



Elizabethtown Gas™

An AGL Resources Company

300 Cornell Drive, Suite 3000
Berkely Heights, NJ 07922
908 289 6000 phone
www.elizabethtowngas.com

June 30, 2011

VIA ELECTRONIC MAIL AND FEDERAL EXPRESS

Honorable Kristi Izzo, Secretary
State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

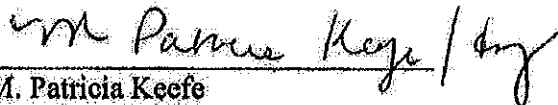
Re: *In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas for Authority to Extend the Term of Energy Efficiency Programs with Certain Modifications and Approval of Associated Cost Recovery, BPU Docket No. _____*

Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of the Verified Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown" or "Company") for authority to extend the term of the Company's current Energy Efficiency Programs with certain limited modifications for a three-year period effective January 1, 2012. The Petition also requests that the costs of the Energy Efficiency Programs continue to be recovered through the Company's existing Energy Efficiency Program surcharge subject to a change in the name of that charge to the "Energy Efficiency Program" ("EEP") Rider. The Petition further requests authority to implement an EEP Rider rate of \$0.0011 per therm, inclusive of applicable taxes effective October 1, 2011. The Verification page to the Petition will follow under separate cover.

Kindly acknowledge receipt and filing of the enclosures by date stamping the enclosed copy of this letter and returning it in the envelope provided for that purpose. Please contact the undersigned if you have any questions.

Respectfully submitted,



M. Patricia Keefe
Vice President, Regulatory Affairs
And Assistant Corporate Secretary

Enclosures

cc: Lee A. Soloman, President
Jeanne M. Fox, Commissioner
Nicholas V. Asselta, Commissioner
Joseph L. Fiordaliso, Commissioner
Richard J. Jackson, Executive Director
Jerome May, Director, Division of Energy
Stefanie A. Brand, Director, Rate Counsel
Parties to BPU Docket Nos. GO10100735 and GO10070446

**IN THE MATTER OF THE PETITION
OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICENCY PROGRAMS WITH
CERTAIN MODIFICATIONS AND APPROVAL OF ASSOCIATED COST RECOVERY,
BPU DOCKET NO. _____**

SERVICE LIST

**Mary Patricia Keefe
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922**

**Thomas Kaufmann
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922**

**Anthony Pugliese
Elizabethtown Gas
148 Edison Road
Stewartsville, NJ 08886**

**Don Carter
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922**

**Jodi Gidley
Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922**

**Scott Carter
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309**

**Elizabeth Wade
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309**

**Alice Bator
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Sheila DeLucia
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Mona Mosser
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Andrea Reid
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**John Teague
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Nnajindu Ugoji
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Michael Winka
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Stefanie A. Brand
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**Paul Flanagan
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**James Glassen
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**Lisa Gurkas
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**Eleana Lihan
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102**

**Ami Morita
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**Sarah H. Steindel, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101**

**IN THE MATTER OF THE PETITION
OF PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
FOR AUTHORITY TO EXTEND THE TERM OF ENERGY EFFICIENCY PROGRAMS WITH
CERTAIN MODIFICATIONS AND APPROVAL OF ASSOCIATED COST RECOVERY,
BPU DOCKET NO. _____**

SERVICE LIST

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
31 Clinton Street, 11th Floor
P.O. Box 46005
Newark, NJ 07101

Jerome May
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102

Babette Tenzer
Department of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Caroline Vachier
Department of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Alex Moreau, DAG
Department of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Kerri Kirschbaum
Department of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07101

Julie Ford-Williams
Board of Public Utilities
Two Gateway Center
Suite 801
Newark, NJ 07102

Mark Beyer
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102

Andrea C. Crane
The Columbia Group
199 Ethan Allen Highway, 2nd Floor
Ridgefield, CT 06877

Kenneth T. Maloney, Esq.
Cullen and Dykman
1101 14th Street, NW, Suite 550
Washington, DC 20005

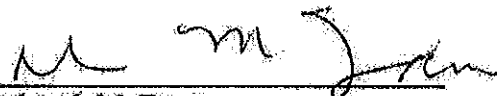
Deborah Franco, Esq.
Cullen and Dykman
Garden City Center
100 Quentin Roosevelt Blvd.
Garden City, NY 11530

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

| | | |
|---|----------|-----------------------------|
| In The Matter Of The Petition Of | x | |
| Pivotal Utility Holdings, Inc. d/b/a | : | BPU Docket No. _____ |
| Elizabethtown Gas For Authority to | : | |
| Extend the Term of Energy | : | |
| Efficiency Programs with Certain | : | |
| Modifications and Approval of | : | |
| Associated Cost Recovery | x | |

CERTIFICATE OF SERVICE

I hereby certify that on the 30th day of June, 2011, a true and correct copy of the Verified Petition and supporting Testimony and Schedules relating to the above-captioned proceeding were served by Federal Express upon Stefanie A. Brand, Director, Division of Rate Counsel, 31 Clinton Street, Newark, New Jersey, upon an updated service list compiled in Docket Nos. GO10100735 and GO10070446 and as outlined in *N.J.A.C. 14:1-5.12*.



Deborah M. Franco
Attorney for Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas

Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
Notice of Public Hearings Regarding
Proposed Energy Efficiency Program Rider Rate Increases and Other Tariff Changes

On June 30, 2011, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("the Company") filed a Petition with the New Jersey Board of Public Utilities ("BPU" or "Board") in BPU Docket No. _____ to change the name of its Regional Greenhouse Gas Initiative ("RGGI") Rider rate to the Energy Efficiency Program ("EEP") Rider rate and to increase that rate from \$0.0000 per therm, inclusive of applicable taxes to \$0.0011 per therm, inclusive of applicable taxes, effective October 1, 2011. The proposed rate arises out of the Company's request to extend the term of its Energy Efficiency Programs for an additional three-year term commencing January 1, 2012. The current Energy Efficiency Programs are scheduled to expire December 31, 2011. On June 30, 2011, the Company also filed a Petition in BPU Docket No. _____ to implement a decrease in the RGGI rider rate from \$0.0000 to a credit of \$0.0015 per therm, inclusive of applicable taxes, effective October 1, 2011. That Petition similarly requests authority to implement a name change from the RGGI Rider rate to the EEP Rider rate. The \$0.0011 per therm EEP Rider rate sought by the Company in BPU Docket No. _____ is an alternative to the \$0.0015 per therm credit rate requested in BPU Docket No. _____, assuming approval by the Board of an extension of the Company's Energy Efficiency Programs.

The effect of the Company's filing in BPU Docket No. _____ to a typical residential customer using an average of 100 therms per month is as follows:

| Consumption in Therms | Present Bill | Proposed Bill | Proposed | Percent Change |
|-----------------------|--------------|---------------|----------|----------------|
| 100 | \$124.93 | \$125.04 | \$0.11 | 0.1% |

The actual percentage increase applicable to specific customers will vary according to usage. Any assistance required by customers in ascertaining the impact of the proposed rate increase will be furnished by the Company upon request.

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 rate is made effective. Moreover, any rate relief found by the Board to be just and reasonable may be allocated by the Board and applied by the Company to any class or classes of customers or any rate schedules as the Board may determine, so that final rates approved by the Board in this proceeding for any specific customer class or rate schedule may be higher or lower than those set forth herein.

The BPU has the statutory authority to establish Elizabethtown's rates at levels it finds just and reasonable as well as to establish the effective date of such rates. Therefore, the BPU may establish the rates at levels and/or an effective date other than those proposed by Elizabethtown. Copies of the Petition are available for inspection at the Company offices located at 300 Connell Drive, Suite 3000, Berkeley Heights, New Jersey or online at Elizabethtown's website: www.elizabethtowngas.com or at the Board of Public Utilities, Two Gateway Center, Suite 801 Newark, 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
 Rahway Municipal Council, Court Chambers, City Hall Plaza, Rahway, New Jersey 07065

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 testify and/or make a statement of their views on the proposed increases. In order to encourage full participation in this opportunity for public comment, please submit requests for needed accommodations, including interpreter, listening devices and/or mobility assistance, 48 hours prior to the Hearing. In addition, members of the public may submit written comments concerning the Petition to the BPU regardless of whether they attend the Hearing by addressing them to: Honorable Kristi Izzo, Secretary, Board of Public Utilities, Two Gateway Center, Suite 801, Newark, New Jersey, 07102. Hearings will continue, if necessary, on such additional dates and at such locations as the 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
Donald Carter – Vice President of Operations

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

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|----------------------|--|---|
| I. | <u>General Filing Requirements</u> | |
| a. | The utility shall provide with all filings, information and data pertaining to the specific program proposed, as set forth in applicable sections of N.J.A.C. 14:1-5.11 and N.J.A.C. 14:1-5.12. | Petition and Testimony with supporting schedules |
| b. | All filings shall contain information and financial statements for the proposed program in accordance with the applicable Uniform System of Accounts that is set forth in N.J.A.C. 14:1-5.12. The utility shall provide the Accounts and Account Numbers that will be utilized in booking the revenues, costs, expenses and assets pertaining to each proposed program so that they can be properly separated and allocated from the regulated and/or other programs. | EEP Extension Schedule TK- 7 |
| c. | The utility shall provide supporting explanations, assumptions, calculations, and work papers for each proposed program and cost recovery mechanism petition filed under N.J.S.A. 48:3-98.1 and for all qualitative and quantitative analyses therein. The utility shall provide electronic copies of all materials and supporting materials and supporting schedules, with all inputs and formulae intact. | EEP Extension Schedules TK- 1 - TK- 6 (electronic copies of Schedules with inputs intact will be provided to those parties subsequently designated by Staff and Rate Counsel) |
| d. | The utility shall file testimony supporting its petition. Testimony of Thomas Kaufman and Anthony Pugliese | |
| e. | For any small scale or pilot program, the utility shall only be subject to the requirements in this Section and Sections II, III, and IV. The utility shall, however, provide its estimate of costs and list of data intends to collect in a subsequent review of the benefits of the program. Information in Section V may be required for pilot and small programs if such programs are particularly large or complex. A "small scale" project is defined as one that would result in either a rate increase of less than half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than \$5 million. A pilot program shall be no longer than three years, but can be extended under appropriate circumstances. | N/A because program is small scale |
| f. | If the utility is filing for an increase in rates, charges etc., or approval of a program which may increase rates/charges to ratepayers in the future, the utility shall include a draft public notice with the petition and proposed publication dates. | Public Notice included with the Petition |

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|---------------|--|--|
| II. | <u>Program Descriptions</u> | |
| a. | The utility shall provide a detailed description of each proposed program for which the utility seeks approval. | EEP Extension Schedules ACP-1 – ACP-6 |
| b. | The utility shall provide a detailed explanation of the differences and similarities between each proposed program and existing and/or prior programs offered by the New Jersey Clean Energy Program, or the utility. | EEP Extension Schedules ACP-1 – ACP-6, Petition |
| c. | The utility shall provide a description of how the proposed program will complement, and impact existing programs being offered by the utility and the New Jersey Clean Energy Program with all supporting documentation. | EEP Extension Schedules ACP-1 – ACP-6, Petition |
| d. | The utility shall provide a detailed description of how the proposed program is consistent with and/or different from other utility programs or pilots in place or proposed with all supporting documentation. | EEP Extension Schedules ACP-1 – ACP-6, Petition |
| e. | The utility shall provide a detailed description of how the proposed program comports with New Jersey State policy as reflected in reports, including the New Jersey Energy Master Plan, the draft New Jersey Energy Master Plan, and the greenhouse gas emissions reports to be issued by the New Jersey Department of Environmental Protection pursuant to N.J.S.A. 26:2C-42(b) and (c) and N.J.S.A.26:2c-43 of the Global Warming Response Act, N.J.S.A. 26:2C-37 et seq. | EEP Extension Schedules ACP-1 – ACP-6 |
| f. | The utility shall provide the features and benefits for each proposed program including the following: i. The target market and customer eligibility if incentives are to be offered; ii. The program offering and customer incentives; iii. The quality control method including inspection; iv. Program administration; and v. Program delivery mechanisms. | EEP Extension Schedules ACP-1 – ACP-6 |
| g. | The utility shall provide the criteria upon which it chose the program. | EEP Extension Schedules ACP-1 – ACP-6 |
| h. | The utility shall provide the estimated program costs by the following categories: administrative (all utility costs), marketing/sales, training, rebates/incentives including inspections and quality control, program implementation (all contract costs) and evaluation and other. | EEP Extension Schedule ACP-7 |
| i. | The utility shall provide the extent to which the utility intends to utilize employees, contractors or both to deliver the program and, to the extent | EEP Extension Schedules ACP-1 – ACP-6 Petition and Testimony |

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|---------------|--|---|
| | applicable, the criteria the utility will use for contractor selection. | |
| j. | In the event the program contemplates an agreement between the utility and its contractors and/or the utility and its ratepayers, copies of the proposed standard contract or agreement between the ratepayer and the utility, the contractor and the utility, and/or the contractor and ratepayer shall be provided. | To be provided upon execution of appropriate confidentiality agreement. |
| k. | The utility shall provide a detailed description of the process for resolving any customer complaints related to these programs. | Petition |
| l. | The utility shall describe the program goals including number of participants on an annual basis and the energy savings, renewable energy generation and resource savings, both projected annually and over the life of the measures. | EEP Extension Schedules ACP 1-10 |
| m. | Marketing- The utility shall provide the following: a description of where and how the proposed program/project will be marketed or promoted throughout the demographic segments of the utility's customer base including an explanation of how prices and the service for each proposed program/project will be conveyed to customers. | EEP Extension Schedules ACP-1 - 6 |
| III. | <u>Additional Required Information</u> | |
| a. | The utility shall describe whether the proposed programs will generate incremental activity in the energy efficiency/conservation/renewable energy marketplace and what, if any impact on competition may be created, including any impact on employment, economic development and the development of new business with all supporting documentation. This shall include a breakdown of the impact on the employment within this marketplace as follows: marketing/sales, training, program implementation, installation, equipment manufacturing and evaluation and other applicable markets. With respect to the impact on competition the analysis should include the competition between utilities and other entities already currently delivering the service in the market or new markets that may be created. | Petition, EEP Extension Schedules ACP-1 - 6 |
| b. | The utility shall provide a description of any known market barriers that may impact the program and address the potential impact on such known market barriers for each proposed program with all of the supporting documentation. This analysis shall include barriers across the various markets including residential (both single and multi-family), commercial and industrial (both privately owned or leased buildings), as well as between small, medium, and large commercial | Petition |

| Number | Requirements | Index |
|---------------|---|--|
| | and industrial markets. This should include both new development and retrofit or replacement upgrades across the market sectors. | |
| c. | The utility shall provide a qualitative/quantitative description of any anticipated environmental benefits associated with the proposed programs and a quantitative estimate of such benefits for the programs overall and for each participant in the program with all supporting documentation. This shall include an estimate of the energy saved in kWh and/or therms and the avoided air emissions, wastewater discharges, waste generation and water use or other saved or avoided resources. | Petition, EEP Extension Schedules ACP-9 and 10 |
| d. | To the extent known, the utility shall identify whether there are similar programs available in the existing marketplace and provide supporting documentation if applicable. This shall include those programs that provide other societal benefits to other under served markets. This should include an analysis of the services already provided in the market place, and the level of competition. | EEP Extension Schedules ACP-1 – ACP-6 |
| e. | The utility shall provide an analysis of the benefits or impacts in regards to Smart Growth. | N/A |
| f. | The utility shall provide the method for treatment of Renewable Energy Certificates ("REC") including Solar RECs or any other certificate developed by the Board of Public Utilities, including Greenhouse Gas Emissions Portfolio and Energy Efficiency Portfolio Standards including ownership, and use of the certificate revenue stream(s). | N/A |
| g. | The utility shall propose the method for treatment of any air emission credits and offsets, including Regional Greenhouse Gas Initiative carbon dioxide allowances and offsets including ownership, and use of the certificate revenue stream(s). | N/A |
| h. | The utility shall analyze the proposed quantity and expected prices for a REC, solar REC, air emissions credits, offsets or allowances or other certificates to the extent possible. | N/A |
| IV. | Cost Recovery | |
| a. | The utility shall provide appropriate financial data for the proposed program, including estimated revenues, expenses and capitalized investments, for each of the first three years of operations and at the beginning and the end of each year of said three year period. The utility shall include pro forma income statements for the proposed program, for each of the first three years of operations and actual or estimated | EEP Extension Schedules TK- 2-6 |

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|---------------|--|--|
| | balance sheets as at the beginning and end of each years said three year period. | |
| b. | The utility shall provide detailed spreadsheets of the accounting treatment of the cost recovery including describing how costs will be amortized, which accounts will be debited or credited each month, and how the costs will flow through the proposed method of recovery of program costs. | EEP Extension Schedule TK- 7 |
| c. | The utility shall provide a detailed explanation, with all supporting documentation, of the recovery mechanism it proposes to utilize for cost recovery of the proposed program, including proposed recovery through the Societal Benefits Charge a separate clause established for these programs, base rate revenue requirements, government funding reimbursement, retail margin, and/or other. | Petition, EEP Extension Schedules TK- 1-5 |
| d. | The utility's petition for approval, including proposed tariff sheets and other required information, shall be verified as to its accuracy and shall be accompanied by a certification of service demonstrating that the petition was served on the Department of the Public Advocate, Division of Rate Counsel simultaneous to its submissions to the Board. | Verification and Certificate of Service included with filing |
| e. | The utility shall provide an annual rate impact summary by year for the proposed program, and an annual cumulative rate impact summary for all approved and proposed programs showing the impact of individual programs as well as the cumulative impact of all programs on each customer class of implementing each program and all approved and proposed programs based upon a revenue requirement analysis that identifies all estimated program costs and revenues for each proposed program on an annual basis. The utility shall also provide an annual bill impact summary by year for each program, and an annual cumulative bill impact summary by year for all approved and proposed programs showing bill impacts on a typical customer for each class. | EEP Extension Schedule TK-1.a |
| f. | The utility shall provide, with supporting documentation, a detailed breakdown of the total costs for the proposed program, identified by cost segment (capitalized costs, operating expense, administrative expense, etc.). This shall also include a detailed analysis and breakdown and separation of the embedded and incremental costs that will be incurred to provide the services under the proposed program with all supporting documentation. | EEP Extension Schedule TK- 4 EEP Extension Schedule ACP-7 |
| g. | The utility shall provide a detailed revenue requirement analysis that clearly identifies all estimated program costs and revenues for the proposed program on an annual basis, including effects upon rate base | EEP Extension Schedule TK- 3 |

