



Agenda Date: 7/23/14
Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
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 AMEND ITS TARIFF TO INCLUDE A)	
NATURAL GAS VEHICLE SERVICE CLASSIFICATION)	DOCKET NO. GT13080785

Parties of Record:

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Kenneth T. Maloney, Esq., Cullen and Dykman, on behalf of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") is considering a stipulation ("Stipulation") executed by Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Company" or "Elizabethtown"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties").

BACKGROUND AND PROCEDURAL HISTORY

On August 29, 2013, Elizabethtown filed a petition with the Board requesting authorization to amend Elizabethtown's tariff to include a Natural Gas Vehicle ("NGV") Service Classification that would provide the Company with the flexibility to respond to the needs of an emerging market for vehicular natural gas. Elizabethtown proposed to provide distribution service to commercial and industrial customers wishing to fuel NGVs in two ways: (i) service to a customer where Elizabethtown would own and maintain the Compressed Natural Gas ("CNG") Fueling Facility at the customer's premises for use in dispensing vehicular gas, or (ii) service to a public CNG Fueling Facility owned and operated by the Company for the purpose of dispensing vehicular gas both to the Company's own vehicles and those owned and operated by the public. Elizabethtown proposes to invest in mains, services and appurtenant facilities needed to provide gas distribution service to CNG Fueling Facilities and to invest in CNG Fueling Facilities themselves. The Company also requested the authority to provide customers with funds to offset differences in price between CNG-powered vehicles and those powered by gasoline or diesel fuel. Elizabethtown further requested the authority to require revenue guarantees from prospective NGV service customers to assist the Company in ensuring that the recovery of its NGV-related investments will be from NGV Service Classification customers. The Company

submits that affording it the ability to obtain revenue guarantees will help to ensure that its investments in NGV facilities will not become stranded or otherwise require subsidies from other customers.

For NGV service to public CNG Fueling Facilities that will be owned and operated by Elizabethtown, the Company proposes to charge customers rates equal to the Gasoline Gallon Equivalent¹ of the following charges:

Distribution Charge	-	\$0.3303 per therm ²
Fueling Station Charge	-	\$0.3600 per therm
Facilities Charge	-	\$0.2987 per therm
Gas Cost	-	BGSS-M rate applicable to month of sale
Taxes and Assessments (including motor fuel taxes)	-	As applicable

Such rates would be publicly posted at CNG Fueling Facilities. The proposed rates are based on the projected cost of an average-size CNG Fueling Facility. According to the Company, a typical commercial vehicle that would utilize CNG as vehicular gas would utilize of Gasoline Gallon Equivalent, or 4,267 therms of natural gas, per year. The average sized CNG Fueling Facility would be able to serve a maximum of 100 commercial vehicles per day. According to the Company, it will take, on average, ten years for an average size CNG Fueling Facility to attract a level of business equivalent to its maximum capacity.

For NGV service to a customer where Elizabethtown would own and maintain the CNG Fueling Facility on the customer's premises, Elizabethtown proposes to enter into a separate individual service agreement with the customer to own and maintain the CNG Fueling Facility at rates that would recover distribution costs and margin revenue on a per therm basis equivalent to the distribution rates in Elizabethtown's Tariff for Small General Service Classification.³ The Company will also assess all related taxes and assessments including motor fuel taxes to the customer. If the NGV customer is procuring its natural gas from Elizabethtown, the Company will charge the customer the Basic Gas Supply Service Monthly ("BGSS-M") rate. The Company will also recover the costs associated with Elizabethtown's investment (both return on and return of capital) in excess of ten times the projected annual distribution revenues derived from service to such customers through a negotiated Facilities Charge. This charge will be designed on an individual customer basis to recover the CNG Fueling Facility investment costs.⁴ The Fueling Station Charges would recover the cost of operating and maintaining the CNG Fueling Facilities at customers' premises. Elizabethtown further proposes that a NGV customer would be permitted to establish the terms, if any, under which the customer would sell CNG to third parties or the general public. Finally, Elizabethtown proposes to permit NGV customers to

¹Gasoline gallon equivalent ("GGE") is the amount of alternative fuel it takes to equal the energy content of one liquid gallon of gasoline. It allows consumers to compare the energy content of competing fuels against a commonly known fuel—gasoline. CNG is sold in units of "GGE that represent approximately the same energy content as liquid gasoline. CNG meters use mass flow sensors to calculate the mass of natural gas and then converting this mass into an equivalent energy in a gallon of gasoline. The rates are determined based upon the therm equivalent equal to the expected GGEs at the facility.

² The Distribution Charge, before assessments and taxes, is the same charge that Elizabethtown charges to its Small General Service Classification.

³ The Distribution Charge per therm for the Small General Service Classification is \$0.3303 before assessments and taxes.

⁴ Elizabethtown will depreciate investments in CNG Fueling Facilities on a straight-line basis over thirty years at an annual rate 3.33%.

make their own arrangements to obtain electricity for the CNG Fueling Facility or to have Elizabethtown obtain the electricity and pass through the cost to customers.

The Parties in this matter engaged in extensive discovery and Elizabethtown responded accordingly, and has informally provided additional data and information in connection with this proceeding. The Parties have also engaged in detailed settlement conferences and communications which ultimately resulted in the Parties reaching agreement that resolved all relevant issues in this proceeding. The Parties executed a Stipulation of Settlement ("Stipulation") on June 10, 2014.

