Elizabethtown Gas

Mary Patricia Keefe
Vice President, External Affairs and Business Support

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Via FedEx & Electronic Mail

August 11, 2017

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 (1) Revise Its Weather Normalization Clause Rate; (2) Revise the Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit***
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 (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) revise its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC"). Attached to and made part of the Petition are the testimony and supporting schedules of Company witness Thomas Kaufmann, marked as Exhibit P-1.

The WNC Rate

The Company proposes a WNC rate of $0.0232 per therm inclusive of taxes for the period October 1, 2017 through May 31, 2018. The WNC rate mechanism is designed to recover or refund balances associated with differences between actual and normal weather during the preceding winter period.

The CEP Component of the SBC Rate

The Company proposes a CEP rate of $0.0251 per therm inclusive of taxes, to be effective October 1, 2017. The CEP rate mechanism is designed to recover the costs associated with Core and Standard Offer Programs in the Company's and Statewide CEP programs.

The OSMC Rate

The Company proposes an OSMC credit rate of ($0.0047) per therm inclusive of taxes, to be effective October 1, 2017. Elizabethtown's OSMC is the rate mechanism by which certain margins from on-system, non-firm sales and transportation services are flowed back to the Company's firm sales and residential transportation customers.

Total Customer Impact

The proposed rates would increase the monthly bill of a residential customer using 100 therms by $3.19, from $87.95 to $91.14, or an increase of 3.6%, as compared to the Company's rates that will be in effect as of September 1, 2017 pursuant to the Board order issued in BPU Docket No. GR16080786, excluding the WNC rate which will not apply until October 1, 2017. A 100 therm bill comparison to rates effective on October 1, 2017 when the WNC rate applies would be an increase of $0.90 from $90.24 to $91.14, an increase of 1.0%. 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,

/s/ Mary Patricia Keefe

Mary Patricia Keefe

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
Thomas Walker, Director, 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 (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE (2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR__________

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IN THE MATTER OF THE PETITION OF
PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
TO (1) REVISE ITS WEATHER NORMALIZATION CLAUSE RATE
(2) REVISE THE CLEAN ENERGY PROGRAM COMPONENT OF ITS SOCIETAL BENEFITS CHARGE RATE (3) REVISE ITS ON-SYSTEM MARGIN SHARING CREDIT
BPU DOCKET NO. GR__________

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit	:	**Docket No. GR** **SUMMARY SHEET**

This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner") that the Board of Public Utilities ("Board" or "BPU") accept the filing of Petitioner's revised Weather Normalization Clause ("WNC"), Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC"), and On-System Margin Sharing Credit ("OSMC") rates as noted below, which are inclusive of applicable taxes. The Petition proposes (1) a WNC rate of $0.0232 per therm effective October 1, 2017, (2) a CEP rate of $0.0251 per therm effective October 1, 2017, and (3) an On-System Margin Sharing Credit of ($0.0047) per therm effective October 1, 2017. The proposed filing would increase the monthly bill of a typical residential heating customer using 100 therms by $3.19 or 3.6% as compared to the rates that will be in effect as of September 1, 2017 pursuant to the Board order issued in BPU Docket No. GR16080786, excluding the WNC rate which will not apply until October 1, 2017. A 100 therm bill comparison to rates effective on October 1, 2017 when the WNC rate approved in the aforementioned Board Order would apply would be an increase of $0.90 from $90.24 to $91.14, an increase of 1.0%.

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

In The Matter Of The Petition Of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas To (1) Revise Its Weather Normalization Clause Rate; (2) Revise The Clean Energy Program Component Of Its Societal Benefits Charge Rate; and (3) Revise Its On-System Margin Sharing Credit	:	**Docket No. GR** **PETITION**

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, New Jersey 07083.

2. Communications and correspondence concerning these proceedings should be sent as follows:

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and Business Support
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3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 288,000 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 rates associated with Petitioner's Weather Normalization Clause ("WNC"), Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC"), and On-System Margin Sharing Credit ("OSMC"), and to reconcile costs and cost recoveries associated with each clause for the periods in which the respective clauses are 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, described in Mr. Kaufmann's testimony, are attached and referred to in Exhibit P-1:

a. Tariff Schedule TK-1;

b. Forecast Schedule TK-1;

c. WNC Schedule TK-1 through TK-5;

d. CEP Schedule TK-1 through TK-5; and

e. OSMC Schedule TK-1 through TK-4.

Rate and Order Background

6. The current rates in effect for the WNC, CEP and OSMC were approved by the Board in Petitioner's 2015 WNC/CEP/OSMC proceeding in BPU Docket No. GR15080866 on December 16, 2015 and made effective January 1, 2016. The Board approved new WNC, CEP and OSMC rates in Petitioner's 2016 WNC/CEP/OSMC proceeding in an order dated July 26, 2017 issued in BPU Docket No. GR16080786 ("July 26 Order"). The CEP and OSMC rates approved in the July 26 Order will be effective on September 1, 2017; the WNC rate approved in the July 26 Order will apply effective October 1, 2017. The following table sets forth the current WNC, CEP and OSMC rates approved in the 2015 WNC/CEP/OSMC proceeding, the WNC, CEP and OSMC rates approved by the July 26 Order and the WNC, CEP and OSMC rates proposed in this filing:

	Current	Approved	Proposed
WNC	$0.0000	$0.0229	$0.0232
CEP	$0.0244	$0.0252	$0.0251
OSMC	($0.0175)	($0.0135)	($0.0047)
Total	$0.0069	$0.0346	$0.0436

Weather Normalization Clause

7. Pursuant to the WNC provisions contained in Petitioner's tariff as approved by the Board, Petitioner proposes a WNC rate of $0.0232 per therm to be effective October 1, 2017 through May 31, 2018 ("2018 Winter Period"). Petitioner's revised WNC rate is designed to recover a deficiency balance associated with the period October 1, 2016 through May 31, 2017 ("2017 Winter Period") that is attributable to the overall warmer than normal weather experienced in Petitioner's service territory during this period, as well as a prior year deficiency balance, subject to a rate cap imposed by Petitioner's tariff.

8. As addressed by Mr. Kaufmann, the WNC deficiency balance of $6,845,725 presented on WNC Schedule TK-1 reflects the fact that the 2017 Winter Period was 443 degree days or 9.4% warmer than normal. As reflected on WNC Schedule TK-1, the current revenue deficiency balance of $6,845,725 was increased to $14,859,054 to reflect the prior period deficiency balance. The net income limitation imposed by Petitioner's tariff, presented on WNC Schedule TK-5, shows that the regulated jurisdictional net income for the projected period ending September 30, 2017 is lower than the allowed return on common equity resulting in no net income disallowance and therefore no revenue disallowance for the 2017 Winter Period deficiency. Therefore, the current recoverable margin revenue deficiency of $6,845,725 plus the prior year excess recovery balance of $8,013,329 results in a Total Revenue Deficiency Balance of $14,859,054, which, when divided by projected winter period therm volumes of 336,528,941, produces a WNC charge of $0.0472 per therm inclusive of taxes. However, as shown on WNC Schedule TK-1, the proposed WNC rate of $0.0232 per therm reflects the rate based on the residential rate cap limitations set forth in Petitioner's Board approved tariff. As required by

Petitioner's tariff, the WNC rate may not exceed three percent (3%) of the residential distribution service rate plus the Basic Gas Supply Service rate. In accordance with Petitioner's tariff, the revenue deficiency that results from this rate cap is recovered in a future period. The derivation of the rate cap calculation is further discussed in Mr. Kaufmann's testimony. Petitioner proposes a WNC rate of $0.0232 per therm inclusive of taxes effective October 1, 2017 which represents an increase in comparison to the WNC rate of $0.0229 per therm approved by the July 26 Order, inclusive of taxes.

9. Petitioner is also proposing to make a housekeeping change to its WNC tariff to update the common equity percentage used for the earnings test percentage shown on Sheet No. 114 of Petitioner's tariff from 10.3% to 9.6% to reflect the common equity percentage approved by the Board in Petitioner's most recent base rate case in BPU Docket No. GR16090826.

The CEP Component of the SBC Rate

10**.** 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 New Jersey Clean Energy Program ("CEP") component, (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") component, and (4) the Lifeline component. In this Petition, Petitioner is only addressing the CEP rate component of the SBC.

11. In accordance with the Board's Orders in Docket Nos. EX99050347, et al. and GX99030121, et al., Petitioner is making this filing to recover prior period costs, the net costs incurred to provide Board-approved CEP programs for the period ending June 30, 2017, and projected costs for the period ending June 30, 2018 totaling $11,375,888. As discussed in Mr. Kaufmann's testimony, Petitioner incurred $2,134,506 of CEP costs during the period beginning July 1, 2016 and ending June 30, 2017 and made payments to the CEP "fiscal agent" of $8,857,257 during the period. In accordance with the Board's June 30, 2017 Order in Docket

No. QO17050464, which established the statewide funding levels for CEP programs for Fiscal Year 2018, Petitioner has been allocated $10,637,123 of CEP funding responsibility for the twelve months ending June 30, 2018. Based on this level of spending, plus certain additional adjustments, Petitioner proposes a CEP rate of $0.0251 per therm inclusive of taxes effective October 1, 2017 which represents a decrease in comparison to the CEP rate of $0.0252 per therm approved by the July 26 Order, inclusive of taxes.

