



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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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 STIPULATION
GAS TO REVIEW ITS PERIODIC BASIC GAS SUPPLY	)	FOR FINAL BGSS-P RATES
SERVICE RATE	)	
	)	DOCKET NO. GR16060485
	)	OAL DOCKET NO. PUC-17490-16

**Parties of Record:**

**Deborah M. Franco, Esq.**, for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

By this Order, the New Jersey Board of Public Utilities ("Board" or "BPU") considers an Initial Decision executed by Administrative Law Judge ("ALJ") Irene Jones and Stipulation for Final Rates ("Stipulation") executed by Pivotal Utility Holdings, Inc. d/b/a/ Elizabethtown Gas ("ETG" or "Company"), Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") intended to resolve the Company's requests related to the above docketed matter.

**BACKGROUND**

By Order dated January 6, 2003,<sup>1</sup> in Docket No. GX01050304 ("January 2003 BGSS Order"), the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board by June 1 its annual Basic Gas Supply Service ("BGSS") cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes each GDC to a) self-implement up to a five (5) percent BGSS increase effective December 1 of the current year and February 1 of the following year with one (1) month's advance notice to the Board and Rate Counsel; and b) implement a decrease in its BGSS rate at any time during the year upon five (5) days' notice to the Board and Rate Counsel.

On May 31, 2016, ETG filed its annual BGSS petition ("2016 BGSS Filing"), requesting a decrease in its BGSS – Periodic ("BGSS-P") per therm rate from \$0.4203<sup>2</sup> to \$0.3954 for the

<sup>1</sup> I/M/O the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq. – BGSS Pricing, BPU Docket No. GX01050304, Order dated January 6, 2003.

<sup>2</sup> All rates quoted include sales and use tax ("SUT"). On November 14, 2016, the Board issued a

BGSS year October 1, 2016 through September 30, 2017. This was designed to decrease gas cost recoveries of approximately \$5.4 million before taxes and assessments.

After notice, public hearings were held in Union and Flemington on August 23 and 25, 2016, respectively. No members of the public attended the hearings or filed comments.

Subsequently, the Company changed its proposed BGSS-P per therm rate to \$0.3761 from the \$0.3954 rate requested in the 2016 BGSS Filing. The change reflected actual data through July 31, 2016. As a result of the update, the expected monthly bill of a typical residential customer using 100 therms would be reduced by \$4.42, from \$86.75 to \$82.33 (5.1%).

On September 23, 2016, the Board issued an Order ("September 2016 Provisional Order") in this docket approving a stipulation executed by the Parties. The September 2016 Provisional Order authorized ETG to implement the updated BGSS-P rate of \$0.3761 on a provisional basis.

On November 8, 2016, this matter was transmitted to the Office of Administrative where it was assigned to ALJ Jones, as a contested case. A pre-hearing conference was held by telephone on December 19, 2016.

### **STIPULATION**<sup>3</sup>

Following discovery and settlement discussions, on April 7, 2017, the Parties entered into the Stipulation, the key elements of which are as follows:

- A. The Company shall maintain its BGSS-P rate of \$0.3761 per therm, inclusive of all applicable taxes, and that rate shall remain in effect on a final basis until revised in accordance with applicable laws and regulations.
- B. The Stipulation provides for a final resolution in this proceeding. All issues related to ETG's BGSS recoverable costs for the BGSS year ending September 30, 2016 are resolved.
- C. The Company agrees 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 to the Stipulation as Appendix A; and 2) the calculation of the net gas per therm (also known as S-ECHART-2) in the form attached to the Stipulation as Appendix B, which is to be submitted in the middle of the following month.

On April 10, 2017, ALJ Jones issued her Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation, and that the Stipulation fully disposed of all matters and is consistent with the law.

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Secretary's Letter under Docket No. ER16111054, for all New Jersey electric and gas utilities, pursuant to P.L. 2016, c. 57, that the SUT to be charged to customers for utility service had been changed from 7.0% to 6.875% effective January 1, 2017.

