



Elizabethtown Gas™

An AGL Resources Company

520 Green Lane  
Union, NJ 07083

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www.elizabethtowngas.com

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BOARD OF PUBLIC UTILITIES  
MAIL ROOM

July 1, 2016

**VIA ELECTRONIC MAIL AND FEDERAL EXPRESS**

Irene Kim Asbury, Secretary  
State of New Jersey  
Board of Public Utilities  
44 S. Clinton Avenue  
3<sup>rd</sup> Floor, Suite 314  
Trenton, New Jersey 08625

**Re: In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas for Authority to Extend the Term of Energy  
Efficiency Programs with Certain Modifications and Approval of  
Associated Cost Recovery Mechanism  
BPU Docket No. GR16070418**

Dear Secretary Asbury:

Enclosed for filing are an original and ten copies of the Verified Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") for authority to extend the term of the Company's current Energy Efficiency Programs with certain modifications for a four-year period effective January 1, 2017. The Petition also requests that the costs of the Energy Efficiency Programs continue to be recovered through the Company's existing Energy Efficiency Program surcharge entitled the "Energy Efficiency Program" ("EEP") Rider. The Company is not requesting a change to its EEP Rider rate at this time but will instead seek any necessary rate adjustments in its next filing to reconcile that rate.

**CMs**

LEGAL

M. Lupo

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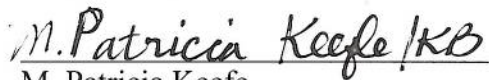
S. Peterson

ENERGY

M. Slatten

Please contact the undersigned if you have any questions.

Respectfully submitted,



M. Patricia Keefe  
Vice President, Regulatory Affairs  
And Business Support

Enclosures

cc: Richard Mroz, President  
Joseph L. Fiordaliso, Commissioner  
Mary-Anna Holden, Commissioner  
Dianne Solomon, Commissioner  
Upendra Chivukula, Commissioner  
Jerome May, Director, Division of Energy  
Stefanie A. Brand, Director, Rate Counsel  
Parties to BPU Docket Nos. GO15050504 and GR16020119

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY  
PROGRAMS WITH CERTAIN MODIFICATIONS AND  
APPROVAL OF ASSOCIATED COST RECOVERY MECHANISM  
BPU DOCKET NO. \_\_\_\_\_**

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PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY  
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**Minimum Filing Requirements For Petitions Under N.J.S.A. 48:3-98.1**

<b><u>Number</u></b>	<b><u>Requirements</u></b>	<b><u>Index</u></b>
<b>I.</b>	<b><u>General Filing Requirements</u></b>	
a.	The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	Petition and Testimony with supporting schedules including financial statements, public notice, notice to counties and municipalities and proposed tariff sheets
b.	All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account Numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from the regulated and/or other programs.	EEP Schedule TK- 9
c.	The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting materials and supporting schedules, with all inputs and formulae intact.	EEP Schedules TK-1 - TK-6 (electronic copies of these Schedules with inputs intact are provided); and electronic copies of JH-7 will be provided after the execution of a non-disclosure agreement
d.	The utility shall file testimony supporting its petition.	Petition and supporting Testimony
e.	For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and list of data intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances.	Schedule JH-2



f.	If the utility is filing for an increase in rates, charges etc., or approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Public Notice included with the Petition
<b>II.</b>	<b><u>Program Descriptions</u></b>	
a.	The utility shall provide a detailed description of each proposed program for which the utility seeks approval.	Schedule SB-1
b.	The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility.	Schedule SB-1, Petition, Buck Testimony at page 4-9
c.	The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation.	Schedule SB-1, Petition, Buck Testimony at page 6
d.	The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation.	Schedule SB-1, Schedule SB-4, Petition, Buck Testimony at page 10-11
e.	The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, the draft New Jersey Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A 26:2C-42(b) and (c) and N.J.S.A.26:2c-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.	Schedule SB-1, Petition at paragraphs 4, 6 and 8, Schedules JH-2 – JH-6
f.	The utility shall provide the features and benefits for each proposed program including the following: i. The target market and customer eligibility if incentives are to be offered; ii. The program offering and customer incentives; iii. The quality control method including inspection; iv. Program administration; and v. Program delivery mechanisms.	Schedule SB-1, Buck Testimony at page 6-11
g.	The utility shall provide the criteria upon which it chose the program.	Schedule SB-1, Buck Testimony at page 5-6, 13
h.	The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other.	Schedule SB-2