On-System Margin Sharing Credit

12. In accordance with the mechanisms approved by the Board in Docket Nos. GT8602131, GM9009049, TC94030057, GR9608574, et. al., GR97070552, et. al., and Docket Nos. GX99030121, *et. al*., margins from certain on-system sales and transportation services are shared between firm sales customers, certain firm transportation customers and Petitioner on an 80/20% basis through a credit, the OSMC, to the transportation rates charged to firm sales and Service Classification RDS customers. Petitioner proposes an OSMC credit rate of ($0.0047) per therm inclusive of taxes, effective October 1, 2017, which represents a decrease in relation to the rate credit of ($0.0135) per therm approved by the July 26 Order, inclusive of taxes.

Overall Impact

13. The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as reflected in this filing would increase the monthly bill of a typical residential heating customer using 100 therms by $3.19, from $87.95 to $91.14, or an increase of 3.6%, as compared to the rates that will be in effect as of September 1, 2017 pursuant to the July 26 Order, excluding the WNC rate which will not apply until October 1, 2017. A 100 therm bill comparison to rates effective on October 1, 2017 when the WNC rate approved in the aforementioned Board order would apply, would be an increase of $0.90 from $90.24 to $91.14, an increase of 1.0%.

Miscellaneous

14. Petitioner is serving notice and a copy of this Petition, together with a copy of the exhibit 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 compiled in Petitioner's last WNC and SBC related proceedings, and as outlined in *N.J.A.C.* 14:1-5.12. Petitioner is attaching a form of public notice to this filing for review by the Board's Staff and Rate Counsel.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing, (2) allow the proposed WNC, CEP, and OSMC rates and associated proposals to become effective October 1, 2017, (3) approve the WNC tariff modification and (4) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

By: /s/ Mary Patricia Keefe

Mary Patricia Keefe, Esq.
Vice President, External Affairs and
Business Support
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d/b/a Elizabethtown Gas
520 Green Lane
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(908) 662-8452

Date: August 11, 2017

PIVOTAL UTILITY HOLDINGS, INC. D/B/A ELIZABETHTOWN GAS
NOTICE OF PUBLIC HEARINGS

TO OUR CUSTOMERS:

On August 11, 2017, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Company” or ”Elizabethtown”) filed a petition with the New Jersey Board of Public Utilities (“Board”) in Docket No. GR______ to revise its Weather Normalization Clause (“WNC”), its Clean Energy Program (“CEP”) component of the Societal Benefit Charge (“SBC”), and its On-System Margin Sharing Credit (“OSMC”). The Company has petitioned the Board to establish a WNC rate of $0.0232 per therm, a CEP rate of $0.0251 per therm, and an OSMC credit rate of ($0.0047) per therm to be effective October 1, 2017. The WNC allows the Company to implement surcharges or credits during the months of October through May to compensate for weather-related changes in customer usage from the previous winter period. The CEP component of the SBC recovers the costs of statewide energy efficiency and renewable energy programs mandated by the Board. The OSMC rate is designed to flow back to the Company’s firm customers the margins received from on-system sales and transportation services. A comparison between the Company’s currently effective rates and the rates proposed by the Company’s filing, inclusive of taxes is as follows:

	Current Rates per Therm	Proposed Rates per Therm	Increase/(Decrease) per Therm
WNC			
CEP			
OSMC			
Total			

The proposed rates are subject to Board approval and may be higher or lower depending on the Board's final determination and the date on which such rates are made effective. The combined effect of the Company's filing on a monthly bill of a typical residential customer using an average of 100 therms per month is illustrated below:

Consumption in Therms	Current Bill	Proposed Bill	WNC, SBC & OSMC Change in Bill	Percent Change
100				

Any assistance required by customers in ascertaining the impact of the proposed rate increase will be provided by the Company on request.

The Board has the statutory authority to establish the aforementioned rates at levels it finds just and reasonable. Therefore, the Board may establish these rates at levels other than those proposed by the Company. Copies of the petition are available for inspection at the Company’s offices located at 520 Green Lane, Union, New Jersey, online at Elizabethtown’s website: www.elizabethtowngas.com/rates-and-tariff under regulatory information, and at the Board of Public Utilities, 44 South Clinton Avenue, 7th Floor, Trenton, New Jersey.

PLEASE TAKE NOTICE that public hearings have been scheduled on the above mentioned petition at the following times and places:

Date and Time
Liberty Hall Corporate Center, 1085 Morris Avenue, Union, New Jersey 07083

Date and Time
Hunterdon County Complex, Route 12, Building #1, Flemington, New Jersey 08822

The public is invited to attend and interested persons will be permitted to make a statement of their views on the proposed increases. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including an interpreter, listening devices and/or mobility assistance, 48 hours prior to these hearings. In addition, members of the public may submit written comments concerning the Petition to the Board regardless of whether they attend the hearing by addressing them to: Irene Kim Asbury, Secretary, Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey 08625-0350. Hearings will continue, if necessary, on such additional dates and at such locations as the Board or Office of Administrative Law may designate in order to ensure that all interested persons may be heard.

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Brian MacLean –President

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

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

1. I am 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 to (1) revise the Company's Weather Normalization Clause ("WNC") rate, (2) revise its Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") rate, and (3) revise its On-System Margin Sharing Credit ("OSMC") 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 11TH day of AUGUST, 2017.

Deborah Y. Bailey

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

PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS
DIRECT TESTIMONY OF
THOMAS KAUFMANN

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Thomas Kaufmann. My business address is 520 Green Lane, Union, New Jersey 07083.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") as Manager of Rates and Tariffs.

Q. WHAT IS THE SCOPE OF YOUR DUTIES AT ELIZABETHTOWN?

A. I am responsible for designing and developing rates and rate schedules for regulatory filings with the New Jersey Board of Public Utilities ("Board") and internal management purposes. I also oversee daily rate department functions, including tariff administration, monthly parity pricing, competitive analyses and preparation of management reports.

Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND BUSINESS EXPERIENCE.

A. In June 1977, I graduated from Rutgers University, Newark, New Jersey with a Bachelor of Arts degree in Business Administration, majoring in accounting and economics. In July 1979, I graduated from Fairleigh

Dickinson University, Madison, New Jersey with a Masters of Business Administration, majoring in finance.

My professional responsibilities have encompassed financial analysis, accounting, planning, and pricing in manufacturing and energy services companies in both regulated and unregulated industries. In 1977, I was employed by Allied Chemical Corp. as a staff accountant. In 1980, I was employed by Celanese Corp. as a financial analyst. In 1981, I was employed by Suburban Propane as a Strategic Planning Analyst, promoted to Manager of Rates and Pricing in 1986 and to Director of Acquisitions and Business Analysis in 1990. In 1993, I was employed by Concurrent Computer as a Manager, Pricing Administration. In 1996, I joined NUI Corporation ("NUI") as a Rate Analyst, was promoted to Manager of Regulatory Support in August 1997 and Manager of Regulatory Affairs in February 1998, and named Manager of Rates and Tariffs in July 1998. NUI Corporation was acquired by AGL Resources Inc. ("AGL") in November 2004. AGL was acquired by Southern Company in July 2016.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. First, I will discuss the derivation of the Weather Normalization Clause ("WNC") rate to be assessed to the Company's customer classes subject to the WNC during the eight month period October 1, 2017 through May 31, 2018. In addition, I will discuss proposed changes to the monthly Heating Degree Day Consumption Factors, which will be used in the determination of the monthly margin revenue excess or deficiency for the 2017-2018 WNC period.

I will also support Elizabethtown's proposed rate for the Clean Energy Program ("CEP") component of the Societal Benefits Charge ("SBC") and its On-System Margin Sharing Credit ("OSMC") rate for the 2018 Recovery Year, which is the twelve month period ending September 30, 2018.

Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE IN THIS FILING?

A. The Company is proposing that the rates and associated changes proposed in this filing take effect on October 1, 2017.

Q. WHEN WERE THE COMPANY'S WNC, CEP AND OSMC RATES LAST REVISED?

A. A Board Order dated July 26, 2017 ("July 26 Order") in Docket No. GR16080786 resolved the Company's 2016 annual WNC, CEP and OSMC filing and approved new rates effective September 1, 2017 for the CEP and OSMC and October 1, 2017 for the WNC, the beginning of the winter period. The rates approved in the July 26 Order were used to calculate the bill impacts provided later in my testimony.

Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?

A. Yes. My testimony includes schedules and proposed tariff sheets that were prepared under my direction and supervision. The schedules are as follows:

(1) **Tariff Schedule TK-1** consists of revised tariff sheets in redlined and clean form which reflect the revised rates for the WNC, the CEP rate component of the SBC and the OSMC riders;

(2) **Forecast Schedule TK-1** provides the level of forecast sales and services for the 2018 Recovery Year, which was utilized in the calculation of the proposed WNC, CEP and OSMC rates.

