



Agenda Date: 9/25/24
Agenda Item: 2D

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF NEW)
JERSEY NATURAL GAS COMPANY FOR THE)
ANNUAL REVIEW AND REVISION OF ITS BASIC)
GAS SUPPLY SERVICE (BGSS) AND)
CONSERVATION INCENTIVE PROGRAM (CIP))
RATES FOR F/Y 2025)
DECISION AND ORDER
APPROVING STIPULATION FOR
PROVISIONAL RATES
DOCKET NO. GR24060372

Parties of Record:

Brian Lipman, Esq., Director, New Jersey Division of Rate Counsel
Andrew K. Dembia, Esq., on behalf of New Jersey Natural Gas Company

BY THE BOARD:

On May 31, 2024, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting authority to modify its current periodic Basic Gas Supply Service (“BGSS”) rate, its Balancing Charge rate and Conservation Incentive Program (“CIP”) rates (“2024 BGSS/CIP Petition”). By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by NJNG, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) requesting that the Board approve changes in the periodic BGSS, CIP and Balancing Charge rates on a provisional basis, subject to refund with interest.

BACKGROUND/PROCEDURAL HISTORY

By Order dated January 6, 2003, the Board directed each of New Jersey’s four (4) gas distribution companies (“GDCs”), to submit to the Board, by June 1, its annual BGSS gas cost filing for the BGSS year beginning October 1.¹ In addition, the January 2003 BGSS Order authorized each GDC to self-implement up to a five percent (5%) BGSS rate increase effective December 1 of the current year, and February 1 of the following year, with one (1) month’s advance notice to the Board and Rate Counsel, and implement a decrease in its BGSS rate at any time during the year upon five (5) days’ notice to the Board and Rate Counsel.

¹ In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated January 6, 2003 (“January 2003 BGSS Order”).

The CIP was approved by the Board in Docket No. GR05121020 in Board Orders dated October 12 and December 12, 2006 (“CIP Order”). The CIP was further extended by Orders dated January 21, 2010 in Docket No. GR05121020 and May 21, 2014 in Docket No. GR13030185.² The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather-related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated in the Company’s BGSS rates and subject to return on equity limits.

2024 BGSS/CIP PETITION

Pursuant to the January 2003 BGSS Order, on May 31, 2024, NJNG filed the 2024 BGSS/CIP Petition requesting authority to decrease the Company’s current per therm periodic BGSS rate from \$0.4290 to \$0.3672 effective October 1, 2024.³ According to NJNG, with the rates currently in effect, the residential customer class is expected to be over-recovered by approximately \$33.04 million by September 30, 2024.

In the 2024 BGSS/CIP Petition, the Company also sought authority to increase its per therm Balancing Charge rate from \$0.1266 to \$0.1884. The Balancing Charge is included in the delivery charge for certain sales and transportation customers, and its revenues are credited to the BGSS. It consists of two (2) components: 1) carrying charges on inventory costs; and 2) demand charges. The proposed balancing charge results in an additional \$42.96 million increase to BGSS revenues.

The 2024 BGSS/CIP Petition also sought approval of the following per therm revised CIP rates to be effective October 1, 2024: Group I Residential Non-Heating— a charge of \$0.0409, Group II Residential Heating – a charge of \$0.0903, Group III General Service -- Small – a charge of \$0.0509, and Group IV General Service – Large – a charge of \$0.0382. The CIP calculations result in a current year margin deficiency of approximately \$50.15 million which is comprised of the following recovery amounts: 1) a margin deficiency of approximately \$0.11 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$43.06 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$2.01 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$4.97 million for Group IV General Service – Large customers. The BGSS Savings identified by the Company totaled approximately \$18.94 million to offset non-weather-related CIP margin deficiency and charges for the October 2024 through September 2025 period.