i.	The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent applicable, the criteria the utility will use for contractor selection.	Schedule SB-1, Petition and Testimony, Buck Testimony at page 9-10
j.	In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and ratepayer shall be provided.	Buck Testimony at page 14; Schedule SB-6
k.	The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs.	Buck Testimony at page 11-12
l.	The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures.	Schedules JH-3 – JH-6
m.	Marketing- The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers.	Schedule SB-1, Buck Testimony at page 12-13
<b>III.</b>	<b><u>Additional Required Information</u></b>	
a.	The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created.	Petition, Schedule SB-3, Buck Testimony at page 9-10



b.	The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all of the supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned or leased buildings), as well as between small, medium, and large commercial and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors.	Petition, Buck Testimony at page 13
c.	The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed programs and a quantitative estimate of such benefits for the programs overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources.	Petition, Schedules JH-5 - JH-6
d.	To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under served markets. This should include an analysis of the services already provided in the market place, and the level of competition.	Schedule SB-1
e.	The utility shall provide an analysis of the benefits or impacts in regards to Smart Growth.	N/A
f.	The utility shall provide the method for treatment of Renewable Energy Certificates ("REC") including Solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s).	N/A
g.	The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s).	N/A
h.	The utility shall analyze the proposed quantity and expected prices for a REC, solar REC, air emissions credits, offsets or allowances or other certificates to the extent possible.	N/A



<b>IV.</b>	<b>Cost Recovery</b>	
a.	The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and the end of each year of said three year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated balance sheets as at the beginning and end of each years said three year period.	EEP Schedules TK-2 – TK-6, TK-9
b.	The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.	EEP Schedule TK- 8
c.	The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other.	Petition, EEP Schedules TK-1 – TK-5
d.	The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on Rate Counsel simultaneous to its submissions to the Board.	Verified and Certification of Service included with filing
e.	The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs on each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.	EEP Schedule TK-10

d.	Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from a such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.	Schedule JH-2, JH-7
e.	The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed program should be approved.	Schedule JH-2, JH-7
f.	The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board.	Schedule JH-2, JH-7
g.	The utility shall also quantify and deduct from the energy and capacity savings under any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:33-98.1 benefits or incentives.	Schedule JH-2, JH-7

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

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<b>In The Matter Of The Petition Of</b>	:	
<b>Pivotal Utility Holdings, Inc. d/b/a</b>	:	<b>BPU Docket No.</b> _____
<b>Elizabethtown Gas For Authority to</b>	:	
<b>Extend the Term of Energy</b>	:	
<b>Efficiency Programs with Certain</b>	:	<b>Verified Petition</b>
<b>Modifications and Approval of</b>	:	
<b>Associated Cost Recovery Mechanism</b>	:	
-----	x	

**To The Honorable Board of Public Utilities:**

Pursuant to *N.J.S.A. 48:3-98.1 et seq.*, Petitioner Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner," "Elizabethtown," or "the Company") hereby submits this Petition by which it seeks approval from the Board of Public Utilities ("Board") to extend the term of its existing Energy Efficiency Programs with a number of modifications described herein for a four-year term effective January 1, 2017 through December 31, 2020. Petitioner also seeks approval to continue to recover the costs associated with the extended Energy Efficiency Programs through Petitioner's surcharge contained in Rider G to the Company's Tariff for Gas Service No. 14 entitled the Energy Efficiency Program ("EEP") Rider. Petitioner is not proposing to revise its existing EEP Rider rate at this time. In support of the requested relief, Petitioner states as follows:

1. Petitioner is a public utility corporation organized under the laws of the State of New Jersey. Petitioner's principal office is located at 520 Green Lane, Union, New Jersey, 07083.



