



Elizabethtown Gas™

An **AGL Resources** Company

300 Connell Drive, Suite 3000
Berkeley Heights, NJ 07922
908 289 5000 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 to Revise its Regional Greenhouse Gas Initiative
Rider Rate and Rename the Rate to the Energy Efficiency Program Rider Rate
BPU Docket No. _____***

Dear Secretary Izzo:

Enclosed for filing are an original and ten copies of the Petition of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Elizabethtown” or “Company”) to revise its Regional Greenhouse Gas Initiative (“RGGI”) Rider rate. Attached to and made a part of the Petition are the testimony and supporting schedules of Company witnesses Thomas Kaufmann and Anthony C. Pugliese.

The Petition proposes a decrease in the Company’s current RGGI Rider rate of \$0.0000 per therm to (\$0.0015) per therm, inclusive of all taxes, effective October 1, 2011. The Company is also proposing to rename the RGGI Rider rate to the Energy Efficiency Program (“EEP”) Rider rate. This rate is designed to enable the Company to recover the costs associated with the Company’s six energy efficiency programs.

The proposed change in the RGGI Rider rate (proposed to be renamed to the EEP Rider rate) will decrease the monthly bill of a typical residential customer using 100 therms by \$0.15 from \$124.93 to \$124.78; a decrease of 0.1%.

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,

/s/ M. Patricia Keefe

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
Sheila DeLucia, 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 REVISE ITS REGIONAL
GREENHOUSE GAS INITIATIVE RIDER RATE AND RENAME THE RATE TO THE
ENERGY EFFICIENCY PROGRAM RIDER RATE
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 REVISE ITS REGIONAL
GREENHOUSE GAS INITIATIVE RIDER RATE AND RENAME THE RATE TO THE
ENERGY EFFICIENCY PROGRAM RIDER RATE
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**

-----X		
In the Matter of the Petition of Pivotal Utility	:	Docket No.
Holdings, Inc. d/b/a Elizabethtown Gas to Revise	:	
its Regional Greenhouse Gas Incentive Rider Rate	:	
and to Rename the Rate to the Energy Efficiency	:	SUMMARY SHEET
Program Rider Rate	:	
-----X		

This Petition presents the request of Pivotal Utility Holdings, Inc. d/b/a Elizabethtown Gas (“Petitioner”) that the Board of Public Utilities (“Board”) accept the filing of Petitioner’s revised Regional Greenhouse Gas Initiative (“RGGI”) Rider rate. The Petition requests authority to rename the RGGI Rider rate to the Energy Efficiency Program (“EEP”) Rider rate and to implement an EEP Rider rate of (\$0.0015) per therm effective October 1, 2011. The proposed filing would decrease the monthly bill of a typical residential heating customer using 100 therms by \$0.15 or 0.1%.

**PIVOTAL UTILITY HOLDINGS, INC. d/b/a ELIZABETHTOWN GAS
REGIONAL GREENHOUSE GAS INITIATIVES (RGGI) RATE FILING
MINIMUM FILING REQUIREMENTS (MFR) INDEX**

Minimum Filing Requirements	Schedule
1. Direct FTE employment impacts as defined in Paragraph 28 of the Stipulation, including a breakdown by sub-program.	ACP-6
2. A monthly revenue requirement calculation based on program expenditures, showing the actual monthly revenue requirement for each of the past twelve months or clause-review period, as well as supporting calculations, including the information related to the tax rate and revenue multiplier used in the revenue requirement calculation .	TK-3
3. For the review period, actual revenues, by month and by rate class recorded under the programs	TK-5
4. Monthly beginning and ending clause balances, as well as the average balance net of tax for the 12-month period	TK-2
5. The interest rate used each month for over/under recoveries, and all supporting documentation and calculations for the interest rate.	TK-6
6. The interest expense to be charged or credited to ratepayers each month.	TK-2, TK-6
7. A schedule showing budgeted versus actual 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), evaluation, and any other costs.	ACP-1
8. The monthly journal entries relating to regulatory asset and O&M expenses for the 12 month review period	ACP-1 (is a summary of the expenses as recorded in the Company's books; copies of the actual journal entries can be made available)
9. Supporting details for all administrative costs included in the revenue requirement	ACP-1
10. Information supporting the carrying cost used for the unamortized costs.	TK-6
11. Number of program participants, including a breakdown by sub-program.	ACP-2
12. Estimated demand and energy savings, including a breakdown by sub-program.	ACP-3
13. Emissions reductions from the Program, including a breakdown by sub-program	ACP-4
14. Estimated free ridership and spillover.	ACP-5
15. Participant costs (net of utility incentives), including a breakdown by sub-program	ACP-2; ACP-5
16. Results of program evaluations, including a breakdown by sub-program	ACP 1-6

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

-----X
In the Matter of the Petition of Pivotal Utility : **Docket No.**
Holdings, Inc. d/b/a Elizabethtown Gas to Revise :
its Regional Greenhouse Gas Incentive Rider Rate : **PETITION**
and to Rename the Rate to the Energy Efficiency
Program Rider Rate
-----X

To The Honorable Board of Public Utilities:

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

1. Petitioner’s principal business office is located at 300 Connell Drive, Suite 3000, Berkeley Heights, New Jersey 07922.
2. Communications and correspondence concerning these proceedings should be sent as follows:

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
Tel. No. (908) 771-8220
Fax No. (908) 771-8217
mkeefe@aglresources.com

Elizabeth Wade, Esq.
AGL Resources Inc.
Ten Peachtree Place
Atlanta, Georgia 30309
Tel. No. (404) 584-3160
ewade@aglresources.com

Kenneth T. Maloney
Cullen and Dykman LLP
1101 Fourteenth Street, N.W.
Suite 550
Washington, DC 20005
Tel. No. (202) 223-8890

Deborah M. Franco, Esq.
Cullen and Dykman LLP
Garden City Center
100 Quentin Roosevelt Boulevard
Garden City, New York 11530-4850
Tel. No. (516) 357-3878

Fax No. (202) 457-1405
kmaloney@cullenanddykman.com

Fax No. (516) 357-3792
dfranco@cullenanddykman.com

3. Petitioner is engaged in the business of transmission and distribution of natural and mixed gas to approximately 275,000 customers within its service territory located principally in Hunterdon, Mercer, Middlesex, Morris, Sussex, Union and Warren Counties.

4. The purpose of this filing is to revise Petitioner's Regional Greenhouse Gas Incentive ("RGGI") Rider rate and to reconcile RGGI Rider costs and cost recoveries for the periods identified below. Petitioner also seeks to implement a change in the name of this charge from the RGGI Rider rate to the Energy Efficiency Program ("EEP") Rider rate.

5. This filing is being made in compliance with the 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") by which these parties agreed to the establishment of Petitioner's RGGI Rider to enable the Petitioner to recover the costs associated with the Company's energy efficiency programs, described below. In accordance with the Stipulation, as approved by the August 3 Order, Petitioner's current RGGI Rider rate of \$0.0081 per therm was implemented August 3, 2009 and made applicable to all customer service classes, except customers served under special contracts previously filed with and approved by the Board, subject to reconciliation and refund. Subsequently, on January 19, 2011, the Board issued an Order in Docket No. GO10070446 and GO10100735 *et al.*, ("January 19 Order") which approved a January 12, 2011 Stipulation ("January 12

Stipulation”) signed by Petitioner, Staff and Rate Counsel in which Elizabethtown was authorized to set the RGGI Rider rate to \$0.0000 (zero) effective February 1, 2011.