<sup>3</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

**DISCUSSION AND FINDINGS**

Having reviewed the record in this matter, including ALJ Jones's Initial Decision and the Stipulation, the Board **FINDS** that the Parties have voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. The Board **FINDS** the Initial Decision, which adopts the Stipulation to be reasonable, in the public interest and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation, attached hereto as its own, incorporating by reference the terms and conditions of the Stipulation, as though fully set forth herein.

The Board **HEREBY APPROVES** as final the Company's after-tax per therm BGSS-P rate of \$0.3761, which was effective as of October 1, 2016. The Board notes that consistent with the SUT reduction, this rate is \$0.3757 per therm effective for service on and after January 1, 2017, as already reflected in the Company's tariff. The rate of \$0.3757 shall remain in effect until changed by Order of the Board. The Board **HEREBY ORDERS** ETG to file tariffs consistent with the Board's Order within five (5) days of service of this Order.

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 to the Stipulation as Exhibit A; and 2) the calculation of net gas per therm (also known as S-EChart-2) in the form attached to the Stipulation as Exhibit B, which is to be submitted in the middle of the following month.

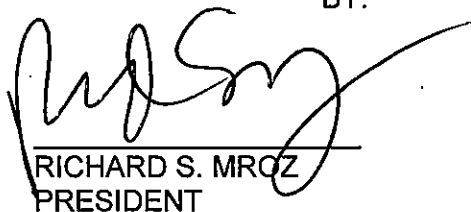
The Company's costs, including those related to BGSS, will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

This Order shall become effective on May 1, 2017.

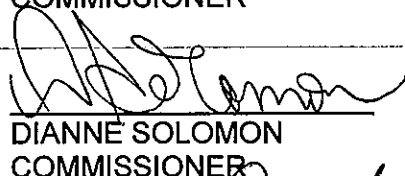
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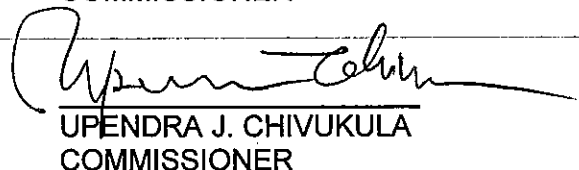
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BY:

  
JOSEPH L. FIORDALISO  
COMMISSIONER

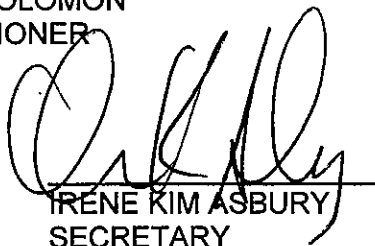
  
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PRESIDENT

  
MARY-ANNA HOLDEN  
COMMISSIONER

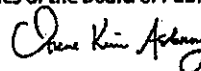
  
DIANNE SOLOMON  
COMMISSIONER

  
UPENDRA J. CHIVUKULA  
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ATTEST:

  
IRENE KIM ASBURY  
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 to  
Review its Periodic Basic Gas Supply Service Rate  
DOCKET NO.GR16060485; OAL Docket. No. PUC-17490-16**

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April 7, 2017

*Via Electronic Mail, Federal Express and Facsimile (973-648-2358)*

Honorable Irene Jones  
**Attention: Sharon Jeffers**  
Administrative Law Judge  
Office of Administrative Law  
33 Washington Street  
Newark, New Jersey 07102

**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a  
Elizabethtown Gas To Review Its Periodic Basic Gas Supply Service Rate  
BPU Docket No. GR16060485, OAL Docket No. PUC 17490-2016**

Dear Judge Jones:

Enclosed in the above proceeding are an original and ten copies of a Stipulation which has been executed by representatives of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of Public Utilities and the Division of Rate Counsel. It is respectfully requested that Your Honor approve the Stipulation in its entirety as soon as possible.

Please let us know if you have any questions or require further information.

