

Mary Patricia Keefe

# RECEIVED CASE MANAGEMENT

June 29, 2018

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**BOARD OF PUBLIC UTILITIES** 

RIGINAL TRENTON, NJ

JUL 02 2018

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

BOARD OF PUBLIC UTILITIES TRENTON, NJ

Re:

In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Extend the Term of Energy Efficiency Programs and Approval

of Associated Cost Recovery Mechanism BPU Docket No. GO 18070682

Dear Secretary Camacho:

Enclosed for filing are an original and ten copies of the Verified Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") for authority to extend the term of the Company's current Energy Efficiency Programs with certain modifications for a one-year period effective January 1, 2019. The Petition also requests that the costs of the Energy Efficiency Programs continue to be recovered through the Company's existing Energy Efficiency Program surcharge entitled the "Energy Efficiency Program" ("EEP") Rider. The Company is not requesting a change to its EEP Rider rate at this time but will instead seek any necessary rate adjustments in its next filing to reconcile that rate.

Please contact the undersigned if you have any questions.

Respectfully submitted,

M. Patricia Keefe, Esq.

1st M. Patricia Keefe KB

**Enclosures** 

cc:

Joseph L. Fiordaliso, President Mary-Anna Holden, Commissioner Dianne Solomon, Commissioner Upendra Chivukula, Commissioner Bob Gordon, Commissioner Stacy Peterson, Director, 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 FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS AND APPROVAL OF ASSOCIATED COST RECOVERY MECHANISM BPU DOCKET NO. \_\_\_\_\_\_\_

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# IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS AND APPROVAL OF ASSOCIATED COST RECOVERY MECHANISM BPU DOCKET NO. \_\_\_\_\_\_\_

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# Minimum Filing Requirements For Petitions Under N.J.S.A. 48:3-98.1

Number	Requirements	<u>Index</u>
I.	General Filing Requirements	
a.	The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12.	Petition and Testimony with supporting schedules including financial statements, public notice, notice to counties and municipalities and currently effective tariff sheets with no rate change being proposed but with an added incentive noted
b.	All filings shall contain information and financial statements for the proposed program(s) in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account Numbers that will be utilized in booking the revenues, costs, expenses, and assets pertaining to each proposed program so that they can be properly separated and allocated from other regulated and/or other programs.	EEP Schedule TK- 9
c.	The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1, including the rationale for selecting the approach included in its proposed program(s), and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting schedules, with all inputs and formulae intact.	EEP Schedules TK-1 - TK-6 (electronic copies of these Schedules with inputs intact are provided); and electronic copies of IGF-3 will be provided after the execution of a non-disclosure agreement
d.	The filing shall include testimony supporting the petition.	Petition and supporting Testimony
e.	For any proposed program, the utility shall be subject to the requirements in this and all subsequent Sections. If compliance with Part V of these requirements would not be feasible for a particular program or sub-program, the utility may request an exemption but must demonstrate why such exemption should be granted. Examples of historical situations that have qualified for exemption include programs that had an educational rather than equipment-based focus and programs that introduced novel ideas where documentation supporting estimated costs/benefits may not be easily produced.	

Number	Requirements	<u>Index</u>
f.	If the utility is filing for an increase in rates, charges, etc. or for approval of a program that may increase rates/changes to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates.	Public Notice included with the Petition
II.	Program Descriptions	
a.	The utility shall provide a detailed description of each proposed program for which the utility seeks approval, including, if applicable:  1. Description of program  2. Market segment/efficiency targeted  3. Delivery method  4. Estimated program participants  5. Total projected annual kWh/therms and peak reduction  6. Relationship to existing programs  7. Existing incentives  8. Proposed incentives  9. Anticipated job creation  10. Environmental emissions savings  11. Budget information  12. Marketing approach (as defined in section II(g))  13. Contractor role (as defined in section II(e))  14. Market barriers (as defined in section II(h))  15. Program costs, broken down into the following categories: administration; marketing and sales; contractor training; incentives (including rebates and low- or no-interest loans); inspections and quality control; and evaluation. To the extent that the Board directs the New Jersey Clean Energy Program ("NJCEP") to report additional categories, the utility shall provide additional categories, as applicable.	Buck Testimony, Schedules SB-1, SB-2, and SB-3, Gabel-Frank Testimony at Sections V, VI, and VII, Schedules IGF-EEP2018-3, IGF- EEP2018-6
b.	Comparison to in-state programs: The utility shall provide a detailed explanation of how the proposed program(s) are consistent with and/or different from existing or proposed New Jersey Clean Energy Program or utility programs (to the extent proposed program descriptions are available) targeting the same market segment, including how the proposed program(s) will complement, supplement, compete with, and/or impact existing programs being offered in-state.	Schedule SB-1, SB-4 Petition, Buck Testimony at page 6
c.	Comparison to out-of-state programs: The utility shall provide a detailed description of how the proposed program(s) are similar to and/or different from a sampling of/examples of existing or proposed utility programs or pilots in other states that were used to form the basis of the proposed program(s), with all supporting documentation.	6-7