6. 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 Appendix D to the Stipulation, as approved by August 3 Order:

- (a) Tariff Schedule TK-1 consists of revised tariff sheets in redlined and clean form reflecting the revised EEP rate. It also reflects a language correction consistent with the tariff approved in the August 3 Order;
- (b) EEP Schedule TK-1 sets forth the calculation of the proposed EEP Rider rate to be effective October 1, 2011;
- (c) EEP Schedule TK-2 sets forth the calculation of the carrying costs on the EEP balance for the period ended June 30, 2011;
- (d) EEP Schedule TK-3 sets forth the calculation of the monthly EEP revenue requirement for the period August 2009 through June 2012;
- (e) EEP Schedule TK-4 sets forth the EEP actual and estimated monthly O&M and Program Expenditures for the period August 2009 through June 2012;

- (f) EEP Schedule TK-5 sets forth cost recoveries for the period August 2009 through June 2011 with actual data through May 31, 2011 and estimated data through June 30, 2011; and
- (g) EEP Schedule TK-6 sets forth the over/underrecovered carrying costs rate applicable to the monthly balances set forth on EEP Schedule TK-2 through June 30, 2012.

7. 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 required by Appendix D to the Stipulation approved by the August 3 Order:

- (a) EEP Schedule ACP-1 contains budgeted, actual and estimated EE Program costs by major spending categories for the period July, 2010 through December 31, 2011 with actual data through May 31, 2011 and estimated data through December 31, 2011;
- (b) EEP Schedule ACP-2 sets forth the number of EE Program participants and EE Program incentive costs through May 31, 2011;
- (c) EEP Schedule ACP-3 sets forth the estimated demand and energy savings data through May 31, 2011;
- (d) EEP Schedule ACP-4 contains emission reductions data through May 31, 2011;

- (e) EEP Schedule ACP-5 contains estimated free ridership and spillover data through May 31, 2011; and
- (f) EEP Schedule ACP-6 which contains direct FTE employment data through May 31, 2011.

An Index of the MFRs referencing the responsive schedules or testimony sponsored by Mr. Kaufmann and Mr. Pugliese accompanies this Petition.

8. Petitioner's 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 8, 2008 Order ("RGGI Order") 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 RGGI Order allows electric and gas public utilities to offer energy efficiency and conservation programs on a regulated basis. The EE Programs were designed to enhance or supplement New Jersey's Clean Energy Program ("NJCEP") over the 17-month period commencing August, 2009 through December, 2010. 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.

9. Pursuant to the January 19 Order approving the January 12 Stipulation, Petitioner was authorized to extend the EE Programs for a one year period through December 31, 2011. In a filing dated this same day, Petitioner is seeking authority to

extend the term of its EE Programs and to implement a rate of \$0.0011 per therm, inclusive of applicable taxes, to recover the costs associated with the EE Programs for the first year of the extended term as an alternative to the credit rate of \$0.0015 per therm proposed in this Petition. Both filings seek authority to implement a change in the name of the RGGI Rider rate to the EEP Rider rate.

10. The EE Programs comprise the following:

1. Whole House Energy Efficiency Program;
2. Residential Expanded Gas Heating Ventilation and Air Conditioning ("HVAC") and Gas Hot Water Heater Incentive Program;
3. Small Commercial Customer Energy Efficiency Program;
4. Large Commercial Customer Energy Efficiency Program;
5. Combined Heat and Power Program; and
6. 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 EE Program actual and estimated expenditures as well as other information are provided in Mr. Pugliese's testimony and supporting schedules.

11. In accordance with the August 3 Order, Petitioner is seeking to reconcile EE Program costs and cost recoveries for the period commencing July 1, 2010 through June 30, 2011 ("2011 Recovery Period") and to recover the forecast EE Program-related revenue requirements for the period July 1, 2011 through June 30, 2012 ("2012 Recovery

Period”). Information for the 2011 Recovery Period includes eleven months of actual data from July 2010 through May 2011 and one month of projected data through June 30, 2011. All information for the 2012 Recovery Period reflects forecast data.

12. Petitioner seeks to decrease its current RGGI Rider rate of \$0.0000 per therm to (\$0.0015) per therm effective October 1, 2011 to refund an over-recovered balance and to change the name of this rate to the EEP Rider rate. The proposed rate will be assessed to all customers except those served under special contracts as filed and approved by the Board and those customers exempt from this charge pursuant to the Long-Term Capacity Agreement Pilot Program (LCAPP), P.L. 2011, c.9.

13. In accordance with the Stipulation as approved by the August 3 Order, the proposed EEP Rider rate is designed 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. In accordance with the August 3 Order, 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 proposed EEP Rider rate. Elizabethtown is authorized 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.

14. The proposed EEP Rider rate was calculated in accordance with the Stipulation as approved by the August 3 Order by taking (i) the prior year 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) and a carrying cost credit for the 2011 Recovery Year of \$16,000, plus (vi) projected recoverable amounts for the 2012 Recovery Year of \$2,010,028 and dividing the total credit amount of \$621,859 by the service volumes projected for the 2012 Recovery Year for the service classifications and customers subject to the EEP. The resulting quotient is adjusted for applicable taxes and assessments, resulting in a EEP Rider rate of (\$0.0015) per therm. Consistent with the August 3 Order and Petitioner's tariff, this rate was developed using as much actual information as was available through June 30, 2011 of the 2011 Recovery Year and the 2012 Recovery Year.

15. In accordance with the MFRs adopted in the August 3 Order, this filing contains information concerning job creation, energy efficiency savings, emission reductions impacts and free ridership and spillover data associated with the Company's EE Program. This information is set forth on EEP Schedules ACP- 3 through 6 sponsored by Mr. Pugliese.

Overall Impact

16. The overall impact of Petitioner's filing in this proceeding is a proposed decrease in the monthly bill of a typical heating customer using 100 therms by \$0.15 from \$124.93 to \$124.78, or a decrease of 0.1%.

Miscellaneous

17. 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, 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*. Petitioner is not attaching a form of public notice to this filing for review by Board Staff and Rate Counsel insofar as the proposed rate involves a decrease. However, the proposed form of public notice included with the Company's filing requesting to extend the term of Petitioner's EE Programs described above, makes reference to this Petition.

WHEREFORE, Petitioner respectfully requests that the Board (1) accept Petitioner's filing, (2) allow the proposed EEP Rider rate to become effective October 1, 2011, and (3) grant such other relief as the Board may deem just and proper.

Respectfully submitted,

/s/ Mary Patricia Keefe

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

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 revisions to its Regional Greenhouse Gas

1 Initiative("RGGI") rate, to be assessed to all customers
2 except those served under special contracts as filed and
3 approved by the Board and those customers exempt from
4 this charge pursuant to the Long-Term Capacity Agreement
5 Pilot Program (LCAPP), P.L. 2011, c. 9. The Company's
6 proposed revisions include a change in the name of this
7 charge to the Energy Efficiency Program ("EEP") Rider
8 rate.

9 **Q. WHAT EFFECTIVE DATE DOES THE COMPANY PROPOSE FOR THE**
10 **PROPOSED EEP RATE?**

11 **A.** The Company is proposing that the proposed EEP rate take
12 effect on October 1, 2011. The calculation of the
13 proposed rate is based on eleven months of actual and one
14 month of estimated data from July 1, 2010 through June
15 30, 2011 ("2011 Recovery Year"), and estimated data from
16 July 1, 2011 through June 30, 2012 ("2012 Recovery
17 Year").

