



Agenda Date: 5/1/12

Agenda Item: 2B

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu](http://www.nj.gov/bpu)

ENERGY

IN THE MATTER OF THE PETITION OF )  
PIVOTAL UTILITY HOLDINGS, INC., d/b/a ) DECISION AND ORDER  
ELIZABETHTOWN GAS COMPANY TO REVIEW ) APPROVING FINAL STIPULATION  
ITS PERIODIC BASIC GAS SUPPLY SERVICE )  
RATE ) DOCKET NO. GR11060330

**Kenneth T. Maloney** (Cullen and Dykman LLP), Attorney for the Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company  
**Stefanie A. Brand, Esq.**, Director, Division of Rate Counsel

BY THE BOARD:

Pursuant to the generic Order of the New Jersey Board of Public Utilities ("Board" or "BPU") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs"), by June 1, submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel").

On June 1, 2011, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas Company ("Elizabethtown" or "Company") filed its annual BGSS petition, requesting a decrease in its Periodic Basic Gas Supply Service ("BGSS-P") revenues of approximately \$23 million including Sales and Use Tax ("SUT"). The Company's filing sought to decrease its BGSS-P rate for applicable sales customers from \$0.8031 per therm (including SUT) to \$0.6924 per therm (including SUT) for the BGSS year of October 1, 2011 through September 30, 2012, to be effective October 1, 2011. The net effect of the requested changes represented a decrease of approximately \$11.07 per month, or 8.9% for the average residential sales heating customer using 100 therms per month.

This matter was transmitted to the Office of Administrative Law on September 23, 2011, and assigned to Administrative Law Judge ("ALJ") LeLand McGee.

Two public hearings in this matter were held in Flemington, New Jersey, and Rahway, New Jersey on August 22, 2011 and August 23, 2011, respectively. The circulated public notice advised customers that the Board's January BGSS Order granted the Company the discretion

to self-implement an increase in its BGSS rates to be effective December 1, 2011, and/or February 1, 2012, after thirty days prior notice to the Board and Rate Counsel, with each increase capped at 5% of the total Elizabethtown residential bill. The public notice also stated that the Company is permitted to decrease its BGSS rate at any time upon two weeks' notice to the Board and Rate Counsel. No members of the public appeared at the hearings to provide comments related to the Company's request to decrease its BGSS-P rate.

Following a review by, and subsequent discussions among representatives of Elizabethtown, Rate Counsel, and Board Staff, the only parties to this proceeding (collectively, "the Parties"), on August 25, 2011, the Parties entered into a stipulation ("Stipulation for Provisional Rates") agreeing that the Company's requested BGSS-P rate should be implemented on a provisional basis. The Stipulation for Provisional Rates solely addressed establishing a new BGSS-P rate for the Company on a provisional basis, recognizing that additional time was needed to allow for a complete review of the Company's 2011 BGSS filing. The Stipulation for Provisional Rates provided for a provisional decrease in the Company's BGSS-P rate to \$0.6924 per therm (including SUT) which would produce a net decrease in the Company's annual revenue in the amount of approximately \$23 million. The Parties agreed that it would be both reasonable and in the public interest for the Board to authorize the proposed BGSS-P rate change on a provisional basis with any over-recovery of BGSS costs at the end of the BGSS period credited with appropriate interest to the Company's Periodic BGSS clause. The stipulated change represented an overall decrease from then current rates of approximately 8.9%, or \$11.07 per month, for a typical residential sales service customer using 100 therms per month.

On September 22, 2011, the Board approved the Stipulation for Provisional BGSS-P rates.

On February 11, 2012, the Company implemented a 30-day bill credit of \$0.0675 per therm to effectuate a refund of approximately \$2.6 million. The bill credit expired on March 12, 2012.

Following further review and discussions, the Parties entered into a stipulation, dated March 23, 2012, ("Final Stipulation") finalizing the BGSS-P Rate, which was implemented on a provisional basis pursuant to the Stipulation for Provisional Rates.

### **The Proposed Final Stipulation<sup>1</sup>**

The key provisions of the Final Stipulation are as follows:

- The BGSS-P rate of \$0.6924 per therm (including SUT), approved by the Board on a provisional basis, shall be deemed to be the final rate. Accordingly, there is no additional impact on customers' rates at this time. The Company may implement further bill adjustments in order to reduce any projected BGSS over-recovery at September 30, 2012, in accordance with its tariff.
- The Final Stipulation provides for a final resolution in this proceeding. All issues related to Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2012 are resolved.

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<sup>1</sup>Although described in this Order, should there be any conflict between this summary and the Final Stipulation, the terms of the Final Stipulation control, subject to the findings and conclusion in this Order.

- The Company will continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-CHART-1) attached as Exhibit A to the Final Stipulation; and 2) the Cost of Gas per Therm (also known as S-CHART-2) attached as Exhibit B to the Final Stipulation. The chart reflected in Exhibit A is to be completed using information from the first Friday of the month, and be submitted to the Parties the following Tuesday. The chart reflected in Exhibit B is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

On April 2, 2012, ALJ McGee issued his Initial Decision recommending Board approval of the Final Stipulation finding the parties voluntarily agreed to the Final Stipulation and that the Final Stipulation fully disposes of all issues in controversy and is consistent with the law.

