</u>	<u>\$5,602,297</u>	<u>\$7,955,241</u>
4 Projected Firm Sales	388,180,235	388,180,235	388,180,235 therms
5 UIE Rate, before taxes (L3/L4)	\$0.0038	\$0.0144	\$0.0205
6 Sales & Use Tax @ 7.00%	<u>0.0003</u>	<u>0.0010</u>	<u>0.0014</u>
7 UIE Rate (L5+L6)	<u>\$0.0041</u>	<u>\$0.0154</u>	<u>\$0.0219</u> /therm

* Estimated rates subject to annual reconciliation filing.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")

Projected Carrying Costs

	Beginning Balance	Estimated Program Costs TK-3	Adjustments	Recoveries TK-4	Ending Balance f=b+c+d-e	Average Balance g=(b+f)/2	Wtd. Avg. Cost of Cap. @ Revenue Gross Up	Carrying Cost i=g*h/12	Ending Balance plus Cumulative (O) / U Interest j=f+ cum of i
a	b	c	d	e		g=(b+f)/2		i=g*h/12	j=f+ cum of i
Beginning Balance (1)									
Apr-09	\$0	\$2,704	\$0	\$112,494	(\$109,790)	(\$54,895)	11.79%	(\$539)	(\$110,329)
May-09	(\$109,790)	\$8,306	\$0	\$63,573	(\$165,056)	(\$137,423)	11.79%	(\$1,350)	(\$166,946)
Jun-09	(\$165,056)	\$14,101	\$0	\$43,539	(\$194,494)	(\$179,775)	11.79%	(\$1,766)	(\$198,150)
Jul-09	(\$194,494)	\$32,887	\$0	\$42,278	(\$203,885)	(\$199,190)	11.79%	(\$1,957)	(\$209,499)
Aug-09	(\$203,885)	\$64,653	\$0	\$43,112	(\$182,344)	(\$193,115)	11.79%	(\$1,898)	(\$189,855)
Sep-09	(\$182,344)	\$96,390	\$0	\$46,560	(\$132,515)	(\$157,429)	11.79%	(\$1,547)	(\$141,573)
Oct-09	(\$132,515)	\$132,354	\$0	\$87,577	(\$87,738)	(\$110,126)	11.79%	(\$1,082)	(\$97,878)
Nov-09	(\$87,738)	\$172,540	\$0	\$139,855	(\$55,053)	(\$71,395)	11.79%	(\$702)	(\$65,894)
Dec-09	(\$55,053)	\$212,691	\$0	\$220,234	(\$62,596)	(\$58,824)	11.79%	(\$578)	(\$74,015)
Jan-10	(\$62,596)	\$237,757	\$0	\$260,222	(\$85,061)	(\$73,828)	11.79%	(\$725)	(\$97,206)
Feb-10	(\$85,061)	\$247,752	\$0	\$227,862	(\$65,172)	(\$75,116)	11.79%	(\$738)	(\$78,055)
Mar-10	(\$65,172)	\$257,736	\$0	\$192,564	\$0	(\$32,586)	11.79%	(\$320)	(\$13,203)
Total		\$1,479,870	\$0	\$1,479,870				(\$13,203)	
Apr-10	(\$13,203)	\$275,788	\$0	\$425,863	(\$163,278)	(\$88,241)	11.79%	(\$867)	(\$164,145)
May-10	(\$163,278)	\$301,902	\$0	\$240,664	(\$102,040)	(\$132,659)	11.79%	(\$1,304)	(\$104,211)
Jun-10	(\$102,040)	\$327,991	\$0	\$164,823	\$61,128	(\$20,456)	11.79%	(\$201)	\$58,756
Jul-10	\$61,128	\$362,517	\$0	\$160,051	\$263,595	\$162,361	11.79%	\$1,595	\$262,818
Aug-10	\$263,595	\$405,473	\$0	\$163,206	\$505,861	\$384,728	11.79%	\$3,780	\$508,866
Sep-10	\$505,861	\$448,389	\$0	\$176,262	\$777,988	\$641,925	11.79%	\$6,308	\$787,300
Oct-10	\$777,988	\$490,346	\$0	\$331,538	\$936,797	\$857,392	11.79%	\$8,425	\$954,533
Nov-10	\$936,797	\$531,347	\$0	\$529,445	\$938,698	\$937,747	11.79%	\$9,214	\$965,649
Dec-10	\$938,698	\$572,309	\$0	\$833,733	\$677,274	\$807,986	11.79%	\$7,939	\$712,164
Jan-11	\$677,274	\$606,243	\$0	\$985,116	\$298,401	\$487,837	11.79%	\$4,794	\$338,085
Feb-11	\$298,401	\$633,154	\$0	\$862,611	\$68,944	\$183,672	11.79%	\$1,805	\$110,432
Mar-11	\$68,944	\$660,040	\$0	\$728,983	\$0	\$34,472	11.79%	\$339	\$41,827
Total		\$5,615,500	\$0	\$5,602,297				\$41,827	
Apr-11	\$41,827	\$672,305	\$0	\$604,724	\$109,407	\$75,617	11.79%	\$743	\$110,150
May-11	\$109,407	\$669,963	\$0	\$341,743	\$437,627	\$273,517	11.79%	\$2,688	\$441,058
Jun-11	\$437,627	\$667,621	\$0	\$234,048	\$871,200	\$654,414	11.79%	\$6,430	\$881,061
Jul-11	\$871,200	\$665,279	\$0	\$227,272	\$1,309,207	\$1,090,203	11.79%	\$10,712	\$1,329,780
Aug-11	\$1,309,207	\$662,937	\$0	\$231,752	\$1,740,391	\$1,524,799	11.79%	\$14,983	\$1,775,947
Sep-11	\$1,740,391	\$660,594	\$0	\$250,291	\$2,150,695	\$1,945,543	11.79%	\$19,117	\$2,205,368
Oct-11	\$2,150,695	\$658,252	\$0	\$470,783	\$2,338,164	\$2,244,429	11.79%	\$22,054	\$2,414,891
Nov-11	\$2,338,164	\$655,910	\$0	\$751,810	\$2,242,264	\$2,290,214	11.79%	\$22,504	\$2,341,494
Dec-11	\$2,242,264	\$653,568	\$0	\$1,183,898	\$1,711,934	\$1,977,099	11.79%	\$19,427	\$1,830,592
Jan-12	\$1,711,934	\$651,263	\$0	\$1,398,861	\$964,336	\$1,338,135	11.79%	\$13,149	\$1,096,143
Feb-12	\$964,336	\$648,995	\$0	\$1,224,905	\$388,427	\$676,382	11.79%	\$6,646	\$526,879
Mar-12	\$388,427	\$646,727	\$0	\$1,035,154	\$0	\$194,213	11.79%	\$1,908	\$140,361
Total		\$7,913,414	\$0	\$7,955,241				\$140,361	