18 **Q. WHAT IS THE BASIS FOR THE COMPANY'S PROPOSED REVISIONS TO**
19 **ITS EEP RATE?**

20 **A.** The Company's filing is being made in compliance with the
21 August 3, 2009 Board Order ("August 3 Order") in Docket
22 No. GO09010056 and GO09010060 et al., which approved a
23 Stipulation ("Stipulation") signed by Elizabethtown,
24 Board Staff and the Division of Rate Counsel in which

1 these parties agreed to the establishment of the RGGI
2 Rider rate to enable Elizabethtown to recover through a
3 surcharge the costs associated with certain Energy
4 Efficiency Programs ("EE Programs") provided as part of
5 the Company's RGGI Program. The August 3 Order further
6 requires the Company to make this annual filing to
7 reconcile the costs and cost recoveries for the 2011
8 Recovery Year with as much actual information as is
9 available through June 30, 2011 and to establish a rate
10 sufficient to recover those costs as well as the
11 projected EE Program rate revenue requirements for the
12 2012 Recovery Year. On January 19, 2011, the Board
13 issued an Order in Docket No. G010070446 and G010100735
14 et al., ("January 19 Order") approving a January 12, 2011
15 Stipulation ("January 12 Stipulation") signed by the
16 Company, Board Staff and Rate Counsel, authorizing the
17 Company to set the RGGI Rider rate to \$0.0000 (zero)
18 effective February 1, 2011 subject to reconciliation in
19 accordance with the methodology established in the August
20 3 Order. In a filing dated the same day as this filing,
21 the Company is proposing to extend the term of its EE
22 Programs for a three-year period and to implement a rate
23 of \$0.0011 per therm to recover the costs associated with
24 the first year of the extended term.

1 Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE SCHEDULES?

2 A. Yes. My testimony includes schedules and proposed tariff
3 sheets that were prepared under my direction and
4 supervision. These schedules contain information
5 responsive to the Minimum Filing Requirements ("MFRs") as
6 referenced in the MFR Index attached to the Company's
7 Petition. The MFRs were set forth in Appendix D to the
8 Stipulation adopted as part of the August 3 Order. The
9 schedules are as follows:

10
11 (a) Tariff Schedule TK-1 consists of revised
12 tariff sheets in redlined and clean form
13 reflecting the proposed EEP Rider rate. It
14 also reflects a language correction
15 consistent with the tariff approved in the
16 August 3 Order;

17 (b) EEP Schedule TK-1 sets forth the calculation
18 of the proposed EEP Rider rate to be
19 effective October 1, 2011;

20 (c) EEP Schedule TK-2 sets forth the calculation
21 of the carrying costs on the EEP balance for
22 the period ended June 30, 2011;

1 (d) EEP Schedule TK-3 sets forth the calculation
2 of the monthly EEP revenue requirement for
3 the period August 2009 through June 2012;

4 (e) EEP Schedule TK-4 sets forth the EEP actual
5 and estimated monthly O&M and Program
6 Expenditures for the period August 2009
7 through June 2012;

8 (f) EEP Schedule TK-5 sets forth cost recoveries
9 for the period August 2009 through June 30,
10 2011 with actual data through May 31, 2011
11 and estimated data through June 30, 2011; and

12 (g) EEP 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 through June 30, 2012.

16 REVENUE FORECAST

17 **Q. WHAT IS THE METHODOLOGY USED TO PROJECT FIRM SALES AND**
18 **SERVICES FOR THE RECOVERY YEAR IN ORDER TO DERIVE THE**
19 **COMPANY'S PROPOSED EEP RATE?**

20 **A.** The methodology used to derive the Projected Normalized
21 Sales and Services on EEP Schedule TK-1 is the same as
22 that used in developing the demand forecast that
23 supported Elizabethtown's Basic Gas Supply Service rate
24 filing dated June 1, 2011. As I mention above, the EEP

1 rate is applicable to all customers except those served
2 under special contracts as filed and approved by the
3 Board and those customers exempt pursuant to the LCAPP
4 legislation.

EEP RATE

5 **Q. PLEASE DESCRIBE THE EEP RIDER AND WHAT IT IS DESIGNED TO**
6 **RECOVER.**

7 The August 3 Order authorized the establishment of a
8 surcharge by which Elizabethtown recovers the costs
9 associated with its EE Programs. Details concerning
10 actual expenditures and projected spending, as well as
11 other information associated with the EE Programs, are
12 provided in Mr. Pugliese's testimony and supporting
13 schedules.

14 **Q. PLEASE EXPLAIN HOW THE PROPOSED EEP RATE WAS CALCULATED.**

15 **A.** The proposed EEP rate was calculated by taking the sum of
16 (i) the prior period balance, if any, plus (ii) current
17 year O&M costs, plus (iii) current year revenue
18 requirements, less (iv) current year recoveries and (v)
19 applicable carrying costs for the 2011 Recovery Year,
20 plus (vi) projected recoverable amounts for the 2012
21 Recovery Year and dividing the total amount by the
22 volumes projected for the 2012 Recovery Year for the
23 service classifications and customers subject to the EEP

1 as shown on Tariff Schedule TK-1. The resulting quotient
2 is adjusted for applicable taxes and assessments to
3 arrive at an EEP credit rate of \$0.0015 per therm.

4 **Q. PLEASE EXPLAIN HOW INCURRED O&M COSTS AND REVENUE**
5 **REQUIREMENTS FOR PROGRAM EXPENDITURES ARE DETERMINED AND**
6 **CALCULATED.**

7 A. Projected O&M amounts are recoverable in the year
8 incurred. EE Program Expenditures are recoverable over a
9 four (4) year period, as noted on EEP Schedule TK-4. The
10 calculation of the allowable monthly revenue requirement
11 for the amortized EE Program expenditures is set forth on
12 EEP Schedule TK-3. The allowable monthly recoverable
13 amount is developed by taking EE Program expenditures
14 less accumulated amortization and accumulated deferred
15 income tax credits to derive a month end rate base. The
16 average of the beginning and end of month balances is
17 multiplied by the Company's after tax weighted average
18 cost of capital("WACOC"), grossed up for the Company's
19 revenue factor and divided by twelve (12) to derive a
20 monthly return on investment. This amount plus the
21 monthly amortization results in the allowable monthly
22 revenue. The Company's WACOC and revenue factor are
23 those approved by the Board in the Company's most recent
24 base rate case.

1 Q. HOW WERE AMORTIZATION EXPENSES CALCULATED?

2 A. The amortization expenses were calculated by dividing
3 each month's amortizable expenditure by forty eight (48)
4 months and accumulating (or layering) the amounts to the
5 total monthly amortization expenses.

6 Q. HOW WERE DEFERRED INCOME TAXES CALCULATED?

7 A. The deferred tax benefit is calculated by multiplying the
8 temporary difference in the Company's tax and book
9 amortization expense by the effective income tax rate.
10 The tax rate used in the calculation of the deferred tax
11 benefit for Elizabethtown is 41.08% through June 30, 2010
12 and 40.85% thereafter and includes Corporate Business
13 Tax.

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

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

21 Q. HOW WERE THE CARRYING COSTS CALCULATED?

22 A. Carrying cost rates are applied to each year's net prior
23 year balance and current year revenue requirements and
24 recoveries. The interest rate is based on the Company's

1 monthly short-term debt rate on an after-tax basis and is
2 applied monthly to the average monthly EEP balance as
3 shown on EEP Schedule TK-2. Interest on monthly balances
4 is not compounded.