On August 6, 2024, through discovery, the Company provided the Update, which reflected actual data through June 30, 2024. The Update resulted in a proposed CIP rate for Group IV that was lower than originally filed. The Update produced an overall decrease of after-tax revenue of approximately \$0.80 million to the current estimated annual CIP revenue of \$54.22 million.

Following publication of notices in newspapers in general circulation in the Company’s service territory, virtual public hearings were conducted on September 17, 2024 at 4:30 p.m. and 5:30

² In re the Petition of New Jersey Natural Gas Company for Authority to Implement Conservation and Usage Adjustment, BPU Docket No. GR05121020, Order dated January 21, 2010, and In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order dated May 21, 2014 (“May 2014 Order”).

³ All rates quoted herein include losses and Sales and Use Tax (“SUT”) unless otherwise stated.

p.m. No members of the public attended or filed comments related to the Company's 2024 BGSS/CIP Petition.

STIPULATION

Following an initial review and discussions, the Parties determined that additional time is needed to complete a review of the 2024 BGSS/CIP Petition. Accordingly, the Parties executed the Stipulation, which provides, in part, as follows:⁴

10. The Parties to this proceeding, determined that additional time is needed to complete a comprehensive review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, the Parties agreed that implementation of the requested BGSS rate, the requested CIP rates for Groups I, II, and III, the updated CIP rate for Group IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable at this time.
11. The Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize: 1) a decrease of the Company's Periodic BGSS rate to \$0.3672 per therm after-tax; 2) an increase of the Company's Balancing Charge rate to \$0.1884 per therm after-tax; and 3) adjusting the following CIP rates all on a per-therm, after-tax basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers.
12. It is agreed by the Parties that these rates will be effective upon Board approval. These changes are on a provisional basis, subject to refund with interest, and allow for an opportunity for a full review at the Office of Administrative Law, if necessary, and final approval by the Board. The Parties agree that the treatment of costs associated with the Regional Energy Access Expansion project remains an open issue, and will be addressed in that review.
13. The Stipulation results in an overall decrease of approximately 0.1 percent, or \$0.12 per month, for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS rate reflects a decrease of 4.1 percent, the Balancing Charge rate reflects an increase of 4.1 percent, and the CIP rate reflects a decrease of 0.1 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is an increase of 0.2 percent or \$0.07 per month. The overall impact to the average small commercial sales customer using 100 therms per month is a decrease of approximately 0.6 percent or \$0.96 per month. The total bill for large commercial sales customers is increasing by approximately 0.1 percent or \$1.68 per month for a customer using 1,200 therms a month. These rate changes represent an increase in annual after-tax revenue to NJNG of approximately \$9.12 million. Exhibit A to the Stipulation provides the impacts of the above rate changes.

⁴ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

DISCUSSION AND FINDINGS

The Board carefully reviewed the record to date in this proceeding, including the 2024 BGSS/CIP Petition and the attached Stipulation, and **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** on a provisional basis:

1. A decrease in the Company's per therm periodic BGSS rate to \$0.3672;
2. An increase in the Company's per therm Balancing Charge rate to \$0.1884; and
3. The implementation of the following per therm CIP rates:
 - A charge of \$0.0409 for Group I Residential Non-Heat customers;
 - A charge of \$0.0903 for Group II Residential Heat customers;
 - A charge of \$0.0509 for Group III Small Commercial customers; and
 - A charge of \$0.0367 for Group IV General Service Large customers.

Any net over-recovered BGSS, Balancing Charge and CIP balance at the end of the BGSS period shall be subject to refund with interest. The above changes are effective for services rendered on and after October 1, 2024. Based upon the Stipulation, a typical residential heating customer using 100 therms per month will see a monthly bill decrease of \$0.12, or approximately 0.1%.

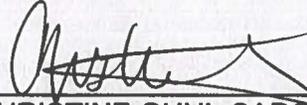
The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to October 1, 2024.