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|---------------|--|------------------------------|
| | and pro forma income calculations. | |
| h. | The utility shall provide, with all supporting documentation: (i) a calculation of its current capital structure as well as its calculation of the capital structure approved by the Board in its most recent electric and/or gas base rate cases, and (ii) a statement as to its allowed overall rate of return approved by the board in its most recent electric and/or gas base rate case. | EEP Extension Schedule TK- 8 |
| i. | A utility seeking incentives or rate mechanism that decouples utility revenues from sales, shall provide all supporting justification, and rationale for incentives, along with supporting documentation, assumptions and calculations. | N/A |
| V. | <u>Cost/Benefit Analysis</u> | |
| a. | The utility shall provide a detailed analysis with supporting documentation of the net benefits associated with the proposed program, including, if appropriate, a comprehensive and detailed avoided costs savings study with supporting documentation. The value of the avoided environmental impacts and the environmental benefits and the value of any avoided or deferred energy infrastructure should be stated separately. | N/A |
| b. | The utility shall calculate a cost/benefit analysis utilizing the Total Resource Cost ("TRC") test that assesses all program costs and benefits from a societal perspective. The utility may also provide any cost benefit analysis that it believes appropriate with supporting rationales and documentation. | N/A |
| c. | The utility shall quantify all direct and indirect benefits as well as provide projected costs resulting from a proposed program that is subject to a cost/benefit test. | N/A |
| d. | Renewable energy programs shall not be subject to a cost/benefit test but the utility must quantify all direct and indirect benefits resulting from a such a proposed program as well as provide the projected costs. The utility must also demonstrate how such a proposed program will support energy and environmental statewide planning objectives, such as attainment of the Renewable Portfolio Standard and any emission requirements. | N/A |
| e. | The utility must demonstrate for the proposed program that it results in a positive benefit/cost ratio, or, if the utility cannot make such a demonstration, it must provide the rationale for why the proposed | N/A |

| <u>Number</u> | <u>Requirements</u> | <u>Index</u> |
|---------------|---|--------------|
| | program should be approved. | |
| f. | The level of energy and capacity savings utilized in these calculations shall be based upon the most recent protocols approved by the Board of Public Utilities to measure energy savings for the New Jersey Clean Energy Program. In the event no such protocols exist, or to the extent that a protocol does not exist for a filed program, the utility must submit a measurement protocol for the program or contemplated measure for approval by the Board. | N/A |
| g. | The utility shall also quantify and deduct from the energy and capacity savings under any free rider effects and the business as usual benefits from homeowners and businesses installing Energy Efficiency or Renewable Energy without the N.J.S.A. 48:33-98.1 benefits or incentives. | N/A |
| | | |

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

| | | |
|---|----------|-----------------------------|
| In The Matter Of The Petition Of | x | |
| Pivotal Utility Holdings, Inc. d/b/a | : | BPU Docket No. _____ |
| Elizabethtown Gas For Authority to | : | |
| Extend the Term of Energy | : | |
| Efficiency Programs with Certain | : | Verified Petition |
| Modifications and Approval of | : | |
| Associated Cost Recovery | x | |

To: The Honorable Board of Public Utilities:

Pursuant to *N.J.S.A.* 48:3-98.1, 48:2-21.1 and 48:2.21, Petitioner Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Petitioner," "Elizabethtown," or "the Company") hereby submits this Petition by which it seeks approval from the Board of Public Utilities ("Board") to extend the term of its existing Energy Efficiency Programs with certain limited modifications described herein for a three-year term effective January 1, 2012. Petitioner also seeks approval to recover the costs associated with the extended Energy Efficiency Programs through Petitioner's surcharge contained in Rider G to the Company's Tariff for Gas Service No. 13 subject to a change in the name of Rider G to the "Energy Efficiency Program" ("EEP") surcharge. In support of the requested relief, Petitioner states as follows:

1. Petitioner is a public utility corporation organized under the laws of the State of New Jersey. Petitioner's principal office is located at 300 Connell Drive, Suite 3000, Berkley Heights, New Jersey, 07922.

2. Communications and correspondence concerning this petition should be sent as

follows:

Elizabeth Wade
AGL Resources
Ten Peachtree Place
Atlanta, GA 30309
Phone: (404) 584-3160
Email: ewade@aglresources.com

Mary Patricia Keefe
Director, Regulatory Affairs
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922
Phone: (908) 771-8220
Email: mkeefe@aglresources.com

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth St., N.W.
Suite 550
Washington, DC 20005
Phone (202) 223-8890
Email: kmaloney@cullenanddykman.com

Deborah M. Franco
Cullen and Dykman LLP
100 Quentin Roosevelt Blvd.
Garden City, New York 11530-4850
Phone (516) 357-3878
Email: dfranco@cullenanddykman.com

3. Petitioner is engaged in the sale, transmission and distribution of natural gas to approximately 274,000 customers located within its service territory in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

Background Statement

4. Petitioner's existing EE Programs consists of six energy efficiency programs ("EE Programs") consistent with the "Global Warming Response Act," N.J.S.A.26-2C-45 or "RGGI Legislation" and the Board's May 12, 2008 Order ("May 12 Order") in Docket No. EO08030164 issued pursuant to N.J.S.A. 48:3-98.1(c). In the RGGI Legislation, the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. The May 12 Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis.

5. The EE Programs, described more fully below, were first authorized by an August 3, 2009 Board Order (“August 3 Order”) in Docket Nos. EO09010056 and GO09010060 *et al.*, which approved a Stipulation (“Stipulation”) among Petitioner, Board Staff and the Division of Rate Counsel (“Rate Counsel”). In the Stipulation, parties agreed to the implementation of the EE Programs and the establishment of surcharge to enable Petitioner to recover the costs associated with its EE Programs. The EE Programs were designed to enhance or supplement New Jersey’s Clean Energy Program (“NJCEP”) over the 17-month period commencing August 3, 2009 through December 31, 2010. In an Order dated January 19, 2011 (“January 19 Order”), the Board approved a January 12, 2011 Stipulation (“January 12 Stipulation”) among Petitioner, Board Staff and Rate Counsel authorizing the Company to extend the term of its EE Programs for a one-year period ending on December 31, 2011.

6. The August 3 Order found the EE Programs to be reasonable, in the public interest and consistent with the State’s economic stimulus and energy conservation goals. The Board also found the EE Programs cost effective and beneficial as reflected in the cost-benefit analysis performed by Rutgers Center for Energy, Economic and Environmental Policy. Most recently, the June 7, 2011 draft Energy Master Plan (“EMP”) indicated that it is the goal of the State’s current administration to “manage energy in a manner that saves money, stimulates the economy, creates jobs and protects the environment” It further noted that “[n]atural gas EE remains a worthwhile goal with respect to increasing the penetration rate of high efficiency gas burning appliances, gas-related EE Programs, and general conservation trends.”

7. The existing EE Programs comprise the following:

a. Whole House Energy Efficiency Program;

- b. Residential Expanded Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program;
- c. Small Commercial Customer Energy Efficiency Program;
- d. Large Commercial Customer Energy Efficiency Program;
- e. Combined Heat and Power Program; and
- f. Gas Cooling Program.

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

8. Based on the continued need of the State to meet the energy efficiency, conservation and greenhouse gas emission reduction goals established for New Jersey, Elizabethtown has determined that it is reasonable and prudent at this time to continue the Company's Energy Efficiency Programs and to recover the costs associated with these Programs through the Company's existing surcharge reflected in Rider G, the mechanism already in place for recovery of these costs, subject to a change in the name of that charge to the EEP Rider. Petitioner believes that the continuation of the EE Programs will support the State's energy savings goals and may also have the beneficial effect of creating additional jobs in the energy efficiency market.

9. In accordance with the August 3 Order, on July 1, 2010, Elizabethtown filed a petition ("2010 RGGI Rider True-Up") in BPU Docket No. GO10070446 to reconcile Energy Efficiency Program costs and cost recoveries for the period commencing August 3, 2009 through

June 30, 2010 and to recover the forecast Energy Efficiency-related revenue requirements for the period October 1, 2010 through September 30, 2011. Thereafter, in accordance with the January 12 Stipulation approved by the January 19 Order, the Company provisionally decreased its then existing RGGI Rider rate from \$0.0081 per therm to the current rate of \$0.0000 per therm. The 2010 RGGI Rider True-Up is pending final review by the Board.

10. In a separate Petition dated the same day as this filing, the Company is proposing to reconcile EE Program costs and cost recoveries for the period commencing July 1, 2010 through June 30, 2011 and to recover the forecast EE Program-related revenue requirements for the period July 1, 2011 through December 31, 2011 ("2011 EEP True-Up"). The 2011 EEP True-Up proposes a credit of \$0.0015 per therm in order to provide a refund to customers of an over-recovered balance. As discussed more fully below, in this Petition, Petitioner is proposing an EEP Rider rate of \$0.0011 per therm effective October 1, 2011, inclusive of applicable taxes as an alternative to the credit of \$0.0015 per therm proposed in the 2011 EEP True-Up in order to allow Petitioner to recover its forecast EE Program-related revenue requirements for the period July 1, 2011 through June 30, 2012 assuming Board approval of an extension of the Program as requested herein.

11. Annexed hereto and made a part of this Petition is Exhibit P-1, which Petitioner suggests be marked as indicated. Exhibit P-1 consists of the testimony and supporting schedules of Thomas Kaufmann, Manager of Rates and Tariffs for Petitioner. The schedules listed below are attached and referred to in Exhibit P-1 and contain information responsive to the Minimum Filing Requirements ("MFRs") set forth in the Board's May 12, 2008 Order in BPU Docket No. EO08030164 and the August 3 Order as required by the January 12 Stipulation approved by the January 19 Order:

- (a) Tariff Extension Schedule TK-1 consists of revised tariff sheets in redlined and clean form reflecting the proposed EEP Rider rate;
- (b) EEP Extension Schedule TK-1 sets forth the calculation of the proposed EEP Rider rate to be effective October 1, 2011;
- (c) EEP Extension Schedule TK-1.a sets forth the calculation of the Projected EEP Rider rates based on current cost and recovery projections, as well as bill impacts for certain tariff classes through 2018 to a near zero balance.
- (d) EEP Extension Schedule TK-2 sets forth the calculation of the carrying costs on the EEP balance for the period ended June 30, 2012;
- (e) EEP Extension Schedule TK-3 sets forth the calculation of the monthly EEP revenue requirement for the period August 2009 through June 2012;
- (f) EEP Extension Schedule TK-4 sets forth the EEP estimated monthly O&M and Program Expenditures for the period August 2009 through June 2015;
- (g) EEP Extension Schedule TK-5 sets forth cost recoveries for the period August 2009 through June 2012;
- (h) EEP Extension Schedule TK-6 sets forth the over/underrecovered carrying costs rate applicable to the monthly balances set forth on EEP Schedule TK-2.

- (i) EEP Extension Schedule TK-7 contains Uniform System of Account information that will be utilized in booking revenues, costs, expenses and assets pertaining to the Program; and
- (j) EEP Extension Schedule TK-8 contains a calculation of Petitioner's current capital structure as well as a calculation of the capital structure approved by the Board in Elizabethtown's last rate case.

12. Annexed hereto and also made a part of this Petition is Exhibit P-2, which Petitioner suggests be marked as indicated. Exhibit P-2 contains the testimony and supporting schedules of Anthony C. Pugliese, Region Manager for Petitioner's Northwest New Jersey operations. The schedules listed below are attached and referred to in Exhibit P-2 and contain information responsive to the MFRs set forth in the board's May 12, 2008 Order in BPU Docket No. EO08030164 and the August 3 Order as required by the January 12 Stipulation approved by the January 19 Order:

- (a) EEP Extension Schedule ACP-1 – contains a description of the Whole House Energy Efficiency Program;
- (b) EEP Extension Schedule ACP-2 -- contains a description of the Residential Expanded Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heating Incentive Program;
- (c) EEP Extension Schedule ACP-3 – contains a description of the Small Commercial Customer Energy Efficiency Program;
- (d) EEP Extension Schedule ACP-4 contains a description of the Large Commercial Customer Energy Efficiency Program;

- (e) EEP Extension Schedule ACP-5 contains a description of the Combined Heat and Power Program;
- (f) EEP Extension Schedule ACP-6 contains a description of the Gas Cooling Program;
- (g) EEP Extension Schedule ACP-7 contains estimated budgeted EE Program costs by major spending categories for the period January 1, 2012 through December 31, 2014;
- (h) EEP Extension Schedule ACP-8 contains the estimated number of EE Program participants and EE Program incentive costs through December 31, 2012;
- (i) EEP Extension Schedule ACP-9 contains the estimated demand and energy savings data through December 31, 2012;
- (j) EEP Extension Schedule ACP-10 contains estimated emission reductions data through December 31, 2012;
- (k) EEP Extension Schedule ACP-11 contains estimated free ridership and spillover data through December 31, 2012; and
- (l) EEP Extension Schedule ACP-12 contains direct FTE employment data through December 31, 2012.

13. An Index of the MFRs referencing the responsive schedules or testimony sponsored by Mr. Kaufmann and Mr. Pugliese accompanies this Petition. Elizabethtown notes that its proposed Energy Efficiency Programs qualifies as a small scale program and, therefore, Petitioner is not required to submit a cost benefit analysis, as set forth in Section V of the May 12 Order MFRs. A small scale program is defined as one that would result in either a rate increase

of less than half of one percent of the average residential customer's bill or an additional annual total revenue requirement of less than \$5 million. As reflected in this Petition and the testimony and supporting schedules of Company witness Kaufmann, Elizabethtown's Energy Efficiency Programs meet both of these requirements.¹ Accordingly, the Company is not submitting a cost benefit analysis as part of this filing. In any event, the supporting schedules to Company witnesses Kaufmann and Pugliese provide information concerning projected costs and benefits of the Energy Efficiency Programs.

14. In addition, as set forth above, since the inception of Elizabethtown's Energy Efficiency Programs, the Company has submitted cost recovery and other filings concerning its Programs, and has met on several occasions with representatives from Board Staff and Rate Counsel to discuss the Company's EE Programs and related cost issues. Given that the EE Program and proposed cost recovery proposal in that filing are almost identical to what is currently in place, Elizabethtown respectfully submits that these prior meetings satisfy the 30-day pre-filing meeting requirement regarding the nature of the Energy Efficiency Programs and the associated cost recovery mechanism proposed in this Petition. To the extent necessary, Elizabethtown requests a waiver of this requirement.

Proposed Energy Efficiency Program Modifications

15. Elizabethtown proposes to extend the term of its EE Programs for a three-year period commencing January 1, 2012 through December 31, 2014. Elizabethtown proposes to continue its EE Programs during this period under terms and conditions substantially similar to those approved in the August 3 and January 19 Orders but with certain limited modifications. As set forth in EEP Schedule ACP-7, the proposed annual amount budgeted for the EE Programs for

¹ Pilot programs similarly do not require the submission of a cost/benefit analysis. Insofar as Elizabethtown is proposing a three-year term, its proposed Energy Efficiency Programs also qualifies as a pilot program.

each year is approximately \$5.6 million. The budgeted amounts are based on projected expenditures for program investments and associated O&M and labor expense, which, as discussed below, Elizabethtown proposes to recover through the proposed EEP Rider Surcharge rate. A general overview of the Company's Energy Efficiency Programs and the specific proposed material modifications are as follows, with more detailed descriptions of each of the proposed programs provided in EEP Extension Schedules ACP-1 through ACP-6 that accompany Mr. Pugliese's testimony.

"Whole House" Energy Efficiency Program

16. Elizabethtown's "Whole House" EE Program is designed to enhance the Home Performance with Energy Star incentives offered through the NJCEP by supplementing the incentives currently offered through the NJCEP. Elizabethtown's proposal promotes a "whole house" energy conservation approach to residential customers by encouraging them to implement a combination of energy efficiency improvements. Elizabethtown does not offer cash incentives pursuant to this program. It offers zero-percent financing through the buy-down of a third party lender interest rate for loans up to \$10,000.00. To achieve further consistency with the NJCEP, the Company is proposing to eliminate the cost cutter kit and programmable thermostat being provided under the current program. The Company proposes that effective with the date of the extension, Elizabethtown will no longer provide these items as a program incentive. Instead, Elizabethtown will use the remaining inventory as a customer education tool and distribute them at trade shows and similar events. In addition, this program now clarifies that rebates may be assigned to a customer's assignee, such as a landlord or equipment installation contractor. This clarification is also reflected in the other five EE Programs. The proposed modification to this program are being made to respond to the market conditions in

Elizabethtown's service territory and to be more consistent with the NJCEP and other utility energy efficiency programs. More detailed descriptions of this program are set forth in EEP Extension Schedule ACP-1. It is noted that in accordance with the January 12 Stipulation approved by the January 19 Order, the program description now indicates that the zero-percent financing incentive applies to the following Home Performance With Energy Star Tier 3 levels: (1) 20% to less than 25% and (2) at least 25%.

**Residential Expanded Gas
Heating Ventilation and Air Conditioning ("HVAC") and
Gas Hot Water Heater Incentive Program**

17. This program is designed to enhance the existing NJCEP gas HVAC and gas hot water heater incentive program by supplementing the incentive offered through NJCEP. The program targets all residential customers who receive natural gas service from Elizabethtown or have the potential to receive gas service. Here too, the Company is proposing the elimination of the cost cutter kit and programmable thermostat being provided under the current program to foster further consistency with the NJCEP. The program description also clarifies that customers will not be charged a fee for audits performed by Elizabethtown. To be consistent with the NJCEP, like that program, Elizabethtown is proposing to eliminate the incentive for tank water heaters from the program description. Because this incentive was offered as a supplement to the NJCEP incentive, Elizabethtown has not offered this incentive since the elimination of the NJCEP incentive earlier this year. These changes are being made to respond to the market conditions in Elizabethtown's service territory and to be more consistent with the NJCEP and other utility energy efficiency programs. More detailed descriptions of this program are set forth in EEP Extension Schedule ACP-2.

Commercial Customer Energy Efficiency Programs

18. These programs are designed to enhance the existing NJCEP SmartStart incentive program for both small (peak demand of 200KW or less) and large commercial customers (peak demand greater than 200KW) by supplementing the incentive offered through the NJCEP. These programs target all commercial customers. The most significant proposed change is the elimination of the water heater incentive for these programs. The proposed Small Commercial Program also includes a provision which would allow small commercial customers adding residential size equipment to qualify for an equivalent residential incentive. Complete descriptions of these programs are set forth in EEP Extension Schedules ACP-3 and ACP-4.

Combined Heat and Power Program

19. This program is designed to reduce energy consumption and carbon emissions by lowering dependence on the electric grid system. This program enhances the existing NJCEP Combined Heat & Power ("CHP") program by supplementing the incentives offered by NJCEP. This program targets large commercial and industrial customers installing CHP systems, including natural gas-fired combined cycle combustion turbine or natural gas engines to produce both steam and electricity from a single fuel source located on-site. Elizabethtown is not proposing to materially alter this program. A more detailed description of this program is set forth in EEP Extension Schedule ACP-5.

Gas Cooling Program

20. This program enhances the existing NJCEP incentives for the installation of gas cooling equipment. It targets all commercial and industrial customers in Elizabethtown's service territory installing gas cooling equipment. Elizabethtown is not proposing to materially modify this program. A more detailed description is set forth in EEP Extension Schedule ACP-6.

Miscellaneous Program-Related Issues

21. Given the current economic climate, as well as the potential for changes in NJCEP offers and program administration, Elizabethtown respectfully requests flexibility is required to make adjustments necessary to effectively respond to customer need and market conditions. This is consistent with the Stipulation approved by the August 3 Order which provides an expedited process for program and budget flexibility.

