



**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 INITIAL     |
| GAS COMPANY TO REVIEW ITS PERIODIC BASIC   | ) | DECISION AND FINAL    |
| GAS SUPPLY SERVICE RATE                    | ) | STIPULATION           |
|  | ) |                       |
|  | ) | DOCKET NO. GR12060474 |

**Parties of Record:**

**Kenneth T. Maloney**, Cullen and Dykman LLP, Attorney for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

Pursuant to the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Division of Rate Counsel (Rate Counsel).

On June 1, 2012, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company ("Elizabethtown" or "Company") filed its annual, Periodic Basic Gas Supply Service ("BGSS-P") petition, requesting a decrease in its BGSS-P revenues of approximately \$5.8 million inclusive of taxes and assessments by reducing its after-tax per therm rate for residential customers ("BGSS-P") from \$0.6924 to \$0.6663 for the BGSS year of October 1, 2012 through September 30, 2013. The monthly bill reduction translated into a decrease of approximately \$2.61, or 2.3% for the average residential customer using 100 therms.

The matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") Diana C. Sukovich.

Public hearings were held in Flemington and Rahway on August 15 and 22, 2012, respectively. No members of the public appeared.

Recognizing that additional time was needed to allow for a complete review of the Company's 2012 BGSS filing, representatives of Elizabethtown, Rate Counsel, and Board Staff, (collectively, "the Parties"), entered into a stipulation in support of provisionally authorizing a reduction in the after-tax per therm BGSS-P rate to \$0.6663 subject to refund. On September 13, 2012, the Board approved the Stipulation for Provisional BGSS-P rates.

Following discovery and discussions, the Parties entered into a stipulation dated April 3, 2013 ("Final Stipulation") agreeing to maintain the provisionally approved after-tax per therm rate of \$0.6663.

#### **Stipulation for Final BGSS-P Rates<sup>1</sup>**

The Parties agree that:

- The after-tax per therm BGSS-P rate of \$0.6663 previously approved by the Board on a provisional basis be made final.
- All issues related to Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2012 are resolved.

On April 19, 2013, ALJ Sukovich issued her Initial Decision recommending Board approval of the Final Stipulation finding the parties voluntarily agreed to the Final Stipulation and the Final Stipulation fully disposes of all issues in controversy and is consistent with the law.

#### **DISCUSSION AND FINDING:**

The Board, having reviewed the Initial Decision and Final Stipulation for the BGSS-P rate in this proceeding, **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Initial Decision and Final Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** their terms and conditions as though fully set forth herein.

The Board **HEREBY DIRECTS** that the Company's after-tax per therm BGSS-P rate of \$0.6663 be made final and remain in effect until changed by Order of the Board.

The Company is **HEREBY DIRECTED** to continue to electronically provide Rate Counsel and Board Staff, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-ECHART-1), in the form attached hereto as Exhibit A; and 2) the calculation of net gas per therm (also known as S-EChart-2), in the form attached hereto as Exhibit B, which is to be submitted in the middle of the following month.

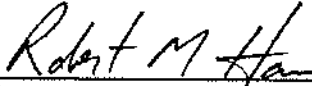
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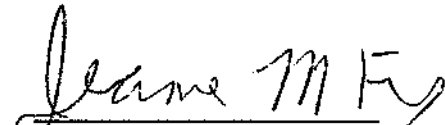
<sup>1</sup> Although described in this Order, should there be any conflict between this summary and the Final Stipulation, the terms of the Final Stipulation control, subject to the findings and conclusion in this Order.


