

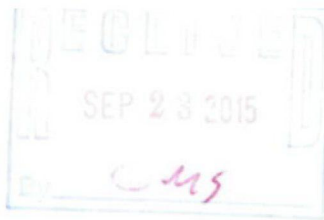


Elizabethtown Gas™

An AGL Resources Company

520 Green Lane
Union, NJ 07083

908 289 5000 phone
www.elizabethtowngas.com



ORIGINAL

September 22, 2015

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

RECEIVED

SEP 23 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

Re: In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas For Approval Of A Safety, Modernization And Reliability Program And Associated Cost Recovery Mechanism
BPU Docket No. GR15091090

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”) for approval of a safety, modernization and reliability program and a related rider to the Company’s tariff – the Safety, Modernization and Reliability Tariff – to permit the Company to recover the costs of the program. Collectively, the proposed program and Tariff rider will be referred to as the SMART Program. The Company’s Petition is accompanied by the testimony and supporting schedules of the following witnesses:

1. Brian MacLean – President of Elizabethtown
2. Michael P. Scacifero – Elizabethtown’s Director of Engineering Services
3. Thomas Kaufmann – Elizabethtown’s Manager of Rates and Tariffs
4. Salvatore D. Marano – Jacobs Consultancy
5. Daniel P. Yardley – Yardley Associates

Under the SMART Program, Elizabethtown proposes over a ten-year period to modernize and enhance the safety and reliability of its gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron, copper and vintage plastic mains and vintage plastic and copper services. Elizabethtown also proposes to locate inside meter sets outside, to upgrade its legacy low pressure system to an elevated pressure system and, as a consequence, to install excess flow

CMS
 LEGAL (2)
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 RPA
 J. MAY
 S. Peterson
 A. BATOR
 ENERGY (3) TOC

valves and to retire district regulators that are presently required to operate the low pressure system. The total expenditures associated with the SMART Program are projected to approximate \$1,102 million in 2014 dollars. Elizabethtown projects that these expenditures will enable the Company to replace approximately 630 miles of main and approximately 67,000 services.

Elizabethtown is not proposing a rate change at this time to recover the costs of the SMART Program and there is no immediate rate impact associated with this Petition. Elizabethtown is proposing to include a rider to its Tariff that will enable the Company to obtain timely recovery of its SMART Program costs when those costs are incurred. The rates to be established under the rider will be determined in future proceedings before the Board.

Elizabethtown respectfully requests the Board to retain this matter and to establish a procedural schedule that will permit the Board to issue a final order in this proceeding no later than March 31, 2016.

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

Respectfully submitted,


Mary Patricia Keefe
Vice President, Regulatory Affairs
And Business Support

Enclosures

cc: Richard Mroz, President
Upendra Chivukula, Commissioner
Joseph L. Fiordaliso, Commissioner
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Paul Flanagan, Executive Director
Jerome May, Division of Energy
Stefanie A. Brand, Director, Rate Counsel
Felicia Thomas-Friel, Division of Rate Counsel (6 copies)

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

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In The Matter Of The Petition Of Pivotal Utility	:	BPU Docket No. GR
Holdings, Inc. d/b/a Elizabethtown Gas For Approval	:	
Of A Safety, Modernization And Reliability Program	:	
And Associated Cost Recovery Mechanism	:	PETITION
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To The Honorable Board of Public Utilities:

Introduction

Pursuant to *N.J.S.A.* 48:2-21 and 48:2-21.1, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner,” “Elizabethtown” or “Company”), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the 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
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
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Union, New Jersey 07083
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100 Quentin Roosevelt Boulevard
Garden City, New York 11530-4850
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dfranco@cullydyk.com

