



Agenda Date: 2/11/15
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 REVISE THE REMEDIATION ADJUSTMENT)	
CLAUSE COMPONENT OF ITS SOCIETAL BENEFITS)	
CHARGE RATE)	DOCKET NO. GR13090839

Parties of Record:

Mary Patricia Keefe, Vice President for Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD¹:

BACKGROUND

Pivotal Utility Holdings, Inc., d/b/a Elizabethtown Gas ("ETG" or "the Company"), has six former manufactured gas plant ("MGP") sites in New Jersey: two in Elizabeth, and one in Rahway, Perth Amboy, Flemington and Newton. The Elizabeth, Rahway and Perth Amboy sites were solely owned and/or operated by ETG and/or its predecessor companies. Flemington and Newton were co-owned by a predecessor of Jersey Central Power & Light ("JCP&L") and are now owned by First Energy, JCP&L's parent company.

On September 13, 2013, ETG filed a petition ("2013 Petition") with the New Jersey Board of Public Utilities ("the Board") to revise the Remediation Adjustment Clause ("RAC") component of its Societal Benefits Charge ("SBC") rate.²

¹ Commissioner Upendra J. Chivukula recused himself due to a potential conflict of interest and as such took no part in the discussion or deliberation of this matter.

² The 2013 Petition did not seek any adjustment of other SBC rate components, i.e. the New Jersey Clean Energy Program, the Universal Service Fund, and Lifeline charges.

In accordance with the Company's tariff, the RAC amount is determined by calculating the sum of one-seventh of the Company's net deferred remediation costs incurred over the twelve months ended June 30, 2007 through 2013, less deferred tax benefits.

The proposed RAC rate is an increase to 3.17 cents per therm from the current rate of 2.29 cents per therm, designed to recover \$14.1 million (including \$9.2 million of prior year under-recoveries), and reflects the costs to test, contain and remediate the Company's former MGP sites incurred over the period July 1, 2012 through June 30, 2013.³ The proposed higher rate, if approved, will increase the Company's annual revenues by \$3.9 million based on the Company's most recent therm forecast.

Duly noticed public hearings were held in Rahway on October 16, 2013, and on October 26, 2013 in Flemington. No members of the public attended the public hearings.

STIPULATION

The Company, the Division of Rate Counsel, and Board Staff (collectively, "the Parties") engaged in extensive discovery, and on January 16, 2015 executed a stipulation of settlement ("Stipulation")⁴ intended to resolve all issues associated with this proceeding.

The key terms of the Stipulation are as follows:

1. As of the effective date, the Company will implement a RAC rate of 3.17 cents per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board.
2. The Company represents that the labor allocation reflected in the RAC rate proposed in the 2013 Petition did not include recovery of incentive compensation costs, and the rates agreed to in this Stipulation do not reflect recovery of such costs.
3. The Company represents that the RAC filing does not include the recovery of any Natural Resource Damage related costs.
4. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements ("MFR") as set forth in Appendix C attached to the Stipulation, and that in future RAC filings it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.
5. The Company agrees that as part of its response to MFR-11, in future RAC filings the Company will provide affirmative support that unit prices were maintained from the original master agreement for change orders or supplemental contracts that were not subject to competitive bidding or otherwise explain any unit price variations.

³ Appendix B attached to the Stipulation provides costs by MGP site for the RAC year ending 06/30/13.