5 **Q. WHAT ARE THE RECOVERIES FOR THE 2011 RECOVERY YEAR?**

6 **A.** EEP Schedule TK-5 presents the recoveries by month of
7 \$2,061,328 for the 2011 Recovery Year ending June 30,
8 2011 as shown on EEP Schedule TK-5.

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

10 **A.** EEP Schedule TK-4, presents the expenditures for the EE
11 Program used in setting the rate. For the 2011 Recovery
12 Year the O&M is \$1,292,575 and amortizable Program
13 Expenditures is \$1,707,238 for a total of \$2,999,813.
14 For the 2012 Recovery Year, the Company is projecting the
15 incurrence of an additional \$888,718 in O&M spending and
16 a revenue requirement of \$1,121,310 based on additional
17 program expenditures of \$2,039,675 in amortizable EE
18 Program expenditures less a return of Customer Financing
19 projected to be \$500,00, for a total of \$2,428,393. This
20 results in total EE Program expenditures of \$6,753,791
21 from inception to December 31, 2011. A breakdown of
22 these expenditures can also be found on EEP Schedule ACP-
23 1 sponsored by Mr. Pugliese.

1 Q. WHAT LEVEL OF COSTS IS THE PROPOSED EEP RATE DESIGNED TO
2 RECOVER?

3 A. For the 2012 Recovery Year, the EEP rate is designed to
4 refund \$621,859 as set forth on Schedule TK-1, line 8.
5 This amount is made up of (i) the 2011 Recovery Period
6 estimated overrecovery balance of \$2,631,887 as set forth
7 on EEP Schedule TK-1 line 6 and as calculated on EEP
8 Schedule TK-2, (ii) the 2012 Recovery Period projected
9 recoverable amounts of \$2,010,028 as shown on EEP
10 Schedule TK-1 line 7 and as calculated on EEP Schedule
11 TK-3 and TK-4.

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

14 A. The impact of the proposed adjustment to the EEP rate on
15 a typical residential heating customer using 100 therms
16 is to decrease the customer's typical monthly bill by
17 \$0.15 from \$124.93 to \$124.78, a decrease of 0.1%, as
18 compared to the Company's present rates.

19 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

20 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~~is as follows:

~~\$0.0000~~(\$0.0015) 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, 2011~~

Effective: Service Rendered
on and after ~~February 1, 2011~~

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 ~~January 19, 2011~~ in Docket No. ~~GO10100735~~

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. EO09010056 AND GO0901006. 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")

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(\$0.0015) 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.

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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
Dated in Docket No.

RIDER "G"

REGIONAL GREENHOUSE GAS INITIATIVE ("RGGI")

(continued)

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NOTE THIS REDLINE IS A CORRECTION TO THE TARIFF APPROVED IN THE BOARD ORDER DATED AUGUST 3, 2009 IN DOCKET NOS. EO09010056 AND GO0901006. 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

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

Carrying Costs

a	<u>Beginning Balance</u> b	<u>Revenue Requirement TK-3</u> c	<u>O&M TK-4</u> d	<u>Recoveries TK-5</u> e	<u>Ending Balance</u> f=b+c+d-e	<u>Average Balance</u> g=(b+f)/2	<u>Interest Rate TK-6</u> h	<u>Carrying Cost</u> i=g*h/12	<u>Ending Balance plus Cum. (O)/Carrying Cost</u> j=f+ cum of i
<u>Beginning Balance</u>									
Aug-09	\$0	\$10	\$8,484	\$61,140	(\$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	\$506,821	(\$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	\$61,390	\$408,577	(\$2,127,623)	(\$1,963,290)	0.67%	(\$1,096)	(\$2,130,111)
May-10	(\$2,127,623)	\$19,580	\$48,359	\$169,421	(\$2,229,105)	(\$2,178,364)	0.66%	(\$1,198)	(\$2,232,791)
Jun-10	(\$2,229,105)	\$20,490	\$22,336	\$131,572	(\$2,317,851)	(\$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	\$79,983	\$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	\$175,067	\$439,091	(\$2,675,961)	(\$2,561,678)	0.30%	(\$640)	(\$2,679,685)
Jan-11	(\$2,675,961)	\$43,096	\$26,964	\$577,208	(\$3,183,109)	(\$2,929,535)	0.29%	(\$708)	(\$3,187,541)
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)	0.54%	(\$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	\$150,623	(\$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	\$2,061,328				(\$16,000)	
* Projected									

