



Elizabethtown Gas

An AGL Resources Company

520 Green Lane
Union, NJ 07083

908 289 5000 phone
www.elizabethtowngas.com

Via FedEx & Electronic Mail

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Case Segment

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BOARD OF PUBLIC UTILITIES
MAIL ROOM

May 29, 2015

Irene Kim Asbury, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, New Jersey 08625-0350

GR 150606A5

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

Dear Secretary Asbury:

Enclosed for filing are an original and ten copies of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") to revise its Periodic Basic Gas Supply Service ("BGSS-P") rate, as discussed below. Attached to and made part of the Petition are the testimony and supporting schedules of Company witnesses Thomas Kaufmann and Leonard J. Willey.

The Petition concerns the period October 1, 2015 through September 30, 2016 ("the BGSS Year"). Elizabethtown proposes to decrease its currently effective BGSS-P rate from \$0.5045 per therm to \$0.4203 per therm, inclusive of all taxes. The Company's currently effective BGSS-P rate is in effect in accordance with a Board Order dated May 19, 2015 issued in BPU Docket No. GR14060538.

As discussed in the testimony attached to Elizabethtown's Petition, the proposed decrease in the BGSS-P rate is due primarily to (i) lower gas costs and (ii) credits provided to the Company's firm customers as a result of the Company's outsourcing of its gas supply and upstream capacity management to Sequent Energy Management L.P. Elizabethtown projects that it will begin the BGSS Year with a gas cost overrecovery balance of approximately \$3.0 million.

CMS
M. Lupo
DAG
RPA
R. Schultze
B. Tyndell
H. Rich
J. May
ENERGY (3)

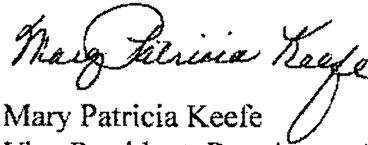
Irene Kim Asbury, Secretary
May 29, 2015

Page 2

Elizabethtown proposes an effective date of October 1, 2015 for the proposed rate change which will decrease the monthly bill of a typical residential customer using 100 therms by \$8.42 from \$99.94 to \$91.52, a decrease of 8.4% based on rates in effect June 1, 2015. In accordance with the terms of Elizabethtown's BGSS clause, the Company reserves the right to seek to implement provisional increases in its BGSS-P rate of up to 5% of a 100 therm residential total bill to be effective December 1, 2015 and February 1, 2016, if the Company determines that such increases are necessary to permit Elizabethtown to avoid a BGSS underrecovery balance at September 30, 2016.

Please contact the undersigned if you have any questions.

Respectfully submitted,



Mary Patricia Keefe
Vice President, Regulatory Affairs and
Business Support

cc: Richard Mroz, President
Upendra Chivukula, Commissioner
Joseph L. Fiordaliso, Commissioner
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Jerome May, Director, Division of Energy
Robert Schultheis, Division of Energy
Stefanie A. Brand, Director, Rate Counsel
Attached Service List

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

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

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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 : **Docket No. GR**
Review Its Periodic Basic Gas Supply Service :
Rate : **SUMMARY SHEET**
-----X

This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”) that the Board of Public Utilities approve Petitioner's Periodic Basic Gas Supply Service (“BGSS-P”) charge, and grant such other and further relief as described in the Petition.

The Petition proposes to decrease the BGSS-P rate from \$0.5045 per therm to \$0.4203 per therm.

The proposed BGSS-P rate will decrease the bill of a residential heating customer using 100 therms by \$8.42 from \$99.94 to \$91.52, a decrease of 8.4% based on rates in effect June 1, 2015.