Number	Requirements	<u>Index</u>
d.	The utility shall provide a detailed description of how the proposed program(s) comport with New Jersey State energy policy as reflected in reports, including but not limited to the prevailing New Jersey Energy Master Plan and the greenhouse gas emissions reports issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A.26:2C-43 of the New Jersey Global Warming Response Act, N.J.S.A. 26:2C-37 et seq.	Schedule SB-1, Petition at paragraphs 4, 6, 8, 21, and 24
e.	The utility shall provide the extent to which the utility intends to utilize employees, contractors, or both to deliver the program(s) and, to the extent applicable, the criteria the utility will use for contractor selection.	Schedule SB-1, Buck Testimony at pages 5-6,8
f.	The utility shall provide a detailed description of the process for resolving any customer complaints related to the program(s).	Buck Testimony at page 8
g.	Marketing: The utility shall provide a description of where and how the proposed program(s)/project(s) will be marketed or promoted throughout the demographic segments of the utility's customer base. This shall include an explanation of how the specific service, along with prices, incentives, and energy bill savings for each proposed program/project, will be conveyed to customers, where available and applicable.	Schedule SB-1, Buck Testimony at page 9
h.	The utility shall provide a description of any known market barriers that may impact the program(s) and address the potential impact on such known market barriers for each proposed program with all supporting documentation. This analysis shall include barriers across the various markets, including residential (both single and multifamily), commercial and industrial (both privately owned and leased buildings), as well as between small, medium, and large commercial and industrial markets.	Petition, Buck Testimony at page 9

Number	Requirements	<u>Index</u>
III.	Additional Filing Information	
a.	The utility shall describe whether the proposed program(s) will generate incremental activity in the energy efficiency/ conservation/ renewable energy marketplace and what, if any impact on competition may be created, including any impact on employment, economic development, and the development of new business, with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment, manufacturing, evaluation, and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created, where applicable. The analysis should also address competition with other entities already currently delivering the service in the market and new markets that may be created, where applicable.	Petition, Buck Testimony at pages 5-6, Schedules SB-1, SB-3, Gabel-Frank Testimony, Schedule IGF-3
b.	The utility shall propose the method for treatment of Renewable Energy Certificates ("RECs"), including solar RECs ("SRECs") or any other certificate developed by the Board of Public Utilities ("BPU" or "Board"), including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership and use of the certificate revenue stream(s).  The utility shall also propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets, including ownership and use of the certificate revenue stream(s). For programs that are anticipated to reduce electricity sales in its service territory, the utility shall quantify the expected associated annual savings in REC and SREC costs.	N/A
IV.	Cost Recovery Mechanism	
a.	The utility shall provide appropriate financial data for the proposed program(s), including estimated revenues, expenses, and capitalized investments for each of the first three years of operations and at the beginning and end of each year of the three-year period. The utility shall include pro forma income statements for the proposed program(s) for each of the first three years of operations and actual or estimated balance sheets at the beginning and end of each year of the three year period.	EEP Schedules TK-2 – TK-6, TK-9