(3) **WNC Schedule TK-1** sets forth the calculation of the proposed WNC rate.

(4) **WNC Schedule TK-2** compares the actual calendar month degree days to the Normal Calendar Month Degree Days ("NCMDD") and presents the calculation of the deficiency in WNC Margin Revenues for the 2016/2017 Winter Period.

(5) **WNC Schedule TK-3** reflects the calculation of the prior year's WNC balance.

(6) WNC Schedule TK-4 presents the development of the proposed monthly Degree Day Consumption Factors to be used for the 2017/2018 WNC period.

(7) WNC Schedule TK-5 sets forth the WNC earnings calculation.

(8) CEP Schedule TK-1 sets forth the calculation of the proposed CEP rate for the 2018 Recovery Year.

(9) CEP Schedule TK-2 sets forth the calculation of carrying costs on the CEP balance for the twelve months ended June 30, 2017.

(10) CEP Schedule TK-2a sets forth the calculation of an adjustment included in the opening balance in Schedule TK-2.

(11) CEP Schedule TK-3 sets forth CEP Fiscal Agent Payments for the twelve months ended June 30, 2017.

(12) CEP Schedule TK-4 sets forth CEP recoveries for the twelve months ended June 30, 2017.

(13) CEP Schedule TK-5 sets forth the projected total amounts that the Company will either spend on the CEP or that will be paid to the fiscal agent during the twelve month period ended June 30, 2018, pursuant to the spending levels authorized by the Board in its June 30, 2017 Order in Docket No. QO17050464 for July 2017 through June 2018.

(14) OSMC Schedule TK-1 presents a calculation of the proposed OSMC rate per therm for the 2018 recovery year.

(15) OSMC Schedule TK-2 presents the projected customer portion of the margin sharing credits forecast to be generated during the twelve month period ended June 30, 2018.

(16) OSMC Schedule TK-3 sets forth the balance to be trued-up for the actual margin sharing credits generated versus credits disbursed to customers for the twelve month period ended June 30, 2017.

(16) OSMC Schedule TK-4 presents the actual OSMC disbursements to sales customers taking BGSS service and residential transportation customers for the twelve month period ended June 30, 2017.

REVENUE FORECAST

Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE COMPANY'S PROPOSED WNC, CEP AND OSMC RATES?

A. The methodology used is the same as that used in the demand forecast which supports Elizabethtown's Basic Gas Supply Service ("BGSS") rates. A summary of the forecast of normalized sales and services is set forth on Forecast Schedule TK-1.

Q. WHAT PERIOD IS COVERED BY THE DEMAND FORECAST?

A. The gas sales demand forecast as set forth on Forecast Schedule TK-1 for the SBC is for the twelve month period ended September 2018, a period of 12 months, also referred to as the 2018 Recovery Year. The WNC sales demand forecast, which is not applicable to all service classes, is for the eight month period October 2017 through May 2018.

Q. WERE THE COMPANY'S FIRM AND NON-FIRM SALES AND TRANSPORTATION REVENUE FORECASTS PREPARED USING THE SAME METHODOLOGY USED BY THE COMPANY IN PREPARING LAST YEAR'S REVENUE FORECASTS?

A. Yes. The Company continues to use regression equations based on actual historical sales demand data as well as any known customer changes to develop the forecast demand.

<u>WEATHER NORMALIZATION CLAUSE</u>

Q. PLEASE DESCRIBE THE WEATHER NORMALIZATION CLAUSE (“WNC”).

A. The Company's WNC is a rate mechanism which, in general, mitigates the financial effect of variations from the normal weather on which base rates are set, on both the Company and its customers in the Residential Delivery Service (“RDS”), Small General Service (“SGS”), and General Delivery Service (“GDS”), classes, the Company's most weather-sensitive customer classes. Variances in actual degree days from normal for each day are measured and accumulated over the calendar month for each month in the Winter Period (October through May). These monthly variances are adjusted for a degree day deadband, which is 0.5% of the Normal Calendar Month Degree Days ("NCMDD"). The resulting cumulative degree day variance determines the adjustment to customers' bills in the following Winter Period, which is either a surcharge to collect a revenue deficiency as a result of warmer-than-normal weather or a credit to customers to refund the excess revenues collected as a result of colder-than-normal weather.

Q. HAVE THERE BEEN ANY CHANGES TO THE WNC MARGIN REVENUE FACTOR?

A. No. The Margin Revenue Factor of $0.2829 per therm in effect as of November 1, 2015 in accordance with the Board's October 15, 2015 Order issued in Docket No. GR15060656 remained unchanged during the 2016/2017 Winter Period.

Q. WHAT IS THE RESULT OF THE COMPARISON OF THE ACTUAL TEMPERATURES EXPERIENCED IN THE MOST RECENT WINTER PERIOD AND THE NCMDD?

A. WNC Schedule TK-2 shows the results for the 2016/2017 Winter Period, the weather was 9.4% or 443 degree days warmer than normal. The monthly degree day variances must be adjusted for the WNC deadband within which the WNC operates. After this adjustment, the cumulative degree day variance of 429 degree days produces a margin revenue deficiency of $6,845,725.

Q. WHAT WERE THE RESULTS OF THE OPERATION OF THE WNC DURING THE MOST RECENT WINTER PERIOD?

A. WNC Schedule TK-3 shows the results of the operation of the WNC during the 2016/2017 Winter Period. As of June 30, 2016, the Company had a revenue deficiency of $8,000,388. This year’s filing reflects the net prior period revenue deficiency, increased for refunds of $12,941 resulting in a prior period deficiency balance of $8,013,329. This deficiency balance plus the current period Recoverable Margin Revenue Deficiency of $6,845,725 results in a Total Revenue Deficiency Balance of $14,859,054 as shown on TK-1.

Q. HOW IS THE WNC RATE CALCULATED?

A. As set forth in Rider B of the Company's tariff, the monthly difference in degree days from normal during the Winter Period, adjusted for a monthly 0.5% deadband, is multiplied by the monthly Degree Day Consumption Factor yielding a difference in therms consumed associated with the variance (in degree days) between actual and normal weather. The monthly Degree Day Consumption Factors included on WNC Schedule TK-2 were calculated using the WNC factors filed in Elizabethtown's previous WNC proceeding.

As shown on WNC Schedule TK-2, the variance in therms is then multiplied by the margin revenue factor of $0.2829 per therm to produce the monthly margin revenues associated with warmer or colder-than-normal weather during the affected winter period. The resulting margin revenue excess or deficiency is then adjusted for the prior year balance, presented on WNC Schedule TK-3. This excess or deficiency is divided by the projected throughput for the months of October through May for the RDS, SGS, and GDS classes and adjusted for taxes in order to derive the WNC rate.

Q. HOW ARE THE UPDATED MONTHLY DEGREE DAY CONSUMPTION FACTORS DEVELOPED?

A. WNC Schedule TK-4 presents the development of the monthly Degree Day Consumption Factors to be utilized in the 2017/2018 Winter Period. The normalized use in therms per customer is based on the normalized projected heat load and base number of customers approved by the BPU in

Docket No. GR09030195, the Company's base rate case factors applicable to the 2016/2017 Winter Period, using a non-leap year heating degree day pattern in the months of February through May in such years. These are multiplied by the current customer counts, as of May 31, 2017 for those classes subject to the WNC clause. The resulting Annualized Normalized Projected Heat Load is then divided by the 20-year normal heating degree day pattern, deriving the new monthly Degree Day Consumption Factors. It should be noted that except for updates in the base number of customers and adjustments to account for the existence of a leap year (when necessary), the information used to update the monthly Degree Day Consumption Factors is derived from the Company's most recent base rate case.

Q. WHAT IS THE TOTAL PROJECTED THROUGHPUT FOR THE CLASSES SUBJECT TO THE WNC FOR THE PERIOD OCTOBER 1, 2017 THROUGH MAY 31, 2018?

A. The total projected throughput is 336,528,941 therms, as set forth on WNC Schedule TK-1.

Q. ARE THERE ANY RESTRICTIONS ON THE APPLICABILITY OF A WEATHER NORMALIZATION RATE?

A. Yes, there are two restrictions in the tariff. The WNC Rate shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Company to earn in excess of its allowed return on equity for the thirteen (13) month Annual Period. The Company used 10.13846% for the earnings test which represents a rate consisting of the weighted average of the ten (10) month period August 1, 2016 through June 30, 2017, at 10.3%, the rate approved in the Board in its order resolving the Company's 2009 rate case in BPU Docket No.GR09030195 and the three (3) month period ending September 1, 2017, at 9.6%, the rate approved by the Board in the Company's most recent rate case in BPU Docket No. GR16090826 and made effective July 1, 2017. Any portion disallowed as a result of this earnings test shall not be deferred. Per the second restriction, the WNC charge rate in any one year shall not exceed a rate cap equal to three percent (3%) of the RDS service classification distribution rate plus the BGSS rate. Any difference between the calculated rate and this rate cap is deferred for recovery in the next winter period.

