



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu](http://www.nj.gov/bpu)

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL	)	DECISION AND ORDER
UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN	)	APPROVING STIPULATION AND
GAS TO 1) REVISE ITS WEATHER NORMALIZATION	)	ADOPTING INITIAL DECISION
CLAUSE RATE; 2) REVISE ITS SOCIETAL BENEFITS	)	
CHARGE RATE; AND 3) REVISE ITS ON-SYSTEM	)	
MARGIN SHARING CREDIT RATE	)	BPU DOCKET NO. GR10070510

**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 ("2010 Petition") with the New Jersey Board of Public Utilities ("BPU" or "Board") on July 30, 2010, in Dkt. No. GR10070510 seeking to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) Remediation Adjustment Clause ("RAC") and the New Jersey Clean Energy Program ("CEP") rate components of the Societal Benefits Charge ("SBC") rate, and (3) the On-System Margin Sharing Credit ("OSMC"), with a request that all rates be effective for service rendered on and after October 1, 2010.

The WNC normalizes the financial impact of weather conditions on both the Company and its weather-sensitive ratepayers. Variances in actual degree days from normal for each day are measured and accumulated over the calendar month for each month in the winter period (i.e. October through May). The resulting cumulative degree day variance determines the adjustment to customers' bills in the following winter period.

The RAC allows the Company to adjust its rates to recover environmental remediation costs associated with its six former manufactured gas plant sites.

The CEP was created as a result of the Electric Discount and Energy Competition Act as a mean of funding programs to promote both energy efficiency and renewable energy.

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

The 2010 Petition requested an increase in Elizabethtown's then-current WNC rate of \$0.0065 per therm including Sales and Use Tax ("SUT") to \$0.0227 per therm including SUT. The proposed WNC rate of \$0.0227 per therm including SUT reflected the weather experienced in Elizabethtown's service territory during the period October 1, 2009 through May 31, 2010 which was 366 degree days or 7.7% warmer than normal, as well as cumulative prior winter period revenue deficiency balances.<sup>1</sup> Consistent with the September 22, Order, Elizabethtown's currently effective WNC rate is \$0.0153 per therm including SUT.

The 2010 Petition also requested an increase in Elizabethtown's then-current SBC-RAC rate of a credit of \$0.0020 per therm including SUT to a charge of \$0.0012 per therm including SUT. The proposed SBC-RAC rate of \$0.0012 per therm including SUT was designed to recover \$567,203 in RAC-related costs. Consistent with the September 22 Order, the Company's currently effective RAC rate is a credit of \$0.0040 per therm including SUT. Rate recovery was sought in the 2010 Petition for \$3,251,160 of RAC-related costs to test, contain and remediate the Company's former manufactured gas plan sites incurred from July 1, 2009 through June 30, 2010. According to the 2010 Petition, the Company deducted third party recoveries, insurance recoveries and applicable insurance litigation costs of \$78,425 from the amount of \$3,251,160, resulting in recoverable net remediation costs of \$3,172,735 that are subject to recovery over a seven-year period.

Additionally, the 2010 Petition sought to increase Elizabethtown's then-effective SBC-CEP rate of \$0.0158 per therm including SUT to \$0.0426 per therm including SUT. As proposed, the SBC-CEP rate of \$0.0426 per therm including SUT was designed to recover \$21,230,303 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 New Jersey CEP 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 September 22 Order, Elizabethtown's currently effective SBC-CEP rate is \$0.0304 per therm including SUT.

The 2010 Petition further proposed an OSMC rate of a credit of \$0.0241 per therm including SUT. Elizabethtown's proposed OSMC rate reflected an increase of \$0.0069 per therm including SUT from the then current rate credit of \$0.0172 per therm including SUT. Consistent with the September 22 Order, Elizabethtown's currently effective OSMC rate is a credit of \$0.0273 per therm including SUT.

The 2010 Petition was transmitted to the Office of Administrative Law ("OAL") for hearing as a contested case on September 10, 2011, and was assigned to Administrative Law Judge ("ALJ") Richard McGill.