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

The Proposed SMART Program

4. Petitioner is filing this Petition to request Board approval of a safety, modernization and reliability construction program and a related rider to the Company's Tariff for Gas Service ("Tariff")¹ -- the Safety, Modernization and Reliability Tariff -- to permit Petitioner to recover the costs of the proposed program (collectively, the program and proposed Tariff rider will be referred to as the "SMART Program"). Under the SMART Program, Elizabethtown proposes to undertake and implement a ten-year program to modernize and enhance the reliability and safety of its gas distribution system by replacing and retiring its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel² mains and services, ductile iron, vintage plastic and copper mains, and vintage plastic and copper services. As part of the SMART Program, Elizabethtown also proposes to relocate inside meter sets outside, to upgrade its legacy low pressure system to an elevated pressure system, and, as a consequence, to install excess flow valves and retire district regulators that are presently required

¹ Elizabethtown's currently effective Tariff is designated as "BPU No. 14."

² Unprotected steel facilities are facilities that are not cathodically protected and include both bare steel and coated steel.

to operate the existing low pressure system.³ Elizabethtown proposes to commence investment under the Program on the first day of the month following Board approval of this Petition and continue the Program for a period of ten years. The total expenditures associated with the Program are projected to approximate \$1,102 million in 2014 dollars.⁴ Elizabethtown anticipates that these expenditures will enable the Company to replace and retire approximately 630 miles of main that consists primarily of vintage, at-risk pipe and approximately 67,000 services, which would include all existing unprotected steel and copper services.

5. Under the SMART Program, the Company will effectuate the retirement of vintage, at-risk facilities utilizing an analytical approach that will balance customers' needs against risks. Specifically, in advance of each year, the Company will identify specific retirement/replacement projects using an analytical approach that considers:

- (i) prioritization of selected facilities for safety and reliability;
- (ii) the latest technologies for system design and materials;
- (iii) the potential for environmentally friendly construction;
- (iv) the impact on customers and communities;
- (v) the ability to upgrade system pressures for increased reliability;
- (vi) opportunities to utilize existing embedded system components that do not need to be replaced;
- (vii) opportunities to "right size" new facilities for cost effectiveness;
- (viii) opportunities to maximize the ratio of retirements to new installations; and
- (ix) opportunities to coordinate work among other Company programs, work by other utilities and municipal pavement work.

³ In this Petition, references to low pressure facilities refer to facilities that operate at pressures less than 1 psig. Elevated pressure facilities refer to facilities operated at between 10 psig and 60 psig.

⁴ The total expenditures include the cost of removing the facilities that will be retired.

The Justification For The SMART Program

6. Elizabethtown was formed in 1854. The Company's original gas distribution system in the eastern part of its service territory located in Union and Middlesex Counties was constructed to distribute gas manufactured from coal at low pressures. Some of Elizabethtown's existing low pressure mains date back to the 1890s. From the 1890s to the 1960s, the principle material used for distribution mains was cast iron while unprotected steel was used for services. In the 1950s, unprotected steel also began to be used for mains. Elizabethtown's current distribution system includes (i) mains constructed of cast iron, ductile iron, unprotected and protected steel, copper and plastic, and (ii) services constructed of protected and unprotected steel, plastic, and in a very small percentage of cases, copper. Most of the cast iron, ductile iron, unprotected steel and copper facilities are located in Union County.

7. Since the late 1990s, Elizabethtown has undertaken a number of infrastructure replacement programs that have enabled it to retire all elevated pressure cast iron mains up to 12" diameter as well as portions of its low pressure cast iron main. Currently, as part of the Board-approved Accelerated Infrastructure Replacement ("AIR") and Elizabethtown Natural Gas Distribution Utility Reinforcement Effort ("ENDURE") programs, the Company is retiring approximately 74 miles of low pressure cast iron main under the AIR Program, and approximately 10 miles of such main under ENDURE.⁵ These programs have enhanced, and will continue to enhance, the safety and reliability of Elizabethtown's distribution system in an efficient manner while also providing economic development, job growth and retention, and environmental benefits.