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

EEP Schedule
TK-3

Monthly Recoverable Investment
Program Expenditures - Amortized Over Four Years

	Amortizable Expenditures	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=c-g-h	i	k	l	m=(j)*k ¹ /12	n=m+f	
Begin Balance		\$0				\$0		\$0						
Aug-09	\$415	\$415	\$208	48	\$9	\$9	\$167	\$239	\$120	6.87%	1.71702	\$1	\$10	
Sep-09	\$58,552	\$58,967	\$29,691	48	\$1,228	\$1,237	\$23,715	\$34,015	\$17,127	6.87%	1.71702	\$168	\$1,396	
Oct-09	\$503,469	\$562,436	\$310,702	48	\$11,717	\$12,954	\$225,727	\$323,755	\$178,885	6.87%	1.71702	\$1,758	\$13,475	
Nov-09	\$9,154	\$571,590	\$567,013	48	\$11,908	\$24,862	\$224,596	\$322,132	\$322,944	6.87%	1.71702	\$3,175	\$15,083	
Dec-09	\$6,648	\$578,238	\$574,914	48	\$12,047	\$36,909	\$222,378	\$318,951	\$320,542	6.71%	1.72388	\$3,090	\$15,137	
Jan-10	\$29,746	\$607,984	\$593,111	48	\$12,666	\$49,575	\$229,394	\$329,015	\$323,983	6.53%	1.73120	\$3,052	\$15,718	
Feb-10	\$22,212	\$630,196	\$619,090	48	\$13,129	\$62,704	\$233,125	\$334,367	\$331,691	6.53%	1.73120	\$3,125	\$16,254	
Mar-10	\$67,165	\$697,361	\$663,779	48	\$14,528	\$77,232	\$254,749	\$365,380	\$349,874	6.53%	1.73120	\$3,296	\$17,824	
Apr-10	\$25,100	\$722,461	\$709,911	48	\$15,051	\$92,283	\$258,877	\$371,301	\$368,341	6.53%	1.73120	\$3,470	\$18,521	
May-10	\$45,518	\$767,979	\$745,220	48	\$16,000	\$108,283	\$271,003	\$388,693	\$379,997	6.53%	1.73120	\$3,580	\$19,580	11 mos.
Jun-10	\$37,061	\$805,040	\$786,510	48	\$16,772	\$125,055	\$279,338	\$400,647	\$394,670	6.53%	1.73120	\$3,718	\$20,490	\$153,488
Jul-10	\$66,161	\$871,201	\$838,121	48	\$18,150	\$143,205	\$298,950	\$429,046	\$414,847	6.53%	1.73120	\$3,908	\$22,058	
Aug-10	\$38,308	\$909,509	\$890,355	48	\$18,948	\$162,153	\$306,859	\$440,497	\$434,772	6.53%	1.73120	\$4,096	\$23,044	
Sep-10	\$102,354	\$1,011,863	\$960,686	48	\$21,080	\$183,233	\$340,059	\$488,571	\$464,534	6.53%	1.73120	\$4,376	\$25,456	
Oct-10	\$115,476	\$1,127,339	\$1,069,601	48	\$23,486	\$206,719	\$377,637	\$542,983	\$515,777	6.53%	1.73120	\$4,859	\$28,345	
Nov-10	\$160,103	\$1,287,442	\$1,207,391	48	\$26,822	\$233,541	\$432,082	\$621,819	\$582,401	6.53%	1.73120	\$5,487	\$32,309	
Dec-10	\$121,085	\$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	
Jan-11	\$316,793	\$1,725,320	\$1,566,924	48	\$35,944	\$298,829	\$584,285	\$842,206	\$759,145	6.53%	1.73120	\$7,152	\$43,096	
Feb-11	\$69,466	\$1,794,786	\$1,760,053	48	\$37,391	\$336,220	\$597,387	\$861,179	\$851,693	6.53%	1.73120	\$8,023	\$45,414	
Mar-11	\$145,466	\$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	
Apr-11	\$123,752	\$2,064,004	\$2,002,128	48	\$43,000	\$419,642	\$673,285	\$971,077	\$947,195	6.53%	1.73120	\$8,923	\$51,923	
May-11	\$181,299	\$2,245,303	\$2,154,654	48	\$46,777	\$466,419	\$728,237	\$1,050,647	\$1,010,862	6.53%	1.73120	\$9,523	\$56,300	
Jun-11	\$266,975	\$2,512,278	\$2,378,791	48	\$52,339	\$518,758	\$815,916	\$1,177,604	\$1,114,126	6.53%	1.73120	\$10,496	\$62,835	\$475,066
Jul-11	\$256,875	\$2,769,153	\$2,640,716	48	\$57,691	\$576,449	\$897,283	\$1,295,421	\$1,236,513	6.53%	1.73120	\$11,649	\$69,340	
Aug-11	\$266,600	\$3,035,753	\$2,902,453	48	\$63,245	\$639,694	\$980,353	\$1,415,706	\$1,355,564	6.53%	1.73120	\$12,770	\$76,015	
Sep-11	\$211,500	\$3,247,253	\$3,141,503	48	\$67,651	\$707,345	\$1,039,116	\$1,500,792	\$1,458,249	6.53%	1.73120	\$13,738	\$81,389	
Oct-11	\$221,600	\$3,468,853	\$3,358,053	48	\$72,268	\$779,613	\$1,100,118	\$1,589,122	\$1,544,957	6.53%	1.73120	\$14,554	\$86,822	
Nov-11	\$211,500	\$3,680,353	\$3,574,603	48	\$76,674	\$856,287	\$1,155,194	\$1,668,872	\$1,628,997	6.53%	1.73120	\$15,346	\$92,020	
Dec-11	\$871,600	\$4,551,953	\$4,116,153	48	\$94,832	\$951,119	\$1,472,504	\$2,128,330	\$1,898,601	6.53%	1.73120	\$17,886	\$112,718	
Jan-12	(\$500,000)	\$4,051,953	\$4,301,953	48	\$84,416	\$1,035,535	\$1,233,770	\$1,782,648	\$1,955,489	6.53%	1.73120	\$18,422	\$102,838	
Feb-12	\$0	\$4,051,953	\$4,051,953	48	\$84,416	\$1,119,951	\$1,199,286	\$1,732,716	\$1,757,682	6.53%	1.73120	\$16,558	\$100,974	
Mar-12	\$0	\$4,051,953	\$4,051,953	48	\$84,416	\$1,204,367	\$1,164,802	\$1,682,784	\$1,707,750	6.53%	1.73120	\$16,088	\$100,504	
Apr-12	\$0	\$4,051,953	\$4,051,953	48	\$84,416	\$1,288,783	\$1,130,319	\$1,632,851	\$1,657,818	6.53%	1.73120	\$15,618	\$100,034	
May-12	\$0	\$4,051,953	\$4,051,953	48	\$84,416	\$1,373,199	\$1,095,835	\$1,582,919	\$1,607,885	6.53%	1.73120	\$15,147	\$99,563	
Jun-12	\$0	\$4,051,953	\$4,051,953	48	\$84,416	\$1,457,615	\$1,061,351	\$1,532,987	\$1,557,953	6.53%	1.73120	\$14,677	\$99,093	\$1,121,310

Schedule of Expenditures

	O&M Recoverable In Period Expended				Program Expenditures - Amortized Over Four Years			
	Labor	Customer Education	Dashboard IT	Total O&M	Customer Financing	Program Expenditures	Program Total	Total
Aug-09	\$8,484	\$0	\$0	\$8,484	\$0	\$415	\$415	\$8,899
Sep-09	\$8,484	\$753	\$3,838	\$13,075	\$0	\$58,552	\$58,552	\$71,627
Oct-09	\$8,484	\$3,379	\$28,484	\$40,347	\$500,000	\$3,469	\$503,469	\$543,816
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	\$9,647	\$128,746	\$0	\$138,393	\$0	\$29,746	\$29,746	\$168,139
Feb-10	\$11,354	\$13,557	\$24,567	\$49,478	\$0	\$22,212	\$22,212	\$71,690
Mar-10	\$10,717	\$24,431	\$13,869	\$49,017	\$0	\$67,165	\$67,165	\$116,182
Apr-10	\$10,155	\$7,534	\$43,701	\$61,390	\$0	\$25,100	\$25,100	\$86,490
May-10	\$9,039	\$8,790	\$30,530	\$48,359	\$0	\$45,518	\$45,518	\$93,877
Jun-10	\$4,538	\$17,798	\$0	\$22,336	\$0	\$37,061	\$37,061	\$59,397
2010 Recovery Year	\$97,870	\$204,988	\$217,687	\$520,545	\$500,000	\$305,040	\$805,040	\$1,325,585
Jul-10	\$18,409	\$38,308	\$0	\$56,717	\$0	\$66,161	\$66,161	\$122,878
Aug-10	\$11,289	\$103,754	\$15,266	\$130,309	\$0	\$38,308	\$38,308	\$168,617
Sep-10	\$10,789	\$69,194	\$0	\$79,983	\$0	\$102,354	\$102,354	\$182,337
Oct-10	\$13,326	\$74,986	\$0	\$88,312	\$0	\$115,476	\$115,476	\$203,788
Nov-10	\$11,966	\$95,200	\$15,266	\$122,432	\$0	\$160,103	\$160,103	\$282,535
Dec-10	\$12,257	\$162,810	\$0	\$175,067	\$0	\$121,085	\$121,085	\$296,152
Jan-11	\$9,138	\$17,826	\$0	\$26,964	\$0	\$316,793	\$316,793	\$343,757
Feb-11	\$9,770	\$66,244	\$0	\$76,014	\$0	\$69,466	\$69,466	\$145,480
Mar-11	\$22,255	\$48,529	\$0	\$70,784	\$0	\$145,466	\$145,466	\$216,250
Apr-11	\$16,624	\$130,449	\$15,265	\$162,338	\$0	\$123,752	\$123,752	\$286,090
May-11	\$17,103	\$118,255	\$15,265	\$150,623	\$0	\$181,299	\$181,299	\$331,922
Jun-11	\$81,735	\$62,963	\$8,334	\$153,032	\$0	\$266,975	\$266,975	\$420,007
2011 Recovery Year	\$234,661	\$988,518	\$69,396	\$1,292,575	\$0	\$1,707,238	\$1,707,238	\$2,999,813
Jul-11	\$81,735	\$62,963	\$8,333	\$153,031	\$0	\$256,875	\$256,875	\$409,906
Aug-11	\$81,735	\$62,963	\$23,598	\$168,296	\$0	\$266,600	\$266,600	\$434,896
Sep-11	\$66,735	\$62,963	\$8,334	\$138,032	\$0	\$211,500	\$211,500	\$349,532
Oct-11	\$66,735	\$62,963	\$8,333	\$138,031	\$0	\$221,600	\$221,600	\$359,631
Nov-11	\$66,735	\$62,963	\$23,598	\$153,296	\$0	\$211,500	\$211,500	\$364,796
Dec-11	\$66,735	\$62,963	\$8,334	\$138,032	\$0	\$871,600	\$871,600	\$1,009,632
Jan-12	\$0	\$0	\$0	\$0	(\$500,000)	\$0	(\$500,000)	(\$500,000)
Feb-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Mar-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Apr-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
May-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Jun-12	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2012 Recovery Year	\$430,410	\$377,778	\$80,530	\$888,718	(\$500,000)	\$2,039,675	\$1,539,675	\$2,428,393
Total EEP Program	\$762,941	\$1,571,284	\$367,613	\$2,701,838	\$0	\$4,051,953	\$4,051,953	\$6,753,791