Proposed Cost Recovery Mechanism

22. Petitioner proposes, subject to review and reconciliation, to recover EE Program costs for the period January 1, 2012 through December 31, 2012 and subsequent periods during the extended term in the same manner currently provided for in the Rider G subject to a change in the name of the charge to the EEP Rider Surcharge. As is currently the case, the Company is proposing to recover all costs associated with the program, including, all program investments, such as rebates and customer financing costs and reasonable and prudent incremental O&M expense, such as customer education and outreach and costs associated with the customer Dashboard, an on-line audit tool. Consistent with the August 3 and January 19 Orders, as well as the November 25, 2009 Stipulation approved by the Board's December 17, 2009 Order in the Company's last base rate case in Docket No. GRO9030195, incremental internal and external labor may also be recovered through the RGGI Rider rate. Elizabethtown is proposing to continue to amortize and recover its EE Program investments in rebates and customers financing over a four-year period, with the return on the unamortized portion of the investments based upon the Company's weighted average cost of capital established in the Company's most recent base rate proceeding, grossed up for the revenue expansion factor most recently established by the Board for the Company. The unamortized portion of these EE Program investments are net

of accumulated amortization and accumulated deferred income taxes associated with the EE Program investments. Effective January 1, 2012, the cost cutter kits and programmable thermostats will be accounted for and recovered as an O&M expense and not a program investment.

23. In accordance with this proposed methodology, Elizabethtown is proposing an EEP Rider rate of \$0.0011 per therm, inclusive of applicable taxes, effective October 1, 2011. It was calculated by taking (i) the projected credit balance of \$2,322,200, plus (ii) current year O&M costs of \$1,292,575, plus (iii) current year revenue requirements of \$475,066, less (iv) current year recoveries of \$2,061,328, and (v) a carrying cost credit of \$16,000, plus projected recoverable amounts of \$3,060,961 and dividing the total remaining amount of \$429,074 by the service volumes projected for that period for the service classes and customers subject in the EEP Surcharge. The resulting quotient is adjusted for applicable taxes and assessments, results in an EEP Rider rate of \$0.0011 per therm, inclusive of applicable taxes.

24. As noted above, a continuation of the EE Programs may have the beneficial effect of creating additional jobs in the energy efficiency market. The anticipated job creation and labor budget impacts are reflected in the program descriptions set forth in EEP Schedules ACP-1 through ACP-6 and EEP Schedule ACP-12. As discussed in Mr. Pugliese's testimony, the Company intends to utilize a combination of internal employees and third party contractors to deliver the EE Programs.

26. The proposed EE Programs will also help customers reduce their natural gas costs and play an important role in reducing greenhouse gas emissions, preserving environmental resources and stimulating economic growth. As reflected in the draft EMP, these, along with the economic and employment objectives, remain important State goals.

Procedure and Request for Expedited Treatment

27. As set forth in the May 12 Order, once a Petition has been filed with the Board, Board Staff shall have 30 days, commencing on the filing date, to determine whether the Petition is administratively complete, advise the utility in writing whether or not the Petition is administratively complete and set forth the deficiencies and items required to remedy the deficiencies. The RGGI legislation provides that unless the Board issues a written order within 180 days after the filing of the Petition approving, modifying or denying the requested recovery, the recovery required by the utility shall be granted effective on the 181st day after the filing without further order by the Board. *N.J.S.A. 48:3-98.1(b)*.

28. To ensure that Petitioner can continue its Energy Efficiency Programs without interruption, Elizabethtown requests expedited treatment of this Petition. Elizabethtown further requests that the Board retain jurisdiction of this matter and not transfer the filing to the Office of Administrative Law. Elizabethtown submits that evidentiary hearings are not necessary or required to approve this Petition and requests that the Board issue an Order as soon as reasonably possible to promote implementation of the proposed EE Programs effective January 1, 2012.

29. As stated in the May 12 Order (at 5) “[t]he Board encourages all interested parties to work toward a settlement for the Board’s consideration before the expiration of the 180 day period.” Elizabethtown will work with the Board Staff and Rate Counsel to reach an amicable and mutually acceptable resolution of this proceeding in the most expedient manner possible that is convenient to all the parties.

Overall Impact

30. The overall impact of Petitioner's filing in this proceeding is a proposed increase in the monthly bill of a typical heating customer using 100 therms by \$0.11 from \$124.93 to \$125.04, or an increase of 0.1%.

Notice

31. 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, 31 Clinton Street, Newark, New Jersey, upon an updated service list compiled in Docket Nos. GO10100735 and GO10070446 and as outlined in *N.J.A.C.* 14:1-5.12. Included with this Petition is a proposed form of public notice for review by Board Staff and Rate Counsel.

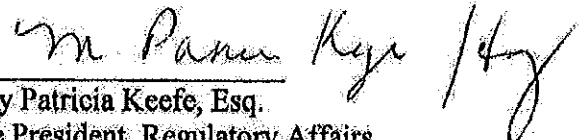
Conclusion

32. For all the foregoing reasons, Elizabethtown respectfully requests that the Board retain jurisdiction of this matter and issue an Order on an expedited basis approving this Petition in its entirety and finding as follows:

- a. The Energy Efficiency Programs are in the public interest and Elizabethtown is authorized to continue to offer and administer these regulated services utility services under the terms set forth in this Petition and accompanying testimony, and supporting schedules for a three-year term effective January 1, 2012 through December 31, 2014;
- b. Elizabethtown is granted a waiver of the MFRs as necessary;

- c. Elizabethtown is authorized to recover all costs as requested herein and to implement an EEP Rider rate of \$0.0011 per therm, inclusive of applicable taxes, effective October 1, 2011;
- d. Elizabethtown is authorized to amend its tariff in the manner reflected in the proposed tariff sheet contained in Tariff Schedule TK-1 and to change the name of the RGGI Rider rate to the EEP Rider rate; and
- e. Elizabethtown is granted such other and further relief as may be necessary to protect the Company's interests and implement the proposals as set forth in this Petition.

Respectfully submitted,

By: 
Mary Patricia Keefe, Esq.
Vice President, Regulatory Affairs
And Assistant Corporate Secretary
Pivotal Utility Holdings, Inc.
d/b/a Elizabethtown Gas
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922
(908) 771-8220

Date: June 30, 2011

STATE OF NEW JERSEY)

: SS

COUNTY OF UNION)

AFFIDAVIT

M. Patricia Keefe, being duly sworn according to law, upon her oath, deposes and says that:

1. I am the Vice President, Regulatory Affairs and Assistant Corporate Secretary of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas, the petitioner in the foregoing Petition.

2. I have read the annexed petition, and the matters and things contained therein are true to the best of my knowledge and belief.

M. Patricia Keefe

Sworn and Subscribed before me this
30th day of June, 2011.

Notary Public in the
State of New Jersey

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

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Thomas Kaufmann. My business address is 300
3 Connell Drive, Suite 3000, Berkeley Heights, New Jersey
4 07922.

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

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

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

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

17 Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND
18 BUSINESS EXPERIENCE.

19 A. In June 1977, I graduated from Rutgers University,
20 Newark, N.J. with a Bachelor of Arts degree in Business
21 Administration, majoring in accounting and economics. In

1 July 1979, I graduated from Fairleigh Dickinson
2 University, Madison, N.J. with a Masters of Business
3 Administration, majoring in finance.

4 My professional responsibilities have encompassed
5 financial analysis, accounting, planning, and pricing in
6 manufacturing and energy services companies in both
7 regulated and unregulated industries. In 1977, I was
8 employed by Allied Chemical Corp. as a staff accountant.
9 In 1980, I was employed by Celanese Corp. as a financial
10 analyst. In 1981, I was employed by Suburban Propane as
11 a Strategic Planning Analyst, promoted to Manager of
12 Rates and Pricing in 1986 and to Director of Acquisitions
13 and Business Analysis in 1990. In 1993, I was employed
14 by Concurrent Computer as a Manager, Pricing
15 Administration. In 1996, I joined NUI Corporation
16 ("NUI") as a Rate Analyst, was promoted to Manager of
17 Regulatory Support in August 1997 and Manager of
18 Regulatory Affairs in February 1998, and named Manager of
19 Rates and Tariffs in July 1998. NUI Corporation was
20 acquired by AGL Resources Inc. ("AGL") in November 2004.
21 AGL is now the parent company of Elizabethtown.

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

23 A. The purpose of my testimony is to support Elizabethtown's
24 proposed Energy Efficiency Program ("EEP") Rider rate to

1 be assessed to all customers except those served under
2 special contracts as filed and approved by the Board, and
3 those customers exempt from this charge pursuant to the
4 Long-Term Capacity Agreement Pilot Program (LCAPP), P.L.
5 2011, c. 9.

6 Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE FOR THE
7 PROPOSED EEP RATE?

8 A. The Company is proposing that the proposed EEP rate take
9 effect on October 1, 2011. The calculation of the
10 proposed rate is based on eleven months of actual and one
11 month of estimated data from July 1, 2010 through June
12 30, 2011, ("2011 Recovery Year"), and estimated data from
13 July 1, 2011 through June 30, 2012 ("2012 Recovery
14 Year").

15 Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSED EEP RATE?

16 A. The Company's filing is being made in connection with the
17 Company's request to extend the term of its Energy
18 Efficiency Programs ("EE Programs"). These programs were
19 initially approved in the August 3, 2009 Board Order
20 ("August 3 Order") in Docket No. G009010056 and
21 G009010060 et al., which approved a Stipulation
22 ("Stipulation") signed by Elizabethtown, Board Staff and
23 the Division of Rate Counsel in which these parties
24 agreed to the establishment of a surcharge to enable

1 Elizabethtown to recover the costs associated with its EE
2 Programs. The August 3 Order authorized the
3 implementation of an initial surcharge of \$0.0081 per
4 therm, including appropriate taxes, effective August 3,
5 2009. Subsequently on January 19, 2011, the Board issued
6 an Order in Docket No. G010070446 and G010100735 et al.,
7 ("January 19 Order"), approving a January 12, 2011
8 Stipulation ("January 12 Stipulation") signed by
9 Elizabethtown, Board Staff and Rate Counsel. The January
10 19 Order authorized Elizabethtown to set the rate to
11 \$0.0000 effective February 1, 2011. The EE Program and
12 associated projected expenditures are addressed by
13 Company witness Anthony C. Pugliese.

14 Q. ARE YOU PROPOSING ANY MATERIAL CHANGES TO THE EEP
15 SURCHARGE COMPARED TO THE THOSE APPROVED IN THE AUGUST 3
16 ORDER:

17 A. No. The Company is only proposing a change in the name
18 of the surcharge from the Regional Greenhouse Gas
19 Initiative ("RGGI") Rider to the Energy Efficiency
20 Program ("EEP") Rider. The Company is not proposing to
21 change the cost recovery methodology. The rate proposed
22 in this filing has been calculated in accordance with the
23 methodology approved in the August 3 Order.

24 Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?

1 A. Yes. My testimony includes schedules and proposed tariff
2 sheets that were prepared under my direction and
3 supervision. These schedules contain information
4 responsive to the Minimum Filing Requirements ("MFRs") as
5 referenced in the MFR Index attached to the Company's
6 Petition. The MFRs were set forth in the Board's May 12
7 Order in BPU Docket No. E008030164 and the August 3
8 Order. The schedules are as follows:

- 9
- 10 (a) Tariff Extension Schedule TK-1 consists of
11 revised tariff sheets in redlined and clean
12 form reflecting the proposed EEP Rider rate;
- 13 (b) EEP Extension Schedule TK-1 sets forth the
14 calculation of the proposed EEP Rider rate to
15 be effective October 1, 2011;
- 16 (c) EEP Extension Schedule TK-1.a sets forth the
17 calculation of the Projected EEP Rider rates
18 based on current cost and recovery
19 projections, as well as bill impacts for
20 certain tariff classes through 2018 to a near
21 zero balance;
- 22 (d) EEP Extension Schedule TK-2 sets forth the
23 calculation of the carrying costs on the EEP
24 balance for the period ended June 30, 2012;

- 1 (e) EEP Extension Schedule TK-3 sets forth the
2 calculation of the monthly EEP revenue
3 requirement for the period August 2009
4 through June 2012;
- 5 (f) EEP Extension Schedule TK-4 sets forth the
6 EEP estimated monthly O&M and Program
7 Expenditures for the period August 2009
8 through June 2015;
- 9 (g) EEP Extension Schedule TK-5 sets forth cost
10 recoveries for the period August 2009 through
11 June 2012;
- 12 (h) EEP Extension Schedule TK-6 sets forth the
13 over/underrecovered carrying costs rate
14 applicable to the monthly balances set forth
15 on EEP Schedule TK-2.
- 16 (i) EEP Extension Schedule TK-7 contains Uniform
17 System of Account information that will be
18 utilized in booking revenues, costs, expenses
19 and assets pertaining to the Program; and
- 20 (j) EEP Extension Schedule TK-8 contains a
21 calculation of Petitioner's current capital
22 structure as well as a calculation of the
23 capital structure approved by the Board in
24 Elizabethtown's last rate case.

1

2

REVENUE FORECAST

3 Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND
4 SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE
5 COMPANY'S PROPOSED EEP RATE?

6 A. The methodology used to derive the Projected Normalized
7 Sales and Services on EEP Schedule TK-1 is the same as
8 that used in developing the demand forecast that
9 supported Elizabethtown's Basic Gas Supply Service rate
10 filing dated June 1, 2011. As I mention above, the EEP
11 rate is applicable to all customers except those served
12 under special contracts as filed and approved by the
13 Board and those exempt from this charge pursuant to the
14 LCAPP legislation.

EEP RATE

15 Q. PLEASE DESCRIBE THE EEP RIDER AND WHAT IT IS DESIGNED TO
16 RECOVER.

17 The August 3 Order authorized the establishment of a
18 surcharge by which Elizabethtown recovers the costs
19 associated with its EE Program. The cost recovery
20 methodology reflected in this filing is consistent with
21 that approved in the August 3 Order. Details concerning
22 projected spending during the period July 1, 2011 through
23 June 30, 2012, as well as other information associated

1 with the EE Programs, are provided in Mr. Pugliese's
2 testimony and supporting schedules.

3 Q. PLEASE EXPLAIN HOW THE PROPOSED EEP RATE WAS CALCULATED.

4 A. The proposed EEP rate was calculated by taking the sum of
5 (i) any prior period balance, plus (ii) current year O&M
6 costs, plus (iii) current year revenue requirements, less
7 (iv) current year recoveries and (v) applicable carrying
8 costs, plus (vi) projected recoverable amounts for the
9 upcoming year and dividing the total amount by the
10 volumes projected for that upcoming year for the service
11 classifications and customers subject to the EEP as shown
12 on Tariff Schedule TK-1. The resulting quotient is
13 adjusted for applicable taxes and assessments to arrive
14 at an EEP rate of \$0.0011 per therm.

15 Q. PLEASE EXPLAIN HOW INCURRED O&M COSTS AND REVENUE
16 REQUIREMENTS FOR PROGRAM EXPENDITURES ARE DETERMINED AND
17 CALCULATED.

18 A. Projected O&M amounts are recoverable in the year
19 incurred. EE Program Expenditures are recoverable over a
20 four (4) year period, as reflected on EEP Schedule TK-4.
21 The calculation of the allowable monthly revenue
22 requirement for the amortized EE Program expenditures is
23 set forth on EEP Schedule TK-3. The allowable monthly
24 recoverable amount is developed by taking EE Program

1 expenditures less accumulated amortization and
2 accumulated deferred income tax credits to derive a month
3 end rate base. The average of the beginning and end of
4 month balances is multiplied by the Company's after tax
5 weighted average cost of capital ("WACOC"), grossed up for
6 the Company's revenue factor and divided by twelve (12)
7 to derive a monthly return on investment. This amount
8 plus the monthly amortization results in the allowable
9 monthly revenue. The Company's WACOC and revenue factor
10 are those approved by the Board in the Company's most
11 recent base rate case.

12 **Q. HOW WERE AMORTIZATION EXPENSES CALCULATED?**

13 **A.** The amortization expenses were calculated by dividing
14 each month's amortizable expenditure by forty eight (48)
15 months and accumulating (or layering) the amounts to the
16 total monthly amortization expenses.

17 **Q. HOW WERE DEFERRED INCOME TAXES CALCULATED?**

18 **A.** The deferred tax benefit is calculated by multiplying the
19 temporary difference in the Company's tax and book
20 amortization expense by the effective income tax rate.
21 The tax rate used in the calculation of the deferred tax
22 benefit for Elizabethtown is 41.08% through June 30, 2010
23 and 40.85% thereafter and includes Corporate Business
24 Tax.

1 Q. ARE CARRYING COSTS INCLUDED IN THE EEP CALCULATION?

2 A. Yes. In accordance with the August 3 Order, the Company
3 is permitted to recover carrying costs or issue credits
4 on its EEP over/under recovered balances. The Company
5 will continue to accrue such amounts on its deferred EEP
6 balances for recovery in subsequent years as shown on EEP
7 Schedule TK-2.

8 Q. HOW WERE THE CARRYING COSTS CALCULATED?

9 A. Carrying cost rates are applied to each year's net prior
10 year balance and current year revenue requirements and
11 recoveries. The interest rate is based on the Company's
12 monthly short-term debt rate on an after-tax basis and is
13 applied monthly to the average monthly EEP balance as
14 shown on EEP Schedule TK-2. Interest on monthly balances
15 is not compounded.

16 Q. WHAT ARE THE EE PROGRAM COSTS REFLECTED IN THE FILING?

17 A. EEP Schedule TK-4, presents the expenditures for the EE
18 Program used in setting the rate. For the 2011 Recovery
19 Year the O&M is \$1,292,575 and amortizable Program
20 Expenditures is \$1,707,238 for a total of \$2,999,813.
21 For the 2012 Recovery Year, the Company is projecting the
22 incurrence of an additional \$1,729,658 in O&M spending
23 and a revenue requirement of \$1,331,303 based on program
24 expenditures of \$4,018,075 in amortizable EE Program

1 expenditures. These expenditures plus those projected
2 through 2014, less a return of Customer Financing, result
3 in total EE Program expenditures of \$15,922,353 from
4 inception to June 30, 2015. A breakdown of these
5 expenditures can also be found on EEP Schedule ACP-1
6 sponsored by Mr. Pugliese.

7 **Q. WHAT LEVEL OF COSTS IS THE PROPOSED EEP RATE DESIGNED TO**
8 **RECOVER?**

9 **A.** For the 2012 Recovery Year, the EEP rate is designed to
10 recover \$429,074 as set forth on Schedule TK-1, line 8.
11 This amount is made up of (i) the 2011 Recovery Period
12 estimated overrecovery balance of \$2,631,887 as set forth
13 on EEP Schedule TK-1 line 6 and as calculated on EEP
14 Schedule TK-2, (ii) the 2012 Recovery Period projected
15 recoverable amounts of \$3,060,961 as shown on EEP
16 Schedule TK-1 line 7 and as calculated on EEP Schedule
17 TK-3 and TK-4.

