



Agenda Date: 7/26/17  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF PIVOTAL	)	DECISION AND ORDER
UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN	)	APPROVING STIPULATION
GAS TO (1) REVISE ITS WEATHER NORMALIZATION	)	
CLAUSE RATE; (2) MAINTAIN THE CLEAN ENERGY	)	
PROGRAM COMPONENT OF ITS SOCIETAL	)	
BENEFITS CHARGE RATE; AND (3) REVISE ITS ON-	)	
SYSTEM MARGIN SHARING CREDIT	)	DOCKET NO. GR16080786

**Parties of Record:**

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

**BY THE BOARD:**

On August 10, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") filed a petition ("2016 Petition") with the New Jersey Board of Public Utilities seeking approval to modify its rates relating to the review and true up of its Weather Normalization Clause ("WNC"), the New Jersey Clean Energy Program ("CEP") component of its Societal Benefits Charge,<sup>1</sup> and its On-System Margin Sharing Credit ("OSMC"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by Elizabethtown, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") which addresses the issues in the 2016 Petition.

**BACKGROUND AND PROCEDURAL HISTORY**

The WNC normalizes the financial impact of the weather conditions on both the Company and its weather-sensitive ratepayers. An excess margin resulting from a colder than normal Winter Period<sup>2</sup> is returned to ratepayers, while a deficit margin resulting from a warmer than normal

<sup>1</sup> Elizabethtown's SBC currently consists of four (4) components: 1) the CEP; 2) the Remediation Adjustment Clause; 3) the Universal Service Fund; and 4) Lifeline. Only the CEP is addressed in this matter. The other components are addressed in separate filings.

<sup>2</sup> Winter Period refers to the months of October through May.

Winter Period is recovered from ratepayers. Variances in actual degree-days from normal for each day are measured and accumulated over the calendar month for each month in the Winter Period. The resulting cumulative degree-day variance determines the adjustment to customers' bills in the following Winter Period. The temperature for the 2015-2016 Winter Period was 798 degree-days or 16.9% warmer than normal.

The current recoverable margin deficiency of \$12.229 million<sup>3</sup> reduced by the prior year excess recovery of \$4.698 million, results in a \$7.530 million net revenue deficiency. The Company will recover \$7.198 million over the 2016-2017 Winter Period, with the remaining deficiency of \$0.332 million<sup>4</sup> to be recovered over the 2017-2018 Winter Period. After ceiling restrictions, the Company proposes a WNC rate increase of \$0.0229<sup>5</sup> per therm.

The CEP was created through the Electric Discount and Energy Competition Act in an effort to promote energy efficiency and renewable energy programs by offering financial incentives, programs and services to New Jersey residents, business owners and local governments. The Board annually sets each energy utility's share of the CEP costs to be collected from customers and transferred to the Board as funding for those programs. For Elizabethtown, projected CEP costs for the period ending June 30, 2017 total \$11.149 million. In addition, the 2016 Petition indicated that the Company incurred \$2.527 million of CEP costs during the period July 1, 2015 through June 30, 2016. When combined with certain adjustments, inclusive of a \$6.9 million lump sum refund previously provided to customers, Elizabethtown's proposed CEP rate of \$0.0252 per therm would recover approximately \$11.476 million from customers.

The OSMC provides for 80% of the margins generated from certain on-system non-firm sales and transportation services to be flowed-back (credited) to firm customers. The 2016 Petition proposed a decrease in the OSMC credit to customers from a credit of \$0.0175 per therm to a credit of \$0.0135 per therm. The Company's total OSMC customer credit was \$3.751 million.

Collectively, the three (3) rate adjustments proposed in the 2016 Petition would increase the Company's revenues by \$14.923 million, based on the Company's most recent forecast.

After publication of notice in newspapers of general circulation in the Company's service territory, public hearings were scheduled and conducted in Flemington and Union, New Jersey on October 17, 2016 and October 19, 2016, respectively. No members of the public attended.