STIPULATION

Under the terms of the Stipulation, the Parties have agreed to the following:

- A. **Effective Date.** The Effective Date of this Stipulation will be the date of a Board order approving this Stipulation without material modification, or a date otherwise specified by the Board, in accordance with N.J.S.A. 48:2-40.
- B. **NGV Service Classification.** Attached as Appendix A are the revised tariff sheets necessary to enable Elizabethtown to implement the NGV Service Classification. These revised tariff sheets shall become effective on the first day of the month following the Effective Date. The revised tariff sheets reflect withdrawal of the Company's proposal to provide funds to customers to offset the difference in price between CNG-powered vehicles and those powered by gasoline or diesel fuel. The Company will provide NGV service in a manner consistent with all applicable laws and regulations and will obtain all necessary local, state or federal permits.
- C. **Record.** Attached hereto as Appendix B is a list of Elizabethtown's responses to the discovery requests submitted by Rate Counsel and Staff in this proceeding and which, together with such responses, are stipulated to as part of the record for this matter.
- D. **Reporting.** Elizabethtown will submit annual reports to Staff and Rate Counsel beginning one year from the Effective Date. Included in the annual report will be the number of customers taking service under the NGV Service Classification and the type of service (public or private CNG Fueling Stations), provided to each customer, a breakdown of the use between Elizabethtown and customers as a percentage of the total volumes distributed at the public stations and separate statements of the total costs of public and private CNG Fueling Stations broken down by investment costs, maintenance and other annual expenses. The Company shall also provide information concerning the number of NGV customers taking BGSS service with the respective terms used under BGSS Service and the number purchasing natural gas supplies from third-party suppliers and the level of annual revenues generated by each private and public CNG Fueling Station. The Company shall also provide information concerning the number of its NGVs that use the public facilities and the terms used by the Company at these CNG Fueling Facilities.
- E. **Rate Treatment.** The rates and charges for NGV Service for public and private CNG Fueling Facilities are intended to enable the Company to provide NGV Service that is not cross-subsidized by other service classifications. NGV Service will be treated as a separate class in any embedded cost of service study submitted by the Company in its next base rate proceeding. The rates and charges for NGV Service include a

Distribution Charge⁵, a Fueling Station Charge, a Facilities Charge and all applicable taxes and assessments including the Societal Benefits Charge, the Energy Efficiency Program Charge and other applicable Board approved charges.⁶ The rates for these charges are set forth in the NGV Service Classification in the tariff for the Company owned public and private CNG Fueling Facilities with the exception of the rates associated with the Fueling Station Charge and the Facilities Charge for NGV Service for CNG Facilities located at customers' premises. These charges will be separately negotiated and set forth in the individual NGV Agreements. The Facilities Charge will be a fixed monthly amount designed to recover the Company's investment (including its authorized pre-tax return) in a CNG Fueling Facility and other facilities necessary to provide service to a customer under the NGV Service Classification that is in excess of ten times projected annual distribution revenues from that customer multiplied by an appropriate percentage that will be based upon the term of the NGV Agreement. The Fueling Station Charge is a fixed monthly amount designed on an individual customer basis to recover the Company's projected expense of maintaining the CNG Fueling Facility.

While the Company has not yet precisely determined how the costs and revenues associated with NGV Service will be treated in its next base rate case, the Company expects that the costs of NGV service would be reflected in the Company's proposed revenue requirement and the revenues from NGV Service would be used to offset the proposed revenue requirement. Moreover, the Company will separately account for the costs and revenues associated with public and private NGV Fueling Facilities so that the allocation of those costs can be reviewed in its next base rate proceeding. Nothing in this Stipulation will preclude any party from taking any position concerning the proper allocation of costs and/or revenues associated with the NGV Service Classification in the Company's next base rate proceeding.

Elizabethtown will obtain revenue guarantees and/or contributions in aid of construction from NGV Service Classification customers and implement commercial customer credit reporting requirements to attempt to ensure that the Company's investment in NGV facilities will not become stranded. The revenue guarantee will be a take-or-pay agreement that will provide the Company a stated level of margin revenue over the life of the agreement. If NGV Service customers sign up for NGV Service and then do not purchase any CNG, the Company will exercise its rights under the revenue guarantee to enable the Company to recover its investments in NGV-related facilities. The NGV Agreement between the Company and the NGV customer will include a clause that allows the rates to be adjusted by the Board in future rate proceedings in accordance with applicable law.

- F. **The Determination of The Facilities Charge for a Private CNG Fueling Facilities.** With respect to the Facilities Charge for NGV Service where the CNG Fueling Facility is on the customer's premises, when determining whether there should be a Facilities Charge, the Company will include in the calculation the total investment including the investment in distribution facilities (mains, services, meters, etc.) and the investment in the CNG Fueling Facility and any other investment required for a particular project. The

⁵ The distribution charge is intended to recover the costs of providing distribution service to NGV customers. It is derived from Elizabethtown's current tariffed Small General Transportation Service Rate.

⁶ If a NGV Service customer purchases natural gas from Elizabethtown, it will pay the BGSS-M rate for all gas purchases as well as the Gas Cost Underrecovery Adjustment in the Company's Tariff.