The Company's costs, including those related to the BGSS, Balancing Charge, and CIP, will remain subject to audit by the Board. This Decision and Order shall not preclude, nor prohibit, the Board from taking any actions determined to be appropriate as a result of any such audit.

This Order shall be effective on September 25, 2024.

DATED: September 25, 2024

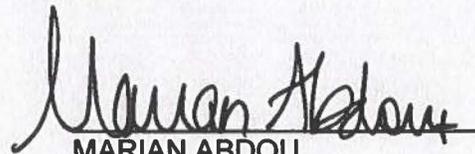
BOARD OF PUBLIC UTILITIES
BY:



CHRISTINE GUHL-SADOVY
PRESIDENT



DR. ZENON CHRISTODOULOU
COMMISSIONER

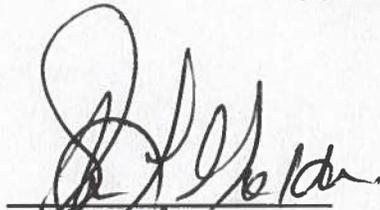


MARIAN ABDOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

ATTEST:


SHERRYL L. GOLDEN
SECRETARY

I HEREBY CERTIFY that the within
document is a true copy of the original
in the files of the Board of Public Utilities.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE ANNUAL
REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION
INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2025

BPU DOCKET NO. GR24060372

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September 18, 2024

VIA EMAIL

Hon. Sheri Golden, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of Its Basic Gas Supply Service (BGSS) and Its Conservation Incentive Program (CIP) Rates for F/Y 2025
BPU Docket No. GR24060372

Dear Secretary Golden:

Enclosed herewith, please find a fully executed Stipulation of Settlement For Provisional Rates (“Stipulation”) on behalf of New Jersey Natural Gas Company for the Annual Review and Revision of its Societal Benefits Charge Factors.

In accordance with the Order issued by the Board in connection with 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, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

Copies of this Stipulation also are being served electronically upon the New Jersey Division of Rate Counsel and the Division of Law.

Kindly acknowledge receipt of this filing via return email.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Andrew K. Dembia'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Andrew K. Dembia
Regulatory Affairs Counsel

AKD:ss
Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2025
DOCKET NO. GR24060372**

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**NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2025
DOCKET NO. GR24060372**

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

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE ANNUAL REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND ITS CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2025) **BPU DOCKET NO. GR24060372**
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STIPULATION FOR PROVISIONAL BGSS RATES

APPEARANCES:

Andrew Dembia, Esq., for the Petitioner, New Jersey Natural Gas Company

Maura Caroselli, Esq., Deputy Rate Counsel, **Megan C. Lupo, Esq.**, Assistant Deputy Rate Counsel, **Mamie W. Purnell, Esq.**, Assistant Deputy Rate Counsel, and **Andrew H. Gold, Esq.**, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

Steven Chaplar, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. On May 31, 2024, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting authority to: 1) decrease the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2024; 2) increase the Company’s Balancing Charge effective October 1, 2024; and 3) increase the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non-Heat customers and Group IV General Service – Large customers and decrease its CIP recovery rates for Group II Residential Heat customers and Group III General Service – Small customers effective October 1, 2024 (“Petition”).

2. Specifically, NJNG requested that the Company’s existing per therm after-tax Periodic BGSS rate of \$0.4290 that is applicable to residential and small commercial customers, subject to the Periodic BGSS Pricing Mechanism, be decreased to \$0.3672 per therm. NJNG’s Petition reflected market conditions as of May 8, 2024, and was based upon a one (1)-year BGSS recovery period. The requested

change would result in an overall decrease of after-tax revenue of approximately \$33.04 million from the current estimated annual BGSS revenue of \$229.37 million.