Public hearings were duly noticed and held in Rahway, New Jersey on September 22, 2010 and in Flemington, New Jersey on September 23, 2010. No members of the public attended the public hearings.

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<sup>1</sup> On September 22, 2011 in Dkt. Nos. GR07080645, GR08090836, GR09080651, the Board issued an Order ("September 22 Order") approving a stipulation between Board Staff, the Division of Rate Counsel ("Rate Counsel") and Elizabethtown which resolved all issues concerning the petitions to reconcile Elizabethtown's SBC and WNC for the 2006-2007, 2007-2008 and 2008-2009 periods, and set Elizabethtown's currently effective SBC and WNC rates.

Elizabethtown, Board Staff and Rate Counsel (collectively "the Parties") conducted discovery and reached a Stipulation of Settlement ("Stipulation")<sup>2</sup> on March 29, 2012. On April 9, 2012, ALJ Richard McGill issued his Initial Decision approving the Stipulation finding that the Parties voluntarily agreed to the Stipulation and that the Stipulation fully disposes of all issues in controversy and is consistent with the law.

**STIPULATION FOR SBC, OSMC AND WNC RATES<sup>1</sup>**

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. Elizabethtown will make the following WNC, SBC components and OSMC rates, all including SUT, effective, which will result in a total SBC rate of \$0.0623 per therm including SUT:

WNC	\$0.0127 per therm
SBC - RAC	\$0.0012 per therm
SBC - CEP	\$0.0426 per therm
OSMC	(\$0.0241) per therm

3. Elizabethtown represents that the labor allocation reflected in the SBC-RAC and SBC-CEP rider rates proposed in the 2010 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.
4. The Company represents that the SBC-RAC filing does not include rate recovery of any Natural Resource Damage ("NRD")-related costs. The Parties agree that the Board should not make a determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the September 22 Order.
5. Approval of this Stipulation will result in a total SBC rate of \$0.0623 per therm including SUT, inclusive of the RAC, CEP and USF and Lifeline rate components. Elizabethtown's current USF and Lifeline rates approved by Order dated October 13, 2011 in Dkt. No. ER11070397 are not impacted by this Stipulation. Upon Board approval of the Stipulation entered into by the Parties on March 29, 2011, Elizabethtown will submit revised tariff sheets that reflect the Board's ruling.
6. The annual bill impact of the stipulated WNC, SBC-CEP, SBC-RAC and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$18.24 from \$1,172.08 to \$1,190.32 or 1.6% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$8.4 million based on the Company's most recent therm forecast.

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<sup>2</sup>Although 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.

**DISCUSSION AND FINDINGS**

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

The Board HEREBY ORDERS that the following after-tax per therm rates are as follows:

WNC	\$0.0127 per therm
SBC - RAC	\$0.0012 per therm
SBC - CEP	\$0.0426 per therm
OSMC	(\$0.0241) per therm

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

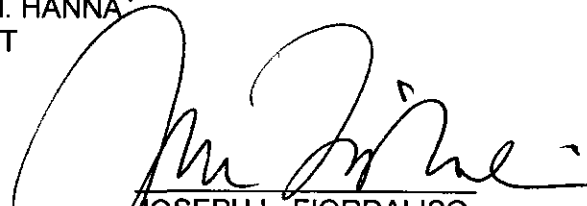
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

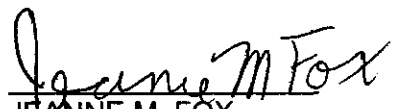
This Order shall be effective on the later of the date on which this Order is served as required by N.J.S.A. 48:2-40 or June 4, 2012.