### **DISCUSSION AND FINDINGS:**

The Board, having carefully reviewed the Initial Decision and Final Stipulation for the BGSS-P rate in this proceeding, HEREBY FINDS that, subject to the terms and conditions set forth below, the Initial Decision and Final Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS their terms and conditions as though fully set forth herein.

The Board HEREBY DIRECTS that the decrease in the Company's BGSS-P rate to \$0.6924 per therm (including SUT), applicable to residential delivery service customers, small general service customers whose annual weather normalized usage is less than 3,000 therms per year, and unmetered outdoor gas lighting customers, shall be made final. The effective date of the Order is the later of May 11, 2012 or the date on which this Order is served in accordance with N.J.S.A. 48:2-40. Any net over-recovery on the BGSS at the end of the BGSS period shall be subject to refund with interest.

The Company is HEREBY DIRECTED to continue to provide electronically to the Parties in this proceeding, on a monthly basis 1) the BGSS NYMEX Update Report (also known as S-CHART-1) attached as Exhibit A to the Final Stipulation; and 2) the Cost of Gas per Therm (also known as S-CHART-2) attached as Exhibit B to the Final Stipulation. The chart reflected in Exhibit A shall be completed using information from the first Friday of the month, and shall be submitted to the Parties the following Tuesday. The chart reflected in Exhibit B shall be submitted to the Parties on approximately the 15<sup>th</sup> of the following month, and shall include data from the previous month.

The Company is HEREBY DIRECTED to file the appropriate tariff sheets conforming to the terms and conditions of this Order within seven (7) business days of the date of service of this Order.

The Company's gas costs will remain subject to audit by the Board. This decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

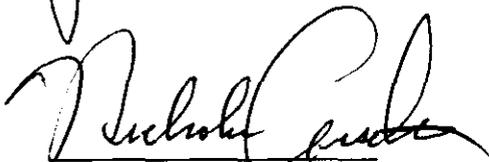
DATED: 5/11/12

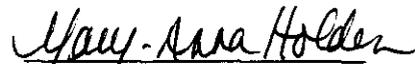
BOARD OF PUBLIC UTILITIES  
BY:

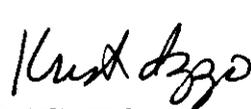
  
ROBERT M. HANNA  
PRESIDENT

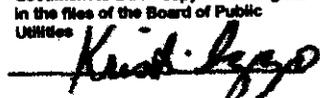
  
JEANNE M. FOX  
COMMISSIONER

  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARYANNA HOLDEN  
COMMISSIONER

ATTEST:  
  
KRISTI IZZO  
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities  


IN THE MATTER OF THE PETITION OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a  
ELIZABETHTOWN GAS COMPANY TO REVIEW ITS PERIODIC BASIC GAS SUPPLY  
SERVICE RATE

DOCKET NO. GR11060330

SERVICE LIST

Jerome May, Director  
Division of Energy  
NJ Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Floor – P.O. Box 350  
Trenton, NJ 08625 – 0350  
[jerome.may@bpu.state.nj.us](mailto:jerome.may@bpu.state.nj.us)

Sheila DeLucia, Chief  
Division of Energy  
NJ Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Floor – P.O. Box 350  
Trenton, NJ 08625 – 0350  
[sheila.delucia@bpu.state.nj.us](mailto:sheila.delucia@bpu.state.nj.us)

Scott Sumliner, Acct. 1  
Division of Energy  
NJ Board of Public Utilities  
44 S. Clinton Avenue  
9<sup>th</sup> Floor – P.O. Box 350  
Trenton, NJ 08625 – 0350  
[scott.sumliner@bpu.state.nj.us](mailto:scott.sumliner@bpu.state.nj.us)

Babette Tenzer, DAG  
Dept. of Law & Public Safety  
124 Halsey Street, 5<sup>th</sup> Fl  
P.O. Box 45029  
Newark, NJ 07101  
[babette.tenzer@dol.lps.state.nj.us](mailto:babette.tenzer@dol.lps.state.nj.us)

Alex Moreau, DAG  
Dept. of Law & Public Safety  
124 Halsey Street, 5<sup>th</sup> Fl  
P.O. Box 45029  
Newark, NJ 07101  
[alex.moreau@dol.lps.state.nj.us](mailto:alex.moreau@dol.lps.state.nj.us)

Marisa Slaten, DAG  
Dept. of Law & Public Safety  
124 Halsey Street, 5<sup>th</sup> Fl  
P.O. Box 45029  
Newark, NJ 07101  
[marisa.slaten@dol.lps.state.nj.us](mailto:marisa.slaten@dol.lps.state.nj.us)

Stefanie A. Brand, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl  
Newark, NJ 07101  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Kenneth T. Maloney, Esq.  
Cullen and Dykman  
1101 14<sup>th</sup> Street, NW, Suite 550  
Washington, DC 20005  
[kmaloney@cullenanddykman.com](mailto:kmaloney@cullenanddykman.com)