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

20 **A.** The impact of the proposed adjustment to the EEP rate on
21 a typical residential heating customer using 100 therms
22 is to increase the customer's typical monthly bill by
23 \$0.11 from \$124.93 to \$125.04, an increase of 0.1%, as
24 compared to the Company's present rates.

1 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

2 A. Yes it does.

RIDER "G"

REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI") ENERGY EFFICIENCY PROGRAM ("EEP")

Applicable to all customers except those customers under special contracts as filed and approved by the NJBPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9.

The RGGI-EEP shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU. The applicable RGGI-EEP unit charges are as follows:

~~\$0.0000~~ \$0.0011 per therm

In accordance with P.L. 1997, c. 162, 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 "Global Warming Act," N.J.S.A.26-2C-45, or "RGGI Legislation" the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. On May 8, 2008, the Board issued an Order (the "RGGI Order") pursuant to N.J.S.A. 48:3-98.1(c). The RGGI Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis.

The RGGI program will enhance or supplement existing Clean Energy Program ("CEP") incentives with programs such as:

1. Whole-house energy efficiency programs which encourage all residential customers to implement a combination of energy efficiency improvements (i.e., air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement;
2. Expanded gas HVAC and hot water heater incentive programs for residential customers;
3. Large and small commercial customer energy efficiency programs which enhance CEP SmartStart Incentives;
4. A Combined Heat & Power which supplements existing CEP Incentives;

Date of Issue: February 1, 2014

Effective: Service Rendered
on and after February 1, 2014

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

RIDER "G"

REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")
(continued)

5. A gas cooling program which supplements existing CEP incentives; and
6. Enhanced customer education and outreach initiatives designed to encourage customers to conserve energy and lower their gas bills.

The RGGI will recover all costs associated with the program, including, but not limited to customer outreach and system implementations to implement and manage the programs.

Determination of the RGGI

In June of each year, the Company shall file with the Board a RGGI rate filing based on the costs and recoveries incurred during the previous RGGI year ending June 30th. The filing will reflect as much actual information as is available through June 30th as well as estimates through the upcoming calendar year to develop the RGGI rate to be effective October 1st as follows:

The RGGI monthly recoverable expenditure amounts shall be derived from taking the average of the cumulative beginning and end of month expenditures associated with the RGGI program investments less accumulated amortization and accumulated deferred income tax credits times the Company's after tax weighted average cost of capital grossed up for the Company's revenue factor, as those rates and factors have been approved in the Company's most recent base rate case, plus monthly amortization using a four year amortization period.

The RGGI rate shall be calculated by summing the (i) prior year's RGGI over or under recovery balance, plus (ii) current year monthly recoverable expenditure amounts, less (iii) current year recoveries, plus (iv) current year carrying costs based on the monthly average over or under recovered balances, at a rate equal to the rate obtained on the Company's weighted average of its commercial paper and bank credit lines, if both sources have been utilized, not to exceed the weighted average cost of capital after tax from the most recent rate case, ~~grossed up for the Company's revenue factor,~~ plus (v) an estimated amount to recover the upcoming year's recoverable expenditures amount and dividing the resulting sum by the annual forecasted per therm quantities for the applicable customers set forth above. The resulting rate shall be adjusted for all applicable taxes. The RGGI rate shall be self implementing on a refundable basis as directed by the NJBPU.

NOTE THIS REDLINE IS A CORRECTION TO THE TARIFF APPROVED IN THE BOARD ORDER DATED AUGUST 3, 2009 IN DOCKET NOS. E009010056 AND G00901006. THIS SHEET WAS SUBSEQUENTLY REISSUED IN THE DOCKET BELOW AS SUCH THE ORIGINAL SHEET, DATES AND DOCKET ARE APPROPRIATE FOR THIS SHEET.

Date of Issue: December 17, 2009

Effective: Service Rendered
on and after December 17, 2009

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated December 17, 2009 in Docket No. GR09030195

RIDER "G"

ENERGY EFFICIENCY PROGRAM ("EEP")

Applicable to all customers except those customers under special contracts as filed and approved by the NJBPU and those customers exempted pursuant to the Long-Term Capacity Agreement Pilot Program ("LCAPP"), P.L. 2011, c.9.

The RGGI shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU. The applicable RGGI unit charges are as follows:

\$0.0011 per therm

In accordance with P.L. 1997, c. 162, 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 "Global Warming Act," N.J.S.A.26-2C-45, or "RGGI Legislation" the State Legislature determined that global warming is a pervasive and dangerous threat that should be addressed through the establishment of a statewide greenhouse gas emissions reduction program. On May 8, 2008, the Board issued an Order (the "RGGI Order") pursuant to N.J.S.A. 48:3-98.1(c). The RGGI Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis.

The RGGI program will enhance or supplement existing Clean Energy Program ("CEP") incentives with programs such as:

1. Whole-house energy efficiency programs which encourage all residential customers to implement a combination of energy efficiency improvements (i.e., air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement;
2. Expanded gas HVAC and hot water heater incentive programs for residential customers;
3. Large and small commercial customer energy efficiency programs which enhance CEP SmartStart incentives;
4. A Combined Heat & Power which supplements existing CEP incentives;

Date of Issue:

Effective: Service Rendered
on and after

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities

RIDER "G"

REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

(continued)

5. A gas cooling program which supplements existing CEP incentives; and
6. Enhanced customer education and outreach initiatives designed to encourage customers to conserve energy and lower their gas bills.

The RGGI will recover all costs associated with the program, including, but not limited to customer outreach and system implementations to implement and manage the programs.

Determination of the RGGI

In June of each year, the Company shall file with the Board a RGGI rate filing based on the costs and recoveries incurred during the previous RGGI year ending June 30th. The filing will reflect as much actual information as is available through June 30th as well as estimates through the upcoming calendar year to develop the RGGI rate to be effective October 1st as follows:

The RGGI monthly recoverable expenditure amounts shall be derived from taking the average of the cumulative beginning and end of month expenditures associated with the RGGI program investments less accumulated amortization and accumulated deferred income tax credits times the Company's after tax weighted average cost of capital grossed up for the Company's revenue factor, as those rates and factors have been approved in the Company's most recent base rate case, plus monthly amortization using a four year amortization period.

The RGGI rate shall be calculated by summing the (i) prior year's RGGI over or under recovery balance, plus (ii) current year monthly recoverable expenditure amounts, less (iii) current year recoveries, plus (iv) current year carrying costs based on the monthly average over or under recovered balances, at a rate equal to the rate obtained on the Company's weighted average of its commercial paper and bank credit lines, if both sources have been utilized, not to exceed the weighted average cost of capital after tax from the most recent rate case, plus (v) an estimated amount to recover the upcoming year's recoverable expenditures amount and dividing the resulting sum by the annual forecasted per therm quantities for the applicable customers set forth above. The resulting rate shall be adjusted for all applicable taxes. The RGGI rate shall be self implementing on a refundable basis as directed by the NJBPU.

Date of Issue: December 17, 2009

Effective: Service Rendered
on and after December 17, 2009

Issued by: Jodi Gidley
Sr. Vice President, Mid-Atlantic Operations
300 Connell Drive, Suite 3000
Berkeley Heights, New Jersey 07922

Filed Pursuant to Order of the Board of Public Utilities
Dated December 17, 2009 in Docket No. GR09030195

RYOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM (EEP)

CALCULATION OF THE EEP RATE
PROGRAM RATES PER KNOWN ACTUALS
Data to June 30th to Set Rate For

Before Rate Date Implementation Adjustments

| 11 month | June 30, 2008 | October 1, 2010 | October 1, 2011 | October 1, 2012 | October 1, 2013 | October 1, 2014 | October 1, 2015 | October 1, 2016 | October 1, 2017 | October 1, 2018 |
|--|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| 1 Prior Year (Over)/Under Balances (Sch. TK-2) | | (\$2,322,200) | (\$2,631,887) | \$43,269 | \$4,161,670 | \$1,172,496 | (\$382,116) | (\$389,130) | (\$122,962) | (\$119,342) |
| 2 Monthly Revenue Requirement (Sch. TK-2) | \$153,498 | \$475,066 | \$1,331,303 | \$2,477,519 | \$3,435,647 | \$3,987,165 | \$3,149,385 | \$2,001,889 | \$919,858 | (\$2,781) |
| 3 O&M Expenditures (Sch. TK-6) | \$520,545 | \$1,292,575 | \$1,729,858 | \$1,681,880 | \$1,981,880 | \$840,940 | \$0 | \$0 | \$0 | \$0 |
| 4 Total Proposed Recoveries (Sum L1+L2+L3) | \$674,033 | (\$554,559) | \$429,074 | \$4,262,668 | \$3,279,197 | \$5,000,601 | \$2,767,279 | \$1,614,559 | \$796,876 | (\$116,123) |
| 5 Projected Firm Sales (1) (Sch. TK-4) Therms | 403,625,482 | 428,632,319 | 430,719,590 | 430,719,590 | 430,719,590 | 430,719,590 | 430,719,590 | 430,719,590 | 430,719,590 | 430,719,590 |
| 6 Rate, before taxes (L4/L5) | \$0.0017 | (\$0.0013) | \$0.0010 | \$0.0098 | \$0.0215 | \$0.0129 | \$0.0064 | \$0.0037 | \$0.0019 | (\$0.0006) |
| 7 BP&RC Assessment Factor Times L6 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 | \$0.0000 |
| 7 Sales & Use Tax @ 7.00% | \$0.0001 | (\$0.0001) | \$0.0001 | \$0.0007 | \$0.0015 | \$0.0010 | \$0.0004 | \$0.0003 | \$0.0001 | \$0.0000 |
| 8 Rate (L6+L7) per Therm | \$0.0018 | (\$0.0014) | \$0.0011 | \$0.0105 | \$0.0230 | \$0.0149 | \$0.0068 | \$0.0040 | \$0.0020 | (\$0.0006) |

(1) All therms excluding NJBPU approved special contracts.

Average Billing Changes:

| | June 1, 2011 | October 1, 2011 | October 1, 2012 | October 1, 2013 | October 1, 2014 | October 1, 2015 | October 1, 2016 | October 1, 2017 | October 1, 2018 |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Determinates | Base/Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt | Pct. Billed Amt |
| Residential Sales Service | | | | | | | | | |
| Service Charge | \$3.00 | \$1,107.23 | \$1,115.35 | \$1,126.15 | \$1,119.15 | \$1,112.15 | \$1,109.73 | \$1,108.00 | \$1,105.76 |
| Distribution Charge | \$1.1693 | \$0.95 | \$0.97 | \$1.07 | \$1.287 | \$2.87 | \$3.45 | \$1.72 | (\$0.32) |
| Bill Change from Base | | \$0.95 | \$0.97 | \$1.07 | \$1.287 | \$2.87 | \$3.45 | \$1.72 | (\$0.32) |
| Cumulative from Base | | \$0.95 | \$1.02 | \$2.09 | \$4.276 | \$48.63 | \$52.08 | \$53.80 | \$53.28 |
| Percentage Change from Base | | 0.1% | 0.9% | 2.7% | 3.9% | 4.4% | 4.7% | 4.9% | 4.6% |
| Small General Services | | | | | | | | | |
| Service Charge | \$16.15 | \$1,248.67 | \$1,257.33 | \$1,266.58 | \$1,261.29 | \$1,254.00 | \$1,251.48 | \$1,248.68 | \$1,247.34 |
| Distribution Charge | \$1.1712 | \$0.99 | \$0.45 | \$2.70 | \$13.41 | \$6.72 | \$3.60 | \$1.80 | (\$0.54) |
| Bill Change from Base | | \$0.99 | \$0.45 | \$2.70 | \$13.41 | \$6.72 | \$3.60 | \$1.80 | (\$0.54) |
| Cumulative from Base | | \$0.99 | \$1.44 | \$4.14 | \$44.55 | \$50.67 | \$54.27 | \$56.07 | \$55.53 |
| Percentage Change from Base | | 0.1% | 0.8% | 2.5% | 3.6% | 4.1% | 4.3% | 4.5% | 4.4% |
| General Delivery Service | | | | | | | | | |
| Service Charge | \$20.00 | \$13,822.97 | \$13,947.70 | \$14,113.58 | \$14,006.08 | \$13,896.60 | \$13,981.45 | \$13,894.91 | \$13,800.41 |
| Demand Charge | \$0.811 | \$14.60 | \$139.33 | \$305.19 | \$197.71 | \$96.23 | \$53.08 | \$26.54 | (\$7.99) |
| Distribution Charge | \$0.9406 | \$14.90 | \$153.93 | \$459.12 | \$556.83 | \$747.06 | \$800.14 | \$826.88 | \$818.72 |
| Bill Change from Base | | \$14.90 | \$168.83 | \$494.11 | \$653.61 | \$743.29 | \$853.23 | \$926.42 | \$935.51 |
| Cumulative from Base | | \$14.90 | \$183.73 | \$683.24 | \$1,337.15 | \$2,080.44 | \$2,933.67 | \$3,860.09 | \$4,795.60 |
| Percentage Change from Base | | 0.1% | 1.1% | 3.3% | 4.8% | 5.4% | 5.9% | 6.0% | 5.9% |

EEP Extension Schedule
TK-2

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM ("EEP")

Carrying Costs

| a | Beginning Balance b | Revenue Requirement TK-3 c | O&M TK-4 d | Recoveries TK-5 e | Ending Balance f=b+c+d-e | Average Balance g=(b+f)/2 | Interest Rate TK-6 h | Carrying Cost i=g*h/12 | Ending Balance plus Cum. (O)/U Carrying Cost j=f+i cum of i |
|---------------------------|------------------------|----------------------------------|--------------------|-------------------------|-----------------------------|------------------------------|----------------------------|---------------------------|---|
| Beginning Balance | | | | | | | | | |
| Aug-09 | \$0 | \$10 | \$8,484 | \$81,140 | (\$52,646) | (\$26,323) | 0.49% | (\$11) | (\$52,657) |
| Sep-09 | (\$52,646) | \$1,396 | \$13,075 | \$89,133 | (\$127,308) | (\$89,977) | 0.47% | (\$35) | (\$127,354) |
| Oct-09 | (\$127,308) | \$13,475 | \$40,347 | \$130,405 | (\$203,891) | (\$165,600) | 0.41% | (\$57) | (\$203,994) |
| Nov-09 | (\$203,891) | \$15,083 | \$27,382 | \$209,425 | (\$370,851) | (\$287,371) | 0.33% | (\$79) | (\$371,033) |
| Dec-09 | (\$370,851) | \$15,137 | \$62,284 | \$340,002 | (\$633,432) | (\$502,142) | 0.31% | (\$130) | (\$633,744) |
| Jan-10 | (\$633,432) | \$15,718 | \$138,393 | \$538,305 | (\$1,017,626) | (\$825,529) | 0.31% | (\$213) | (\$1,018,151) |
| Feb-10 | (\$1,017,626) | \$16,254 | \$49,478 | \$508,821 | (\$1,458,715) | (\$1,238,171) | 0.34% | (\$351) | (\$1,459,591) |
| Mar-10 | (\$1,458,715) | \$17,824 | \$49,017 | \$407,083 | (\$1,798,957) | (\$1,628,836) | 0.38% | (\$516) | (\$1,800,349) |
| Apr-10 | (\$1,798,957) | \$18,521 | \$81,380 | \$408,577 | (\$2,127,623) | (\$1,963,290) | 0.87% | (\$1,096) | (\$2,130,111) |
| May-10 | (\$2,127,623) | \$19,580 | \$48,359 | \$169,421 | (\$2,229,105) | (\$2,176,364) | 0.66% | (\$1,198) | (\$2,232,791) |
| Jun-10 | (\$2,229,105) | \$20,490 | \$22,336 | \$131,672 | (\$2,317,651) | (\$2,273,478) | 0.35% | (\$663) | (\$2,322,200) |
| 2010 Recovery Year | | \$153,488 | \$520,545 | \$2,991,884 | | | | (\$4,349) | |
| * Projected | | | | | | | | | |
| Jul-10 | (\$2,322,200) | \$22,058 | \$56,717 | \$126,726 | (\$2,370,151) | (\$2,346,176) | 0.35% | (\$684) | (\$2,370,835) |
| Aug-10 | (\$2,370,151) | \$23,044 | \$130,309 | \$116,299 | (\$2,333,097) | (\$2,351,624) | 0.32% | (\$627) | (\$2,334,408) |
| Sep-10 | (\$2,333,097) | \$25,456 | \$79,963 | \$113,707 | (\$2,341,365) | (\$2,337,231) | 0.30% | (\$584) | (\$2,343,260) |
| Oct-10 | (\$2,341,365) | \$28,345 | \$88,312 | \$136,686 | (\$2,361,394) | (\$2,351,380) | 0.30% | (\$588) | (\$2,363,877) |
| Nov-10 | (\$2,361,394) | \$32,309 | \$122,432 | \$240,742 | (\$2,447,395) | (\$2,404,395) | 0.30% | (\$601) | (\$2,450,479) |
| Dec-10 | (\$2,447,395) | \$35,458 | \$175,087 | \$439,091 | (\$2,676,961) | (\$2,561,678) | 0.30% | (\$640) | (\$2,679,685) |
| Jan-11 | (\$2,676,961) | \$43,096 | \$26,964 | \$577,208 | (\$3,183,109) | (\$2,929,535) | 0.29% | (\$708) | (\$3,187,641) |
| Feb-11 | (\$3,183,109) | \$45,414 | \$76,014 | \$301,886 | (\$3,363,567) | (\$3,273,338) | 0.29% | (\$791) | (\$3,368,790) |
| Mar-11 | (\$3,363,567) | \$48,828 | \$70,784 | \$4,887 | (\$3,248,842) | (\$3,306,205) | 0.64% | (\$1,488) | (\$3,255,553) |
| Apr-11 | (\$3,248,842) | \$51,923 | \$162,338 | \$4,604 | (\$3,039,185) | (\$3,144,014) | 0.00% | \$0 | (\$3,045,896) |
| May-11 | (\$3,039,185) | \$56,300 | \$150,823 | (\$508) | (\$2,831,754) | (\$2,935,470) | 3.25% | (\$7,950) | (\$2,846,415) |
| Jun-11 | (\$2,831,754) | \$62,835 | \$153,032 | \$0 | (\$2,615,887) | (\$2,723,821) | 0.59% | (\$1,339) | (\$2,631,887) |
| 2011 Recovery Year | | \$475,066 | \$1,292,575 | \$2,081,328 | | | | (\$16,000) | |
| * Projected | | | | | | | | | |
| Jul-11 | * (\$2,631,887) | \$69,340 | \$153,031 | \$0 | (\$2,409,516) | (\$2,520,702) | 0.59% | (\$1,239) | (\$2,410,755) |
| Aug-11 | * (\$2,409,516) | \$76,015 | \$188,288 | \$0 | (\$2,165,208) | (\$2,287,381) | 0.59% | (\$1,125) | (\$2,167,569) |
| Sep-11 | * (\$2,165,208) | \$81,389 | \$138,032 | \$0 | (\$1,945,784) | (\$2,055,495) | 0.59% | (\$1,011) | (\$1,949,159) |
| Oct-11 | * (\$1,945,784) | \$88,822 | \$138,031 | \$8,333 | (\$1,729,264) | (\$1,837,524) | 0.59% | (\$903) | (\$1,733,542) |
| Nov-11 | * (\$1,729,264) | \$92,020 | \$153,296 | \$32,487 | (\$1,516,415) | (\$1,622,840) | 0.59% | (\$798) | (\$1,521,491) |
| Dec-11 | * (\$1,516,415) | \$112,718 | \$138,032 | \$56,299 | (\$1,321,964) | (\$1,419,190) | 0.59% | (\$698) | (\$1,327,738) |
| Jan-12 | * (\$1,321,964) | \$119,835 | \$135,068 | \$69,092 | (\$1,136,163) | (\$1,229,059) | 0.59% | (\$604) | (\$1,142,531) |
| Feb-12 | * (\$1,136,163) | \$125,114 | \$150,333 | \$69,780 | (\$930,466) | (\$1,033,310) | 0.59% | (\$508) | (\$937,352) |
| Mar-12 | * (\$930,466) | \$130,368 | \$135,069 | \$61,822 | (\$726,851) | (\$828,659) | 0.59% | (\$407) | (\$734,144) |
| Apr-12 | * (\$726,851) | \$136,595 | \$136,068 | \$36,794 | (\$492,982) | (\$609,917) | 0.59% | (\$300) | (\$600,675) |
| May-12 | * (\$492,982) | \$140,798 | \$150,333 | \$23,632 | (\$225,483) | (\$359,233) | 0.59% | (\$177) | (\$233,253) |
| Jun-12 | * (\$225,483) | \$161,289 | \$135,069 | \$19,793 | \$51,062 | (\$87,201) | 0.59% | (\$43) | \$43,289 |
| 2012 Recovery Year | | \$1,331,303 | \$1,729,658 | \$377,992 | | | | (\$7,813) | |
| * Projected | | | | | | | | | |