DATED: 5/23/12

BOARD OF PUBLIC UTILITIES  
BY:


  
ROBERT M. HANNA  
PRESIDENT

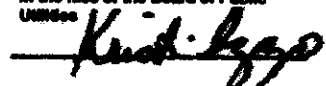
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
JEANNE M. FOX  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY-ANNA HOLDEN  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
SECRETARY

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


IN THE MATTER OF THE PETITION OF PIVOTAL HOLDINGS, INC. d/b/a  
 ELIZABETHTOWN GAS TO 1) REVISE ITS WEATHER NORMALIZATION CLAUSE  
 RATE; 2) REVISE ITS SOCIETAL BENEFITS CHARGE RATE; AND 3) REVISE ITS ON-  
 SYSTEM MARGIN SHARING CREDIT RATE  
 BPU DOCKET NO. GR10070510

SERVICE LIST

<b>BOARD OF PUBLIC UTILITIES</b>		
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<b>DIVISION OF RATE COUNSEL</b>		
Stefanie A. Brand, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101	Felicia Thomas-Friel, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101	Sarah H. Steindel, Esq. Division of Rate Counsel 31 Clinton Street, 11 <sup>th</sup> Floor P.O. Box 46005 Newark, NJ 07101

<b>DEPARTMENT OF LAW &amp; PUBLIC SAFETY</b>		
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<b>ELIZABETHTOWN GAS COMPANY</b>		
Mary Patricia Keefe, VP Regulatory Affairs AGL Resources One Elizabethtown Plaza PO Box 3175 Union, NJ 07083	Deborah Franco, Esq. Cullen and Dykman Garden City Center 100 Quentin Roosevelt Blvd. Garden City, NY 11530	Kenneth Maloney, Esq. Cullen and Dykman 1101 14 <sup>th</sup> Street NW, Suite 550 Washington, D.C. 20005



*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 - 9 2012**



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**  
**SETTLEMENT**

**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 ITS  
SOCIETAL BENEFITS CHARGE RATE;  
AND (3) REVISE ITS ON-SYSTEM  
MARGIN SHARING CREDIT.**

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OAL DKT. NO. PUC 09719-10  
BPU DKT. NO. GR10070510

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

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

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

**Felicia Thomas-Friel, Deputy Rate Counsel, Sarah H. Steindel, Assistant Deputy Rate Counsel, and Henry M. Ogden, Assistant Deputy Rate Counsel, for the Division of Rate Counsel (Stefanie A. Brand, Director, attorney)**

Record Closed: April 2, 2012

Decided: April 4, 2012

**BEFORE RICHARD McGILL, ALJ:**

On July 30, 2010, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas filed a petition with the New Jersey Board of Public Utilities seeking approval to: (1) revise its Weather Normalization Clause ("WNC") rate; (2) revise its Societal Benefits Charge ("SBC") rate; and (3) revise its On-System Margin Sharing Credit ("OSMC"). The revisions to the SBC rate pertain to the Remediation Adjustment Clause ("RAC") and the New Jersey Clean Energy Program ("CEP").

The matter was transmitted to the Office of Administrative Law on September 10, 2010, for determination as a contested case. Duly noticed public hearings were held on September 22, 2010, in Rahway, New Jersey, and on September 23, 2010, in Flemington, New Jersey. No members of the public attended the public hearings.

Prior to the evidentiary hearing, the parties filed a Stipulation which resolves all issues in this proceeding. With respect to rates, the parties agreed as follows: (1) the WNC rate will be \$0.0127 per therm; (2) the SBC-RAC rate will be \$0.0012 per therm; (3) the SBC-CEP rate will be \$0.0426 per therm; and (4) the OSMC rate will be (\$0.0241) per therm. For a typical residential heating customer using 1,000 therms, the annual increase will be \$18.24 or 1.6 percent. The rate revisions will produce additional annual revenues of approximately \$8.4 million.