Deborah Franco, Esq.  
Cullen and Dykman  
Garden City Center  
100 Quentin Roosevelt Blvd.  
Garden City, NY 11530  
[dfranco@cullenanddykman.com](mailto:dfranco@cullenanddykman.com)

Mary Patricia Keefe, Esq.  
Elizabethtown Gas Company  
300 Connell Drive, Suite 3000  
Berkeley Heights, NJ 07922  
[pkeefe@aglresources.com](mailto:pkeefe@aglresources.com)

Sarah Steindel, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl  
Newark, NJ 07101  
[ssteindel@rpa.state.nj.us](mailto:ssteindel@rpa.state.nj.us)

*Full*



*State of New Jersey*  
**OFFICE OF ADMINISTRATIVE LAW**  
33 Washington Street  
Newark, NJ 07102  
(973) 648-6008

**A copy of the administrative law  
judge's decision is enclosed.**

**This decision was mailed to the parties  
on APR - 4 2012**



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 11818-11

AGENCY DKT. NO. GR11060330

**IN THE MATTER OF PIVOTAL UTILITY  
HOLDINGS, INC. d/b/a/ ELIZABETHTOWN  
GAS COMPANY TO REVIEW ITS PERIODIC  
BASIC GAS SUPPLY SERVICE RATE**

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**Deborah M. Franco, Esq.**, for petitioner, Elizabethtown Gas (Cullen and Dykman, LLP, attorneys)

**Alex Moreau**, Deputy Attorney General, for respondent, Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

**Sarah H. Steindel**, Deputy Attorney General, for Division of Rate Counsel (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

Record Closed: March 27, 2012

Decided: April 2, 2012

**BEFORE LELAND S. MCGEE, ALJ:**

On September 30, 2011, this matter was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F 1 to- 13. A telephone conference was held on November 17, 2011, at

which time a Prehearing Order was issued and during which time, the parties advised the undersigned that settlement discussions were ongoing. On January 31, 2012, a telephone conference was held and the parties advised the undersigned that a settlement in principal had been reached between the parties. A Settlement Agreement was prepared and signed by the parties on March 23, 2012, indicating the terms of the agreement. A copy of the executed Settlement Agreement is attached hereto and made a part hereof.

I have reviewed the record and the terms of settlement and I **FIND**:

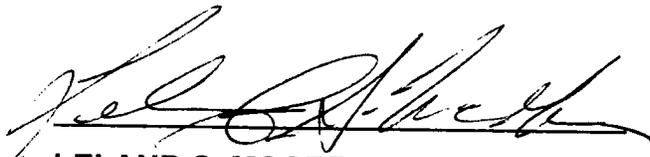
1. The parties have voluntarily agreed to the settlement as evidenced by their agreement or their representatives' agreement as set forth above.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

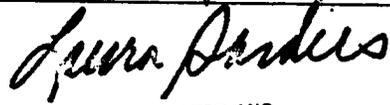
April 2, 2012  
DATE

  
LELAND S. MCGEE, ALJ

Date Received at Agency:

4-4-12

Date Mailed to Parties: APR - 1 2012

  
DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

sej  
Attachment

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

-----X  
**In The Matter Of The Petition Of Pivotal Utility :**   **BPU Docket No. GR11060330**  
**Holdings, Inc. d/b/a Elizabethtown Gas To**        **:**           **OAL Docket No. PUC 11818-2011 N**  
**Revise Its Periodic Basic Gas Supply**            **:**  
**Service Rate**                                        **:**       **FINAL STIPULATION**  
-----X

**APPEARANCES:**

**Kenneth T. Maloney and Deborah M. Franco** (Cullen and Dykman LLP), Attorneys for the  
Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas  
**Mary Patricia Keefe**, Vice President for Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas

**Paul E. Flanagan**, Litigation Manager, Division of Rate Counsel, **Felicia Thomas-Friel, Managing  
Attorney Gas**, Division of Rate Counsel, **Sarah H. Steindel, Esq. and Maria Novas-Ruiz, Esq.**  
Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director,  
Division of Rate Counsel)

**Alex Moreau and Marisa Slaten**, Deputy Attorneys General, for the Staff of the New Jersey Board of  
Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

**To: Honorable Leland S. McGee**  
**Administrative Law Judge**

**BACKGROUND**

On June 1, 2011, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or  
“Company”) filed a Petition (“June 1 Petition”) with the New Jersey Board of Public Utilities (“Board” or  
“BPU”), which was assigned BPU Docket No. GR11060330, requesting to decrease its Basic Gas Supply  
Service-Periodic (BGSS-P) rate, which applies to the Company’s Residential Delivery Service (RDS)  
customers, Small General Service (SGS) customers whose annual weather normalized usage is less than  
3,000 therms per year, and Unmetered Outdoor Gas Lighting (GLS) customers. In the Petition, the  
Company sought the Board’s approval to decrease its then current BGSS-P rate of \$0.8031 per therm to  
\$0.6924 per therm inclusive of all applicable taxes for the BGSS period commencing October 1, 2011  
through September 30, 2012 (“BGSS Period”), a decrease of \$0.1107 per therm or 8.9%. The rate

proposed would decrease the bill of a residential heating customer using 100 therms by \$11.07 from \$124.93 to \$113.86, a decrease of 8.9%. As indicated in the June 1 Petition, the proposed decrease was based upon the fact that Elizabethtown projected that its recoverable gas costs would be approximately \$23 million less than the level recoverable through its current BGSS-P rate in the BGSS Period.

