



# Elizabethtown Gas™

An AGL Resources Company

REC'D

300 Connell Drive, Suite 3000  
Berkeley Heights, NJ 07922

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www.elizabethtowngas.com

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NJ BPU  
CASE MANAGEMENT

RECEIVED

JUL 18 2014

BOARD OF PUBLIC UTILITIES  
MAIL ROOM

Via FedEx & Electronic Mail

July 18, 2014

Kristi Izzo, Secretary  
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

**Re: *In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit - BPU Docket No. GR 14076755***

CMS  
legal (2)  
DAG  
RPA  
Energy (5)  
B. Tyndell

Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") to the Board of Public Utilities ("BPU" or "Board") to (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) revise its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC"). Attached to and made part of the Petition are the testimony and supporting schedules of Company witness Thomas Kaufmann, marked as Exhibit P-1.

### The WNC Rate

The Company proposes a WNC credit rate of (\$0.0254) per therm inclusive of applicable taxes and assessments, applicable to the Company's Residential Delivery, Small General and General Delivery Classifications for the period October 1, 2014 through May 31, 2015. The proposed WNC rate reflects the actual results for the 2013-2014 Winter Period as well as a prior year excess recovery balance. The

current year's revenue excess of \$7,127,035 reflects the overall colder than normal weather pattern during the 2013-2014 winter heating season. The calculation of the WNC rate and associated issues are addressed in Mr. Kaufmann's testimony.

#### **The CEP Component of the SBC Rate**

Elizabethtown's SBC was approved by the Board by an Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.* and November 21, 2001 in Docket No. EX00020091, *et al.* The SBC currently consists of four components: (1) the New Jersey Clean Energy Program ("CEP") component, (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") component, and (4) the Lifeline component. In this Petition, the Company is only proposing a change to the CEP rate component of the SBC. Petitioner will subsequently be filing a separate petition to reconcile its RAC rate. The Company's June 20, 2014 filing to change its USF and Lifeline rates effective October 1, 2014 is pending in BPU Docket No. ER14060613.

The Company proposes an SBC-CEP rate of \$0.0244 per therm inclusive of applicable taxes and assessments, to be effective October 1, 2014. This proposed CEP rate is designed to enable Elizabethtown to recover approximately \$10.9 million during the period ending September 30, 2015.

#### **The OSMC Rate**

Elizabethtown's OSMC is the rate mechanism by which certain margins from on-system, non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers. The OSMC was established pursuant to the Board's Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.* In accordance with the mechanism approved by the Board in Docket No. GX99030121, *et al.*, Elizabethtown proposes an OSMC credit of (\$0.0082) per therm inclusive of applicable taxes and assessments, to be effective October 1, 2014.

#### **Total Customer Impact**

The proposed adjustments to the WNC, SBC-CEP and OSMC rates would decrease the monthly bill of a typical residential heating customer using 100 therms by \$4.59, from \$112.18 to \$107.59, or a decrease of 4.1%, as compared to the Company's currently approved rates. Please contact the

undersigned at (908) 771-8220 or Thomas Kaufmann at (908) 771-8225 if you have questions or require further information.

Yours truly,

*/s/ Mary Patricia Keefe*

Mary Patricia Keefe, Esq.  
Vice President, Regulatory Affairs

cc: Dianne Solomon, President  
Joseph L. Fiordaliso, Commissioner  
Jeanne M. Fox, Commissioner  
Mary-Anna Holden, Commissioner  
Paul Flanagan, Executive Director  
Kenneth J. Sheehan, Chief of Staff  
Jerome May, Director, Division of Energy  
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Stefanie A. Brand, Director, Rate Counsel  
Alex Moreau, DAG  
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IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE  
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR \_\_\_\_\_

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IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE  
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR \_\_\_\_\_

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

-----X  
**In The Matter Of The Petition Of Pivotal Utility** :  
**Holdings, Inc. d/b/a Elizabethtown Gas To** : **Docket No. GR**  
**(1) Revise Its Weather Normalization Clause Rate** :  
**(2) Revise The Clean Energy Program Component** :  
**Of Its Societal Benefits Charge Rate; and (3) Revise** : **SUMMARY SHEET**  
**Its On-System Margin Sharing Credit** :  
-----X

This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner") that the Board of Public Utilities ("Board") accept the filing of Petitioner's revised Weather Normalization Clause ("WNC"), Clean Energy Program ("CEP") Component of the Societal Benefits Charge ("SBC"), and On-System Margin Sharing Credit ("OSMC") rates as noted below, which are inclusive of applicable taxes and assessments. The Petition proposes (1) a WNC credit rate of (\$0.0254) per therm effective October 1, 2014, (2) a SBC-CEP rate of \$0.0244 per therm effective October 1, 2014, and (3) an On-System Margin Sharing Credit of (\$0.0082) per therm effective October 1, 2014. The proposed filing would decrease the monthly bill of a typical residential heating customer using 100 therms by \$4.59 or 4.1% as compared to the Company's currently approved rates.