8. The SMART Program is intended to permit Elizabethtown to continue to proceed with the modernization of its system in an efficient and cost effective manner over the next ten

⁵ The ENDURE Program projects are designed to replace and retire main in flood prone areas.

years and to enable the Company to continue to provide the economic stimulus associated with an ongoing infrastructure replacement program. The SMART Program is designed in a manner that will enable Elizabethtown to comprehensively modernize its system while minimizing the adverse impact of necessary modernization activities on the communities that Elizabethtown serves. The implementation of the SMART Program will also provide environmental benefits to the State. Methane emission reduction associated with the SMART Program is estimated at approximately 58,100 metric tons of CO₂ equivalent per year once the program is completed.⁶

9. Elizabethtown submits that the continued modernization of its distribution facilities is supported by Federal and State policy. Specifically in 2011, the United States Secretary of the Department of Transportation (“DOT”) and the Pipeline and Hazardous Materials Safety Administration (“PHMSA”) announced a “Call to Action”⁷ to pipeline operators and other stakeholders to conduct a comprehensive review of pipeline facilities, identify areas representing greater risk, and accelerate repair and replacement efforts. This “Call to Action” recognized that investments in modernizing pipeline infrastructure enhance public safety and reliability both immediately and well into the future. Elizabethtown’s proposed SMART Program is intended to respond to and achieve the goals of the “Call to Action” and other relevant policies.

10. Adoption of a 10-year program to replace the remaining vintage at-risk pipe facilities on Elizabethtown’s system is consistent with previous Board decisions that have approved infrastructure replacement programs for Elizabethtown and other New Jersey utilities. A systematic long-term approach to infrastructure replacement will permit the Company to execute the replacement of aging facilities more efficiently, attain greater economies of scope

⁶ This estimate was determined using the AGA Energy Analysis Study, April 2014

⁷ http://www.phmsa.dot.gov/staticfiles/PHMSA/DownloadableFiles/110404%20Action%20Plan%20Executive%20Version%20_2.pdf

and scale, and avoid unnecessary disruption in the communities that will be affected by the construction of replacement facilities.

**The Proposed SMART Program Is A Logical Extension
Of Elizabethtown's Recent Infrastructure Modernization Programs**

11. In 2008, the State of New Jersey called upon its energy utilities to play a role in assisting in the economic recovery of the State by increasing investments in necessary and beneficial energy infrastructure. In response, Elizabethtown submitted a Utility Infrastructure Enhancement ("UIE") program that was approved by the Board by Orders dated April 28, 2009 in BPU Docket Nos. EO09010049 and GO09010053 *et al* and May 16, 2011 in BPU Docket Nos. GO10120969 and GR09030195. Pursuant to those Orders, Elizabethtown completed certain UIE I and UIE II projects that included:

- (i) the replacement of approximately 29 miles of elevated pressure, ten to twelve-inch cast iron main;
- (ii) the replacement of approximately 36 miles of low pressure, four-inch cast iron main.

12. At the UIE program's conclusion, Elizabethtown received approval from the Board by Order dated August 21, 2013 in BPU Docket No. GO12070693 ("August 21 Order") to implement the four-year AIR program that authorized the Company to invest over \$115 million to, *inter alia*, continue replacement of bare steel, cast iron and other facilities. The AIR program will expire September 1, 2017.⁸ The Company projects that the AIR program will effectuate the replacement of approximately 74 miles of low pressure cast iron main and 5 miles of elevated pressure cast iron main.

⁸ The Board's August 21 Order became effective September 1, 2013.

13. Finally, in response to the Board's March 20, 2013 Order in BPU Docket No. AX13030197, which invited the submission of proposals for infrastructure upgrades designed to protect the State's utility infrastructure from major storm events, Elizabethtown sought and received approval from the Board to implement the ENDURE program which, *inter alia*, will permit the Company to replace approximately 600 inside meter sets and approximately 10 miles of low pressure cast iron main with facilities uprated to elevated pressure. The Company's ENDURE projects were authorized by the Board by Order dated July 23, 2014 in BPU Docket Nos. AX13030197 and GO13090826.