In the June 1 Petition, Elizabethtown also reserved the right to implement self-implementing increases in the BGSS-P rate on December 1, 2011 and February 1, 2012, respectively, if the Company determined that such increases would be necessary to permit Elizabethtown to avoid a BGSS underrecovery balance at September 30, 2012.

Notices describing the June 1 Petition and setting forth the dates of the public hearings were placed in newspapers having circulation within Elizabethtown's service territory and served on the county executives and clerks of all municipalities in the Company's service territory. Public hearings concerning the Company's Petition were held in Flemington, New Jersey on August 22, 2011 and Rahway, New Jersey on August 23, 2011. No one from the public attended the hearings.

Elizabethtown, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively, "the Parties") agreed that the implementation of a decrease to the Company's BGSS prices, on a provisional basis, was reasonable and in the public interest. Accordingly, the Parties executed a Stipulation of Provisional Rates on August 25, 2011 ("Provisional Stipulation") to implement the proposed rate of \$0.6924 per therm, inclusive of all applicable taxes, on a provisional basis. The Board adopted the terms of the Provisional Stipulation in an Order dated September 22, 2011 effective for service rendered on and after October 1, 2011.

The Company's filing was transmitted to the Office of Administrative Law as a contested case. A pre-hearing conference was held on November 17, 2011 and a status conference was held on January 31, 2012.

On February 11, 2012, the Company implemented a 30-day bill credit of \$0.0675 per therm that was intended to effectuate a refund of approximately \$2.6 million. The bill credit expired on March 12, 2012.

The Parties engaged in discovery, held meetings and discussed certain matters at issue in this docket. As a result of those discussions, the Parties have resolved all remaining issues in this proceeding in accordance with the Final Stipulation set forth below.

### **FINAL STIPULATION**

Based upon and subject to the terms and conditions set forth herein, the Parties stipulate and agree as follows:

1. **Rates.** The Company shall maintain its BGSS-P rate of \$0.6924 per therm on a final basis, inclusive of all applicable taxes, and that rate shall remain in effect until revised in accordance with applicable laws and regulations. Accordingly, there is no additional impact on customers' rates at this time. The Company may implement further bill adjustments in order to reduce any projected BGSS overrecovery at September 30, 2012 in accordance with its tariff.
2. **All Issues Resolved.** This Final Stipulation provides for a final resolution in this proceeding. All issues related to Elizabethtown's BGSS recoverable costs for the BGSS year ending September 30, 2011 are resolved.
3. **Reporting.** The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-CHART-1), a sample of which is attached hereto as Exhibit A; and 2) the Cost of Gas per Therm (also known as S-CHART-2), a sample of which is attached hereto as Exhibit B. The chart reflected in Exhibit A is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit B is to be submitted to the

Parties on approximately the 15<sup>th</sup> of the following month.

4. **Entirety Of Final Stipulation.** This Final Stipulation represents a mutual balancing of interests and, therefore, is intended to be accepted and approved in its entirety. In the event that the Board does not adopt this Final Stipulation in its entirety in an Order, then any Party hereto is free to pursue its then-available legal remedies with respect to all issues in this Final Stipulation as though this Final Stipulation had not been signed.

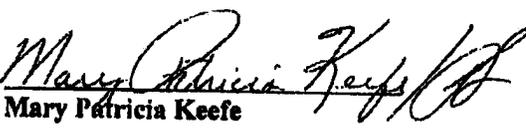
5. **Binding Effect.** It is the intent of the Parties that the provisions hereof be approved by the Board, as appropriate, as being in the public interest. The Parties further agree that they consider the Final Stipulation to be binding on them for all purposes herein.

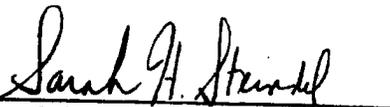
6. **General Reservation.** It is specifically understood and agreed that this Final Stipulation represents a negotiated agreement and has been made exclusively for the purpose of this proceeding. Except as expressly provided herein, Elizabethtown, Board Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. This Final Stipulation shall not be cited as precedent except for the purpose of enforcing its terms. All rates remain subject to audit by the Board.

**WHEREFORE**, the Parties hereto do respectfully submit this Final Stipulation to the Presiding Administrative Law Judge and the Board of Public Utilities and request (i) the Presiding Administrative Law Judge to issue an initial decision approving this Final Stipulation, and (ii) the Board to issue a Decision and Order approving this Final Stipulation in its entirety in accordance with the terms hereof.

