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APR 09 2018

April 6, 2018

*Via FedEx and Email*

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

ORIGINAL

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CASE MANAGEMENT

APR 09 2018

Aida Camacho, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Fl., Suite 314  
P.O. Box 350  
Trenton, New Jersey 08625-0350

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

**Re: I/M/O Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Extend the Term of Energy Efficiency Programs with certain Modification and Approval of Associated Cost Recovery Mechanism  
BPU Docket Nos. GR16070618 and GO15050504**

Dear Secretary Camacho:

By this letter, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "the Company") hereby notifies the New Jersey Board of Public Utilities ("BPU" or "Board") of Elizabethtown's intent to transfer \$480,000 of energy efficiency ("EE") program funds from its "Rebates, Grants, Incentives Program" to its "Home Weatherization for Income Qualified ("HW4IQ") Pilot Program" pursuant to Paragraph M of the Stipulation approved by the Board in its April 21, 2017 order issued in the above-captioned proceeding. Elizabethtown respectfully submits that given the lower than anticipated participation in the Rebates, Grants, Incentives Program and higher than anticipated participation and interest in the HW4IQ Pilot Program, a reallocation of funds is appropriate.

Specifically, as shown in Attachment A, the Rebates, Grants, Incentives Program was initially budgeted \$662,414, with an additional \$23,320 budgeted for rebate processing. However, actual spending from May 2017 through January 2018 represents only 23% of the budgeted amount. As shown in Attachment B, monthly spending for the Rebates, Grants, Incentives Program has consistently been well below the initial estimate of \$33,000 per month. As shown in Attachment C, the Company projects that it will only spend \$155,973 of the budgeted \$685,734 for the Rebates, Grants, Incentive Program (including rebate processing), a variance of \$529,761 below the budgeted amount.

Unlike the Rebates, Grants, Incentives Program, the HW4IQ Pilot Program has experienced greater than anticipated customer interest and participation. Elizabethtown initially estimated that 72 homes would participate in the HW4IQ Pilot Program for the May 2017 to December 2018 program term. However, the Company received interest in the program from over 200 customers and, as of January 2018, the Company has completed the weatherization process for 65 homes. As a result, the Company will reach the goal of 72 homes well before the end of the program term

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and, without additional funding, will need to begin declining applications from interested customers.

The HW4IQ Pilot Program is new to New Jersey<sup>1</sup> and, as a result, the need and interest in such a program was unknown and significantly underestimated in developing the initial budget. Based on current funding, the Company anticipates that it has approximately one month of funding remaining until funds are exhausted and the Company will be required to discontinue the program. Elizabethtown's proposal to transfer \$480,000 of unused funds from the Rebates, Grants, Incentives Program to the HW4IQ Pilot Program would allow the Company to continue to offer this popular and successful program to interested customers for the remainder of the program term. This would allow the Company to provide weatherization services to more than double of the originally estimated number of participants in the underserved moderate income market.

For the foregoing reasons, Elizabethtown believes that it is appropriate to reallocate the funds budgeted for the Rebates, Grants, Incentives Program to the HW4IQ Pilot Program. Therefore, the Company intends to transfer \$480,000 of funds initially budgeted for the Rebates, Grants, Incentives Program to the HW4IQ Pilot Program. This transfer will become effective thirty days after the date of this letter, provided that neither Board Staff nor Rate Counsel raises an objection to the transfer.

Kindly acknowledge receipt and filing of the enclosures by date stamping the enclosed copy of this letter and returning it to us in the enclosed self-addressed and stamped envelope. Should you have any questions, please contact the undersigned.

Sincerely yours,

A handwritten signature in blue ink that reads "Mary Patricia Keefe/ask". The signature is fluid and cursive.