* Projected

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

EEP Schedule
TK-5

Cost Recoveries

	Therm Sales and Services					Total Therms	Recoveries					Total Recoveries	Rate w/o tax **
	Residential	Commercial	Industrial	Lighting	Cogen.		Residential	Commercial	Industrial	Lighting	Cogen.		
Aug-09	4,811,703	3,602,018	6,588,285	2,766	340,610	15,345,382	\$13,549	\$12,304	\$32,495	\$8	\$2,784	\$61,140	\$0.0040
Sep-09	4,738,226	3,961,083	6,563,655	2,759	0	15,265,723	\$35,569	\$27,369	\$26,174	\$21	\$0	\$89,133	\$0.0058
Oct-09	7,853,590	5,699,921	7,055,036	2,759	0	20,611,306	\$59,299	\$42,696	\$28,389	\$21	\$0	\$130,405	\$0.0063
Nov-09	13,978,494	8,940,289	7,165,257	2,759	0	30,086,799	\$105,766	\$67,989	\$35,649	\$21	\$0	\$209,425	\$0.0070
Dec-09	24,150,713	15,086,353	8,821,857	2,759	370,020	48,431,702	\$182,932	\$113,886	\$43,163	\$21	\$0	\$340,002	\$0.0070
Jan-10	41,594,687	23,629,069	9,171,129	2,759	7,200	74,404,844	\$314,856	\$178,380	\$45,019	\$21	\$29	\$538,305	\$0.0072
Feb-10	38,789,014	22,634,005	8,476,452	2,536	0	69,902,007	\$293,808	\$171,704	\$41,290	\$19	\$0	\$506,821	\$0.0073
Mar-10	31,569,548	17,549,279	7,606,508	2,015	90,000	56,817,350	\$238,772	\$132,005	\$35,626	\$15	\$665	\$407,083	\$0.0072
Apr-10 (1)	16,118,575	9,873,152	6,954,992	2,015	0	32,948,734	\$121,873	\$74,307	\$212,382	\$15	\$0	\$408,577	\$0.0124
May-10	9,785,111	6,044,706	6,575,788	2,000	0	22,407,605	\$73,909	\$45,525	\$49,972	\$15	\$0	\$169,421	\$0.0076
Jun-10	6,372,561	4,548,325	6,435,804	2,000	45,340	17,404,030	\$48,029	\$34,214	\$48,937	\$15	\$377	\$131,572	\$0.0076
Total 11 Mos	199,762,222	121,568,200	81,414,763	27,127	853,170	403,625,482	\$1,488,362	\$900,379	\$599,096	\$192	\$3,855	\$2,991,884	

* Projected

** Billing 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

Jul-10	4,703,085	3,508,833	6,657,354	2,000	1,854,000	16,725,272	\$35,601	\$26,340	\$50,562	\$15	\$14,208	\$126,726	\$0.0076
Aug-10	4,318,905	3,380,330	6,937,605	2,000	421,410	15,060,250	\$32,706	\$24,727	\$52,734	\$15	\$6,117	\$116,299	\$0.0077
Sep-10	4,535,968	3,380,330	7,260,140	2,000	476,210	15,654,648	\$34,339	\$31,403	\$47,767	\$15	\$183	\$113,707	\$0.0073
Oct-10	6,390,708	3,380,330	7,095,065	2,000	1,612,050	18,480,153	\$48,190	\$34,602	\$53,001	\$15	\$878	\$136,686	\$0.0074
Nov-10	14,483,894	3,380,330	6,845,422	2,000	1,808,300	26,519,946	\$109,613	\$72,089	\$59,006	\$15	\$19	\$240,742	\$0.0091
Dec-10	30,261,382	3,380,330	5,953,316	2,000	(584,740)	39,012,288	\$229,117	\$138,461	\$69,861	\$15	\$1,637	\$439,091	\$0.0113
Jan-11	42,922,596	24,075,481	9,394,922	2,000	0	76,394,999	\$324,963	\$182,243	\$69,967	\$15	\$20	\$577,208	\$0.0076
Feb-11	41,387,567	24,436,872	8,177,758	1,402	0	74,003,599	\$201,272	\$96,887	\$3,722	\$5	\$0	\$301,886	\$0.0041
Mar-11	32,238,144	18,486,295	8,443,824	1,402	0	59,169,665	\$2,912	\$1,544	\$431	\$0	\$0	\$4,887	\$0.0000
Apr-11	23,750,289	13,451,282	7,621,878	1,402	0	44,824,851	\$521	\$495	\$3,588	\$0	\$0	\$4,604	\$0.0000
May-11	11,096,795	6,856,770	6,605,081	1,402	300,000	24,860,048	\$109	(\$86)	(\$531)	\$0	\$0	(\$508)	\$0.0000
Jun-11 *	7,121,100	4,704,600	6,298,000	2,400	500	18,126,600	\$0	\$0	\$0	\$0	\$0	\$0	\$0.0000

12 Mos	223,210,433	112,421,783	87,290,365	22,008	5,887,730	428,832,319	\$1,019,343	\$608,705	\$410,108	\$110	\$23,062	\$2,061,328	
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* Projected

Jul-11 *						16,398,330						\$0	\$0.0000
Aug-11 *						14,649,110						\$0	\$0.0000
Sep-11 *						13,346,270						\$0	\$0.0000
Oct-11 *						16,665,320						(\$11,666)	(\$0.0007)
Nov-11 *						32,467,370						(\$45,454)	(\$0.0014)
Dec-11 *						56,298,750						(\$78,818)	(\$0.0014)
Jan-12 *						69,091,830						(\$96,729)	(\$0.0014)
Feb-12 *						69,760,340						(\$97,664)	(\$0.0014)
Mar-12 *						61,822,360						(\$86,551)	(\$0.0014)
Apr-12 *						36,794,400						(\$51,512)	(\$0.0014)
May-12 *						23,632,400						(\$33,085)	(\$0.0014)
Jun-12 *	212,443,000	133,675,800	83,810,490	28,800	761,500	19,793,110						(\$27,710)	(\$0.0014)

12 Mos	212,443,000	133,675,800	83,810,490	28,800	761,500	430,719,590						(\$529,189)	
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* 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

	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	
a					
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%

**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 are
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 revise
18 its RGGI Rider rate, the name of which the Company is
19 proposing to change to the Energy Efficiency Program
20 ("EEP") Rider rate and to provide information
21 concerning the EE Programs. I will report on the
22 Company's spending on EE Programs for the period
23 August 3, 2010 through June 30, 2011 ("2010 Program
24 Period) and support the Company's spending forecast

1 for the period July 1, 2011 through December 31, 2011
2 ("2011 Program Period"). I will also report on EE
3 Program participation, associated energy savings,
4 emission reductions and full-time employment impacts.