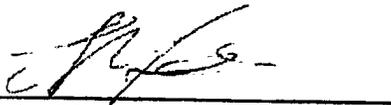
**PIVOTAL UTILITY HOLDINGS, INC.  
D/B/A ELIZABETHTOWN GAS**

**STEFANIE A. BRAND  
DIRECTOR, DIVISION OF  
RATE COUNSEL**

By:   
Mary Patricia Keefe  
Vice President, Regulatory Affairs  
and Assistant Corporate Secretary

By:   
Sarah H. Steindel  
Assistant Deputy Rate Counsel

**JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the New Jersey Board of Public Utilities**

By:   
Alex Moreau, DAG

**Dated: March 23, 2012**

**PIVOTAL UTILITY HOLDINGS, INC.**  
**d/b/a ELIZABETHTOWN GAS**

**S-ECHART-1**  
**BGSS NYMEX Update Report**  
**as of Feb 03, 2012**

| Month               | <sup>a</sup><br>BGSS<br>(see note below) | <sup>b</sup><br>NYMEX<br>(2/3/12 Close) | <sup>c = b - a</sup><br>Incr/<br>(Decr) | <sup>% Chg</sup> | <sup>d</sup><br>Sales<br>forecast (dths) | <sup>e</sup><br>Hedged<br>volume (dths) | <sup>f = d - e</sup><br>Unhedged<br>volume (dths) | <sup>g = c x f</sup><br>Change in<br>value unhedged |
|---------------------|--|---|---|------------------|--|---|---|---|
| Oct-11              | \$ 4.413                                 | \$ 3.759                                | (0.654)                                 |                  | 1,543,066                                | 736,200                                 | 806,866   | (\$527,690)   |
| Nov-11              | \$ 4.577                                 | \$ 3.524                                | (1.053)                                 |                  | 2,549,426                                | 1,519,307                               | 1,030,119   | (\$1,084,715)                                       |
| Dec-11              | \$ 4.792                                 | \$ 3.364                                | (1.428)                                 |                  | 4,508,509                                | 3,162,715                               | 1,345,794   | (\$1,921,794)                                       |
| Jan-12              | \$ 4.908                                 | \$ 3.084                                | (1.824)                                 |                  | 5,111,385                                | 3,571,472                               | 1,539,913   | (\$2,808,801)                                       |
| Feb-12              | \$ 4.897                                 | \$ 2.678                                | (2.219)                                 |                  | 4,177,973                                | 2,893,420                               | 1,284,553   | (\$2,850,423)                                       |
| Mar-12              | \$ 4.837                                 | \$ 2.499                                | (2.338)                                 |                  | 3,051,453                                | 1,857,722                               | 1,193,731   | (\$2,790,943)                                       |
| Apr-12              | \$ 4.707                                 | \$ 2.677                                | (2.030)                                 |                  | 1,378,856                                | 782,646                                 | 596,210   | (\$1,210,307)                                       |
| May-12              | \$ 4.730                                 | \$ 2.789                                | (1.941)                                 |                  | 827,729                                  | 427,100                                 | 400,629   | (\$777,621)   |
| Jun-12              | \$ 4.769                                 | \$ 2.879                                | (1.890)                                 |                  | 458,476                                  | 297,100                                 | 161,376   | (\$305,001)   |
| Jul-12              | \$ 4.814                                 | \$ 2.954                                | (1.860)                                 |                  | 587,128                                  | 297,100                                 | 290,028   | (\$539,452)   |
| Aug-12              | \$ 4.839                                 | \$ 2.988                                | (1.851)                                 |                  | 576,515                                  | 327,100                                 | 249,415   | (\$461,667)   |
| Sep-12              | \$ 4.848                                 | \$ 3.002                                | (1.846)                                 |                  | 652,603                                  | 397,100                                 | 255,503   | (\$471,659)   |
| <b>Avg Total \$</b> | <b>\$ 4.761</b>                          | <b>\$ 3.016</b>                         | <b>(1.745)</b>                          | <b>-36.6%</b>    | <b>25,423,119</b>                        | <b>16,268,982</b>                       | <b>9,154,137</b>                                  | <b>(\$15,750,072)</b>                               |
| Oct-12              | \$ 4.900                                 | \$ 3.048                                | (1.852)                                 |                  | 1,568,335                                | 747,100                                 | 821,235   | (\$1,520,927)                                       |
| Nov-12              | \$ 5.058                                 | \$ 3.211                                | (1.847)                                 |                  | 2,589,020                                | 1,505,407                               | 1,083,613   | (\$2,001,434)                                       |
| Dec-12              | \$ 5.280                                 | \$ 3.507                                | (1.773)                                 |                  | 4,578,636                                | 3,149,764                               | 1,428,872   | (\$2,533,390)                                       |
| Jan-13              | \$ 5.409                                 | \$ 3.640                                | (1.769)                                 |                  | 5,192,152                                | 3,869,187                               | 1,322,965   | (\$2,340,326)                                       |
| Feb-13              | \$ 5.373                                 | \$ 3.645                                | (1.728)                                 |                  | 4,242,199                                | 3,084,227                               | 1,157,972   | (\$2,000,976)                                       |
| Mar-13              | \$ 5.301                                 | \$ 3.622                                | (1.679)                                 |                  | 3,098,332                                | 2,067,382                               | 1,030,950   | (\$1,730,965)                                       |
| Apr-13              | \$ 5.078                                 | \$ 3.582                                | (1.496)                                 |                  | 1,401,850                                | 648,755                                 | 753,095   | (\$1,126,630)                                       |
| May-13              | \$ 5.092                                 | \$ 3.607                                | (1.485)                                 |                  | 841,667                                  | 406,000                                 | 435,667   | (\$646,965)   |
| Jun-13              | \$ 5.126                                 | \$ 3.640                                | (1.486)                                 |                  | 468,661                                  | 275,000                                 | 193,661   | (\$287,780)   |
| Jul-13              | \$ 5.168                                 | \$ 3.683                                | (1.485)                                 |                  | 597,852                                  | 305,500                                 | 292,352   | (\$434,143)   |
| Aug-13              | \$ 5.197                                 | \$ 3.700                                | (1.497)                                 |                  | 588,505                                  | 294,100                                 | 294,405   | (\$440,724)   |
| Sep-13              | \$ 5.207                                 | \$ 3.701                                | (1.506)                                 |                  | 664,706                                  | 269,600                                 | 395,106   | (\$595,030)   |
| <b>Avg Total \$</b> | <b>\$ 5.182</b>                          | <b>\$ 3.549</b>                         | <b>(1.634)</b>                          | <b>-31.5%</b>    | <b>25,831,915</b>                        | <b>16,622,021</b>                       | <b>9,209,894</b>                                  | <b>(\$15,659,290)</b>                               |