Respectfully submitted,

/s/ Deborah M. Franco

Deborah M. Franco  
Of Counsel to  
Pivotal Utility Holdings, Inc.  
d/b/a Elizabethtown Gas

cc: Service List

IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE  
BPU DOCKET NO. GR16060485

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IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO REVIEW ITS PERIODIC BASIC GAS SUPPLY SERVICE RATE  
BPU DOCKET NO. GR16060485

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

**Office of Administrative Law**

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<b>In The Matter Of The Petition Of Pivotal Utility :</b>	<b>BPU Docket No. GR16060485</b>
<b>Holdings, Inc. d/b/a Elizabethtown Gas To :</b>	<b>OAL Dkt. No. PUC-17490-2016</b>
<b>Revise Its Periodic Basic Gas Supply :</b>	
<b>Service Rate :</b>	<b>FINAL STIPULATION</b>
-----X	

**APPEARANCES:**

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**Mary Patricia Keefe**, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Felicia Thomas-Friel, Managing Attorney - Gas**, Division of Rate Counsel, **Kurt S. Lewandowski**, Assistant Deputy Rate Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

**Patricia A. Krogman and Alex Moreau**, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Christopher S. Porrino, Attorney General of New Jersey)

**To: Honorable Irene Jones, A.L.J.**

**BACKGROUND**

In accordance with a generic Order of the New Jersey Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("Generic 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. In addition, the Generic BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 and February 1 upon 30 days advance written notice to the Board and the New Jersey Division of Rate Counsel ("Rate Counsel"). Each GDC may implement a decrease in its BGSS rates at any time, without prior Board approval after notice to the Board and Rate Counsel.

On May 31, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a Petition (“May 31 Petition”) with the Board, which was assigned BPU Docket No. GR16060485 to decrease its then current after-tax per therm BGSS rate of \$0.4203 to \$0.3954 for the BGSS period commencing October 1, 2016 through September 30, 2017 (“BGSS Period”).<sup>1</sup> As set forth in the May 31 Petition, the Company projected that it would have an estimated underrecovery balance as of September 30, 2016 of approximately \$3.1 million including interest. The May 31 Petition indicated that the proposed BGSS-P rate of \$0.3954 per therm is designed to bring the BGSS balance to approximately zero as of September 30, 2017, and, at the time of filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$2.49 from \$86.91 to \$84.42, a decrease of 2.9%. The May 31 Petition further indicated that the projected impact of the BGSS-P rate of \$0.3954 per therm is a decrease in gas cost recoveries of approximately \$5.4 million before taxes and assessments in the year ending September 30, 2017 as compared to the amount that would otherwise be recovered by Elizabethtown under the current BGSS-P rate of \$0.4203 per therm. The May 31 Petition further indicated that the Company’s current volume forecast, under the BGSS-P rate of \$0.4203 per therm, Elizabethtown would collect approximately \$92.2 million before taxes and assessments. In contrast, under the proposed BGSS-P rate of \$0.3954 per therm, Elizabethtown would collect approximately \$86.8 million before taxes and assessments.

Notices describing the May 31 Petition and setting forth the dates of the public hearings

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<sup>1</sup> Pursuant to P.L. 2016, c. 57, the New Jersey Sales and Use Tax (“SUT”) to be charged to customers for utility service has been changed from 7 percent to 6.875 percent effective January 1, 2017. All sales on and after the effective date are to have the new rate applied. Accordingly, the Company has implemented the 6.875 percent SUT rate as of January 1, 2017, making the necessary changes to all rates and tariffs to reflect that decrease.

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 May 31 Petition were held in Union, New Jersey on August 23, 2016 and Flemington, New Jersey on August 25, 2016. No one from the public attended the hearings.

The Company updated its information to reflect actual data through July 31, 2016. By Order dated September 23, 2016 issued in this proceeding, the Board approved a Stipulation authorizing the Company to implement a BGSS rate of \$0.3761 per therm on a provisional basis effective October 1, 2016 subject to refund with interest on any net over-recovered BGSS balance to reflect the updated information. Based on this change, the provisional BGSS rate of \$0.3761 per therm decreased the monthly bill of a typical residential heating customer using 100 therms by \$4.42 from \$86.75 to \$82.33, a decrease of 5.1%.

This matter was transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held by telephone on December 19, 2016.

Elizabethtown, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") engaged in discovery 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:

A. The Company shall maintain its BGSS-P rate of \$0.3761 per therm, inclusive of all applicable taxes, and that rate shall remain in effect on a final basis until revised in accordance with applicable laws and regulations.