### **STIPULATION**

Following discovery and a review of the issues in the 2016 Petition, the Parties reached an agreement on the 2016 Petition and on June 29, 2017 executed the Stipulation. The key terms of the Stipulation are as follows:<sup>6</sup>

<sup>3</sup> Margin revenue deficiency was reduced from \$13.013 million to \$12.229 million due to the annual restriction of 10.3% on earnings.

<sup>4</sup> The amount exceeding 3.0% of the residential service customer's total per therm rate.

<sup>5</sup> All rates quoted herein include Sales and Use Tax ("SUT"). On November 14, 2016, the Board issued a Secretary's Letter under Docket No. ER16111054, for all New Jersey Electric and Gas Utilities, pursuant to P. L. 2016, c. 57, that the SUT to be charged to customers for utility service had been changed from 7.0% to 6.875%, effective January 1, 2017.

<sup>6</sup> Although described at some length in this Order, should there be any conflict between this summary

**Effective Rates**

- B. As of the Effective Date, Elizabethtown's effective WNC, SBC-CEP and OSMC per therm rates will be as follows:

	<u>As filed</u>	<u>2016 Stipulation Update</u>
WNC	\$0.0230	\$0.0229
CEP	\$0.0254	\$0.0252
OSMC	(\$0.0135)	(\$0.0135)
	<u>\$0.0349</u>	<u>\$0.0346</u>

The updated rates reflect the change in SUT since the original rates were filed as well as the removal of the assessment from the rate calculation in accordance with the Stipulation resolving Elizabethtown's base rate case in BPU Docket No. GR16090826. The updated rate calculations are attached to the Stipulation as Appendix A. The WNC rate shall apply during each October through May period or until such time as the amount to be recovered is near zero as determined by the Company or the Board approves a change in the rate.

- C. The Company represents that the labor allocation reflected in the SBC-CEP rider rate proposed in the 2016 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 WNC, SBC-CEP and OSMC rates established in the Stipulation shall remain in effect until changed by order of the Board. Upon approval of these rates by the Board, the Company will propose and file with the Board revised tariff sheets to reflect the rates agreed to in the Stipulation. Draft tariff sheets are attached to the Stipulation as Appendix B.
- E. Approval of the increased CEP rate will result in a total SBC rate of \$0.0363 per therm, inclusive of the currently effective RAC, USF, and Lifeline rate components.

**Rate Impact**

- F. The annual bill impact of the stipulated WNC, SBC-CEP, and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$25.57 from \$834.18 to \$859.75 or 3.1% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$14.9 million based on the Company's most recent therm forecast. A breakdown of these revenues at current billing determinants is as follows:

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and the Stipulation, the terms of the stipulation are controlling, subject to the findings and conclusion in this Order. The numbering of the Stipulation provisions may not be sequential as they reflect the numbering in the Stipulation.

	<u>Revenue at Current Rates</u>	<u>Revenue at Stipulated Rates</u>
CEP	\$11,047,916	\$11,476,424
OSMC	(\$4,857,020)	(\$3,751,264)
WNC	\$0	\$7,198,226
	\$6,190,896	\$14,923,386

**All Issues Resolved**

- G. Upon the Board's approval of the Stipulation, all issues concerning the WNC, SBC-CEP and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board. The WNC rate has been computed using the Degree Day Consumption Usage Factor submitted with the Company's 2016 Petition as reflected in Appendix C attached to the Stipulation. Also set forth on Appendix C of the Stipulation are the Degree Day Consumption Usage Factors being used during the 2016-2017 WNC period. The Stipulation resolves all issues with respect to the proposed Factors.

**DISCUSSION AND FINDINGS**

The Board has reviewed the record in this matter including the 2016 Petition and the Stipulation and **FINDS** it to be reasonable, in the public interest, and in accordance with the law as the Board is persuaded that there has been a thorough review of the costs reflected in the 2016 Petition. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY ORDERS** that the after-tax per therm WNC rate of \$0.0229, SBC-CEP per therm rate of \$0.0252 and the OSMC per therm credit of \$0.0135 be effective for service rendered on and after September 1, 2017.

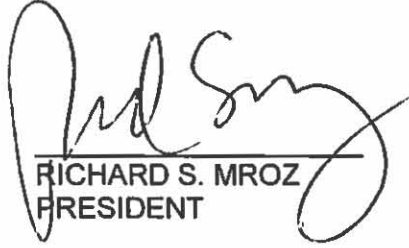
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order prior to September 1, 2017.