Having reviewed the record and the settlement terms, I **FIND** as follows:

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



Therefore, I **CONCLUDE** that the agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. Accordingly, it is **ORDERED** that the parties comply with the terms of the settlement, and it is **FURTHER ORDERED** that the proceedings in this matter 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 4, 2012 \_\_\_\_\_  
DATE

Richard McGill  
RICHARD MCGILL, ALJ

Date Received at Agency:

4-9-12

Date Mailed to Parties: APR - 9 2012  
lr

Laura Sanders  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

**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. GR10070510**  
**(1)Revise its Weather Normalization Clause :**  
**Rate; (2) Revise its Societal Benefits Charge :**  
**Rate; and (3) Revise its On-System Margin : PUC 11615-2009N**  
**Sharing Credit :**  
-----X **STIPULATION**

**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 **Henry M. Ogden, 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 Richard McGill**  
**Administrative Law Judge**

**BACKGROUND**

1. On July 30, 2010, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2010 Petition") with the New Jersey Board of Public Utilities ("BPU" or "Board") in BPU Docket No. GR10070510 to revise its: (1) Weather Normalization Clause ("WNC") rate, (2) Remediation Adjustment Clause ("RAC") and the New Jersey Clean Energy Program ("CEP") rate components of the Societal Benefits Charge ("SBC") rate, and (3) On-System Margin Sharing Credit

("OSMC") to be effective October 1, 2010. By Order dated September 22, 2011 issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 ("September 22 Order"), the Board approved an August 3, 2011 Stipulation among Board Staff, Rate Counsel and the Company resolving all issues concerning the petitions to reconcile Elizabethtown's SBC and WNC for the 2006-2007, 2007-2008 and 2008-2009 periods and approving the Company's currently effective SBC and WNC rates.

2. The 2010 Petition proposed an increase in its then-current WNC rate of \$0.0065 per therm to \$0.0227 per therm. As set forth in the 2010 Petition, the proposed WNC rate of \$0.0227 per therm reflected the weather experienced in Elizabethtown's service territory during the period October 1, 2009 through May 31, 2010 which was 366 degree days or 7.7% warmer than normal, as well as cumulative prior winter period revenue deficiency balances. In accordance with the September 22 Order, Elizabethtown's currently effective WNC rate is \$0.0153 per therm.

3. The 2010 Petition also proposed an increase in the Company's then-current SBC-RAC rate of (\$0.0020) per therm to \$0.0012 per therm, inclusive of current sales taxes. The proposed SBC-RAC rate of \$0.0012 per therm was designed to recover \$567,203 in RAC-related costs. In accordance with the September 22 Order, Elizabethtown's currently effective RAC rate is (\$0.0040) per therm. The RAC-related costs for which recovery was sought in the 2010 Petition were the costs to test, contain and remediate the Company's former manufactured gas plan sites (described below) incurred during the period July 1, 2009 through June 30, 2010. These costs totaled \$3,251,160, which the Company is entitled to recover over a seven-year period. The Company deducted third party recoveries, insurance recoveries and applicable insurance

litigation costs of \$78,425 from the amount of \$3,251,160, resulting in recoverable net remediation costs of \$3,172,735 that are subject to recovery over the seven-year period.

4. In accordance with the Company's tariff, the Company's proposed SBC-RAC rider rate was determined by calculating the sum of (a) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30<sup>th</sup> for the periods ending 2010, 2009, 2008, 2007, 2006, 2005 and 2004, less the deferred tax benefit, as shown in the table set out in the footnote below,<sup>1</sup> which equals \$1,529,193, (b) the prior year's RAC overrecovery balance of \$1,152,564, and (c) \$190,574 of interest accrued on RAC-related costs calculated in the manner approved by the Board in its order in BPU Docket No. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total \$567,203, which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider rate of \$0.0012 per therm,

5. The Company has six former manufactured gas plant sites in New Jersey: two that are located in Elizabeth, one on South Street, and one on Erie Street including the Renora Landfill, and one each in Rahway, Perth Amboy, Flemington and Newton. The Erie Street, South Street, Rahway and Perth Amboy sites were owned and/or operated exclusively by Elizabethtown and/or its predecessor companies. Flemington and Newton

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<sup>1</sup> The Company's 2010 Petition set forth the net deferred remediation costs for the twelve months ended June 30<sup>th</sup> for the period ending 2010, 2009, 2008, 2007, 2006, 2005 and 2004 less the deferred tax benefit as follows:

YEAR	RECOVERABLE AMOUNT
2010	\$406,201
2009	\$425,944
2008	\$339,446
2007	\$ 79,142
2006	\$ 55,257
2005	\$153,313
2004	\$ 69,890

were also owned by a predecessor of Jersey Central Power & Light, which is now owned by First Energy. The 2010 Petition sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.