Q. DO THE EARNINGS TEST RESTRICTIONS APPLY IN THIS PROCEEDING?

A. No. As shown on the Earnings Test on WNC Schedule TK-5, the Company's regulated jurisdictional net income for the period ending September 30, 2017 is projected to be lower than the allowed return on common equity. This schedule is more fully discussed below.

Q. DOES THE RATE CAP RESTRICTION APPLY IN THIS PROCEEDING?

A. Yes. As shown on WNC Schedule TK-1, the calculated rate is subject to a 3% rate cap which is lower than the calculated rate, as such the Company is proposing to implement the lower cap rate. These conditions are more fully discussed below.

Q. PLEASE EXPLAIN WNC SCHEDULE TK-5.

A. WNC Schedule TK-5 shows the calculation of projected Regulated Jurisdictional Net Income Excess / (Deficiency) for the year ending September 30, 2017. For purposes of this calculation, the amounts presented include nine months of actual income through June 30, 2017 and three months of projected income through September 31, 2017.

The second part of this section sets forth the calculation of the authorized return on common equity using the average thirteen-month common equity balance noted above. The average common equity balance was calculated by adding the common equity balances at the end of each of the ten months ended June 30, 2017, and projected balances at the end of the months July through September 2017. The sum of these balances was divided by 13 to arrive at the average equity balance. The difference between the Regulated Jurisdictional Net Income and Allowed Return results in the Excess or (Deficiency) to Net Income to be considered in determining the amount of deficiency to recovered.

The Net WNC Margin Revenue Excess / (Deficiency) section of the schedule shows the amount of the WNC Margin computed on WNC Schedule TK-2 on an after tax basis to determine what if any portion of a deficiency is disallowed when compared to the Regulated Jurisdictional Net Income deficiency.

The Revenue Disallowance section shows the amount of Net Income Disallowed, if any, grossed for taxes to derive the Revenue Disallowance used on WNC Schedule TK-1 to derive the current period’s margin revenue

Q. PLEASE EXPLAIN THE RESULT OF THIS EARNINGS TEST.

A. The test of earnings shows that the regulated jurisdictional net income for the period ending September 30, 2017 is projected to be lower than the allowed return on common equity resulting in no net income disallowance and therefore no revenue disallowance. As per the tariff, had there been a disallowance this amount is not allowed to be deferred.

Q. HOW DOES THIS 3% RATE CAP AFFECT THE WNC RATE THIS YEAR?

A. As calculated on WNC Schedule TK-1, the current total revenue deficiency balance results in a WNC rate of $0.0472 per therm; however, the 3% rate cap results in a WNC rate of $0.0232 per therm. As such, the Company is proposing to implement $0.0232 per therm. The Company estimates that the recoveries on a pre-tax basis will be $7,302,678. This precludes the Company from fully recovering the $14,859,054 deficiency balance; therefore, as per its Tariff, the remaining unrecovered portion, estimated to be $7,556,376 as shown on WNC Schedule TK-1 line 10, will be deferred for recovery in a subsequent Annual Period.

Q. PLEASE EXPLAIN THE EFFECT OF THE WNC PROPOSED IN THIS FILING IN RELATION TO THE WNC RATE APPROVED BY THE JULY 26 ORDER.

A. The proposed WNC rate of $0.0232 per therm is an increase of $0.0003 per therm from the WNC rate of $0.0229 per therm approved by the July 26 Order that will be effective October 1, 2017, the start of the 2017/2018 Winter Period.

Q. WILL THE COMPANY BE REFILING THE WNC RESULTS WITH AN EARNINGS TEST UPDATED FOR ACTUAL RESULTS THROUGH SEPTEMBER 30, 2017?

A. Yes. While the deficiency amounts will change when actualized, the Company does not expect the proposed rate of $0.0232 per therm to change as it is based on the 3% rate cap which is lower than the calculated rate resulting from actual results through September 30, 2017.

Q. HAS THE COMPANY PROPOSED ANY OTHER CHANGES TO THE WNC TARIFF?

A. Yes. The Company is proposing a housekeeping change to update the earnings test percentage shown on Sheet No. 114 from 10.3% to 9.6% to reflect the common equity percentage approved by the Board in Elizabethtown's most recent base rate case in Docket No. GR16090826.

SOCIETAL BENEFITS CHARGE

Q. PLEASE DESCRIBE THE SBC.

A. The SBC currently consists of the following components: (1) the New Jersey Clean Energy Program ("CEP"), (2) the Remediation Adjustment Clause ("RAC") component, (3) the Universal Service Fund ("USF") charge, and (4) the Lifeline charge. As discussed in the accompanying Petition, Petitioner is not proposing changes to the RAC, USF and Lifeline rates in this filing; these rates have been or will be addressed in separate filings. My testimony is limited to addressing the CEP component of the SBC rate.

SBC – CEP COMPONENT

Q. DESCRIBE THE PURPOSE OF THE CEP.

A. The CEP was created as a result of the Electric Discount and Energy Competition Act of 1999 and the Board's March 9 Order in Docket No. EX99050347, *et al*. The programs described below were developed after consultation between the BPU and the Department of Environmental Protection to promote both energy efficiency and Class 1 renewable energy programs for the State of New Jersey and its energy consumers.

Q. WERE ALL APPROVED CEP FUNDS COLLECTED BY ELIZABETHTOWN SPENT ON PROGRAMS ADMINISTERED BY ELIZABETHTOWN AND/OR THE FISCAL AGENT?

A. Yes. Elizabethtown expends program funds in the following three ways: (i) expenses for the costs of administering CEP Energy Efficiency Programs, (ii) payments made to renewable or grid supply program vendors at the direction of BPU Staff, and (iii) payments made directly to the fiscal agent, which are equal to the difference between the Board-approved funding and the Company's administrative costs and payments to vendors.

Q. PLEASE EXPLAIN HOW THE PROPOSED CEP COMPONENT OF THE SBC WAS CALCULATED.

A. The proposed CEP component is calculated by determining the sum of (i) the total of the current year's expenditures and fiscal agent payments, less recoveries, plus carrying costs as shown on CEP Schedule TK-2, (ii) the prior year's over or under-recovery shown as the opening balance on CEP Schedule TK-2, and (iii) the projected CEP costs for the twelve month period ended period June 30, 2018, which are adjusted for costs in excess of the CEP Budget as of June 30, 2017, if any. The net total represents the costs to be recovered in the 2018 Recovery Year, as shown on CEP Schedule TK-1. This total is then divided by the sales and transportation volumes projected for the 2018 Recovery Year for the service classes shown on Forecast Schedule TK-1, with the resulting quotient being adjusted for taxes to arrive at a CEP rate of $0.0251 per therm.

Q. WHAT ARE THE CEP PROGRAM COSTS FOR THE YEAR ENDED JUNE 30, 2017 AS REFLECTED IN THE COMPANY'S FILING?

A. CEP Schedule TK-2 reflects CEP expenditures of $2,134,506 and fiscal agent payments of $8,857,257 for the twelve months ended June 30, 2017.

Q. WHAT ARE THE RESULTS OF THE PRIOR YEAR RECOVERY AND CURRENT YEAR ACTIVITIES?

A. As of June 30, 2017, the Company's CEP Charge Component has resulted in an underrecovery of $1,275,582. This amount consists of the underrecovery of $792,034 at June 30, 2016 plus the current year CEP costs of $2,134,506 and payments made to the CEP Fiscal Agent of $8,857,257 less CEP recoveries of ($10,514,378) plus a carrying cost of $6,163 for the twelve months ended June 30, 2017.

Q. WERE ANY ADJUSTMENTS INCLUDED IN THE BEGINNING BALANCE ON CEP SCHEDULE TK-2?

A. Yes. The beginning balance on Schedule TK-2 includes an Audit Cost reduction per Board Order Docket No. EO07030203 dated September 13, 2012. A payment of $340,082 was made to the Fiscal Agent in March 2013 but not reflected in the CEP rate calculation at that time. A carrying cost credit calculated for the period September 2012 through June 2016 in the amount of $32,174 as shown on CEP Schedule TK-2a, plus the $340,082 for a total of $372,256, has been included in the beginning balance.

Q. WHAT LEVEL OF COSTS IS THE PROPOSED CEP RATE DESIGNED TO RECOVER?

A. This year, the CEP component is designed to recover $11,375,888 as set forth on CEP Schedule TK-1, line 8, resulting in a per therm rate of $0.0251. This amount is made up of the net CEP under-recovery balance at June 30, 2017 of $1,275,582 as described above and shown on CEP Schedule TK-1 line 6 and projected fiscal agent payments to be remitted during the next twelve months of $10,100,306 as shown on CEP Schedule TK-1 line 7. The twelve months of fiscal agent payments are based on May and June payable amounts plus next year's scheduled spending for July through April, anticipated to be remitted by June 30th; these are per the Board's June 30, 2017 Order in Docket No. QO17050464 as shown on CEP Schedule TK-5. The Company has been allocated $10,637,123 of CEP funding responsibility for the twelve months ending June 30, 2018.