Number	Requirements	<u>Index</u>
b.	The utility shall provide detailed spreadsheets of the accounting treatment of the proposed cost recovery, including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs.	EEP Schedule TK- 8
c.	The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program(s), including proposed recovery through the Societal Benefits Charge, a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other mechanisms.	Petition, EEP Schedules TK-1 – TK-5
d.	The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submission to the Board.	Verified and Certification of Service included with filing
e.	The utility shall provide a rate impact summary by year for the proposed program(s), and a cumulative rate impact summary by year for all approved and proposed programs showing the impact of individual programs, based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. Such rate impacts shall be calculated for each customer class. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class.	EEP Schedule TK-10
f.	The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program(s), identified by cost segment (capitalized costs, operating expenses, administrative expenses, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program(s), with all supporting documentation. Embedded costs are costs that are provided for in the utility's base rates or through another rate mechanism. Incremental costs are costs associated with or created by the proposed program that are not provided for in base rates or another rate mechanism.	

Number	Requirements	<u>Index</u>
g.	The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated annual program costs and revenues for the proposed program(s), including effects upon rate base and proforma income calculations.	EEP Schedule TK-3
h.	The utility shall provide, with supporting documentation: (i) a calculation of its current capital structure, as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the Board in its most recent electric and/or gas base rate cases.	EEP Schedule TK-7
i.	If the utility is seeking carrying costs for a proposed program, the filing shall include a description of the methodology, capital structure, and capital cost rates used by the utility.	Kaufmann Testimony at pages 6-8, Schedules TK-2, TK-6, and TK-7
j.	A utility seeking incentives shall provide all supporting justifications and rationales for incentives, along with supporting documentation, assumptions, and calculations. Utilities that have approved rate mechanisms or incentive treatment from previous cases and are not seeking a modification of such treatment through the current filing are not subject to this requirement.	N/A
V.	Cost/Benefit Analysis	
a.	The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program(s), including, if appropriate, an estimate of its projected avoided costs study, with supporting documentation and work papers. This estimate shall include avoided costs associated with, at a minimum, avoided fuel use, generation, losses, capacity requirements, transmission and distribution costs, emissions allowances, RECs and SRECs, and any savings associated with energy and capacity market impacts (i.e., DRIPE) of the program. This cost-benefit analysis should include consideration of seasonal savings and energy prices, and shall be performed on a Net Present Value ("NPV") basis specifying all financial assumptions, including inflation rate and discount rate. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately.	Gabel-Frank Testimony, Schedules IGF-EEP2018- 2, IGF- EEP2018-3

Number	Requirements	<u>Index</u>
b.	The utility shall calculate a cost/benefit analysis using the Participant Cost Test, Program Administrator Cost Test, Ratepayer Impact Measure Test, Total Resource Cost Test, and Societal Cost Test that assesses all program costs and benefits from a societal perspective i.e., that includes the combined financial costs and benefits realized by the utility and the customer. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation.	Gabel-Frank Testimony, Schedules IGF- EEP2018- 2, IGF- EEP2018-3
c.	The utility must demonstrate how the results of the tests in section V(b) support Board approval of the proposed program(s).	Petition at paragraph 21, Gabel-Frank Testimony, Schedule IGF- EEP2018- 2, IGF- EEP2018-3
d.	Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements.	N/A
e.	The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board to measure energy savings for the NJCEP. To the extent that a protocol does not exist or an alternative protocol is proposed for a filed program, the utility must submit a measurement methodology for the program or contemplated measure for approval by the Board.	Gabel-Frank Testimony, Schedules IGF-EEP2018- 4, IGF-EEP2018-5
f.	For cost effectiveness calculations, the utility shall also estimate and reflect in the energy and capacity savings any free rider and free driver effects, i.e., savings associated with participating customers who would have implemented energy efficiency or renewable energy measures without N.J.S.A. 48:3-98.1 benefits or incentives.	
VI.	Evaluation, Measurement, and Verification ("EM&V")	
a.	The utility shall provide a quantitative analysis and projections of both the total and percentage reduction in its annual kWh and/or therm sales as a result of the proposed programs, as well as of the projected total in peak load reduction expected from the proposed program(s), over the lifetime of the measures included in the program(s). The utility shall also provide this information expressed as a percentage reduction relative to its current annual peak load.	Petition, Gabel-Frank Testimony, Schedule IGF- IGF-EEP2018-5