PNOTAL UTILITY HOLDINGS, INC. db/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM (EEP)

EEP Extension Schedule
TK-3

Monthly Recoverable Investment
Program Expenditures - Amortized Over Four Years

| Amortizable Expenditures TK-4 | Begin Balance | Cumulative Expenditures | Average Expenditures | Amort. Months | Monthly Amortization | Accum. Amort. | Accum. Deferred Income Tax | Earnings / Rate Base | Average Rate Base | Wtd. Avg. Cost of Capital (1) After-tax | Revenue Factor | Monthly Return on Rate Base | Monthly Revenue Requirement | YTD ending June |
|-------------------------------|---------------|-------------------------|----------------------|---------------|----------------------|---------------|----------------------------|----------------------|-------------------|---|----------------|-----------------------------|-----------------------------|-----------------|
| a | b | c | d | e | f | g | h | i | j | k | l | m | n | o |
| \$415 | \$0 | \$415 | \$208 | 48 | \$9 | \$9 | \$167 | \$239 | \$120 | 6.87% | 1.71702 | \$1 | \$10 | |
| \$58,552 | \$58,552 | \$58,967 | \$28,691 | 48 | \$1,228 | \$1,237 | \$23,715 | \$34,015 | \$17,127 | 6.87% | 1.71702 | \$168 | \$1,396 | |
| \$503,469 | \$562,436 | \$562,436 | \$310,702 | 48 | \$11,717 | \$12,962 | \$225,727 | \$323,755 | \$178,865 | 6.87% | 1.71702 | \$1,758 | \$13,475 | |
| \$9,154 | \$571,590 | \$571,590 | \$557,013 | 48 | \$11,908 | \$24,862 | \$224,596 | \$322,132 | \$322,944 | 6.87% | 1.71702 | \$3,175 | \$15,063 | |
| \$6,648 | \$578,238 | \$578,238 | \$574,914 | 48 | \$12,047 | \$36,909 | \$222,378 | \$318,951 | \$320,542 | 6.71% | 1.72888 | \$3,090 | \$15,137 | |
| \$29,746 | \$607,984 | \$607,984 | \$593,111 | 48 | \$12,666 | \$49,575 | \$223,354 | \$329,015 | \$323,983 | 6.53% | 1.73120 | \$3,052 | \$15,718 | |
| \$22,212 | \$630,196 | \$630,196 | \$619,090 | 48 | \$13,129 | \$62,704 | \$233,125 | \$334,367 | \$331,691 | 6.53% | 1.73120 | \$3,125 | \$16,254 | |
| \$67,165 | \$697,361 | \$697,361 | \$663,779 | 48 | \$14,528 | \$77,232 | \$254,749 | \$365,390 | \$349,874 | 6.53% | 1.73120 | \$3,296 | \$17,824 | |
| \$25,100 | \$722,461 | \$722,461 | \$709,911 | 48 | \$15,051 | \$92,283 | \$268,877 | \$371,301 | \$368,341 | 6.53% | 1.73120 | \$3,470 | \$18,521 | |
| \$45,518 | \$767,979 | \$767,979 | \$745,220 | 48 | \$16,000 | \$108,283 | \$271,003 | \$388,699 | \$379,997 | 6.53% | 1.73120 | \$3,590 | \$19,590 | |
| \$37,061 | \$805,040 | \$805,040 | \$786,510 | 48 | \$16,772 | \$125,055 | \$279,398 | \$400,647 | \$394,670 | 6.53% | 1.73120 | \$3,718 | \$20,490 | |
| \$66,161 | \$871,201 | \$871,201 | \$838,121 | 48 | \$18,450 | \$143,205 | \$298,950 | \$429,046 | \$414,847 | 6.53% | 1.73120 | \$3,906 | \$22,058 | |
| \$38,308 | \$909,509 | \$909,509 | \$890,355 | 48 | \$19,948 | \$162,153 | \$306,859 | \$440,457 | \$434,772 | 6.53% | 1.73120 | \$4,096 | \$23,044 | |
| \$102,354 | \$1,011,863 | \$1,011,863 | \$960,696 | 48 | \$21,080 | \$183,238 | \$340,059 | \$488,571 | \$464,534 | 6.53% | 1.73120 | \$4,376 | \$25,456 | |
| \$115,476 | \$1,127,339 | \$1,127,339 | \$1,069,601 | 48 | \$23,486 | \$206,719 | \$377,637 | \$542,983 | \$515,777 | 6.53% | 1.73120 | \$4,659 | \$28,345 | |
| \$160,103 | \$1,287,442 | \$1,287,442 | \$1,207,391 | 48 | \$26,822 | \$233,541 | \$432,062 | \$621,819 | \$582,401 | 6.53% | 1.73120 | \$5,487 | \$32,308 | |
| \$121,085 | \$1,408,527 | \$1,408,527 | \$1,347,985 | 48 | \$29,344 | \$262,885 | \$469,558 | \$676,084 | \$648,952 | 6.53% | 1.73120 | \$6,114 | \$35,458 | |
| \$316,793 | \$1,725,320 | \$1,725,320 | \$1,566,904 | 48 | \$33,944 | \$298,829 | \$584,285 | \$842,206 | \$759,145 | 6.53% | 1.73120 | \$7,152 | \$43,096 | |
| \$69,466 | \$1,794,786 | \$1,794,786 | \$1,760,053 | 48 | \$37,391 | \$336,220 | \$597,387 | \$881,179 | \$851,693 | 6.53% | 1.73120 | \$8,023 | \$45,414 | |
| \$145,466 | \$1,940,252 | \$1,940,252 | \$1,867,519 | 48 | \$40,422 | \$376,642 | \$640,298 | \$923,312 | \$892,246 | 6.53% | 1.73120 | \$8,406 | \$48,828 | |
| \$123,752 | \$2,064,004 | \$2,064,004 | \$2,002,128 | 48 | \$43,000 | \$419,642 | \$728,237 | \$1,050,647 | \$947,195 | 6.53% | 1.73120 | \$9,523 | \$51,923 | |
| \$181,299 | \$2,245,303 | \$2,245,303 | \$2,154,694 | 48 | \$46,777 | \$466,419 | \$815,916 | \$1,177,604 | \$1,114,126 | 6.53% | 1.73120 | \$10,496 | \$56,300 | |
| \$266,975 | \$2,512,278 | \$2,512,278 | \$2,378,791 | 48 | \$52,339 | \$518,758 | \$897,293 | \$1,295,421 | \$1,236,513 | 6.53% | 1.73120 | \$11,649 | \$62,835 | |
| \$256,875 | \$2,769,153 | \$2,769,153 | \$2,640,716 | 48 | \$57,691 | \$576,449 | \$980,853 | \$1,415,706 | \$1,355,964 | 6.53% | 1.73120 | \$12,770 | \$69,340 | |
| \$256,600 | \$3,035,753 | \$3,035,753 | \$2,902,453 | 48 | \$63,245 | \$639,694 | \$1,039,116 | \$1,500,792 | \$1,458,249 | 6.53% | 1.73120 | \$13,738 | \$76,015 | |
| \$221,500 | \$3,257,253 | \$3,257,253 | \$3,141,503 | 48 | \$67,551 | \$707,245 | \$1,155,194 | \$1,589,122 | \$1,544,957 | 6.53% | 1.73120 | \$14,554 | \$81,389 | |
| \$221,600 | \$3,468,853 | \$3,468,853 | \$3,358,053 | 48 | \$72,268 | \$779,519 | \$1,228,330 | \$1,668,872 | \$1,628,997 | 6.53% | 1.73120 | \$15,346 | \$86,822 | |
| \$211,500 | \$3,680,353 | \$3,680,353 | \$3,574,503 | 48 | \$76,674 | \$856,287 | \$1,309,118 | \$1,816,307 | \$1,789,601 | 6.53% | 1.73120 | \$16,114 | \$91,718 | |
| \$871,600 | \$4,551,953 | \$4,551,953 | \$4,116,153 | 48 | \$84,832 | \$951,119 | \$1,400,118 | \$2,000,468 | \$1,968,601 | 6.53% | 1.73120 | \$17,886 | \$112,718 | |
| \$221,400 | \$4,773,353 | \$4,773,353 | \$4,662,653 | 48 | \$89,445 | \$1,050,564 | \$1,522,323 | \$2,269,875 | \$2,164,396 | 6.53% | 1.73120 | \$18,698 | \$119,835 | |
| \$221,400 | \$4,994,753 | \$4,994,753 | \$4,884,053 | 48 | \$104,057 | \$1,154,621 | \$1,570,257 | \$2,385,175 | \$2,235,175 | 6.53% | 1.73120 | \$20,390 | \$125,114 | |
| \$221,400 | \$5,216,153 | \$5,216,153 | \$5,105,453 | 48 | \$108,670 | \$1,263,291 | \$1,616,307 | \$2,536,555 | \$2,368,551 | 6.53% | 1.73120 | \$21,698 | \$130,968 | |
| \$221,400 | \$5,437,553 | \$5,437,553 | \$5,326,853 | 48 | \$113,282 | \$1,376,573 | \$1,690,473 | \$2,400,507 | \$2,368,591 | 6.53% | 1.73120 | \$22,313 | \$135,695 | |
| \$221,400 | \$5,658,953 | \$5,658,953 | \$5,548,253 | 48 | \$117,895 | \$1,494,468 | \$1,702,755 | \$2,461,730 | \$2,431,119 | 6.53% | 1.73120 | \$22,903 | \$140,798 | |
| \$871,400 | \$6,530,353 | \$6,530,353 | \$6,094,653 | 48 | \$136,049 | \$1,630,517 | \$2,003,146 | \$2,896,690 | \$2,679,210 | 6.53% | 1.73120 | \$25,240 | \$161,288 | \$1,331,303 |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM ("EEP")

Schedule of Expenditures

| | O&M Recoverable In Period Expended | | | Program Expenditures - Amortized Over Four Years | | | | |
|---------------------------|------------------------------------|--------------------|------------------|--|--------------------|----------------------|---------------------|---------------------|
| | Customer Labor | Customer Education | Dashboard IT | Total O&M | Customer Financing | Program Expenditures | Program Total | Total |
| Aug-09 | \$8,484 | \$0 | \$0 | \$8,484 | \$0 | \$418 | \$418 | \$8,902 |
| Sep-09 | \$8,484 | \$763 | \$3,839 | \$13,086 | \$0 | \$58,652 | \$58,652 | \$71,627 |
| Oct-09 | \$8,484 | \$3,379 | \$28,484 | \$40,347 | \$500,000 | \$3,489 | \$503,489 | \$643,818 |
| Nov-09 | \$8,484 | \$0 | \$18,898 | \$27,382 | \$0 | \$9,154 | \$9,154 | \$36,536 |
| Dec-09 | \$8,484 | \$0 | \$53,800 | \$62,284 | \$0 | \$6,648 | \$6,648 | \$68,932 |
| Jan-10 | \$9,847 | \$128,748 | \$0 | \$138,595 | \$0 | \$29,746 | \$29,746 | \$168,341 |
| Feb-10 | \$11,354 | \$13,657 | \$24,567 | \$49,578 | \$0 | \$22,212 | \$22,212 | \$71,790 |
| Mar-10 | \$10,717 | \$24,431 | \$13,889 | \$49,037 | \$0 | \$67,165 | \$67,165 | \$116,202 |
| Apr-10 | \$10,165 | \$7,534 | \$43,701 | \$61,399 | \$0 | \$25,100 | \$25,100 | \$86,499 |
| May-10 | \$9,039 | \$8,790 | \$30,530 | \$48,359 | \$0 | \$45,618 | \$45,618 | \$93,977 |
| Jun-10 | \$4,638 | \$17,768 | \$0 | \$22,406 | \$0 | \$37,061 | \$37,061 | \$59,467 |
| 2010 Recovery Year | \$97,870 | \$204,688 | \$217,657 | \$520,165 | \$500,000 | \$305,040 | \$805,040 | \$1,325,685 |
| Jul-10 | \$18,409 | \$38,308 | \$0 | \$56,717 | \$0 | \$68,161 | \$68,161 | \$124,878 |
| Aug-10 | \$11,289 | \$103,754 | \$16,256 | \$131,309 | \$0 | \$38,308 | \$38,308 | \$169,617 |
| Sep-10 | \$10,789 | \$69,194 | \$0 | \$79,983 | \$0 | \$102,354 | \$102,354 | \$182,937 |
| Oct-10 | \$13,328 | \$74,988 | \$0 | \$88,312 | \$0 | \$118,476 | \$118,476 | \$206,788 |
| Nov-10 | \$11,968 | \$98,200 | \$16,268 | \$126,436 | \$0 | \$160,103 | \$160,103 | \$286,539 |
| Dec-10 | \$12,267 | \$162,810 | \$0 | \$175,077 | \$0 | \$121,086 | \$121,086 | \$296,163 |
| Jan-11 | \$9,198 | \$17,626 | \$0 | \$26,824 | \$0 | \$318,793 | \$318,793 | \$345,617 |
| Feb-11 | \$9,770 | \$66,244 | \$0 | \$76,014 | \$0 | \$69,488 | \$69,488 | \$145,502 |
| Mar-11 | \$22,295 | \$49,629 | \$0 | \$71,924 | \$0 | \$145,468 | \$145,468 | \$217,392 |
| Apr-11 | \$18,624 | \$130,449 | \$16,265 | \$165,338 | \$0 | \$123,762 | \$123,762 | \$289,100 |
| May-11 | \$17,103 | \$118,256 | \$16,265 | \$151,624 | \$0 | \$181,299 | \$181,299 | \$332,923 |
| Jun-11 | \$81,735 | \$62,993 | \$8,334 | \$153,062 | \$0 | \$268,978 | \$268,978 | \$422,007 |
| 2011 Recovery Year | \$234,681 | \$988,518 | \$89,399 | \$1,292,578 | \$0 | \$1,707,238 | \$1,707,238 | \$2,999,813 |
| Jul-11 | \$81,735 | \$62,993 | \$8,333 | \$153,061 | \$0 | \$268,878 | \$268,878 | \$421,909 |
| Aug-11 | \$81,735 | \$62,993 | \$8,333 | \$153,061 | \$0 | \$268,800 | \$268,800 | \$421,858 |
| Sep-11 | \$68,735 | \$62,993 | \$8,334 | \$139,062 | \$0 | \$211,600 | \$211,600 | \$350,662 |
| Oct-11 | \$68,735 | \$62,993 | \$8,333 | \$139,061 | \$0 | \$221,600 | \$221,600 | \$360,661 |
| Nov-11 | \$68,735 | \$62,993 | \$8,333 | \$139,061 | \$0 | \$211,600 | \$211,600 | \$350,661 |
| Dec-11 | \$68,735 | \$62,993 | \$8,334 | \$139,062 | \$0 | \$211,600 | \$211,600 | \$350,662 |
| Jan-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Feb-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Mar-12 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Apr-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| May-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Jun-12 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| 2012 Recovery Year | \$683,820 | \$674,778 | \$161,060 | \$1,520,658 | \$0 | \$4,018,076 | \$4,018,076 | \$5,538,733 |
| Jul-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Aug-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Sep-12 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Oct-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Nov-12 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Dec-12 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Jan-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Feb-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Mar-13 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Apr-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| May-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Jun-13 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| 2013 Recovery Year | \$628,820 | \$684,000 | \$161,060 | \$1,681,880 | \$0 | \$3,968,800 | \$3,968,800 | \$5,638,680 |
| Jul-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Aug-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Sep-13 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Oct-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Nov-13 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Dec-13 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Jan-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Feb-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Mar-14 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Apr-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| May-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Jun-14 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| 2014 Recovery Year | \$628,820 | \$684,000 | \$161,060 | \$1,681,880 | \$0 | \$3,968,800 | \$3,968,800 | \$5,638,680 |
| Jul-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Aug-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Sep-14 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Oct-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Nov-14 | \$77,235 | \$49,500 | \$8,333 | \$135,068 | \$0 | \$221,400 | \$221,400 | \$356,468 |
| Dec-14 | \$77,235 | \$49,500 | \$8,334 | \$135,069 | \$0 | \$221,400 | \$221,400 | \$356,469 |
| Jan-15 | \$0 | \$0 | \$0 | \$0 | (\$500,000) | \$0 | (\$500,000) | (\$500,000) |
| Feb-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Mar-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Apr-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| May-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Jun-15 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2015 Recovery Year | \$463,410 | \$287,000 | \$80,630 | \$831,040 | (\$500,000) | \$1,478,400 | \$1,478,400 | \$2,311,340 |
| Total EEP | \$2,645,401 | \$3,363,284 | \$820,789 | \$7,747,478 | \$0 | \$16,922,383 | \$16,922,383 | \$23,669,831 |

* Projected

PIVOTAL UTILITY HOLDINGS, INC. dba ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM ("EEP")