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")

Projected Monthly Recoverable Investment

04/30/09 through 03/31/12

	Capital Expenditures	Gross Plant In Service	Average Gross Plant In Service	Avg. Book Deprec. % Rate	Monthly Deprec. f=d*e/12	Accum. Deprec. f	Accum. Deferred Income Tax g= TK-5	Rate Base h=c-f-g	Average Rate Base i	Wtd. Avg. Cost Capital After-tax k	Revenue Factor l	Monthly Return on Investment m=(j)*k*1/12	Monthly Revenue Requirement n=m+f
a	b	c	d	e	f	f	g	h	i	k	l	m	n
Begin Balance		\$0				\$0		\$0					
Apr-09	\$510,000	\$510,000	\$255,000	2.14%	\$455	\$455	\$51,754	\$457,792	\$228,896	6.87%	1.71702	\$2,249	\$2,704
May-09	\$510,000	\$1,020,000	\$765,000	2.14%	\$1,364	\$1,819	\$62,978	\$955,203	\$706,497	6.87%	1.71702	\$6,942	\$8,306
Jun-09	\$510,000	\$1,530,000	\$1,275,000	2.14%	\$2,274	\$4,093	\$73,829	\$1,452,078	\$1,203,641	6.87%	1.71702	\$11,827	\$14,101
Jul-09	\$2,750,000	\$4,280,000	\$2,905,000	2.14%	\$5,181	\$9,273	\$83,486	\$4,187,241	\$2,819,660	6.87%	1.71702	\$27,706	\$32,887
Aug-09	\$2,750,000	\$7,030,000	\$5,655,000	2.14%	\$10,085	\$19,358	\$91,128	\$6,919,514	\$5,553,378	6.87%	1.71702	\$54,568	\$64,653
Sep-09	\$2,750,000	\$9,780,000	\$8,405,000	2.14%	\$14,989	\$34,347	\$96,755	\$9,648,898	\$8,284,206	6.87%	1.71702	\$81,401	\$96,390
Oct-09	\$3,483,333	\$13,263,333	\$11,521,667	2.14%	\$20,547	\$54,894	\$100,099	\$13,108,340	\$11,378,619	6.87%	1.71702	\$111,807	\$132,354
Nov-09	\$3,483,333	\$16,746,667	\$15,005,000	2.14%	\$26,759	\$81,653	\$100,891	\$16,564,122	\$14,836,231	6.87%	1.71702	\$145,782	\$172,540
Dec-09	\$3,483,333	\$20,230,000	\$18,488,333	2.14%	\$32,971	\$114,624	\$99,132	\$20,016,245	\$18,290,184	6.87%	1.71702	\$179,720	\$212,691
Jan-10	\$982,667	\$21,212,667	\$20,721,333	2.14%	\$36,953	\$151,577	\$205,540	\$20,855,550	\$20,435,897	6.87%	1.71702	\$200,804	\$237,757
Feb-10	\$982,667	\$22,195,333	\$21,704,000	2.14%	\$38,705	\$190,282	\$311,228	\$21,693,823	\$21,274,687	6.87%	1.71702	\$209,046	\$247,752
Mar-10	\$982,667	\$23,178,000	\$22,686,667	2.14%	\$40,458	\$230,740	\$416,196	\$22,531,064	\$22,112,444	6.87%	1.71702	\$217,278	\$257,736
Apr-10	\$2,375,000	\$25,553,000	\$24,365,500	2.14%	\$43,452	\$274,192	\$519,934	\$24,758,874	\$23,644,969	6.87%	1.71702	\$232,337	\$275,788
May-10	\$2,375,000	\$27,928,000	\$26,740,500	2.14%	\$47,687	\$321,879	\$621,932	\$26,984,188	\$25,871,531	6.87%	1.71702	\$254,215	\$301,902
Jun-10	\$2,375,000	\$30,303,000	\$29,115,500	2.14%	\$51,923	\$373,802	\$722,191	\$29,207,007	\$28,095,598	6.87%	1.71702	\$276,069	\$327,991
Jul-10	\$3,833,333	\$34,136,333	\$32,219,667	2.14%	\$57,458	\$431,260	\$820,175	\$32,884,898	\$31,045,953	6.87%	1.71702	\$305,059	\$362,517