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

The effective date of this Order is August 5, 2017.

DATED: 7/26/17

BOARD OF PUBLIC UTILITIES  
BY:



RICHARD S. MROZ  
PRESIDENT



JOSEPH L. FIORDALISO  
COMMISSIONER



MARY-ANNA HOLDEN  
COMMISSIONER

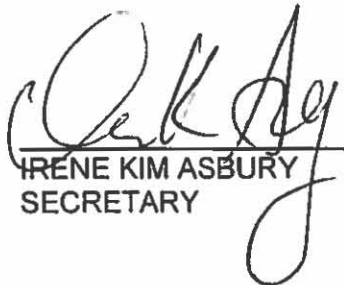


DIANNE SOLOMON  
COMMISSIONER



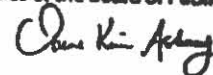
UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:



IRENE KIM ASBURY  
SECRETARY

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



In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas to (1) Revise its Weather Normalization Clause Rate; (2) Maintain the Clean Energy Program Component of its Societal Benefits Charge Rate; and (3) Revise its On-System Margin Sharing Credit  
Docket No. GR16080786

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June 29, 2017

*Via Electronic Mail and Federal Express*

Irene Kim Asbury, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue  
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P.O. Box 350  
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**Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; And (3) Revise Its On-System Margin Sharing Credit BPU Docket No. GR16080786**

Dear Secretary Asbury:

Enclosed for filing in the above proceeding is 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. Hard copies of the Stipulation will be sent via Federal Express. 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

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 (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE  
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR16080786**

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**IN THE MATTER OF THE PETITION OF  
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE  
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS  
CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT  
BPU DOCKET NO. GR16080786**

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

-----X  
**In The Matter Of The Petition Of Pivotal Utility :**  
**Holdings, Inc. d/b/a Elizabethtown Gas To :** **BPU Docket No. GR16080786**  
**(1) Revise its Weather Normalization Clause :**  
**Rate; (2) Revise the Clean Energy Program :** **STIPULATION**  
**Component of its Societal Benefits Charge :**  
**Rate; and (3) Revise its On-System Margin :**  
**Sharing Credit :**  
-----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, Esq.** for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Felicia Thomas-Friel, Esq.**, Managing Attorney – Gas, Division of Rate Counsel, **Sarah H. Steindel, Esq.**, **Kurt S. Lewandowski, Esq.**, **Maura Caroselli, Esq.**, **James W. Glassen, Esq.** and **Henry M. Ogden, Esq.** Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Director, Division of Rate Counsel)

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

**BACKGROUND**

1. On August 10, 2016, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) filed a petition (“2016 Petition”) with the New Jersey Board of Public Utilities (“BPU” or “Board”) in BPU Docket No. GR16080786 to: (1) revise its Weather Normalization Clause (“WNC”) rate, (2) revise the Clean Energy Program (“CEP”) component of the Societal Benefits Charge (“SBC”) rate, and (3) revise its On-System Margin Sharing Credit (“OSMC”), to be effective October 1, 2016. By Order dated December 16, 2015 issued in BPU Docket No. GR15080866 (“December 16 Order”), the Board approved a Stipulation among Board Staff, the New Jersey Division of Rate Counsel (“Rate Counsel”) and the Company resolving all issues concerning the petitions to reconcile Elizabethtown’s SBC and

WNC for the 2014-2015 period and approving the Company's currently effective WNC, CEP and OSMC rates. The December 16 Order approved a WNC credit rate of (\$0.0412)<sup>1</sup> per therm, an OSMC credit rate of (\$0.0175) per therm and an SBC-CEP rate of \$0.0244 per therm, all effective January 1, 2016.