Cost Recoveries

| Month | Therm Sales and Services | | | | Recoveries | | | | Total Recoveries | Rate /MWh | | | |
|--------------|--------------------------|-------------|------------|----------|------------|-------------|-------------|------------|---------------------|--------------|------------|-------------|----------|
| | Residential | Commercial | Industrial | Lighting | Co-gen | Therms | Residential | Commercial | | | Industrial | Lighting | Co-gen |
| Aug-09 | 4,811,703 | 3,602,018 | 6,598,285 | 2,766 | 340,610 | 15,345,382 | \$13,549 | \$12,304 | \$32,465 | \$8 | \$2,784 | \$61,140 | \$0.0040 |
| Sep-09 | 4,738,226 | 3,961,063 | 6,563,655 | 2,759 | 0 | 15,265,723 | \$35,569 | \$27,369 | \$26,174 | \$21 | \$0 | \$98,133 | \$0.0058 |
| Oct-09 | 7,853,990 | 5,699,921 | 7,055,036 | 2,759 | 0 | 20,611,306 | \$39,299 | \$42,696 | \$28,389 | \$21 | \$0 | \$130,405 | \$0.0063 |
| Nov-09 | 13,978,494 | 8,940,289 | 7,165,257 | 2,758 | 0 | 30,086,799 | \$165,786 | \$67,988 | \$35,649 | \$21 | \$0 | \$209,425 | \$0.0070 |
| Dec-09 | 24,150,713 | 15,086,360 | 8,821,857 | 2,758 | 370,020 | 48,431,702 | \$182,932 | \$119,886 | \$43,163 | \$21 | \$0 | \$340,002 | \$0.0070 |
| Jan-10 | 41,584,687 | 23,623,069 | 9,171,129 | 2,759 | 7,200 | 74,404,844 | \$314,856 | \$178,300 | \$45,018 | \$21 | \$29 | \$538,305 | \$0.0072 |
| Feb-10 | 38,789,014 | 22,694,006 | 8,476,452 | 2,536 | 0 | 69,902,007 | \$293,903 | \$171,704 | \$41,290 | \$19 | \$0 | \$506,821 | \$0.0073 |
| Mar-10 | 31,569,548 | 17,549,279 | 7,906,508 | 2,015 | 30,000 | 56,817,350 | \$238,172 | \$132,005 | \$35,926 | \$15 | \$0 | \$467,683 | \$0.0072 |
| Apr-10 | 16,116,575 | 9,873,132 | 6,954,942 | 2,015 | 0 | 32,946,734 | \$121,873 | \$74,307 | \$212,362 | \$15 | \$0 | \$408,577 | \$0.0124 |
| May-10 | 9,785,181 | 6,044,706 | 6,575,788 | 2,000 | 0 | 22,407,605 | \$73,908 | \$45,525 | \$48,972 | \$15 | \$0 | \$168,421 | \$0.0076 |
| Jun-10 | 6,372,561 | 4,546,325 | 6,435,904 | 2,000 | 45,340 | 17,404,030 | \$46,025 | \$34,214 | \$48,937 | \$15 | \$377 | \$131,572 | \$0.0076 |
| Total 11 Mos | 199,762,222 | 121,568,200 | 81,414,763 | 21,127 | 853,170 | 403,625,482 | \$1,488,982 | \$900,379 | \$589,036 | \$192 | \$3,855 | \$2,991,864 | |
| * Projected | | | | | | | | | | | | | |

** Being at the tariff rate yields the dollars recovered, inclusive of rate proration, 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.

(1) April 2010 back billed FTS customers August 09 - March 10, for \$170,127.

| Month | Residential | Commercial | Industrial | Lighting | Co-gen | Therms | Residential | Commercial | Industrial | Lighting | Co-gen | Total Recoveries | Rate /MWh |
|-------------|-------------|-------------|------------|----------|-----------|-------------|-------------|------------|------------|----------|----------|---------------------|--------------|
| Jul-10 | 4,703,085 | 3,508,833 | 6,657,354 | 2,000 | 1,854,000 | 16,725,272 | \$35,691 | \$26,340 | \$60,562 | \$15 | \$14,208 | \$126,726 | \$0.0076 |
| Aug-10 | 4,578,905 | 3,380,330 | 6,837,605 | 2,000 | 421,410 | 15,060,250 | \$32,706 | \$24,777 | \$52,734 | \$15 | \$6,117 | \$116,299 | \$0.0077 |
| Sep-10 | 4,535,968 | 3,360,330 | 7,260,140 | 2,000 | 478,210 | 15,654,648 | \$34,339 | \$31,403 | \$47,767 | \$15 | \$183 | \$113,707 | \$0.0073 |
| Oct-10 | 6,390,706 | 3,360,330 | 7,095,065 | 2,000 | 1,612,050 | 18,480,153 | \$48,190 | \$34,802 | \$53,001 | \$15 | \$678 | \$166,986 | \$0.0074 |
| Nov-10 | 14,453,894 | 3,380,330 | 6,845,422 | 2,000 | 1,808,300 | 28,518,946 | \$109,913 | \$72,089 | \$89,008 | \$15 | \$19 | \$240,742 | \$0.0091 |
| Dec-10 | 30,261,362 | 3,380,330 | 5,953,516 | 2,000 | (984,740) | 39,612,268 | \$229,117 | \$138,461 | \$69,891 | \$15 | \$20 | \$577,208 | \$0.0113 |
| Jan-11 | 42,922,596 | 24,075,491 | 9,294,922 | 2,000 | 0 | 76,394,999 | \$324,243 | \$187,243 | \$69,887 | \$15 | \$20 | \$801,866 | \$0.0113 |
| Feb-11 | 41,367,567 | 24,436,872 | 8,177,738 | 1,402 | 0 | 74,003,599 | \$291,272 | \$166,887 | \$3,722 | \$5 | \$0 | \$487,886 | \$0.0044 |
| Mar-11 | 32,238,144 | 18,486,296 | 8,443,824 | 1,402 | 0 | 58,169,665 | \$21 | \$1,544 | \$431 | \$0 | \$0 | \$4,887 | \$0.0000 |
| Apr-11 | 23,750,269 | 13,451,262 | 7,621,978 | 1,402 | 0 | 44,824,851 | \$21 | \$495 | \$3,588 | \$0 | \$0 | \$4,804 | \$0.0000 |
| May-11 | 11,068,795 | 6,856,770 | 6,605,681 | 1,402 | 300,000 | 24,860,048 | \$109 | (\$86) | (\$531) | \$0 | \$0 | (\$508) | \$0.0000 |
| Jun-11 | 7,121,100 | 4,704,600 | 6,296,000 | 2,400 | 500 | 18,126,600 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0.0000 |
| 12 Mos | 223,210,433 | 112,421,763 | 87,290,365 | 22,008 | 5,887,730 | 428,832,819 | \$1,019,343 | \$608,705 | \$410,108 | \$110 | \$23,062 | \$2,061,328 | |
| * Projected | | | | | | | | | | | | | |

| Month | Residential | Commercial | Industrial | Lighting | Co-gen | Therms | Residential | Commercial | Industrial | Lighting | Co-gen | Total Recoveries | Rate /MWh |
|-------------|-------------|-------------|------------|------------|------------|-------------|-------------|------------|------------|----------|----------|---------------------|--------------|
| Jul-11 | 16,898,330 | 14,846,110 | 13,946,270 | 16,865,320 | 32,467,370 | 56,296,750 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Aug-11 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Sep-11 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Oct-11 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Nov-11 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Dec-11 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Jan-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Feb-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Mar-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Apr-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| May-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| Jun-12 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | 16,865,320 | \$8,333 | \$32,467 | \$0.0010 | \$0.0010 | \$0.0010 | \$8,333 | \$0.0005 |
| 12 Mos | 212,443,000 | 133,675,600 | 83,810,490 | 28,800 | 761,500 | 430,758,580 | \$377,992 | | | | | \$377,992 | |
| * Projected | | | | | | | | | | | | | |

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM ("EEP")

Over / Under Recovered Carrying Cost Rate
Weighted Average Cost of Borrowing
12 Months Ended

| a | Rates: | | Ratio: | | After Tax Wtd. Avg. Cost of Borrowing (1) f=(b*d+c*e)*(1-.4085) |
|--------|--------------------------|---------------------------|--------------------------|---------------------------|--|
| | Commercial Paper b | Bank Credit Lines c | Commercial Paper d | Bank Credit Lines e | |
| Aug-09 | 0.82% | 0.00% | 100.00% | 0.00% | 0.49% |
| Sep-09 | 0.79% | 0.00% | 100.00% | 0.00% | 0.47% |
| Oct-09 | 0.70% | 0.00% | 100.00% | 0.00% | 0.41% |
| Nov-09 | 0.56% | 0.00% | 100.00% | 0.00% | 0.33% |
| Dec-09 | 0.53% | 0.00% | 100.00% | 0.00% | 0.31% |
| Jan-10 | 0.52% | 0.00% | 100.00% | 0.00% | 0.31% |
| Feb-10 | 0.57% | 0.00% | 100.00% | 0.00% | 0.34% |
| Mar-10 | 0.65% | 0.00% | 100.00% | 0.00% | 0.38% |
| Apr-10 | 1.13% | 0.00% | 100.00% | 0.00% | 0.67% |
| May-10 | 1.11% | 0.00% | 100.00% | 0.00% | 0.66% |
| Jun-10 | 0.60% | 0.00% | 100.00% | 0.00% | 0.35% |
| Jul-10 | 0.59% | 0.00% | 100.00% | 0.00% | 0.35% |
| Aug-10 | 0.54% | 0.00% | 100.00% | 0.00% | 0.32% |
| Sep-10 | 0.51% | 0.00% | 100.00% | 0.00% | 0.30% |
| Oct-10 | 0.51% | 0.00% | 100.00% | 0.00% | 0.30% |
| Nov-10 | 0.51% | 0.00% | 100.00% | 0.00% | 0.30% |
| Dec-10 | 0.50% | 0.00% | 100.00% | 0.00% | 0.30% |
| Jan-11 | 0.49% | 0.00% | 100.00% | 0.00% | 0.29% |
| Feb-11 | 0.49% | 0.00% | 100.00% | 0.00% | 0.29% |
| Mar-11 | 0.92% | 0.00% | 100.00% | 0.00% | 0.54% |
| Apr-11 | 0.00% | 0.00% | 100.00% | 0.00% | 0.00% |
| May-11 | 5.50% | 0.00% | 100.00% | 0.00% | 3.25% |
| Jun-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Jul-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Aug-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Sep-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Oct-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Nov-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Dec-11 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Jan-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Feb-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Mar-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Apr-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| May-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |
| Jun-12 | * 1.00% | 0.00% | 100.00% | 0.00% | 0.59% |

Energy Efficiency Chart of Accounts

MFR I.b and IV.b

| <u>Account</u> | <u>General Ledger Title</u> | <u>Description</u> |
|----------------|-----------------------------------|---|
| 166100 | Residential Base Programs | HVAC,AWH,TWH,Cost Cutter Kits, Thermostats |
| 166101 | Small C&I Enhanced Prog. | HVAC,AWH |
| 166102 | Large C&I Enhanced Prog. | HVAC,AWH,Combined Heat & Power, Gas Cooling |
| 166103 | Residential outreach & Education | Customer Education |
| 166104 | C&I Enhanced outreach & Education | Customer Education |
| 166105 | Residential Dashboard | Customer Education-online |
| 166106 | Regulatory Asset | Customer Recoveries |
| 166107 | Accumulated Amortization | Accumulated Amortization |

Accounts 166100 – 166102 are program costs that are amortized over a four year period.

Accounts 166103 – 166105 are O & M cost which are recovered annually.

Account 166106 – Allowable RGGI revenue requirements offset by recoveries billed to customers.

Account 166107 – Recoverable current year portion of the program costs.

PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
ENERGY EFFICIENCY PROGRAM ("BEP")

MFR - IV h.

Rate Case December 17, 2009

| | Capitalization | | | After |
|-----------------------------|-----------------------|-------------|---------------|--------------|
| | Ratios | Rate | Cost % | Tax |
| | | | | 40.85% |
| Long Term Debt | 45.10% | 5.77% | 2.60% | 1.538% |
| Short Term Debt | 7.01% | 1.50% | 0.11% | 0.065% |
| Common Equity | 47.89% | 10.30% | 4.93% | 4.930% |
| Total Capitalization | 100.00% | | 7.64% | 6.53% |

Debt Rates Updated as of March 31, 2011

| | Capitalization | | | After |
|-----------------------------|-----------------------|-------------|---------------|--------------|
| | Ratios | Rate | Cost % | Tax |
| | | | | 40.85% |
| Long Term Debt | 45.10% | 5.76% | 2.60% | 1.538% |
| Short Term Debt* | 7.01% | 1.78% | 0.12% | 0.071% |
| Common Equity | 47.89% | 10.30% | 4.93% | 4.930% |
| Total Capitalization | 100.00% | | 7.65% | 6.54% |

* Note - for purposes of estimating short-term debt, the Company has assumed an annual run rate for the senior credit facility costs. The facility was executed September 2010. Therefore, a full year run rate of costs is not captured in the 12 months ended March 31, 2011.

PIVOTAL UTILITY HOLDINGS, INC.
d/b/a ELIZABETHTOWN GAS
DIRECT TESTIMONY OF
ANTHONY PUGLIESE

1 Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

2 A. My name is Anthony C. Pugliese. My business address
3 is 148 Edison Road, Stewartsville, NJ 08886.

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

5 A. I am employed by Pivotal Utility Holdings, Inc. d/b/a
6 Elizabethtown Gas ("Elizabethtown" or "Company") as
7 Region Manager for our Northwest New Jersey
8 operations. In this capacity I am responsible for the
9 management and administration of the Company's Energy
10 Efficiency Programs ("EE Programs"), which is
11 described below.

12 Q. PLEASE DESCRIBE YOUR PROFESSIONAL QUALIFICATIONS AND
13 BUSINESS EXPERIENCE.

14 A. In 1993, I graduated from Rutgers University School of
15 Business, New Brunswick, NJ with a Bachelor of Science
16 degree in Accounting. My professional responsibilities
17 have encompassed utility operations, regulatory,
18 finance, and accounting including two years auditing
19 for an international public accounting firm. In 1993,
20 I was employed by Ernst & Young to provide auditing
21 services to corporate clients. In 1996, I joined NUI

1 Corporation ("NUI") as a Revenue and Gas Cost
2 Accountant. I had various responsibilities in the
3 Corporate Financial Planning and Analysis department
4 until the acquisition of NUI Corporation by AGL
5 Resources Inc. ("AGL") in November 2004. In 2005, I
6 assumed responsibility for field operations as the
7 Region Manager of Northwest New Jersey Operations,
8 then Union Operations. In 2008, I was transferred to
9 the regulatory department as Director, Financial
10 Regulatory Reporting and Compliance to assume
11 responsibility for coordinating the New Jersey Board
12 of Public Utilities ("Board") management audit and the
13 EE Programs.

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

16 A. The purpose of my testimony is to support
17 Elizabethtown's Petition in this proceeding to extend
18 the term of its EE Programs which are currently
19 scheduled to expire on December 31, 2011.

20 Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE
21 SCHEDULES?

22 A. Yes. My testimony includes 12 schedules prepared
23 under my direction and supervision. These schedules
24 contain information responsive to the Minimum Filing

1 Requirements ("MFRs") as referenced in the MFR Index
2 attached to the Petition and as set forth in the
3 Board's May 12 Order in BPU Docket No. EO08030164 and
4 the Board's August 3, 2009 Order ("August 3 Order") in
5 Docket Nos. EO09010056 and GO09010060 et al. The
6 schedules are as follows:

7 (a) EEP Extension Schedule ACP-1 - contains a
8 description of the Whole House Energy
9 Efficiency Program;

10 (b) EEP Extension Schedule ACP-2 - contains a
11 description of the Residential Expanded
12 Gas Heating Ventilation and Air
13 Conditioning ("HVAC") and Gas Hot Water
14 Heating Incentive Program;

15 (c) EEP Extension Schedule ACP-3 - contains a
16 description of the Small Commercial
17 Customer Energy Efficiency Program;

18 (d) EEP Extension Schedule ACP-4 contains a
19 description of the Large Commercial
20 Customer Energy Efficiency Program;

21 (e) EEP Extension Schedule ACP-5 contains a
22 description of the Combined Heat and Power
23 Program;

- 1 (f) EEP Extension Schedule ACP-6 contains a
2 description of the Gas Cooling Program;
- 3 (g) EEP Extension Schedule ACP-7 contains
4 estimated budgeted EE Program costs by
5 major spending categories for the period
6 January 1, 2012 through December 31, 2014;
- 7 (h) EEP Extension Schedule ACP-8 contains the
8 estimated number of EE Program
9 participants and EE Program incentive
10 costs through December 31, 2012;
- 11 (i) EEP Extension Schedule ACP-9 contains the
12 estimated demand and energy savings data
13 through December 31, 2012;
- 14 (j) EEP Extension Schedule ACP-10 contains
15 estimated emission reductions data through
16 December 31, 2012;
- 17 (k) EEP Extension Schedule ACP-11 contains
18 estimated free ridership and spillover
19 data through December 31, 2012; and
- 20 (l) EEP Extension Schedule ACP-12 contains
21 direct FTE employment data through
22 December 31, 2012.

23 Q. PLEASE DESCRIBE THE COMPANY'S EE PROGRAMS.

1 A. The EE Programs were initially approved by the Board's
2 August 3 Order and consists of six EE Programs that
3 were designed to enhance or supplement New Jersey's
4 Clean Energy Program ("NJCEP") over the 17-month
5 period commencing August, 2009 through December, 2010.
6 Pursuant to a Board order dated January 19, 2011
7 ("January 19 Order") that approved a January 12, 2011
8 Stipulation ("January 12 Stipulation") among
9 Elizabethtown, Board Staff and Rate Counsel,
10 Elizabethtown was authorized to extend the term of its
11 EE Programs through December 31, 2011.

12 Q. PLEASE IDENTIFY THE INDIVIDUAL EE PROGRAMS.

13 A. The EE Programs comprise the following:

- 14 1. Whole House Energy Efficiency Program;
- 15 2. Residential Expanded Gas Heating Ventilation and
16 Air Conditioning ("HVAC") and Gas Hot Water
17 Heater Incentive Program;
- 18 3. Small Commercial Customer Energy Efficiency
19 Program;
- 20 4. Large Commercial Customer Energy Efficiency
21 Program;
- 22 5. Combined Heat and Power Program; and
- 23 6. Gas Cooling Program.

1 In addition to a range of rebates and related offers,
2 the EE Programs contain various customer education and
3 outreach initiatives, including an on-line customer
4 Dashboard, designed to encourage customers to conserve
5 energy and provide information to them on how to lower
6 their gas bills.

7 Q. WHAT IS THE COMPANY PROPOSING IN THIS FILING WITH
8 RESPECT TO THESE PROGRAMS?

9 A. The Company is proposing to extend the term of the EE
10 Programs for a three-year period commencing January 1,
11 2012 through December 31, 2014. The Company is also
12 proposing certain limited modifications to its EE
13 Programs. An overview of the changes are set forth in
14 the accompanying Petition and reflected in the program
15 descriptions contained in EEP Schedules ACP-1 through
16 ACP-6 that accompany my testimony. Overall, the
17 Company is proposing to continue the EEP Programs
18 under terms and conditions substantially similar to
19 those approved in the August 3 and January 19 Orders.