Mary Patricia Keefe

Enclosures

cc: Paul Flanagan, Executive Director, BPU  
Thomas Walker, Director, Division of Energy, BPU  
Stacy Peterson, Division of Energy, BPU  
Michael Winka, Senior Policy Advisor, BPU  
Rachel Boylan, Esq., BPU  
Alex Moreau, DAG  
Stefanie Brand, Director, Rate Counsel  
Felicia Thomas-Friel, Managing Attorney - Gas, Rate Counsel  
Susan Buck, Program Manager, Energy Efficiency, Elizabethtown  
Deborah Franco, Esq., Counsel to Elizabethtown

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<sup>1</sup> The HW4IQ program provides weatherization for low to moderate income customers whose household combined income is between 225% and 400% over the Federal Poverty Level. Weatherization has a cap of \$6,000 per home unless an increase is approved due to health and safety issues. Current costs for completed homes average \$5,555 per home.

## **ATTACHMENT A**

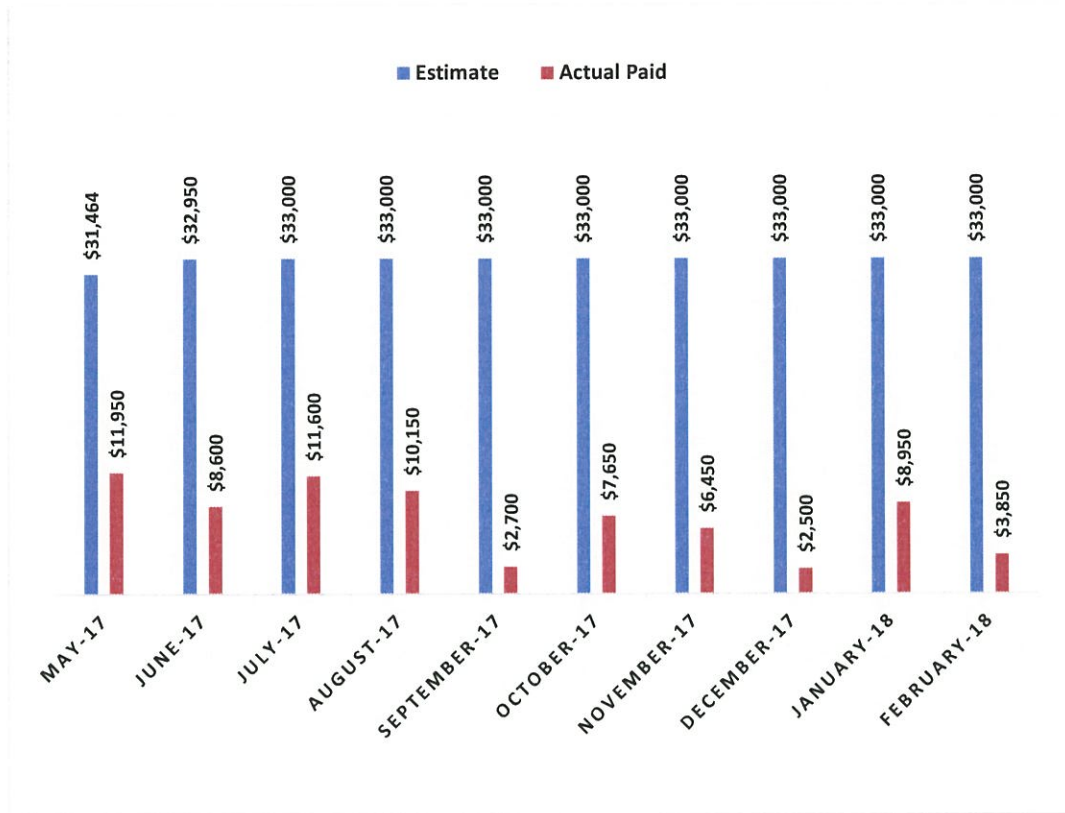


### Initial Budget for Elizabethtown EE Programs

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS ENERGY EFFICIENCY PROGRAM ("EEP")					
PROGRAM ESTIMATE	MAY2017-DEC2017		JAN2018-DEC2018		Total
<b>O&amp;M EXPENDITURES</b>					
Labor	\$	171,416	\$	257,124	\$ 428,540
Customer Education, Outreach	\$	136,000	\$	204,000	\$ 340,000
Program Evaluation	\$	-	\$	30,000	\$ 30,000
<b>TOTAL O&amp;M</b>	<b>\$</b>	<b>307,416</b>	<b>\$</b>	<b>491,124</b>	<b>\$ 798,540</b>
<b>PROGRAM EXPENDITURES</b>					
<b><u>Residential Gas HVAC/WH :</u></b>					
Rebates, Grants, Incentives	\$	262,414	\$	400,000	\$ 662,414
-Rebate Processing	\$	9,328	\$	13,992	\$ 23,320
Home Energy Assessments	\$	197,050	\$	337,800	\$ 534,850
Home Weatherization for Income Qualified	\$	150,000	\$	300,000	\$ 450,000
-HW for IQC Administrative Fees	\$	15,000	\$	30,000	\$ 45,000