Aug-10	\$3,833,333	\$37,969,667	\$36,053,000	2.14%	\$64,295	\$495,555	\$915,351	\$36,558,761	\$34,721,829	6.87%	1.71702	\$341,178	\$405,473
Sep-10	\$3,833,333	\$41,803,000	\$39,886,333	2.14%	\$71,131	\$566,685	\$1,007,719	\$40,228,596	\$38,393,678	6.87%	1.71702	\$377,258	\$448,389
Oct-10	\$3,675,000	\$45,478,000	\$43,640,500	2.14%	\$77,826	\$644,511	\$1,097,336	\$43,736,153	\$41,982,374	6.87%	1.71702	\$412,521	\$490,346
Nov-10	\$3,675,000	\$49,153,000	\$47,315,500	2.14%	\$84,379	\$728,890	\$1,184,262	\$47,239,848	\$45,488,000	6.87%	1.71702	\$446,967	\$531,347
Dec-10	\$3,675,000	\$52,828,000	\$50,990,500	2.14%	\$90,933	\$819,823	\$1,268,495	\$50,739,682	\$48,989,765	6.87%	1.71702	\$481,376	\$572,309
Jan-11	\$2,515,333	\$55,343,333	\$54,085,667	2.14%	\$96,453	\$916,276	\$1,403,785	\$53,023,272	\$51,881,477	6.87%	1.71702	\$509,790	\$606,243
Feb-11	\$2,515,333	\$57,858,667	\$56,601,000	2.14%	\$100,938	\$1,017,215	\$1,537,233	\$55,304,219	\$54,163,745	6.87%	1.71702	\$532,216	\$633,154
Mar-11	\$2,515,333	\$60,374,000	\$59,116,333	2.14%	\$105,424	\$1,122,639	\$1,668,839	\$57,582,523	\$56,443,371	6.87%	1.71702	\$554,615	\$660,040
Apr-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,230,306	\$1,799,522	\$57,344,172	\$57,463,347	6.87%	1.71702	\$564,638	\$672,305
May-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,337,973	\$1,930,206	\$57,105,821	\$57,224,996	6.87%	1.71702	\$562,296	\$669,963
Jun-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,445,640	\$2,060,890	\$56,867,470	\$56,986,646	6.87%	1.71702	\$559,954	\$667,621
Jul-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,553,307	\$2,191,574	\$56,629,119	\$56,748,295	6.87%	1.71702	\$557,612	\$665,279
Aug-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,660,973	\$2,322,258	\$56,390,768	\$56,509,944	6.87%	1.71702	\$555,270	\$662,937
Sep-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,768,640	\$2,452,942	\$56,152,417	\$56,271,593	6.87%	1.71702	\$552,927	\$660,594
Oct-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,876,307	\$2,583,626	\$55,914,067	\$56,033,242	6.87%	1.71702	\$550,585	\$658,252
Nov-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$1,983,974	\$2,714,310	\$55,675,716	\$55,794,891	6.87%	1.71702	\$548,243	\$655,910
Dec-11	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$2,091,641	\$2,844,994	\$55,437,365	\$55,556,540	6.87%	1.71702	\$545,901	\$653,568
Jan-12	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$2,199,308	\$2,968,151	\$55,206,541	\$55,321,953	6.87%	1.71702	\$543,596	\$651,263
Feb-12	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$2,306,975	\$3,091,308	\$54,975,717	\$55,091,129	6.87%	1.71702	\$541,328	\$648,995
Mar-12	\$0	\$60,374,000	\$60,374,000	2.14%	\$107,667	\$2,414,642	\$3,214,465	\$54,744,892	\$54,860,304	6.87%	1.71702	\$539,060	\$646,727