Number	Requirements	<u>Index</u>
b.	For renewable energy programs, the utility shall provide the anticipated contribution to annual KWh and peak load on an annual basis and for the service life of the renewable energy measure.	N/A
c.	An EM&V Plan for each program will include:  1. Methodology for monitoring program progress on program areas 4- 15 as described in Section II (a)  2. Program progress results for each of the 12 program areas as compared to projections  3. Lessons learned in implementing the program with a focus on those related to exceeding or not reaching anticipated goals  4. Recommended program enhancements	Buck Testimony at pages 10-11

# STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

	X	
In The Matter Of The Petition Of	:	
Pivotal Utility Holdings, Inc. d/b/a	:	BPU Docket No
Elizabethtown Gas For Authority to	:	
<b>Extend the Term of Energy</b>	:	
Efficiency Programs and Approval of	:	Verified Petition
<b>Associated Cost Recovery Mechanism</b>	:	
	:	
	x	

#### To The Honorable Board of Public Utilities:

Pursuant to *N.J.S.A.* 48:3-98.1 *et seq.*, Petitioner Pivotal Utility Holdings, Inc. ("Pivotal") d/b/a Elizabethtown Gas ("Petitioner," "Elizabethtown," or "the Company") hereby submits this Petition by which it seeks approval from the New Jersey Board of Public Utilities ("Board") to extend the term of its existing Energy Efficiency Programs for a one-year term effective January 1, 2019 through December 31, 2019. Petitioner also seeks approval to continue to recover the costs associated with the extended Energy Efficiency Programs ("EE Programs") through Petitioner's surcharge contained in Rider G to the Company's Tariff for Gas Service No. 15 entitled the Energy Efficiency Program ("EEP") Rider. Petitioner is not proposing to revise its existing EEP Rider rate at this time. In support of the requested relief, Petitioner states as follows:

- Petitioner is a public utility corporation organized under the laws of the State of New Jersey. Petitioner's principal office is located at 520 Green Lane, Union, New Jersey, 07083.
- Communications and correspondence concerning this petition should be sent as follows:

Mary Patricia Keefe Vice President, External 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

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3. Petitioner is engaged in the sale, transmission and distribution of natural gas to approximately 292,000 customers located within its service territory in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties. Petitioner is a utility operating division of Pivotal. On June 22, 2018, the Board approved the acquisition of Petitioner, including the sale of substantially all of Petitioner's assets ("Acquisition"). Consummation of the Acquisition is pending.<sup>1</sup>

#### **Background Statement**

4. Petitioner's existing EE Programs consist of five programs consistent with the "Global Warming Response Act," N.J.S.A.26-2C-45 (the "RGGI Legislation") and the Board's May 8, 2008 Order ("May 8 Order") in Docket No. EO08030164 issued pursuant to N.J.S.A. 48:3-98.1(c). In the RGGI Legislation, the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction

In the Matter of the Acquisition of Elizabethtown Gas, a Division of Pivotal Utility Holdings, Inc. by ETG Acquisition Corp., a Subsidiary of South Jersey Industries, Inc. and Related Transactions, BPU Docket No. GM17121309, "Decision and Order Approving Stipulation" (June 22, 2018).

program. The May 8 Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis. In addition, the renewable and energy efficiency legislation enacted in May, 2018 requires, *inter alia*, gas utilities to implement energy efficiency measures to reduce natural gas usage by 0.75%.<sup>2</sup>

- August 3, 2009 Board Order ("August 3 Order") in Docket Nos. EO09010056 and GO09010060 *et al.*, which approved a Stipulation ("Stipulation") among Petitioner, Board Staff and the Division of Rate Counsel ("Rate Counsel"). In the Stipulation, parties agreed to the implementation of the EE Programs and the establishment of surcharge to enable Petitioner to recover the costs associated with its EE Programs. The EE Programs were designed to enhance or supplement New Jersey's Clean Energy Program ("NJCEP") over the 17-month period commencing August 3, 2009 through December 31, 2010. The Board authorized a number of extensions of Petitioner's EE Programs in BPU Docket Nos. GO10070446, GO11070399, GO12100946, GO15050504 and GR16070618. The currently effective EE Programs, which were authorized in Docket No. GO15050504 and GR16070618 by BPU order dated April 21, 2017 ("April 21 Order"), are effective through December 31, 2018. These programs are described below.
- 6. The August 3 Order found the EE Programs to be reasonable, in the public interest and consistent with the State's economic stimulus and energy conservation goals. The Board also found the EE Programs cost effective and beneficial as reflected in the