14. While the UIE, AIR and ENDURE programs, as well as other efforts undertaken by Elizabethtown in the past to replace cast iron mains,⁹ have resulted in the replacement of a significant amount of Elizabethtown's vintage, at-risk pipe materials, the Company nonetheless, at the completion of the AIR and ENDURE programs, will continue to operate (i) approximately 630 miles of main in low pressure areas of its distribution system that consists primarily of vintage, at-risk pipe, (ii) approximately 67,000 bare steel and copper services, and (iii) approximately 84,000 inside meter sets. As discussed more fully by Company witnesses Brian MacLean, Michael Scacifero, Salvatore D. Marano and Daniel P. Yardley, the establishment of the SMART Program to replace these facilities with a modern system will enhance the reliability and safety of Elizabethtown's distribution system by building upon the previous infrastructure replacement programs approved by the Board and is therefore in the public interest.

⁹ By Order dated August 18, 2006 in BPU Docket No. GR05040371, the Board approved a stipulation that committed the Company to use its commercially reasonable best efforts to replace approximately 60 miles of elevated pressure, 8-inch cast iron main by June 30, 2010. Prior to that order, the Company had systematically replaced its 4 to 6-inch elevated pressure cast iron main over a number of years.

Applicable Federal And State Policies Support The SMART Program

15. The proposed SMART program will help Elizabethtown achieve important safety and reliability objectives in a manner consistent with applicable Federal and State policies. As discussed supra, in 2011 the DOT and PHMSA issued a “Call to Action” that sought more aggressive action on the part of pipeline operators to repair and replace infrastructure that is determined to be at-risk. PHMSA specifically characterized cast iron and unprotected steel pipe as categories of infrastructure that require attention. The “Call to Action” was followed by an advisory bulletin issued by PHMSA on March 23, 2012 to owners and operators of natural gas cast iron distribution pipelines and state pipeline safety representatives. The bulletin urged operators of natural gas distribution systems to accelerate replacement of aging infrastructure to enhance safety and requested state agencies to consider enhancements to cast iron replacement plans and programs. In addition, in 2015, the White House released a “New Agenda To Modernize Energy Infrastructure” in the Quadrennial Energy Review, specifically calling for programs to accelerate pipeline replacement in natural gas distribution systems. Retirement and replacement of aging gas distribution infrastructure are also supported by Federal and State policies reflected in (i) PHMSA’s requirement that all gas distribution operators implement a Distribution Integrity Management Plan, and (ii) the New Jersey Energy Master Plan, which supports investments in natural gas infrastructure as a means of reducing energy costs and enhancing energy security. The applicability of these policies is further discussed in the attached testimony of Company witnesses Scacifero, Marano and Yardley.

**The SMART Program Will Provide
Significant Benefits To Customers And New Jersey**

16. The proposed SMART Program, like the previous UIE, AIR and ENDURE programs, will provide benefits to both Elizabethtown’s customers and the State of New Jersey.

In addition to the obvious enhancements to the safety and reliability of Elizabethtown's distribution system, such benefits include, (i) the ability to achieve economies of scope and scale in implementing the Program, (ii) the ability to attain scheduling efficiencies by executing a multi-year coordinated infrastructure replacement program, (iii) environmental benefits associated with reduced methane emissions, (iv) the upgrading of Elizabethtown's existing low pressure system to elevated pressure to permit the installation of smaller size pipe, excess flow valve safety devices, and the increased use of high efficiency appliances by Elizabethtown's customers, and (v) the economic benefits associated with maintaining and utilizing a significant workforce of contractors to carry out the Program. Many of these benefits, which are discussed more fully in the testimony of Witnesses MacLean, Scacifero, and Marano , will exist for decades to come.