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")

Projected Cost Recoveries

	<u>Therms</u>	<u>Rate w/o tax</u>	<u>Recovery</u>
Apr-09	29,507,853	\$0.0038	\$112,494
May-09	16,675,516	\$0.0038	\$63,573
Jun-09	11,420,505	\$0.0038	\$43,539
Jul-09	11,089,838	\$0.0038	\$42,278
Aug-09	11,308,468	\$0.0038	\$43,112
Sep-09	12,213,087	\$0.0038	\$46,560
Oct-09	22,972,123	\$0.0038	\$87,577
Nov-09	36,684,985	\$0.0038	\$139,855
Dec-09	57,768,929	\$0.0038	\$220,234
Jan-10	68,258,163	\$0.0038	\$260,222
Feb-10	59,769,885	\$0.0038	\$227,862
Mar-10	50,510,882	\$0.0038	\$192,564
Total	<u>388,180,235</u>		<u>\$1,479,870</u>
Apr-10	29,507,853	\$0.0144	\$425,863
May-10	16,675,516	\$0.0144	\$240,664
Jun-10	11,420,505	\$0.0144	\$164,823
Jul-10	11,089,838	\$0.0144	\$160,051
Aug-10	11,308,468	\$0.0144	\$163,206
Sep-10	12,213,087	\$0.0144	\$176,262
Oct-10	22,972,123	\$0.0144	\$331,538
Nov-10	36,684,985	\$0.0144	\$529,445
Dec-10	57,768,929	\$0.0144	\$833,733
Jan-11	68,258,163	\$0.0144	\$985,116
Feb-11	59,769,885	\$0.0144	\$862,611
Mar-11	50,510,882	\$0.0144	\$728,983
Total	<u>388,180,235</u>		<u>\$5,602,297</u>
Apr-10	29,507,853	\$0.0205	\$604,724
May-10	16,675,516	\$0.0205	\$341,743
Jun-10	11,420,505	\$0.0205	\$234,048
Jul-10	11,089,838	\$0.0205	\$227,272
Aug-10	11,308,468	\$0.0205	\$231,752
Sep-10	12,213,087	\$0.0205	\$250,291
Oct-10	22,972,123	\$0.0205	\$470,783
Nov-10	36,684,985	\$0.0205	\$751,810
Dec-10	57,768,929	\$0.0205	\$1,183,898
Jan-11	68,258,163	\$0.0205	\$1,398,861
Feb-11	59,769,885	\$0.0205	\$1,224,905
Mar-11	50,510,882	\$0.0205	\$1,035,154
Total	<u>388,180,235</u>		<u>\$7,955,241</u>