⁴ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

6. The Company agrees that as part of its response to MFR-17, in future RAC filings, the Company will provide a detailed explanation of the causes of any variances between budgeted and actual expenditures in the RAC period at issue in the filing.
7. In the Affiliated Transactions and Management Audit of Elizabethtown Gas ("the Audit"), BPU Docket No. GA07100795 filed November 24, 2009, the Board's auditor made several findings and recommendations relating to the Company's MGP remediation program. The Company agrees to include within its next RAC filing, subsequent to the Board's approval of this Stipulation, an update on the status of the Audit and provide a description of all practices and procedures required by the Board or agreed upon by Board Staff and the Company in connection of the Audit.
8. Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached to the Stipulation as Appendix D.
9. The annual bill impact of the stipulated RAC rate on a typical residential heating customer using 1,000 therms is an increase of \$8.80, from \$1,027.10 to \$1,035.90, or 0.9%.
10. The revenue requirement used to establish the SBC-RAC rate of 3.17 cents per therm in this proceeding has been reduced by \$5,000 to reflect a disallowance of costs for which the Company sought recovery in the 2013 Petition.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this proceeding and the attached Stipulation. The Board **FINDS** that, with the terms and conditions set forth below, the Stipulation is reasonable and in accordance with the law, and demonstrates that the RAC costs have been thoroughly reviewed and found to be reasonable and prudent.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein, and **HEREBY APPROVES** the Company's implementation of an increase in its SBC-RAC rate to 3.17 cents per therm inclusive of all applicable taxes, to become effective March 1, 2015.

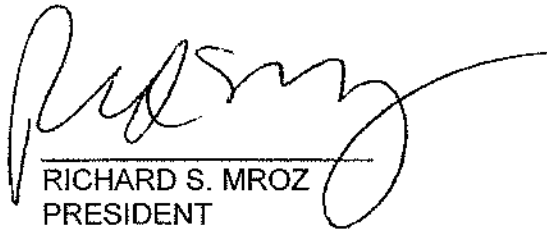
The Board **HEREBY DIRECTS** the Company to file tariff sheets in the form attached as Appendix D to the Stipulation within five days of the effective date of this Order.

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

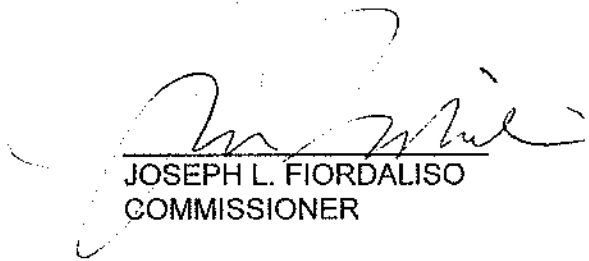
The effective date of this Order is March 1, 2015.

DATED: 2/11/15

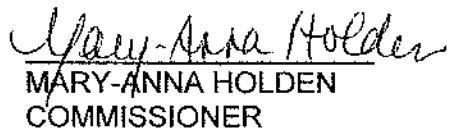
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



JOSEPH L. FIORDALISO
COMMISSIONER

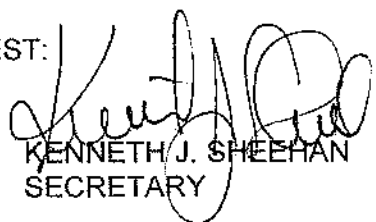


MARY-ANNA HOLDEN
COMMISSIONER



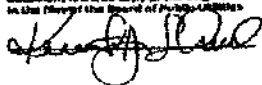
DIANNE SOLOMON
COMMISSIONER

ATTEST:



KENNETH J. SHEEHAN
SECRETARY

I HEREBY CERTIFY that the within documents 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 REVISE THE REMEDIATION ADJUSTMENT CLAUSE
COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE
DOCKET NO. GR13090839

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January 16, 2015

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Honorable Carmen Diaz, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue
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 Revise The Remediation Adjustment Clause
Component Of Its Societal Benefits Charge Rate
BPU Docket No. GR13090839**

Dear Secretary Diaz:

Enclosed for filing in the above proceeding are an original and ten copies of a Stipulation executed by representatives of Pivotal Utility Holdings Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), the Staff of the Board of Public Utilities and the Department of the Public Advocate, Division of Rate Counsel. Elizabethtown requests that the Board consider and adopt the Stipulation as expeditiously as possible.

Please contact the undersigned if you have questions or require further information.
Thank you.