Q. ARE CARRYING COSTS INCLUDED IN THE CEP CALCULATION?

A. Yes. In accordance with the Board's Order dated March 30, 2001 in Docket No. GX99030121 *et al.* the Company applies carrying costs on its CEP balance. The Company accrues carrying costs on the net monthly balance as shown on CEP Schedule TK-2. Carrying costs are not compounded monthly.

Q. WHAT IS THE EFFECT OF THE PROPOSED CHANGE IN THE CEP RATE IN RELATION TO THE CEP RATE APPROVED IN THE JULY 26 ORDER?

A. The proposed CEP rate of $0.0251 per therm is a decrease of $0.0001 per therm from the CEP rate of $0.0252 per therm approved by the July 26 Order.

<u>OSMC RATE</u>

Q. PLEASE BRIEFLY DESCRIBE THE OSMC.

A. The OSMC was originally approved by the Board by Order dated March 30, 2001 in Docket No. GX99030121, *et al.,* as the rate mechanism to be used to refund to firm sales and residential transportation customers portions of the margins derived by the Company from the rendition of certain non-firm sales and transportation services.

Q. TO WHICH SERVICE CLASSIFICATIONS IS THE OSMC RATE APPLIED?

A. In accordance with the Board's March 30, 2001 Order in Docket No. GX99030121, *et al.,* the OSMC component applies to customers receiving BGSS service from the Company as well as RDS customers taking gas supply from a Third Party Supplier.

Q. WHAT IS THE EFFECT OF THE PROPOSED CHANGE IN THE OSMC RATE IN RELATION TO THE OSMC RATE APPROVED IN THE JULY 26 ORDER?

A. The proposed OSMC credit rate of ($0.0047) per therm is an increase of $0.0088 per therm from the OSMC credit rate of ($0.0135) per therm approved by the July 26 Order.

Q. PLEASE EXPLAIN HOW THE OSMC RATE WAS CALCULATED.

A. As shown on OSMC Schedule TK-1, the derivation of the OSMC rate is based on the projected level of margins from certain non-firm sales and transportation services for the twelve month period ended June 30, 2018 and the prior year's over or under-recovery of margins generated, less margins credited to customers as more fully described below, divided by the applicable projected volumes.

Q. PLEASE EXPLAIN HOW MARGIN SHARING AMOUNTS REFLECTED ON OSMC SCHEDULE TK-2 HAVE BEEN CALCULATED.

A. Margins from the commodity element of non-firm sales to IS, CS and CSI customers and from certain ITS and CS transportation services are shared 80% to customers and 20% to the Company.

In addition, also included in the sharing formula are certain commodity margins from non-firm transportation customers under the ITS-CSI service classification and certain demand and commodity margins from non-firm transportation customers under the ITS-IS service classification. Previous years' forecasts also included 100% of margins from sales and services to Cogen Technologies pursuant to an Order dated December 23, 1991 in Docket No. GM90090949. However, this contract expired on April 30, 2017 resulting in a reduction in the projected margins for the July 2017 – June 2018 period as compared to previous years.

Q. PLEASE SUMMARIZE THE PROPOSED CHANGES TO THE CEP, WNC and OSMC RATE COMPONENTS.

A. A comparison of current rates as of August 1, 2017, the rates approved in the July 26 Order and the rates proposed by this filing, inclusive of sales tax, are as follows:

	Current	Approved (1)	Proposed
WNC	$0.0000	$0.0229	$0.0232
CEP	$0.0244	$0.0252	$0.0251
OSMC	($0.0175)	($0.0135)	($0.0047)
Total	$0.0069	$0.0346	$0.0436

(1) Docket No. GR16080786 approved the WNC to become effective on 10-1-17 and the CEP and OSMC to be effective 9-1-17.

Q. WHAT IS THE IMPACT OF THE PROPOSED CHANGES IN THESE RATES ON TYPICAL RESIDENTIAL CUSTOMERS?

A. The overall impact of the proposed adjustments to the WNC, CEP and OSMC rates as reflected in this filing would increase the monthly bill of a typical residential heating customer using 100 therms by $3.19, from $87.95 to $91.14, or an increase of 3.6%, as compared to the rates that will be in effect as of September 1, 2017 pursuant to the July 26 Order, excluding the WNC rate which will not apply until October 1, 2017. A 100 therm bill comparison to rates effective on October 1, 2017 when the WNC rate approved in the aforementioned Board order would apply, would be an increase of $0.90 from $90.24 to $91.14, an increase of 1.0%.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

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RIDER "B"

WEATHER NORMALIZATION CLAUSE (“WNC”)

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2017 through May 31, 2018	$0.0232~~$0.0229~~ per therm
June 1 through September 30 of any year	$0.0000 per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")
(continued)

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE (continued)

I. Definition of Terms as Used Herein (continued)

8. Annual Period: shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 month common equity balance: shall be the common equity balance at the beginning of the Annual Period (i.e. October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13).

II. Determination of the Weather Normalization Rate

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred.

The monthly calculation is made by multiplying the Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the monthly Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. In addition, the weather normalization clause shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Company to earn in excess of 9.6%~~10.3%~~ for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the Annual Period by the Company's average 13-month common equity balance for such Annual Period, all as reflected in the Company's monthly reports to the BPU. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income (1) margins

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RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT (“OSMC”)

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

~~($0.0135)~~($0.0047) per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year’s credits, plus the prior year’s OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

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RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the t components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

	SBC Rate Components:	Per Therm
I.	New Jersey Clean Energy Program ("CEP")	$0.0251~~$0.0252~~
II.	Remediation Adjustment Charge ("RAC")	($0.0016)
III.	Universal Service Fund and Lifeline:	
	1. Universal Service Fund ("USF")	$0.0076
	2. Lifeline	$0.0051
	TOTAL	$0.0362~~$0.0363~~

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component ("CEP")

The Comprehensive Resource Analysis ("CRA") name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU" in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

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RIDER "B"

WEATHER NORMALIZATION CLAUSE ("WNC")

Applicable to all customers in service classifications RDS, SGS and GDS.

October 1, 2017 through May 31, 2018	$0.0232 per therm
June 1 through September 30 of any year	$0.0000 per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein. In the winter months, October through May, a weather normalization charge shall be applied to the rate quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization charge applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period.

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE:

The weather normalization charge shall be determined as follows:

I. Definition of Terms as Used Herein

1. Degree Days (DD) - the difference between 65°F and the twenty-four point average temperature for the day, as determined from the records of the National Oceanic and Atmospheric Administration (NOAA) at its weather observation station located at Newark International Airport, when such average falls below 65°F. A day is defined as a period corresponding with the Company's gas sendout day of 10 am to 10 am.

Date of Issue: Effective: Service Rendered on and after

Issued by: Brian MacLean, President
520 Green Lane
Union, New Jersey 07083

Filed Pursuant to Order of the Board of Public Utilities
Dated in Docket No.

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RIDER "B"

WEATHER NORMALIZATION CLAUSE (“WNC”)
(continued)

METHOD OF DETERMINING WEATHER NORMALIZATION CHARGE (continued)

I. Definition of Terms as Used Herein (continued)

8. Annual Period: shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

9. Average 13 month common equity balance: shall be the common equity balance at the beginning of the Annual Period (i.e. October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13).

II. Determination of the Weather Normalization Rate

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred.

The monthly calculation is made by multiplying the Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the monthly Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. In addition, the weather normalization clause shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Company to earn in excess of 9.6% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the Annual Period by the Company's average 13-month common equity balance for such Annual Period, all as reflected in the Company's monthly reports to the BPU. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income (1) margins

ELIZABETHTOWN GAS
B. P. U. NO. 15 – GAS ______REVISED SHEET NO. 116

RIDER "C"

ON-SYSTEM MARGIN SHARING CREDIT (“OSMC”)

Applicable to all Service Classifications that pay the BGSS of Rider A and RDS customers that receive gas supply from a TPS in accordance with the Board's Order in Docket No. GO99030122.

The OSMC is subject to change to reflect the Company's actual recovery of such margins and shall be adjusted annually in its BGSS filing.

($0.0047) per therm

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

Determination of the OSMC

On or about July 31 of each year, the Company shall file with the Board an OSMC rate filing based on the credits generated from on-system margin sharing during the previous OSMC year July 1 through June 30.

The OSMC shall be calculated by taking the current year’s credits, plus the prior year’s OSMC over or under recovery balance and dividing the resulting sum by the annual forecasted volumes for the service classifications set forth above. The resulting rate shall be adjusted for all applicable taxes and other similar charges.

RIDER "D"

SOCIETAL BENEFITS CHARGE ("SBC")

Applicable to all tariff Service Classifications except those Customers under special contracts that explicitly do not permit the Company to apply increased charges as filed and approved by the BPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program (“LCAPP”), P.L. 2011, c.9, codified as N.J.S.A. 48:3-60.1. See the LCAPP Exemption Procedures at the end of this Rider.

The SBC is designed to recover the t components listed below and any other new programs which the Board determines should be recovered through the Societal Benefits Charge.