17. While Elizabethtown acknowledges that the proposed SMART program will, all else being equal, result in increases in customers' bills. Elizabethtown believes that these increases are reasonable and necessary to obtain the safety, reliability and other societal benefits of the SMART Program. In addition, given that commodity gas prices are considerably lower than they were a few years ago, it is an opportune time to implement the SMART program.

Cost Recovery

18. As explained more fully in the accompanying testimony of Thomas Kaufmann, Elizabethtown is proposing to recover the revenue requirements associated with the SMART Program through a combination of traditional base rate recovery and the operation of a tariff rider comparable to that approved by the Board for Elizabethtown's UIE program in BPU Docket Nos. EO09010049 and GO09010053. Under the Board's Order dated August 21, 2013 in BPU Docket No. GO12070693 that authorized Elizabethtown's AIR Program, Elizabethtown

is required to file a base rate case no later than September 1, 2016. That case will be based on a test year consisting of three months of actual data and nine months of projected data. Elizabethtown proposes that the costs associated with all SMART Program investments placed in service as of the end of the test year of the 2016 rate case should be reflected in the Company's base rates as approved by the Board in that case. Elizabethtown further submits that the prudence of SMART Program investments placed in service by the end of the test year can be examined in the 2016 rate case.

19. For the revenue requirement associated with SMART programs placed in service after the end of the 2016 rate case test year, Elizabethtown proposes to recover such revenue requirements through the operation of a tariff rider similar to that approved by the Board in its April 28, 2009 Order in Elizabethtown's UIE proceeding in BPU Docket Nos. EO09010049 and GO09010053. Specifically, the proposed rider is designed to permit Elizabethtown to recover (i) the after-tax return on capital associated with its SMART projects, grossed up for the appropriate revenue expansion factor, (ii) depreciation expense associated with such projects, (iii) carrying costs on the over and under recovery balances resulting from the operation of the SMART rider, and (iv) all applicable taxes and assessments. To determine the revenue requirement that the SMART rider will be designed to recover, the Company will multiply the after-tax return on capital by the gross plant additions¹⁰ associated with SMART Program projects projected to be placed in service less the accumulated depreciation and accumulated deferred taxes associated with such projects. The applicable after-tax cost of capital, depreciation rates and revenue expansion factor applicable to the SMART rider will be determined initially by the Board in Elizabethtown's 2016 rate case and will be subject to prospective adjustment in any future

¹⁰ Such plant additions would include an accrued Allowance for Funds Used During Construction ("AFUDC") until they are placed in service. The AFUDC rate applied to SMART projects would be based upon the modified Federal Energy Regulatory Commission method used by Elizabethtown.

Elizabethtown base rate case during the term of the SMART Program. Elizabethtown proposes that the SMART rider rate would be assessed to all firm customers served under Service Classifications RDS, SGS, GDS, LVD, EGF, GLS, NGV and FTS.

20. Elizabethtown proposes that the initial SMART rider rate be established by the Board in Elizabethtown's 2016 rate case based on the projected SMART Program costs for the period April 1, 2017 through March 31, 2018. All costs and cost recoveries through the SMART Rider will be subject to a full annual reconciliation. The monthly over and under recovery balance will be determined on the basis of a comparison of the actual revenues billed under the SMART Rider and the actual revenue requirement for SMART Projects each month. The monthly interest on net over and under recoveries will be based upon the Company's actual interest rate on its commercial paper and/or bank credit lines, or if such commercial paper and/or bank credit lines have been fully utilized, the interest rate will be equal to the Company's pre-tax return as established in its most recent rate case.

21. Elizabethtown proposes to file an annual petition to adjust the SMART rider rate no later than January 1 of each year. Such filing will reflect a reconciliation of actual and projected SMART Program costs through March 31 of the same year as well as a projection of SMART Program costs for the next succeeding April 1 through March 31 period. The first SMART filing would be made January 1, 2018. The Company's proposed SMART rider rates would be recovered on a provisional basis but would only be subject to a disallowance if the Board found that specific SMART Program expenditures were imprudently incurred. The prudence of SMART Program investments would be reviewed in Elizabethtown's periodic base rate cases, or if a base rate case were not filed within two years of the completion of the SMART Program, through a reopener of Elizabethtown's then-most recent base rate proceeding.