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


DATED: 5/29/13

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
MARYANNA HOLDEN  
COMMISSIONER

ATTEST:   
KRISTI IZZO  
SECRETARY

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



In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company  
To Review Its Periodic Basic Gas Supply Service Rate - DOCKET NO. GR12060474

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PIVOTAL UTILITY HOLDINGS, INC.  
d/b/a ELIZABETHTOWN GAS

S-ECHART-1  
BGSS NYMEX Update Report  
as of April 05, 2013

| Month               | a<br>BGSS<br>(see note below) | b<br>NYMEX<br>(4/5/2013 Close) | c = b - a<br>Incr/<br>(Decr) | % Chg       | d<br>Sales<br>forecast (dths) | e<br>Hedged<br>volume (dths) | f = d - e<br>Unhedged<br>volume (dths) | g = c x f<br>Change in<br>value unhedged |
|---------------------|-------------------------------|--------------------------------|------------------------------|-------------|-------------------------------|------------------------------|--|--|
| Oct-12              | \$ 2.757                      | \$ 3.023                       | \$ 0.266                     |             | 1,543,066                     | 746,200                      | 796,866                                | \$211,966                                |
| Nov-12              | \$ 3.033                      | \$ 3.471                       | \$ 0.438                     |             | 2,549,426                     | 1,519,307                    | 1,030,119                              | \$451,192                                |
| Dec-12              | \$ 3.374                      | \$ 3.696                       | \$ 0.322                     |             | 4,508,509                     | 3,152,715                    | 1,355,794                              | \$436,566                                |
| Jan-13              | \$ 3.525                      | \$ 3.354                       | \$ (0.171)                   |             | 5,111,385                     | 3,661,472                    | 1,449,913                              | (\$247,935)                              |
| Feb-13              | \$ 3.538                      | \$ 3.226                       | \$ (0.312)                   |             | 4,177,973                     | 3,023,420                    | 1,154,553                              | (\$360,221)                              |
| Mar-13              | \$ 3.520                      | \$ 3.427                       | \$ (0.093)                   |             | 3,051,453                     | 1,887,722                    | 1,163,731                              | (\$108,227)                              |
| Apr-13              | \$ 3.500                      | \$ 3.976                       | \$ 0.476                     |             | 1,378,856                     | 682,646                      | 696,210                                | \$331,396                                |
| May-13              | \$ 3.536                      | \$ 4.125                       | \$ 0.589                     |             | 827,729                       | 397,100                      | 430,629                                | \$253,640                                |
| Jun-13              | \$ 3.584                      | \$ 4.160                       | \$ 0.576                     |             | 458,476                       | 217,100                      | 241,376                                | \$139,033                                |
| Jul-13              | \$ 3.632                      | \$ 4.206                       | \$ 0.574                     |             | 587,128                       | 287,100                      | 300,028                                | \$172,216                                |
| Aug-13              | \$ 3.650                      | \$ 4.224                       | \$ 0.574                     |             | 576,515                       | 277,100                      | 299,415                                | \$171,864                                |
| Sep-13              | \$ 3.653                      | \$ 4.206                       | \$ 0.553                     |             | 652,603                       | 267,100                      | 385,503                                | \$213,183                                |
| <b>Avg Total \$</b> | <b>\$ 3.442</b>               | <b>\$ 3.758</b>                | <b>\$ 0.316</b>              | <b>9.2%</b> | <b>25,423,119</b>             | <b>16,118,982</b>            | <b>9,304,137</b>                       | <b>\$1,664,674</b>                       |
| Oct-13              | \$ 3.691                      | \$ 4.214                       | \$ 0.523                     |             | 1,639,201                     | 747,100                      | 892,101                                | \$466,569                                |
| Nov-13              | \$ 3.803                      | \$ 4.274                       | \$ 0.471                     |             | 2,573,667                     | 1,063,948                    | 1,509,719                              | \$711,077                                |
| Dec-13              | \$ 4.005                      | \$ 4.417                       | \$ 0.412                     |             | 4,596,675                     | 2,937,355                    | 1,659,320                              | \$683,640                                |
| Jan-14              | \$ 4.117                      | \$ 4.493                       | \$ 0.376                     |             | 5,142,989                     | 3,618,656                    | 1,524,313                              | \$573,142                                |
| Feb-14              | \$ 4.089                      | \$ 4.461                       | \$ 0.372                     |             | 4,058,290                     | 3,076,732                    | 981,558                                | \$365,140                                |
| Mar-14              | \$ 4.022                      | \$ 4.397                       | \$ 0.375                     |             | 3,171,176                     | 2,273,599                    | 897,577                                | \$336,591                                |
| Apr-14              | \$ 3.841                      | \$ 4.125                       | \$ 0.284                     |             | 1,552,376                     | 738,926                      | 813,450                                | \$231,020                                |
| May-14              | \$ 3.860                      | \$ 4.130                       | \$ 0.270                     |             | 955,508                       | 462,400                      | 493,108                                | \$133,139                                |
| Jun-14              | \$ 3.892                      | \$ 4.152                       | \$ 0.260                     |             | 653,278                       | 337,400                      | 315,878                                | \$82,128                                 |
| Jul-14              | \$ 3.932                      | \$ 4.182                       | \$ 0.250                     |             | 641,185                       | 338,500                      | 302,685                                | \$75,671                                 |
| Aug-14              | \$ 3.951                      | \$ 4.196                       | \$ 0.245                     |             | 674,672                       | 357,100                      | 317,572                                | \$77,805                                 |
| Sep-14              | \$ 3.953                      | \$ 4.196                       | \$ 0.243                     |             | 707,014                       | 343,700                      | 363,314                                | \$88,285                                 |
| <b>Avg Total \$</b> | <b>\$ 3.930</b>               | <b>\$ 4.270</b>                | <b>\$ 0.340</b>              | <b>8.7%</b> | <b>26,366,011</b>             | <b>16,295,416</b>            | <b>10,070,595</b>                      | <b>\$3,824,208</b>                       |

Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing; Oct-12 to Sept-14 based on 05/10/2012 Close.
- b: Nymex rate as of date of the report
- c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume
- e: "Hedged" volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- f: "Unhedged" volume consists of sales volume forecast less "hedged" volume
- g: Not necessarily representative of a change in under/over-recovery value

S-ECHART-2

Elizabethtown Gas  
Calculation of Net Cost of Gas Per Therm

Page 1

|  | Actual<br>Oct-12 | Actual<br>Nov-12 | Actual<br>Dec-12 | Actual<br>Jan-13 | Actual<br>Feb-13 | Actual<br>Mar-13 | Estimate<br>Apr-13 | Estimate<br>May-13 | Estimate<br>Jun-13 | Estimate<br>Jul-13 | Estimate<br>Aug-13 | Estimate<br>Sep-13 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| 1 NYMEX - 05/10/12 - Included in BOSS Filing     | \$0.2757         | \$0.3033         | \$0.3374         | \$0.3525         | \$0.3538         | \$0.3520         | \$0.3500           | \$0.3536           | \$0.3584           | \$0.3632           | \$0.3650           | \$0.3653           |                                 |
| 2 NYMEX - Actual Settlement                      | \$0.3023         | \$0.3471         | \$0.3696         | \$0.3354         | \$0.3226         | \$0.3427         |                    |                    |                    |                    |                    |                    |                                 |
| <b>Breakdown of Gross Cost of Gas Per Therm:</b> |                  |                  |                  |                  |                  |                  |                    |                    |                    |                    |                    |                    |                                 |
| 13 Flowing Gas Cost                              | -\$0.1962        | \$0.3830         | \$0.1347         | \$0.2300         | \$0.2023         | \$0.1996         | \$0.1165           | \$0.0376           | -\$0.0011          | -\$0.0314          | -\$0.0062          | \$0.0753           | \$0.1611                        |
| 14 Gas Withdrawn From Storage Cost               | \$0.0172         | \$0.2122         | \$0.2042         | \$0.1734         | \$0.1343         | \$0.0967         | \$0.0019           | \$0.0013           | \$0.0019           | \$0.0033           | \$0.0031           | \$0.0031           | \$0.1108                        |
| 15 Hedged Volumes Delivered Cost                 | \$1.0332         | \$0.3516         | \$0.2126         | \$0.1594         | \$0.1043         | \$0.1177         | \$0.2510           | \$0.3683           | \$0.4265           | \$0.6767           | \$0.5978           | \$0.5309           | \$0.2444                        |
| 16 Pipeline Demand Cost                          | \$0.5207         | \$0.2212         | \$0.1154         | \$0.0969         | \$0.0746         | \$0.0849         | \$0.1750           | \$0.3493           | \$0.5146           | \$0.8630           | \$0.8364           | \$0.8325           | \$0.1976                        |
| 17 Storage Demand Cost                           | \$0.1253         | \$0.0541         | \$0.0289         | \$0.0241         | \$0.0175         | \$0.0212         | \$0.0468           | \$0.0934           | \$0.1375           | \$0.2307           | \$0.2236           | \$0.2225           | \$0.0508                        |
| 18 Peaking Cost                                  | \$0.0000         | \$0.0091         | \$0.0094         | \$0.0042         | \$0.0035         | \$0.0037         | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0038                        |
| 19 Weighted Average Fuel Cost                    | \$0.0646         | \$0.0343         | \$0.0163         | \$0.0179         | \$0.0142         | \$0.0150         | \$0.0300           | \$0.0476           | \$0.0659           | \$0.1070           | \$0.1147           | \$0.0968           | \$0.0291                        |
| 20 Variable Pipeline Cost                        | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0109           | \$0.0174           | \$0.0241           | \$0.0389           | \$0.0442           | \$0.0370           | \$0.0055                        |