20 Q. PLEASE EXPLAIN THE BASIS OF THE LIMITED MODIFICATIONS.

21 A. The proposed modifications are being made to respond
22 to market conditions in Elizabethtown's service
23 territory and to be more consistent with the NJCEP and
24 other utility energy efficiency programs.

1 Q. PLEASE DESCRIBE THE COMPANY'S PROJECTED SPENDING
2 LEVELS FOR THE EE PROGRAMS DURING THE JANUARY 1, 2012
3 THROUGH DECEMBER 31, 2012 PERIOD.

4 A. As set forth in EEP Schedule ACP-7, the proposed
5 annual amount budgeted for the EE Programs for the
6 January 1, 2012 through December 31, 2012 period and
7 the two following years is approximately \$5.6 million.
8 As reflected on EEP Schedule ACP-7, the Company
9 expects to incur approximately \$1,681,880 million in
10 total O&M expense and approximately \$3,956,800 million
11 in total EE Program expenditures during the January 1,
12 2012 through December 31, 2012 period.

13 Q. WHAT DIRECT IMPACTS DOES THE COMPAY EXPECT THE EE
14 PROGRAMS TO HAVE ON FULL TIME EMPLOYMENT?

15 A. The direct FTE employment impacts, with a FTE defined
16 as 1,820 hours of work annually, are reflected in EEP
17 Schedule ACP-1 through ACP-6 and ACP-12. The Company
18 estimates that the EE Programs will result in 4 in-
19 house jobs and approximately 28.1 jobs in the
20 contracting industry. The Company intends to utilize
21 a combination of internal employees and third party
22 contractors to deliver the EE Programs. Contractors
23 will be selected on the basis of a combination of
24 factors, including price, capability and availability.

1 Q. WHAT ARE THE ESTIMATED ANNUAL ENERGY SAVINGS
2 ATTRIBUTABLE TO THE EE PROGRAM?

3 A. The Company estimates that its EE Program will result
4 in a total estimated annual energy savings of
5 2,416,496 therms through December 31, 2012 for
6 residential and commercial customers combined. This
7 estimate is set forth on EEP Schedule APC-9.
8 Residential estimated energy savings are based upon
9 average savings data provided by the Rutgers Center
10 for Energy, Economic and Environmental Policy.

11 Q. WHAT ARE THE ESTIMATED GREENHOUSE GAS EMISSION
12 REDUCTIONS ATTRIBUTABLE TO THE EE PROGRAM?

13 A. The Company estimates that its EE Program will result
14 in CO2, Nox and SO2 emission reductions of 31,362,251,
15 19,815 and 39,389 lbs per therm, respectively for
16 residential and commercial customers combined through
17 December 31, 2012. This data is set forth on EEP
18 Schedule ACP-10.

19 Q. PLEASE EXPLAIN THE FREE RIDERS AND SPILLOVER EFFECTS
20 ASSOCIATED WITH THE COMPANY'S EE PROGRAM.

21 A. The Company estimates that 791 of the 3,976 customers
22 who will participate in the Company's EE Program
23 through December 31, 2012 will be "free-riders",
24 meaning those who would have installed an energy

1 efficiency measure even without any program incentive.
2 The Company estimates combined residential and
3 commercial spillover effects (i.e. collateral energy
4 savings induced by other utility energy efficiency
5 programs) of 156,996 therms. The free rider and
6 spillover effects are set forth on EEP Schedule APC-
7 11.

8 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

9 A. Yes, it does.

Elizabethtown "Whole House" Energy Efficiency Program

DESCRIPTION OF PROGRAM

This program is intended to complement the NJCEP Home Performance with Energy Star ("HPES") program which promotes a "whole house" energy conservation approach to residential customers by encouraging them to implement a combination of energy efficiency improvements (*i.e.*, air sealing and duct leaks, insulation and high-efficient equipment) rather than just a single improvement.

To qualify for this program, the participant must be a residential customer who is eligible for the NJCEP Home Performance with Energy Star ("HPES") program which requires the installation of eligible measures achieving either 20% to less than 25% total energy savings or at least 25% total energy savings.

A key component of this program is enhanced customer education and outreach, including the maintenance and promotion of Elizabethtown's customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

This program will complement and/or supplement the NJCEP HPES program as follows:

Cash Incentive - Elizabethtown will not fund any cash rebates through HPES; all rebates will be paid by NJCEP

Zero-Percent Financing - Elizabethtown will offer 0% financing through the buy-down of a third party lender interest rate for loans up to \$10,000. This incentive applies to the following Home Performance with Energy Star Tier 3 levels: (1) 20% to less than 25%, and (2) at least 25%. Elizabethtown will not offer on-bill financing. To the extent possible, this program may coordinate with NJHMFA program which is expected to use Federal Stimulus funds to offer no-cost loans to a very broad range of income levels.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in this program.

This program will be offered for a 3-year period.

New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered under this program.

MARKET SEGMENT / ANTI-DISCRIMINATION

All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.

Elizabethtown will not offer a separate Income Eligible program. Income Eligible customers will go through NJCEP. Income Eligible means household income between 225% and 400% of the New Jersey statewide poverty level.

This program will target the installation of high efficiency gas HVAC and gas hot water heater

Elizabethtown "Whole House" Energy Efficiency Program

equipment and energy conservation measures (i.e. building weatherization improvements)
 Financing to be provided by a third party lender

DELTA Method

Financing to be provided by a third party lender

Estimated Annual Participants and Estimated Annual Savings

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|---|-------------------------------|--------------------------|
| Financing – Tier 3 Level 1 (20%-24.99%) | 48 | 11,136 therms |
| Financing – Tier 3 Level 2 (25% or greater) | 144 | 52,920 therms |

DELTA Method Program

This program will encourage participation in the NJCEP HPES program by offering zero-percent financing to motivate customers to install energy efficient measures in their homes.

HPES: Incentive Tiers and Requirements

| Incentive Tier | Requirements | Customer Incentive |
|----------------|--|---|
| Tier 1 | Home Assessment: To be eligible for HPWES incentives, a homeowner must have a home assessment (audit) performed by a certified contractor. | None |
| Tier 2 | Estimated total energy savings (TES) of at least 10% and less than 20%: Install air sealing and/or insulation, with the option of installing duct sealing and duct insulation measures. | \$1,000 cash rebate , not to exceed 50% of cost of the measures used to calculate TES. No loan option available. Customers who receive an incentive at this tier can also receive incentives through WARM and COOLAdvantage programs for any HVAC upgrades and conversions. |
| Tier 3 | Level 1 – Estimated TES of at least 20% and less than 25%: Install air sealing, insulation, HVAC, DHW and/or other eligible measures. (Measures NOT eligible are appliances, lighting, doors and windows) | \$3,000 cash rebate , not to exceed 50% of cost of the measures used to calculate TES, And 0% interest loan up to \$10,000 available through Energy Finance Solutions (EFS). |
| Tier 3 | Level 2 – Estimated TES of at least 25% or greater: Install air sealing, insulation, HVAC, DHW and/or other eligible | \$4,000 cash rebate , not to exceed 50% of cost of the measures used to calculate |

Elizabethtown "Whole House" Energy Efficiency Program

| | | |
|--|---|---|
| | measures. (Measures NOT eligible are appliances, lighting, doors and windows) | TES, <u>And</u> 0% interest loan up to \$10,000 |
| Program Eligibility Incentives | | |
| Cash Incentives – Elizabethtown will not fund any cash rebates through HPwES; all rebates will be paid by NJCEP | | |
| Zero-Percent Financing – Elizabethtown will offer 0% financing through the buy-down of a third party lender interest rate for loans up to \$10,000. This incentive applies to the following Home Performance with Energy Star Tier 3 levels: (1) 20% to less than 25%, and (2) at least 25%. Elizabethtown will not offer on-bill financing. | | |
| Utility and Utility Company Information | | |
| Tier III Level 1 – CO2(tons) 72.3, NOx(tons) 0.05, SO2(tons) 0.09 | | |
| Tier III Level 2 – CO2(tons) 343.4, NOx(tons) 0.22, SO2(tons) 0.43 | | |
| Staffing and Personnel | | |
| 1 Program Manager | | |
| 1 Program Coordinator (Outreach for Union Div., administration of programs.) | | |
| 1 Outreach person NW (to educate both community and contractors in NW) | | |
| 1 Rebate coordinator (Process rebates in NJ and reports to state) | | |
| 3.6 Auditors (also applicable to Elizabethtown Residential HVAC/Water Heater EE Program) | | |
| 2.5 Contractors (Whole House measures) | | |
| 0.6 Contractors (Water Heater measures) | | |
| Budget Information | | |
| \$768,000 (Zero-Percent Financing) | | |
| Community Outreach and Promotion | | |
| Elizabethtown's existing sales staff will promote this program and utilize direct mail offers and traditional channels such as the utility website and customer newsletter or bill insert and various forms of media, including cable TV and radio advertising. Elizabethtown will also continue to maintain and promote it's customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program. Printed materials will be provided as and when developed. | | |

**Elizabethtown Residential Gas HVAC and
Gas Hot Water Heater Incentive Program****Description of the Program**

This program is designed to enhance the existing NJCEP HVAC incentive program by supplementing the incentive offered through NJCEP.

A key component of this program is enhanced customer education and outreach, including the maintenance and promotion of Elizabethtown's customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

This program be available to all residential customers as follows:

The customer must participate in a Tier I Audit, which will include a visit to assess the energy efficiency of the customer's home, and a report which will identify and recommend energy efficiency measures to improve energy conservation.

Elizabethtown will supplement the NJCEP incentive in an amount up to \$900 for the installation of a complete energy efficient gas heating system depending on the efficiency standard of the equipment.

Elizabethtown will supplement the NJCEP incentive in an amount up to \$200 for the installation of an energy efficient gas tankless hot water heater.

New customers who participate in an audit in the prior six months of becoming a customer are eligible for the incentives offered under this program.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.

Elizabethtown will offer this program for a 3-year period.

Qualifying Customers

All residential customers who receive natural gas service from Elizabethtown or the potential to receive gas service.

The program will target the installation of high efficiency gas HVAC and gas hot water heater equipment.

Program Details

Audits will be performed by certified BPI home energy auditors, including those performing work for the NJCEP and Elizabethtown. The participating customer will not be charged a fee for the audit performed by Elizabethtown.

Elizabethtown Residential Gas HVAC and Gas Hot Water Heater Incentive Program

HVAC installation and/or quality control work will be performed by trained heating, home improvement and energy service providers, including contractors providing such services for the NJCEP

Estimated Annual Program Participation

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|-----------------------|-------------------------------|--------------------------|
| HVAC | 1,800 | 210,888 therms |
| Tankless Water Heater | 144 | 9,504 therms |

Program Description

Directly linked to NJCEP

Program Description

The current NJCEP program offers a rebate of approximately \$300-\$400 for high efficiency gas heating equipment.

Program Description

Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$900 towards the installation of a complete energy efficient gas heating system, depending on the efficiency standard of the equipment.

Elizabethtown will supplement the NJCEP incentive by providing the customer with an incentive of up to \$200 towards the installation of a complete energy efficient tankless gas hot water heater.

Program Description

CO2(tons) 1,430.2; NOx(tons) 0.90, SO2(tons) 1.80

Program Description

- 1 Program Manager (for all Elizabethtown EE Programs)
- 1 Program Coordinator (Outreach for Union Div, and Program Administration)
- 1 Outreach person in NW to educate both community and contractors in NW
- 1 Rebate Coordinator to process rebates in NJ and report to the State

3.6 Auditors (also applicable to Elizabethtown Whole House EE Program)

11.9 Contractors (HVAC measures)

0.5 Contractors (Water Heater measures)

Program Description

\$1,648,800

Program Description

Elizabethtown's existing sales staff will promote this program and utilize direct mail offers, traditional channels such as the utility website and customer newsletter or bill insert and various media, including cable TV and radio advertisements. Elizabethtown will also continue to

**Elizabethtown Residential Gas HVAC and
Gas Hot Water Heater Incentive Program**

maintain and promote its customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Elizabethtown will also work with local service agencies, local government and various nonprofit community entities to promote the offers to their constituents. Additionally, details about this program will be made available to existing non-heat customers and non-natural gas users. In addition, the company will work closely with local HVAC contractors to ensure their understanding and promotion of this program.

Elizabethtown Small Commercial Customer Energy Efficiency Program

Description of the Program

This program is designed to enhance the existing NJCEP SmartStart and Direct Install incentive programs by supplementing the incentive offered through NJCEP.

Under this program, Elizabethtown will provide a 100% match of the NJCEP incentive for the installation of high efficiency gas equipment such as gas-fired boilers, gas-fired furnaces, gas-fired water heaters and gas-fired booster water heaters in an amount up to \$15,000 (HVAC).

A key component of this program is enhanced customer education and outreach, including the maintenance and promotion of Elizabethtown's customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.

Elizabethtown will offer this program for a 3-year period.

Eligible Customers/Incentive Types

All commercial customers with a peak demand of 200KW or less.

Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those currently performing such services for the NJCEP.

Estimated Annual Program Savings

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|--------|-------------------------------|--------------------------|
| HVAC | 24 | 241,776 therms |

Program Linkage

Eligible NJCEP Incentive Types

- Gas-fired boiler ≤ 300 MBH - \$300 per unit
- Gas-fired boiler > 300 -1500 MBH (\$1.75 per MBH)
- Gas-fired boiler > 1500 MBH - ≤ 4000 MBH (\$1.00 per MBH)
- Gas-fired boiler > 4000 MBH (Calculated through Custom Measure Path)
- Gas-fired furnace- \$300-\$400 per unit

For commercial customers installing residential sized HVAC equipment, Elizabethtown will

Elizabethtown Small Commercial Customer Energy Efficiency Program

| |
|---|
| offer the rebates available under the Company's Residential Gas HVAC. |
| Proposed Elizabethtown Incentive |
| Elizabethtown will provide a 100% match of the NJCEP incentives in an amount up to \$15,000 (HVAC) |
| Estimated Annual CO₂ / NO_x / SO₂ Reduction |
| CO ₂ (tons) 1,568.9; NO _x (tons) 1.0; SO ₂ (tons) 2.0 |
| Additional Jobs / Staff |
| 1 Program Administrator (for all Elizabethtown EE Programs) |
| 0.7 Contractors (HVAC measures) |
| Program Budget |
| \$120,000 |
| Additional Billing / Billing Information |
| To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also continue to maintain and promote it's customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available. |

Elizabethtown Large Commercial Customer Energy Efficiency Program

Program Description

This program is designed to enhance the existing NJCEP SmartStart incentive program by supplementing the incentive offered through NJCEP.

Under this program, Elizabethtown will provide a 100% match of the NJCEP incentive for the installation of high efficiency gas equipment such as gas-fired boilers, gas-fired furnaces, gas-fired water heaters and gas-fired booster water heaters in an amount up to \$25,000 (HVAC).

A key component of this program is enhanced customer education and outreach, including the maintenance and promotion of Elizabethtown's customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.

Elizabethtown will offer this program for a 3-year period.

Market Segment/Eligibility Criteria

All commercial customers with a peak demand greater than 200KW.

Program Details

Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those providing services for the NJCEP.

Program Summary by Equipment Type

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|--------|-------------------------------|--------------------------|
| HVAC | 12 | 363,312 therms |

Link to Existing Program

Directly linked to NJCEP SmartStart Program

Existing Incentive Program

Gas-fired boiler ≤ 300 MBH - \$300 per unit

Gas-fired boiler > 300 -1500 MBH (\$1.75 per MBH)

Gas-fired boiler > 1500 MBH - ≤ 4000 MBH (\$1.00 per MBH)

Gas-fired boiler > 4000 MBH (Calculated through Custom Measure Path)

Gas-fired furnace- \$300-\$400 per unit

Program Budget/Financial Impact

Elizabethtown Large Commercial Customer Energy Efficiency Program

| |
|---|
| Elizabethtown will provide a 100% match of the NJCEP incentives in an amount up to \$25,000. (HVAC) |
| Energy Efficiency Measures |
| CO2(tons) 2,357.6; NOx(tons) 1.5 SO2(tons) 3.0 |
| Program Description |
| 1 Program Administrator (for all Elizabethtown EE Programs) |
| 0.7 Contractors (HVAC measures) |
| Program Budget |
| \$120,000 |
| Program Details |
| To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also continue to maintain and promote it's customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available. |

Elizabethtown Combined Heat & Power Program

Description of the Program

This program is designed to reduce energy consumption and carbon emissions by lowering dependence upon the electric grid system. Elizabethtown will offer eligible customers an incentive of 50% of the NJCEP rebate up to \$500,000.

The incentive will be available to large commercial and industrial customers installing CHP systems, including natural gas-fired combined cycle combustion turbine or natural gas engines to produce both steam and electricity from a single fuel source located on-site. Elizabethtown will offer eligible customers an incentive of up to 50% of the NJCEP incentive, but no more than \$500,000.

A key component of this program is enhanced customer education and outreach, including the maintenance and promotion of Elizabethtown's customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.

The customer must meet all applicable NJCEP criteria to be eligible for the program.

Elizabethtown will offer this program for a 3-year period.

Program Eligibility Criteria

Large commercial and industrial customers installing CHP systems.

Installation and/or Quality Control

Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those performing services for the NJCEP.

Program Impact Summary

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|-----------------------|-------------------------------|--|
| Combined Heat & Power | 2 | This will reduce power consumption on the electric grid between 4-5 megawatts of power by the end of 2011. |

Program Funding

Elizabethtown will contribute \$1,000,000.

The NJCEP will contribute \$1,000,000.

Program Incentive

50% of the NJCEP incentive, but not more than \$500,000.

Program Environmental Impact

CO2(tons) 8,358.1; NOx(tons) 5.3; SO2(tons) 10.5

Program Schedule

Elizabethtown Combined Heat & Power Program

1. Program Administrator (for all Elizabethtown EE Programs)

6.4 Contractors

Budget Information

\$1,000,000

Customer Education and Outreach

To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also continue to maintain and promote its customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available.

Elizabethtown Gas Cooling Program

Program Description

This program will enhance the existing NJCEP incentives for the installation of gas cooling equipment.

All commercial and industrial customers installing gas cooling equipment which includes direct and indirect fired absorbers with a minimum COP efficiency of 1.2, natural gas desiccant systems and gas engine drives, will be eligible for a 100% percent match of the NJCEP incentive in an amount up to \$150,000:

Gas absorption chillers (\$185-\$450 per ton)

Gas engine-driven chillers (calculated through custom measure path)

Desiccant Systems (\$1.00 per cfm-gas)

A key component of this program is enhanced customer education and outreach, including the development of a customer Dashboard. These initiatives will raise awareness of the importance of energy conservation among customers and the specific programs available to help them conserve natural gas and lower their energy bills on a long-term basis.

Only those customers (or their assignees) who are in good standing and subject to the RGGI surcharge are eligible to participate in and receive the incentives associated with this program.

Elizabethtown will provide this program for a 3-year period.