Company shall include in the annual reports required under Section D of the Stipulation, a breakdown of all investment costs. For example, the report will set forth CNG Fueling Facility costs, distribution facilities costs, and any other costs necessary to provide service to customers.

DISCUSSION AND FINDING

The Board has carefully reviewed the petition, the discovery responses and the Stipulation in this matter. The Board is aware that CNG offers an environmentally friendly and economically beneficial fuel replacement for petroleum-based sources. The Board further recognizes that the upfront costs of building the infrastructure necessary to support a viable NGV market in New Jersey may have served as an impediment to prior construction of that infrastructure. The lack of existing CNG re-fueling infrastructure within the State hinders the potential market for NGVs and the resulting benefits to be achieved from this fuel source.

The 2011 Energy Master Plan⁷ calls upon the Board to explore what incentives are available to promote CNG as an alternate fuel, and looks to the gas utilities to provide guidance on the construction, operation, and maintenance of CNG fueling stations. The Board, in its effort to determine what incentives will provide the impetus for the growth of CNG use for NGVs, acknowledges that the proposed program under review includes reporting requirements that will provide insights and results to allow the Board to determine whether the Company's NGV Program may serve as a foundation and guide for future CNG programs in the State.

The Board believes that the development of CNG is best served by concentrating primarily on commercial fleets, and the proposed program is an appropriate way to "jump start" an untapped market. Increasing the number of CNG refueling stations in the State will hopefully stimulate the market for CNG, and can provide a gateway for additional use by other types of vehicles, thereby reducing emissions and pollution from particulate matter even further.

Under Elizabethtown's proposal, customers wishing to invest in NGVs will have access to additional fueling stations necessary for these projects to go forward. Currently there are few fueling stations in the State and by Elizabethtown committing to build these facilities, it will help customers to invest in cleaner alternative vehicles. Approval of Elizabethtown's request to obtain revenue guarantees and/or contributions in aid of construction from prospective NGV service customers will help ensure that its recovery of NGV-related investments will be from NGV Service Classification customers and not from ratepayers. The Company has represented that its proposed NGV service will not rely upon or require subsidies from its existing customers. The Parties also reserve their rights to review all costs and revenues generated from providing service to the NGV customers in the Company's next base rate case, and to take whatever positions they deem appropriate to avoid any cross subsidies by any other ratepayers. Accordingly, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law.

The Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

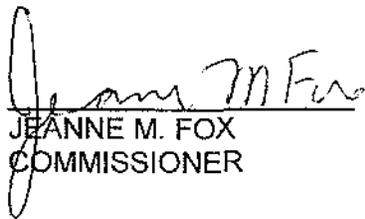
⁷ Energy Master Plan at 135. Available at <http://nj.gov/emp/pdf/2011> Final Energy Master Plan.pdf.

The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five days of service of this Order. The effective date of this Order shall be August 1, 2014.

DATED: 7/23/14

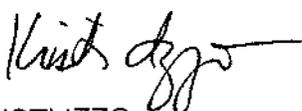
BOARD OF PUBLIC UTILITIES
BY:

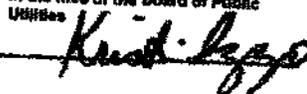

DIANNE SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER


MARYANNA HOLDEN
COMMISSIONER

ATTEST: 
KRISTI IZZO
SECRETARY

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


**IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS TO AMEND ITS TARIFF TO INCLUDE A NATURAL
GAS VEHICLE SERVICE CLASSIFICATION
BPU DOCKET NO. GT13080785**

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Via FedEx & Electronic Mail

June 10, 2014

Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. 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 Amend Its Tariff To Include A Natural Gas
Vehicle Service Classification
BPU Docket No. GT13080785**

Dear Secretary Izzo:

Enclosed for filing in the above referenced proceeding is a stipulation executed by Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company"), the Staff of the Board of Public Utilities ("Board") and the Division of Rate Counsel that would, if approved by the Board, permit Elizabethton to proceed with the implementation of a new tariff service – Commercial and Industrial Natural Gas Vehicles. Elizabethtown respectfully request the Board to consider and approve the Stipulation at the Board's earliest convenience.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Mary Patricia Keefe

Mary Patricia Keefe
Vice President, Regulatory Affairs

**I/M/O THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO AMEND ITS TARIFF TO INCLUDE A NATURAL GAS VEHICLE SERVICE CLASSIFICATION
BPU DOCKET NO. GT13080785**

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

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**In The Matter Of The Petition of Pivotal)
Utility Holdings, Inc. d/b/a Elizabethtown) BPU Docket No. GT13080785
Gas To Amend Its Tariff To Include A)
Natural Gas Vehicle Service Classification) STIPULATION
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Kenneth T. Maloney, (Cullen and Dykman LLP), Attorney for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Mary Patricia Keefe, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

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

Alex Moreau and Marisa Slaten, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John Jay Hoffman, Acting Attorney General of New Jersey)

BACKGROUND

On August 28, 2013 Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition with the Board of Public Utilities (“Board”) requesting it to authorize Elizabethtown to amend its tariff to include a Commercial and Industrial Natural Gas Vehicles (“NGV”) service classification (“NGV Service Classification”). Elizabethtown proposed to provide distribution service to customers wishing to fuel NGVs in two ways: (i) service to a customer where Elizabethtown would own and maintain the Compressed Natural Gas (“CNG”) Fueling Facility at the customer’s premises for use in dispensing Vehicular Gas,¹ or (ii) service to a public CNG Fueling Facility owned and operated