An Act concerning clean energy, amending and supplementing P.L. 1999, c. 23, amending P.L. 2010, c. 57, and supplementing P.L. 2005, c. 354 (C. 34:1A-85 et seq.), P.L. 2018, c. 17, § 3(a) (C. N.J.S.A. 48:3-87.9(a)).

- 7. The existing EE Programs approved by the December 16 Order are as follows:
  - Residential Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program;
  - b. Residential Home Energy Assessment Program;
  - c. Residential Home Energy Assessment (OPower) Program;
  - d. Residential Home Weatherization for Income Qualified Customers Program; and

<sup>&</sup>lt;sup>3</sup> 2011 EMP at 1.

<sup>4</sup> Id. at 115.

<sup>&</sup>lt;sup>5</sup> Executive Order No. 28 at ¶ 3.

<sup>6</sup> Id. at ¶ 5.

e. Commercial Steam Trap Survey and Repair Program.

In addition to a range of rebates, the EE Programs include various customer education and outreach initiatives, including an on-line customer home energy audit, designed to encourage customers to conserve energy and provide information to them on how to lower their gas bills. Details concerning the proposed term extension and modifications to the EE Programs are described below and in the supporting schedules.

- 8. Based on the continued need of the State to meet the energy efficiency, conservation and greenhouse gas emission reduction goals established for New Jersey, Elizabethtown has determined that it is reasonable and prudent at this time to continue the Company's EE Programs with the modifications proposed by this filing and to recover the costs associated with these Programs through the Company's existing EEP rider rate reflected in Rider G, the mechanism already in place for recovery of these costs.
- 9. By this Petition, the Company is not seeking to change its currently effective EEP Rider rate of (\$0.0007) per therm, inclusive of all applicable taxes approved by the Board pursuant to an order dated September 23, 2016 in BPU Docket No. GR16020119. Costs incurred in connection with the proposed EE Program will be reflected in future EEP Rider rate reconciliation proceedings. On November 3, 2017, Petitioner filed a Petition ("2017 Petition") with the Board, which was assigned Docket No. GR17111146 requesting to increase its currently effective EEP rider rate from (\$0.0007) per therm to \$0.0020 per therm, inclusive of all applicable taxes effective. The 2017 Petition sought to reconcile EE Program costs and cost recoveries for the period commencing July 1, 2016 through June 30, 2017 and to recover actual and forecast revenues for the period July 1, 2017 through June 30, 2018. The 2017 Petition is pending final review by the Board.

- 10. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 consists of the direct testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The schedules listed below are attached and referred to in Exhibit P-1 and contain information responsive to the Minimum Filing Requirements ("MFRs") set forth in the Board's May 8 Order and updated in the Board's October 20, 2017 Order ("October 20 Order") in BPU Docket No. QO17091004:
  - (a) Tariff Schedule TK-1 consists of Elizabethtown's currently effective tariff sheets with no rate change being proposed but with an added incentive noted;
  - (b) EEP Schedule TK-1 sets forth an example calculation of an EEP Rider rate;
  - (c) EEP Schedule TK-1a sets forth the calculation of the Projected EEP Rider rates based on current cost and recovery projections, as well as bill impacts for certain tariff classes through 2024 to a near zero balance;
  - (d) EEP Schedule TK-2 sets forth the calculation of the carrying costs on the EEP balance for the periods ended June 30;
  - (e) EEP Schedule TK-3 sets forth the calculation of the monthly EEP revenue requirement through June 2024;
  - (f) EEP Schedule TK-4 sets forth the EEP estimated O&M and Program Expenditures for the periods ended June through June 2024;
  - (g) EEP Schedule TK-5 sets forth cost recoveries for the period through June 2024;
  - (h) EEP Schedule TK-6 sets forth the over/underrecovered carrying costs rate applicable to the monthly balances set forth on EEP Schedule TK-2;
  - (i) EEP Schedule TK-7 contains a calculation of Petitioner's current capital structure as well as a calculation of the capital structure approved by the Board in Elizabethtown's last rate case updated for the Federal Income Tax change effective January 1, 2018;