6. In addition, the 2010 Petition also proposed an increase in Elizabethtown's then-effective SBC-CEP rate of \$0.0158 per therm to \$0.0426 per therm. The proposed SBC-CEP rate of \$0.0426 per therm was designed to recover \$21,230,303 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 New Jersey CEP 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 September 22 Order, Elizabethtown's currently effective SBC-CEP rate is \$0.0304 per therm.

7. The 2010 Petition further proposed an OSMC rate of (\$0.0241) per therm. This proposed OSMC rate of (\$0.0241) per therm reflected a decrease (i.e. an increase in the amount of the credit to ratepayers) of \$0.0069 per therm from the then current rate of (\$0.0172) 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 September 22 Order, Elizabethtown's currently effective OSMC rate is (\$0.0273) per therm.

8. The Petition did not propose to adjust the Universal Service Fund ("USF") and Lifeline rate components of the SBC.

9. In Audit No. A-2888, the Board's Audit Staff conducted a review of Elizabethtown's deferral and recovery of costs through the Company's RAC for the

period October 1, 1987 through June 30, 2006. After this review, Staff issued a report and representatives of Staff and Elizabethtown entered into a Stipulation ("RAC Audit Stipulation") approved by a Board Order dated November 30, 2011 ("November 30 Order") issued in BPU Docket No. GA10110840. The Board's November 30 Order approving the RAC Audit Stipulation requires the disallowance of approximately \$183,000 plus simple interest through the effective date of the Stipulation, January 14, 2012, which is forty-five (45) days from the date of the November 30 Order. This would result in a RAC credit in the amount of \$214,041, as of January 14, 2012, that will be reflected in the Company's next filing with the Board to reconcile its SBC-RAC rider rate, inclusive of interest. In addition, the September 22 Order directed the Company to include in the Company's 2012 filing to reconcile its SBC-RAC rider rate, a credit to the SBC-RAC balance of \$175,000 to reflect the disallowance of certain RAC-related costs agreed to by the parties. This credit will also be reflected in the Company's next filing with the Board to reconcile its SBC-RAC rider rate.

10. The 2010 Petition was transmitted to the Office of Administrative Law and duly noticed public hearings were held in Rahway, New Jersey on September 22, 2010 and in Flemington, New Jersey on September 23, 2010. 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.

11. Board Staff, Rate Counsel and Elizabethtown (the "Stipulating Parties") have reached this Stipulation which is intended to resolve all issues associated with the 2010 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 will make the following WNC, SBC components and OSMC rates effective:

WNC	\$0.0127 per therm <sup>2</sup>
SBC - RAC	\$0.0012 per therm
SBC - CEP	\$0.0426 per therm
OSMC	(\$0.0241) per therm

C. The Company represents that the labor allocation reflected in the SBC-RAC and SBC-CEP rider rates proposed in the 2010 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage ("NRD")-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. "NRD-related costs" also include any administrative, legal

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<sup>2</sup> The Parties have agreed to a WNC rate of \$0.0127 per therm instead of the \$0.0227 per therm rate proposed by Elizabethtown in the 2010 Petition.

or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the September 22 Order.

E. The WNC, SBC-RAC, 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.

F. The current USF rate of \$0.0134 per therm and Lifeline rate of \$0.0051 per therm approved by the Board in BPU Docket No. ER11070397 on October 13, 2011 and made effective November 1, 2011 are not affected by this Stipulation. Approval of this Stipulation will result in a total SBC rate of \$0.0623 per therm, inclusive of the RAC, CEP, USF and Lifeline rate components.



