



State of New Jersey  
DIVISION OF RATE COUNSEL  
140 EAST FRONT STREET, 4<sup>TH</sup> FL  
P.O. Box 003  
TRENTON, NEW JERSEY 08625

PHIL MURPHY  
Governor

SHEILA OLIVER  
Lt. Governor

BRIAN O. LIPMAN  
Director

November 9, 2021

**VIA ELECTRONIC MAIL**

The Honorable Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 S. Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350

**Re: I/M/O The Provision Of Basic Gas Supply Service Pursuant To The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et. seq.  
BPU Docket No. GX01050304**

**I/M/O The Petition of Elizabethtown Gas Company To Review Its Periodic Basic Gas Supply Service Rate  
BPU Docket No. GR21060876**

**I/M/O New Jersey Natural Gas Company Annual Review and Revision Of Its Basic Gas Supply Service (BGSS) And Conservation Incentive Program (CIP) Rates for Fiscal Year 2022  
BPU Docket No. GR21050860**

**I/M/O Public Service Electric and Gas Company's 2021/2022 Annual BGSS Commodity Charge Filing for its Residential Gas Customers Under its Periodic Pricing Mechanism and for Changes in its Balancing Charge  
BPU Docket No. GR21060878**

**I/M/O The Petition of South Jersey Gas Company To Revise The Level Of Its Basic Gas Supply Service (BGSS) Charge And Conservation Incentive Program (CIP) Charge For The Year Ending September 30, 2022  
BPU Docket No. GR21060881**

**Rate Counsel's Response to the Emergent Motion of New Jersey's Gas Distribution Companies for Waivers Necessary to Permit Self-Implementing BGSS Increases Effective December 1, 2021**

Dear Secretary Camacho-Welch:

Please accept this letter as the response of the New Jersey Division of Rate Counsel ("Rate Counsel") to the joint emergent motion filed in the above-referenced matters on

The Honorable Aida Camacho-Welch, Secretary

November 9, 2021

Page 2

November 1, 2021 by Elizabethtown Gas Company (“ETG”), New Jersey Natural Gas Company (“NJNG”), Public Service Electric and Gas Company (“PSE&G”) and South Jersey Gas Company (“SJG”) (collectively, the “Gas Distribution Companies” or “GDCs”). Consistent with the March 19, 2020 Order of the New Jersey Board of Public Utilities (the “Board”) in I/M/O the New Jersey Board of Public Utilities’ Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, this communication is being filed electronically with the Secretary of the Board and is being provided to each person on the attached service lists by electronic mail only. No paper copies will follow. **Please acknowledge receipt of this letter.** Thank you for your consideration and attention to this matter.

### **INTRODUCTION**

In 2003, the Board established a pricing structure for the basic gas supply service (“BGSS”) provided by the GDCs for customers who do not purchase their gas supply from competitive providers. I/M/O The Provision of Basic Gas Supply Service Pursuant To The Electric Discount And Energy Competition Act, N.J.S.A. 48:3-49 et seq., Order Approving BGSS Price Structure, BPU Docket No. GX01050304 (January 6, 2003) (the “BGSS Price Structure Order”). Residential customers of PSE&G, and residential and small commercial customers of the other GDCs, who receive BGSS service are subject to a levelized pricing mechanism known as Periodic BGSS pricing. BGSS Price Structure Order at 2-3. The utilities submit annual filings June 1 of each year, in which they present a reconciliation of actual versus estimated costs and revenues from their last approved Periodic BGSS rate, and propose a Periodic BGSS rate to become effective on October 1 of that year. BGSS Price Structure Order at 2, 4. In addition, the BGSS Price Structure Order allows the GDCs to self-implement two

adjustments to the rate approved effective on October 1 of each calendar year. Specifically, the GDCs may implement rate increases of no more than five percent on a typical 100-therm residential gas bill effective December 1 of the same calendar year and February 1 of the following calendar year. These self-implementing rate increases do not require Board approval, but must be preceded by at least one month's written notice to the Board's Staff and Rate Counsel, *i.e.*, no later than November 1 for the December 1 increase, and no later than January 1 for the February 1 increase. BGSS Price Structure Order at 2 & attached Stipulation, par. 5 & 6.