- (j) EEP Schedule TK-8 contains Uniform System of Account information that will be utilized in booking revenues, costs, expenses and assets pertaining to the Program;
- (k) EEP Schedule TK-9 contains certain financial statements required by *N.J.A.C.* 14:1-5.12; and
- (I) EEP Schedule TK-10 contains a rate impact analysis in compliance with MFR IV.e.
- 11. Annexed hereto and also made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 contains the direct testimony and supporting schedules of Susan Buck, Program Manager, Energy Efficiency Programs of Petitioner. The schedules listed below are attached and referred to in Exhibit P-2 and contain information responsive to the MFRs set forth in the Board's May 8 Order and updated in the October 20 Order:
  - (a) Schedule SB-1 contains program descriptions of the proposed programs:
    - (i) Residential Gas HVAC and Gas Hot Water Heater Incentive Program;
    - (ii) Residential Home Energy Assessment Program;
    - (iii) Residential Home Energy Report (Opower) Program;
    - (iv) Residential Home Weatherization for Income Qualified Customers Program; and
    - (v) Commercial Steam Trap Survey and Repair Program.
  - (b) Schedule SB-2 contains budgeted, estimated EE Program costs by major spending categories through December, 2019;
  - (c) Schedule SB-3 contains estimated direct FTE employment data;
  - (d) Schedule SB-4 contains a comparison of EE programs amongst New Jersey gas utilities;
  - (e) Schedule SB-5 contains sample marketing material; and
  - (f) Schedule SB-7 contains Proposed Allocation of Customer Outreach/Education Funds.

- 12. Annexed hereto and also made a part of this Petition is Exhibit P-3, which Petitioner suggests be marked as indicated. Exhibit P-3 contains the direct testimony and supporting schedules of Isaac Gabel-Frank, Vice President at Gabel Associates, Inc. The schedules listed below are attached and referred to in Exhibit P-3 and contain information responsive to the MFRs set forth in the Board's May 8 Order, as updated by the Board's October 20 Order:
  - (a) Schedule IGF-EEP2018-1 contains an overview of Mr. Gabel-Frank's work experience;
  - (b) Schedule IGF-EEP2018-2 provides a summary of the results of the five cost benefit analysis ("CBA") tests for each of the Company's programs;
  - (c) Schedule IGF-EEP2018-3 provides detailed information underlying the results of the CBA tests;
  - (d) Schedule IGF-EEP2018-4 provides a list of the studies and regulatory decisions reviewed in determining lifetime avoided wholesale volatility costs;
  - (e) Schedule IGF-EEP2018-5 contains a list of all measures used to estimate energy and demand savings; and
  - (f) Schedule IGF-EEP2018-6 summarizes the total and percentage reduction in kWh and therm sales as a result of the proposed programs, as well as the projected total and percentage reduction in peak load expected from the proposed programs.

An Index of the MFRs referencing the responsive schedules or testimony sponsored by Mr. Kaufmann, Ms. Buck and Mr. Gabel-Frank accompanies this Petition.

- 13. In addition, attached as Exhibits P-4 and P-5, respectively, are a form public notice and a form of notice to county clerks, municipal clerks and county administrators.
- 14. The Company satisfied the 30-day pre-filing meeting requirement by an inperson meeting held with Board Staff and Rate Counsel on May 25, 2018.