| 21 Other Costs                                   | \$0.0000         | \$0.0600         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000                        |
| 22 Total Gross Cost of Gas Per Therm             | \$1.5648         | \$1.2654         | \$0.7216         | \$0.7059         | \$0.5505         | \$0.5388         | \$0.6322           | \$0.9149           | \$1.1693           | \$1.8883           | \$1.8136           | \$1.7980           | \$0.8031                        |
| <b>Actual</b>                                    |                  |                  |                  |                  |                  |                  |                    |                    |                    |                    |                    |                    |                                 |
| 23 NYMEX - Actual Settlement                     | \$0.3759         | \$0.3524         | \$0.3864         | \$0.3084         | \$0.2678         | \$0.2446         | \$0.2191           | \$0.2036           | \$0.2429           | \$0.2774           | \$0.3010           | \$0.2634           |                                 |
| <b>Actual</b>                                    |                  |                  |                  |                  |                  |                  |                    |                    |                    |                    |                    |                    |                                 |
| 24 Flowing Gas Cost                              | \$0.0142         | \$0.1821         | \$0.1757         | \$0.1646         | \$0.1148         | \$0.0191         | -\$0.0318          | -\$0.0758          | -\$0.0981          | -\$0.0580          | -\$0.0346          | -\$0.1101          | \$0.0759                        |
| 25 Gas Withdrawn From Storage Cost               | \$0.0779         | \$0.1889         | \$0.3362         | \$0.2426         | \$0.2745         | \$0.2290         | \$0.0802           | \$0.0073           | \$0.0194           | \$0.0402           | \$0.0240           | \$0.0116           | \$0.1974                        |
| 26 Hedged Volumes Delivered Cost                 | \$1.2428         | \$0.3864         | \$0.3078         | \$0.1735         | \$0.1256         | \$0.1814         | \$0.4475           | \$0.4839           | \$0.7276           | \$0.9100           | \$0.9877           | \$1.0387           | \$0.3536                        |
| 27 Pipeline Demand Cost                          | \$0.5442         | \$0.2136         | \$0.1470         | \$0.0931         | \$0.0932         | \$0.1201         | \$0.2094           | \$0.3111           | \$0.5264           | \$0.6960           | \$0.7195           | \$0.6936           | \$0.2102                        |
| 28 Storage Demand Cost                           | \$0.1266         | \$0.0494         | \$0.0359         | \$0.0230         | \$0.0229         | \$0.0290         | \$0.0509           | \$0.0739           | \$0.1269           | \$0.1455           | \$0.1729           | \$0.1666           | \$0.0500                        |
| 29 Peaking Cost                                  | \$0.0000         | \$0.0000         | \$0.0011         | \$0.0007         | \$0.0046         | \$0.0196         | \$0.0016           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0042                        |
| 30 Weighted Average Fuel Cost                    | \$0.0936         | \$0.0262         | \$0.0229         | \$0.0158         | \$0.0111         | \$0.0096         | \$0.0256           | \$0.0292           | \$0.0513           | \$0.0688           | \$0.0892           | \$0.0762           | \$0.0257                        |
| 31 Variable Pipeline Cost                        | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000                        |
| 32 Other Costs                                   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000                        |
| 33 Total Gross Cost of Gas Per Therm             | \$2.0992         | \$1.0466         | \$1.0267         | \$0.7133         | \$0.6468         | \$0.6080         | \$0.7834           | \$0.8294           | \$1.3535           | \$1.8026           | \$1.9586           | \$1.8766           | \$0.9169                        |

