



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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 REVIEW ITS PERIODIC BASIC GAS)	FOR PROVISIONAL BGSS-P
SUPPLY SERVICE RATE)	RATES
)	
)	DOCKET NO. GR16060485

Parties of Record:

Deborah M. Franco, Esq., Cullen and Dykman, LLP, on behalf of Elizabethtown Gas
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No GX01050304 ("January 2003 BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes, each GDC to self-implement up to a 5% BGSS rate increase effective December 1 and February 1, after giving the Board and the New Jersey Division of Rate Counsel ("Rate Counsel") one month's advance notice, while BGSS rate decreases may be implemented at any time after five days' notice to the Board and Rate Counsel.

In accordance with the January 2003 BGSS Order, on May 31, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition with the Board, seeking to decrease its Periodic BGSS ("BGSS-P") rate per therm from \$0.4203¹ to \$0.3954, effective October 1, 2016, aimed at eliminating a projected over-recovery of approximately \$5.4 million, by the end of the 2016-2017 BGSS year ending on September 30, 2017.

Based on the proposed BGSS-P rate change, the monthly bill of a typical residential heating customer using 100 therms would be reduced by \$2.49 from \$86.91 to \$84.42 (2.9%) based on rates in effect June 1, 2016.

¹ All referenced rates include Sales and Use Tax.

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were held in Flemington and Union on August 23 and 25, 2016, respectively. No members of the public attended the hearings.

Stipulation for Provisional BGSS Rates²

Because additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled and addressed, and the resulting rates are reasonable, on September 1, 2016, Elizabethtown, the New Jersey Division of Rate Counsel ("Rate Counsel"), and Board Staff (collectively, "the Parties") executed a stipulation of settlement ("Stipulation") for provisional rates. The Stipulation provides the following:

Pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS-P rate of \$0.3761 per therm to be effective as October 1, 2016, inclusive of all applicable taxes. Based on the proposed BGSS-P rate change, the monthly bill of a typical residential heating customer using 100 therms would be reduced by \$4.42 from \$86.75 to \$82.33 (5.1%) based on rates in effect June 1, 2016. There will be an opportunity for full review of the BGSS-P rate at the Office of Administrative Law, if necessary, and final approval by the Board.

In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2016 and February 1, 2017, if the Company determines that such increases are necessary to permit it to avoid a BGSS under recovery balance at September 30, 2017.

The Company will submit tariff sheets in the form attached to the Stipulation as Exhibit A within five (5) days of the effective date of the Board's Order approving the Stipulation. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1, attached to the Stipulation as Exhibit B); and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2, attached as Exhibit C). S-E Chart-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-E Chart-2 is to be submitted to the Parties on approximately the 15th of the following month.

DISCUSSION AND FINDING

The Board has carefully reviewed the record to date in this proceeding and the attached Stipulation. The Board **FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

² Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

Accordingly, the Board **HEREBY APPROVES** on a provisional basis, subject to refund with interest on any over-recovered BGSS balance, Elizabethtown's implementation of a decrease in its BGSS-P rate to \$0.3761 per therm inclusive of all applicable taxes, effective for service rendered on and after October 1, 2016.

The Board **HEREBY DIRECTS** that this matter be transmitted to the OAL for review and evidentiary hearings, if needed.

The Board **HEREBY DIRECTS** the Company to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2016.

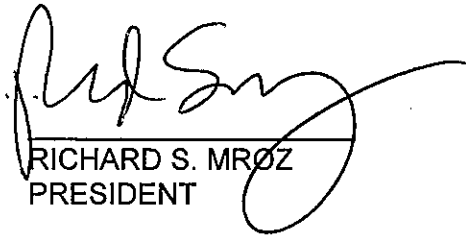
The Company's costs, including those related to BGSS, remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.

The effective date of this Order is October 1, 2016.