B. 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, 2016 are resolved.

C. The Company agrees 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 as Appendix A; and 2) the calculation of net gas per therm (also known as S-ECHART-2) in the form attached as Appendix B, which is to be submitted in the middle of the following month.

D. 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.

E. 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.

F. 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 request (1) the Administrative Law Judge to issue an initial decision approving the Stipulation; and (2) 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 / KB  
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
And Business Support

By: [Signature]  
Kurt S. Lewandowski, Esq.  
Assistant Deputy Rate Counsel

Dated: 3/30/17

Dated: 4/7/17

CHRISTOPHER S. PORRINO  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey Board of Public Utilities

By: [Signature]  
Alex Moreau  
Deputy Attorney General

Dated: 04/06/2017

**S-ECHART-1**  
**BGSS NYMEX Update Report**  
as of January 06, 2017

Month	a BGSS (see note below)	b NYMEX (1/6/2017 Close)	c = b - a Incr/ (Decr)	% Chg	d Sales forecast (dths)	e Hedged volume (dths)	f = d - e Unhedged volume (dths)	g = c x f Change in value unhedged
Oct-16	\$ 2,459	\$ 2,952	\$ 0.493		1,355,844	671,200	684,644	\$337,529
Nov-16	\$ 2,672	\$ 2,764	\$ 0.092		2,592,122	1,880,648	711,474	\$65,456
Dec-16	\$ 2,965	\$ 3,232	\$ 0.267		4,413,447	2,852,175	1,561,272	\$416,860
Jan-17	\$ 3,096	\$ 3,930	\$ 0.834		5,223,578	3,744,021	1,479,557	\$1,233,950
Feb-17	\$ 3,089	\$ 3,285	\$ 0.196		4,015,189	3,088,265	926,924	\$181,677
Mar-17	\$ 3,039	\$ 3,288	\$ 0.249		3,249,406	2,117,209	1,132,197	\$281,917
Apr-17	\$ 2,850	\$ 3,256	\$ 0.406		1,644,797	774,100	870,697	\$353,503
May-17	\$ 2,835	\$ 3,261	\$ 0.426		989,275	472,400	516,875	\$220,189
Jun-17	\$ 2,865	\$ 3,295	\$ 0.430		688,412	313,100	375,312	\$161,384
Jul-17	\$ 2,900	\$ 3,327	\$ 0.427		530,601	240,900	289,701	\$123,702
Aug-17	\$ 2,909	\$ 3,326	\$ 0.417		530,507	245,300	285,207	\$118,931
Sep-17	\$ 2,905	\$ 3,308	\$ 0.403		559,072	280,600	278,472	\$112,224
<b>Avg Total \$</b>	<b>\$ 2,882</b>	<b>\$ 3,269</b>	<b>\$ 0.387</b>	<b>13.4%</b>	<b>25,792,250</b>	<b>16,679,918</b>	<b>9,112,332</b>	<b>\$3,607,323</b>
Oct-17	\$ 2,933	\$ 3,326	\$ 0.393		1,371,052	629,600	741,452	\$291,391
Nov-17	\$ 3,374	\$ 3,371	\$ (0.003)		2,621,145	1,710,648	910,497	(\$2,731)
Dec-17	\$ 3,546	\$ 3,485	\$ (0.061)		4,462,786	2,912,175	1,550,611	(\$94,587)
Jan-18	\$ 3,681	\$ 3,572	\$ (0.109)		5,282,565	3,704,021	1,578,544	(\$172,061)
Feb-18	\$ 3,661	\$ 3,523	\$ (0.138)		4,060,702	2,958,265	1,102,437	(\$152,136)
Mar-18	\$ 3,600	\$ 3,426	\$ (0.174)		3,286,305	2,027,209	1,259,096	(\$219,083)
Apr-18	\$ 3,300	\$ 2,911	\$ (0.389)		1,663,137	709,400	953,737	(\$371,004)
May-18	\$ 3,302	\$ 2,847	\$ (0.455)		1,000,330	456,100	544,230	(\$247,625)
Jun-18	\$ 3,334	\$ 2,866	\$ (0.468)		696,131	343,900	352,231	(\$164,844)
Jul-18	\$ 3,370	\$ 2,887	\$ (0.483)		536,623	283,900	252,723	(\$122,065)
Aug-18	\$ 3,381	\$ 2,882	\$ (0.499)		536,527	257,700	278,827	(\$139,135)
Sep-18	\$ 3,374	\$ 2,860	\$ (0.514)		565,393	237,400	327,993	(\$168,588)
<b>Avg Total \$</b>	<b>\$ 3,405</b>	<b>\$ 3,163</b>	<b>\$ (0.242)</b>	<b>-7.1%</b>	<b>26,082,696</b>	<b>16,230,318</b>	<b>9,852,378</b>	<b>(\$1,562,469)</b>

