

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

TO OUR CUSTOMERS:

On January 20, 2009, Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas ("Elizabethtown"), filed a Petition with the New Jersey Board of Public Utilities ("BPU") in Docket No. GO09010053 pursuant to N.J.S.A. 48:2-21.1 and 48:2-21 to implement a Utility Infrastructure Enhancement Cost Recovery Tariff Rider ("Cost Recovery Rider"). Under the proposed Tariff Rider, Elizabethtown would be permitted to make annual filings to recover capital costs, increased depreciation expense and certain related carrying costs associated with a program to replace (1) Twenty-nine miles of elevated pressure 10" and 12" elevated cast iron main within Union and Middlesex Counties; (2) forty miles of 4" and 6" low pressure cast iron main within Union and Middlesex Counties; and construct (3) an interconnection between Franklin Township and Sparta Township in Sussex county to eliminate a 24 mile one-way feed to 4500 customers; (4) an interconnection between Washington Township and the Town of Newton in Sussex county to eliminate a one-way feed and provide an alternate source of supply for 7500 customers in Sussex County, and (5) replace two heaters at its Cloverleaf and Sussex gate stations.

On October 16, 2008, Governor Jon S. Corzine proposed a comprehensive economic stimulus plan to address the economic crisis facing the nation and New Jersey. As part of this program the utilities of New Jersey have been directed to accelerate prudent and reasonable capital investment projects to support economic development and job growth within their respective service territories. Elizabethtown has identified infrastructure investments described above as being needed for reliability, safety and system integrity while promoting the conservation and preservation of the environment.

The Company states that it believes that replacement of 10" and 12" elevated cast iron main will enhance the safety and reliability of the Company's distribution system. Elimination of low pressure cast iron main will also increase system reliability and reduce operational carbon emissions on its distribution system. The construction of two interconnections in Sussex County will also increase reliability and provide an additional source of supply for the area. The Company estimates that its infrastructure enhancement program would require incremental capital expenditures of approximately \$60 million.

Under the Company's Cost Recovery Rider tariff, the Company would be permitted to implement the rider and establish an initial surcharge rate to be effective April 1, 2009 to recover the initial capital costs equal to its overall pre-tax rate of return and increased depreciation expense associated with the replacement facilities placed in service and related carrying costs. The Company would revise the surcharge rate effective April 1, 2010 at the mid-point of the program and at April 1, 2011 after the completion of this program.

The Company estimates that the total costs recovered through the Cost Recovery Rider through April 1, 2011 will total \$7.1 million. Based on current estimates, Elizabethtown's collections through the Cost Recovery Rider would not exceed \$8.0 million in any annual period. Moreover, it is estimated that the per therm Cost Recovery Rider charge will be between \$0.0041 and \$0.0219 per therm during the life of the Cost Recovery Rider.

Based on the highest estimated rate of \$0.0219 per therm, the effect of the Company's filing on typical residential gas bills is illustrated below:

<u>Consumption in Therms</u>	<u>Present Bill</u>	<u>Proposed Bill</u>	<u>Proposed</u>	<u>Percent Change</u>
10	\$24.59	\$24.80	\$0.21	0.9%
50	\$91.22	\$92.31	\$1.09	1.2%
100	\$171.37	\$173.56	\$2.19	1.3%
250	\$411.82	\$417.29	\$5.47	1.3%

Any assistance required by Customers in ascertaining the impact of the proposed tariff rider will be provided by the Company on request.

The BPU has the statutory authority to establish Elizabethtown's rates and tariffs at levels it finds just and reasonable as well as to establish the effective date of such rates and tariffs. Therefore, the BPU may approve rates or tariffs 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, Newark, New Jersey, 07102.

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

March 3, 2009, 3:30 and 5:30 P.M.
Hunterdon County Complex, Route 12, Building #1, Flemington, New Jersey 08822

March 11, 2009, 3:30 and 5:30 P.M.
Rahway Municipal Council, Court Chambers, City Hall Plaza, Rahway, New Jersey 07065

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 this 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, Newark, New Jersey, 07102.

Hearings will continue, if necessary, on such additional dates and at such locations as the Board of Public Utilities 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**