Respectfully submitted,

/s/ Deborah M. Franco | KB
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 REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. GR13090839**

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

-----x
: BPU Docket No. GR13090839
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To :
Revise The Remediation Adjustment Clause :
Component of its Societal Benefits Charge Rate :
: STIPULATION
----- x

APPEARANCES:

Kenneth T. Maloney and Deborah M. Franco (Cullen and Dykman LLP), Attorneys 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, Deputy Rate Counsel, **Henry M. Ogden, Esq.**, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

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

BACKGROUND

1. On September 13, 2013, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition (“2013 Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) in BPU Docket No. GR13090839 to revise the Remediation Adjustment Clause (“RAC”) component of its Societal Benefits Charge (“SBC”) rate.

2. The 2013 Petition proposed an increase in the Company’s current SBC-RAC rate of \$0.0106 per therm to \$0.0318 per therm, inclusive of current sales taxes. The proposed SBC-RAC rate of \$0.0318 per therm was designed to recover approximately \$14.1 million in RAC-related costs during the period ending September 30, 2014.

In the interim by Order dated December 18, issued in BPU Docket No. GR12100936 (“December 18 Order”) with an effective date of January 1, 2014, the Board approved a December 5, 2013 Stipulation among Board Staff, New Jersey Division of Rate Counsel (“Rate Counsel”) and the Company resolving all issues concerning the petition to reconcile Elizabethtown’s SBC-RAC, for the July 1, 2011 through June 30, 2012 period and approving the Company’s currently effective SBC-RAC rate of \$0.0229 per therm inclusive of all applicable taxes.

3. The RAC-related costs for which recovery was sought in the 2013 Petition were the costs to test, contain and remediate the Company’s former manufactured gas plant sites (described below) incurred during the period July 1, 2006 through June 30, 2013, based on a seven year cost amortization, plus certain adjustments and prior period true-up amounts. The 2013 costs totaled \$4,677,398 from which third party recoveries of \$7,483 and a net of \$176,299 for the deferral of 50% of litigation costs were deducted, resulting in proposed recoverable net remediation costs of \$4,493,256 that are subject to recovery over the seven-year period.

4. In accordance with the Company's tariff, the Company's proposed SBC-RAC rider rate was determined by calculating the sum of (a) one seventh of its net deferred remediation costs incurred during the twelve months ended June 30th for the periods ending 2013, 2012, 2011, 2010, 2009, 2008 and 2007, less the deferred tax benefit of (\$145,005), as shown in the table set out in the footnote below,¹ which equals \$4,357,230 (b) the prior year's RAC underrecovery balance of \$9,239,451 and (c) \$520,495 of interest accrued on RAC-related costs calculated in the manner approved by the Board in its order in BPU Docket No. GX99030121 and GO99030122 dated March 30, 2001. The sum of these amounts total \$14,117,176, which was divided by the projected sales and service volumes to the service classifications subject to the RAC in order to yield the proposed SBC-RAC rider rate of \$0.0318 per therm inclusive of all applicable taxes.

5. The Company has six former manufactured gas plant sites in New Jersey: two that are located in Elizabeth, one on South Street, and one on Erie Street including the Renora Landfill, and one each in Rahway, Perth Amboy, Flemington and Newton. The Erie Street, South Street, Rahway and Perth Amboy sites were owned and/or

¹ The Company's 2013 Petition set forth the net deferred remediation costs for the twelve months ended June 30th for the period ending 2013, 2012, 2011, 2010, 2009, 2008 and 2007 less the deferred tax benefit as follows:

YEAR	RECOVERABLE AMOUNT
2013	\$612,343
2012	\$1,034,196
2011	\$1,366,481
2010	\$440,508
2009	\$458,317
2008	\$361,806
2007	\$83,579
TOTAL	\$4,357,230

operated exclusively by Elizabethtown and/or its predecessor companies. Flemington and Newton were also owned by a predecessor of Jersey Central Power & Light, which is now owned by First Energy. The 2013 Petition sought recovery of costs for the Flemington and Newton sites attributable to Elizabethtown.