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

-----X  
**In The Matter Of The Petition Of Pivotal Utility** :  
**Holdings, Inc. d/b/a Elizabethtown Gas To** : **Docket No. GR**  
**(1) Revise Its Weather Normalization Clause Rate;** :  
**(2) Revise The Clean Energy Program Component Of** :  
**Its Societal Benefits Charge Rate; and (3) Revise Its** :  
**On-System Margin Sharing Credit** : **PETITION**  
-----X

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

Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner"), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), respectfully states:

1. Petitioner's principal business office is located at 300 Connell Drive, Suite 3000, Berkeley Heights, New Jersey 07922.
2. Communications and correspondence concerning these proceedings should be sent as follows:

Mary Patricia Keefe, Esq.  
Vice President, Regulatory Affairs  
Pivotal Utility Holdings, Inc.  
d/b/a Elizabethtown Gas  
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3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 280,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise the rates associated with Petitioner's Weather Normalization Clause ("WNC"), Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC"), and On-System Margin Sharing Credit ("OSMC"), and to reconcile costs and cost recoveries associated with each clause for the periods in which the respective clauses are applicable.

5. Annexed hereto and made a part of this Petition is Exhibit P-1 which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following Schedules, described in Mr. Kaufmann's testimony, are attached and referred to in Exhibit P-1:

- a. Tariff Schedule TK-1;
- b. Forecast Schedule TK-1;
- c. WNC Schedule TK-1 through WNC Schedule TK-4;
- d. CEP Schedule TK-1 through CEP Schedule TK-5; and
- e. OSMC Schedule TK-1 through OSMC Schedule TK-4.

#### **Weather Normalization Clause**

6. Pursuant to the WNC provisions contained in Petitioner's tariff as modified and approved by the Board by Order dated November 22, 2002 in Docket No. GR02040245, the Petitioner submits this filing concerning its WNC rate for the period October 1, 2014 through May 31, 2015 ("2015 Winter Period"). Petitioner's revised WNC rate reflects the overall colder than normal weather experienced in Petitioner's service territory during the period October 1,

2013 through May 31, 2014 ("2014 Winter Period") as well as a prior year excess recovery balance. The 2012 WNC/SBC filing (Docket No. GR12080749) concerning the 2011-2012 Winter Period was approved by the Board on May 29, 2013 ("May 29 Order"). The May 29 Order approved a WNC rate of \$0.0308 per therm which was implemented for the 2014 Winter Period. The 2013 WNC/SBC filing (Docket No. GR13080771) concerning the 2012-2013 Winter Period ("2013 Winter Period") was approved by the Board on May 21, 2014 ("May 21 Order"). The May 21 Order approved a WNC rate \$0.0300 per therm effective June 1, 2014 to the extent necessary to eliminate an under-recovery balance, however, since an underrecovery balance did not exist, this rate was not implemented and the standard summer rate of \$0.0000 was made effective June 1, 2014.

7. As addressed by Mr. Kaufmann, the WNC excess balance of \$7,127,035 presented on WNC Schedule TK-1 reflects the fact that the 2014 Winter Period was 419 degree days or 8.9% colder than normal. As reflected on WNC Schedule TK-1, the current period margin revenue excess of \$7,127,035 plus the prior year excess recovery balance of \$489,079 results in a Total Revenue Excess Balance of \$7,616,114, which, when divided by projected winter period therm volumes of 323,000,709 therms, produces a WNC credit rate of (\$0.0254) per therm inclusive of applicable taxes and assessments. The proposed WNC rate of (\$0.0254) per therm is a decrease of \$0.0562 per therm from the \$0.0308 per therm rate, inclusive of applicable taxes and assessments, in effect during the prior winter.

