

**Elizabethtown Gas Company
Notice of Public Hearings**

TO OUR CUSTOMERS:

On October 29, 2018, Elizabethtown Gas Company (“Company” or “Elizabethtown”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) in BPU Docket No. GR18101197 seeking approval of a safety, modernization and reliability program and a related rider to the Company’s Tariff – Infrastructure Investment Program Tariff – to permit Elizabethtown to recover the costs of the proposed program (collectively the program and proposed Tariff rider will be referred to as “IIP”).

Elizabethtown has facilities on its system that were installed prior to calendar year 1900. Elizabethtown is seeking Board approval to implement the IIP over a five-year period to modernize and enhance the reliability and safety of parts of its gas distribution system by replacing its vintage, at-risk facilities which include aging cast iron mains, unprotected and bare steel mains and services, ductile iron, copper and certain vintage plastic mains as well as certain vintage plastic and copper services. Elizabethtown also proposes to relocate inside meter sets to outside, to upgrade about 278 miles of its legacy low pressure system in the eastern part of its territory to an elevated pressure system, and to install excess flow valves where the pressure system will be upgraded and retire district regulators that are presently required to operate the low pressure system. In addition, the Company proposes to convert five master metered apartment complexes to individually metered units.

The total expenditures associated with the IIP are projected to approximate \$518 million, excluding Allowance for Funds Used During Construction (“AFUDC”). Elizabethtown projects that these expenditures will enable the Company to replace approximately 309 miles of main and approximately 41,000 services.

In conjunction with the implementation of the IIP, Elizabethtown is seeking Board approval to implement a Tariff rider that will enable it to recover, on a provisional basis, certain costs incurred in connection with the IIP beyond the test period of the Company’s next base rate case, which is required to be filed no later than June 2020. Elizabethtown proposes to make semi-annual IIP filings to recover IIP investments placed in service during the five-year program period that is proposed to commence on July 1, 2019 and remain in effect for five years after the start of program which is currently prosed to last until June 30, 2024. The IIP rider rate would be assessed to all of the Company’s firm customers under Service Classifications RDS (which includes residential customers), SGS, GDS, LVD, EGF, GLS, NGV and FTS.

Elizabethtown is not seeking to increase rates to recover IIP costs at this time. Nonetheless, Elizabethtown forecasts that the initial IIP rate increase is anticipated to take effect October 1, 2020 would be designed to recover \$6.1 million of IIP costs through a proposed rider rate. This rate would increase the annual bill of a residential heating customer using 1,000 therms by \$18.80 or 1.9% as compared to an estimated total annual bill of \$967.78.

Based on current projections and assuming implementation of the IIP as proposed by the Company, the subsequent estimated incremental IIP rider rates and their impact on a residential customer using 1,000 therms annually are estimated as follows:

<u>Effective Date</u>	<u>IIP Incremental Residential Rate Per Therm</u>	<u>Annual Incremental Increase</u>	<u>Incremental % Change</u>
10/1/20	\$0.0188	\$18.80	1.9%
4/1/21	\$0.0147	\$14.70	1.5%
10/1/21	\$0.0162	\$16.20	1.6%
4/1/22	\$0.0171	\$17.10	1.7%
10/1/22	\$0.0159	\$15.90	1.5%
4/1/23	\$0.0155	\$15.50	1.5%
10/1/23	\$0.0146	\$14.60	1.4%
4/1/24	\$0.0148	\$14.80	1.4%
10/1/24	\$0.0123	\$12.30	1.1%
4/1/25	\$0.0060	\$6.00	0.5%

These rates are only estimates. The actual proposed rates would be subject to BPU approval and could be higher or lower depending on the Board's final determination and the date on which such rates are made effective.

The Board 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 520 Green Lane, Union, New Jersey, online at Elizabethtown's website: www.elizabethtowngas.com/rates-and-tariff under regulatory information, and at the Board of Public Utilities, 44 South Clinton Avenue, 7th Floor, Trenton, New Jersey. Any members of the public who wish to inspect the petition at the Board should contact the Board's Division of Case Management at (609) 292-0806.

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

March 19, 2019 at 4:30pm and 5:30 pm.
Liberty Hall Corporate Center, 1085 Morris Avenue, Union, New Jersey 07083

March 20, 2019 at 5:00 pm and 6:00 pm.
Hunterdon County Complex, 314 Route 12, Building #1, Flemington, New Jersey 08822

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

Elizabethtown Gas Company
Christie McMullen - President and Chief Operating Officer



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October 29, 2018

Via Hand Delivery

Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Fl, Ste 314
P.O. Box 350
Trenton, NJ 08625-0350

**Re: In the Matter of the Petition of Pivotal Utility Holdings, Inc. d/b/a
Elizabethtown Gas Company to Implement An Infrastructure Investment
Program ("IIP") And Associated Recovery Mechanism Pursuant to N.J.S.A.
48:2-21 and N.J.A.C. 14:3-2A
BPU Docket No. _____**

Dear Secretary Camacho-Welch:

Enclosed for filing are an original and ten copies of the Petition of Elizabethtown Gas Company ("Elizabethtown" or "Company") to implement an Infrastructure Investment Program ("IIP") and Associated Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:3-2A. Attached to and made part of the Petition are the testimony and supporting schedules of Company witnesses Brian MacLean, Mike Scacifero and Thomas Kaufmann.

Kindly acknowledge receipt and filing of the enclosures by date stamping the enclosed copy of this letter and returning it to our messenger. Please contact the undersigned if you have any questions.

Respectfully submitted,


Mary Patricia Keefe

MPK/adh

Enclosures

cc: Service List (attached)