5 **Q. DOES YOUR TESTIMONY INCLUDE ANY ILLUSTRATIVE**
6 **SCHEDULES?**

7 A. Yes. My testimony includes six schedules prepared
8 under my direction and supervision. These schedules
9 contain information responsive to the Minimum Filing
10 Requirements ("MFRs") as referenced in the MFR Index
11 attached to the Petition and as set forth in Appendix
12 D to the Stipulation ("Stipulation") approved by the
13 Board in its August 3, 2009 Order ("August 3 Order")
14 in Docket Nos. EO09010056 and GO09010060 et al. The
15 schedules are as follows:

16 (a) EEP Schedule ACP-1 contains budgeted,
17 actual and estimated EE Program costs by
18 major spending categories for the period
19 July, 2010 through December 31, 2011 with
20 actual through May 31 and estimated data
21 through December 31, 2011;

22 (b) EEP Schedule ACP-2 contains the number of
23 EE Program participants and EE Program
24 incentive costs through May 31, 2011;

1 (c) EEP Schedule ACP-3 contains the estimated
2 demand and energy savings data through May
3 31, 2011;

4 (d) EEP Schedule ACP-4 contains emission
5 reductions data through May 31, 2011;

6 (e) EEP Schedule ACP-5 contains estimated
7 free ridership and spillover data through
8 May 31, 2011; and

9 (f) EEP Schedule ACP-6 contains direct FTE
10 employment data through May 31, 2011.

11 **Q. PLEASE DESCRIBE THE COMPANY'S EE PROGRAMS.**

12 **A.** The EE Programs approved by the Board's August 3 Order
13 consists of six programs that were designed to enhance
14 or supplement New Jersey's Clean Energy Program
15 ("NJCEP") over the 17-month period commencing August,
16 2009 through December, 2010. On January 19, 2011, the
17 Board issued an Order in Docket No. G010070446 and
18 G010100735 et al., ("January 19 Order") approving a
19 January 12, 2011 Stipulation ("January 12
20 Stipulation") signed by Elizabethtown, Board Staff and
21 Rate Counsel authorizing the Company to extend the
22 term of its EE Programs through December 31, 2011.
23 The EE Programs comprise the following:

24 1. Whole House Energy Efficiency Program;

- 1 2. Residential Expanded Gas Heating Ventilation and
- 2 Air Conditioning ("HVAC") and Gas Hot Water
- 3 Heater Incentive Program;
- 4 3. Small Commercial Customer Energy Efficiency
- 5 Program;
- 6 4. Large Commercial Customer Energy Efficiency
- 7 Program;
- 8 5. Combined Heat and Power Program; and
- 9 6. Gas Cooling Program.

10 In addition to a range of rebates and related offers,
11 the EE Programs contain various customer education and
12 outreach initiatives, including an on-line customer
13 Dashboard, designed to encourage customers to conserve
14 energy and provide information to them on how to lower
15 their gas bills.

16 **Q. IS THE COMPANY PLANNING TO REQUEST AN EXTENSION OF THE**
17 **TERM OF ITS EE PROGRAMS?**

18 **A.** Yes. In a petition dated the same day as this filing,
19 the Company is requesting a three-year extension of
20 the term of its EE Programs.

21 **Q. PLEASE DESCRIBE THE COMPANY'S SPENDING LEVELS FOR THE**
22 **EE PROGRAMS DURING FOR THE 2010 PROGRAM PERIOD.**

23 **A.** EEP Schedule ACP-1 reflects \$8,028,891 million in
24 total EE Program related expenditures during the 2010

1 Program Period, which consists of actual data for the
2 period August 3, 2010 through May 31, 2011 and
3 estimated data through June 1, 2011. As reflected on
4 EEP Schedule ACP-1, these expenditures include costs
5 in the following categories: O&M, including internal
6 and external labor, customer education, the customer
7 Dashboard and related information technology
8 expenditures, and Program Expenditures, including the
9 costs of customer financing, rebates and related
10 offers. These expenditures are also outlined on EEP
11 Schedule TK-4 which accompanies Company witness Thomas
12 Kaufmann's testimony.

13 **Q. HOW DOES THE COMPANY'S SPENDING DURING THE 2010**
14 **PROGRAM PERIOD COMPARE TO THE PROJECTIONS SET FORTH IN**
15 **THE JANUARY 12 STIPULATION AS APPROVED BY THE JANUARY**
16 **19 ORDER?**

17 A. As set forth on EEP Schedule ACP-1, spending during
18 the 2010 Program Period varied from the forecast of
19 \$4,913,479 million. The difference was due in large
20 part to customer participation levels that were lower
21 than anticipated. Customer participation levels
22 through May 31, 2011 are set forth on EEP Schedule
23 APC-2.

24 **Q. PLEASE EXPLAIN.**

1 A. Various factors affect customer participation levels,
2 many of which are outside the Company's control. The
3 Company has implemented a number of customer education
4 and outreach initiatives prescribed by the Stipulation
5 and August 3 Order and extended by the January 19
6 Order to raise customer awareness and increase
7 customer participation. While participation has been
8 lower than expected, overall the Company has
9 experienced a steady progression in customer
10 participation.

11 **Q. DESCRIBE THE INITIATIVES IMPLEMENTED BY THE COMPANY TO**
12 **INCREASE CUSTOMER PARTICIPATION.**

13 A. During the 2010 Program Period, the Company continued
14 its "energySMART" customer outreach and education
15 campaign. The Company's efforts included promotion of
16 the EE Programs through the Company's website, the use
17 of the on-line audit tool or "Dashboard", considerable
18 print and media activity, including direct mailings,
19 radio, cable TV and newspaper advertisement, bill
20 inserts and local energy efficiency seminars and
21 participation in grassroots events (i.e., a Home
22 Design Show, various Earth Day and Greenfest events in
23 the Company's service territory.) As set forth on EEP
24 Schedule ACP-1, the 2010 Program Period expenditures

1 totaled \$234,661 for labor, \$988,517 for education and
2 outreach activities, and \$69,396 for the Dashboard
3 costs, for a total of \$1,292,574 during the 2010
4 Program Period.

5 **Q. WHAT FACTORS OUTSIDE THE COMPANY'S CONTROL IMPACT**
6 **CUSTOMER PARTICIPATION?**

7 A. The economy remains a big factor impacting customer
8 participation. Even with the incentives offered by
9 the EE Programs, participation still involves some
10 out-of-pocket expense for a customer and the expense
11 can often discourage customer participation. Every
12 utility has customers with differing economic
13 circumstances and different awareness levels regarding
14 the potential for energy efficiency savings. By
15 contrast to their counterparts in other utilities'
16 service territories, Elizabethtown's customers have
17 had less history with utility-sponsored energy
18 efficiency programs. But as customer awareness
19 increases, the Company expects, based on the steady
20 progression experienced this year, to see a continued
21 increase in customer participation in its service
22 territory.

