



Elizabethtown Gas™

An AGL Resources Company

520 Green Lane
Union, NJ 07083

908 289 5000 phone
www.elizabethtowngas.com

Via FedEx & Electronic Mail

August 16, 2016

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

Re: *In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To Revise The Remediation Adjustment Clause Component Of Its Societal Benefits Charge Rate – BPU Docket No. GR*

Dear Secretary Asbury:

Enclosed for filing are an original and ten copies of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) to the Board of Public Utilities (“BPU” or “Board”) to revise the Remediation Adjustment Clause (“RAC”) component of the Societal Benefits Charge (“SBC”) rate.

Attached to and made part of the Petition are the testimonies and supporting schedules of Company witnesses Thomas Kaufmann and Steven L. Cook, marked as exhibit numbers P-1 and P-2, respectively.

The RAC Component of the SBC Rate

Elizabethtown's SBC was approved by the Board by an Order dated March 30, 2001 in BPU Docket No. GX99030121, *et al.* and November 21, 2001 in Docket No. EX00020091, *et al.* The SBC currently consists of four components: (1) the Remediation Adjustment Clause (“RAC”) component, (2) the New Jersey Clean Energy Program (“CEP”) component, (3) the Universal Service Fund (“USF”) component, and (4) the Lifeline component. Petitioner is not proposing changes to the CEP, USF or Lifeline rates in this filing. The SBC charge is applicable to all customers, with the exception of those exempt from the charge

Irene Kim Asbury, Secretary
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SBC charge is applicable to all customers, with the exception of those exempt from the charge pursuant to the Long-Term Capacity Agreement Pilot Program legislation enacted on January 28, 2011.

Elizabethtown proposes to increase its currently effective RAC credit rate from (\$0.0016) per therm to a credit of (\$0.0095) per therm, effective October 1, 2016. Elizabethtown's current SBC rate for the RAC was approved by the Board's June 29, 2016 Order with an effective date of July 12, 2016 in Docket No. GR15101210. The proposed RAC rate is designed to enable Elizabethtown to refund approximately \$4.3 million over a twelve month period.

Total Customer Impact

The proposed adjustment to the RAC rate would decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.79, from \$86.75 to \$85.96, or a decrease of 0.9%, as compared to the Company's August 1, 2016 rates. 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, Esq.
Vice President, Regulatory Affairs
and Business Support

cc: Richard S. Mroz, President
Upendra J. Chivukula, Commissioner
Joseph L. Fiordaliso, Commissioner
Mary-Anna Holden, Commissioner
Dianne Solomon, Commissioner
Paul Flanagan, Executive Director
Kenneth J. Sheehan, Chief of Staff
Jerome May, Director, Division of Energy
Robert Schultheis, Division of Energy
Stefanie A. Brand, Director, Rate Counsel
Service List

**IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO REVISE THE REMEDIATION ADJUSTMENT CLAUSE COMPONENT
OF ITS SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. GR _____**

SERVICE LIST

Steven Cook
Elizabethtown Gas
520 Green Lane
Union, NJ 07083

Thomas Kaufmann
Elizabethtown Gas
520 Green Lane
Union, NJ 07083

Mary Patricia Keefe, Esq.
Elizabethtown Gas
520 Green Lane
Union, NJ 07083

Susan Potanovich
Elizabethtown Gas
520 Green Lane
Union, NJ 07083

Greg Corbett
Southern Company Gas
Ten Peachtree Place
Atlanta, GA 30309

David Weaver
Southern Company Gas
Ten Peachtree Place
Atlanta, GA 30309

Erica McGill, Esq.
Southern Company Gas
Ten Peachtree Place
Atlanta, GA 30309

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

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

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

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

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

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

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

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

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

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

Henry Ogden, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

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

Alex Moreau, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Caroline Vachier, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Patricia Krogman, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Deborah Franco, Esq.
Cullen & Dykman
Garden City Center
100 Quentin Roosevelt Blvd.
Garden City, NY 11530