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
 UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")
 Bill Comparisons

Usage Therms	<u>Rate Change April 1, 2009</u>				<u>Estimated Maximum Rate</u>			
	<u>Present Rates / Bill</u>	<u>New Rates / Bill</u>	<u>Increase / (Decrease)</u>	<u>Percent Change</u>	<u>Present Rates / Bill</u>	<u>New Rates / Bill</u>	<u>Increase / (Decrease)</u>	<u>Percent Change</u>
<u>Residential Distribution Service (RDS)</u>								
Service Charge	\$7.55	\$7.55			\$7.55	\$7.55		
Distribution Charge, per Therm								
First 35 Therms	\$0.3679	\$0.3679			\$0.3679	\$0.3679		
Over 35 Therms	\$0.2675	\$0.2675			\$0.2675	\$0.2675		
Riders, per Therm *	\$1.3355	\$1.3396	\$0.0041		\$1.3355	\$1.3574	\$0.0219	
10	\$24.59	\$24.63	0.04	0.2%	\$24.59	\$24.80	0.21	0.9%
15	\$33.10	\$33.16	0.06	0.2%	\$33.10	\$33.43	0.33	1.0%
25	\$50.14	\$50.24	0.10	0.2%	\$50.14	\$50.68	0.54	1.1%
50	\$91.22	\$91.42	0.20	0.2%	\$91.22	\$92.31	1.09	1.2%
100	\$171.37	\$171.78	0.41	0.2%	\$171.37	\$173.56	2.19	1.3%
150	\$251.51	\$252.13	0.62	0.2%	\$251.51	\$254.80	3.29	1.3%
250	\$411.82	\$412.84	1.02	0.2%	\$411.82	\$417.29	5.47	1.3%
<u>Small General Service (SGS)</u>								
Service Charge	\$16.15	\$16.15			\$16.15	\$16.15		
Distribution Charge, per Therm	\$0.2978	\$0.2978			\$0.2978	\$0.2978		
Riders, per Therm	\$1.3362	\$1.3403	\$0.0041		\$1.3362	\$1.3581	\$0.0219	
10	\$32.49	\$32.53	0.04	0.1%	\$32.49	\$32.71	0.22	0.7%
15	\$40.66	\$40.72	0.06	0.1%	\$40.66	\$40.99	0.33	0.8%
25	\$57.00	\$57.10	0.10	0.2%	\$57.00	\$57.55	0.55	1.0%
50	\$97.85	\$98.06	0.21	0.2%	\$97.85	\$98.95	1.10	1.1%
100	\$179.55	\$179.96	0.41	0.2%	\$179.55	\$181.74	2.19	1.2%
150	\$261.25	\$261.87	0.62	0.2%	\$261.25	\$264.54	3.29	1.3%
200	\$342.95	\$343.77	0.82	0.2%	\$342.95	\$347.33	4.38	1.3%