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

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3. Petitioner is engaged in the sale, transmission and distribution of natural gas to approximately 283,000 customers located within its service territory in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

#### **Background Statement**

4. Petitioner's existing EE Programs consist of three energy efficiency programs ("EE Programs") consistent with the "Global Warming Response Act," N.J.S.A.26-2C-45 or "RGGI Legislation" and the Board's May 12, 2008 Order ("May 12 Order") in Docket No. EO08030164 issued pursuant to N.J.S.A. 48:3-98.1(c). In the RGGI Legislation, the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. The May 12 Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis.

5. The EE Programs, described more fully below, were first authorized by an August 3, 2009 Board Order (“August 3 Order”) in Docket Nos. EO09010056 and GO09010060 *et al.*, which approved a Stipulation (“Stipulation”) among Petitioner, Board Staff and the Division of Rate Counsel (“Rate Counsel”). In the Stipulation, parties agreed to the implementation of the EE Programs and the establishment of surcharge to enable Petitioner to recover the costs associated with its EE Programs. The EE Programs were designed to enhance or supplement New Jersey’s Clean Energy Program (“NJCEP”) over the 17-month period commencing August 3, 2009 through December 31, 2010. The Board authorized a number of extensions of Petitioner’s EE Programs in BPU Docket Nos. GO11070399, GO12100946 and GO15050504. The currently effective EE Programs, which were authorized in GO15050504 by BPU order dated December 16, 2015 (“December 16 Order”), are effective through December 31, 2016. These programs are described below.

6. The August 3 Order found the EE Programs to be reasonable, in the public interest and consistent with the State’s economic stimulus and energy conservation goals. The Board also found the EE Programs cost effective and beneficial as reflected in the cost-benefit analysis performed by Rutgers Center for Energy, Economic and Environmental Policy. The June 7, 2011 draft Energy Master Plan (“2011 EMP”) indicated that it is the goal of the State’s current administration to “manage energy in a manner that saves money, stimulates the economy, creates jobs and protects the environment . . . .” It further noted that “[n]atural gas EE remains a worthwhile goal with respect to increasing the penetration rate of high efficiency gas burning appliances, gas-related EE Programs, and general conservation trends.” The Board updated the 2011

EMP in December 2015 ("2015 EMP Update") and generally reiterated the goals of the 2011 EMP.

7. The existing EE Programs approved by the December 16 Order are as follows:

- a. Residential Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program;
- b. Commercial Customer Energy Efficiency Program; and
- c. Customer Education and Outreach Program.

In addition to a range of rebates, the EE Programs include various customer education and outreach initiatives, including an on-line customer Dashboard, designed to encourage customers to conserve energy and provide information to them on how to lower their gas bills. Details concerning the proposed term extension and modifications to the EE Programs are described below and in the supporting schedules.

8. Based on the continued need of the State to meet the energy efficiency, conservation and greenhouse gas emission reduction goals established for New Jersey, Elizabethtown has determined that it is reasonable and prudent at this time to continue the Company's Energy Efficiency Programs with the modifications proposed by this filing and to recover the costs associated with these Programs through the Company's existing EEP rider rate reflected in Rider G, the mechanism already in place for recovery of these costs.

9. By this Petition, the Company is not seeking to change its currently effective EEP Rider rate of \$0.0054 per therm, inclusive of all applicable taxes approved by the Board pursuant to an order dated August 19, 2015 in BPU Docket No.



GR14091073. Costs incurred in connection with the proposed EE Program will be reflected in future EEP Rider rate reconciliation proceedings. On February 11, 2016, Petitioner filed a Petition ("2016 Petition") with the Board, which was assigned Docket No. GR16020119 requesting to decrease its currently effective EEP rider rate from \$0.0054 per therm to \$0.0031 per therm, inclusive of all applicable taxes effective May 1, 2016. The 2016 Petition sought to reconcile EE Program costs and cost recoveries for the period commencing July 1, 2014 through June 30, 2015 and to recover actual and forecast revenues for the period July 1, 2015 through June 30, 2016. The 2016 Petition is pending final review by the Board.

10. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 consists of the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The schedules listed below are attached and referred to in Exhibit P-1 and contain information responsive to the Minimum Filing Requirements ("MFRs") set forth in the Board's May 12, 2008 Order in BPU Docket No. EO08030164:

- (a) Tariff Schedule TK-1 consists of revised tariff sheets in redlined and clean form reflecting the changes being proposed to the EE Programs;
- (b) EEP Schedule TK-1 sets forth an example calculation of an EEP Rider rate;
- (c) EEP Schedule TK-1a sets forth the calculation of the Projected EEP Rider rates based on current cost and recovery projections,

as well as bill impacts for certain tariff classes through 2025 to a near zero balance;

- (d) EEP Schedule TK-2 sets forth the calculation of the carrying costs on the EEP balance for the periods ended June 30;
- (e) EEP Schedule TK-3 sets forth the calculation of the monthly EEP revenue requirement through June 2025;
- (f) EEP Schedule TK-4 sets forth the EEP estimated O&M and Program Expenditures for the periods ended June through June 2025;
- (g) EEP Schedule TK-5 sets forth cost recoveries for the period through June 2025;
- (h) EEP Schedule TK-6 sets forth the over/underrecovered carrying costs rate applicable to the monthly balances set forth on EEP Schedule TK-2;
- (i) EEP Schedule TK-7 contains a calculation of Petitioner's current capital structure as well as a calculation of the capital structure approved by the Board in Elizabethtown's last rate case;
- (j) EEP Schedule TK-8 contains Uniform System of Account information that will be utilized in booking revenues, costs, expenses and assets pertaining to the Program;
- (k) EEP Schedule TK-9 contains certain financial statements required by *N.J.A.C. 14:1-5.12*; and

- (l) EEP Schedule TK-10 contains a rate impact analysis in compliance with MFR IV.e.

11. Annexed hereto and also made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 contains the testimony and supporting schedules of Susan Buck, Program Manager, Energy Efficiency Programs of Petitioner. The schedules listed below are attached and referred to in Exhibit P-2 and contain information responsive to the MFRs set forth in the Board's May 12, 2008 Order in BPU Docket No. EO08030164:

(a) Schedule SB-1 contains program descriptions of the proposed programs:

- (i) Residential Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program;
- (ii) Residential Home Energy Assessment Program;
- (iii) Residential Home Energy Report (Opower) Program;
- (iv) Residential Home Weatherization for Income Qualified Customers Program;
- (v) Residential Financing Program;
- (vi) Commercial Financing Program; and
- (vii) Commercial Steam Trap Survey and Repair Program.

(b) Schedule SB-2 contains budgeted, estimated EE Program costs by major spending categories through December, 2020;

(c) Schedule SB-3 contains estimated direct FTE employment data;

(d) Schedule SB-4 contains a comparison of EE programs amongst New Jersey gas utilities;



- (e) Schedule SB-5 contains sample marketing material;
- (f) Schedule SB-6 contains a copy of the standard agreement;
- (g) Schedule SB-7 contains Proposed Allocation of Customer Outreach/Education Funds; and
- (h) Schedule SB-8 contains Steam Trap Survey/Repair Background Information.

12. Annexed hereto and also made a part of this Petition is Exhibit P-3, which Petitioner suggests be marked as indicated. Exhibit P-3 contains the testimony and supporting schedules of Jim Herndon, Principal, Strategy and Planning, Nexant, Inc. The schedules listed below are attached and referred to in Exhibit P-3 and contain information responsive to the MFRs set forth in the Board's May 12, 2008 Order in BPU Docket No. EO08030164:

- (i) Schedule JH-1 contains Mr. Herndon's resume and Nexant client list;
- (j) Schedule JH-2 sets forth the Cost Benefit Analysis Summary;
- (k) Schedule JH-3 sets forth the Estimated Participants and Incentives;
- (l) Schedule JH-4 contains the Estimated Annual Energy Savings;
- (m) Schedule JH-5 sets forth the Greenhouse Gas Emissions Reductions;
- (n) Schedule JH-6 sets forth the Free Riders and Spillover; and
- (o) Schedule JH-7 sets forth the Cost Benefit Analysis Details.