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

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In The Matter Of The Petition Of Pivotal Utility	: X
Holdings, Inc. d/b/a Elizabethtown Gas To	: Docket No. GR
Review Its Periodic Basic Gas Supply Service	: PETITION
Rate	: X
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To The Honorable Board of Public Utilities:

Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner" or "Company"), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities ("Board"), respectfully states:

1. Petitioner's principal business office is located at 520 Green Lane, Union, New Jersey, 07083.
2. Communications and correspondence concerning these proceedings should be sent as follows:

Mary Patricia Keefe
Vice President, Regulatory Affairs
and Business Support
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d/b/a Elizabethtown Gas
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Erica McGill
Regulatory Counsel
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Deborah Franco
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dfranco@cullydyk.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 280,000 customers in its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. Pursuant to the terms of the Basic Gas Supply Service ("BGSS") clause contained in Petitioner's tariff as approved by the Board by Order dated March 30, 2001 in BPU Docket No. GX99030121 and GO99030122, and as modified by the Board by Orders dated December 7, 2001 in Docket No. GR01110771, *et al.*, November 22, 2002 in Docket No. GR02040245, January 6, 2003 in Docket No. GX01050304 and December 17, 2009 in Docket No. GR09030195, Petitioner proposes to reduce the current Periodic BGSS charge ("BGSS-P Charge") and submits this filing to account for the actual and forecasted gas costs and BGSS rates for the twelve month period October 1, 2014 through September 30, 2015 ("Base BGSS Year"). All information presented in this filing regarding the period October 1, 2015 through September 30, 2016 ("the BGSS Year") reflects forecast data. Petitioner's accounting for its gas costs and recoveries for the Base BGSS Year is based upon actual data for the seven months ended April 30, 2015 and projected data for the period May 1, 2015 through September 30, 2015. In addition, the information and data contained in this Petition and in the supporting Exhibits and Schedules are intended to comply with the "Annual BGSS Minimum Filing Requirements" adopted by the Board by Order dated June 20, 2003 in Docket No. GR02120945, *et al.*

5. In accordance with the Board's January 6, 2003 Order in Docket No. GX01050304 as amended with the Board's December 17, 2009 Order in Docket No. GR09030195, Petitioner recovers gas costs from its residential, small commercial and gas light sales service classes through the BGSS-P rate. Petitioner recovers gas costs from its firm large commercial, industrial and electric generation customers through the assessment of the Monthly BGSS ("BGSS-M") rate. Under Petitioner's tariff, the BGSS-P rate consists of a gas cost component ("GCC-P") and a capacity cost component ("CCC-P") and is adjusted to reflect the projected beginning over or underrecovery balance from the prior period. The CCC-P established in this proceeding is also used to determine the monthly BGSS-M rate. However, BGSS-M rates are not established in this proceeding; they are established on a monthly basis.

6. Petitioner proposes to decrease its current BGSS-P rate of \$0.5045 per therm inclusive of all applicable taxes to \$0.4203 per therm inclusive of all applicable taxes. The current BGSS-P rate of

\$0.5045 per therm was approved in accordance with a Board Order dated May 19, 2015 in BPU Docket No. GR14060538.

7. Petitioner projects that its recoverable gas costs will be approximately \$18 million lower than the level recoverable through its current BGSS-P rate in the BGSS Year. This projection is based on Petitioner's best estimate of gas costs to be incurred in the BGSS Year. Petitioner's proposed BGSS-P rate is based on a CCC-P of \$0.1895 per therm, which also will be used to establish BGSS-M rates. Petitioner projects that it will begin the BGSS Year with a gas cost overrecovery balance of approximately \$3.0 million.

8. Petitioner has taken reasonable steps to reduce its gas costs and manage the volatility that has become characteristic of the natural gas commodity marketplace. As discussed by Company witness Leonard J. Willey, Petitioner's efforts to reduce costs and manage volatility have included, (a) continuing to implement its Gas Procurement Strategy and Plan on file with the Board, (b) maximizing benefits for firm customers through a capacity management and gas supply agreement with Sequent Energy Management, L.P. that was modified and extended by the Board Order dated March 19, 2014 in Docket No. GO13040272, and (c) employing its gas storage resources to eliminate Petitioner's exposure to some of the volatility associated with winter price swings. Petitioner's purchases of gas supply have been effectuated at prices consistent with market conditions as required by *N.J.S.A. 48:3-58(t)*.