**Footnotes:**

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage  
 Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss  
 Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage  
 Pipeline Demand Cost = Fixed Pipeline costs  
 Storage Demand Cost = Fixed Storage related costs  
 Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...  
 Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline  
 Variable Pipeline Cost = Pipeline Charge per therm shipped

**PIVOTAL UTILITY HOLDINGS, Inc.**  
**d/b/a ELIZABETHTOWN GAS**

**Exhibit B**  
**Page 2 of 2**

**S-ECART-2**

**Elizabethtown Gas**  
**Calculation of Net Cost of Gas Per Therm**

Page 2

|  | Actual<br>Oct-12 | Actual<br>Nov-12 | Actual<br>Dec-12 | Actual<br>Jan-13 | Actual<br>Feb-13 | Actual<br>Mar-13 | Actual<br>Apr-13 | Actual<br>May-13 | Actual<br>Jun-13 | Actual<br>Jul-13 | Actual<br>Aug-13 | Actual<br>Sep-13 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| 1 Asset Management Credits                                 | \$0.0000         | \$0.0000         | \$0.0446         | \$0.0000         | \$0.0000         | \$0.0327         | \$0.0000         | \$0.1723         | \$0.1621         | \$0.0000         | \$0.0000         | \$0.2623         | \$0.0318                        |
| 2 Off-system sales   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 3 Capacity release   | \$0.0052         | \$0.0023         | \$0.0012         | \$0.0009         | \$0.0008         | \$0.0008         | \$0.0014         | \$0.0029         | \$0.0042         | \$0.0071         | \$0.0069         | \$0.0067         | \$0.0018                        |
| 4 On System Credits to BGSS-P Customers                    | \$0.2143         | \$0.1668         | \$0.1707         | \$0.1576         | \$0.1539         | \$0.1560         | \$0.1890         | \$0.1846         | \$0.2277         | \$0.3117         | \$0.2674         | \$0.2568         | \$0.1755                        |
| 5 Supplier Refunds   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0082         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0014                        |
| 6 Gas for Company Use                                      | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 7 Line Loss  | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 8 Transfer to Non BGSS-P Customers                         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 9 Over / Under Recovery & Interest to Customers            | \$0.7342         | \$0.4750         | -\$0.1121        | -\$0.0757        | -\$0.2260        | -\$0.2757        | -\$0.1796        | -\$0.0663        | \$0.1540         | \$0.9482         | \$0.9180         | -\$0.6508        | -\$0.0274                       |
| 10 Other   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 11 Total Credits, Refunds, & Recoveries per Therm          | \$0.9537         | \$0.6440         | \$0.1044         | \$0.0828         | -\$0.0714        | -\$0.0779        | \$0.0108         | \$0.2935         | \$0.5480         | \$1.2670         | \$1.1923         | \$1.1767         | \$0.1830                        |
| 12 Total Net Cost Per Therm (Pr. 1 Line 23 - Pg 2 Line 11) | \$0.6110         | \$0.6215         | \$0.6172         | \$0.6231         | \$0.6219         | \$0.6168         | \$0.6213         | \$0.6213         | \$0.6213         | \$0.6213         | \$0.6213         | \$0.6213         | \$0.6201                        |