6. The 2013 Petition did not propose to adjust the New Jersey Clean Energy Program (“CEP”), Universal Service Fund (“USF”) and Lifeline rate components of the SBC.

7. The 2013 Petition was not transmitted to the Office of Administrative Law by the Board and duly noticed public hearings were held in Rahway, New Jersey on October 16, 2013 and in Flemington, New Jersey on October 22, 2013. No members of the public attended the public hearings. Elizabethtown, Board Staff and Rate Counsel conducted discovery and discussed discovery-related issues and settlement of this proceeding.

8. Board Staff, Rate Counsel and Elizabethtown (the “Stipulating Parties”) have reached this Stipulation which is intended to resolve all issues associated with the 2013 Petition in the manner set forth below.

STIPULATED MATTERS

The Stipulating Parties hereby **STIPULATE AND AGREE** as follows:

Effective Date

A. The Parties acknowledge that the RAC rate change will become effective ten days after the issuance of a Board Order approving this Stipulation or upon such date thereafter as the Board may specify.

Effective Rates

B. As of the Effective Date, Elizabethtown will implement an SBC-RAC rate of \$0.0317 per therm, inclusive of all applicable taxes, and that rate shall remain in effect until changed by order of the Board. The calculation of this rate and the costs it is designed to collect are set forth in Appendices A and B, respectively, which are attached to this Stipulation.

C. The Company represents that the labor allocation reflected in the SBC-RAC rate proposed in the 2013 Petition did not include recovery of incentive compensation costs and the rates agreed to in this Stipulation do not reflect recovery of such costs.

D. The Company represents that the SBC-RAC filing does not include the recovery of any Natural Resource Damage (“NRD”)-related costs. NRD-related costs are defined as compensation to the State of New Jersey for injury to its natural resources, above and beyond costs incurred to investigate, contain or remediate former manufactured gas plant sites. “NRD-related costs” also include any administrative, legal or consulting costs incurred by the Company associated with NRD claims being investigated by the New Jersey Department of Environmental Protection, as well as any amounts paid by the Company to resolve such claims. The parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness, or the recoverability under the RAC component of the Company’s SBC, of NRD-related costs, if any. The Parties expressly reserve their rights to argue their respective position on these and related issues in future proceedings, as appropriate and in a manner consistent with the September 22 Order.

E. The Company agrees that it will include with its RAC filings responses to the minimum filing requirements (“MFR”) as set forth in Appendix C to this Stipulation and that in future RAC filings it shall not request any late fees or late charges that are associated with legal costs recovered through the RAC.

F. The Company agrees that as part of its response to MFR-11 in future RAC filings, the Company will provide affirmative support that unit prices were maintained from the original master agreement for change orders or supplemental contracts that were not subject to competitive bidding or otherwise explain any unit price variances.

G. The Company agrees that as part of its response to MFR-17 in future RAC filings, the Company will provide a detailed explanation of the causes of variances between budgeted and actual expenditures in the RAC period at issue in the filing.

H. In the Affiliated Transactions and Management Audit of Elizabethtown Gas (“the Audit”) BPU Docket No. GA07100795 filed November 24, 2009, the Board’s auditor made several findings and recommendations relating to the Company’s Manufactured Gas Plant remediation program. That proceeding remains pending final closure. The Company agrees to provide a further update on the status of the Audit in its next RAC filing and provide a description of all RAC-related practices and procedures, if any, required by the Board or agreed upon by Board Staff and the Company in connection with the Audit.

I. Upon approval by the Board of the SBC-RAC rate reflected in this Stipulation, the Company will propose and file with the Board a revised tariff sheet to reflect the SBC-RAC rate agreed to in this Stipulation. A draft tariff sheet is attached hereto as Appendix D.