DATED: 9/23/16

BOARD OF PUBLIC UTILITIES
BY:

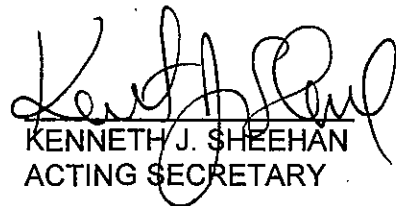

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RICHARD S. MRÓZ
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
KENNETH J. SHEEHAN
ACTING SECRETARY

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



In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To Review
its Periodic Basic Gas Supply Service Rate

DOCKET NO. GR16060485

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

-----X
In The Matter Of The Petition Of Pivotal Utility : **BPU Docket No. GR16060485**
Holdings, Inc. d/b/a Elizabethtown Gas To :
Review Its Periodic Basic Gas Supply : **STIPULATION REGARDING**
Service Rate : **PROVISIONAL BGSS RATES**
-----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, Managing Attorney Gas, Division of Rate Counsel, **Maura Caroselli**,
Esq., Assistant Deputy Rate Counsel, and **Kurt S. Lewandowski, Esq.**, Assistant Deputy Rate
Counsel, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

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

1. On May 31, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, ("Elizabethtown" or "Company") filed a Petition ("May 31 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") in BPU Docket No. GR16060485 to revise its Periodic Basic Gas Supply Service ("BGSS-P") rate for the period October 1, 2016 through September 30, 2017.

2. In its May 31 Petition, Elizabethtown proposed to decrease its current BGSS-P rate from \$0.4203 per therm inclusive of all applicable taxes to \$0.3954 per therm inclusive of all applicable taxes to become effective October 1, 2016. As set forth in the May 31 Petition, the Company projected that it would have an estimated underrecovery balance as of September 30, 2016 of approximately \$3.1 million including interest. The May 31 Petition indicated that the proposed BGSS-P rate of \$0.3954 per therm is designed to bring the BGSS balance to

approximately zero as of September 30, 2017, and, at the time of filing, would have decreased the monthly bill of a typical residential heating customer using 100 therms by \$2.49 from \$86.91 to \$84.42, a decrease of 2.9%. The May 31 Petition further indicated that the projected impact of the BGSS-P rate of \$0.3954 per therm is a decrease in gas cost recoveries of approximately \$5.4 million before taxes and assessments in the year ending September 30, 2017 as compared to the amount that would otherwise be recovered by Elizabethtown under the current BGSS-P rate of \$0.4203 per therm. The May 31 Petition further indicated that the Company's current volume forecast, under the BGSS-P rate of \$0.4203 per therm, Elizabethtown would collect approximately \$92.2 million before taxes and assessments. In contrast, under the proposed BGSS-P rate of \$0.3954 per therm, Elizabethtown would collect approximately \$86.8 million before taxes and assessments.

3. Notices setting forth the requested rate change and the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities within the Company's service territory. Public hearings concerning the Company's Petition were held in Union, New Jersey on August 23, 2016 and Flemington, New Jersey on August 25, 2016. No members of the public attended the public hearings.

4. Elizabethtown, the Board's Staff and the Division of Rate Counsel ("Rate Counsel") are the only parties to this proceeding (collectively "the Parties"). The Parties agree that additional time is needed to complete a comprehensive review of the Company's filing and that permitting a BGSS-P rate to become effective on a provisional basis is reasonable to provide customers with the benefit of the rate decrease while also permitting Elizabethtown to timely collect BGSS costs as additional review of the Company's filing takes place.

5. The Parties have determined and hereby **STIPULATE AND AGREE** that, pending the conclusion of any further review and discussions among the Parties and a final determination by the Board, and pursuant to N.J.S.A. 48:2-21.1, it would be both reasonable and in the public interest for the Board to authorize Elizabethtown to implement a provisional BGSS-P rate of \$0.3761 per therm to be effective as October 1, 2016, inclusive of all applicable taxes. The parties have agreed to implement the BGSS-P rate of \$0.3761 per therm on a provisional basis, instead of the BGSS-P rate of \$0.3954 per therm as reflected in the May 31 Petition to reflect certain actual data through July 31, 2016. The BGSS-P rate of \$0.3761 will decrease the monthly bill of a typical residential heating customer using 100 therms by \$4.42 from \$86.75 to \$82.33, a decrease of 5.1%. There will be an opportunity for full review of the BGSS-P rate at the Office of Administrative Law, if necessary, and final approval by the Board. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its BGSS-P rate of up to 5% to be effective December 1, 2016 and February 1, 2017, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2017.

6. The Company will submit tariff sheets in the form attached as Exhibit A within five (5) days of the effective date of the Board's Order approving this Stipulation.

7. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX update report (also known as S-E Chart-1, attached as Exhibit B); and 2) a monthly report showing the calculation of net gas per therm (also known as S-E Chart-2, attached as Exhibit C). S-E Chart-1 is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. S-E Chart-2 is to be submitted to the Parties on

approximately the 15th of the following month.

8. 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.

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

10. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

11. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation to the Board of Public Utilities 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 Business Support

By: Kurt S. Lewandowski
~~Felicia Thomas Friel, Esq.~~
~~Managing Attorney~~
KURT S. LEWANDOWSKI, Esq.
ASS. DEPUTY RATE COUNSEL

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

By: Alex Moreau
Alex Moreau
Deputy Attorney General

Dated: September 1, 2016

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

REVISED SHEET NO. 98

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
July 1, 2015	\$0.4874	\$0.5045
August 1, 2015	\$0.5000	\$0.5045
September 1, 2015	\$0.4725	\$0.5045
October 1, 2015	\$0.4766	\$0.4203
November 1, 2015	\$0.4182	\$0.4203
December 1, 2015	\$0.4372	\$0.4203
January 1, 2016	\$0.4555	\$0.4203
February 1, 2016	\$0.4353	\$0.4203
March 1, 2016	\$0.3826	\$0.4203
April 1, 2016	\$0.4037	\$0.4203
May 1, 2016	\$0.4138	\$0.4203
June 1, 2016	\$0.4144	\$0.4203
July 1, 2016	\$0.5197	\$0.4203
August 1, 2016	\$0.4926	\$0.4203
September 1, 2016	*	\$0.4203
October 1, 2016 (<i>Proposed BGSS-P Rate</i>)	*	\$0.3761

**To be determined*

Date of Issue: August 4, 2016

Effective: Service Rendered
 on and after August 1, 2016

Issued by: Brian MacLean, President
 520 Green Lane
 Union, New Jersey 07083

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

S-ECHART-1
BGSS NYMEX Update Report
as of August 05, 2016

<u>Month</u>	<u>a</u> BGSS (see note below)	<u>b</u> NYMEX (8/5/2016 Close)	<u>c=b-a</u> Incr/ (Decr)	<u>% Chg</u>	<u>d</u> Sales forecast (dths)	<u>e</u> Hedged volume (dths)	<u>f=d-e</u> Unhedged volume (dths)	<u>g=cxf</u> Change in value unhedged
Oct-15	\$ 2.919	\$ 2.563	\$ (0.356)		1,396,155	735,800	660,355	(\$235,086)
Nov-15	\$ 3.021	\$ 2.033	\$ (0.988)		2,605,928	2,072,831	533,097	(\$526,700)
Dec-15	\$ 3.196	\$ 2.206	\$ (0.990)		4,442,382	2,830,209	1,612,173	(\$1,596,051)
Jan-16	\$ 3.306	\$ 2.372	\$ (0.934)		5,290,751	3,688,048	1,602,703	(\$1,496,925)
Feb-16	\$ 3.295	\$ 2.189	\$ (1.106)		4,432,728	2,921,746	1,510,982	(\$1,671,146)
Mar-16	\$ 3.245	\$ 1.711	\$ (1.534)		3,072,179	2,066,699	1,005,480	(\$1,542,406)
Apr-16	\$ 3.083	\$ 1.903	\$ (1.180)		1,574,498	750,200	824,298	(\$972,672)
May-16	\$ 3.083	\$ 1.995	\$ (1.088)		912,946	468,700	444,246	(\$483,340)
Jun-16	\$ 3.112	\$ 1.963	\$ (1.149)		722,242	352,000	370,242	(\$425,408)
Jul-16	\$ 3.147	\$ 2.917	\$ (0.230)		560,267	314,500	245,767	(\$56,526)
Aug-16	\$ 3.153	\$ 2.672	\$ (0.481)		539,957	327,700	212,257	(\$102,096)
Sep-16	\$ 3.145	\$ 2.772	\$ (0.373)		567,594	284,800	282,794	(\$105,482)
Avg Total	\$ 3.142	\$ 2.275	\$ (0.867)	-27.6%	26,117,627	16,813,233	9,304,394	(\$9,213,838)
Oct-16	\$ 3.176	\$ 2.809	\$ (0.367)		1,411,889	674,800	737,089	(\$270,512)
Nov-16	\$ 3.245	\$ 2.965	\$ (0.280)		2,635,172	1,872,831	762,341	(\$213,455)
Dec-16	\$ 3.417	\$ 3.217	\$ (0.200)		4,492,093	2,830,209	1,661,884	(\$332,377)
Jan-17	\$ 3.542	\$ 3.338	\$ (0.204)		5,350,478	3,718,048	1,632,430	(\$333,016)
Feb-17	\$ 3.531	\$ 3.328	\$ (0.203)		4,482,746	3,071,746	1,411,000	(\$286,433)
Mar-17	\$ 3.471	\$ 3.283	\$ (0.188)		3,107,176	2,096,699	1,010,477	(\$189,970)
Apr-17	\$ 3.211	\$ 3.038	\$ (0.173)		1,592,122	754,800	837,322	(\$144,857)
May-17	\$ 3.216	\$ 3.011	\$ (0.205)		923,329	424,800	498,529	(\$102,198)
Jun-17	\$ 3.254	\$ 3.045	\$ (0.209)		730,661	354,800	375,861	(\$78,555)
Jul-17	\$ 3.295	\$ 3.076	\$ (0.219)		567,311	274,800	292,511	(\$64,060)
Aug-17	\$ 3.307	\$ 3.086	\$ (0.221)		546,460	264,800	281,660	(\$62,247)
Sep-17	\$ 3.295	\$ 3.069	\$ (0.226)		574,323	345,100	229,223	(\$51,804)
Avg Total	\$ 3.330	\$ 3.105	\$ (0.225)	-6.7%	26,413,760	16,683,433	9,730,327	(\$2,129,484)

