



Agenda Date: 9/22/17  
Agenda Item: 2E

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
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 )  
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN )  
GAS TO REVISE THE REMEDIATION ADJUSTMENT )  
CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS )  
CHARGE RATE )

DECISION AND ORDER  
APPROVING STIPULATION

DOCKET NO. GR16080794

**Parties of Record:**

**Deborah M. Franco, Esq.**, Cullen and Dykman, LLP, on behalf of Elizabethtown Gas  
**Stefanie A. Brand, Esq., Director**, New Jersey Division of Rate Counsel

**BY THE BOARD:**

On August 16, 2016, Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2016 RAC Petition") with the New Jersey Board of Public Utilities ("Board") seeking review and approval of the Company's Manufactured Gas Plant Remediation Adjustment Clause ("RAC") activities costs incurred between July 1, 2015 through June 30, 2016 ("RAC Period") plus prior period true-ups. By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by Elizabethtown, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") which addresses the issues in the 2016 RAC Petition.

**BACKGROUND**

The Company owns and/or operated six former manufactured gas plant ("MGP") sites in New Jersey: two in Elizabeth, and one each in Rahway, Perth Amboy, Flemington and Newton. The Elizabeth, Rahway and Perth Amboy sites were solely owned and/or operated by the Company and/or its predecessor companies. Flemington and Newton were co-owned by a predecessor of the Jersey Central Power & Light Company. The RAC allows recovery of reasonably incurred MGP program costs plus carrying costs by the Company, amortized over a seven-year rolling average. The RAC is a separate component of ETG's Societal Benefits Charge ("SBC").<sup>1</sup>

<sup>1</sup> The 2016 RAC Petition did not seek any adjustment of other SBC rate components, i.e. the New Jersey Clean Energy Program, the Universal Service Fund, and Lifeline charges.

The RAC related costs for which recovery was sought in the 2016 RAC Petition were the costs to test, contain and remediate the Company's former manufactured gas plant sites (described above) incurred during the period July 1, 2009 through June 30, 2016, based on a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2016 costs totaled \$7,305,684 from which third party recoveries of \$30,400,000 were deducted and a net of \$183,326 for the deferral of fifty percent of litigation costs were deducted, resulting in proposed recoverable net remediation credits of (\$23,277,642) that are subject to refund over the seven-year period.

In accordance with the Company's tariff, the Company's original proposed SBC-RAC rider rate was determined by calculating the sum of: (a) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30th for the periods ending 2016, 2015, 2014, 2013, 2012, 2011 and 2010 totaling (\$2,920,421), plus the deferred tax adjustment of \$350,927, which equals (\$2,569,494), (b) the prior year's RAC over recovery balance of (\$851,905); and (c) (\$903,957) 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 (\$4,325,356) 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 credit rate of \$0.0095 per therm inclusive of all applicable taxes.

Since the 2016 RAC Petition sought a decrease in rates, it was determined that public hearings were not necessary.

### **STIPULATION**

Following a review of discovery and subsequent settlement discussions, the Parties reached an agreement on the petition, and on September 7, 2017 executed the Stipulation. The key terms of the Stipulation are as follows:<sup>2</sup>

#### **Effective Rates**

- B. As of the Effective Date, Elizabethtown will implement an SBC-RAC credit rate of \$0.0128 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board. The calculation of this rate and the amount it is designed to refund is set forth in Appendix B which is attached to the Stipulation.
- C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2016 Petition did not include recovery of incentive compensation costs and the rates agreed to in the 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

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<sup>2</sup> Although summarized in this Order, the detailed terms of the Stipulation are controlling, subject to the findings and conclusions of this Order.

administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company's SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board's September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 resolving Elizabethtown's 2007, 2008 and 2009 RAC proceedings.

- E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements ("MFR") as set forth in Appendix C to the Stipulation and that it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.
- F. Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in the Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix D.
- G. Approval of the RAC rate in this Stipulation will result in a total SBC rate of \$0.0276 per therm, inclusive of all applicable taxes.

#### **Rate Impact**

- H. The annual bill impact of the stipulated SBC-RAC rate of (\$0.0128) per therm on a typical residential heating customer using 1,000 therms is a decrease of \$11.20 from \$917.27 to \$906.07 or (1.2%) as compared to the Company's rates that will be in effect as of October 1, 2017 pursuant to the Board's July 26, 2017 order in BPU Docket No. GR16080786. The proposed rates will decrease Elizabethtown's annual revenues by approximately \$5.8 million based on the Company's most recent therm forecast.