2. The 2016 Petition proposed an increase in Elizabethtown's WNC rate from (\$0.0412) per therm to \$0.0230 per therm. The Company's WNC rate allows the Company to implement surcharges or credits to compensate for weather-related variations in customer usage. As set forth in the 2016 Petition, the proposed WNC rate of \$0.0230 per therm reflected a revenue deficiency balance in the amount of \$13,012,581, as well as the fact that the 2016 Winter Period was 798 degree days or 16.9% warmer than normal. The revenue deficiency balance was reduced to \$12,228,681 as a result of the net income limitation imposed by Petitioner's tariff, which is not recoverable in a future period. The proposed WNC rate of \$0.0230 per therm reflected the adjusted revenue deficiency balance plus prior year excess recovery balance of \$4,698,192, which when divided by the projected winter period therm volumes of 336,365,709 therms produced a WNC rate of \$0.0241, which was reduced to \$0.0230 to reflect the rate cap limitations set forth in Petitioner's Board-approved tariff.

3. In addition, the 2016 Petition proposed to increase Elizabethtown's SBC-CEP rate to \$0.0254 per therm. The CEP rate is designed to recover costs associated with the New Jersey Clean Energy Program ("NJCEP"). The NJCEP is a statewide program mandated by the Board that offers financial incentives, programs and services to New Jersey residents, business owners and local government. The objective of the NJCEP is to promote increased energy efficiency and the use of clean, renewable sources of energy in order to decrease pollution, lower costs and

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<sup>1</sup> Unless otherwise specified, all rates are inclusive of New Jersey Sales and Use Tax ("SUT").

reduce the demand for energy. The Company collects the costs associated with the NJCEP through the CEP rate and provides the funds to the State.

4. Moreover, in accordance with the Board's Orders in Docket Nos. EX99050347, *et al.* and GX99030121, *et al.*, the Company submitted the 2016 Petition in order to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2016, a proposed refund and projected costs for the period ending June 30, 2017 totaling \$11,476,424. The 2016 Petition indicated that the Company incurred \$2,527,092 of CEP costs during the period beginning July 1, 2015 and ending June 30, 2016 and made payments to the CEP "fiscal agent" of \$8,755,316 during the period. The 2016 Petition further indicated that in accordance with the Board's June 29, 2016 Order in Docket No. QO16040352, which established the statewide funding levels for CEP Programs for Fiscal Year 2017, the Company was allocated \$11,149,431 of CEP funding responsibility for the twelve months ending June 30, 2017, which when combined with certain adjustments, inclusive of a \$6,900,000 lump sum refund previously provided to customers in accordance with the Board's August 19, 2015 order in BPU Docket No. GRI5070769, resulted in a calculated rate of \$0.0254 per therm inclusive of applicable taxes and assessments.

5. The 2016 Petition further proposed an OSMC credit rate of (\$0.0135) per therm, representing a credit decrease of \$0.0040 per therm from the existing credit rate of (\$0.0175). The OSMC is the rate mechanism by which margins from on-system non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers.

6. The 2016 Petition did not propose to adjust the Remediation Adjustment Clause ("RAC"), Universal Service Fund ("USF") and Lifeline rate components of the SBC.

7. Public hearings concerning the 2016 Petition were held in Flemington and Union, New Jersey on October 17, 2016 and October 19, 2016, respectively. Elizabethtown, Board Staff and Rate Counsel (the “Stipulating Parties”) conducted discovery, the parties have reached this Stipulation which is intended to resolve all issues associated with the 2016 Petition in the manner set forth below.

**STIPULATED MATTERS**

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

**Effective Date**

A. The Board order adopting 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.

**Effective Rates**

B. As of the Effective Date, Elizabethtown’s effective WNC, SBC-CEP and OSMC per therm rates will be as follows:

	<u>As filed</u>	<u>2016 Stipulation Update</u>
WNC	\$0.0230	\$0.0229
CEP	\$0.0254	\$0.0252
OSMC	(\$0.0135)	(\$0.0135)
	\$0.0349	\$0.0346

The updated rates reflect the change in New Jersey sales tax since the original rates were filed as well as the removal of the assessment from the rate calculation in accordance with the Stipulation resolving Elizabethtown’s base rate case in BPU Docket No. GR16090826. The updated rate calculations are attached hereto as Appendix A. The WNC rate shall apply during each October through May period or until such time as the amount to be recovered is near zero as

determined by the Company or the Board approves a change in the rate.