Footnotes:

a : Nymex rate used for annual BGSS periodic rate filing; Oct-2015 to Sept-2017 based on 05/11/2015 Close.

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing

d: Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume

e: "Hedged" volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: "Unhedged" volume consists of sales volume forecast less "hedged" volume

g: Not necessarily representative of a change in under/over-recovery value

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

Exhibit B
S-ECHART-1

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

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	12 Month
	<u>Oct-15</u>	<u>Nov-15</u>	<u>Dec-15</u>	<u>Jan-16</u>	<u>Feb-16</u>	<u>Mar-16</u>	<u>Apr-16</u>	<u>May-16</u>	<u>Jun-16</u>	<u>Jul-16</u>	<u>Aug-16</u>	<u>Sep-16</u>	Weighted
													Average
1 NYMEX - 05/11/15 - Included in BGSS Filing	\$0.2919	\$0.3021	\$0.3196	\$0.3306	\$0.3295	\$0.3245	\$0.3083	\$0.3083	\$0.3112	\$0.3147	\$0.3153	\$0.3145	
2 NYMEX - Actual Settlement	\$0.2563	\$0.2033	\$0.2206	\$0.2372	\$0.2189	\$0.1711	\$0.1903	\$0.1995	\$0.1963	\$0.2917			

Breakdown of Gross Cost of Gas Per Therm:

13 Flowing Gas Cost	-\$0.0391	-\$0.0110	-\$0.0807	\$0.1699	\$0.1041	\$0.0453	-\$0.0073	\$0.0041	-\$0.2244	-\$0.1466	-\$0.1835	-\$0.0914	\$0.0271
14 Gas Withdrawn From Storage Cost	\$0.0287	\$0.1303	\$0.1465	\$0.1228	\$0.0777	\$0.0724	\$0.0134	\$0.0169	\$0.0120	\$0.0160	\$0.0080	\$0.0061	\$0.0751
15 Hedged Volumes Delivered Cost	\$0.7608	\$0.3663	\$0.2466	\$0.1758	\$0.0858	\$0.0938	\$0.2209	\$0.2632	\$0.4503	\$0.6022	\$0.5551	\$0.4767	\$0.2264
16 Pipeline Demand Cost	\$0.4815	\$0.2576	\$0.1548	\$0.1127	\$0.0761	\$0.0998	\$0.1445	\$0.2439	\$0.4504	\$0.6729	\$0.8546	\$0.7827	\$0.1946
17 Storage Demand Cost	\$0.1115	\$0.0563	\$0.0374	\$0.0250	\$0.0172	\$0.0227	\$0.0394	\$0.0579	\$0.1071	\$0.1576	\$0.1738	\$0.1600	\$0.0446
18 Peaking Cost	\$0.0000	\$0.0000	\$0.0001	\$0.0163	\$0.0043	\$0.0092	\$0.0063	\$0.0044	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0059
19 Weighted Average Fuel Cost	\$0.0340	\$0.0107	\$0.0053	\$0.0105	\$0.0058	\$0.0042	\$0.0086	\$0.0119	\$0.0144	\$0.0283	\$0.0181	\$0.0186	\$0.0095
20 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.1627	\$0.1475	\$0.0063
21 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
22 Total Gross Cost of Gas Per Therm	\$1.3774	\$0.8103	\$0.5101	\$0.6330	\$0.3709	\$0.3475	\$0.4258	\$0.6024	\$0.8098	\$1.3303	\$1.5889	\$1.5001	\$0.5894