J. The revenue requirement used to establish the SBC-RAC rate of \$0.0317 per therm in this proceeding has been reduced by \$5,000 to reflect a disallowance of costs for which the Company sought recovery in the 2013 Petition.

K. The current SBC rate components, inclusive of all applicable taxes, not affected by this Stipulation includes the CEP rate of \$0.0385 approved by the Board in BPU Docket No. GR13080771, the USF rate of \$0.0110 per therm and the Lifeline rate of \$0.0059 approved by the Board in BPU Docket No. ER14060613. Approval of the RAC rate in this Stipulation will result in a total SBC rate of \$0.0871 per therm, inclusive of all applicable taxes.

Rate Impact

L. The annual bill impact of the stipulated SBC-RAC rate on a typical residential heating customer using 1,000 therms is an increase of \$8.80 from \$1,027.10 to \$1,035.90 or 0.9% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$3.9 million based on the Company's most recent therm forecast.

All Issues Resolved

M. Upon the Board's approval of this Stipulation, all issues concerning the SBC-RAC and the costs recovered through this rate are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board.

Further Provisions

N. This Stipulation is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, then any Stipulating Party aggrieved thereby shall not be bound to

proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. In the event this Stipulation is not adopted in its entirety by the Board in its Order in this matter, then any Stipulating Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation, as though this Stipulation had not been signed.

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

P. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and, except as otherwise expressly provided for herein, is intended to be binding only in this proceeding and only as to the matters specifically addressed herein.

WHEREFORE, the Stipulating 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/KB
Mary Patricia Keefe
Vice President, Regulatory Affairs
and Assistant Corporate Secretary

By: [Signature]
Henry M. Ogden
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: [Signature]
Alex Moreau
Deputy Attorney General
01/16/2015

Dated: January 16, 2015

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
REMEDATION ADJUSTMENT CLAUSE (RAC)

CALCULATION OF THE RAC COMPONENT OF THE SBC

October 1, 2013 through September 30, 2014

RECOVERY YEAR - 2014

1.a Recovery Year Amortization Costs (Sch. TK-2, L5, pgs 1+2+3+4+5+6+7)		\$4,502,235
1.b Recovery Year Deferred Tax benefits (Sch. TK-2, L16, pgs 1+2+3+4+5+6+7)		<u>(\$145,005)</u>
1 Recovery Year Recoverable Costs (1.a +1.b)		\$4,357,230
2 Accrued Carrying Costs (Sch. TK-3)		\$520,495
3 Prior Year RAC Underrecovery (Sch. TK-4)	\$9,239,451	
Settlement Adjustment per Stipulation	(\$5,000)	<u>\$9,234,451</u>
4 Total Recovery Year Recoverable / (Refund) Costs (L1+L2+L3)		\$14,112,176
5 Projected Normalized Sales and Services (Forecast Sch. TK-1)		477,663,961 therms
6 RAC COMPONENT, before taxes and assessment (L4/L5)		\$0.0295 /therm
7 BPU & RC Assessment Factors		<u>1.0024</u>
8 RAC COMPONENT, before taxes (L6*L7)		\$0.0296
9 Sales & Use Tax @ 7.00%		<u>\$0.0021</u>
10 RAC COMPONENT (L8+L9)		<u><u>\$0.0317</u></u> /therm

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Manufactured Gas Plant Remediation Program

Summary Statement of Site Expenses
Annual Report
July 1, 2012 through June 30, 2013