Kenneth T. Maloney
Cullen & Dykman
1101 14th Street NW, Suite 750
Washington, DC 20005

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

-----X
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To Revise : **Docket No. GR**
The Remediation Adjustment Clause Component :
Of Its Societal Benefits Charge Rate : **SUMMARY SHEET**
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This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”) that the Board of Public Utilities (“Board”) accept the filing of Petitioner’s revised Remediation Adjustment Clause (“RAC”) component of the Societal Benefits Charge (“SBC”) rate. The Petition proposes that Petitioner’s RAC rate be decreased from (\$0.0016) per therm to (\$0.0095) per therm effective October 1, 2016. The proposed filing would decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.79 or 0.9%.

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDATION ADJUSTMENT CLAUSE (“RAC”) FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

| Minimum Filing Requirements | Schedule |
|--|---------------------------|
| 1. Please provide a vendor listing for the prior RAC period that contains information concerning vendor expenditures by MGP site, also showing a description of the services provided and the amount of each vendor invoice. The vendor list should include the monthly actual expenditures for the twelve month RAC period. | SLC-2 |
| 2. Identify the three MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables. | SLC-2 |
| 3. For each of the same three MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve months of the most recent RAC period. | SLC-2 |
| 4. For each of the same three MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period. | SLC-2 Confidential |
| 5. For each of the same three MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control. | SLC-2 |
| 6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties’ liabilities for all of the Company’s MGP sites. The narrative, with supporting documentation, should cover the prior RAC period. In addition, the Company should provide a listing of all insurance reimbursements received from each insurance company through the end of the year covered by the filing, but need not disclose any insurance company’s identity. | SLC-2 |
| 7. Provide copies of any RAC audit reports or related materials prepared by the Board’s Audit Staff, FERC, or the Company’s internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings. | SLC-2 |
| 8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company’s ultimate MGP remediation liability, with claimed confidential information | SLC-2 |

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDATION ADJUSTMENT CLAUSE (“RAC”) FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

| Minimum Filing Requirements | Schedule |
|---|---------------------------|
| provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way. | |
| 9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances. | TK-2 |
| 10. Provide the Company’s bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders. | SLC-2 |
| 11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during their previous RAC period. The response should provide the contractor’s request for supplemental funding, the reasons cited for the request, and the Company’s evaluation and action taken concerning the request. | SLC-2 Confidential |
| 12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests. | SLC-2 |
| 13. Provide a calculation of the carrying costs that the Company seeks to recover in its filing, including workpapers and supporting documentation. | TK-3 |
| 14. The Company currently provides a schedule that summarizes the expenditures incurred by major cost category by site on a quarterly basis. These data will be reported with its annual filing. | SLC-2 |
| 15. For each of the Company’s MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones, along with a discussion of major remediation problems. The parties understand that the timeframes to complete the remediation efforts are subject to a great deal of uncertainty due to factors beyond the Company’s control. | SLC-2 |
| 16. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement. Such update will include information about NRD-related expenditures during the prior RAC period and related documentation, as well as total NRD-related expenses deferred to date. | SLC-2 |
| 17. Provide information about unreasonable delays in remediation efforts caused by the inability to obtain requisite approvals, clearances or other rights from the NJDEP, local authorities or property owners, or other circumstances that are unduly impeding remediation efforts. The Company will address issues that are outside of the ordinary experience for these matters. | SLC-2 |

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REMEDIATION ADJUSTMENT CLAUSE (“RAC”) FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements

Schedule

| | |
|---|-------|
| 18. Provide details concerning all remediation related charges to the Company from or through AGLR and its affiliates for the past RAC period. The response should show amounts by month, by entity, and should describe the nature of services provided. | SLC-2 |
|---|-------|