An Index of the MFRs referencing the responsive schedules or testimony sponsored by Mr. Kaufmann, Ms. Buck and Mr. Herndon accompanies this Petition.

13. In addition, attached as Exhibits P-4 and P-5, respectively is a form public notice and notice to county clerks, municipal clerks and county administrators.

14. The Company satisfied the 30-day pre-filing meeting requirement by teleconference held with Board Staff and Rate Counsel on June 15, 2016.

**Proposed Energy Efficiency Program**

15. Elizabethtown proposes to extend the term of its EE Programs for a four-year period commencing January 1, 2017 through December 31, 2020 subject to the modifications contained herein and the supporting testimony and schedules. As set forth in Schedule SB-2, the proposed annual amount budgeted for the EE Programs for each year is approximately \$3.75 million, for a total program budget of approximately \$14.3 million over the four-year term. The budgeted amounts are based on projected expenditures for program investments and associated O&M and labor expense, which, as discussed below, Elizabethtown proposes to recover through the proposed EEP Rider Surcharge rate that will be reconciled in future proceedings to true-up that rate. A general overview of the Company's Energy Efficiency Programs and the specific proposed material modifications are as follows, with more detailed descriptions of each of the proposed programs provided in Schedule SB-1 that accompanies Ms. Buck's testimony:

**Residential Expanded Gas  
Heating Ventilation and Air Conditioning ("HVAC") and  
Gas Hot Water Heater Incentive Program**

16. This program is designed to enhance the existing NJCEP gas HVAC and gas hot water heater incentive program by supplementing the incentive offered through NJCEP. The program targets all residential customers who receive natural gas service from Elizabethtown or have the potential to receive gas service. Elizabethtown is not proposing to materially alter this program. The only change is the addition of a rebate for

power vented water heaters. A more detailed description of this program is set forth in Schedule SB-1.

**Expanded Residential EE Program Offerings**

17. The Company is proposing to add the following programs to expand the breadth of its existing residential EE Program offerings:

- The Residential Home Energy Assessment Program which will provide participants with a 75-minute home energy audit and the direct installation of energy efficient measures such as faucet aerators, low-flow shower heads, water heater pipe wrap insulation and a programmable thermostat; this offering replaces the current mailing of weatherization kits to NJCEP participants;
- The Residential Home Energy Report (Opower) Program which will provide customers with regular updates on their gas usage compared with the usage of their neighbors, along with recommendations on how to improve their energy efficiency; this Program is intended to enhance the Company's currently effective consumer education program by offering a more effective, user-friendly and accessible on-line audit function;
- The Residential Home Weatherization for Income Qualified Customers Program which will provide weatherization measures such as air sealing and insulation measures to low income customers who do not otherwise qualify for the Comfort Partners Program offered through the NJCEP; and
- The Residential Financing Program which will offer residential customers no- to low-interest loans for qualifying energy efficiency measures in their homes.



### **Commercial Customer Energy Efficiency Programs**

18. The Company is proposing to eliminate the equipment rebate program currently offered to commercial customers and replace it with a Commercial Financing Program and a Commercial Steam Trap Survey and Repair Program. The Commercial Financing Program would offer commercial customers low-interest, short-term financing for NJCEP direct installation projects. The Steam Trap Program would provide participating customers with yearly surveys concerning the functionality of their steam traps and repair or replace defective steam traps to maximize energy efficiency. A more detailed description of these programs is set forth in Schedule SB-1.

### **Cost/Benefit Information**

19. As reflected in Schedule JH-2, the proposed EE Programs pass all cost benefit tests with the exception of the Residential Home Weatherization for Income Qualified Customers Program, which has a Program Administrator Cost Test ratio of 0.85 versus 1.0 or greater, primarily attributable to the program costs incurred to provide this program to this class of customers. Elizabethtown respectfully submits that this slight ratio differential and the societal benefit that results from offering this program to low income customers otherwise makes this program cost-beneficial. Petitioner respectfully submits that the proposed programs are appropriate from a cost/benefit perspective, consistent with the goals of the 2011 EMP and 2015 EMP Update.<sup>1</sup>