9. Annexed hereto and made a part of this Petition is the testimony of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner, which Petitioner suggests be marked as Exhibit P-1. The schedules listed below are attached and referred to in Exhibit P-1, which Petitioner suggests be marked as indicated. Where noted, the following schedules contain information responsive to the BGSS Minimum Filing Requirements ("MFR") set forth in the MFR Settlement:

(a) Schedules TK-1 to TK-11 present data for the BGSS year ending September 30, 2015 (these schedules provide data responsive to MFRs 4, 5, 6, 7, 10, 11, 12, 13, and 15) and;

(b) Schedule TK-12 sets forth the revised tariff sheet to implement the proposed rate (this schedule provides data responsive to MFR 1).

10. Also annexed hereto and made a part of this Petition is the testimony of Leonard J. Willey, Manager of Gas Supply, which Petitioner suggests be marked as Exhibit P-2. The schedules listed below are attached and referred to in Exhibit P-2, which Petitioner suggests be marked as indicated.

(a) Schedules LJW-1 through LJW-15 support the calculated BGSS-P rate and reflect projected data for the period October 1, 2015 through September 30, 2016 (these schedules provide data responsive to MFRs 2, 4, 5, 6, 7, 8, 11, 12 and 17); and

(b) Schedule LJW-16 presents historical and estimated supply and demand requirements for Petitioner for the period November 2012 through October 2017 (this schedule provides data responsive to MFR 14).


11. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibits and schedules annexed hereto upon Stefanie A. Brand, Esq., Division of Rate Counsel, 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the attached service list and as outlined in *N.J.A.C. 14:1-5.12*. Petitioner is also serving this petition electronically on Board Staff and employees of the Division of Rate Counsel. In accordance with MFR Number 3 and to expedite consideration of this matter, Petitioner is attaching as Appendix A, a form of public notice, setting forth the proposed impact on typical gas bills at various winter therm utilization levels. As discussed in the notice, and in accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, Petitioner's form of notice provides notice to the public that Petitioner may seek to implement provisional increases to the BGSS-P rate of up to 5% of a 100 therm residential total bill to be effective December 1, 2015 and February 1, 2016. Petitioner may submit such provisional increases if they are necessary to permit Petitioner to avoid a BGSS underrecovery balance at September 30, 2016.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing to become effective as of October 1, 2015 and (2) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas

By:



Mary Patricia Keefe
Vice President, Regulatory Affairs and
Business Support
Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas
520 Green Lane
Union, New Jersey 07083
Ph: (908) 662-8452

Dated: May 29, 2015

**PIVOTAL UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS
NOTICE OF PUBLIC HEARINGS**

TO OUR CUSTOMERS:

On May 29, 2015, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("the Company" or "Elizabethtown"), filed a Petition with the New Jersey Board of Public Utilities ("BPU" or "Board") in Docket No. GR _____ to review its Periodic Basic Gas Supply Service ("BGSS-P") rate. The Company has petitioned the BPU to decrease its current BGSS-P rate from \$0.5045 per therm to \$0.4203 per therm, inclusive of applicable taxes, a decrease of 8.4% to the typical residential customer using 100 therms based on rates in effect June 1, 2015.

The proposed rates are subject to BPU approval and may be higher or lower depending on the Board's final determination and the date on which such rates are made effective. The overall percentage change in the affected rate schedule is as follows:

<u>Rate Schedule</u>	<u>Percentage Change</u>
Residential Service	(8.4%)

The effect of the Company's filing on typical residential gas bills is illustrated below:

<u>Consumption in</u> <u>Therms</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Proposed Change</u>	<u>Percent Change</u>
10	\$17.19	\$16.35	(\$0.84)	(4.9%)
50	\$53.97	\$49.76	(\$4.21)	(7.8%)
100	\$99.94	\$91.52	(\$8.42)	(8.4%)
250	\$237.85	\$216.80	(\$21.05)	(8.9%)