As the GDCs note in paragraph 1 of their motion, they are required to submit their annual Periodic BGSS filings by June 1 of each calendar year, and BGSS rates are typically placed into effect on a provisional basis effective October 1 of the same calendar year. This year, however, Stipulations to implement provisional rates were submitted to the Board in late October and are currently under consideration by the Board. GDC Motion, par. 2, 3, 4 & 5. Each GDC would like to implement a five percent increase effective December 1, 2021 based on the provisional rates agreed to in the Stipulations, but they are not able to provide the required one month's notice due to the delay in the implementation of provisional rates.

According to the GDCs' motion and supporting affidavits, gas prices have increased substantially since the submission of their annual BGSS filings in June 2021. Therefore, if a five-percent rate increase is not implemented effective December 1, 2021, the GDCs state that they are likely to be significantly under-recovered as of September 30, 2022, the end of the current BGSS year. GDC Motion, par. 6, Deborah M. Franco affidavit, par. 6, Mark G. Kahrer affidavit, par. 5, David F. Caffery affidavit, par. 5. For this reason, the GDCs have requested a waiver of the requirement in the BGSS Price Structure Order that they provide one month's notice of a five percent self-implementing rate increase to be effective December 1, 2021. In

addition, since ETG's tariff incorporates the Periodic BGSS pricing structure, ETG requests a waiver of this provision in its tariff. GDC Motion, par. 7.

**RATE COUNSEL RESPONSE TO MOTION**

While it would have been preferable for the GDCs to provide the full notice provided in the BGSS Price Structure Order, Rate Counsel recognizes that this was not possible for the current BGSS period. The GDCs have represented that a substantial under-recovery is likely to result if they are not permitted to implement an increase of five percent effective December 1, 2021. Rate Counsel in believes it would be reasonable for the Board to allow this relief, in order to avoid the negative consequences of a large under-recovery that would have to be recovered in the next BGSS year. Rate Counsel therefore does not object to a waiver of the notice requirement for a self-implemented rate increase to be implemented by the each of the GDCs effective December 1, 2021. The Board should limit this relief to the December 1, 2021 self-implemented rate increases based on the specific circumstances that prevented the GDCs from complying with the requirement for one month's notice of this increase this year.

Respectfully submitted,

Brian O. Lipman, Esq.  
Director, Division of Rate Counsel

By: /s/ Sarah H. Steindel  
Sarah H. Steindel, Esq.  
Assistant Deputy Rate Counsel

SHS  
cc: Service Lists

In the Matter of the Petition of  
Elizabethtown Gas Company to Review  
Its Basic Gas Supply Service Rate  
BPU Docket No. GR21060876

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Brian O. Lipman, Director  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Kurt S. Lewandowski, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Karen Forbes  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Paul Lupo  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Ryan Moran  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stacey Peterson, Director  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Heather Weisband  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Terel Klein, DAG  
Division of Law  
Public Utilities Section  
Robert J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Pamela Owen, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Cindy Capozzoli, Director  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Deborah M. Franco, Esq.  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083

Carolyn A. Jacobs  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Thomas Kaufmann  
Elizabethtown Gas Company  
520 Green Lane  
Union, NJ 07083

Susan Potanovich  
Elizabethtown Gas Company  
520 Green Lane  
Union, NJ 07083

Leonard J. Willey  
Elizabethtown Gas Company  
520 Green Lane  
Union, NJ 07083

Sheree Kelly  
Regulatory Affairs Counsel  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083

Gary Akmentins  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870

New Jersey Natural Gas Company  
Annual Review and Revision  
of Its Basic Gas Supply Service  
(BGSS) and Conservation  
Incentive Program (CIP) Rates For  
Fiscal Year 2022  
BPU Docket No. GR21050860