**Rate Impact**

G. The annual bill impact of the stipulated WNC, SBC-CEP, SBC-RAC and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$18.24 from \$1,172.08 to \$1,190.32 or 1.6% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$8.4 million based on the Company's most recent therm forecast. A breakdown of these revenues at current billing determinants, adjusted to reflect certain requirements associated with the Long-Term Capacity Agreement Pilot Program (LCAPP) legislation codified at N.J.S.A. 48:3.51, 48:3-60.1, and 48:3-98.3 - 98.4 which was signed into law on January 28, 2011, and which excludes wholesale electric generators from the SBC, is as follows:

<u>Rates</u>	<u>Revenue at Current Rates</u>	<u>Revenue at Stipulated Rates</u>
CEP	\$14,411,478	\$20,195,032
RAC	(\$1,896,247)	\$568,874
OSMC	(\$7,849,654)	(\$6,929,548)
WNC	\$4,733,066	\$3,928,754
<b>Total</b>	<b>\$9,398,643</b>	<b>\$17,763,112</b>

**All Issues Resolved**

H. Upon the Board's approval of this Stipulation, all issues concerning the WNC, SBC 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 2010 Petition as reflected in attached Appendix B. As further reflected in the

Company's 2010 Petition and set forth on attached Appendix C, are the Degree Day Consumption Usage Factors to be used during the WNC period as reflected in the tariff sheets contained in attached Appendix A. This Stipulation resolves all issues with respect to this proposed Factor.

**Further Provisions**

I. 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.

J. 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.

K. 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  
Vice President, Regulatory Affairs  
and Assistant Corporate Secretary**

By:   
**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:   
**Alex Moreau, DAG**

**Dated: March 29, 2012**

ELIZABETHTOWN GAS  
 B. P. U. NO. 14 – GAS  
 CANCELLING  
 B. P. U. NO. 13 – GAS

FIRST

REVISED SHEET NO. 103

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.

<del>October 1, 2014</del> <u>TBD</u> through May 31, 2012	<del>\$0.0153</del> <u>\$0.0127</u> per therm
June 1, 2012 through September 30, 2012	\$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: ~~October 1, 2014~~ TBD

Effective: Service Rendered  
 on and after ~~October 1, 2014~~ TBD

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~September 22, 2014~~ TBD in Docket No. GR09080654 GR10070510

ELIZABETHTOWN GAS  
 B. P. U. NO. 14 – GAS  
 CANCELLING  
 B. P. U. NO. 13 – GAS

FIRST

REVISED SHEET NO. 105

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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)

I. Definition of Terms as Used Herein (continued)

6. Degree Day Consumption Factor - the variable component (use per degree day) of the gas sendout for each month of the winter period normalized for weather and adjusted for lost and unaccounted for gas. The monthly factors shall be updated annually in the Company's WNC reconciliation filing annualizing to reflect the change in number of customers that has occurred since the base rate proceeding that established the initial degree day consumption factor in base rate cases. The base number of customers used to establish the initial monthly degree day consumption factor and current monthly degree day consumption factor of therms per degree day are as follows:

<u>Month</u>	<u>Base Number of Customers</u>	<u>Therms per Degree Day</u>
October	270,827	45,26645.098
November	271,439	52,40652.224
December	272,283	57,99257.790
January	273,306	60,05759.848
February	273,936	58,86458.946
March	274,159	66,49256.206
April	273,907	43,29643.144
May	273,032	40,47840.336

7. Margin Revenue Factor - the weighted average of the Distribution Charges as quoted in the individual service classes to which this clause applies net of applicable taxes and assessments and any other revenue charge not retained by the Company that these rates may contain in the future. The weighted average shall be determined by multiplying the full block margin revenue component of the Distribution Charges from each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factor shall be redetermined each time base rates are adjusted. The current Margin Revenue Factor is \$0.2728 per therm.