Line No	(1) Description	Consulting/ Remediation	Legal	NJDEP Oversight	Natural Resource Damages (NRD)	Other	(2) Total Remediation Expenses	(3) NRD Deferral 100%	(4) Ins. LIU Third Party Deferral 50%	(5) Recovery of Deferred Expenses	(6) Third Party Recoveries	Net Remediation Cost This Period
1	Elizabeth (Erie Street)	\$1,453,284	\$26,495	\$3,715			\$1,483,494					\$1,483,494
2	Elizabeth (South Street)	\$1,799,365	\$26,495	\$13,000			\$1,838,860					\$1,838,860
3	Rahway	\$253,342		\$3,280			\$256,622					\$256,622
4	Perth Amboy	\$5,746		\$2,300			\$8,046					\$8,046
5	Flemington	\$424,658					\$424,658					\$424,658
6	Newton	\$73,187	\$1,908				\$75,095					\$75,095
7	Renora (Erie Street)						\$0					\$0
8	Internal					\$57,253	\$57,253					\$57,253
9	Misc.	\$154,698				\$10,387	\$165,085					\$165,085
10	Insurance Litigation/ Third Party Claims	\$1,228	\$367,057				\$368,285		(\$184,142)	\$7,843	(\$7,843)	\$184,143
11		\$4,165,508	\$421,965	\$22,295	\$0	\$67,640	\$4,677,398	\$0	(\$184,142)	\$7,843	(\$7,843)	\$4,493,256

Notes

- 1 Elizabeth, Erie Street site includes costs incurred for Renora Landfill.
- 2 Pursuit of Third Party Claims at 100% of expenses incurred, 50% of which is deferred pending a Third Party recovery
- 3 100% of Natural Resource Damages deferred pending BPU resolution
- 4 50% of the expenses incurred in the pursuit of insurance and/or Third Party Claims
- 5 Allowable recovery of the deferred expenses incurred in pursuit of insurance and/or Third Party recoveries
- 6 Credit of 100% of amounts received from Third Parties.

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDIATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
1. Please provide a vendor listing for the prior RAC period that contains information concerning vendor expenditures by MGP site, also showing a description of the services provided and the amount of each vendor invoice. The vendor list should include the monthly actual expenditures for the twelve month RAC period.	SLC-2
2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.	SLC-2
3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve months of the most recent RAC period.	SLC-2
4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.	SLC-2 Confidential
5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.	SLC-2
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company should provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company's identity.	SLC-2
7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.	SLC-2 Confidential
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information	SLC-2

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REMEDICATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.	
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.	TK-2
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders.	SLC-2 Confidential
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request. As part of this response, the Company will provide affirmative support that unit prices were maintained from the original master agreement for change orders or supplemental contracts that were not subject to competitive bidding or explain any unit price variances.	SLC-2 Confidential
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.	SLC-2
13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation.	TK-3
14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing.	SLC-2
15. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company's control.	SLC-2
16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date.	SLC-2
17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other	SLC-2

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDATION ADJUSTMENT CLAUSE ("RAC") FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters. As part of this response, the Company will explain the causes of variances between budgeted and actual expenditures in the RAC period at issue in the filing.	
18. Provide details concerning all remediation related charges to the Company from or through AGLR and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided.	SLC-2

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

~~THIRTEENTH~~ REVISED SHEET NO. 109

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges or assessments as filed and approved by the NJBPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the (1) cost of Comprehensive Resource Analysis Programs that were approved by the Board pursuant to its Comprehensive Resource Analysis regulations prior to April 30, 1997, (2) cost of Manufactured Gas Plant Remediation, and (3) cost of Consumer Education and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

<u>SBC Rate Components:</u>		<u>Per Therm</u>
I.	New Jersey Clean Energy Program ("CEP")	\$0.0385
II.	Remediation Adjustment Charge ("RAC")	\$0.0229 \$0.0317
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0110
	2. Lifeline	\$0.0059
	TOTAL	\$0.0783 \$0.0871

In accordance with P.L. 1997, c. 162, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the Board of Public Utilities ("BPU") in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

- CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

Date of Issue:	September 30, 2014	Effective:	Service Rendered on and after October 1, 2014
Issued by:	Brian MacLean, President 300 Connell Drive, Suite 3000 Berkeley Heights, New Jersey 07922		

Filed Pursuant to Order of the Board of Public Utilities
Dated ~~September 30, 2014~~ in Docket No. GR13090839 ~~ER14060813~~

CLEAN

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