¹ These CNG Facilities will be referred to herein as “private” facilities.

by Elizabethtown² for the purpose of dispensing Vehicular Gas both to the Company's own vehicles and those owned and operated by the general public.³

As part of its proposal, Elizabethtown requested authority not only to invest in mains, services and appurtenant facilities needed to provide gas distribution service to CNG Fueling Facilities, but also to invest in CNG Fueling Facilities themselves and to provide customers with funds to offset differences in price between CNG-powered vehicles and those powered by gasoline or diesel fuel. Elizabethtown also requested authority to require revenue guarantees from prospective NGV service customers to assist the Company in ensuring the recovery of costs associated with NGV-related investments from NGV Service Classification customers.

For NGV service to a customer where Elizabethtown would own and maintain the CNG Fueling Facility on the customer's premises, the Company proposed to enter into a separate individual service agreement with the customer to own and maintain the CNG Fueling Facility at rates that would recover a Distribution Charge that would permit recovery of the margin revenue per therm that is obtained from service to Elizabethtown's Small General Service Classification,⁴ and all related taxes and assessments, as well as the costs associated with Elizabethtown's investment in any CNG Fueling Facility⁵ and all associated operating and maintenance costs. Elizabethtown proposed to include in the rates for this service individually negotiated (i) Fueling Station Charges that would recover the cost of operating and maintaining CNG Fueling Facilities at customers' premises, and (ii) Facilities Charges that would recover Elizabethtown's investment (both return on and return of capital) in excess of ten times the projected annual

² These facilities may be referred to herein as "public" facilities.

³ There is nothing in Elizabethtown's tariff that prevents a customer from purchasing distribution service to provide gas for the customer's own CNG Fueling Facility.

⁴ The Distribution Charge per therm for the Small General Service Classification is \$0.3303 before assessments and taxes.

⁵ Elizabethtown will depreciate investments in CNG Fueling Facilities on a straight-line basis over thirty years at an annual rate 3.33%.

distribution revenues derived from service to such customers. Elizabethtown further proposed that a NGV customer would be permitted to establish the terms, if any, under which the customer would sell CNG to third parties or the general public. Finally, Elizabethtown proposed to permit NGV customers to make their own arrangements to obtain electricity for the CNG Fueling Facility or to have Elizabethtown obtain the electricity and pass through the cost to customers.

For NGV service to public CNG Fueling Facilities, Elizabethtown proposed to charge customers rates equal to the Gasoline Gallon Equivalent of the following charges:

Distribution Charge	-	\$0.3303 per therm ⁶
Fueling Station Charge	-	\$0.3600 per therm
Facilities Charge	-	\$0.2987 per therm
Gas Cost	-	BGSS-M rate applicable to month of sale
Taxes and Assessments	-	As applicable

Representatives of the Company, the Board's Staff and the Division of Rate Counsel ("Rate Counsel")(collectively "the Parties")⁷ held meetings and conducted discovery concerning Elizabethtown's proposed tariff amendments. As a consequence of these efforts, the Parties have reached this Stipulation which, if approved by the Board, will permit the Company to make effective its proposed tariff amendments.

⁶ The Distribution Charge, before assessments and taxes, is the same charge that Elizabethtown charges to its Small General Service Classification.

⁷ Clean Energy submitted a letter to the Board dated November 11, 2013 requesting intervenor status in this proceeding. Public Service Electric and Gas Company filed a motion to participate in this proceeding dated March 27, 2014. The Board has not acted on these requests. The Company has no objection to granting "participant" status to each of these parties as defined in *N.J.A.C.* 1.1-16.6.

STIPULATION

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

A. **Effective Date.** The Effective Date of this Stipulation will be the date of a Board order approving this Stipulation without material modification, or a date otherwise specified by the Board, in accordance with N.J.S.A. 48:2-40.

B. **NGV Service Classification.** Attached as Appendix A are the revised tariff sheets necessary to enable Elizabethtown to implement the NGV Service Classification. These revised tariff sheets shall become effective on the first day of the month following the Effective Date. The revised tariff sheets reflect withdrawal of the Company's proposal to provide funds to Customers to offset the difference in price between CNG-powered vehicles and those powered by gasoline or diesel fuel. The Company will provide NGV Service in a manner consistent with all applicable laws and regulations and will obtain all necessary local, state or federal permits.

C. **Record.** Attached hereto as Appendix B is a list of Elizabethtown's responses to the discovery requests submitted by Rate Counsel and Staff in this proceeding and which together with such responses, are stipulated to as part of the record for this matter.

D. **Reporting.** Elizabethtown will submit annual reports to Staff and Rate Counsel beginning one year from the Effective Date. Included in the annual report will be the number of customers taking service under the NGV Service Classification and the type of service (public or private CNG Fueling Stations), provided to each customer, a breakdown of the use between Elizabethtown and customers as a percentage of the total volumes distributed at the public stations and separate statements of the total costs of public and private CNG Fueling Stations broken down by investment costs, maintenance and other annual expenses. The Company shall

also provide information concerning the number of NGV customers taking BGSS service with the respective terms used under BGSS Service and the number purchasing natural gas supplies from third-party suppliers and the level of annual revenues generated by each private and public CNG Fueling Station. The Company shall also provide information concerning the number of its NGVs that use the public facilities and the terms used by the Company at these CNG Fueling Facilities.