### **Cost Recovery**

20. As is currently the case, the Company is proposing to recover all costs associated with the program, including, all program investments, such as rebates and reasonable and prudent incremental O&M expense, such as labor, customer education

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<sup>1</sup> An electronic copy of Schedule JH-7 will be provided upon the execution of a non-disclosure agreement.

and outreach and costs associated with the on-line audit tool through the existing Rider G EEP Rider rate. Elizabethtown is proposing to continue to amortize and recover its EE Program investments in rebates and customer financing over a four-year period, with the return on the unamortized portion of the investments based upon the Company's weighted average cost of capital established by a Board Order in Docket No. GO12100946, grossed up for the revenue expansion factor established in the same proceeding. The unamortized portion of these EE Program investments are net of accumulated amortization and accumulated deferred income taxes associated with the EE Program investments.

21. As noted above, a continuation of the EE Programs may have the beneficial effect of creating additional jobs in the energy efficiency market. The anticipated job impacts are set forth in Schedule SB-3. As discussed in Ms. Buck's testimony, the Company intends to utilize a combination of internal employees and third party contractors to deliver the EE Programs.

22. The proposed EE Programs will also help customers reduce their natural gas costs and play an important role in reducing greenhouse gas emissions, preserving environmental resources and stimulating economic growth. As reflected in the 2011 EMP and 2015 EMP Update, these remain important State goals.

#### **Procedure and Request for Expedited Treatment**

23. As set forth in the May 12 Order, once a Petition has been filed with the Board, Board Staff shall have 30 days, commencing on the filing date, to determine whether the Petition is administratively complete, advise the utility in writing whether or not the Petition is administratively complete and set forth the deficiencies and items

required to remedy the deficiencies. The RGGI legislation provides that unless the Board issues a written order within 180 days after the filing of the Petition approving, modifying or denying the requested recovery, the recovery required by the utility shall be granted effective on the 181<sup>st</sup> day after the filing without further order by the Board. *N.J.S.A. 48:3-98.1(b)*.

24. To ensure that Petitioner can continue its Energy Efficiency Programs without interruption, Elizabethtown requests expedited treatment of this Petition. Elizabethtown further requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. Elizabethtown submits that evidentiary hearings are not necessary or required to approve this Petition and requests that the Board issue an Order as soon as reasonably possible to promote implementation of the proposed EE Programs effective January 1, 2017.

25. As stated in the May 12 Order (at 5) “[t]he Board encourages all interested parties to work toward a settlement for the Board’s consideration before the expiration of the 180 day period.” Elizabethtown will work with the Board Staff and Rate Counsel to reach an amicable and mutually acceptable resolution of this proceeding in the most expedient manner possible that is convenient to all the parties.

#### **Overall Impact**

26. As a result of the proposed program extension, the overall impact of Petitioner’s filing in this proceeding is a potential increase in the monthly bill of a typical heating customer using 100 therms by an average rate of \$0.44 per therm. This results in a bill increase of \$0.44 from \$86.91 to \$87.35, or 0.5% based on rates in effect June 1, 2016.

**Notice**

27. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto upon Stefanie A. Brand, Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, Trenton, New Jersey, upon updated service lists compiled in Docket Nos. GO15050504 and GR16020119.



### Conclusion

28. For all the foregoing reasons, Elizabethtown respectfully requests that the Board retain jurisdiction of this matter and issue an Order on an expedited basis approving this Petition in its entirety and finding as follows:

- a. The Energy Efficiency Programs are in the public interest and Elizabethtown is authorized to continue to offer and administer these regulated services utility services under the terms set forth in this Petition and accompanying testimony, and supporting schedules for a four-year term effective January 1, 2017 through December 31, 2020;
- b. Elizabethtown is authorized to recover all costs as requested herein;
- c. Elizabethtown is authorized to amend its tariff in the manner reflected in the proposed tariff sheet contained in Tariff Schedule TK-1; and
- d. Elizabethtown is granted such other and further relief as may be necessary to protect the Company's interests and implement the proposals as set forth in this Petition.