#### **The CEP Component of the SBC Rate**

8. Petitioner's SBC was approved by the Board by Orders dated March 30, 2001 in BPU Docket Nos. GX99030121, *et al.*, and November 21, 2001 in Docket Nos. EX00020091, *et al.* The SBC consists of four components: (1) the New Jersey Clean Energy Program ("CEP")

component, (2) the Remediation Adjustment Clause (“RAC”) component, (3) the Universal Service Fund (“USF”) component, and (4) the Lifeline component.

9. Petitioner is not proposing changes to the RAC, USF and Lifeline rates in this filing. In this Petition, Petitioner is only proposing a change to the CEP rate component of the SBC. Petitioner will file a separate petition to reconcile its RAC rate. Petitioner’s June 20, 2014 filing to change its USF and Lifeline rates effective October 1, 2014 is pending in BPU Docket No. ER14060613.

10. In accordance with the Board’s Orders in Docket Nos. EX99050347, et al. and GX99030121, et al., Petitioner is making this filing to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2014 and projected costs for the period ending June 30, 2015 totaling \$10,867,954. As discussed in Mr. Kaufmann’s testimony, Petitioner incurred \$2,872,324 of CEP costs during the period beginning July 1, 2013 and ending June 30, 2014 and made payments to the CEP “fiscal agent” of \$9,679,878 during the period. In accordance with the Board’s June 30, 2014 Order in Docket No. EO11050324V, which established the statewide funding levels for CEP programs for Fiscal Year 2015, Petitioner has been allocated \$11,055,857 of CEP funding responsibility for the twelve months ending June 30, 2015. Based on this level of spending, plus certain additional adjustments discussed by Mr. Kaufmann, Petitioner is proposing a CEP component of \$0.0244 per therm inclusive of applicable taxes and assessments compared to its current CEP component of \$0.0385 per therm, inclusive of applicable taxes and assessments, approved by the May 21 Order.

11. The proposed change in the CEP rate will produce a decrease to Petitioner’s approved SBC rate from \$0.0740 per therm to \$0.0599 per therm, effective October 1, 2014. A

comparison of the components of the SBC reflecting the current components and the proposed CEP rate inclusive of applicable taxes and assessments are as follows:

	<u>Approved Rate</u>	<u>Proposed Rate</u>
CEP	\$0.0385 per therm	\$0.0244 per therm
RAC	\$0.0229 per therm	\$0.0229 per therm
USF	\$0.0065 per therm	\$0.0065 per therm
<u>Lifeline</u>	<u>\$0.0061 per therm</u>	<u>\$0.0061 per therm</u>
<b>TOTAL</b>	<b>\$0.0740 per therm</b>	<b>\$0.0599 per therm</b>

#### On-System Margin Sharing Credit

12. In accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, et. al., GR97070552, et. al., and Docket Nos. GX99030121, et. al., margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and Petitioner on an 80%/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers. Petitioner proposes to increase its OSMC credit effective October 1, 2014 from the current level of (\$0.0018) per therm, inclusive of applicable taxes and assessments to (\$0.0082) per therm, inclusive of applicable taxes and assessments. The tariff sheets reflecting these changes are attached as Tariff Schedule TK-1 included with Mr. Kaufmann's testimony.

#### Overall Impact

13. The overall impact of Petitioner's filing in this proceeding is a proposed decrease in the monthly bill of a typical residential heating customer using 100 therms by \$4.59, from \$112.18 to \$107.59 or a decrease of 4.1% as compared to the Company's currently approved rates.

Miscellaneous

14. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibit and schedules annexed hereto upon Stefanie A. Brand, Director, Division of Rate Counsel (“Rate Counsel”), 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the service list compiled in Petitioner’s last WNC and SBC related proceedings, and as outlined in *N.J.A.C. 14:1-5.12*.

**WHEREFORE**, Petitioner respectfully requests that the Board (1) accept Petitioner’s filing, (2) allow the proposed WNC, CEP, and OSMC rates and associated proposals to become effective October 1, 2014, (3) approve the WNC tariff modification and (4) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

By: /s/ Mary Patricia Keefe

Mary Patricia Keefe, Esq.  
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(908) 771-8220

Date: July 18, 2014

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

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 submitted therewith to (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) revise its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC") 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 16<sup>th</sup> day of July, 2014.



**DEBORAH Y. BAILEY**  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Sept. 8, 2015