Date of Issue: October 1, 2014 TBD

Effective: Service Rendered  
 on and after October 1, 2014 TBD

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

Filed Pursuant to Order of the Board of Public Utilities  
 Dated September 22, 2014 TBD in Docket No. GR14060360 GR10070510

ELIZABETHTOWN GAS  
 B. P. U. NO. 14 – GAS  
 CANCELLING  
 B. P. U. NO. 13 – GAS

FIRST

REVISED SHEET NO. 108

## 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.

~~(\$0.0273)~~ (\$0.0241) 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 22, 2011~~ TBD

Effective: Service Rendered  
 on and after ~~September 22, 2011~~  
TBD

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~September 22, 2011~~ TBD in Docket No. ~~GR09080654~~ GR10070510

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")	\$0.0304 <del>\$0.0426</del>
II.	Remediation Adjustment Charge ("RAC")	<del>(\$0.0040)</del> \$0.0012
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0134
	2. Lifeline	\$0.0051
	TOTAL	<del>\$0.0449</del> \$0.0623

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: December 7, 2014 TBD

Effective: Service Rendered  
on and after January 28, 2014  
TBD

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 November 9, 2014 TBD in Docket No. GR14080494 GR10070510

**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.

TBD through May 31, 2012	\$0.0127 per therm
June 1, 2012 through September 30, 2012	\$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.

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Date of Issue: TBD

Effective: Service Rendered  
on and after TBD

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 TBD in Docket No. GR10070510



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

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE: (continued)

I. Definition of Terms as Used Herein (continued)

6. Degree Day Consumption Factor - the variable component (use per degree day) of the gas sendout for each month of the winter period normalized for weather and adjusted for lost and unaccounted for gas. The monthly factors shall be updated annually in the Company's WNC reconciliation filing annualizing to reflect the change in number of customers that has occurred since the base rate proceeding that established the initial degree day consumption factor in base rate cases. The base number of customers used to establish the initial monthly degree day consumption factor and current monthly degree day consumption factor of therms per degree day are as follows:

<u>Month</u>	<u>Base Number of Customers</u>	<u>Therms per Degree Day</u>
October	270,827	45,098
November	271,439	52,224
December	272,283	57,790
January	273,306	59,848
February	273,936	58,946
March	274,159	56,206
April	273,907	43,144
May	273,032	40,336

7. Margin Revenue Factor - the weighted average of the Distribution Charges as quoted in the individual service classes to which this clause applies net of applicable taxes and assessments and any other revenue charge not retained by the Company that these rates may contain in the future. The weighted average shall be determined by multiplying the full block margin revenue component of the Distribution Charges from each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factor shall be redetermined each time base rates are adjusted. The current Margin Revenue Factor is \$0.2728 per therm.

Date of Issue: TBD

Effective: Service Rendered  
on and after TBD

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 TBD in Docket No. GR11070510

ELIZABETHTOWN GAS  
 B. P. U. NO. 14 – GAS  
 CANCELLING  
 B. P. U. NO. 13 – GAS

REVISED SHEET NO. 108

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.

(\$0.0241) 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: TBD

Effective: Service Rendered  
on and after TBD

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 TBD in Docket No. GR10070510

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")	\$0.0426
II.	Remediation Adjustment Charge ("RAC")	\$0.0012
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0134
	2. Lifeline	\$0.0051
TOTAL		<u>\$0.0623</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.

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: TBD

Effective: Service Rendered  
on and after TBD

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 TBD in Docket No. GR10070510