Program Eligibility

All commercial and industrial customers installing gas cooling equipment which includes direct and indirect fired absorbers with a minimum COP efficiency of 1.2, natural gas desiccant systems and gas engine drives

Program Requirements

Installation and/or quality control work will be performed by trained HVAC contractors and service providers, including those providing services for the NJCEP.

Program Metrics

| Rebate | Estimated Annual Participants | Estimated Annual Savings |
|-------------|-------------------------------|--|
| Gas Cooling | 2 | This will reduce power consumption on the electric grid between 2-3 megawatts of power by the end of 2011. |

Program Notes

Directly linked to NJCEP SmartStart gas cooling program.

Program Incentives

Gas absorption chillers (\$185-\$450 per ton)

Gas engine-driven chillers (calculated through custom measure path)

Elizabethtown Gas Cooling Program

| |
|---|
| Desiccant Systems (\$1.00 per cfm-gas) |
| Elizabethtown will provide a 100% match of the existing NJCEP incentives in an amount up to \$150,000 |
| CO2(tons) 1,550.7; NOx(tons) 0.98, SO2(tons) 1.95 |
| 1 Program Administrator (for all Elizabethtown EE Programs) |
| 1.1 Contractors |
| \$300,000 |
| To promote these offers, Elizabethtown's existing sales staff will market this program and will work with TRC, the current NJCEP commercial program administrator, contractors serving commercial businesses and local and regional business organizations and Chambers of Commerce to promote this and the NJCEP program. Elizabethtown will also send a direct mail piece to all commercial customers. Elizabethtown will also continue to maintain and promote it's customer Dashboard, an on-line tool that provides in-depth information about customers' natural gas bills on a recurring basis to help them better understand their usage patterns. Written material will be provided as and when available. |

Budgeted Program Units and Costs

| Description | UNITS | | | | | | | | | | | | 2012 Total |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|
| | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | |

| | | | | | | | | | | | | | | |
|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|
| Energy Efficiency Programs: | | | | | | | | | | | | | | |
| Residential Enhanced Appliance Programs: | | | | | | | | | | | | | | |
| HVAC Installation: | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| Tankless Water Heater (TWH): | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 |
| Residential - Home Performance w/ENERGYSTAR®: | | | | | | | | | | | | | | |
| Tier III Financing - Zero Percent Buydown Level I (20-24.99%): | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 |
| Tier III Financing - Zero Percent Buydown Level II (25%+): | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC: | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 |
| Large Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC: | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 |
| Combined Heat and Power program: | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Gas Cooling Program: | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Program Participants: | 181 | 181 | 181 | 181 | 181 | 183 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 2,176 |
| Basic Energy Audits: | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |

| Description | COST | | | | | | | | | | | | 2012 Total |
|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|
| | Jan-12 | Feb-12 | Mar-12 | Apr-12 | May-12 | Jun-12 | Jul-12 | Aug-12 | Sep-12 | Oct-12 | Nov-12 | Dec-12 | |

| | | | | | | | | | | | | | | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------|
| Energy Efficiency Programs: | | | | | | | | | | | | | | |
| Residential Enhanced Appliance Programs: | | | | | | | | | | | | | | |
| HVAC Installation: | \$ 800 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 1,620,000 |
| Tankless Water Heater (TWH): | 200 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 28,800 |
| Residential - Home Performance w/ENERGYSTAR®: | | | | | | | | | | | | | | |
| Tier III Financing - Zero Percent Buydown Level I (20-24.99%): | 4,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 192,000 |
| Tier III Financing - Zero Percent Buydown Level II (25%+): | 4,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 576,000 |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC (Up to \$15,000): | 5,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 |
| Large Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC (Up to \$25,000): | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 |
| Combined Heat and Power program: | 500,000 | - | - | - | - | - | - | - | - | - | - | - | - | 500,000 |
| Gas Cooling Program: | 150,000 | - | - | - | - | - | - | - | - | - | - | - | - | 150,000 |
| Total Program Expenditures: | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 3,556,800 |

| | | | | | | | | | | | | | | |
|---|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|--------------|
| Other Programs: | | | | | | | | | | | | | | |
| Labor: | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 386,820 |
| Energy Audits: | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 540,000 |
| Customer and Customer Education: | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 594,000 |
| Customer Dashboard/Maintenance for Online Customer Education: | 8,334 | 23,598 | 8,334 | 8,334 | 8,334 | 8,334 | 23,598 | 8,334 | 8,334 | 23,598 | 8,334 | 8,334 | 23,598 | 161,090 |
| Total O&M Recoverable in Period Expended: | 135,068 | 150,333 | 135,069 | 135,069 | 150,333 | 135,069 | 150,333 | 135,069 | 150,333 | 135,069 | 150,333 | 135,069 | 150,333 | 1,691,890 |
| Total Elizabethtown Energy Efficiency Programs: | \$ 386,468 | \$ 371,733 | \$ 356,469 | \$ 386,469 | \$ 371,733 | \$ 1,006,469 | \$ 356,469 | \$ 371,733 | \$ 356,469 | \$ 371,733 | \$ 356,469 | \$ 371,733 | \$ 356,469 | \$ 5,638,690 |

Budgeted Program Units and Costs

| Description | UNITS | | | | | | | | | | | | 2013 Total | |
|---|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| | Jan-13 | Feb-13 | Mar-13 | Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Oct-13 | Nov-13 | Dec-13 | | |
| Energy Efficiency Programs: | | | | | | | | | | | | | | |
| Residential Enhanced Appliance Programs: | | | | | | | | | | | | | | |
| HVAC Installation: | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 | |
| Tankless Water Heater (TWH) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 | |
| Residential - Home Performance w/ ENERGYSTAR® | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 | |
| Tier III Financing - Zero Percent Buydown Level I (20-24.99%) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 | |
| Tier III Financing - Zero Percent Buydown Level II (25%+) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 | |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | |
| Combined Heat and Power program | - | - | - | - | - | - | - | - | - | - | - | - | 1 | |
| Gas Cooling Program | - | - | - | - | - | - | - | - | - | - | - | - | 2 | |
| Large Commercial Customer Program: | | | | | | | | | | | | | | |
| HVAC | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 2,176 | |
| Combined Heat and Power program | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 | |
| Total Program Participants | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 181 | 2,176 | |
| Basic Energy Audits | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 | |
| COST | | | | | | | | | | | | | | |
| Residential Enhanced Appliance Programs: | 500 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 1,620,000 | |
| HVAC Installation | 200 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 28,800 | |
| Tankless Water Heater (TWH) | 4,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 192,000 | |
| Residential - Home Performance w/ ENERGYSTAR® | 4,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 576,000 | |
| Tier III Financing - Zero Percent Buydown 20-24.99% | 5,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Tier III Financing - Zero Percent Buydown 25%+ | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | |
| HVAC (Up to \$15,000) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Large Commercial Customer Program: | | | | | | | | | | | | | | |
| HVAC (Up to \$25,000) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Combined Heat and Power Program | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 500,000 | 6,000,000 | |
| Gas Cooling Program | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 150,000 | 1,800,000 | |
| Total Program Expenditures | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 221,400 | 2,656,800 | |
| Labor | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 386,820 | |
| Energy Audits | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 540,000 | |
| Outreach and Customer Education | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 594,000 | |
| Customer Dashboard Maintenance for Online Customer Education | 8,334 | 23,598 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 8,334 | 161,082 | |
| Total O&M Recoverable In Period Expended | 135,069 | 150,333 | 135,069 | 135,069 | 150,333 | 135,069 | 135,069 | 150,333 | 135,069 | 135,069 | 150,333 | 135,069 | 1,581,981 | |
| Total Elizabethtown Energy Efficiency Programs | \$ 356,468 | \$ 371,733 | \$ 356,469 | \$ 356,468 | \$ 371,733 | \$ 1,006,469 | \$ 356,468 | \$ 371,733 | \$ 356,468 | \$ 371,733 | \$ 356,468 | \$ 371,733 | \$ 1,006,469 | \$ 5,238,690 |

Budgeted Program Units and Costs

| Description | Unit Cost | UNITS | | | | | | | | | | | | 2014 Total | |
|---|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|-------|
| | | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | | |
| Energy Efficiency Programs: | | | | | | | | | | | | | | | |
| Residential Enhanced Appliance Programs: | | | | | | | | | | | | | | | |
| HVAC Installation | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 150 | 1,800 |
| Tankless Water Heater (TWH) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 |
| Residential - Home Performance w/ ENERGYSTAR® | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 48 | |
| Tier III Financing - Zero Percent Buydown Level I (20-24.99%) | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 144 | |
| Tier III Financing - Zero Percent Buydown Level II (25%+) | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 | |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | | |
| HVAC | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 24 | |
| Large Commercial Customer Program: | | | | | | | | | | | | | | | |
| HVAC | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 12 | |
| Combined Heat and Power Program | - | - | - | - | - | - | - | - | - | - | - | - | - | 2 | |
| Gas Cooling Program | - | - | - | - | - | - | - | - | - | - | - | - | - | 2 | |
| Total Program Participants | | | | | | | | | | | | | | 2,176 | |
| Basic Energy Audits | | | | | | | | | | | | | | 1,800 | |
| COST | | | | | | | | | | | | | | | |

Energy Efficiency Programs:

| Description | Unit Cost | UNITS | | | | | | | | | | | | 2014 Total | |
|---|------------|------------|------------|------------|------------|--------------|------------|------------|------------|------------|------------|------------|------------|--------------|--------------|
| | | Jan-14 | Feb-14 | Mar-14 | Apr-14 | May-14 | Jun-14 | Jul-14 | Aug-14 | Sep-14 | Oct-14 | Nov-14 | Dec-14 | | |
| Residential Enhanced Appliance Programs: | | | | | | | | | | | | | | | |
| HVAC Installation | \$ 900 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 135,000 | 1,620,000 |
| Tankless Water Heater (TWH) | 200 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 2,400 | 28,800 |
| Residential - Home Performance w/ ENERGYSTAR® | 4,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 192,000 |
| Tier III Financing - Zero Percent Buydown 20-24.99% | 4,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 576,000 |
| Small Commercial Customer Programs: | | | | | | | | | | | | | | | |
| HVAC (Up to \$15,000) | 5,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Large Commercial Customer Program: | | | | | | | | | | | | | | | |
| HVAC (Up to \$25,000) | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 10,000 | 120,000 | |
| Combined Heat and Power Program | 500,000 | - | - | - | - | - | - | - | - | - | - | - | - | 500,000 | |
| Gas Cooling Program | 150,000 | - | - | - | - | - | - | - | - | - | - | - | - | 150,000 | |
| Total Program Expenditures: | | | | | | | | | | | | | | 3,956,800 | |
| Labor | | | | | | | | | | | | | | | |
| Energy Audits | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 32,235 | 386,820 |
| Outreach and Customer Education | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 45,000 | 540,000 | |
| Customer Dashboard Maintenance for On-Grid Customer Education | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 49,500 | 594,000 | |
| Total O&M Recoverable in Period Expanded | 8,333 | 23,598 | 8,334 | 8,333 | 23,598 | 8,334 | 8,333 | 23,598 | 8,334 | 8,333 | 23,598 | 8,334 | 8,333 | 161,081 | |
| Total Elizabethtown Energy Efficiency Programs | \$ 359,689 | \$ 371,733 | \$ 358,469 | \$ 356,488 | \$ 371,733 | \$ 1,006,468 | \$ 356,488 | \$ 371,733 | \$ 356,489 | \$ 356,488 | \$ 371,733 | \$ 356,488 | \$ 371,733 | \$ 1,006,469 | \$ 5,538,680 |

Elizabethtown Gas energySMART Report
Projected 2012 Incentives

| Market Programs | Participants | Program Incentives |
|--|--------------|--------------------|
| | Annual | Annual |
| Residential | | |
| <i>Whole House</i> | | |
| Audits | 1800 | \$ 540,000 |
| 0% Interest Buy Downs 5% to 25% Savings | 48 | \$ 192,000 |
| 0% Interest Buy Downs 25% Savings | 144 | \$ 676,000 |
| | | |
| <i>Gas HVAC and Gas Hot Water Heater Incentive Program</i> | | |
| Gas Heating | 1800 | \$ 1,620,000 |
| Gas Tankless Water Heater | 144 | \$ 28,800 |
| Gas Tank Water Heater | | |
| | | |
| Small Commercial | | |
| Gas HVAC | 24 | \$ 120,000 |
| Gas Water Heating | 0 | \$ - |
| | | |
| Large Commercial | | |
| Gas HVAC | 12 | \$ 120,000 |
| Gas Water Heating | 0 | \$ - |
| | | |
| Combined Heat and Power | 2 | \$ 1,000,000 |
| | | |
| Gas Cooling | 2 | \$ 300,000 |
| | | \$ 4,496,800 |

Elizabethtown Gas energySMART Forecast
Estimated Annual Energy Savings
 Projected 2012

| Market Programs | Participants | Therms |
|--|--------------|-----------|
| | Actual | Estimated |
| Residential | | |
| <i>Whole House</i> | | |
| Audits | 1800 | |
| 0% Interest Buy Downs 5% to 25% Savings | 48 | 11,136 |
| 0% Interest Buy Downs 25% Savings | 144 | 52,920 |
| | | |
| <i>Gas HVAC and Gas Hot Water Heater Incentive Program</i> | | |
| Gas Heating | 1800 | 210,888 |
| Gas Tankless Water Heater | 144 | 9,504 |
| Gas Tank Water Heater | 0 | 0 |
| | | |
| Small Commercial | | |
| Gas HVAC | 24 | 241,776 |
| Gas Water Heating | 0 | 0 |
| | | |
| Large Commercial | | |
| Gas HVAC | 12 | 363,312 |
| Gas Water Heating | 0 | 0 |
| | | |
| Combined Heat and Power | 2 | 1,288,000 |
| | | |
| Gas Cooling | 2 | 238,960 |
| | | 2,416,486 |

Note: Residential estimated based upon average savings data

Elizabethtown Gas energySMART Forecast
Green House Gas Emission Reductions
Projected 2012

| Market Programs | Participants | CO ₂ Emission Reductions (lbs) | NO _x Emission Reductions (lbs) | SO ₂ Emission Reductions (lbs) |
|--|--------------|---|---|---|
| Residential | | | | |
| <i>Whole House</i> | | | | |
| Audits | 1800 | | | |
| 0% Interest Buy Downs 5% to 25% Savings | 48 | 144,527 | 91 | 182 |
| 0% Interest Buy Downs 25% Savings | 144 | 686,817 | 434 | 863 |
| <i>Gas HVAC and Gas Hot Water Heater Incentive Program</i> | | | | |
| Gas Heating | 1800 | 2,736,989 | 1,729 | 3,437 |
| Gas Tankless Water Heater | 144 | 123,347 | 78 | 156 |
| Gas Tank Water Heater | 0 | 0 | 0 | 0 |
| Small Commercial | | | | |
| Gas HVAC | 24 | 3,137,868 | 1,983 | 3,941 |
| Gas Water Heating | 0 | 0 | 0 | 0 |
| Large Commercial | | | | |
| Gas HVAC | 12 | 4,715,208 | 2,979 | 5,922 |
| Gas Water Heating | 0 | 0 | 0 | 0 |
| Combined Heat and Power | 2 | 16,716,179 | 10,682 | 20,994 |
| Gas Cooling | 2 | 3,101,318 | 1,959 | 3,895 |

Note: Source: EPA

| | |
|-----------------|------------------|
| | <i>lbs/Therm</i> |
| CO ₂ | 12.9764 |
| NO _x | 0.0082 |
| SO ₂ | 0.0163 |

Elizabethtown Gas energySMART Report
Projected 2012 - Free Riders and Spill Over

| Market Programs | Participants | Free Riders ¹ | Spillover | | | Incremental Capital Cost (Main, Service, and Meters) |
|--|--------------|--------------------------|------------------------------|--|---------------------|--|
| | | | Fuel Conversion Participants | Existing Customer Fuel Conversion Participants | Therms ² | |
| Residential | | | | | | |
| <i>Whole House</i> | | | | | | |
| Audits | 1800 | 360 | | | | |
| 0% Interest Buy Downs 5% to 25% Savings | 48 | 10 | 5 | 6 | 4,180 | \$ 13,470 |
| 0% Interest Buy Downs 25% Savings | 144 | 29 | 14 | 14 | 11,648 | \$ 37,718 |
| <i>Gas HVAC and Gas Hot Water Heater Incentive Program</i> | | | | | | |
| Gas Heating | 1800 | 360 | 270 | 78 | 141,188 | \$ 727,380 |
| Gas Tankless Water Heater | 144 | 29 | | | | |
| Gas Tank Water Heater | 0 | 0 | | | | |
| Small Commercial | | | | | | |
| Gas HVAC | 24 | 2 | | | | |
| Gas Water Heating | 0 | 0 | | | | |
| Large Commercial | | | | | | |
| Gas HVAC | 12 | 1 | | | | |
| Gas Water Heating | 0 | 0 | | | | |
| Combined Heat and Power | | | | | | |
| | 2 | 0 | | | | |
| Gas Cooling | | | | | | |
| | 2 | 0 | | | | |

¹ Based upon the 20% residential and 10% commercial free rider percentage assumed by CEEEP

² Estimated based upon average savings data

Residential \$ 2,694
Commercial \$ 3,780

EEP Extension Schedule ACP-12

| | Program Admin | Residential Audits Tier 1 | Residential (HVAC only) | Residential (AWH & TWH) | Residential Tier 3 (Whole house) (20-24.99%) | Residential Tier 3 (Whole house) (> 25%) | Residential Tier 3 (AWH & TWH) | Commercial incentive and repayment under 200KW | Commercial incentive and repayment over 200KW | Commercial (AWH) | CHP | Gas Cooling |
|------------------------------|---------------|---------------------------|-------------------------|-------------------------|--|--|--------------------------------|--|---|------------------|--------|-------------|
| Participants | N/A | 1,800 | 1,800 | 144 | 48 | 144 | 192 | 24 | 12 | - | 2 | 2 |
| Man-Days Per Job | N/A | 0.33 | 1.50 | 0.75 | 3.00 | 3.00 | 0.75 | 7.00 | 14.00 | 0.75 | 730.00 | 120.00 |
| Work days needed | 227 | 1,122 | 4,350 | 938 | 900 | 900 | 225 | 210 | 350 | 41.25 | 2,190 | 360 |
| Available work days per year | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 | 227 |
| Total Estimated jobs created | 5.0 | 2.6 | 11.9 | 0.5 | 0.6 | 1.9 | 0.6 | 0.7 | 0.7 | - | 6.4 | 1.1 |
| ETG Positions | 4.0 | - | - | - | - | - | - | - | - | - | - | - |
| ETG Audit Contractor | 1.0 | 2.6 | - | - | - | - | - | - | - | - | - | - |
| Contractor Positions | - | 0.0 | 11.9 | 0.5 | 0.6 | 1.9 | 0.6 | 0.7 | 0.7 | - | 6.4 | 1.1 |

| Total Estimated Jobs Created: | |
|-------------------------------------|-------------|
| ETG Jobs | 4.0 |
| ETG Direct Contractor Jobs | 3.6 |
| Contractor Jobs | 24.5 |
| Total Estimated Jobs Created | 32.1 |