Home Energy Report - Opower	\$	425,000	\$	822,500	\$ 1,247,500
	<b>\$</b>	<b>1,058,792</b>	<b>\$</b>	<b>1,904,292</b>	<b>\$ 2,963,084</b>
<b><u>Commercial Gas</u></b>					
Steam Trap Survey, Cleaning & Repair Pilot Program	\$	30,000	\$	60,000	\$ 90,000
	<b>\$</b>	<b>30,000</b>	<b>\$</b>	<b>60,000</b>	<b>\$ 90,000</b>
<b>Total Program Expenditures</b>	<b>\$</b>	<b>1,088,792</b>	<b>\$</b>	<b>1,964,292</b>	<b>\$ 3,053,084</b>
<b>Total RGGI Expenditures</b>	<b>\$</b>	<b>1,396,208</b>	<b>\$</b>	<b>2,455,416</b>	<b>\$ 3,851,624</b>

## **ATTACHMENT B**

### Monthly Estimated Budgets vs. Actual Incentives Paid



## **ATTACHMENT C**

**Actual and Projected Expenditures for Elizabethtown EE Programs**

	Actuals 2017 & Estimated 2018	Budget	Variance
<b>O&amp;M EXPENDITURES</b>			
Labor	\$ 374,349	\$ 393,124	\$ 18,775
Customer Education, Outreach	\$ 340,000	\$ 340,000	\$ (0)
Program Evaluation	\$ 30,000	\$ 30,000	\$ -
<b>TOTAL O&amp;M</b>	<b>\$ 744,349</b>	<b>\$ 763,124</b>	<b>\$ 18,775</b>
<b>PROGRAM EXPENDITURES</b>			
<b><u>Residential Gas HVAC/WH :</u></b>			
Rebates, Grants, Incentives	\$ 151,575	\$ 662,414	\$ 510,839
Rebate Processing	\$ 4,398	\$ 23,320	\$ 18,922
Home Energy Assessments	\$ 534,850	\$ 534,850	\$ -
Home Weatherization for Income Qualified	\$ 450,000	\$ 450,000	\$ 0
HW for IQC Administrative Fees	\$ 45,000	\$ 45,000	\$ 0
Home Energy Report - Opower	\$ 1,247,500	\$ 1,247,500	\$ (0)
	<b>\$ 2,433,323</b>	<b>\$ 2,963,084</b>	<b>\$ 529,761</b>
<b><u>Commercial Gas</u></b>			
Steam Trap Survey & Cleaning Pilot	\$ 90,000	\$ 90,000	\$ -
	<b>\$ 90,000</b>	<b>\$ 90,000</b>	<b>\$ -</b>
<b>Total Program Expenditures</b>	<b>\$ 2,523,323</b>	<b>\$ 3,053,084</b>	<b>\$ 529,761</b>
<b>Total RGGI Expenditures</b>	<b>\$ 3,267,672</b>	<b>\$ 3,816,208</b>	<b>\$ 548,536</b>