	SBC Rate Components:	Per Therm
I.	New Jersey Clean Energy Program (“CEP”)	$0.0251
II.	Remediation Adjustment Charge (“RAC”)	($0.0016)
III.	Universal Service Fund and Lifeline:	
	1. Universal Service Fund (“USF”)	$0.0076
	2. Lifeline	$0.0051
	TOTAL	$0.0362

The charges applicable under this Rider include provision for the New Jersey Sales and Use Tax, and when billed to customers exempt from this tax shall be reduced by the amount of such tax included therein.

I. New Jersey Clean Energy Program Component (“CEP”)

The Comprehensive Resource Analysis (“CRA”) name was changed to the Clean Energy Program - CEP per Board Order dated January 22, 2003 in Docket No. EX99050347 *et.al*. The CEP is a mechanism that will (1) establish a rate to recover the costs of the Core and Standard Offer Programs in the Company's CEP Plan which was approved by the BPU” in Docket No. GE92020104, and (2) compensate the Company for the revenue erosion resulting from conservation savings created by the Standard Offer Program. The annual recovery period for the CEP is from October 1 through September 30. The CEP recovers program costs and revenue erosion incurred during the previous CEP year ended June 30.

1. CEP program costs include the costs of core programs, standard offer payments and any administrative costs not recovered directly from standard offer providers.

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

FORECASTED SALES VOLUME - THERMS

RECOVERY YEAR - 2018

	SBC (CEP) *	OSMC	WNC (Oct- May)
Residential	223,883,700	223,883,700	207,736,600
Commercial	71,308,514	71,308,514	64,099,141
Industrial	967,550	967,550	
Interruptible	1,917,340		
Total Sales	298,077,104	296,159,764	271,835,741
Residential, *included above*	-	-	-
Commercial	74,655,700		64,693,200
Industrial	43,733,700		
Interruptible	68,091,210		
Total Transportation	186,480,610	-	64,693,200
Total Sales and Transportation	484,557,714	296,159,764	336,528,941

* Excludes LCAPP therms used for wholesale electric generation.

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)

Calculation of the WNC Rate
Based on Cumulative Degree Day Differences at:
June 30, 2017

1	Current Period - Margin Revenue Excess / (Deficiency), (TK-2)				($6,845,725)	
1a	Earnings Test Disallowance, if applicable				$0	
1b	Current Recoverable Margin Revenue Excess/(Deficiency), (L1 less L1a)				($6,845,725)	
2	Prior Year - Excess / (Deficient) Recovery Balance, (TK-3)				($8,013,329)	
3	Total Revenue Excess / (Deficiency) Balance (L1b+L2)				($14,859,054)	
4	Projected Therm Volumes (10/1/17 - 5/31/18)					
	RDS		207,736,600			
	SGS and GDS		128,792,341		336,528,941	therms
5	WNC Charge/(Credit) Rate, before tax (L3a*-1/L4)				$0.0442	/therm
6	Plus Sales Tax	6.875%			$0.0030	
7	WNC Charge/(Credit) Rate (L5+L6)				**$0.0472**	**/therm**

8	3% RDS Rate Cap:	rate/therm	Rate Components:			
	RDS Distribution Charge	$0.3967				
	BGSS-P rate	$0.3757	pre Tax	$0.0217		
	Cap Rate	$0.7724	Sales Tax	$0.0015	**$0.0232**	**/therm**

9	Projected Recoveries @ 3% Rate Cap, (L8 pre Tax * L4)	$7,302,678
10	Recoverable Deficiency Carryover to Subsequent Annual Period (L3-L9)	$7,556,376
11	Check Total Revenue Excess / (Deficiency) Balance (L9+L10= L3)	$14,859,054

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)

Month	Actual Calendar Degree Days	Normal [a] Calendar Degree Days	(Warmer) / Colder Normal	% (Warmer) / Colder Normal	Season % (Warmer) / Colder Normal	Degree Day Deadband*	Degree Days After Deadband	Degree Day Consumption Factor [b]	Variance in Therms	Margin Revenue Excess / (Deficiency)
Oct-16	229	274	(45)	(16.4%)	(16.4%)	1	(44)	47,056	(2,070,464)	($585,734)
Nov	453	537	(84)	(15.6%)	(15.9%)	3	(81)	54,492	(4,413,852)	($1,248,679)
Dec	845	869	(24)	(2.8%)	(9.1%)	4	(20)	60,299	(1,205,980)	($341,172)
Jan-17	846	967	(121)	(12.5%)	(10.4%)	5	(116)	62,447	(7,243,852)	($2,049,286)
Feb	661	841	(180)	(21.4%)	(13.0%)	4	(176)	61,193	(10,769,968)	($3,046,824)
Mar	794	701	93	13.3%	(8.6%)	4	89	58,646	5,219,494	$1,476,595
Apr	276	382	(106)	(27.7%)	(10.2%)	2	(104)	45,017	(4,681,768)	($1,324,472)
May	174	150	24	16.0%	(9.4%)	1	23	42,087	968,001	$273,847
Total	4,278	4,721	(443)			24	(429)		(24,198,389)	($6,845,725)

Margin Revenue Factor ($/Thm) [c] $0.2829

Summary: Weather Normalization Clause To Date

Variance In Therms (Warmer)/Colder	(24,198,389)
WNC Margin Revenue - Excess / (Deficiency)	($6,845,725)

[a] Degree Days as set forth in Tariff No. 14 - Rider B, Original Sheet No. 104
[b] Degree Day Consumption Factor as filed in Docket No. GR16080786 , WNC Schedule TK-4
[c] Margin Revenue Factor as set forth in Tariff No. 14 - Rider B, Sheet No. 105

* *Dead Band is 0.5% of the Monthly Normal Calendar Degree Days*

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)

Calculation of Prior Year Recovery Balance
June 30, 2017

1	Prior Year Excess / (Deficient) Revenues at June 30, 2016			($12,698,580)
2	Prior Year Excess Recovery Balance			$4,698,192
3	Adjusted Excess / (Deficient) Revenues (L1+L2)			($8,000,388)
4	Current Recovery / (Refund) to RDS , SGS and GDS Customer Classes:			
		Therms*	Rate w/o Tax*	
	July-16	-	$ -	($5,289)
	August-16	-	$ -	($173)
	September-16	-	$ -	($1,188)
	October-16	-	$ -	($1,443)
	November-16	-	$ -	$72
	December-16	-	$ -	($1,832)
	January-17	-	$ -	($190)
	February-17	-	$ -	($462)
	March-17	-	$ -	($991)
	April-17	-	$ -	($759)
	May-17	-	$ -	($471)
	June-17	-	$ -	($215)
		-		($12,941)
5	Total Excess / (Deficient) Revenues (L3+L4)			($8,013,329)

* Therms and Rates are shown when a WNC rate is in effect. The WNC rate, when approved, is not in effect du
the non-winter months of June - September, however, activity can occur in all periods for customer billing adjustr
and in the case of June recoveries/(refunds) from pro-rating and billing May consumption in June when a rate is
effect. derived
The rate presented is derived from dividing that amount by the therms in months when a WNC rate is in effect, a
rounding differences to the tariff / billing rate may result.

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)

Development of the Normalized Degree Day Consumption Usage Factor
October 2017 through May 2018

Month a	Normalized Projected Heat Load[1] (therms) b	Base Number of Customers[2] c	Therms Per Customer d=b/c	Number of Customers[3] e	Annualized Projected Heat Load (therms) f=d*e	Monthly Normal Heating Degree Days ("HDD") [4] g	Annualized Consumption Therms Per HDD h=f/g
Oct-17	12,797,687	282,731	45.26453	288,216	13,045,962	257	50,762
Nov	30,407,945	283,538	107.24469	288,216	30,909,636	523	59,101
Dec	48,837,943	284,438	171.69978	288,216	49,486,624	814	60,794
Jan-18	64,070,424	285,027	224.78721	288,216	64,787,271	993	65,244
Feb	55,610,283	285,683	194.65731	288,216	56,103,351	837	67,029
Mar	43,039,123	285,934	150.52118	288,216	43,382,612	678	63,986
Apr	19,208,810	285,804	67.20973	288,216	19,370,920	353	54,875
May	6,806,220	285,854	23.81013	288,216	6,862,460	126	54,464

1) Based on determinants used in the calculation of Therms per Degree Day approved in the 2016 base rate case, with a non-leap year HDD pattern for the months of February through May.
2) Base number of customers as approved in the 2016 base rate case.
3) May 31, 2017 customer count for those classes subject to the WNC clause.
4) 20-year 1996-2016 monthly normal heating degree days (base 65ºF); represents a non leap-year pattern.

Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas
Weather Normalization Clause (WNC)

Earnings Test
October 1, 2016 Through September 30, 2017

	Regulated Jurisdictional Net Income Excess / (Deficiency):			
1	Net Income (excluding WNC margin revenue, net of tax) *		$29,653,616	
2	Less: Non-firm Sales & Transportation margins, net of tax		$331,742	
	Off-system Sales & Capacity Release, net of tax		$42,142	
	Amort. of Pension/OPEB Regulatory Assets, net of tax **		$1,310,501	
3	Other income (expense), net of tax		($373,649)	
4	Regulated Jurisdictional Net Income			$28,342,880
5	Average Thirteen Month Common Equity ***		$342,876,505	
6	Allowed Rate of Return on Equity ****		10.13846%	
7	Allowed Return (L5*L6)			$34,762,397
8	Regulated Jurisdictional Net Income Excess / (Deficiency) (L7-L 4)			($6,419,517)
	Net WNC Margin Revenue Excess / (Deficiency):			
9	WNC Margin Revenue Excess / (Deficiency) (TK-2)		($6,845,725)	
10	Less: Corporate Business Tax	9.0%	($616,115)	
11	Federal Income Tax	35.0%	($2,180,364)	
12	Net WNC Margin Revenue Excess / (Deficiency) (L9-L10-L11)			($4,049,246)
	Revenue Disallowance:			
13	Net Income Disallowance, (L8-L12) {Occurs when a Deficiency on L12 exceeds a Deficiency on L8.}			$0
14	Tax Gross Up Factor			40.85%
15	Grossed Up Net Income Disallowance, (L13/(1-L14))			$0
16	WNC Revenue Disallowance, (smaller of absolute L9 and L15)			$0

* Net Income is adjusted to exclude non-jurisdictional allocated income taxes and to exclude interest and related income tax amounts of non-jurisdictional acquisition adjustment amounts.

** Represents the amortization of the Pension and Other Post-Employment Benefits regulatory assets consistent with the BPU Order approving the acquisition of NUI by AGL Resources Inc. dated 11-17-2004. The amortization was not recorded in the books and records consistent with Generally Accepted Accounting Principles and therefore is included as an adjustment above to reflect the expense for regulatory reporting purposes.

*** Common Equity is adjusted to exclude non-jurisdictional acquisition adjustment amounts.

**** Weighted avergae pre and post 2016 rate case approved 7-1-17: 10.3%*10/13+9.6%*3/13

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

CALCULATION OF THE CEP COMPONENT OF THE SBC
October 1, 2017 through September 30, 2018
RECOVERY YEAR - 2018

1	Prior Year Balance (Sch. TK-2)		$792,034	
2	Current Year Company Program Costs (Sch. TK-2, col c)		$2,134,506	
3	Current Year and Carry Over Fiscal Agent Payments (Sch.TK-2, col d&e)		$8,857,257	
4	Current Year Recoveries (Sch.TK-4) Includes $77 residual credit from Southern merger; see CEP Schedule TK-4 for details.		($10,514,378)	
5	Current Year Carrying Costs (Sch. TK-2)		$6,163	
6	Current Year Ending Balance - Under Collection (Sum L1-L5)		$1,275,582	
	Projected Fiscal Agent Payments:			
7	Prior Period Payable for May and June (Sch. TK-3, col h)	$494,022		
	Next Year's Scheduled Payments July - April (Sch. TK-5)	$9,606,284	$10,100,306	
8	Total Proposed Recoveries (L6+L7)		$11,375,888	
9	Projected Normalized Sales and Services (Forecast Sch. TK-1)		484,557,714	therms
10	CEP COMPONENT, before taxes (L8/L9)		$0.0235	
11	Sales & Use Tax @ 6.875%		$0.0016	
12	CEP COMPONENT (L10+L11)		**$0.0251**	/therm

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Carrying Costs
12 Months Ended
June-17

a	Beginning Balance b	Program Costs * TK-3 c	Current Fiscal Agent Payments * TK-3 d	Recoveries TK-4 e	Ending Balance f=b+c+d-e	Average Balance g=(b+f)2	Interest Rate ** h	Carrying Cost i=g*h/12	Ending Balance plus Cumulative Interest j=f+ cum of i
Beginning Balance (1)									(Over) / Under
Jul-16	$792,034	$146,613	$398,836	$404,579	$932,904	$862,469	2.54%	$1,826	$934,730
Aug-16	$932,904	$265,091	$269,580	$386,254	$1,081,321	$1,007,113	2.54%	$2,132	$1,085,279
Sep-16	$1,081,321	$230,206	$161,718	$379,343	$1,093,902	$1,087,612	2.05%	$1,858	$1,099,718
Oct-16	$1,093,902	$160,642	$187,482	$284,041	$1,157,985	$1,125,944	2.05%	$1,923	$1,165,724
Nov-16	$1,157,985	$270,081	$175,612	$787,474	$816,204	$987,095	2.05%	$1,686	$825,629
Dec-16	$816,204	$90,223	$254,116	$1,285,242	($124,699)	$345,753	2.05%	$591	($114,683)
Jan-17	($124,699)	$88,960	$677,487	$1,709,575	($1,067,827)	($596,263)	2.05%	($1,019)	($1,058,830)
Feb-17	($1,067,827)	$171,616	$1,308,449	$1,552,016	($1,139,778)	($1,103,803)	2.05%	($1,886)	($1,132,667)
Mar-17	($1,139,778)	$121,564	$1,526,595	$1,429,197	($920,816)	($1,030,297)	2.05%	($1,760)	($915,465)
Apr-17	($920,816)	$158,362	$1,618,925	$1,176,741	($320,270)	($620,543)	2.05%	($1,060)	($315,979)
May-17	($320,270)	$186,798	$1,398,353	$643,385	$621,496	$150,613	2.05%	$257	$626,044
Jun-17	$621,496	$244,350	$880,104	$476,531	$1,269,419	$945,458	2.05%	$1,615	$1,275,582
Total pre adjustment		$2,134,506	$8,857,257	$10,514,378				$6,163	-

Notes:
* Per the "MOA" of May 5, 2004 the costs will be netted against the program budget to determine the fiscal agent payments, see CEP Schedule TK-3.
** Interest Rate seven year constant maturity Treasuries closest to August 31 of each year plus 60 basis points per the Board's Order in Docket No. GX99030121 et al. www.federalreserve.gov/releases/h15/

(1) Beginning Balance includes an Audit Cost reduction per Board Order Docket No. EO07030203 dated 9/13/12 of $340,082 plus interest as shown on TK-2a. Carrying Cost credit is for the period September 2012 through June 2016. A payment of $340,082 was made to the Fiscal Agent in March of 2013.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Audit and Carrying Cost

a	Beginning Balance b	Adjustments (see below) c	Ending Balance d=b+c	Average Balance e=(b+d)/2	Interest Rate * f	Carrying Costs g=e*f/12	Ending Balance plus Cumulative Interest ** h=d+ cum of g
Beginning Balance							(Over) / Under
Jul-12	**$0**	$0	$0	$0	2.16%	$0	$0
Aug-12	$0	$0	$0	$0	2.16%	$0	$0
Sep-12	$0	($340,082)	($340,082)	($170,041)	1.61%	($228)	($340,310)
Oct-12	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($340,766)
Nov-12	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($341,222)
Dec-12	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($341,678)
Jan-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($342,134)
Feb-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($342,590)
Mar-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($343,046)
Apr-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($343,502)
May-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($343,958)
Jun-13	($340,082)	$0	($340,082)	($340,082)	1.61%	($456)	($344,414)
Jul-13	**($344,414)**	$0	($344,414)	($344,414)	1.61%	($462)	($344,876)
Aug-13	($344,414)	$0	($344,414)	($344,414)	1.61%	($462)	($345,338)
Sep-13	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($346,153)
Oct-13	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($346,968)
Nov-13	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($347,783)
Dec-13	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($348,598)
Jan-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($349,413)
Feb-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($350,228)
Mar-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($351,043)
Apr-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($351,858)
May-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($352,673)
Jun-14	($344,414)	$0	($344,414)	($344,414)	2.84%	($815)	($353,488)
Jul-14	**($353,488)**	$0	($353,488)	($353,488)	2.84%	($837)	($354,325)
Aug-14	($353,488)	$0	($353,488)	($353,488)	2.84%	($837)	($355,162)
Sep-14	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($355,943)
Oct-14	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($356,724)
Nov-14	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($357,505)
Dec-14	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($358,286)
Jan-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($359,067)
Feb-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($359,848)
Mar-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($360,629)
Apr-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($361,410)
May-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($362,191)
Jun-15	($353,488)	$0	($353,488)	($353,488)	2.65%	($781)	($362,972)
Jul-15	**($362,972)**	$0	($362,972)	($362,972)	2.65%	($802)	($363,774)
Aug-15	($362,972)	$0	($362,972)	($362,972)	2.65%	($802)	($364,576)
Sep-15	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($365,344)
Oct-15	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($366,112)
Nov-15	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($366,880)
Dec-15	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($367,648)
Jan-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($368,416)
Feb-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($369,184)
Mar-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($369,952)
Apr-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($370,720)
May-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($371,488)
Jun-16	($362,972)	$0	($362,972)	($362,972)	2.54%	($768)	($372,256)
Total		($340,082)				($32,174)	

Notes:
Audit Cost reduction per Board Order Docket No. EO07030203 dated 9/13/12 of $340,082 plus interest. Carrying Cost credit
is for the period September 2012 through June 2016. A payment of $340,082 was made to the Fiscal Agent in March of 201