	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	<u>Oct-14</u>	<u>Nov-14</u>	<u>Dec-14</u>	<u>Jan-15</u>	<u>Feb-15</u>	<u>Mar-15</u>	<u>Apr-15</u>	<u>May-15</u>	<u>Jun-15</u>	<u>Jul-15</u>	<u>Aug-15</u>	<u>Sep-15</u>	Average
23 NYMEX - Actual Settlement	\$0.3984	\$0.3728	\$0.4282	\$0.3189	\$0.2866	\$0.2894	\$0.2590	\$0.2517	\$0.2815	\$0.2773	\$0.2886	\$0.2638	

Breakdown of Gross Cost of Gas Per Therm:

24 Flowing Gas Cost	-\$0.4105	\$0.2157	\$0.1707	\$0.2442	\$0.3561	\$0.1701	-\$0.0080	-\$0.1586	-\$0.2654	-\$0.2148	-\$0.3172	-\$0.1694	\$0.1391
25 Gas Withdrawn From Storage Cost	\$0.0757	\$0.2512	\$0.1564	\$0.1857	\$0.1131	\$0.0976	\$0.0254	\$0.0224	\$0.0199	\$0.0585	\$0.0062	\$0.0107	\$0.1125
26 Hedged Volumes Delivered Cost	\$0.9524	\$0.3522	\$0.1762	\$0.1258	\$0.0669	\$0.0671	\$0.1810	\$0.3347	\$0.5758	\$0.7026	\$0.8509	\$0.8366	\$0.2048
27 Pipeline Demand Cost	\$0.5731	\$0.2207	\$0.1055	\$0.0852	\$0.0627	\$0.0690	\$0.1063	\$0.2680	\$0.5198	\$0.6504	\$0.7544	\$0.7293	\$0.1551
28 Storage Demand Cost	\$0.1332	\$0.0509	\$0.0245	\$0.0192	\$0.0136	\$0.0156	\$0.0256	\$0.0602	\$0.1197	\$0.1524	\$0.1777	\$0.1699	\$0.0357
29 Peaking Cost	\$0.0000	\$0.0000	\$0.0133	\$0.0008	\$0.0032	\$0.0985	\$0.0322	\$0.0000	\$0.0000	\$0.0005	\$0.0000	\$0.0000	\$0.0252
30 Weighted Average Fuel Cost	\$0.0307	\$0.0188	\$0.0108	\$0.0106	\$0.0121	\$0.0094	\$0.0076	\$0.0097	\$0.0195	\$0.0236	\$0.0298	\$0.0357	\$0.0125
31 Variable Pipeline Cost	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
32 Other Costs	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
33 Total Gross Cost of Gas Per Therm	\$1.3547	\$1.1095	\$0.6573	\$0.6714	\$0.6277	\$0.5274	\$0.3702	\$0.5364	\$0.9893	\$1.3732	\$1.5018	\$1.6128	\$0.6849

Footnotes:

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
- Pipeline Demand Cost = Fixed Pipeline costs
- Storage Demand Cost = Fixed Storage related costs
- Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
- Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
- Variable Pipeline Cost = Pipeline Charge per therm shipped