E. Rate Treatment. The rates and charges for NGV Service for public and private CNG Fueling Facilities are intended to enable the Company to provide NGV Service that is not cross-subsidized by other service classifications. NGV Service will be treated as a separate class in any embedded cost of service study submitted by the Company in its next base rate proceeding. The rates and charges for NGV Service include a Distribution Charge⁸, a Fueling Station Charge, a Facilities Charge and all applicable taxes and assessments including the Societal Benefits Charge, the Energy Efficiency Program Charge and other applicable Board approved charges.⁹ The rates for these charges are set forth in the NGV Service Classification in the tariff for the Company owned public and private CNG Fueling Facilities with the exception of the rates associated with the Fueling Station Charge and the Facilities Charge for NGV Service for CNG Facilities located at customers' premises. These charges will be separately negotiated and set forth in the individual NGV Agreements. The Facilities Charge will be a fixed monthly amount designed to recover the Company's investment (including its authorized pre-tax return) in a CNG Fueling Facility and other facilities necessary to provide service to a customer under the NGV Service Classification that is in excess of ten times

⁸ The distribution charge is intended to recover the costs of providing distribution service to NGV customers. It is derived from Elizabethtown's current tariffed Small General Transportation Service Rate.

⁹ If a NGV Service customer purchases natural gas from Elizabethtown, it will pay the BGSS-M rate for all gas purchases as well as the Gas Cost Underrecovery Adjustment in the Company's Tariff.

projected annual distribution revenues from that customer multiplied by an appropriate percentage that will be based upon the term of the NGV Agreement. The Fueling Station Charge is a fixed monthly amount designed on an individual customer basis to recover the Company's projected expense of maintaining the CNG Fueling Facility.

While the Company has not yet precisely determined how the costs and revenues associated with NGV Service will be treated in its next base rate case, the Company expects that the costs of NGV service would be reflected in the Company's proposed revenue requirement and the revenues from NGV Service would be used to offset the proposed revenue requirement. Moreover, the Company will separately account for the costs and revenues associated with public and private NGV Fueling Facilities so that the allocation of those costs can be reviewed in its next base rate proceeding. Nothing in this Stipulation will preclude any Party from taking any position concerning the proper allocation of costs and/or revenues associated with the NGV Service Classification in the Company's next base rate proceeding.

Elizabethtown will obtain revenue guarantees and/or contributions in aid of construction from NGV Service Classification customers and implement commercial customer credit reporting requirements to attempt to ensure that the Company's investment in NGV facilities will not become stranded. The revenue guarantee will be a take-or-pay agreement that will provide the Company a stated level of margin revenue over the life of the agreement. If NGV Service customers sign up for NGV Service and then do not purchase any CNG, the Company will exercise its rights under the revenue guarantee to enable the Company to recover its investments in NGV-related facilities. The NGV Agreement between the Company and the NGV customer will include a clause that allows the rates to be adjusted by the Board in future rate proceedings in accordance with applicable law.

F. The Determination of The Facilities Charge for a Private CNG Fueling Facilities. With respect to the Facilities Charge for NGV Service where the CNG Fueling Facility is on the customer's premises, when determining whether there should be a Facilities Charge, the Company will include in the calculation the total investment including the investment in distribution facilities (mains, services, meters, etc.) and the investment in the CNG Fueling Facility and any other investment required for a particular project. The Company shall include in the annual reports required under Section D of this Stipulation, a breakdown of all investment costs. For example, the report will set forth CNG Fueling Facility costs, distribution facilities costs, and any other costs necessary to provide service to customers.

G. Entirety Of Stipulation. This Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Stipulation as though this Stipulation had not been signed.

H. Binding Effect . It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

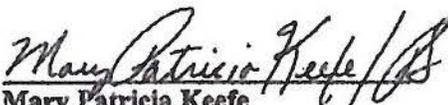
I. General Reservation. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and except as expressly provided for herein, is intended to be binding only as to the matters specifically addressed herein. Except as expressly provided herein, Elizabethtown, Board Staff, and 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.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board and request the Board to issue a Decision and Order approving this Stipulation in its entirety in accordance with the terms hereof.

**PIVOTAL UTILITY HOLDINGS, INC.
D/B/A ELIZABETHTOWN GAS**

**STEFANIE A. BRAND
DIRECTOR, DIVISION OF
RATE COUNSEL**

By: 
Mary Patricia Keefe
Vice President, Regulatory Affairs
Attorney
and Assistant Corporate Secretary

By: 
Kristine Juarez *KRISTINE LEWANOWSKI*
Assistant Deputy Rate Counsel

**JOHN JAY HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: 
Alex Moreau
Deputy Attorney General

Dated: *June 10*, 2014

not reflect the actual usage. In rebilling a Customer under such conditions the Gas Company may, per its determination, utilize previous or subsequent properly measured deliveries, perform a load analysis and/or a degree day analysis to estimate the usage. The Gas Company shall allow the customer to make payment over a period of time equal to that during which the undercharges occurred, in accordance with N.J.A.C. 14:3-4.6(f).