#### **All Issues Resolved**

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

#### **DISCUSSION AND FINDING**

The Board has reviewed the record in this proceeding, including the attached Stipulation. The Board **FINDS** it to be reasonable and in the public interest, being persuaded that the MGP costs have been thoroughly reviewed. The Board **HEREBY FINDS** that the Company's MGP remediation work performed during the RAC Period was prudent, and the resulting MGP costs for the RAC Period are reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein and **HEREBY APPROVES** the Company's implementation of a decrease in its SBC-RAC rate to a credit of \$0.0128 per therm for service rendered on or after October 1, 2017. The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to October 1, 2017. Based on the Stipulation, a typical residential heating customer using 1,000 therms annually will see a decrease in their annual bill of \$11.20 or 1.2%.

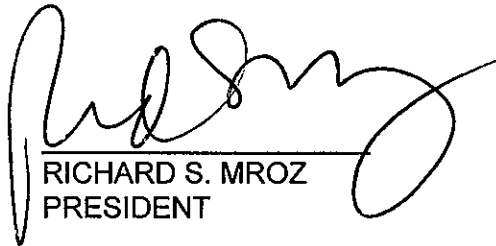
The Board **FURTHER ORDERS** that the NRD related costs shall continue to be deferred until such time as the Board addresses the rate recoverability of NRD related costs via the RAC mechanism.

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

The effective date of this Order is September 29, 2017.

DATED: 9/22/17

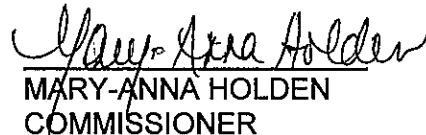
BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



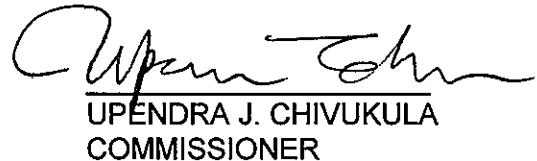
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COMMISSIONER



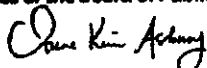
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:



IRENE KIM ASBURY  
SECRETARY

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



IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. D/B/A  
ELIZABETHTOWN GAS TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE  
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE  
DOCKET NO. GR16080794

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September 7, 2017

*Via Electronic Mail and FedEx*

Honorable Irene Kim Asbury, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue  
3<sup>rd</sup> Floor, Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas To Revise The Remediation Adjustment Clause  
Component Of Its Societal Benefits Charge Rate  
BPU Docket No. GR16080794**

Dear Secretary Asbury:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of Public Utilities and the Division of Rate Counsel. Elizabethtown respectfully requests that the Board consider and adopt the Stipulation at the next agenda meeting on September 22, 2017.

Please contact the undersigned if you have questions or require further information.  
Thank you.

Respectfully submitted,

/s/ Deborah M. Franco

Deborah M. Franco

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

cc: Service List

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT  
OF ITS SOCIETAL BENEFITS CHARGE RATE  
BPU DOCKET NO. GR16080794**

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**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT  
OF ITS SOCIETAL BENEFITS CHARGE RATE  
BPU DOCKET NO. GR16080794**

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

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:  
**In The Matter Of The Petition Of Pivotal Utility : BPU Docket No. GR16080794**  
**Holdings, Inc. d/b/a Elizabethtown Gas To :**  
**Revise The Remediation Adjustment Clause :**  
**Component of its Societal Benefits Charge Rate : STIPULATION**  
:  
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**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, Esq.** for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Maura Caroselli, Esq. and Henry M. Ogden, Esq.** Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

**Alex Moreau, Patricia A. Krogman, and Renee Greenberg**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey)

**BACKGROUND**

1. On August 16, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition (“2016 Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) in BPU Docket No. GR16080794 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate.

2. The 2016 Petition proposed a decrease to the Company’s current SBC-RAC rate from a credit rate of \$0.0016 per therm to a credit rate of \$0.0095 per therm, inclusive of current sales taxes. The proposed SBC-RAC rate of \$0.0095 per therm was designed to refund approximately \$4.3 million in RAC-related costs over a 12-month

period. The 2016 Petition sought to reconcile Elizabethtown's RAC rate for the July 1, 2015 through June 30, 2016 period.