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

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

	Actual Oct-15	Actual Nov-15	Actual Dec-15	Actual Jan-16	Actual Feb-16	Actual Mar-16	Actual Apr-16	Actual May-16	Actual Jun-16	Actual Jul-16	Estimate Aug-16	Estimate Sep-16	12 Month Weighted Average
Credits, Refunds, & Recoveries Per Therm:													
1 Asset Management Credits	\$0.9129	\$0.0000	\$0.0491	\$0.0000	\$0.0000	\$0.0311	\$0.0000	\$0.6916	\$0.1480	\$0.0000	\$0.0000	\$0.2471	\$0.0972
2 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
3 Capacity release	\$0.0047	\$0.0026	\$0.0015	\$0.0011	\$0.0008	\$0.0010	\$0.0016	\$0.0025	\$0.0046	\$0.0068	\$0.0083	\$0.0075	\$0.0019
4 On System Credits to BGSS-P Customers	\$0.1745	\$0.1273	\$0.1202	\$0.1348	\$0.1193	\$0.1022	\$0.1063	\$0.1211	\$0.1758	\$0.2494	\$0.2371	\$0.2081	\$0.1293
5 Supplier Refunds	\$0.0000	\$0.0005	\$0.0000	\$0.0008	\$0.0002	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0002
6 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
7 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
9 Over / Under Recovery & interest to Customers	-\$0.1482	\$0.8998	-\$0.0280	\$0.2994	-\$0.1387	-\$0.1801	-\$0.0733	-\$0.6007	\$0.0962	\$0.6770	\$0.9518	\$0.6458	\$0.0384
10 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries per Therm	\$0.9439	\$1.0302	\$0.1427	\$0.4361	-\$0.0183	-\$0.0458	\$0.0546	\$0.2145	\$0.4246	\$0.9332	\$1.1972	\$1.1084	\$0.2669
12 Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)	\$0.4335	-\$0.2199	\$0.3674	\$0.1970	\$0.3892	\$0.3933	\$0.3912	\$0.3878	\$0.3852	\$0.3971	\$0.3917	\$0.3917	\$0.3225

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Actual May-15	Actual Jun-15	Actual Jul-15	Actual Aug-15	Actual Sep-15	Weighted Average
Credits, Refunds, & Recoveries Per Therm:													
13 Asset Management Credits	\$0.9979	\$0.0000	\$0.0336	\$0.0000	\$0.0000	\$0.0214	\$0.0000	\$1.4351	\$0.1693	\$0.0000	\$0.0000	\$0.2387	\$0.1099
14 Off-system sales	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
15 Capacity release	\$0.0066	\$0.0022	\$0.0010	\$0.0008	\$0.0006	\$0.0007	\$0.0011	\$0.0026	\$0.0052	\$0.0064	\$0.0075	\$0.0074	\$0.0015
16 On System Credits to BGSS-P Customers	\$0.2656	\$0.1850	\$0.1604	\$0.1802	\$0.1493	\$0.1371	\$0.1382	\$0.1506	\$0.2045	\$0.2285	\$0.2603	\$0.2741	\$0.1637
17 Supplier Refunds	\$0.0008	\$0.0018	\$0.0022	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0029	\$0.0000	\$0.0000	\$0.0005
18 Gas for Company Use	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
19 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20 Transfer to Non BGSS-P Customers	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
21 Over / Under Recovery & Interest to Customers	-\$0.4579	\$0.4507	-\$0.0042	\$0.2680	\$0.0213	\$0.0922	-\$0.2410	-\$1.5460	\$0.2330	\$0.4531	\$0.6936	\$0.6257	\$0.0134
22 Other	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
23 Total Credits, Refunds, & Recoveries per Therm	\$0.8129	\$0.6398	\$0.1931	\$0.4490	\$0.1712	\$0.2514	-\$0.1017	\$0.0423	\$0.6121	\$0.6909	\$0.9614	\$1.1459	\$0.2890
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.5418	\$0.4697	\$0.4642	\$0.2224	\$0.4565	\$0.2760	\$0.4719	\$0.4942	\$0.3773	\$0.6822	\$0.5404	\$0.4670	\$0.3960

Footnotes:

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayersville, Forked River, Ocean Power, etc...
 Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage
 Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.

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

Exhibit C
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