3. The Company also requested a \$0.0618 per therm increase to the after-tax balancing charge, thereby increasing it from \$0.1266 to \$0.1884. As mandated by the Board on November 17, 2021, NJNG is to adjust its Balancing Charge in the annual BGSS filing to reflect updated pipeline demand charges, credit adjustments, and the percentage of peak day volume related to balancing associated with the pipeline demand portion of the Balancing Charge.¹ The Rate Case Order also provides for the inventory portion of the Balancing Charge to be updated in a base rate case. The Balancing Charge is a component of the delivery charge for certain sales and transportation customers, and all Balancing Charge revenues are credited to BGSS. The requested change would result in an overall increase of after-tax revenue of approximately \$42.96 million from the current estimated annual Balancing Charge revenue of \$87.99 million.

4. As authorized by the Board in Docket Nos. GR05121020 and GR13030185, the Petition also provided the Company's annual CIP rate filing for CIP year 2025, October 1, 2024 through September 30, 2025, and requested that the BPU approve the implementation of updated CIP factors effective October 1, 2024.² Specifically, the Company sought approval for the following changes to its after-tax, per therm CIP factors: 1) a \$0.0027 increase to the current rate of \$0.0382 for Group I Residential Non-Heat customers resulting in a proposed rate of \$0.0409; 2) a \$0.0012 decrease to the current rate of \$0.0915 resulting in a proposed rate of \$0.0903 for Group II Residential Heat customers; 3) a \$0.0096 decrease to the current rate of \$0.0605 for Group III Small Commercial customers resulting in a

¹ In re the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Base Rate and for Changes in its Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1; and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18, BPU Docket No. GR21030679, Order dated November 17, 2021 ("Rate Case Order").

² In re the Petition of New Jersey Natural Gas Company for Authority to Implement Conservation and Usage Adjustment, BPU Docket No. GR05121020, Order dated January 20, 2010, AND In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order Dated May 21, 2014 ("May 2014 Order").

proposed rate of \$0.0509; and 4) a \$0.0029 increase to the current rate of \$0.0353 resulting in a proposed rate of \$0.0382 for Group IV Large Commercial customers. The requested changes would result in an overall decrease in after-tax revenue of approximately \$0.60 million from the current estimated annual CIP revenue of \$54.22.

5. Pursuant to the May 2014 Order, recovery of any non-weather related CIP surcharges are subject to a BGSS Savings Test under which the Company must have BGSS savings of at least seventy-five percent (75%) of the non-weather related margin deficiency, and a Variable Margin Test under which the non-weather related margin deficiency must be less than or equal to 6.5 percent (6.5%) of aggregate variable margins. Any amount exceeding these limits may be deferred for future recovery and will be subject to the recovery tests in a future period. Additionally, recovery of the current year margin deficiency must meet an earnings test. The Company reported a total estimated CIP related margin deficiency for CIP year 2024, October 1, 2023 through September 30, 2024, of approximately \$45.15 million with \$35.53 million margin deficiency related to weather, and \$9.62 million margin deficiency related to non-weather factors. The amount of the BGSS Savings required to meet the BGSS Savings test is seventy-five percent (75%) of the non-weather change or \$7.22 million. The Company identified approximately \$18.94 million in BGSS savings available to offset non-weather-related CIP margin deficiency and charges for the October 2024 through September 2025 recovery period. Under the Variable Margin Test, the recovery limitation is \$24.05 million based upon 6.5 percent of aggregate variable margins reported by the Company for October 1, 2023 through September 30, 2024. Since the non-weather-related CIP margin deficiency is less than the BGSS Savings and the Variable Margin Test recovery limitation, the Company has met both tests based upon the information and representations contained in the Company's filing. The Company also provided testimony that the margin deficiency will not result in a return on equity in excess of 9.60 percent (9.6%).