## Footnotes:

- a : Nymex rate used for annual BGSS periodic rate filing; Oct-2016 to Sept-2018 based on 05/10/2016 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

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

S-ECHART-2

Elizabethtown Gas

Calculation of Net Cost of Gas Per Therm

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Estimate Jan-17	Estimate Feb-17	Estimate Mar-17	Estimate Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	12 Month Weighted Average
1 NYMEX - 05/10/16 - Included in BGSS Filing	\$0.2459	\$0.2672	\$0.2965	\$0.3096	\$0.3089	\$0.3039	\$0.2850	\$0.2835	\$0.2865	\$0.2900	\$0.2900	\$0.2909	\$0.2905	
2 NYMEX - Actual Settlement	\$0.2952	\$0.2764	\$0.3232	\$0.3930										
<b>Breakdown of Gross Cost of Gas Per Therm:</b>														
13 Flowing Gas Cost	-\$0.1868	\$0.0509	\$0.2074	\$0.1198	\$0.0896	\$0.1001	\$0.0243	-\$0.0302	-\$0.1469	-\$0.1983	-\$0.1983	-\$0.1425	-\$0.0494	\$0.0711
14 Gas Withdrawn From Storage Cost	\$0.0095	\$0.1064	\$0.1219	\$0.0947	\$0.0730	\$0.0574	\$0.0015	\$0.0031	\$0.0063	\$0.0063	\$0.0095	\$0.0097	\$0.0076	\$0.0645
15 Hedged Volumes Delivered Cost	\$0.6950	\$0.2147	\$0.1488	\$0.1013	\$0.0726	\$0.0681	\$0.1558	\$0.2372	\$0.4421	\$0.5330	\$0.5330	\$0.4815	\$0.4279	\$0.1598
16 Pipeline Demand Cost	\$0.5503	\$0.2242	\$0.1179	\$0.0815	\$0.0707	\$0.0911	\$0.1334	\$0.2799	\$0.5690	\$0.8508	\$0.8508	\$0.8728	\$0.8184	\$0.1746
17 Storage Demand Cost	\$0.1360	\$0.0521	\$0.0272	\$0.0163	\$0.0144	\$0.0186	\$0.0277	\$0.0578	\$0.1181	\$0.1760	\$0.1760	\$0.1802	\$0.1699	\$0.0372
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0098	\$0.0096	\$0.0087	\$0.0088	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0062
19 Weighted Average Fuel Cost	\$0.0227	\$0.0087	\$0.0110	\$0.0053	\$0.0038	\$0.0029	\$0.0050	\$0.0082	\$0.0132	\$0.0207	\$0.0207	\$0.0208	\$0.0208	\$0.0071
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0116	\$0.0083	\$0.0060	\$0.0270	\$0.0601	\$0.1086	\$0.1791	\$0.1791	\$0.1835	\$0.1558	\$0.0226
21 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	\$0.0000
22 <b>Total Gross Cost of Gas Per Therm</b>	\$1.2266	\$0.6570	\$0.6440	\$0.4401	\$0.3411	\$0.3529	\$0.3749	\$0.6162	\$1.1103	\$1.5707	\$1.5707	\$1.6061	\$1.5510	\$0.5431