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Brian O. Lipman, Director  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Karen Forbes  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Steven Chaplar  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Paul Lupo  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stacy Peterson, Director  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Scott Sumliner  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Heather Weisband  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Terel Klein, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Pamela Owen, ASC, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Anne-Marie Peracchio  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

Mark Kahrer  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

Andrew K. Dembia, Esq.  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

Jayana Shah  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

Tina Trebino  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

Robert J. Henkes, Principal  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870

David E. Peterson, Senior Consultant  
Chesapeake Regulatory  
Consultants, Inc.  
1815 Fenwicke Ct.  
Huntingtown, MD 20639

In the Matter of Public Service Electric  
and Gas Company's 2021/2022 Annual  
BGSS Commodity Charge Filing for its  
Residential Gas Customers Under its  
Periodic Pricing Mechanism and for  
Changes in its Balancing Charge  
BPU Docket No. GR21060878

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Flr.  
P.O. Box 350  
Trenton, NJ 08625-0350

Brian O. Lipman, Director  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Karen Forbes  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Sarah H. Steindel, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Stacy Peterson, Director  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Heather Weisband  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Matko Ilic, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Beverly Tyndell  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Matthew Weissman, Esq.  
PSEG Services Corporation  
80 Park Plaza, T5  
P.O. Box 570  
Newark, NJ 07102

Deborah Marks  
PSEG Services Corporation  
80 Park Plaza, T8  
P.O. Box 570  
Newark, NJ 07102

Pamela Owen, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Stephen Irons  
Public Service Electric & Gas Co.  
80 Park Plaza, T-8  
Newark NJ 07102

Terrence J. Moran  
Public Service Electric & Gas Co.  
80 Park Plaza, T8  
Newark NJ 07102

Katherine E. Smith, Esq.  
PSEG Services Corporation  
80 Park Plaza – T5  
P.O. Box 570  
Newark, NJ 07102

Dante Mugrace, Senior Consultant  
PCMG and Associates  
90 Moonlight Court  
Toms River, NJ 08753

Dr. Karl Pavlovic  
PCMG and Associates  
22 Brooks Avenue  
Gaithersburg, MD 20877



In the Matter of the Petition of South  
Jersey Gas Company to Revise the  
Level of Its Basic Gas Supply Service  
("BGSS") Charge and Conservation  
Incentive Program ("CIP") Charge for  
the Year Ending September 30, 2022  
BPU Docket No. GR21060881

Aida Camacho-Welch, Secretary  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Brian O. Lipman, Director  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Maura Caroselli, Esq.  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Karen Forbes  
Division of Rate Counsel  
140 East Front Street, 4th Floor  
P.O. Box 003  
Trenton, NJ 08625

Oneil Hamilton  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Paul Lupo  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Stacy Peterson, Director  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Terel Klein, DAG  
Division of Law  
Public Utilities Section  
R.J. Hughes Justice Complex  
25 Market Street, P.O. Box 112  
Trenton, NJ 08625

Deborah M. Franco, Esq.  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083

Cindy Capozzoli  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Carolyn A. Jacobs  
SJI Utilities, Inc.  
1 South Jersey Place  
Atlantic City, NJ 08401

Karen J. Crispin  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

W. Peter Druckenmiller  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

James E. Fredericks  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Sheree Kelly  
SJI Utilities, Inc.  
520 Green Lane  
Union, NJ 07083

Maria C. Mendoza  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Maureen Minkel  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Timothy W. Rundall  
SJI Utilities, Inc.  
One South Jersey Place  
Atlantic City, NJ 08401

Daniel P. Yardley, Principal  
Yardley & Associates  
2409 Providence Hills Drive  
Matthews, NJ 28105

John Rozenkranz  
Synapse Energy Economics, Inc.  
485 Massachusetts Avenue, Suite 2  
Cambridge, MA 02139

David E. Peterson  
Chesapeake Regulatory  
Consultants, Inc.  
1815 Fenwicke Ct.  
Huntingtown, MD 20639

Robert J. Henkes  
Henkes Consulting  
7 Sunset Road  
Old Greenwich, CT 06870