6. Modifying the BGSS, Balancing Charge, and CIP rates as requested in the Petition would result in a requested overall decrease of approximately \$0.12 per month, or 0.1 percent, to the average

residential heating customer (Group II) using 100 therms per month. The impact of these requested rate changes to the average residential non-heat customer (Group I) using 25 therms per month would be an increase of \$0.07, or 0.2 percent, for the average small commercial customer (Group III) using 100 therms a month the impact would be a decrease of \$0.96, or 0.6 percent, and the impact to the average large commercial customer (Group IV) using 1,200 therms a month will be an increase of \$3.48, or 0.2 percent. The above BGSS, Balancing Charge, and CIP rate changes result in an increase in annual after-tax revenues to NJNG of approximately \$9.32 million.

7. On August 6, 2024, the Company submitted a response to Discovery Request S-NJNG-BGSS-0001 updating the CIP schedules to reflect actual data through June 30, 2024, resulting in a proposed CIP rate for Group IV that was lower than originally filed. The updated after-tax CIP rates per therm is a charge of \$0.0367 for Group IV. The updated CIP rate for Group IV, and the filed after- tax CIP rates for Group I of \$0.0409, Group II of \$0.0903 and Group III of \$0.0509 per therm result in an overall decrease of after-tax revenue of approximately \$0.80 million to the current estimated annual CIP revenue of \$54.22 million. The updated schedules result in no change in the proposed CIP rates for Groups I, II, and III. The updated CIP rate for Group IV, and the filed after- tax CIP rates for Groups I, II and III combined with the requested BGSS rate of \$0.3672, and Balancing Charge of \$0.1884, result in an overall increase in after-tax revenue of approximately \$9.12 million.

8. After publication of notice in newspapers of general circulation in NJNG's service territory, virtual public hearings occurred on September 17, 2024, at 4:30 p.m. and 5:30 p.m. No members of the public participated in either hearing nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").

9. On July 30, 2024 the United States Court of Appeals for the District of Columbia Circuit vacated and remanded for further action previous orders of the Federal Energy Regulatory Commission ("FERC") in which FERC had issued a certificate allowing the Transcontinental Gas Pipe Line Company, LLC to construct and operate a pipeline (the Regional Energy Access Expansion Project, or "REA")

running through New Jersey and other northeastern states. NJNG is a participant in the REA project, and costs associated with REA project capacity are reflected in NJNG's filing in this matter.

STIPULATED ISSUES

10. NJNG, Staff, and Rate Counsel (collectively, "Parties"), the only Parties to this proceeding, determined that additional time is needed to complete a comprehensive review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, the Parties agreed that implementation of the requested BGSS rate, the requested CIP rates for Groups I, II, and III, the updated CIP rate for Group IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable at this time.

11. Accordingly, the Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize: 1) a decrease of the Company's Periodic BGSS rate to \$0.3672 per therm after-tax; 2) an increase of the Company's Balancing Charge rate to \$0.1884 per therm after-tax; and 3) adjusting the following CIP rates all on a per-therm, after-tax basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers.

12. It is agreed by the Parties that these rates will be effective upon Board approval. These changes are on a provisional basis, subject to refund with interest, and allow for an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board. The Parties agree that the treatment of costs associated with the REA project remains an open issue, and will be addressed in that review.

13. This Stipulation of Settlement ("Stipulation") results in an overall decrease of approximately 0.1 percent, or \$0.12 per month, for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS rate reflects a decrease of 4.1 percent, the Balancing Charge rate reflects an increase of 4.1 percent, and the CIP rate

reflects a decrease of 0.1 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is an increase of 0.2 percent or \$0.07 per month. The overall impact to the average small commercial sales customer using 100 therms per month is a decrease of approximately 0.6 percent or \$0.96 per month. The total bill for large commercial sales customers is increasing by approximately 0.1 percent or \$1.68 per month for a customer using 1200 therms a month. These rate changes represent an increase in annual after-tax revenue to NJNG of approximately \$9.12 million. Exhibit A to this Stipulation provides the impacts of the above rate changes.

14. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its periodic BGSS rate of up to five percent (5%) to be effective December 1, 2024, and February 1, 2025, after thirty (30) days prior notice and the filing of supporting documentation with Staff and Rate Counsel, if the Company determines that such increases are necessary to avoid a BGSS under recovery balance at September 30, 2025. If noticed and implemented, the self-implementing increases would be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG may decrease its BGSS rate at any time upon five (5) days' notice, and with supporting documentation, to Staff and Rate Counsel.

15. Should the Board issue an Order approving the agreed upon rates and terms set-forth above, the Company will submit conforming tariff sheets after the effective date of the Board's Order.

16. The Parties agree that this Stipulation represents a mutual balancing of interests, contains interdependent provisions, and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order, then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

17. The Parties agree that the Stipulation is binding for all purposes provided herein.

18. The Parties agree that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, NJNG, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. All rates are subject to audit by the Board. The Parties recommend that the Board transmit this proceeding to the OAL, if necessary, for an opportunity for a full review of all issues in this matter. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties respectfully request that the Board issue an Order approving the Stipulation in its entirety and in accordance with the terms provided therein.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 

ANDREW K. DEMBIA, ESQ.
New Jersey Natural Gas

**BRIAN O. LIPMAN, ESQ., DIRECTOR
NEW JERSEY DIVISION OF RATE COUNSEL**

By: 

MAMIE W. PURNELL, ESQ.
ASSISTANT DEPUTY RATE COUNSEL

MATTHEW J. PLATKIN
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities

By: 

STEVEN CHAPLAR, ESQ.
DEPUTY ATTORNEY GENERAL

Date: September 18, 2024

New Jersey Natural Gas Company
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(\$/therm)

Rate Impact for Group I - Residential Non-Heating Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(3.5%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	3.5%
CIP	Delivery Rate	<u>0.0358</u>	<u>0.0382</u>	<u>0.0384</u>	<u>0.0409</u>	<u>0.0026</u>	<u>0.0027</u>	<u>0.2%</u>
NET IMPACT		<u>\$0.5568</u>	<u>\$0.5938</u>	<u>\$0.5595</u>	<u>\$0.5965</u>	<u>\$0.0027</u>	<u>\$0.0027</u>	<u>0.2%</u>

Rate Impact for Group II - Residential Heating Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(4.1%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	4.1%
CIP	Delivery Rate	<u>0.0858</u>	<u>0.0915</u>	<u>0.0847</u>	<u>0.0903</u>	<u>(0.0011)</u>	<u>(0.0012)</u>	<u>(0.1%)</u>
NET IMPACT		<u>\$0.6068</u>	<u>\$0.6471</u>	<u>\$0.6058</u>	<u>\$0.6459</u>	<u>(\$0.0010)</u>	<u>(\$0.0012)</u>	<u>(0.1%)</u>

Rate Impact for Group III - General Service Small Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(3.6%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	3.6%
CIP	Delivery Rate	<u>0.0567</u>	<u>0.0605</u>	<u>0.0477</u>	<u>0.0509</u>	<u>(0.0090)</u>	<u>(0.0096)</u>	<u>(0.6%)</u>
NET IMPACT		<u>\$0.5777</u>	<u>\$0.6161</u>	<u>\$0.5688</u>	<u>\$0.6065</u>	<u>(\$0.0089)</u>	<u>(\$0.0096)</u>	<u>(0.6%)</u>

Rate Impact for Group IV - General Service Large Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2024)	\$0.3574	\$0.3811	\$0.2995	\$0.3193	(\$0.0579)	(\$0.0618)	(4.5%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	4.5%
CIP	Delivery Rate	<u>0.0331</u>	<u>0.0353</u>	<u>0.0344</u>	<u>0.0367</u>	<u>0.0013</u>	<u>0.0014</u>	<u>0.1%</u>
NET IMPACT		<u>\$0.5092</u>	<u>\$0.5430</u>	<u>\$0.5106</u>	<u>\$0.5444</u>	<u>\$0.0014</u>	<u>\$0.0014</u>	<u>0.1%</u>

For General Service – Large (“GSL”) sales customers, there is no impact from the proposed BGSS rate because they are subject to monthly market pricing for their natural gas supply. The GSL BGSS decrease shown above reflects the proposed Balancing Charge change since the Balancing Charge is deducted from the BGSS charge and included as a component of the delivery charge for no impact to the total bill of GSL sales customers.