Any adjustment to the Customer's account resulting from the terms in this section will be billed or applied to the account as the case may be. If the adjustment results in a credit, such amount may be refunded upon request by the Customer, in lieu of bill credit, in accordance with N.J.A.C. 14:3-4.6, as may be amended or superseded.

7.08 – Separate Billing for Each Installation

The service classifications are based upon the rendering of service through a single delivery and metering point. Service rendered to the same Customer at other points of delivery shall be separately metered and billed, except as provided in Section 5.01 hereof.

7.09 – Sale for Resale of Gas Service and Sub-Metering

1. General

Gas service supplied by the Company shall not be resold by Customer to others except where the Customer is another publicly regulated gas utility, where the gas is used for conversion to Compressed Natural Gas ("CNG"), or the customer of record is sub-metering in accordance with the conditions set forth below.

2. Sub-Metering

- a. Gas sub-metering is the practice in which a customer of record of the Gas Company, through the use of direct metering devices, monitors, evaluates or measures the customer of record's own utility consumption or the consumption of a tenant for accounting or conservation purposes.

Gas sub-meters are devices that measure the volume of gas being delivered to particular locations in a system after measurement by a Company owned meter.

- b. If the customer of record charges the tenant for the usage incurred by the tenant, the sum of such charge(s) to the tenant shall not exceed the cost incurred by the customer of record for providing gas service, including reasonable administrative expenses. Further, the sum of such charge(s) to the tenant shall not exceed the amount the utility would have charged such tenant if the tenant had been served and billed by the Company directly. The reselling of sub-metering gas service for profit is prohibited.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No.

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Gas sub-meters are devices that measure the volume of gas being delivered to particular locations in a system after measurement by a Company owned meter.

- b. If the customer of record charges the tenant for the usage incurred by the tenant, the sum of such charge(s) to the tenant shall not exceed the cost incurred by the customer of record for providing gas service, including reasonable administrative expenses. Further, the sum of such charge(s) to the tenant shall not exceed the amount the utility would have charged such tenant if the tenant had been served and billed by the Company directly. The reselling of sub-metering gas service for profit is prohibited.

Date of Issue: ~~December 17, 2009~~

Effective: Service Rendered
on and after ~~December 17, 2009~~

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~December 17, 2009~~ in Docket No. ~~GR09030195~~

ELIZABETHTOWN GAS
B. P. U. NO. 14 – GAS
CANCELLING
B. P. U. NO. 13 – GAS

ORIGINAL SHEET NO. 49.1

SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)

APPLICABLE TO USE OF SERVICE FOR:

This Service Classification is available to any non-Residential Customer who wishes to purchase natural gas sales and/or transportation service and have the Company own and maintain facilities at Customer's premises to compress gas into CNG ("CNG Fueling Facilities") for use as fuel for self-propelled motor vehicles ("Vehicular Gas"). This Service Classification also sets forth the terms and conditions under which the Company may sell and/or distribute Vehicular Gas at CNG Fueling Facilities operated by the Company as Public Fueling Stations.

CHARACTER OF SERVICE:

Continuous to Customers signing an Natural Gas Vehicle ("NGV") Service Agreement ("Agreement").

CONDITIONS PRECEDENT:

A Customer must sign an NGV Agreement with the Company to receive continuous service under this Service Classification. Service under such NGV Agreement is for the term of the NGV Agreement and may be continued beyond the term of the NGV Agreement only by the mutual agreement of Company and Customer. Members of the general public who wish only to obtain Vehicular Gas at Public Fueling Stations need not sign an NGV Agreement; however, they must establish an account with the Company. Such members of the public have no entitlement to continuous service under this Service Classification. Service under this Service Classification will be separately metered. Customers must indicate in their Agreements whether they will purchase gas supply from Company or from a Third Party Supplier ("TPS").

Section 6.01 of the Standard Terms and Conditions of this Tariff sets forth standards that establish the Company's liability for damages. Section 6.01 applies to any claim arising from services provided or facilities constructed, maintained or operated by Company under this Service Classification. Moreover, the specific provisions of Section 6.01 that apply to Customers will apply both to Customers signing an NGV Service Agreement and members of the public who obtain Vehicular Natural Gas under this Service Classification.

STANDARD TERMS AND CONDITIONS:

This Service Classification is subject to the Standard Terms and Conditions of this Tariff.

LICENSING, PERMITS AND LEGAL REQUIREMENTS:

Customers installing CNG Fueling Facilities on their premises must meet all applicable licensing, permitting and other legal requirements associated with operating CNG Fueling Facilities or Company may suspend or terminate service to such facilities without further liability.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No.

SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

MAIN AND SERVICE EXTENSIONS FOR NGV SERVICE, CNG FUELING FACILITIES AND THE INCREMENTAL COSTS OF CNG-POWERED VEHICLES:

Under this Service Classification, Company may construct and/or install mains, services, automatic meter reading devices, and other facilities necessary to provide sales and transportation service to Customers. Company may also construct and/or install CNG Fueling Facilities located behind Customer's meter. Company may also construct Public Fueling Stations. On a not unduly discriminatory basis, Company may require revenue guarantees sufficient to enable Company to fully recover the costs of all such facilities over a negotiated period as set forth in the NGV Agreement. All negotiated charges under this Service Classification may be revised at the expiration of the term of an NGV Agreement and reflected in any new/replacement NGV Agreement.