**Credits, Refunds, & Recoveries Per Therm:**

- 1 Asset Management Credits
- 2 Off-system sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Over / Under Recovery & Interest to Customers
- 10 Other
- 11 Total Credits, Refunds, & Recoveries per Therm

|  | Actual<br>Oct-11 | Actual<br>Nov-11 | Actual<br>Dec-11 | Actual<br>Jan-12 | Actual<br>Feb-12 | Actual<br>Mar-12 | Actual<br>Apr-12 | Actual<br>May-12 | Actual<br>Jun-12 | Actual<br>Jul-12 | Actual<br>Aug-12 | Actual<br>Sep-12 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| 13 Asset Management Credits                                | \$0.0000         | \$0.0000         | \$0.0559         | \$0.0000         | \$0.0000         | \$0.0450         | \$0.0000         | \$0.0000         | \$0.2067         | \$0.0000         | \$0.0000         | \$0.2713         | \$0.0268                        |
| 14 Off-system sales  | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 15 Capacity release  | \$0.0053         | \$0.0021         | \$0.0015         | \$0.0009         | \$0.0010         | \$0.0012         | \$0.0021         | \$0.0031         | \$0.0054         | \$0.0067         | \$0.0071         | \$0.0071         | \$0.0021                        |
| 16 On System Credits to BGSS-P Customers                   | \$0.3025         | \$0.2220         | \$0.1880         | \$0.1614         | \$0.1562         | \$0.1417         | \$0.1509         | \$0.1584         | \$0.2141         | \$0.2811         | \$0.2950         | \$0.2607         | \$0.1799                        |
| 17 Supplier Refunds  | \$0.0248         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0045         | \$0.0000         | \$0.0157         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0029                        |
| 18 Gas for Company Use                                     | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 19 Line Loss   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 20 Transfer to Non BGSS-P Customers                        | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 21 Over / Under Recovery & Interest to Customers           | \$1.0625         | \$0.1680         | \$0.1372         | -\$0.0945        | -\$0.1452        | -\$0.1792        | -\$0.0200        | \$0.0162         | \$0.2750         | \$0.8758         | \$1.0066         | \$0.6368         | \$0.0658                        |
| 22 Other   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 23 Total Credits, Refunds, & Recoveries per Therm          | \$1.3950         | \$0.3920         | \$0.3826         | \$0.0678         | \$0.0165         | \$0.0087         | \$0.1487         | \$0.1777         | \$0.7012         | \$1.1637         | \$1.3087         | \$1.1758         | \$0.2775                        |
| 24 Total Net Cost Per Therm (Pr. 1 Line 33 - Pg 2 Line 23) | \$0.7041         | \$0.6546         | \$0.6441         | \$0.6455         | \$0.6303         | \$0.5994         | \$0.6347         | \$0.6517         | \$0.6523         | \$0.6589         | \$0.6498         | \$0.7098         | \$0.6394                        |

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayreville, Forked River, Ocean Power, etc...  
Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage  
Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.



*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 23 2013**





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

**INITIAL DECISION**

**SETTLEMENT**

OAL Dkt. No. PUC 13289-12

AGENCY DKT. NO. GR12060474

**IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC.,  
D/B/A ELIZABETHTOWN GAS TO REVISE ITS PERIODIC BASIC GAS SUPPLY  
SERVICE RATE**

---

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

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

**Paul Flanagan**, Litigation Manager, **Felicia Thomas-Friel**, Managing  
Attorney Gas, and **Sarah H. Steindel** and **Christine M. Juarez**,  
Assistant Deputy Rate Counsels, for intervener the Division of Rate Counsel  
(Stephanie A. Brand, Director, attorney)

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

Record Closed: April 11, 2013

Decided: April 19, 2013

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

On August 12, 2012, Pivotal Utility Holding, Inc. d/b/a Elizabethtown Gas (petitioner) filed a petition with the Board of Public Utilities (BPU) to decrease its then current BGSS-P rate, from \$0.6924 per therm to \$0.6663 per therm, inclusive of all applicable taxes, for the BGSS period October 1, 2012 through September 30, 2013. The BPU conducted public hearings on August 15, 2012 and August 22, 2012 in Rahway and Flemington, New Jersey, respectively. No members of the public appeared at the hearings.