22. Although Elizabethtown is not proposing any change in rates associated with the SMART Program at this time, Mr. Kaufmann's testimony sets forth the illustrative bill impacts associated with the SMART Program. These illustrative bill impacts were calculated using the following inputs:

- (i) a composite depreciation rate of 1.94%, the rate that is currently being utilized to determine Elizabethtown's AIR Program deferral balance;
- (ii) a weighted average after-tax cost of capital of 6.53% as established in Elizabethtown's most recent base rate case; and
- (iii) a revenue expansion factor of 1.72431, which is the factor established in Elizabethtown's most recent rate case adjusted for the change in the Corporate Business Tax rate that took effect in 2010.

Mr. Kaufmann's analysis shows estimates that the operation of the SMART Rider will result in annual rate adjustments of between 1.4% and 3.2% to the Company's residential heating customers over the life of the Program.

Management Plan

23. Elizabethtown is developing a detailed plan for managing the SMART Program. It will provide a detailed description of the SMART Program and its objectives, how it will be managed and how it will be executed. It will discuss the internal and external resources available to administer the Program and explain why those resources are sufficient to effectively administer the Program. It will also set forth detailed processes to be followed in managing the Program. To the extent that the Company incurs incremental operation and maintenance expenses to administer the Program, Elizabethtown will seek to recover such costs in future base rates, not through the operation of the SMART rider.

Communications Plan

24. Implementation of the SMART Program will require Elizabethtown to engage in extensive construction in the portion of its service territory located in Union and Middlesex Counties over the next ten years.¹¹ To facilitate the Program, Elizabethtown will develop a comprehensive communications and public outreach program for the purpose of communicating details about the Program and obtaining input from governmental officials, affected business communities and local citizens about anticipated construction activities. Elizabethtown submits that a proactive, interactive program of community outreach will help the Company to maximize support for the Program and minimize disruptions in local communities.

Government Funding

25. If Elizabethtown receives any federal, state, county or municipal funds or credits directly applicable to SMART projects, it will use such funding to offset its SMART Program costs to the extent permitted by law.

Reporting Requirements

26. Elizabethtown will provide the Board and parties to this proceeding with reports concerning the SMART Program in the same format as the Company's reports concerning the AIR and ENDURE programs. Elizabethtown submits that its reports, coupled with its annual SMART Rider reconciliation filings, will keep the Board and all parties fully informed concerning the progress of the SMART Program.

Public Notice And Hearings

27. This Petition does not propose any rate increase, and, for that reason, no public hearings are required. Nonetheless, Elizabethtown proposes public hearings similar to those that

¹¹ A small portion of the SMART Program construction will also take place in the Northwest portion of the Company's service territory.

are held when rate increases are proposed. A proposed Form of Public Notice, including the proposed rates and bill impacts attributable to the SMART program, is attached to this Petition as Exhibit P-6. Elizabethtown proposes that the form of notice be placed in newspapers having circulation within the Company's gas service territory to provide notice of public hearings that will be held in Elizabethtown's Union and Northwest service territories. A copy of this Notice will be served on the County Executives and Clerks of any municipalities within the Company's service territory once public hearing dates are established.

Miscellaneous

28. Attached to and made a part of this Petition are the following exhibits and schedules which Petitioner suggests be marked as indicated:

Exhibit P-1	Testimony and Schedules of Brian MacLean
Exhibit P-2	Testimony and Schedules of Michael P. Scacifero
Exhibit P-3	Testimony and Schedules of Salvatore A. Marano
Exhibit P-4	Testimony and Schedules of Daniel P. Yardley
Exhibit P-5	Testimony and Schedules of Thomas Kaufmann
Exhibit P-6	Draft Public Notice

29. Seven copies of this Petition are being served on Stefanie A. Brand, Director, Rate Counsel, 140 East Front Street, Trenton, New Jersey, 08625 and as otherwise required under *N.J.A.C.* 1:5-12¹² and on the individuals identified below.

