BOARD OF PUBLIC UTILITIES
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Township of Green
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February 23, 2017

Irene Kim Asbury, Secretary
State of New Jersey
Board of Public Utilities
44 S. Clinton Avenue
Trenton, NJ 08625

RE: In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Establish a Neighborhood Expansion Project, BPU Docket No GR15010038, OAL Docket No. PUC 02907-2015 N

Dear Secretary Asbury:

The purpose of this letter is to urge the Board of Public Utilities ("Board") to act in the above-proceeding to approve the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "the Company") to establish a pilot Neighborhood Expansion Program ("NEP") under which Elizabethtown would invest up to $15 million to extend, construct and operate facilities in existing neighborhoods where gas distribution service is not presently provided and where the economics generally does not support such extensions under the traditional funding framework. As the Mayor of Green Township, I believe that this program will provide benefits for the citizens of Green Township and other surrounding municipalities by creating a cost effective way for certain neighborhoods to obtain the substantial economic and environmental benefits associated with having the opportunity to use natural gas for space heating, water heating, cooking and other uses.

Why Gas Distribution Service is not Available

Although Elizabethtown holds a municipal consent to provide gas distribution service to the Township of Green, my understanding is that the main and service extension rules approved by the Board and included in Elizabethtown's tariff do not render it economically feasible for the Company to extend it facilities to a number of existing neighborhoods. The reason for this is that the Company is required to obtain a deposit, contribution in aid of construction ("CIAC") or revenue guarantee for the portion of investments in facilities that exceeds ten times the expected distribution revenues from the customers that might initially convert to gas in a particular neighborhood. In many existing neighborhoods, it is not commercially practicable for one or a

Case Mgmt
M. Lupo
A. Moran
P. Kogman
T. Walker

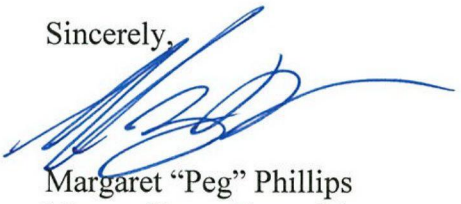
few existing residents to provide the deposit or CIAC necessary to fund a significant and costly extension. Thus, certain neighborhoods in Green Township have remained without access to natural gas distribution service.

Elizabethtown's Proposed Solution – The Neighborhood Expansion Program

It is my understanding that under the proposed NEP, Elizabethtown will assume the risk of financing extensions of its facilities to existing neighborhoods as long as it is able to secure a minimum number of initial commitments and it determines that it can secure a larger number of commitments – equal to 40 percent of the customers in a given neighborhood – over a five-year period. Under the NEP, Elizabethtown will assess customers in a neighborhood to which NEP facilities can be extended a CIAC amount that is no greater than what the customers would pay if 40 percent of the customers connected immediately. Customers who elect to convert to gas may pay off their portion of the CIAC at any time or by paying a monthly NEP charge of over a ten-year period. The amounts paid by customers for NEP facilities will be no greater than the CIAC required under the Board's rules to extend service to the neighborhoods covered by the NEP plus the amount necessary to pay the Company's return on its investment.

From my perspective, the rates and terms proposed by Elizabethtown under the NEP afford customers an economical opportunity that they would not otherwise have to convert to natural gas. This choice, which is purely up to individual customers, has the potential to significantly benefit both the customers themselves and our community as a whole both economically and environmentally. I urge the Board to approve Elizabethtown's proposed NEP.

Sincerely,



Margaret "Peg" Phillips
Mayor, Green Township