

520 Green Lane
Union, NJ 07083
908 289 5000 phone
www.elizabethtowngas.com

Via FedEx & Electronic Mail



Board of Public Utilities

JUN 01 2016
MAIL RECEIVED

May 31, 2016

Irene Kim Asbury, Secretary
State of New Jersey
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, New Jersey 08625-0350

GR16060485

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, 2016 through September 30, 2017 (“the BGSS Year”). Elizabethtown proposes to decrease its currently effective BGSS-P rate from \$0.4203 per therm to \$0.3954 per therm, inclusive of all taxes.

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 underrecovery balance of approximately \$2.8 million.

CMS
M. Lupo
LEGAL
DAG
RPA
B. TINDALL
R. SCHULTHEIS
J. MAY

S. Sumliner
ENERGY
H. Rich

Elizabethtown proposes an effective date of October 1, 2016 for the proposed rate change which will decrease the monthly bill of a typical residential customer using 100 therms by \$2.49 from \$86.91 to \$84.42, a decrease of 2.9% based on rates in effect June 1, 2016. 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, 2016 and February 1, 2017, if the Company determines that such increases are necessary to permit Elizabethtown to avoid a BGSS underrecovery balance at September 30, 2017.

Please contact the undersigned if you have any questions.

Respectfully submitted,

/s/ Mary Patricia Keefe

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 _____

SERVICE LIST

Mary Patricia Keefe, Esq.
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
pkeefe@aglresources.com

Thomas Kaufmann
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
Tom.Kaufmann@aglresources.com

Leonard J. Willey
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
lwilley@aglresources.com

Susan Potanovich
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
spotanov@aglresources.com

Diane Rojek
Elizabethtown Gas
520 Green Lane
Union, NJ 07083
drojek@aglresources.com

David Weaver
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
dweaver@aglresources.com

Timothy Sherwood
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
tsherwoo@aglresources.com

Erica McGill, Esq.
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
emcgill@aglresources.com

Kenneth Yagełski
AGL Resources
544 S. Independence Blvd
Virginia Beach, VA 23452
kyagełsk@aglresources.com

Irene Kim Asbury, Secretary
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Irene.Asbury@bpu.state.nj.us

Megan Lupo, Esq.
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Megan.Lupo@bpu.state.nj.us

Jerome May
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Jerome.May@bpu.state.nj.us

Henry Rich
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Henry.Rich@bpu.state.nj.us

Robert Schultheis
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Robert.Schultheis@bpu.state.nj.us

Scott Sumliner
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Scott.Sumliner@bpu.state.nj.us

Beverly Tyndell
Board of Public Utilities
44 South Clinton Avenue
3rd Floor, Suite 314
P.O. Box 350
Trenton, NJ 08625-0350
Beverly.Tyndell@bpu.state.nj.us

Stefanie A. Brand, Director
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
smassey@rpa.state.nj.us

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
mcaroselli@rpa.state.nj.us

Kurt S. Lewandowski, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
klewando@rpa.state.nj.us

Brian Lipman, Litigation Manager
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
blipman@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625
ftomas@rpa.state.nj.us

**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 _____**

SERVICE LIST

Patricia A. Krogman, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Patricia.Krogman@dol.lps.state.nj.us

Alex Moreau, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101
Alex.Moreau@dol.lps.state.nj.us

Deborah Franco, Esq.
Cullen and Dykman
Garden City Center
100 Quentin Roosevelt Blvd.
Garden City, NY 11530
DFranco@cullenanddykman.com

Kenneth T. Maloney, Esq.
Cullen and Dykman
1101 14th Street, NW, Suite 750
Washington, DC 20005
kmaloney@cullenanddykman.com

**Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
2016 / 2017 BGSS Filing**

MINIMUM FILING REQUIREMENT (MFR) INDEX

<u>Minimum Filing Requirement</u>	<u>Schedule(s)</u>
1. Motion, Supporting Testimony & Tariff Modifications	Petition, Testimony, TK-12
2. Computation of Proposed BGSS Rates	LJW-1, LJW-3
3. Public Notice with Proposed Impact on Bills	Petition
4. Actual and Forecasted Refund Amounts	TK-3, LJW-9
5. Cost of Gas Sendout by Component	TK-2, TK-5, TK-7, LJW-2, LJW-4, LJW-6, LJW-7, LJW-10, LJW-11
6. BGSS Contribution and Credit Offsets	TK-3, TK-4, LJW-9, LJW-12
7. Over/Under Recovery Comparisons	TK-1, TK-6, LJW-3
8. Wholesale Gas Pricing Assumptions	LJW-7, LJW-13
9. GCUA Recoveries and Balances	not applicable
10. Historical Service Interruptions	TK-9
11. Gas Price Hedging Activities	TK-11, LJW-14
12. Storage Gas Volumes, Prices and Utilization	TK-7, LJW-10
13. Affiliate Gas Supply Transactions	TK-8
14. Supply and Demand Data	LJW-16
15. Actual Peak Day Supply and Demand	TK-10
16. Capacity Contract Changes	Testimony - L J Willey pgs. 17-18
17. FERC Pipeline Activities	LJW-15

**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 \$0.4203 per therm to \$0.3954 per therm.

The proposed BGSS-P rate will decrease the bill of a residential heating customer using 100 therms by \$2.49 from \$86.91 to \$84.42, a decrease of 2.9% based on rates in effect June 1, 2016.

**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 : **PETITION**
-----X

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
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
520 Green Lane
Union, New Jersey 07083
(908) 662-8452
mkeefe@aglresources.com

Erica McGill
Regulatory Counsel
AGL Resources Inc.
10 Peachtree Place
Atlanta, Georgia 30309
(404) 584-3160
emcgill@aglresources.com

Kenneth T. Maloney
Cullen and Dykman, LLP
1101 Fourteenth Street, N.W., Suite 750
Washington, D.C. 20005
(202) 223-8890
kmaloney@cullydyk.com

Deborah Franco
Cullen and Dykman, LLP
100 Quentin Roosevelt Boulevard
Garden City, New York 11530-4850
(516) 357-3878
dfranco@cullydyk.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 285,000 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, 2015 through September 30, 2016 ("Base BGSS Year"). All information presented in this filing regarding the period October 1, 2016 through September 30, 2017 ("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, 2016 and projected data for the period May 1, 2016 through September 30, 2016. 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 \$0.4203 per therm inclusive of all applicable taxes to \$0.3954 per therm inclusive of all applicable taxes.

7. Petitioner projects that its recoverable gas costs will be approximately \$5 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 \$0.1698 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 underrecovery balance of approximately \$2.8 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, 2016 (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, 2016 through September 30, 2017 (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 2013 through October 2018 (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, 2016 and February 1, 2017. Petitioner may submit such provisional increases if they are necessary to permit Petitioner to avoid a BGSS underrecovery balance at September 30, 2017.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing to become effective as of October 1, 2016 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

/s/ Mary Patricia Keefe

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 31, 2016