# Proposed Energy Efficiency Program

15. Elizabethtown proposes to extend the term of its EE Programs for a one-year period commencing January 1, 2019 through December 31, 2019. As set forth in Schedule SB-2, the proposed annual amount budgeted for the EE Programs is approximately \$3.0 million. The budgeted amount is based on projected expenditures for program investments and associated O&M and labor expense, which, as discussed below, Elizabethtown proposes to recover through the proposed EEP Rider Surcharge rate that will be reconciled in future proceedings to true-up that rate. A general overview of the Company's EE Programs and the specific proposed material modifications are as follows, with more detailed descriptions of each of the proposed programs provided in Schedule SB-1 that accompanies Ms. Buck's testimony:

#### Residential Energy Efficiency Programs

16. Elizabethtown offers four residential energy efficiency programs. The first, the Residential Expanded Gas HVAC and Gas Hot Water Heater Incentive Program is designed to enhance the existing NJCEP gas HVAC and gas hot water heater incentive program by supplementing the incentive offered through NJCEP. The second program, the Residential Home Energy Assessment Program, provides participants with a 75-minute home energy audit and the direct installation of energy efficient measures such as

faucet aerators, low-flow shower heads, water heater pipe wrap insulation and a programmable thermostat. The third program, the Residential Home Energy Report (OPower) Program, provides customers with regular updates on their gas usage compared with the usage of their neighbors, along with recommendations on how to improve their energy efficiency. Finally, the fourth, the Residential Home Weatherization for Income Qualified Customers Program provides weatherization measures such as air sealing and insulation measures to low income customers who do not otherwise qualify for the Comfort Partners Program offered through the NJCEP. The program targets all residential customers who receive natural gas service from Elizabethtown or have the potential to receive gas service.

17. Elizabethtown is not proposing to alter any of the foregoing residential programs. More detailed descriptions of the residential programs are set forth in Schedule SB-1.

#### Commercial Customer EE Program

18. The Commercial Steam Trap Survey and Repair Program provides participating customers with yearly surveys concerning the functionality of their steam traps and repair or replace defective steam traps to maximize energy efficiency. Elizabethtown is not proposing to alter this program. A more detailed description of these programs is set forth in Schedule SB-1.

#### **Cost/Benefit Information**

19. As reflected in Schedule IGF-2, the proposed EE Programs pass all cost benefit tests. Petitioner respectfully submits that the proposed programs are appropriate

from a cost/benefit perspective, consistent with the goals of the 2011 EMP and 2015 EMP Update.<sup>7</sup>

# Cost Recovery

- 20. As is currently the case, the Company is proposing to recover all costs associated with the program, including, all program investments, such as rebates and reasonable and prudent incremental O&M expense, such as labor, customer education and outreach and costs associated with the on-line OPower tool through the existing Rider G EEP Rider rate. Elizabethtown is proposing to continue to amortize and recover its EE Program investments in rebates over a four-year period, with the return on the unamortized portion of the investments based upon the Company's weighted average cost of capital established by a Board Order in Docket No. GR16090826, grossed up for the revenue expansion factor established in the same proceeding. The unamortized portion of these EE Program investments are net of accumulated amortization and accumulated deferred income taxes associated with the EE Program investments.
- 21. As noted above, a continuation of the EE Programs may have the beneficial effect of creating additional jobs in the energy efficiency market. The anticipated job impacts are set forth in Schedule SB-3. As discussed in Ms. Buck's testimony, the Company intends to utilize a combination of internal employees and third party contractors to deliver the EE Programs.
- 22. The proposed EE Programs will also help customers reduce their natural gas costs and play an important role in reducing greenhouse gas emissions, preserving

An electronic copy of Schedule IGF-EEP2018-3 will be provided upon the execution of a non-disclosure agreement.

environmental resources and stimulating economic growth. As reflected in the 2011 EMP and 2015 EMP Update, these remain important State goals.