Projected Annual Post-tax BGSS, CIP, and WNC revenue

Projected Annual Therms:

Periodic BGSS	534,661 (000s)
Balancing Charge	695,048 (000s)
CIP Group I	2,828 (000s)
CIP Group II	509,691 (000s)
CIP Group III	42,341 (000s)
CIP Group IV	139,121 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$229.37	\$196.33	(\$33.04)
Balancing Charge	\$87.99	\$130.95	\$42.96
CIP Group I	\$0.11	\$0.12	\$0.01
CIP Group II	\$46.64	\$46.03	(\$0.61)
CIP Group III	\$2.56	\$2.16	(\$0.40)
CIP Group IV	<u>\$4.91</u>	<u>\$5.11</u>	<u>\$0.20</u>
IMPACT	<u>\$371.58</u>	<u>\$380.70</u>	<u>\$9.12</u>

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<u>Impact on Residential Non-Heating Customers</u>			
		25 therm bill	
5/1/24 Rates			
Customer Charge	\$11.00	\$11.00	
Delivery	\$0.9081	\$22.70	
BGSS	\$0.4290	\$10.73	
Total	\$1.3371	\$44.43	
Proposed Rates- effective 10/1/24			
Customer Charge	\$11.00	\$11.00	
Delivery	\$0.9726	\$24.32	
BGSS	\$0.3672	\$9.18	
Total	\$1.3398	\$44.50	
Increase		\$0.07	
Increase as a percent		0.2%	

<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1,000 therm annual bill
5/1/24 Rates			
Customer Charge	\$11.00	\$11.00	\$132.00
Delivery	\$0.9614	\$96.14	\$961.40
BGSS	\$0.4290	\$42.90	\$429.00
Total	\$1.3904	\$150.04	\$1,522.40
Proposed Rates- effective 10/1/24			
Customer Charge	\$11.00	\$11.00	\$132.00
Delivery	\$1.0220	\$102.20	\$1,022.00
BGSS	\$0.3672	\$36.72	\$367.20
Total	\$1.3892	\$149.92	\$1,521.20
Decrease		(\$0.12)	(\$1.20)
Decrease as a percent		(0.1%)	(0.1%)

<u>Impact on Commercial GSS Customers</u>			
		100 therm bill	
5/1/24 Rates			
Customer Charge	\$42.00	\$42.00	
Delivery	\$0.8523	\$85.23	
BGSS	\$0.4290	\$42.90	
Total	\$1.2813	\$170.13	
Proposed Rates- effective 10/1/24			
Customer Charge	\$42.00	\$42.00	
Delivery	\$0.9045	\$90.45	
BGSS	\$0.3672	\$36.72	
Total	\$1.2717	\$169.17	
Decrease		(\$0.96)	
Decrease as a percent		(0.6%)	

<u>Impact on Commercial GSL Customers</u>			
		1200 therm bill	
5/1/24 Rates			
Customer Charge	\$104.00	\$104.00	
Demand Charge	\$3.41	\$327.36	
Delivery	\$0.6306	\$756.72	
BGSS (May 2024)	\$0.3811	\$457.32	
Total	\$1.0117	\$1,645.40	
Proposed Rates- effective 10/1/24			
Customer Charge	\$104.00	\$104.00	
Demand Charge	\$3.41	\$327.36	
Delivery	\$0.6938	\$832.56	
BGSS (May 2024)	\$0.3193	\$383.16	
Total	\$1.0131	\$1,647.08	
Increase		\$1.68	
Increase as a percent		0.1%	