3. The RAC-related costs for which recovery was sought in the 2016 Petition were the costs to test, contain and remediate the Company's former manufactured gas plant sites (described below) incurred during the period July 1, 2009 through June 30, 2016, based on a seven-year cost amortization, plus certain adjustments and prior period true-up amounts. The 2016 costs totaled \$7,305,684 from which third party recoveries of \$30,400,000 were deducted and a net of \$183,326 for the deferral of 50% of litigation costs were deducted, resulting in proposed recoverable net remediation credits of (\$23,277,642) that are subject to refund over the seven-year period.

4. In accordance with the Company's tariff, the Company's original 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 2016, 2015, 2014, 2013, 2012, 2011 and 2010 totaling (\$2,920,421), plus the deferred tax adjustment of \$350,927, the net of each year is shown in the table set out in the footnote below, <sup>1</sup> which equals (\$2,569,494), (b) the prior year's RAC overrecovery balance of (\$851,905) and (c) (\$903,957) of interest accrued on RAC-

<sup>1</sup> The Company's 2016 Petition set forth the net deferred remediation costs for the twelve months ended June 30<sup>th</sup> for the period ending 2016, 2015, 2014, 2013, 2012, 2011, and 2010 less the deferred tax benefit as follows:

<b>YEAR</b>	<b>RECOVERABLE AMOUNT</b>
2016	(\$3,083,851)
2015	(\$3,492,978)
2014	\$517,574
2013	\$615,253
2012	\$1,043,168
2011	\$1,383,624
2010	\$447,716
Total	<u>(\$2,569,494)</u>

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 (\$4,325,356) 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 credit rate of \$0.0095 per therm inclusive of all applicable taxes. The updated rate on Appendix A reflects the change in New Jersey sales tax since the original rate was filed as well as the removal of the assessment from the rate calculation. While the rate reflects the removal of the BPU and Rate Counsel assessment and an updated New Jersey sales tax, it did not ultimately impact the rate from the one reflected in the 2016 Petition.

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 were also owned by a predecessor of Jersey Central Power & Light, which is now owned by First Energy. The 2016 Petition sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown<sup>2</sup>.

6. The 2016 Petition did not propose to adjust the New Jersey Clean Energy Program ("CEP"), Universal Service Fund ("USF") and Lifeline rate components of the SBC.

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<sup>2</sup> Recovery costs for the Flemington and Newton sites are shared between Jersey Central Power & Light ("JCP&L") and Elizabethtown Gas on a 60% / 40% basis, respectively, in accordance with Memorandum of Understanding between Elizabethtown and JCP&L dated February 23, 1993.

7. The 2016 Petition was not transmitted to the Office of Administrative Law by the Board and public hearings were not needed due to the rate reduction. Elizabethtown, Board Staff and Rate Counsel conducted discovery and discussed discovery-related issues and settlement of this proceeding.

8. Board Staff, Rate Counsel and Elizabethtown (the "Stipulating Parties") have reached this Stipulation which is intended to resolve all issues associated with the 2016 Petition in the manner set forth below.

### **STIPULATED MATTERS**

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

#### **Effective Date**

A. The Parties acknowledge that the RAC rate change will become effective as of the effective date of a Board Order approving this Stipulation in accordance with N.J.S.A. 48:2-40 or upon such date thereafter as the Board may specify.

#### **Effective Rates**

B. As of the Effective Date, Elizabethtown will implement an SBC-RAC credit rate of \$0.0128 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board. The calculation of this rate and the amount it is designed to refund is set forth in Appendix B which is attached to this Stipulation.

C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2016 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. “NRD-related costs” also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company’s SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the Board’s September 22, 2011 Order issued in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 resolving Elizabethtown’s 2007, 2008 and 2009 RAC proceedings.

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

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

G. Approval of the RAC rate in this Stipulation will result in a total SBC rate of \$0.0276 per therm, inclusive of all applicable taxes.

**Rate Impact**

H. The annual bill impact of the stipulated SBC-RAC credit rate of \$0.0128 per therm on a typical residential heating customer using 1,000 therms is a decrease of \$11.20 from \$917.27 to \$906.07 or (1.2%) as compared to the Company's rates that will be in effect as of October 1, 2017 pursuant to the Board's July 26, 2017 order in BPU Docket No. GR16080786. The proposed rates will decrease Elizabethtown's annual revenues by approximately \$5.8 million based on the Company's most recent therm forecast.

**All Issues Resolved**

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

**Further Provisions**

J. 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 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.

K. 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.

L. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein, is intended to be binding only in this proceeding and only as to the matters specifically addressed herein.