On September 13, 2012, the BPU approved a Stipulation for Provisional BGSS Rates that authorized petitioner to decrease its BGSS-P rate to \$0.6663 per therm, inclusive of all applicable taxes. Petitioner implemented that rate, on a provisional basis, effective October 1, 2012.

The BPU transmitted the current matter to the Office of Administrative Law (OAL) on September 28, 2012 for determination as a contested case pursuant to N.J.S.A. 52:14F-1 to -13.

Telephone conferences were conducted throughout the proceedings at the OAL. The parties conducted discovery and conferred throughout the proceedings and reached a resolution of the matter. An executed Final Stipulation (Stipulation), reflecting the settlement, was filed on April 11, 2013, on which date the record was closed. The Stipulation provides that petitioner shall maintain its BGSS-P rate of \$0.6663 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until revised in accordance with applicable laws and regulations. Attached herewith is a copy of the Stipulation.

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

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

It is hereby **ORDERED** that the Stipulation be and is hereby **APPROVED**; effective the effective date of this Decision, and these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 19, 2013

DATE

Date Received at Agency:

Date Mailed to Parties: **APR 23 2013**

Diana C. Sukovich

DIANA C. SUKOVICH, ALJ t/a

4-23-13

Laura Sanders

DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

rr

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

-----X  
**In The Matter Of The Petition Of Pivotal Utility** : **BPU Docket No. GR12060474**  
**Holdings, Inc. d/b/a Elizabethtown Gas To** : **OAL Docket No. PUC 13289-12**  
**Revise Its Periodic Basic Gas Supply** :  
**Service Rate** : **FINAL STIPULATION**  
-----X

**APPEARANCES:**

**Kenneth T. Maloney and Deborah M. Franco** (Cullen and Dykman LLP), Attorneys for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
**Mary Patricia Keefe**, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Paul Flanagan**, Litigation Manager, Division of Rate Counsel, **Felicia Thomas-Friel, Managing Attorney Gas**, Division of Rate Counsel, **Sarah H. Steindel, Esq. and Christine M. Juarez, Esq.** Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

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

**To: Honorable Diana C. Sukovich**  
**Administrative Law Judge**

**BACKGROUND**

On June 1, 2012, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a Petition ("June 1 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU"), which was assigned BPU Docket No. GR12060474, requesting to decrease its then current BGSS-P rate of \$0.6924 per therm to \$0.6663 per therm inclusive of all applicable taxes for the BGSS period commencing October 1, 2012 through September 30, 2013 ("BGSS Period"). As indicated in the June 1 Petition, the proposed decrease was based upon the fact that Elizabethtown projected that its

recoverable gas costs would be approximately \$5.5 million less than the level recoverable through its current BGSS-P rate in the BGSS Period.

In the June 1 Petition, Elizabethtown also reserved the right to implement self-implementing increases in the BGSS-P rate on December 1, 2012 and February 1, 2013, respectively, if the Company determined that such increases would be necessary to permit Elizabethtown to avoid a BGSS underrecovery balance at September 30, 2013.

Notices describing the June 1 Petition and setting forth the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities in the Company's service territory. Public hearings concerning the Company's Petition were held in Rahway, New Jersey on August 15, 2012 and Flemington, New Jersey on August 22, 2012. No one from the public attended the hearings.