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
 UTILITY INFRASTRUCTURE ENHANCEMENT ("UIE")
Bill Comparisons

	<u>Usage Therms</u>	<u>Rate Change April 1, 2009</u>				<u>Estimated Maximum Rate</u>				
		<u>Present Rates / Bill</u>	<u>New Rates / Bill</u>	<u>Increase / (Decrease)</u>	<u>Percent Change</u>	<u>Present Rates / Bill</u>	<u>New Rates / Bill</u>	<u>Increase / (Decrease)</u>	<u>Percent Change</u>	
<u>General Delivery General Service (GDS)</u>										
Service Charge		\$16.15	\$16.15			\$16.15	\$16.15			
Demand Charge per Therm		\$0.810	\$0.810			\$0.810	\$0.810			
Distribution Charge, per Therm		\$0.1954	\$0.1954			\$0.1954	\$0.1954			
Riders, per Therm		\$0.9140	\$0.9181	\$0.0041		\$0.9140	\$0.9359	\$0.0219		
	<u>DCQ</u>	<u>Therms</u>								
	15	300	\$361.12	\$362.35	1.23	0.3%	\$361.12	\$367.69	6.57	1.8%
	20	400	\$476.11	\$477.75	1.64	0.3%	\$476.11	\$484.87	8.76	1.8%
	25	500	\$591.10	\$593.15	2.05	0.3%	\$591.10	\$602.05	10.95	1.9%
	50	1,000	\$1,166.05	\$1,170.15	4.10	0.4%	\$1,166.05	\$1,187.95	21.90	1.9%
	149	3,000	\$3,465.04	\$3,477.34	12.30	0.4%	\$3,465.04	\$3,530.74	65.70	1.9%
	249	5,000	\$5,764.84	\$5,785.34	20.50	0.4%	\$5,764.84	\$5,874.34	109.50	1.9%
	498	10,000	\$11,513.53	\$11,554.53	41.00	0.4%	\$11,513.53	\$11,732.53	219.00	1.9%
Demand Charge at 66.0% Load Profile										

STATE OF NEW JERSEY)
 : ss:
COUNTY OF UNION)

Donald F. Carter, being duly sworn according to law, upon his oath, deposes and says:

1. I am Vice President of the Petitioner in the foregoing Petition, and I am both responsible for the foregoing Petition and authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition are true to the best of my knowledge, information and belief.

Donald F. Carter

Sworn to and subscribed to before me this 20th day of January, 2009.

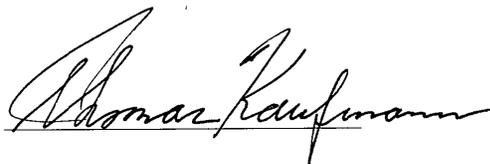
Mary Patricia Keefe
Mary Patricia Keefe
Attorney-at-Law
State of New Jersey

STATE OF NEW JERSEY)
 : ss:
COUNTY OF UNION)

Thomas P. Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

1. I am Manager of Rates and Tariffs of the Petitioner in the foregoing Petition, and I am both responsible for the foregoing Petition and authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition are true to the best of my knowledge, information and belief.



Sworn to and subscribed to before me this 20th day of January, 2009.



Mary Patricia Keefe
Attorney-at-Law
State of New Jersey

**PIVOTAL UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS
NOTICE OF PUBLIC HEARINGS**

Exhibit F

TO OUR CUSTOMERS:

On January 20, 2009, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), filed a Petition with the New Jersey Board of Public Utilities ("BPU") in Docket No. GR09_____ pursuant to *N.J.S.A.* 48:2-21.1 and 48:2-21 to implement a Utility Infrastructure Enhancement Cost Recovery Tariff Rider ("Cost Recovery Rider"). Under the proposed Tariff Rider, Elizabethtown would be permitted to make annual filings to recover capital costs, increased depreciation expense and certain related carrying costs associated with a program to replace (1) Twenty-nine miles of elevated pressure 10" and 12" elevated cast iron main within Union and Middlesex Counties; (2) forty miles of 4" and 6" low pressure cast iron main within Union and Middlesex Counties; and construct (3) an interconnection between Franklin Township and Sparta Township in Sussex county to eliminate a 24 mile one-way feed to 4500 customers; (4) an interconnection between Washington Township and the Town of Newton in Sussex county to eliminate a one-way feed and provide an alternate source of supply for 7500 customers in Sussex County, and (5) replace two heaters at its Cloverleaf and Sussex gate stations.