Subject to an appropriate revenue guarantee, Company may invest up to ten times the projected annual Distribution Revenues from service provided under this Service Classification in facilities necessary to provide service under this Service Classification. To the extent that Company's investment exceeds ten times projected annual Distribution Revenues, Customer will be assessed a CNG Facilities Charge sufficient to recover Company's excess investment (including its authorized pre-tax return). In lieu of paying a Facilities Charge, Customer may provide a Contribution In Aid of Construction. To the extent that this Section of the NGV Service Classification conflicts with Section 3 of the Standard Terms and Condition of Company's Tariff with respect to service provided under this Service Classification, this Section will control.

I. COMPANY-OWNED AND MAINTAINED CNG FUELING FACILITIES ON CUSTOMERS' PREMISES

Customer may elect to have Company construct, own, and maintain CNG Fueling Facilities at Customer's Premises ("Customers' Premises Facilities"). Such service does not include the dispensing of CNG into vehicles. Under this option, the dispensing of CNG into vehicles shall be the sole responsibility of the Customer. In addition, Customer may, at its option, either contract and pay separately for electricity needed to operate the CNG Fueling Facility or have the Company contract for such electricity and pass through its actual electricity costs to Customer.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
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SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

Rates and Charges Applicable to Customers' Premises Facilities:*

The following rates and charges apply to service under this Service Classification at Customers' Premises Facilities:

1. Distribution Charge - \$ 0.3542 per therm

2. Fueling Station Charge

A Fixed monthly amount, designed on an individual Customer basis to recover the Company's projected cost of maintaining the Customer's specific CNG Fueling Facility.

3. Facilities Charge

A Fixed monthly amount, designed on an individual Customer basis to recover Company investment in excess of ten times projected annual Distribution Revenues in facilities necessary to provide service under this Service Classification. The Facilities Charge shall be computed by multiplying the Company's investment in excess of ten times projected annual Distribution Revenue (including its authorized pre-tax return) by an appropriate percentage that will be based upon the term of the NGV Agreement.

4. Gas Cost

BGSS-M rate applicable to month of sale for gas sold by Company, not applicable if supplied by a Third Party Supplier.

5. Taxes and Assessments

Motor Fuel and all other taxes, fees and assessments applicable to sale and/or transportation of Vehicular Gas.

*The charges set forth in this section include sales and use tax and assessments and will be adjusted for all other applicable Riders of this Tariff and any additional taxes, assessments or similar charges that are lawfully imposed by the Company. A Customer that receives gas supply from a TPS will be charged for commodity according to the agreement between the customer and the TPS.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley,
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
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Dated in Docket No.

SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

Sales of Vehicular Natural Gas to Third Parties:

Customer may agree in the Agreement to allow its CNG Fueling Station to be used to sell and dispense CNG to the general public. Such sales will be made at publicly posted prices as determined by the Customer. Distribution Charge revenues from sales to the public shall be credited against any revenue guarantee obligation of Customer.

II. PUBLIC FUELING STATIONS

Company may construct, operate and maintain CNG Fueling Facilities for the purpose of providing Vehicular Gas to the general public.

Rates and Charges Applicable to Company Owned Public Fueling Stations:*

If Company offers service to the general public, the Company shall charge the rates set forth below. The Company shall post such rates at each Public Fueling Facility owned and operated by the Company. The price shall be the Gasoline Gallon Equivalent ("GGE") of a price per therm that includes the following components:

<u>Distribution Charge</u>	\$0.3303 per therm
<u>Fueling Station Charge</u>	\$0.3600 per therm
<u>Facilities Charge</u>	\$0.2987 per therm
<u>Gas Cost</u>	BGSS-M rate applicable to the month of sale
<u>Taxes and Assessments</u>	Motor fuel and all other taxes, fees and assessments applicable to sales of Vehicular Gas. The remittance of any applicable taxes related to such use shall be the sole responsibility of the Company.

*The charges set forth in this section exclude sales and use tax and assessments and will be adjusted for all other applicable Riders of this Tariff and any taxes, assessments or similar charges that are lawfully imposed by the Company.

Date of Issue:

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SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

SPECIAL PROVISIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM
THIRD PARTY SUPPLIERS ("TPS"):

1. Service Agreement

The signing of a Service Agreement and possession by the Customer of a fully executed contract to purchase gas from a TPS are conditions precedent to receiving gas supply from a TPS.

2. Automatic Meter Reading (AMR) Equipment

Customer shall pay for all costs to install AMR equipment including power, communications and other equipment as specified by the Company and provide access for such equipment. Payments made by the Customer shall not give the Customers ownership of the equipment which shall remain the sole property of the Company.

3. Gas Commingling

Service under this Service Classification is provided by the Company within its service territory for the Customer. The gas transported under this Service Classification is not the property of the Company. However, the Company reserves the right to commingle such gas with other supplies. Moreover, the Company reserves the right to utilize Customer's gas, when necessary, in accordance with the applicable curtailment provisions of this Tariff.

4. Transportation to Gas Company Facilities

The Company is not responsible for making arrangements for transportation service Customers for transporting the gas from its source to the Company's interconnection with the delivering pipeline supplier.

5. Nominations for Service

The Customer's TPS shall nominate on behalf of its Customers the daily requirements.