These proposed rates may be subject to a self-implementing rate increase of up to 5% on December 1, 2015 and another 5% increase on February 1, 2016, upon 30 days written notice by Elizabethtown to the BPU and the Division of Rate Counsel. Should it become necessary to apply the self-implementing increase, the impact of this increase on December 1st on a typical residential customer using 100 therms per month would be an incremental increase of \$4.58, increasing the proposed bill from \$91.52 to \$96.10. Should it become necessary to apply the self-implementing increase on February 1st, the incremental increase to a typical residential customer using 100 therms per month would be \$4.81, increasing the proposed bill from \$96.10 to \$100.91. Any assistance required by Customers in ascertaining the impact of the proposed rate increase will be provided by the Company on request.

The Board has the statutory authority to establish Elizabethtown's rates at levels it finds just and reasonable as well as to establish the effective date of such rates. Therefore, the BPU may establish the rates at levels and/or an effective date other than those proposed by Elizabethtown.

Copies of the Petition are available for inspection at the Company offices located at 520 Green Lane, Union, New Jersey, online at Elizabethtown's website: www.elizabethtowngas.com, and at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, New Jersey.

PLEASE TAKE NOTICE that Public Hearings have been scheduled on the above mentioned Petition at the following times and places:

_____, 2015
Hunterdon County Complex, Route 12, Building #1, Flemington, New Jersey 08822

_____, 2015
Rahway Municipal Council, Court Chambers, City Hall Plaza, Rahway, New Jersey 07065

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed rates. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including interpreter, listening devices and/or mobility assistance, 48 hours prior to this Hearing. In addition, members of the public may submit written comments concerning the Petition to the BPU regardless of whether they attend the hearing by addressing them to: Irene Asbury, Secretary, Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, New Jersey 08625-0350. Hearings will continue, if necessary, on such additional dates and at such locations as the Office of Administrative Law may designate in order to ensure that all interested persons may be heard.

**Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Brian MacLean – President**

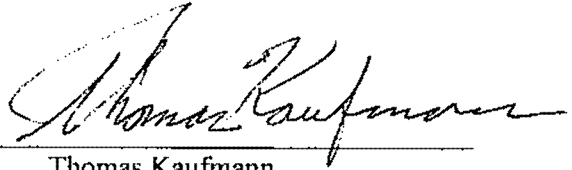
STATE OF NEW JERSEY)
 :
COUNTY OF UNION)

ss:

Thomas Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

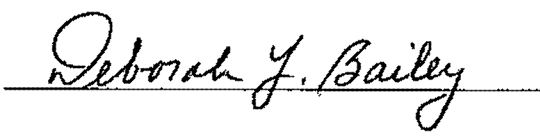
1. I am Manager of Rates and Tariffs of the Petitioner in the foregoing Petition and I am authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition and the Exhibits and Schedules submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.



Thomas Kaufmann
Manager, Rates and Tariffs

Sworn to and subscribed to before me this 29th day of MAY, 2015.



DEBORAH Y. BAILEY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 8, 2015

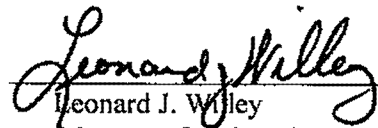
STATE OF NEW JERSEY)
 :
COUNTY OF UNION)

ss:

Leonard J. Willey, being duly sworn according to law, upon his oath, deposes and says:

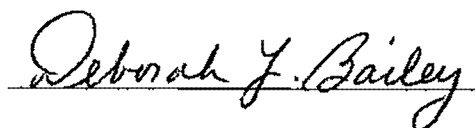
1. I am Manager of Gas Supply of the Petitioner in the foregoing Petition, and I am authorized to make this Affidavit on behalf of the Petitioner.

2. The statements made in the foregoing Petition and the Exhibits and Schedules submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.



Leonard J. Willey
Manager, Gas Supply

Sworn to and subscribed to before me this 29th day of MAY, 2015.



DEBORAH Y. BAILEY
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 8, 2015