



*Janet*  
*8/20/18*

Mary Patricia Keefe  
Vice President, Regulatory Affairs and Business Support

RECEIVED  
MAIL ROOM

AUG 15 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

520 Green Lane  
Union, NJ 07083  
T: 908.662.8452  
F: 908.662.8496

MKeefe@sjindustries.com

Via FedEx & Electronic Mail

August 14, 2018

RECEIVED  
CASE MANAGEMENT

AUG 15 2018

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

Aida Camacho-Welch, Secretary  
State of New Jersey  
Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314  
Post Office Box 350  
Trenton, New Jersey 08625-0350

**Re: 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  
Docket No. GM 17121309**

Dear Secretary Camacho-Welch:

By order dated June 22, 2018 ("June 22 Order") in the above proceeding, the New Jersey Board of Public Utilities approved, *inter alia*, the acquisition of Elizabethtown Gas, then a utility operating division of Pivotal Utility Holdings, Inc., by ETG Acquisition Corp., a wholly owned subsidiary of South Jersey Industries, Inc. ("SJI"). The acquisition was consummated on July 1, 2018 (the "Closing") and ETG Acquisition Corp. was renamed "Elizabethtown Gas Company" (hereinafter "Elizabethtown").

The June 22 Order required that after the consummation of the Closing, SJI enable Elizabethtown "...to provide a one-time credit to all customer totaling \$15 million to be provided in the form of a bill credit." It further required that "these credits be distributed as per customer bill credits to all of Elizabethtown[s] ... then current customers served under Service Classifications RDS, SGS, GDS, LVD, EGF, GLS, CSI, IS, CS, FTS, NGV and ITS within ninety (90) days of the Closing...." The June 22 Order also required that the bill credits "... be allocated among Elizabethtown[s] customer classes based on the base rate revenues reflected in the rates that were approved by the Board in Elizabethtown's most recent base rate proceeding in BPU Docket No. GR16090826, as updated to reflect federal income tax changes." Finally, the June 22 Order required that [a]t least 10 days prior to issuing the bill credits, Elizabethtown ... submit to Board Staff and Rate Counsel backup documents and calculations in support of the bill credits." By this letter, Elizabethtown

*AMS*

*A. Morley, Esq.*  
*M. Dupoy, Esq.*  
*District Counsel*

hereby submits this backup documentation and calculations in support of the bill credits as discussed herein and reflected in Attachment A.

The bill credits reflected in Attachment A have been calculated in the same manner utilized to calculate the bill credits provided to Elizabethtown customers in connection with The Southern Company and AGL Resources, Inc. merger approved by the Board in BPU Docket No. GM15101196. The total customer credit of \$15 million is being allocated to rate classes based on the proof of revenues approved in Elizabethtown's most recent rate case in BPU Docket No. GR16090826, as updated for the federal tax changes and reflected in rates as approved in BPU Docket Nos. AX18010001 and GR18030232. The allocated amounts are divided by the active customers in each class on June 30, 2018 to derive a per customer class credit. The allocation to rate classes based on the updated class proof of revenues and the per class customer credit calculations are presented on Attachment A. Elizabethtown intends to reflect these bill credits on customer bills by billing cycle beginning August 27th, to be within the 90 days of closing requirement.

Please contact the undersigned at (908) 662-8452 or Thomas Kaufmann at (908) 662-8461 if you have questions or require further information.

Yours truly,

  
Mary Patricia Keefe

cc: Joseph L. Fiordaliso, President  
Upendra J. Chivukula, Commissioner  
Robert Gordon, Commissioner  
Mary-Anna Holden, Commissioner  
Dianne Solomon, Commissioner  
Paul Flanagan, Executive Director  
Grace Strom Power, Chief of Staff  
Norene Giblin, Chief Counsel, NJBPU  
Stacy Peterson, Director, Division of Energy  
Stefanie A. Brand, Director, Rate Counsel

South Jersey Industries ("SJI") Acquisition of Elizabethtown Gas

Attachment A

Customer Bill Credits

Class / Customer Type

Groupings for Crediting:

Acquisition Credit: (\$15,000,000)	FIT JULY Update Base / Proof Revenues	Overall %	Allocation	6/30/2018 Customer Count	Payment Per Cust Pre Grouping	Groupings for Crediting:		
						Payment Per Cust Grouped	Payout #'s Count times Payment	
Residential	RDS	\$103,215,724	64.230%	(\$9,634,500)	268,143	(\$35.93)	(\$35.93)	(\$9,634,378)
Small General Service	SGS	\$11,242,257	6.896%	(\$1,049,400)	15,264	(\$68.75)	(\$68.75)	(\$1,049,400)
General Delivery Service	GDS	\$35,279,891	21.954%	(\$3,293,100)	7,616	(\$432.39)	(\$432.39)	(\$3,293,082)
Electric Generation	EGF	\$17,615	0.011%	(\$1,650)	2	(\$825.00)	(\$825.00)	(\$1,650)
Large Volume Demand	LVD	\$264,969	0.165%	(\$24,750)	5	(\$4,950.00)	(\$10,375.61)	(\$51,878)
Firm Transportation	FTS	\$3,848,963	2.395%	(\$359,250)	35	(\$10,264.29)	(\$10,375.61)	(\$363,146)
Natural Gas Vehicles	NGV	\$141,983	0.088%	(\$13,200)	6	(\$2,200.00)	(\$2,200.00)	(\$13,200)
Gas Lights	GLS	\$11,978	0.007%	(\$1,050)	8	(\$131.25)	(\$131.25)	(\$1,050)
Special Contract Firm - FTS	CSSIT	\$443,030	0.276%	(\$41,400)	1	(\$41,400.00)	(\$10,375.61)	(\$10,376)
<b>Total Firm Revenues</b>		<b>\$154,466,210</b>	<b>96.122%</b>	<b>(\$14,418,300)</b>	<b>291,080</b>	<b>(\$49.53)</b>		<b>(\$14,418,160)</b>
Interruptible Sales Service	IS	\$13,117	0.008%	(\$1,200)	1	(\$1,200.00)	(\$10,712.26)	(\$10,712)
Interruptible Cogeneration Sales Service	CSI	\$2,429	0.002%	(\$300)	2	(\$150.00)	(\$10,712.26)	(\$21,425)
Interruptible & CoGen Transportation Service	ITS-IS & ITS-CSI	\$97,015	0.060%	(\$9,000)	10	(\$900.00)	(\$10,712.26)	(\$107,123)
Interruptible LVD Sales Service	ITS-LVD	\$5,377,336	3.346%	(\$501,900)	37	(\$13,564.86)	(\$10,712.26)	(\$396,354)
Special Contract, Interruptible	ITSSE	\$592,201	0.369%	(\$55,350)	2	(\$27,675.00)	(\$10,712.26)	(\$21,425)
Special Contract, Interruptible	ITSHO	\$0	0.000%	\$0	1	\$0.00	(\$10,712.26)	(\$10,712)
Contract Service, Interruptible	CSREL	\$150,000	0.093%	(\$13,950)	1	(\$13,950.00)	(\$13,950.00)	(\$13,950)
<b>Total Interruptible Revenues</b>		<b>\$6,232,098</b>	<b>3.878%</b>	<b>(\$581,700)</b>	<b>54</b>	<b>(\$10,772.22)</b>		<b>(\$581,701)</b>
<b>TOTAL Service Class Revenues</b>		<b>\$160,698,308</b>	<b>100.000%</b>	<b>(\$15,000,000)</b>	<b>291,134</b>	<b>(\$51.52)</b>		<b>(\$14,999,861)</b>
Other Revenues / Fees		\$1,613,232						Payout Higher / (Lower)
<b>Total Revenues</b>		<b>\$162,311,540</b>		<b>Average per customer</b>		<b>(\$51.52)</b>		<b>(\$139)</b>

\* Grouped related Firm Sales and Transportation

\*\* Grouped related Interruptible Sales and Transportation