Date of Issue:

Effective: Service Rendered
on and after

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Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No.

SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

SPECIAL PROVISIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM
THIRD PARTY SUPPLIERS ("TPS"): (continued)

6. Utilizing a Third Party Supplier

Customers utilizing brokers, marketers or other TPSs either as agents or as suppliers of gas into the Company's system must notify the Company in writing of the TPS that will be used in any particular month. Customer agrees that as between the Company and Customer, the Company shall be entitled to rely upon information concerning deliveries of natural gas on behalf of Customer provided by TPS. Any Customer or TPS that wishes to deliver gas into the Company's system prior to commencing deliveries must be a qualified TPS under the Company's TPS service classification.

Customer may only change TPS by providing Company with written notice. Customer will not be charged to designate its initial TPS or to change TPS once during any annual period. However, Customers will be charged a \$50.00 fee for each additional change of its TPS within an annual period. Changes in the designation of a TPS received by the fifteenth (15th) of the month will be effective in the following month.

7. Imbalance Charges

To the extent that a TPS ceases operations or under delivers gas, Customers shall be ultimately responsible for payment of any charges not paid for by their TPS, including but not limited to daily and/or monthly imbalance charges for gas supplies consumed by Customer but not delivered by TPS. In the event a TPS fails to pay these charges the customers shall be billed directly by the Company for their direct portion, if by their non-compliance to Company directives to cease gas use, and/or a prorata share by applying the Allocation of Supply terms of the TPS Service Classification, except that essential service gas customers will first be credited with standby gas purchased by the TPS on their behalf.

Date of Issue:

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Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
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on and after

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SERVICE CLASSIFICATION
COMMERCIAL & INDUSTRIAL NATURAL GAS VEHICLE SERVICE (NGV)
(continued)

SPECIAL PROVISIONS, APPLICABLE TO CUSTOMERS RECEIVING GAS SUPPLY FROM
THIRD PARTY SUPPLIERS ("TPS"): (continued)

8. Gas Supply Obligation

In the event that Customer's Third Party Supplier fails to deliver, the Company may, in its sole discretion, provide replacement gas supplies. The Company shall have no obligation to provide natural gas supplies to Customers that contract for TPS Service, except for those whose TPS contracted for Standby Service, limited to Essential Gas User customers. In the event that a Customer that is not covered by Standby Service seeks to purchase natural gas supplies from the Company, such sales may be made by the Company in its sole discretion under such terms and conditions as the Company may require.

9. Indemnification

As between Company and Customer, Customer warrants that it has clear title to any gas supplies delivered into the Company's system for redelivery to Customer and Customer shall be deemed to be in exclusive control and possession of gas prior to its delivery into the Company's system for redelivery to Customer. Customer agrees to indemnify, defend and hold harmless Company from any and all claims, suits or damage actions arising out of deliveries of gas on behalf of transporting customer.

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No.

RIDER "A"

BASIC GAS SUPPLY SERVICE CHARGE ("BGSS")

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

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

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

BGSS per therm rates:

Effective Date	BGSS-M per therm	BGSS-P per therm
June 1, 2012	\$0.4808	\$0.6924
July 1, 2012	\$0.5193	\$0.6924
August 1, 2012	\$0.5455	\$0.6924
September 1, 2012	\$0.5035	\$0.6924
October 1, 2012	\$0.5641	\$0.6663
November 1, 2012	\$0.6141	\$0.6663
December 1, 2012	\$0.6391	\$0.6663
January 1, 2013	\$0.6009	\$0.6663
February 1, 2013	\$0.5867	\$0.6663
March 1, 2013	\$0.6090	\$0.6663
April 1, 2013	\$0.6705	\$0.6663
May 1, 2013	\$0.6902	\$0.6663
June 1, 2013	\$0.6848	\$0.6663
July 1, 2013	\$0.6357	\$0.6663

Date of Issue:

Effective: Service Rendered
on and after

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

BGSS per therm rates:

<u>Effective Date</u>	<u>BGSS-M per therm</u>	<u>BGSS-P per therm</u>
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Date of Issue: July 1, 2013

Effective: Service Rendered
on and after July 1, 2013

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated January 6, 2003 in Docket No. GX01050304

**Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas's Responses To Discovery Requests
BPU Docket No. GT13080785**

Division of Rate Counsel:

RCR-1, RCR-2, RCR-3, RCR-4, RCR-5, RCR-6, RCR-7, RCR-8, RCR-9, RCR-10, RCR-11

Informal:

RCR-INF-1, RCR-INF-2

Staff of the New Jersey Board of Public Utilities:

ETG-NGV-1, ETG-NGV-2, ETG-NGV-3, ETG-NGV-4, ETG-NGV-5, ETG-NGV-6, ETG-NGV-7, ETG-NGV-8, ETG-NGV-9, ETG-NGV-10, ETG-NGV-11, ETG-NGV-12, ETG-NGV-13, ETG-NGV-14, ETG-NGV-15, ETG-NGV-16, ETG-NGV-17, ETG-NGV-18, ETG-NGV-19, ETG-NGV-20, ETG-NGV-21, ETG-NGV-22, ETG-NGV-23, ETG-NGV-24, ETG-NGV-25, ETG-NGV-26, ETG-NGV-27, ETG-NGV-28, ETG-NGV-29, ETG-NGV-30, ETG-NGV-31