	Actual Oct-15	Actual Nov-15	Actual Dec-15	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16	Actual Jul-16	Actual Aug-16	Actual Sep-16	12 Month Weighted Average
23 NYMEX - Actual Settlement	\$0.2563	\$0.2033	\$0.2206	\$0.2372	\$0.2189	\$0.1711	\$0.1903	\$0.1995	\$0.1963	\$0.2917	\$0.2672	\$0.2853	
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
24 Flowing Gas Cost	-\$0.0391	-\$0.0110	-\$0.0807	\$0.1699	\$0.1041	\$0.0453	-\$0.0073	\$0.0041	-\$0.2244	-\$0.1466	-\$0.3450	-\$0.2988	\$0.0188
25 Gas Withdrawn From Storage Cost	\$0.0287	\$0.1303	\$0.1465	\$0.1228	\$0.0777	\$0.0724	\$0.0134	\$0.0169	\$0.0120	\$0.0160	\$0.0147	\$0.0192	\$0.0753
26 Hedged Volumes Delivered Cost	\$0.7608	\$0.3663	\$0.2466	\$0.1758	\$0.0858	\$0.0938	\$0.2209	\$0.2632	\$0.4503	\$0.6022	\$0.6611	\$0.6745	\$0.2335
27 Pipeline Demand Cost	\$0.4815	\$0.2576	\$0.1548	\$0.1127	\$0.0761	\$0.0998	\$0.1445	\$0.2439	\$0.4504	\$0.6729	\$0.7582	\$0.7415	\$0.1931
28 Storage Demand Cost	\$0.1115	\$0.0563	\$0.0374	\$0.0250	\$0.0172	\$0.0227	\$0.0394	\$0.0579	\$0.1071	\$0.1576	\$0.1781	\$0.1660	\$0.0451
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0001	\$0.0163	\$0.0043	\$0.0092	\$0.0063	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0058
30 Weighted Average Fuel Cost	\$0.0340	\$0.0107	\$0.0053	\$0.0105	\$0.0058	\$0.0042	\$0.0086	\$0.0119	\$0.0144	\$0.0283	\$0.0216	\$0.0216	\$0.0097
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 <b>Total Gross Cost of Gas Per Therm</b>	\$1.3774	\$0.8103	\$0.5101	\$0.6330	\$0.3709	\$0.3475	\$0.4258	\$0.6024	\$0.8098	\$1.3303	\$1.2887	\$1.3239	\$0.5814

**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

S-ECHART-2  
Elizabethtown Gas  
Calculation of Net Cost of Gas Per Therm

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Estimate Jan-17	Estimate Feb-17	Estimate Mar-17	Estimate Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
1 Asset Management Credits	\$0.0000	\$0.0994	\$0.0371	\$0.0000	\$0.0000	\$0.1529	\$0.0000	\$0.0000	\$0.1800	\$0.0000	\$0.0000	\$0.4622	\$0.0485
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	\$0.0055	\$0.0023	\$0.0011	\$0.0008	\$0.0007	\$0.0009	\$0.0013	\$0.0029	\$0.0057	\$0.0087	\$0.0089	\$0.0082	\$0.0017
4 On System Credits to BGSS-P Customers	\$0.2035	\$0.1488	\$0.1586	\$0.1271	\$0.1325	\$0.1246	\$0.1097	\$0.1199	\$0.1528	\$0.1995	\$0.2054	\$0.2021	\$0.1373
5 Supplier Refunds	\$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
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	\$0.9393	\$0.0578	\$0.0954	-\$0.0385	-\$0.1428	-\$0.2762	-\$0.0869	\$0.1427	\$0.4211	\$1.0118	\$1.0410	\$0.5277	\$0.0118
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 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$1.1483	\$0.3083	\$0.2923	\$0.0894	-\$0.0096	\$0.0022	\$0.0241	\$0.2655	\$0.7596	\$1.2200	\$1.2554	\$1.2003	\$0.1994
12 <b>Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)</b>	\$0.0784	\$0.3487	\$0.3517	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3507	\$0.3437