23 **Q. HAVE THERE BEEN OTHER FACTORS OUTSIDE THE COMPANY'S**
24 **CONTROL THAT HAVE AFFECTED CUSTOMER PARTICIPATION?**

1 A. Yes, customer participation was also initially affected
2 by outside contractor availability. To complement the
3 NJCEP offers, the EE Programs were designed to be
4 consistent with NJCEP requirements. When the EE
5 Programs were approved, NJCEP program offers focused
6 on "whole building" solutions. This approach requires
7 that the customer have a home energy audit performed
8 by a "Building Performance Institute" certified
9 auditor as a prerequisite for EE Program
10 participation. However, during the early part of the
11 EE Program, there was a shortage of BPI certified
12 auditors in New Jersey available to perform these
13 audits that had caused some delay in customer
14 participation.

15 Q. **DID THE COMPANY TAKE ANY STEPS TO ADDRESS THIS ISSUE?**

16 A. Yes, the Company entered into an agreement with "The
17 Green Standard", a New Jersey entity which has a staff
18 of experienced BPI certified auditors that provide the
19 energy audit services needed by the Company. The
20 availability of these auditors have helped to promote
21 greater customer participation than previously
22 experienced.

1 Q. PLEASE DESCRIBE THE COMPANY'S PROJECTED SPENDING
2 LEVELS FOR THE EE PROGRAMS DURING THE SIX MONTH 2011
3 PROGRAM PERIOD.

4 A. As reflected on EEP Schedule ACP-1, the Company
5 expects to incur approximately \$888,718 in total O&M
6 expense and approximately \$2,039,675 in total EE
7 Program expenditures during the 2011 Program Period.

8 Q. WHAT DIRECT IMPACT DID THE EE PROGRAMS HAVE ON FULL
9 TIME EMPLOYMENT?

10 A. The direct FTE employment impacts, with a FTE defined
11 as 1,820 hours of work annually, are reflected in EEP
12 Schedule ACP-6. The Company estimates that the EE
13 Programs resulted in the creation of 2 in-house jobs
14 and approximately 12 jobs in the contracting industry.

15 Q. WHAT ARE THE ESTIMATED ANNUAL ENERGY SAVINGS
16 ATTRIBUTABLE TO THE EE PROGRAMS?

17 A. The Company estimates that its EE Program resulted in
18 a total estimated annual energy savings of 210,536
19 therms through May 31, 2011 for residential and
20 commercial customers combined. This estimate is set
21 forth on EEP Schedule APC-3. Residential estimated
22 energy savings are based upon average savings data
23 provided by the Rutgers Center for Energy, Economic
24 and Environmental Policy.

1 Q. WHAT ARE THE ESTIMATED GREENHOUSE GAS EMISSION
2 REDUCTIONS ATTRIBUTABLE TO THE EE PROGRAMS?

3 A. The Company estimates that its EE Programs resulted in
4 CO2, Nox and SO2 emission reductions of 2,732,420,
5 1,726 and 3,431 lbs per therm, respectively for
6 residential and commercial customers combined through
7 May 31, 2011. This data is set forth on EEP Schedule
8 ACP-4.

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

11 A. The Company estimates that 497 of the 2,491 customers
12 who participated in the Company's EE Programs through
13 May 31, 2011 were "free-riders", meaning those who
14 would have installed an energy efficiency measure even
15 without any program incentive. The Company estimates
16 combined residential and commercial spillover effects
17 (i.e. collateral energy savings induced by other
18 utility energy efficiency programs) of 117,405 therms.
19 The free rider and spillover effects are set forth on
20 EEP Schedule APC-5.

21 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

22 A. Yes, it does.

Elizabethtown Gas energySMART Report
through May 31, 2011

Market Programs	Participants	Program Incentives
	Actual	Actual
Residential		
<i>Whole House</i>		
Audits	1182	
0% Interest Buy Downs	94	\$ 362,323
0% Interest Buy Downs		
<i>Gas HVAC and Gas Hot Water Heater Incentive Program</i>		
Gas Heating	1088	\$ 1,066,500
Gas Tankless Water Heater	60	\$ 12,000
Gas Tank Water Heater	54	\$ 4,050
Small Commercial		
Gas HVAC	9	\$ 26,721
Gas Water Heating	4	\$ 400
Large Commercial		
Combined Heat and Power		
Gas Cooling		
		\$ 1,471,994

Elizabethtown Gas energySMART Report
Estimated Annual Energy Savings
 through May 31, 2011

Market Programs	Participants	Therms
	Actual	Estimated
Residential		
<i>Whole House</i>		
0% Interest Buy Downs	1182	
0% Interest Buy Downs	94	21,808
<i>Gas HVAC and Gas Hot Water Heater Incentive Program</i>		
Gas Heating	1088	127,474
Gas Tankless Water Heater	60	9,060
Gas Tank Water Heater	54	11,232
Small Commercial		
Gas HVAC	9	40,878
Gas Water Heating	4	84
Large Commercial		
Combined Heat and Power		
Gas Cooling		
		210,536

Note: Residential estimated based upon actual normalized participant average savings data

Elizabethtown Gas energySMART Report
Green House Gas Emission Reductions
through May 31, 2011

Market Programs	Participants	CO ₂ Emission Reductions (lbs)	NO _x Emission Reductions (lbs)	SO ₂ Emission Reductions (lbs)
Residential				
<i>Whole House</i>				
Audits	1182			
0% Interest Buy Downs	94	283,033	179	355
0% Interest Buy Downs				
<i>Gas HVAC and Gas Hot Water Heater Incentive Program</i>				
Gas Heating	1088	1,654,409	1,045	2,078
Gas Tankless Water Heater	60	117,584	74	148
Gas Tank Water Heater	54	145,773	92	183
Small Commercial				
Gas HVAC	9	530,531	335	666
Gas Water Heating	4	1,090	1	1
Large Commercial				
Combined Heat and Power				
Gas Cooling				

Note: Source: EPA

lbs/Therm

CO₂ 12.9784

NO_x 0.0082

SO₂ 0.0163

Elizabethtown Gas energySMART Report
through May 31, 2011

Market Programs	Participants	Free Riders ¹	Spillover			Incremental Capital Cost (Mains, Services, and Meters)
			New Customer Fuel Conversion Participants	Existing Customer Fuel Conversion Participants	Therms ²	
Residential						
<i>Whole House</i>						
Audits	1182	236				
0% Interest Buy Downs	94	19	9	9	7,488	\$ 24,246
0% Interest Buy Downs						
<i>Gas HVAC and Gas Hot Water Heater Incentive Program</i>						
Gas Heating	1088	218	163	46	109,291	\$ 439,122
Gas Tankless Water Heater	60	12	2		268	\$ 5,388
Gas Tank Water Heater	54	11	2		358	\$ 5,388
Small Commercial						
Gas HVAC	9	1				
Gas Water Heating	4	0				
Large Commercial						
Combined Heat and Power						
Gas Cooling						

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

² Estimated based upon actual normalized participant average data

EEP Schedule ACP-6

	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
RGGI												
Participants	N/A	1,182	1,088	114	-	94	47	9	-	4	-	-
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	3.0	1.7	7.2	0.4	-	1.2	0.2	0.3	-	0.0	-	-
ETG Positions	2.0	-	-	-	-	-	-	-	-	-	-	-
ETG Audit Contractor	1.0	1.7	-	-	-	-	-	-	-	-	-	-
Contractor Positions	-	0.0	7.2	0.4	-	1.2	0.2	0.3	-	0.0	-	-

Total Estimated Jobs Created:	
ETG Jobs	2.0
ETG Direct Contractor Jobs	2.7
Contractor Jobs	9.3
Total Estimated Jobs Created	14.0