## Procedure and Request for Expedited Treatment

- 23. As set forth in the May 8 Order, once a Petition has been filed with the Board, Board Staff shall have 30 days, commencing on the filing date, to determine whether the Petition is administratively complete, advise the utility in writing whether or not the Petition is administratively complete and set forth the deficiencies and items required to remedy the deficiencies. The RGGI Legislation provides that unless the Board issues a written order within 180 days after the filing of the Petition approving, modifying or denying the requested recovery, the recovery required by the utility shall be granted effective on the 181st day after the filing without further order by the Board. *N.J.S.A.* 48:3-98.1(b).
- 24. To ensure that Petitioner can continue its Energy Efficiency Programs without interruption, Elizabethtown requests expedited treatment of this Petition. Elizabethtown further requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. Elizabethtown submits that evidentiary hearings are not necessary or required to approve this Petition and requests that the Board issue an Order as soon as reasonably possible to promote implementation of the proposed EE Programs effective January 1, 2019.
- As stated in the May 8 Order (at 5) "[t]he Board encourages all interested parties to work toward a settlement for the Board's consideration before the expiration of the 180 day period." Elizabethtown will work with the Board Staff and Rate Counsel to

reach an amicable and mutually acceptable resolution of this proceeding in the most expedient manner possible that is convenient to all the parties.

# Overall Impact

26. As a result of the proposed program extension, the Company estimates that the overall impact of Petitioner's filing in this proceeding, as compared to the current program, is a potential increase of an average rate of \$0.0018 per therm through September 2023. This results in a bill increase in the monthly bill of a typical heating customer using 100 therms of \$0.18 from \$91.65 to \$91.83, or 0.2%.

#### **Notice**

27. 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, Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, Trenton, New Jersey, upon updated service lists compiled in Docket Nos. GO16070618 and GR17111146.

#### Conclusion

- 28. For all the foregoing reasons, Elizabethtown respectfully requests that the Board retain jurisdiction of this matter and issue an Order on an expedited basis approving this Petition in its entirety and finding as follows:
  - a. The Energy Efficiency Programs are in the public interest and Elizabethtown is authorized to continue to offer and administer these regulated services utility services under the terms set forth in this Petition and accompanying testimony, and supporting schedules for a one-year term effective January 1, 2019 through December 31, 2019;

Elizabethtown is authorized to recover all costs as requested herein;
 and

c. Elizabethtown is granted such other and further relief as may be necessary to protect the Company's interests and implement the proposals as set forth in this Petition.

Respectfully submitted,

By: 1s/ Mary Patricia Keefe

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

Date: June 28, 2018

STATE OF NEW JERSEY	)
	: SS
COUNTY OF UNION	)

#### **AFFIDAVIT**

- M. Patricia Keefe, being duly sworn according to law, upon her oath, deposes and says that:
- 1. I am the Vice President, External Affairs and Business Support of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, the petitioner in the foregoing Petition.
- 2. I have read the annexed petition, and the matters and things contained therein are true to the best of my knowledge and belief.

Mary Patricia Keefe

Sworn and subscribed before me this

≥8th day of <u>June</u>, 2018.

Notary Public in the State of New Jersey

Jane James
Notary Public
My Commission Expires Dec. 20, 2021

STATE OF NEW JERSEY

: SS

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COUNTY OF UNION

**AFFIDAVIT** 

Susan Buck, being duly sworn according to law, upon her oath, deposes and says:

- I am Program Manager of Energy Efficiency Programs of the Petitioner in 1. 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 related to the development of the EEP charges submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.

Susan Buck

Program Manager,

**Energy Efficiency Programs** 

Susan Buch

Sworn and subscribed before me this

28 day of June, 2018.

Notary Public in the

State of New Jersey

Jane James Notary Public 16

My Commission Expires Dec. 20, 2021

### STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

In The Matter Of The Petition Of x

Pivotal Utility Holdings, Inc. d/b/a

Elizabethtown Gas For Authority to Extend the Term of Energy

Efficiency Programs and Approval of :

Associated Cost Recovery Mechanism:

ı :

#### CERTIFICATE OF SERVICE

I hereby certify that on the 29th day of June, 2018, a true and correct copy of the Verified Petition and supporting Testimony and Schedules relating to the above-captioned proceeding were served by Federal Express upon Stefanie A. Brand, Director, Division of Rate Counsel, 140 East Front Street, 4<sup>th</sup> Floor, P.O. Box 003, Trenton, New Jersey, 08625 and by electronic mail upon the parties listed on the service list attached to the Verified Petition.

Kim Bradshaw
Kim Bradshaw
Legal Assistant

Cullen and Dykman LLP

BPU Docket No.