**Footnotes:**

- a : Nymex rate used for annual BGSS periodic rate filing; Oct-11 to Sept-13 based on 05/10/2011 Close.
- b : Nymex rate as of date of the report
- c : Increase/Decrease in the Nymex rate compared to rate used for annual BGSS periodic rate filing
- d : Sales forecast (includes fuel requirement) at a receipt point/wellhead equivalent volume
- e : 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)
- f : 'Unhedged' volume consists of sales volume forecast less 'hedged' volume
- g : Not necessarily representative of a change in under/over-recovery value

**PIVOTAL UTILITY HOLDINGS, Inc.**  
**d/b/a ELIZABETHTOWN GAS**

**S-ECHART-2**

**Elizabethtown Gas**  
**Calculation of Net Cost of Gas Per Therm**

Page 1

|  | Actual<br>Oct-11 | Actual<br>Nov-11 | Actual<br>Dec-11 | Estimate<br>Jan-12 | Estimate<br>Feb-12 | Estimate<br>Mar-12 | Estimate<br>Apr-12 | Estimate<br>May-12 | Estimate<br>Jun-12 | Estimate<br>Jul-12 | Estimate<br>Aug-12 | Estimate<br>Sep-12 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------------------------|
| 1 NYMEX - 05/10/11 - Included in BGSS Filing     | \$0.4413         | \$0.4577         | \$0.4792         | \$0.4908           | \$0.4887           | \$0.4837           | \$0.4707           | \$0.4730           | \$0.4769           | \$0.4814           | \$0.4839           | \$0.4848           |                                 |
| 2 NYMEX - Actual Settlement                      | \$0.3759         | \$0.3524         | \$0.3364         |                    |                    |                    |                    |                    |                    |                    |                    |                    |                                 |
| <b>Breakdown of Gross Cost of Gas Per Therm:</b> |                  |                  |                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |                                 |
| 13 Flowing Gas Cost                              | \$0.0142         | \$0.1821         | \$0.1757         | \$0.2835           | \$0.2585           | \$0.2556           | \$0.1191           | -\$0.0044          | -\$0.0468          | -\$0.1201          | \$0.0310           | \$0.0681           | \$0.1904                        |
| 14 Gas Withdrawn From Storage Cost               | \$0.0779         | \$0.1889         | \$0.3362         | \$0.2690           | \$0.2235           | \$0.1103           | \$0.0022           | \$0.0017           | \$0.0027           | \$0.0041           | \$0.0042           | \$0.0041           | \$0.1668                        |
| 15 Hedged Volumes Delivered Cost                 | \$1.2428         | \$0.3864         | \$0.3078         | \$0.1469           | \$0.1024           | \$0.1362           | \$0.3646           | \$0.4793           | \$0.6407           | \$0.8563           | \$0.8000           | \$0.7606           | \$0.2938                        |
| 16 Pipeline Demand Cost                          | \$0.5442         | \$0.2136         | \$0.1470         | \$0.0831           | \$0.0799           | \$0.0930           | \$0.1754           | \$0.3192           | \$0.5201           | \$0.7663           | \$0.7840           | \$0.7798           | \$0.1895                        |
| 17 Storage Demand Cost                           | \$0.1266         | \$0.0494         | \$0.0359         | \$0.0203           | \$0.0196           | \$0.0228           | \$0.0434           | \$0.0790           | \$0.1286           | \$0.1895           | \$0.1939           | \$0.1929           | \$0.0462                        |
| 18 Peaking Cost                                  | \$0.0000         | \$0.0000         | \$0.0011         | \$0.0106           | \$0.0053           | \$0.0040           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0039                        |
| 19 Weighted Average Fuel Cost                    | \$0.0936         | \$0.0262         | \$0.0229         | \$0.0279           | \$0.0234           | \$0.0197           | \$0.0476           | \$0.0704           | \$0.1046           | \$0.1484           | \$0.1548           | \$0.1581           | \$0.0408                        |
| 20 Variable Pipeline Cost                        | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0205           | \$0.0161           | \$0.0101           | \$0.0094           | \$0.0133           | \$0.0194           | \$0.0271           | \$0.0281           | \$0.0360           | \$0.0128                        |
| 21 Other Costs                                   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000           | \$0.0000                        |
| 22 <b>Total Gross Cost of Gas Per Therm</b>      | \$2.0992         | \$1.0466         | \$1.0267         | \$0.8618           | \$0.7287           | \$0.6518           | \$0.7618           | \$0.9586           | \$1.3695           | \$1.8717           | \$1.9960           | \$1.9996           | \$0.9442                        |