Respectfully submitted,

By: Mary Patricia Keefe / KB  
Mary Patricia Keefe, Esq.  
Vice President, Regulatory Affairs  
And Business Support  
Pivotal Utility Holdings, Inc.  
d/b/a Elizabethtown Gas  
520 Green Lane  
Union, New Jersey 07083  
(908) 662-8452

Date: June 30, 2016

STATE OF NEW JERSEY )

: SS

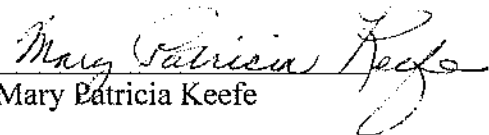
COUNTY OF UNION )

**AFFIDAVIT**

Mary Patricia Keefe, being duly sworn according to law, upon her oath, deposes and says that:


1. I am the Vice President, Regulatory Affairs and Business Support of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, the petitioner in the foregoing Petition.

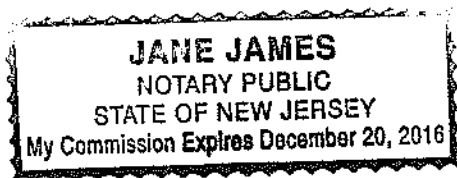
2. I have read the annexed petition, and the matters and things contained therein are true to the best of my knowledge and belief.

  
Mary Patricia Keefe

Sworn and subscribed before me this

30 day of June, 2016.

  
Notary Public in the  
State of New Jersey



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

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

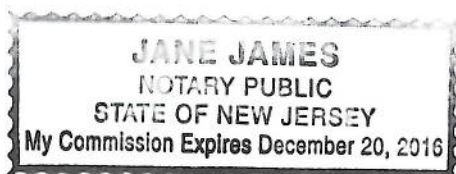
1. I am Manager of Rates and Tariffs of the Petitioner in the foregoing  
Petition and I am authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition and the Exhibits and  
Schedules related to the development of the EEP charges submitted therewith correctly  
portray the information set forth therein, to the best of my knowledge, information and  
belief.



Thomas Kaufmann  
Manager, Rates and Tariffs

Sworn to and subscribed to before me this 30 day of June, 2016.



STATE OF NEW JERSEY )

COUNTY OF UNION : ss:  
)

Susan Buck, being duly sworn according to law, upon her oath, deposes and says:

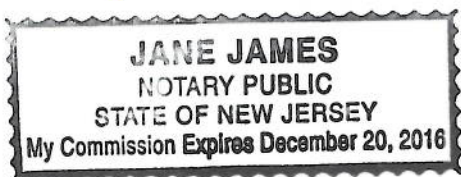
1. I am Program Manager of Energy Efficiency Programs of the Petitioner in the foregoing Petition and I am authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition and the Exhibits and Schedules related to the development of the EEP charges submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.



Susan Buck  
Program Manager,  
Energy Efficiency Programs

Sworn to and subscribed to before me this 30 day of June, 2016.





STATE OF NEW JERSEY )

:

ss:

COUNTY OF UNION )

Jim Herndon, being duly sworn according to law, upon his oath, deposes  
and says:

1. I am Principal, Strategy and Planning of Nexant, Inc., consultant for the  
Petitioner in the foregoing Petition and I am authorized to make this Affidavit on behalf  
of the Petitioner.

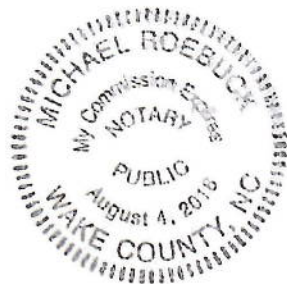
2. The statements made in the foregoing Petition and the Exhibits and  
Schedules related to the development of the EEP charges submitted therewith correctly  
portray the information set forth therein, to the best of my knowledge, information and  
belief.



Jim Herndon  
Principal, Strategy and Planning

Sworn to and subscribed to before me this 30 day of June, 2016.

Wake, North Carolina  
County, State

  
Official Signature of Notary

Michael Roebuck Notary Public  
Notary's printed or typed name

My commission expires: 8/4/2016