30. Given the significance of the proposed SMART program and Petitioner's desire to implement the program as quickly as possible, Elizabethtown respectfully requests the Board

¹² Although this filing proposes no increase in rates, it is nonetheless being served in the manner required by *N.J.A.C.* 14:1-5.12.

to retain this matter and establish a procedural schedule that will permit the Board to issue a final order in this proceeding no later than March 31, 2016.

Conclusion

For the foregoing reasons, Elizabethtown respectfully requests the Board to issue an order approving this Petition no later than March 31, 2016 and specifically find that:

- (1) the SMART program is in the public interest, and that it is reasonable and prudent for Elizabethtown to proceed with the SMART Program as described herein,
- (2) Elizabethtown will be permitted to recover SMART program costs incurred after the test year of its 2016 rate case through the operation of the SMART rider as described in the Petition and Mr. Kaufmann's testimony.

Respectfully submitted,

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

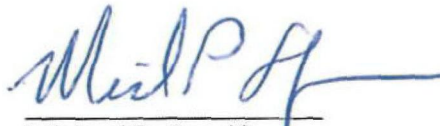
Dated: September 22, 2015

VERIFICATION

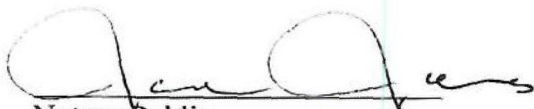
STATE OF NEW JERSEY)
)
COUNTY OF UNION) ss:

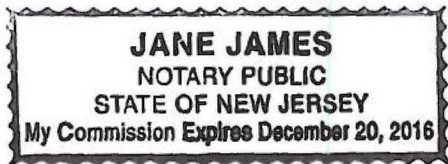
I, Michael P. Scacifero, being duly sworn according to law, upon his oath, deposes and says:

1. I am Director of Engineering Services for 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.


Michael P. Scacifero
Director of Engineering Services

Sworn to and subscribed to before me this
22 day of Sept., 2015.


Notary Public



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

-----X		
In the Matter of the Petition of Pivotal Utility	:	Docket No.
Holdings, Inc. d/b/a Elizabethtown Gas For	:	
Approval Of A Safety, Modernization And	:	
Reliability Program And Associated Cost	:	
Recovery Mechanism	:	SUMMARY SHEET
-----X		

This Petition presents the request of Pivotal Utility Holdings, Ind. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) for approval by the Board of Public Utilities (“Board”) of a safety, modernization and reliability construction program and a related rider to the Company’s Tariff – the Safety, Modernization and Reliability Tariff – to permit Elizabethtown to recover the costs of the proposed program (collectively the program and proposed Tariff rider will be referred to as “the SMART Program”). Under the SMART Program, Elizabethtown proposes, over a ten-year period, to modernize and enhance the reliability and safety of its gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron, copper and vintage plastic mains and vintage plastic and copper services. Elizabethtown also proposes to relocate inside meter sets outside, to upgrade its legacy low pressure system to an elevated pressure system and, as a consequence, to install excess flow valves and retire district regulators that are presently required to operate the existing low pressure system. The total expenditures associated with the SMART Program are projected to approximate \$1,102 million in 2014 dollars. Elizabethtown projects that these expenditures will enable the Company to replace approximately 630 miles of main and approximately 67,000 services.

Elizabethtown is not proposing a rate change at this time and therefore there is no immediate rate impact associated with this Petition. Elizabethtown is proposing to include a rider to its Tariff that will enable the Company to obtain timely recovery of its SMART Program costs when those costs are incurred. The rates to be established under the rider will be determined in future proceedings before the Board.