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

-----X
In The Matter Of The Petition Of Pivotal Utility :
Holdings, Inc. d/b/a Elizabethtown Gas To Revise The : **Docket No. GR**
Remediation Adjustment Clause Component Of Its :
Societal Benefits Charge Rate : **PETITION**
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To The Honorable Board of Public Utilities:

Petitioner, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”), a public utility corporation duly organized under the laws of the State of New Jersey subject to the jurisdiction of the Board of Public Utilities (“Board”), respectfully states:

1. Petitioner’s principal business office is located at 520 Green Lane, Union, NJ, 07083.
2. Communications and correspondence concerning these proceedings should be sent as

follows:

Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs
and Business Support
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
520 Green Lane
Union, New Jersey 07083
Tel No. (908) 662-8452
pkeefe@southernco.com

Erica McGill, Esq.
Southern Company Gas
Ten Peachtree Place
Atlanta, GA 30309
Tel No. (404) 584-3682
ermcgill@southernco.com

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth Street, N.W.
Suite 750
Washington, DC 20005
Tel No. (202) 223-8890
kmaloney@cullydk.com

Deborah M. Franco, Esq.
Cullen and Dykman LLP
Garden City Center
100 Quentin Roosevelt Boulevard
Garden City, NY 11530
Tel No. (516) 357-3878
dfranco@cullydk.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 283,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise the rate associated with Petitioner's Remediation Adjustment Clause ("RAC") component of the Societal Benefits Charge ("SBC") and to reconcile costs and cost recoveries associated with the clause for the period in which the clause is applicable.

5. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 is the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The following schedules supporting the tariff sheets and the derivation of the proposed RAC rate are attached and referred to in Exhibit P-1:

- (a) Tariff Schedule TK-1, consists of revised tariff sheets in clean and redlined form;
- (b) Forecast Schedule TK-1; and
- (c) RAC Schedule TK-1 through RAC Schedule TK-6.

6. Also annexed hereto and made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 is the testimony of Steven L. Cook, Manager of Environmental Programs for Petitioner. The following schedules are included with Mr. Cook's testimony:

- (a) Schedule SLC-1 through Schedule SLC-2.

7. In a September 22, 2011 Board Order in BPU Docket Nos. GR07080645, GR08090836 and GR09080651 concerning the reconciliation of Petitioner's SBC for the 2006-2007, 2007-2008 and 2008-2009 periods, it was agreed that Petitioner would provide information responsive to certain minimum filing requirements ("MFRs") as part of future filings to reconcile its RAC rate. An Index to the MFRs is included with this Petition. As noted in the MFR Index, some of the MFR information being provided by the Company is deemed confidential and as such will be redacted and provided to those parties executing a mutually acceptable confidentiality agreement entered into subsequent to the filing of this Petition.

The RAC Component of the SBC Rate

8. Petitioner's SBC was approved by the Board by Orders dated March 30, 2001 in BPU Docket Nos. GX99030121, *et al.*, and November 21, 2001 in Docket Nos. EX00020091, *et al.* The SBC

consists of four components: (1) the Remediation Adjustment Clause (“RAC”) component, (2) the New Jersey Clean Energy Program (“CEP”) component, (3) the Universal Service Fund (“USF”) component, and (4) the Lifeline component. Petitioner is not proposing changes to the CEP, USF or Lifeline rates in this filing. The SBC charge is applicable to all customers, with the exception of those exempt from the charge pursuant to the Long-Term Capacity Agreement Pilot Program legislation enacted on January 28, 2011.

9. Petitioner’s current RAC rate of (\$0.0016) per therm was approved by the Board in a June 29, 2016 Order authorizing that rate to become effective July 12, 2016 in Docket No. GR15101210.

10. Petitioner is proposing to increase its current RAC credit rate of (\$0.0016) per therm to a credit of (\$0.0095) per therm effective October 1, 2016. Petitioner’s accounting for RAC-related costs reflected in the calculation of the RAC factor is based on actual data for the period July 1, 2015 through June 30, 2016 plus prior period true-up amounts. All information for the 2017 Recovery Year, which is the twelve month period ending September 30, 2017, reflects forecast data. In this year’s filing, the rate is designed to refund approximately \$4.3 million as reflected on RAC Schedule TK-1 Line 4.