|  | Actual<br>Oct-10 | Actual<br>Nov-10 | Actual<br>Dec-10 | Actual<br>Jan-11 | Actual<br>Feb-11 | Actual<br>Mar-11 | Actual<br>Apr-11 | Actual<br>May-11 | Actual<br>Jun-11 | Actual<br>Jul-11 | Actual<br>Aug-11 | Actual<br>Sep-11 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| 23 NYMEX - Actual Settlement                     | \$0.3837         | \$0.3292         | \$0.4267         | \$0.4216         | \$0.4316         | \$0.3793         | \$0.4240         | \$0.4377         | \$0.4326         | \$0.4357         | \$0.4370         | \$0.3857         |                                 |
| <b>Breakdown of Gross Cost of Gas Per Therm:</b> |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                                 |
| 24 Flowing Gas Cost                              | -\$0.3866        | \$0.2880         | \$0.4149         | \$0.3229         | \$0.2620         | \$0.1636         | \$0.0285         | -\$0.0658        | -\$0.1074        | -\$0.3398        | -\$0.2349        | -\$0.1327        | \$0.1818                        |
| 25 Gas Withdrawn From Storage Cost               | \$0.1378         | \$0.2822         | \$0.3015         | \$0.2364         | \$0.1766         | \$0.2301         | \$0.0623         | \$0.0568         | \$0.0298         | \$0.0589         | \$0.0038         | \$0.0073         | \$0.1873                        |
| 26 Hedged Volumes Delivered Cost                 | \$1.4692         | \$0.3928         | \$0.2615         | \$0.1992         | \$0.1285         | \$0.1779         | \$0.3527         | \$0.5672         | \$0.9182         | \$1.1521         | \$1.2864         | \$1.1812         | \$0.3559                        |
| 27 Pipeline Demand Cost                          | \$0.4871         | \$0.2194         | \$0.1199         | \$0.0739         | \$0.0725         | \$0.0990         | \$0.1299         | \$0.2884         | \$0.5241         | \$0.6756         | \$0.7493         | \$0.6739         | \$0.1719                        |
| 28 Storage Demand Cost                           | \$0.1200         | \$0.0510         | \$0.0268         | \$0.0185         | \$0.0175         | \$0.0241         | \$0.0321         | \$0.0657         | \$0.1199         | \$0.1522         | \$0.1704         | \$0.1537         | \$0.0404                        |
| 29 Peaking Cost                                  | \$0.0000         | \$0.0173         | \$0.0006         | \$0.0062         | \$0.0034         | \$0.0006         | \$0.0008         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0032                        |
| 30 Weighted Average Fuel Cost                    | \$0.0801         | \$0.0312         | \$0.0324         | \$0.0251         | \$0.0181         | \$0.0157         | \$0.0256         | \$0.0434         | \$0.0740         | \$0.0893         | \$0.1072         | \$0.0942         | \$0.0321                        |
| 31 Variable Pipeline Cost                        | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 32 Other Costs                                   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 33 <b>Total Gross Cost of Gas Per Therm</b>      | \$1.9076         | \$1.2820         | \$1.1577         | \$0.8821         | \$0.6787         | \$0.7110         | \$0.6317         | \$0.9558         | \$1.5586         | \$1.7882         | \$2.0821         | \$1.9776         | \$0.9726                        |

**Footnotes:**

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage  
 Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss  
 Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage  
 Pipeline Demand Cost = Fixed Pipeline costs  
 Storage Demand Cost = Fixed Storage related costs  
 Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...  
 Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline  
 Variable Pipeline Cost = Pipeline Charge per therm shipped