WHEREFORE, the Stipulating Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

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

By: Mary Patricia Keefe/MS  
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
and Business Support

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

By: [Signature]  
Henry M. Ogden  
Assistant Deputy Rate Counsel

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

By: [Signature]  
Alex Moreau, DAG

Dated: September 7, 2017

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

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM  
October 1, 2016 through September 30, 2017  
RECOVERY YEAR - 2017

	<u>As Filed</u>	<u>2016 Stipulation Update</u>
1a Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)	(\$2,920,421)	
1b Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)	<u>\$350,927</u>	
1 Recovery Year Recoverable Costs (1a +1b)	(\$2,569,494)	
2 Accrued Carrying Costs (Sch. TK-3)	(\$903,957)	
3 Prior Year RAC Overrecovery (Sch. TK-4)	<u>(\$851,905)</u>	
4 Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)	(\$4,325,356)	
5 Projected Normalized Sales and Services (Forecast Sch. TK-1)	486,828,543	therms
6 RAC COMPONENT, before taxes and assessment (L4/L5)	(\$0.0089)	(\$0.0089) /therm
7 BPU & RC Assessment Factors	<u>1.0024</u>	<u>1.0000</u>
8 RAC COMPONENT, before taxes (L6*L7)	(\$0.0089)	(\$0.0089)
9 Sales & Use Tax @ 7.00%	Tax rate eff 1/1/17 6.875%	(\$0.0006) (\$0.0006)
10 RAC COMPONENT (L8+L9)	<u>(\$0.0095)</u>	<u>(\$0.0095) /therm</u>

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

CALCULATION OF THE RAC RATE BASED ON VOLUMES FROM  
October 1, 2017 through September 30, 2018  
RECOVERY YEAR - 2018

1a	Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)		(\$1,198,016)
1b	Recovery Year Deferred Tax Adjustments (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)		<u>\$131,286</u>
1	Recovery Year Recoverable Costs (L1a +L1b)		(\$1,066,730)
2	Accrued Carrying Costs (Sch. TK-3 + TK-3a)		(\$664,481)
3	Prior Year RAC Overrecovery (Sch. TK-4)	(\$3,586,519)	
	Proceeds Sale of Rahway (Sch. TK-7)	(\$496,388)	<u>(\$4,082,907)</u>
4	Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)		(\$5,814,118)
5	Projected Normalized Sales and Services (Forecast Sch. TK-1)		484,557,714 therms
6	RAC COMPONENT, before taxes (L4/L5)		(\$0.0120) /therm
7	Sales & Use Tax @ 6.875%		<u>(\$0.0008)</u>
8	RAC COMPONENT (L6+L7)		<u><u>(\$0.0128)</u></u> /therm

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

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

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

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

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

**Minimum Filing Requirements**

**Schedule**

18. Provide details concerning all remediation related charges to the Company from or through AGLR and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2
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ELIZABETHTOWN GAS  
 B. P. U. NO. 15 – GAS

4st REVISED SHEET NO. 117

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 as filed and approved by the BPU 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 t components listed below 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")	\$0.0252
II. Remediation Adjustment Charge ("RAC")	<del>(\$0.0128)</del> <del>(\$0.0016)</del>
III. <u>Universal Service Fund and Lifeline:</u>	
1. Universal Service Fund ("USF")	\$0.0076
2. Lifeline	<u>\$0.0051</u>
TOTAL	<u>\$0.0251</u> <del>\$0.0363</del>

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 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: August 7, 2017

Effective: Service Rendered  
 on and after September 1, 2017

Issued by: Brian MacLean, President  
 520 Green Lane  
 Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities  
 Dated July 26, 2017 in Docket No. GR16080786

**CLEAN**



ELIZABETHTOWN GAS  
 B. P. U. NO. 15 – GAS

REVISED SHEET NO. 117

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 as filed and approved by the BPU 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.

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<u>SBC Rate Components:</u>	<u>Per Therm</u>
I. New Jersey Clean Energy Program ("CEP")	\$0.0252
II. Remediation Adjustment Charge ("RAC")	(\$0.0128)
III. <u>Universal Service Fund and Lifeline:</u>	
1. Universal Service Fund ("USF")	\$0.0076
2. Lifeline	<u>\$0.0051</u>
TOTAL	\$0.0251

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.

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Date of Issue:

Effective: Service Rendered  
on and after

Issued by: Brian MacLean, President  
 520 Green Lane  
 Union, New Jersey 07083

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