C. The Company represents that the labor allocation reflected in the SBC-CEP rider rate proposed in the 2016 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 WNC, SBC-CEP and OSMC rates established herein shall remain in effect until changed by order of the Board. Upon approval of these rates by the Board, the Company will propose and file with the Board revised tariff sheets to reflect the rates agreed to in this Stipulation. Draft tariff sheets are attached hereto as Appendix B.

E. Approval of the increased CEP rate will result in a total SBC rate of \$0.0363 per therm, inclusive of the currently effective RAC, USF and Lifeline rate components.

**Rate Impact**

F. The annual bill impact of the stipulated WNC, SBC-CEP and OSMC rates on a typical residential heating customer using 1,000 therms is an annual increase of \$25.57 from \$834.18 to \$859.75 or 3.1% as compared to the Company's currently effective rates. The proposed rates will increase Elizabethtown's annual revenues by approximately \$14.9 million based on the Company's most recent therm forecast. A breakdown of these revenues at current billing determinants is as follows:

	Revenue at Current Rates	Revenue at Stipulated Rates
CEP	\$11,047,916	\$11,476,424
OSMC	(\$4,857,020)	(\$3,751,264)
WNC	\$0	\$7,198,226
	<hr/>	<hr/>
	\$6,190,896	\$14,923,386

**All Issues Resolved**

G. Upon the Board's approval of this Stipulation, all issues concerning the WNC, SBC-CEP and OSMC and the costs recovered through these clauses are deemed resolved for purposes of this proceeding, but remain subject to audit by the Board. The WNC rate has been computed using the Degree Day Consumption Usage Factor submitted with the Company's 2016 Petition as reflected in attached Appendix C. Also set forth on Appendix C are the Degree Day Consumption Usage Factors being used during the 2016-2017 WNC period. This Stipulation resolves all issues with respect to the proposed Factors.

**Further Provisions**

H. 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.

I. 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.

J. 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 that the Board 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**

By: Mary Patricia Keefe/KB  
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
and Business Support

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

By: Sarah H. Steindel  
Sarah H. Steindel  
Assistant 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, DAG

Dated: June 29, 2017





PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
SOCIETAL BENEFITS CHARGE (SBC)  
CLEAN ENERGY PROGRAM (CEP)

CALCULATION OF THE CEP COMPONENT OF THE SBC  
October 1, 2016 through September 30, 2017  
RECOVERY YEAR - 2017

	<u>As Filed</u>	<u>2016 Stipulation Update</u>
1 Prior Year Balance (Sch. TK-2)	(\$6,781,124)	
2 Current Year Company Program Costs (Sch. TK-2, col c)	\$2,527,092	
3 Current Year and Carry Over Fiscal Agent Payments (Sch. TK-2, col d&e)	\$8,755,316	
4 a. Current Year Recoveries before Refund (Sch. TK-4)	(\$10,154,105)	
b. Refunds Paid in October and November (Sch. TK-4)	<u>\$6,876,191</u>	(\$3,277,914)
5 Current Year Carrying Costs (Sch. TK-2)	<u>(\$59,080)</u>	
6 Current Year Ending Balance - Under Collection (Sum L1-L5)	\$1,164,290	
<u>Projected Fiscal Agent Payments:</u>		
7 Payable for May and June (Sch. TK-3, col h)	\$336,354	
Next Year's Scheduled Payments July - April (Sch. TK-5)	<u>\$9,975,780</u>	<u>\$10,312,134</u>
8 Total Proposed Recoveries (L6+L7)	\$11,476,424	
9 Projected Normalized Sales and Services (Forecast Sch. TK-1)	486,828,543 therms	
10 CEP COMPONENT, before taxes and assessment (L8/L9)	\$0.0236	\$0.0236 /therm
11 BPU & RC Assessment Factors	<u>1.0024</u>	<u>1.0000</u>
12 CEP COMPONENT, before taxes (L10*L11)	\$0.0237	\$0.0236
13 Sales & Use Tax @ 7.000%	Tax rate eff 1/1/2017 6.875%	<u>0.0017</u> <u>0.0016</u>
14 CEP COMPONENT (L12+L13)	<u>\$0.0254</u>	<u>\$0.0252</u> /therm