**PIVOTAL UTILITY HOLDINGS, Inc.  
d/b/a ELIZABETHTOWN GAS**

**S-ECHART-2**

**Elizabethtown Gas  
Calculation of Net Cost of Gas Per Therm**

Page 2

|  | Actual<br>Oct-11 | Actual<br>Nov-11 | Actual<br>Dec-11 | Actual<br>Jan-12 | Actual<br>Feb-12 | Actual<br>Mar-12 | Actual<br>Apr-12 | Actual<br>May-12 | Actual<br>Jun-12 | Actual<br>Jul-12 | Actual<br>Aug-12 | Actual<br>Sep-12 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| <b>Credits, Refunds, &amp; Recoveries Per Therm:</b>             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                                 |
| 1 Asset Management Credits                                       | \$0.0000         | \$0.0000         | \$0.0559         | \$0.0000         | \$0.0000         | \$0.0338         | \$0.0000         | \$0.4690         | \$0.1947         | \$0.0000         | \$0.0000         | \$0.2920         | \$0.0470                        |
| 2 Off-system sales   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 3 Capacity release   | \$0.0053         | \$0.0021         | \$0.0015         | \$0.0008         | \$0.0007         | \$0.0009         | \$0.0017         | \$0.0031         | \$0.0049         | \$0.0074         | \$0.0075         | \$0.0074         | \$0.0018                        |
| 4 On System Credits to BGSS-P Customers                          | \$0.3025         | \$0.2220         | \$0.1880         | \$0.2184         | \$0.2171         | \$0.2047         | \$0.2650         | \$0.2585         | \$0.4707         | \$0.3792         | \$0.4815         | \$0.4001         | \$0.2414                        |
| 5 Supplier Refunds   | \$0.0248         | \$0.0000         | \$0.0000         | \$0.0037         | \$0.0000         | \$0.0000         | \$0.0080         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0021                        |
| 6 Gas for Company Use  | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 7 Line Loss  | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 8 Transfer to Non BGSS-P Customers                               | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 9 Over / Under Recovery & Interest to Customers                  | \$1.0625         | \$0.1680         | \$0.1372         | -\$0.0070        | -\$0.1350        | -\$0.2335        | -\$0.1588        | -\$0.4179        | \$0.0532         | \$0.8392         | \$0.8610         | \$0.6543         | \$0.0038                        |
| 10 Other   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 11 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>     | \$1.3950         | \$0.3920         | \$0.3825         | \$0.2159         | \$0.0828         | \$0.0059         | \$0.1159         | \$0.3127         | \$0.7236         | \$1.2257         | \$1.3501         | \$1.3537         | \$0.2962                        |
| 12 <b>Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)</b> | \$0.7041         | \$0.6546         | \$0.6442         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6459         | \$0.6480                        |

|  | Actual<br>Oct-10 | Actual<br>Nov-10 | Actual<br>Dec-10 | Actual<br>Jan-11 | Actual<br>Feb-11 | Actual<br>Mar-11 | Actual<br>Apr-11 | Actual<br>May-11 | Actual<br>Jun-11 | Actual<br>Jul-11 | Actual<br>Aug-11 | Actual<br>Sep-11 | 12 Month<br>Weighted<br>Average |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|---------------------------------|
| <b>Credits, Refunds, &amp; Recoveries Per Therm:</b>             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |                                 |
| 13 Asset Management Credits                                      | \$0.0000         | \$0.0000         | \$0.0396         | \$0.0000         | \$0.0000         | \$0.0371         | \$0.0000         | \$0.3290         | \$0.2019         | \$0.0000         | \$0.0000         | \$0.2565         | \$0.0378                        |
| 14 Off-system sales  | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 15 Capacity release  | \$0.0049         | \$0.0022         | \$0.0010         | \$0.0007         | \$0.0007         | \$0.0010         | \$0.0013         | \$0.0028         | \$0.0053         | \$0.0064         | \$0.0072         | \$0.0067         | \$0.0017                        |
| 16 On System Credits to BGSS-P Customers                         | \$0.2319         | \$0.1784         | \$0.1961         | \$0.1987         | \$0.2045         | \$0.1883         | \$0.2163         | \$0.2379         | \$0.2238         | \$0.3891         | \$0.4070         | \$0.3168         | \$0.2126                        |
| 17 Supplier Refunds  | \$0.0110         | \$0.0000         | \$0.0000         | \$0.0034         | \$0.0000         | \$0.0000         | \$0.0062         | \$0.0178         | \$0.0000         | \$0.0303         | \$0.0000         | \$0.0000         | \$0.0032                        |
| 18 Gas for Company Use   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 19 Line Loss   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 20 Transfer to Non BGSS-P Customers                              | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 21 Over / Under Recovery & Interest to Customers                 | \$0.9079         | \$0.3453         | \$0.1921         | -\$0.0774        | -\$0.2823        | -\$0.2588        | -\$0.3467        | -\$0.3792        | \$0.3609         | \$0.6133         | \$0.9132         | \$0.6622         | -\$0.0323                       |
| 22 Other   | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000         | \$0.0000                        |
| 23 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>     | \$1.1558         | \$0.5258         | \$0.4288         | \$0.1254         | -\$0.0771        | -\$0.0324        | -\$0.1229        | \$0.2084         | \$0.7919         | \$1.0391         | \$1.3275         | \$1.2421         | \$0.2230                        |
| 24 <b>Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)</b> | \$0.7518         | \$0.7562         | \$0.7289         | \$0.7568         | \$0.7558         | \$0.7434         | \$0.7546         | \$0.7474         | \$0.7667         | \$0.7492         | \$0.7547         | \$0.7355         | \$0.7496                        |

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayersville, Forked River, Ocean Power, etc...  
Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage  
Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.