On September 13, 2012 ("September 13 Order"), the Board approved a Stipulation for Provisional BGSS Rates that authorized the Company to decrease its BGSS-P rate to \$0.6663 per therm inclusive of all applicable taxes on an interim basis. A BGSS-P rate of \$0.6663 per therm inclusive of all applicable taxes was implemented by the Company on a provisional basis effective October 1, 2012 in accordance with the September 13 Order. *See* Elizabethtown Gas Forty-Second Revised Tariff Sheet No. 98 attached as Appendix A.

The Company's filing was transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held on November 15, 2012 and a status conference was held on January 25, 2013.

Elizabethtown, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") engaged in discovery, held meetings and discussed certain matters at issue in this docket. As a

result of those discussions, the Parties have resolved all remaining issues in this proceeding in accordance with the Stipulation set forth below.

### **STIPULATION**

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

1. **Rates.** The Company shall maintain its BGSS-P rate of \$0.6663 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until revised in accordance with applicable laws and regulations.
2. **All Issues Resolved.** This Stipulation provides for a final resolution in this proceeding. All issues related to Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2012 are resolved.
3. **Entirety Of Stipulation.** This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.
4. **Binding Effect.** It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.
5. **General Reservation.** It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie

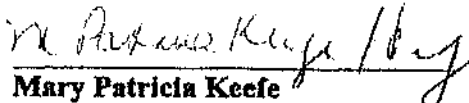
any agreement provided herein. This Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Presiding Administrative Law Judge and the Board of Public Utilities and request (i) the Presiding Administrative Law Judge to issue an initial decision approving this Stipulation, and (ii) 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:

  
4/4/13

**Marisa Siaten, DAG**

**Dated: April 3, 2013**

## **APPENDIX A.**



RIDER "A"

BASIC GAS SUPPLY SERVICE CHARGE ("BGSS")

This Rider sets forth the method of determining the BGSS which shall be calculated to four (4) decimal places on a per therm basis established in accordance with the Board Order in Docket No. GX01050304 dated January 6, 2003. The BGSS charge is either BGSS-Monthly ("BGSS-M") or BGSS-Periodic ("BGSS-P") and will be applied to a Customer's Service Classification as follows:

1. The BGSS-M shall be applicable to all GDS, LVD, and EGF customers receiving gas supply from the Company effective on the first of each month as determined below.
2. The BGSS-P shall be applicable to all RDS, SGS, and GLS customers receiving gas supply from the Company.

The BGSS Charge, as defined herein, is designed to recover the cost to the Company of purchased gas or fuel used as a substitute for or supplemental to purchased gas including the cost of storing or transporting said gases or fuel, the cost of financial instruments employed to stabilize gas costs, other charges or credits as may result from the operation of other tariff provisions, and taxes and assessments in connection with the purchase and sale of gas.

BGSS per therm rates:

| Effective Date    | BGSS-M<br>per therm | BGSS-P<br>Per therm |
|-------------------|---------------------|---------------------|
| March 1, 2012     | \$0.4842            | \$0.6249            |
| March 12, 2012    | \$0.4842            | \$0.6924            |
| April 1, 2012     | \$0.4657            | \$0.6924            |
| May 1, 2012       | \$0.4385            | \$0.6924            |
| June 1, 2012      | \$0.4808            | \$0.6924            |
| July 1, 2012      | \$0.5193            | \$0.6924            |
| August 1, 2012    | \$0.5455            | \$0.6924            |
| September 1, 2012 | \$0.5035            | \$0.6924            |
| October 1, 2012   | \$0.5641            | \$0.6663            |
| November 1, 2012  | \$0.6141            | \$0.6663            |
| December 1, 2012  | \$0.6391            | \$0.6663            |
| January 1, 2013   | \$0.6009            | \$0.6663            |
| February 1, 2013  | \$0.5867            | \$0.6663            |
| March 1, 2013     | \$0.6090            | \$0.6663            |
| April 1, 2013     | \$0.6705            | \$0.6663            |

Date of Issue: April 1, 2013

Effective: Service Rendered  
on and after April 1, 2013

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 January 6, 2003 in Docket No. GX01050304