	Actual Oct-15	Actual Nov-15	Actual Dec-15	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16	Actual Jul-16	Actual Aug-16	Actual Sep-16	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
13 Asset Management Credits	\$0.9129	\$0.0000	\$0.0491	\$0.0000	\$0.0000	\$0.0311	\$0.0000	\$0.6916	\$0.1480	\$0.0000	\$0.0000	\$0.2427	\$0.0970
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	\$0.0047	\$0.0026	\$0.0015	\$0.0011	\$0.0008	\$0.0010	\$0.0016	\$0.0025	\$0.0046	\$0.0068	\$0.0076	\$0.0076	\$0.0019
16 On System Credits to BGSS-P Customers	\$0.1745	\$0.1273	\$0.1202	\$0.1348	\$0.1193	\$0.1022	\$0.1063	\$0.1211	\$0.1758	\$0.2494	\$0.2806	\$0.2518	\$0.1313
17 Supplier Refunds	\$0.0000	\$0.0005	\$0.0000	\$0.0000	\$0.0002	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
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	-\$0.1482	\$0.8998	-\$0.0280	\$0.2994	-\$0.1387	-\$0.1801	-\$0.0733	-\$0.6007	\$0.0962	\$0.6770	\$0.6171	\$0.4270	\$0.0284
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 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.9439	\$1.0302	\$0.1427	\$0.4361	-\$0.0183	-\$0.0458	\$0.0346	\$0.2145	\$0.4246	\$0.9332	\$0.9053	\$0.9291	\$0.2588
24 <b>Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)</b>	\$0.4335	-\$0.2199	\$0.3674	\$0.1970	\$0.3892	\$0.3933	\$0.3912	\$0.3878	\$0.3852	\$0.3971	\$0.3834	\$0.3948	\$0.3225

**Footnotes:**  
On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, 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

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 17490-16

AGENCY DKT. NO. GR16060485

**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC., d/b/a  
ELIZABETHTOWN GAS TO REVIEW ITS  
PERIODIC BASIC GAS SUPPLY SERVICE  
RATE.**

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**Mary Patricia Keefe**, Esq., for petitioner, Pivotal Utility Holdings, Inc., d/b/a  
Elizabethtown Gas Company

**Kurt S. Lewandowski**, Assistant Deputy Rate Counsel, Division of Rate Counsel  
(Stephanie A. Brand, Director)

**Alex Moreau**, Deputy Attorney General for respondent Board of Public Utilities  
(Christopher S. Porrino, Attorney General of New Jersey, attorney)

Record Closed: April 10, 2017

Decided: April 10, 2017

Before **IRENE JONES, ALJ**

**STATEMENT OF THE CASE**

On May 31, 2016, petitioner, Pivotal Utility Holding, Inc., d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition with the Board of Public Utilities (BPU) requesting to decrease its Basic Gas Supply Service ("BGSS") Commodity rate for the

BGSS period commencing October 1, 2016 through September 30, 2017. The proposed decrease was based upon the Company's projection that it would be in an over-recovered position of approximately \$3.1 million as of September 30, 2018.

On August 23 and 25, 2015, public hearings were held in Union and Flemington, New Jersey, respectively. Thereafter, on September 23, 2016, the Board issued an Order authorizing the company to implement a BGSS rate of \$0.3761 per therms on a provisional basis, effective October 1, 2016 subject to refund with interest on any net over-recovered BGSS balance.

On November 17, 2016, the matter was transmitted to the OAL for hearing as a contested case. A prehearing conference was held on December 19, 2016 wherein a procedural schedule was established.

After discovery and settlement conferences, the parties have agree to settle the matter and on April 10, 2017, filed the attached stipulation of settlement.

I have reviewed the record and the terms of the Stipulation of Settlement and I

**FIND:**

1. The parties have voluntarily agreed to the settlement as evidence by their signatures or the signatures of their representatives.
2. The settlement fully disposes of all issued in controversy and is consistent with the law.

Therefore, it is **ORDERED** that the parties comply with the settlement terms and that these proceedings be and are hereby **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 (45) 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 10, 2017

\_\_\_\_\_  
DATE

\_\_\_\_\_  
**IRENE JONES, ALJ**

Date Received at Agency:

April 10, 2017  
\_\_\_\_\_

Date Mailed to Parties:

\_\_\_\_\_

id