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS  
CALCULATION OF THE ON-SYSTEM MARGIN SHARING CREDIT (OSMC)

October 2016 through September 2017  
Disbursement Year 2017

	<u>As Filed</u>	<u>2016 Stipulation Update</u>
1 Projected OSMC Margin Contributions for Disbursement (Sch. TK-2)	\$3,169,775	
2 Prior Year Balance, (Over) / Under Disbursement (Sch. TK-3 )	\$646,815	
3 Current Year Balance, (Over) / Under Disbursement (Sch. TK-3 )	<u>(\$65,326)</u>	
5 Total OSMC Customer Credits / (Charge) (L1+L2+L3+L4)	\$3,751,264	
6 Projected Therm Volumes (Forecast Sch. TK-1 )		
- RDS and GLS	228,739,800	
- SGS and GDS	69,177,263	
- LVD and EGF	<u>386,050</u>	298,303,113
7 OSMC Rate per therm, before taxes and assessment (L5/L6)	\$0.0126	\$0.0126
8 BPU & RC Assessment Factors	<u>1.0024</u>	<u>1.0000</u>
9 OSMC Rate, before taxes (L7*L8)	\$0.0126	\$0.0126
	Tax rate eff 1/1/17	
10 Sales & Use Tax @ 7.00%	6.875%	\$0.0009
11 OSM Credit / (Charge) per therm, (L9+L10)	<u>\$0.0135</u>	<u>\$0.0135</u>

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

SIXTH REVISED SHEET NO. 103

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

<del>January 1, 2016 through May 31, 2016</del>	<del>(\$0.0412) per therm</del>
<u>October 1 through May 31</u>	<u>\$0.0229 per therm</u>
June 1 through September 30 <del>of any year</del>	\$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am. The eight temperature observations for a day shall be 10 am, 1 pm, 4 pm, 7 pm, 10 pm, 1 am, 4 am, and 7 am.

Date of Issue: ~~January 4, 2016~~

Effective: Service Rendered  
on and after ~~January 4, 2016~~

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

Filed Pursuant to Order of the Board of Public Utilities

Dated ~~December 16, 2015~~ in Docket No. GR16080786~~GR15080866~~

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

SEVENTH REVISED SHEET NO. 108

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0135)~~(\$0.0175)~~ per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

Date of Issue: ~~January 4, 2016~~

Effective: Service Rendered  
on and after ~~January 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 ~~December 16, 2015~~ in Docket No. GR16080783~~GR15080866~~

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

NINETEENTH 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")	\$0.02520-0244
II.	Remediation Adjustment Charge ("RAC")	(\$0.0016)
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0076
	2. Lifeline	\$0.0051
	TOTAL	\$0.03630-0355

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.

1. 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: ~~October 4, 2016~~

Effective: Service Rendered  
on and after ~~October 3, 2016~~

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated ~~September 23, 2016~~ in Docket No. GR16080786ER16060536

**CLEAN**

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1 through May 31	\$0.0229 per therm
June 1 through September 30	\$0.0000 per therm

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. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am. The eight temperature observations for a day shall be 10 am, 1 pm, 4 pm, 7 pm, 10 pm, 1 am, 4 am, and 7 am.

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Date of Issue:

Effective: Service Rendered  
on and after

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated in Docket No. GR16080786



RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT ("OSMC")

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

(\$0.0135) per therm

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.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year's credits, plus the prior year's OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and assessments.

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Date of Issue:

Effective: Service Rendered  
on and after

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated in Docket No. GR16080786

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")	\$0.0252
II.	Remediation Adjustment Charge ("RAC")	(\$0.0016)
III.	<u>Universal Service Fund and Lifeline:</u>	
	1. Universal Service Fund ("USF")	\$0.0076
	2. Lifeline	<u>\$0.0051</u>
	TOTAL	\$0.0363

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.