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

Month	Actual Calendar Degree Days	Normal <sup>(a)</sup> Calendar Degree Days	(Warmer / Colder / Normal)	% (Warmer / Colder / Normal)	Season % (Warmer / Colder / Normal)	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor <sup>(b)</sup>	Variance In Therms	Monthly Margin Revenue
Oct-09	287	283	4	1.41%	1.41%	1	3	50,183	150,849	\$33,753
Nov	429	559	(130)	-23.26%	-14.96%	3	(127)	53,900	(6,845,300)	(\$1,534,716)
Dec 1 - 16 <sup>th</sup>	400	408						58,868		
Dec 17 - 31 <sup>st</sup>	504	443						57,992		
Dec '09	904	851	53	6.23%	-4.31%	4	49	58,444	2,863,762	\$678,361
Jan-10	1,023	987	58	5.79%	-0.64%	5	51	60,057	3,062,907	\$766,952
Feb	881	841	40	4.76%	0.66%	4	36	58,851	2,118,636	\$530,508
Mar	517	701	(184)	-26.25%	-3.83%	4	(180)	56,402	(10,152,360)	(\$2,542,151)
Apr	238	382	(144)	-37.70%	-6.65%	2	(142)	43,295	(8,147,890)	(\$1,539,432)
May	89	150	(61)	-40.67%	-7.73%	1	(60)	40,476	(2,428,560)	(\$608,111)
Total	4,368	4,734	(366)			24	(370)		(17,378,256)	(\$4,214,838)

Margin Revenue Factor (\$/Thm) (October - November) <sup>(c)</sup>	\$0.2242
Pro-Rated Margin Revenue Factor (\$/Thm) (December) <sup>(c)</sup>	\$0.2369
Margin Revenue Factor (\$/Thm) (January - May) <sup>(c)</sup>	\$0.2504

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder	(17,378,256)
WNC Margin Revenue - Excess / (Deficiency)	<u>(\$4,214,838)</u>

<sup>(a)</sup> Normal Degree Days as set forth in Tariff No. 13 - Rider B, Sheet No. 88 from 10/1/09 - 12/16/09;  
Tariff No. 14 - Rider B, Sheet No. 104 effective 12/17/09

<sup>(b)</sup> Degree Day Consumption Factor as filed in Dkt No. GR09080651, Tariff No. 13- Rider B, Revised Sheet No. 89 from Oct - Nov;  
Tariff No. 14 - Rider B, Sheet No. 105 effective Jan - May; Pro-rated factor using 16 days at old factor and 15 days at new factor for Dec.

<sup>(c)</sup> Margin Revenue Factor as set forth in Tariff No. 13 - Rider B, Third Revised Sheet No. 89 from Oct - Nov;  
Tariff No. 14 - Rider B, Sheet No. 105 effective Jan - May; Pro-rated rate using 16 days at old rate and 15 days at new rate for Dec.

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

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS**  
**Development of the Degree Day Consumption Usage Factor**  
**October 2010 - May 2011**

<u>Month</u> a	<u>Normalized Projected Heat Load<sup>1</sup> (therms)</u> b	<u>Base Number of Customers<sup>2</sup></u> c	<u>Normalized Use in Therms Per Customer</u> d=b/c	<u>Number of Customers<sup>3</sup></u> e	<u>Annualized Normalized Projected Heat Load (therms)</u> f=d*e	<u>Monthly Normal Heating Degree Days<sup>4</sup></u> g	<u>Annualized Normalized Consumption in Therms Per Degree Day</u> h=f/g
October	12,215,628	270,827	45.10454	273,960	12,356,841	274	45,098
November	27,786,365	271,439	102.36689	273,960	28,044,432	537	52,224
December	49,912,468	272,283	183.31100	273,960	50,219,881	889	57,790
January	57,735,289	273,306	211.24779	273,960	57,873,445	967	59,848
February	49,569,368	273,938	180.95236	273,960	49,573,709	841	58,946
March	39,429,020	274,159	143.81808	273,960	39,400,400	701	56,206
April	16,477,951	273,907	60.15893	273,960	16,481,139	382	43,144
May	6,029,896	273,032	22.08494	273,960	6,050,391	150	40,336

<sup>1</sup> Adjusted for LAUF as calculated and approved for the 2009 base rate case.

<sup>2</sup> Base number of customers from the 2009 base rate case.

<sup>3</sup> May 31, 2010 customer count for those classes subject to the WNC clause.

<sup>4</sup> 20-year 1982-2002 monthly normal heating degree days (base 65°F); represents a non leap-year pattern.