



Agenda Date: 12/14/11
Agenda Item: IIB

STATE OF NEW JERSEY
Board of Public Utilities
44 So. Clinton Ave, P.O. Box 350
Trenton, NJ 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL)
UTILITY HOLDINGS INC., D/B/A ELIZABETHTOWN)
GAS, FOR APPROVAL OF A MUNICIPAL CONSENT)
OF THE TOWNSHIP OF ALEXANDRIA, HUNTERDON)
COUNTY, NEW JERSEY)

ORDER

DOCKET NO. GE11080483

Parties of Record:

Mary Patricia Keefe, Esq., on behalf of Pivotal Utility Holdings Inc., d/b/a Elizabethtown Gas

James W. Glassen, Esq., Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel

BY THE BOARD:

Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas (ETG or Company), a regulated utility subject to the jurisdiction of the Board of Public Utilities (Board), is a corporation duly organized under the laws of the State of New Jersey engaged in the business of transmission and distribution of natural and mixed gas to approximately 275,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

As many of the municipalities in the north-west section of the State have smaller populations and buildings that tend to be more spread out with most homes heated by propane gas or number two heating oil, ETG, over a period of approximately 10 years, has surveyed a number of municipalities in Hunterdon and Sussex Counties, including the Township of Alexandria (Township), for interest in the extension of the Company's distribution system to provide natural gas service. ETG recently installed an eight mile, 8-inch elevated pressure steel pipeline as infrastructure reinforcement between the Boroughs of Milford and Flemington, both in Hunterdon County. The new pipe provides increased pressures in the winter period, and greater system reliability for the approximately 5,000 customers in this part of the Company's service territory. According to ETG, while residents of the Township do not currently receive

natural gas service, a number of residents have expressed an interest in securing such service. This interest led to meetings between ETG and the Mayor and Council, and an application by the Company to the Township on March 3, 2011, for the grant of a municipal consent to provide natural gas service. The Township has a population of about 4,900 people living in approximately 1,500 households.

On May 11, 2011, the Mayor and Council of the Township adopted Ordinance No. 2011-04-02 which granted to ETG a municipal consent to utilize the Borough's public rights-of-way to construct, maintain and operate those facilities necessary for the provision of natural and mixed gas service within the Borough for a term of fifty (50) years. A copy of the Ordinance is attached hereto and designated as Schedule "A." By letter dated May 24, 2011, the Company accepted and agreed to the terms and conditions of the franchise subject to the approval of this Board. A copy of the Company's acceptance letter is attached hereto and designated as Schedule "B".

On August 9, 2011, pursuant to N.J.S.A. 48:2-14 and N.J.A.C. 14:1-5.5, ETG filed a petition requesting that this Board give its approval to the consent adopted by the Township. As required by law, and after submission of responses to Staff discovery requests and after notice, a hearing in this matter was held on November 2, 2011, before Michael Borgatti, the Board's duly designated hearing officer. Appearances were made on behalf of the Company, the Division of Rate Counsel (Rate Counsel) and Board Staff. No other party participated in the hearing or filed any written submission with the Board related to this proceeding.

At hearing, the Company relied on its petition and exhibits filed with the Board and presented the testimony of Gary J. Marmo, its manager of Marketing Development. Mr. Marmo testified generally with regard to the benefits of the Company's reinforcement project and ETG's efforts related to the marketing of service within the Township. He indicated that it was the intent of the Company, assuming Board approval of the pending petition, to install the necessary main gas pipes and service connections in conformance with the Company's main gas pipeline and extension policy, Board rules, and the terms of the Ordinance granted by the Township, in order to provide gas service to Township residents prior to the upcoming heating season. No opposition to the granting of the relief requested by the Company was placed on the record.

After a full review of the entire record, the Board HEREBY FINDS that the municipal consent, which is the subject of this matter, is necessary and proper for the public convenience and properly conserves the public interest, and that the Company has the necessary experience, financial capability, capacity and facilities as well as the ability to install the appropriate infrastructure to allow it to provide safe, adequate and proper service in the Township, as well as to continue to provide adequate and appropriate service to its existing customers.

Accordingly, the Board, pursuant to N.J.S.A. 48:2-14, HEREBY APPROVES the consent granted to ETG by the Township of Alexandria for the provision of natural gas service in the Township as sought in the Company's petition.

The approvals granted hereinabove shall be subject to the following provisions:

- 1 This Order shall not be construed as directly or indirectly fixing for any purposes whatsoever the value of any tangible or intangible assets now owned or hereafter to be owned by ETG.

2. This Order shall not effect nor in any way limit the exercise of the authority of this Board of the State in any future petition or in any proceedings with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or in any other matters affecting ETG.
3. The rates for service to ETG's customers in the Township shall continue to be those set in the Company's current tariff approved by and on file with the Board. These rates shall remain in effect until otherwise approved by the Board.
4. In an appropriate subsequent proceeding, ETG shall have the burden of demonstrating whether, and to what extent, any of the costs associated with this petition shall be allocated to ratepayers.
5. Approval of this municipal consent does not constitute Board approval of any costs or expenses associated with this petition. Any determination as to the appropriateness or reasonableness of the costs and expenses related to the franchise, including but not limited to, cost of construction, contributions in aid of construction, depreciation on contributed plant, the cost of connection, or any related capital improvements, and the allocation of such costs and expenses, shall be made in an appropriate subsequent proceeding.

DATED: 12/15/11

BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


NICHOLAS ASSELTA
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



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ELIZABETHTOWN GAS, FOR APPROVAL OF A MUNICIPAL CONSENT OF THE
TOWNSHIP OF ALEXANDRIA, HUNTERDON COUNTY, NEW JERSEY**

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