1. 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:

Effective: Service Rendered  
on and after

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

Filed Pursuant to Order of the Board of Public Utilities  
Dated in Docket No. GR16080783

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
Weather Normalization Clause (WNC)

Month	Actual Calendar Degree Days	Normal <sup>(a)</sup> Calendar Degree Days	(Warmer / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor <sup>(b)</sup>	Variance in Therms	Margin Revenue Excess / (Deficiency)
Oct-15	247	274	(27)	(9.85%)	(9.85%)	1	(26)	46,638	(1,212,588)	(\$338,555)
Nov	385	537	(152)	(28.31%)	(22.07%)	3	(149)	54,008	(8,047,192)	(\$2,276,551)
Dec	472	869	(397)	(45.68%)	(34.29%)	4	(393)	59,764	(23,487,252)	(\$6,644,544)
Jan-16	972	967	5	0.52%	(21.57%)	5	0	61,892	0	\$0
Feb	799	866	(67)	(7.74%)	(18.16%)	4	(63)	60,650	(3,820,950)	(\$1,080,947)
Mar	511	693	(182)	(26.26%)	(19.50%)	3	(179)	58,125	(10,404,375)	(\$2,943,398)
Apr	369	371	(2)	(0.54%)	(17.96%)	2	0	44,618	0	\$0
May	<u>169</u>	<u>145</u>	<u>24</u>	<u>16.55%</u>	<u>(16.90%)</u>	<u>1</u>	<u>23</u>	<u>41,713</u>	<u>959,399</u>	<u>\$271,414</u>
Total	3,924	4,722	(798)			23	(787)		(46,012,958)	(\$13,012,581)

October Margin Revenue Factor (\$/Thm) <sup>(c)</sup> \$0.2792  
November - May Margin Revenue Factor (\$/Thm) <sup>(c)</sup> \$0.2829

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder (46,012,958)  
WNC Margin Revenue - Excess / (Deficiency) (\$13,012,581)

<sup>(a)</sup> Normal Leap Year Degree Days as set forth in Tariff No. 14 - Rider B, Original Sheet No. 104

<sup>(b)</sup> Degree Day Consumption Factor as filed in Docket No. GR15080866, WNC Schedule TK-4

<sup>(c)</sup> Margin Revenue Factor as set forth in Tariff No. 14 - Rider B, Sheet No. 105

\* Dead Band is 0.5% of the Monthly Normal Calendar Degree Days

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
Weather Normalization Clause (WNC)

Development of the Normalized Degree Day Consumption Usage Factor  
October 2016 through May 2017

<u>Month</u> <u>a</u>	<u>Projected Heat Load<sup>1</sup> (therms)</u> <u>b</u>	<u>Base Number of Customers<sup>2</sup></u> <u>c</u>	<u>Therms Per Customer</u> <u>d=b/c</u>	<u>Number of Customers<sup>3</sup></u> <u>e</u>	<u>Annualized Projected Heat Load (therms)</u> <u>f=d*e</u>	<u>Monthly Normal Heating Degree Days ("HDD")<sup>4</sup></u> <u>g</u>	<u>Annualized Consumption Therms Per HDD</u> <u>h=f/g</u>
Oct-16	12,215,528	270,827	45.10454	285,854	12,893,313	274	47,056
Nov	27,786,365	271,439	102.36689	285,854	29,261,985	537	54,492
Dec	49,912,468	272,283	183.31100	285,854	52,400,183	869	60,299
Jan-17	57,735,289	273,306	211.24779	285,854	60,386,026	967	62,447
Feb	49,317,791	273,936	180.03399	285,854	51,463,436	841	61,193
Mar	39,429,020	274,159	143.81808	285,854	41,110,973	701	58,646
Apr	16,477,951	273,907	60.15893	285,854	17,196,671	382	45,017
May	6,029,896	273,032	22.08494	285,854	6,313,068	150	42,087

1) Adjusted for: a) LAUF as calculated and approved for the 2009 base rate case and a non-leap year HDD pattern for the months of February through May.

2) Base number of customers from the 2009 base rate case.

3) May 31, 2016 customer count for those classes subject to the WNC clause.

4) 20-year 1988-2008 monthly normal heating degree days (base 65°F); represents a non leap-year pattern.