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Fiscal Agent Payments
12 Months Ended
June-17

a	Company Portion of Statewide CEP Funding b	*less* Program Costs Offsets c	Prior Year Payable / (Deferred) d	Fiscal Agent Payable (1) e =b-c+d	Payment For f	Amount Paid (1) g	Fiscal Agent Payable /(Deferred) Per Month (2) h=b-c+d-g	Monthly Fiscal Agent Payable /(Deferred) i= Cum of h
Prior Year Payable / (Deferred)								
Jul-16	$413,174	$146,613	$336,354	$602,915	*May-16*	$398,836	$204,079	$204,079
Aug-16	$392,126	$265,091	$0	$127,035	*Jun-16*	$269,580	($142,545)	$61,534
Sep-16	$381,844	$230,206	$0	$151,638	*Jul-16*	$161,718	($10,080)	$51,454
Oct-16	$486,965	$160,642	$0	$326,323	*Aug-16*	$187,482	$138,841	$190,295
Nov-16	$849,935	$270,081	$0	$579,854	*Sep-16*	$175,612	$404,242	$594,537
Dec-16	$1,404,717	$90,223	$0	$1,314,494	*Oct-16*	$254,116	$1,060,378	$1,654,915
Jan-17	$1,730,095	$88,960	$0	$1,641,135	*Nov-16*	$677,487	$963,648	$2,618,563
Feb-17	$1,705,011	$171,616	$0	$1,533,395	*Dec-16*	$1,308,449	$224,946	$2,843,509
Mar-17	$1,542,964	$121,564	$0	$1,421,400	*Jan-17*	$1,526,595	($105,195)	$2,738,314
Apr-17	$1,068,949	$158,362	$0	$910,587	*Feb-17*	$1,618,925	($708,338)	$2,029,976
May-17	$652,158	$186,798	$0	$465,360	*Mar-17*	$1,398,353	($932,993)	$1,096,983
Jun-17	$521,493	$244,350	$0	$277,143	*Apr-17*	$880,104	($602,961)	$494,022
Total	$11,149,431	$2,134,506	$336,354	$9,351,279		$8,857,257	$494,022	

Notes:
(1) Fiscal Agent Payable is based on Program Cost Offsets on a paid basis while the Amount Paid to the Fiscal Agent is based on paid and accrued program costs.
(2) Fiscal Agent Payable net of current Program Costs and prior month deferred offset costs if in excess of the Company's portion of the Statewide Funding. The Fiscal Agent payments are generally made on a two month lag.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

Cost Recoveries
12 Months Ended
June-17

	Therms	Rate w/o tax *	Recovery	
Jul-16	17,570,626	0.0230	$404,579	
Aug-16	16,842,054	0.0229	$386,254	**
Sep-16	16,622,361	0.0228	$379,343	
Oct-16	14,920,635	0.0190	$284,041	
Nov-16	34,538,401	0.0228	$787,474	
Dec-16	56,798,522	0.0226	$1,285,242	
Jan-17	75,040,788	0.0228	$1,709,575	
Feb-17	68,135,183	0.0228	$1,552,016	
Mar-17	62,853,770	0.0227	$1,429,197	
Apr-17	51,550,921	0.0228	$1,176,741	
May-17	28,141,034	0.0229	$643,385	
Jun-17	20,886,285	0.0228	$476,531	
Total	463,900,580		$10,514,378	

* Individual customer billings at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.

** Residual merger credit

Required Southern merger credit to customers [1]	$17,500,000
Actual amount credited to customers	$17,499,923
Residual credit	$77

[1] Per BPU Docket No. GM15101196

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
SOCIETAL BENEFITS CHARGE (SBC)
CLEAN ENERGY PROGRAM (CEP)

	BPU Directed Spending *
	12 Months Ending
	June-18
Jul-17	$353,795
Aug-17	$347,437
Sep-17	$356,220
Oct-17	$446,854
Nov-17	$824,947
Dec-17	$1,290,373
Jan-18	$1,677,424
Feb-18	$1,791,372
Mar-18	$1,488,924
Apr-18	$1,028,938
May-18	$624,735
Jun-18	$406,104
Total	$10,637,123
Total July - April to TK-1	$9,606,284

* Approved in the 6/30/2017 Board Order in Docket No. QO17050464.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
CALCULATION OF THE ON-SYSTEM MARGIN SHARING CREDIT (OSMC)

October 2017 through September 2018
Disbursement Year 2018

1	Projected OSMC Margin Contributions for Disbursement (Sch. TK-2)		$1,729,756
2	Prior Year Balance, (Over) / Under Disbursement (Sch. TK-3)		$581,489
3	Current Year Balance, (Over) / Under Disbursement (Sch. TK-3)		($1,011,109)
4	Total OSMC Customer Credits / (Charge) (L1+L2+L3)		$1,300,136
5	Projected Therm Volumes (Forecast Sch. TK-1)		
	- RDS and GLS	223,883,700	
	- SGS, GDS and NGV	71,308,514	
	- LVD and EGF	967,550	296,159,764
6	OSMC Rate, before taxes (L4/L5)		$0.0044
7	Sales & Use Tax @ 6.875%		$0.0003
8	OSM Credit / (Charge) per therm, (L6+L7)		**$0.0047**

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

Projected Customer Portion of On-System Margin Sharing

July-2017 through June-2018
Disbursement Year 2018

	Projected Margin Contribution
Jul-17	$236,474
Aug-17	$171,372
Sep-17	$190,382
Oct-17	$104,872
Nov-17	$90,773
Dec-17	$116,278
Jan-18	$132,516
Feb-18	$182,611
Mar-18	$142,286
Apr-18	$127,133
May-18	$92,567
Jun-18	$142,492
Total	$1,729,756

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
Margin Sharing Generated and Disbursements to Customers
July 2016 Through June 2017

	Margin Sharing Generated	Adjustments	Net Margin Sharing for Disbursement	Disbursements to Customers Sch. TK-4	Monthly (Over) / Under Credited	Cumulative (Over) / Under Credited Balance
	a	b	c=a+b	d	e=c-d	g=prior cum bal.+ e
Prior Period						$581,489
Jul-16	$480,610	$0	$480,610	$108,592	$372,018	$953,507
Aug-16	$481,640	$0	$481,640	$95,831	$385,809	$1,339,316
Sep-16	$358,653	$0	$358,653	$97,308	$261,345	$1,600,661
Oct-16	$298,906	$0	$298,906	$131,608	$167,298	$1,767,959
Nov-16	$235,924	$0	$235,924	$311,504	($75,580)	$1,692,379
Dec-16	$291,553	$0	$291,553	$606,496	($314,943)	$1,377,436
Jan-17	$397,081	$0	$397,081	$877,759	($480,678)	$896,758
Feb-17	$241,811	$0	$241,811	$792,092	($550,281)	$346,477
Mar-17	$376,946	$0	$376,946	$691,299	($314,353)	$32,124
Apr-17	$316,936	$0	$316,936	$578,693	($261,757)	($229,633)
May-17	$29,217	$0	$29,217	$242,643	($213,426)	($443,059)
Jun-17	$174,722	$0	$174,722	$161,283	$13,439	($429,620)
	$3,683,999	$0	$3,683,999	$4,695,108	($1,011,109)	

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ON-SYSTEM MARGIN SHARING CREDITS
July 2016 Through June 2017

ACTUAL CREDITS DISBURSED

	OSM	Sales Customers		Transportation Customers		Total
				RDS	RDS	
	Rate pre tax *	Therms	Credits	Therms	Credits	Credits
a	b=d/c	c	d	e	f=b*e	g=d+f
Jul-16	$0.0164	6,525,879	$107,353	75,762	$1,239	$108,592
Aug-16	$0.0164	5,777,720	$94,729	67,364	$1,102	$95,831
Sep-16	$0.0164	5,871,889	$96,211	66,882	$1,097	$97,308
Oct-16	$0.0164	7,946,556	$130,142	88,733	$1,466	$131,608
Nov-16	$0.0164	18,793,066	$307,728	230,795	$3,776	$311,504
Dec-16	$0.0164	36,590,883	$598,683	478,038	$7,813	$606,496
Jan-17	$0.0164	52,853,126	$865,649	739,493	$12,110	$877,759
Feb-17	$0.0164	47,677,441	$780,782	690,608	$11,310	$792,092
Mar-17	$0.0164	41,575,845	$681,786	580,900	$9,513	$691,299
Apr-17	$0.0163	34,927,816	$571,037	468,781	$7,656	$578,693
May-17	$0.0164	14,607,443	$239,551	189,213	$3,092	$242,643
Jun-17	$0.0164	9,734,746	$159,332	120,378	$1,951	$161,283
		282,882,410	$4,632,983	3,796,947	$62,125	$4,695,108

* Individual customer billing credits at the tariff rate yields the dollars recovered, inclusive of rate proration or cancel/rebills, if any. The rate presented is derived from dividing that amount by the therms, as such rounding differences to the tariff / billing rate may result.