11. In accordance with Petitioner’s tariff, the RAC component is determined by first calculating the sum of (a) one seventh of Petitioner’s net deferred remediation costs incurred during the twelve months ended June 30th, for the periods ending 2016, 2015, 2014, 2013, 2012, 2011 and 2010, less the deferred tax benefit, as shown on RAC Schedule TK-2 pages 1 through 7. The calculation of the proposed credit rate of (\$0.0095) per therm is described and detailed in Mr. Kaufmann’s testimony. Interest accrued on RAC-related costs is calculated in the manner approved by the Board in its Order in BPU Docket No. GX99030121 dated March 30, 2001, *et al.*

12. As discussed in the testimony of Mr. Cook, Petitioner owns, owned and/or operated six former MGP sites located at Erie Street in Elizabeth, South Street in Elizabeth, Rahway, Perth Amboy, Flemington and Newton. Petitioner’s remediation costs are incurred to enable Petitioner to comply with applicable laws and regulations in a prudent manner.

13. Under the RAC, the total annual charge to Petitioner’s customers during any Recovery

Year may not exceed five percent (5%) of Petitioner's total revenues from sales transportation and storage services during the previous annual July 1 through June 30 period. As set forth in Exhibit P-1, the application of this cap calculation does not require a reduction in the remediation costs recoverable during the 2017 Recovery Year.

14. Under the RAC, Petitioner is required to project its anticipated remediation costs for the July 1, 2016 through June 30, 2017 Remediation Year. As discussed by Mr. Cook, Petitioner estimates that it will incur approximately \$14.4 million of net deferred remediation costs during that period. However, this is only an estimate. Petitioner's actual costs will be determined by its need to comply with applicable environmental laws and regulations in a prudent manner.

Overall Impact

15. The overall impact of Petitioner's filing in this proceeding is a proposed decrease in the monthly bill of a typical residential heating customer using 100 therms by \$0.79, from \$86.75 to \$85.96, or a decrease of 0.9%.

Miscellaneous

16. 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 ("Rate Counsel"), 140 East Front Street, 4th Floor, Trenton, New Jersey, upon the service list, and as outlined in *N.J.A.C. 14:1-5.12*.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing, (2) allow the proposed RAC rate and associated proposal to become effective October 1, 2016; (3) grant any waivers of Petitioner's tariff or Board regulations as may be required, and (3) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

By:



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


Date: August 16, 2016

STATE OF NEW JERSEY)
)
COUNTY OF UNION) ss:

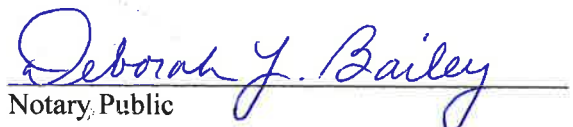
I, Thomas Kaufmann, being duly sworn according to law, upon his oath, deposes and says:

1. I am the Manager of Rates and Tariffs of the Petitioner in 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 submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.


Thomas Kaufmann
Manager, Rates and Tariffs

Sworn to and subscribed to before me this
15th day of August, 2016.


Notary Public

Deborah Y. Bailey
Notary Public
New Jersey
My Commission Expires 09-08-2020

STATE OF NEW JERSEY)
)
COUNTY OF UNION) ss:

I, Steven L. Cook, being duly sworn according to law, upon his oath, deposes and says:


1. I am the Manager of Environmental Programs for the Petitioner in 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 submitted therewith correctly portray the information set forth therein, to the best of my knowledge, information and belief.



Steven L. Cook
Manager, Environmental Programs

Sworn to and subscribed to before me this
15 day of August, 2016.



Notary Public