On October 16, 2008, Governor Jon S. Corzine proposed a comprehensive economic stimulus plan to address the economic crisis facing the nation and New Jersey. As part of this program the utilities of New Jersey have been directed to accelerate prudent and reasonable capital investment projects to support economic development and job growth within their respective service territories. Elizabethtown has identified infrastructure investments described above as being needed for reliability, safety and system integrity while promoting the conservation and preservation of the environment.

The Company states that it believes that replacement of 10" and 12" elevated cast iron main will enhance the safety and reliability of the Company's distribution system. Elimination of low pressure cast iron main will also increase system reliability and reduce operational carbon emissions on its distribution system. The construction of two interconnections in Sussex County will also increase reliability and provide an additional source of supply for the area. The Company estimates that its infrastructure enhancement program would require incremental capital expenditures of approximately \$60 million.

Under the Company's Cost Recovery Rider tariff, the Company would be permitted to implement the rider and establish an initial surcharge rate to be effective April 1, 2009 to recover the initial capital costs equal to its overall pre-tax rate of return and increased depreciation expense associated with the replacement facilities placed in service and related carrying costs. The Company would revise the surcharge rate effective April 1, 2010 at the mid-point of the program and at April 1, 2011 after the completion of this program.

The Company estimates that the total costs recovered through the Cost Recovery Rider through April 1, 2011 will total \$7.1 million. Based on current estimates, Elizabethtown's collections through the Cost Recovery Rider would not exceed \$8.0 million in any annual period. Moreover, it is estimated that the per therm Cost Recovery Rider charge will be between \$0.0041 and \$0.0219 per therm during the life of the Cost Recovery Rider.

Based on the highest estimated rate of \$0.0219 per therm, the effect of the Company's filing on typical residential gas bills is illustrated below:

<u>Consumption in Therms</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Proposed</u>	<u>Percent Change</u>
10	\$24.59	\$24.80	\$0.21	0.9%
50	\$91.22	\$92.31	\$1.09	1.2%
100	\$171.37	\$173.56	\$2.19	1.3%
250	\$411.82	\$417.29	\$5.47	1.3%

Any assistance required by Customers in ascertaining the impact of the proposed tariff rider will be provided by the Company on request.

The BPU has the statutory authority to establish Elizabethtown's rates and tariffs at levels it finds just and reasonable as well as to establish the effective date of such rates and tariffs. Therefore, the BPU may approve rates or tariffs other than those proposed by Elizabethtown.

Copies of the Petition are available for inspection at the Company offices located at One Elizabethtown Plaza, Union, New Jersey or online at Elizabethtown's website: www.elizabethtowngas.com or at the Board of Public Utilities, Two Gateway Center, Newark, New Jersey, 07102.

PLEASE TAKE NOTICE that Public Hearings have been scheduled on the above mentioned petition at the following times and places:
Freeholder's Meeting Room, Rt. 12 County Complex, Building #1, Flemington, New Jersey 08822

Rahway Municipal Council, Court Chambers, 1 City Hall Plaza, Rahway, New Jersey 07065

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including interpreter, listening devices and/or mobility assistance, 48 hours prior to this hearing. In addition, members of the public may submit written comments concerning the petition to the BPU regardless of whether they attend the hearing by addressing them to: Honorable Kristi Izzo, Secretary, Board of Public Utilities, Two Gateway Center, Newark, New Jersey, 07102.

Hearings will continue, if necessary, on such additional dates and at such locations as the Board of Public Utilities may designate in order to ensure that all interested persons may be heard.

**Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Donald Carter – Vice President of Operations**