



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th 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 APPROVAL OF THE)
COST RECOVERY ASSOCIATED WITH ENERGY)
EFFICIENCY PROGRAMS) ORDER APPROVING
STIPULATION
DOCKET NO. GR19050676

Parties of Record:

Andrew Dembia, Esq., for New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On May 31, 2019, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition ("May 2019 Petition") with the New Jersey Board of Public Utilities ("Board" or "BPU") seeking approval to increase its Energy Efficiency rate ("EE Rate") from \$0.0133 per therm to \$0.0187 per therm.¹ By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by NJNG, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties"), intended to resolve the Company's requests related to the May 2019 Petition.

BACKGROUND AND PROCEDURAL HISTORY

On July 17, 2009, the Board authorized NJNG to implement three (3) energy efficiency programs: 1) Home Performance with Energy Star ("HPwES") Enhancements; 2) Enhanced Warm Advantage Rebate Program; and 3) Commercial Customer Direct Install Program² ("Original Programs"). The Original Programs were designed to complement or supplement existing New Jersey Clean Energy Program ("NJCEP") offerings, including the ongoing WarmAdvantage, COOLAdvantage, HPES, Commercial Direct Install, and Smart Start Building programs.

¹ All rates quoted herein include Sales and Use Tax.

² In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and In re the Petition of New Jersey Natural Gas Company for Approval of Energy Efficiency Programs with an Associated Cost Recovery Mechanism, BPU Docket Nos. EO09010056 and GO09010057. (July 17, 2009)

The Original Programs were available to eligible customers for approximately 12 months. In the event there was still program funding available after that period, NJNG could continue to offer the approved programs through December 31, 2010. NJNG was authorized to establish the EE Rate through which it would recover or return to customers all deferred program costs, including rebate costs, customer incentive payments, customer financing costs, and associated reasonable and prudent operations and maintenance expenses. These costs were to be recovered through the Company's Rider F. The Company was required to submit an annual cost recovery filing to establish future EE Rates. The annual filing includes updates to the investment levels, operating costs, and reconciled rate recovered to actual cost results.

By Order dated September 24, 2010 ("September 2010 Order"), the Board authorized NJNG to extend and expand the Original Programs through December 31, 2011.³ In addition to authorizing modifications to the Original Programs, the September 2010 Order authorized the Company to implement an OPOWER pilot program, an incremental incentive for Combined Heat and Power projects undertaken in conjunction with the NJCEP, and the Fostering Environmental and Economic Development ("FEED") program (collectively, "SAVEGREEN Project" or "SAVEGREEN").⁴

By Order dated January 19, 2012, the Board authorized NJNG to continue its existing SAVEGREEN Project and implement certain proposed SAVEGREEN Project program changes through December 31, 2012, or 12 months from the date the Order approving the SAVEGREEN extension was served, whichever was later.⁵ Through a series of Orders, the Board authorized NJNG to further extend the SAVEGREEN Project, with modifications, through July 31, 2017.⁶ By Order dated September 17, 2018, the Board approved both the continuation of existing and creation of new energy-efficiency programs to be offered through the SAVEGREEN Project through December 31, 2021.⁷

³ In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10030225. (September 24, 2010)

⁴ The OPOWER pilot allows customers to obtain information about their specific energy use in comparison to comparable households. The FEED program offers eligible commercial customers an opportunity for customized provisions.

⁵ In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425. (January 19, 2012)

⁶ In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1 and In re the Petition of New Jersey Natural Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket Nos. GO12070640 and GR12070641. (June 21, 2013); In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412. (July 23, 2015); and In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412. (June 29, 2016)

⁷ In re the Petition of New Jersey Natural Gas Company for Approval of Existing and New Energy Efficiency Programs and a Class I Renewable Energy Program and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO18030355. (September 17, 2018)

As part of the current cost recovery mechanism, NJNG is authorized to amortize for recovery of the SAVEGREEN investments in customer rebates, incentive payments and customer financing over a two (2), three (3), five (5) and 10 year period on a straight-line basis, with the rate of return on the unamortized SAVEGREEN investments approved in the previous orders. NJNG computes the rate of return component of its costs, in addition to deducting the accumulated amortization of its investments, by deducting the applicable deferred income taxes related to the amortization of rebates, incentives and financing costs over a two (2), three (3), five (5), and 10 year period for book purposes and over a one (1) year period for tax purposes.

By Order dated December 18, 2018, NJNG's current EE Rate was approved by Order dated December 18, 2018.⁸ NJNG was required to submit its annual cost recovery filing by June 1, 2019 to establish future Rider F rates.

May 2019 Petition

In the May 2019 Petition, NJNG sought review and approval of the costs associated with the SAVEGREEN Project expenditures. According to the May 2019 Petition, based on actual information through April 30, 2019, and estimated information for the period May 1, 2019 through September 30, 2020, NJNG anticipated being over recovered at September 30, 2019, by approximately \$0.438 million. Based on the current and anticipated levels of activity in SAVEGREEN, NJNG estimated the revenue requirement for the period October 2019 through September 2020 to be approximately \$12.368 million.

Rate Counsel and Staff propounded discovery on NJNG, which was responded to by the Company. NJNG subsequently updated its revenue requirement to include actual information through June 30, 2019, and estimated information for the period July 1, 2019 to September 30, 2020. The Company's updated information indicates an anticipated over recovery at September 30, 2019, of approximately \$0.960 million and a revenue requirement for the period October 2019 through September 2020 to be approximately \$11.312 million.

| | |
|---|-----------------|
| Estimated Under/(Over) recovery at September 30, 2019 (\$000) | \$ (960) |
| Estimated Revenue Requirements (Oct 2019 through Sept 2020): | |
| RGGI | \$ 56 |
| EE Extension | 221 |
| July 2013 Programs | 2,506 |
| August 2015 Programs | 3,424 |
| SAVEGREEN 2018 | 6,063 |
| Total Amount to be Recovered | <u>\$11,312</u> |

After publication of notice in newspapers of general circulation in NJNG's service territory, public hearings were scheduled and conducted on August 21, 2019 in Freehold Township and on

⁸ In re the Petition of New Jersey Natural Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket No. GR18050585. (December 18, 2018)

August 22, 2019 in Rockaway Township. No members of the public commented at the hearings or filed written comments.

STIPULATION

Upon review of the May 2019 Petition, and subsequent to conducting and reviewing responses to discovery, on September 25, 2019, the Parties executed the Stipulation, which provides as follows:⁹

10. The Parties agree that the Company is authorized to recover only those costs associated with the SAVEGREEN Programs previously approved in the September 2010, January 2012, June 2013, July 2015, June 2016, October 2017, and September 2018 Orders.
11. Based upon the Company's updated revenue requirement of \$11.31 million, the Parties agree that NJNG should increase the existing EE Rate of \$0.0133 per therm, to \$0.0171 per therm pursuant to the terms of Rider F of the Company's gas tariff, as set forth in Attachment A of the Stipulation. The overall bill of the residential heating customer using 100 therms per month will increase by \$0.38, or 0.4 percent. This rate shall be effective November 1, 2019 or as of the date approved in a Board Order and shall remain in effect until changed by a future Board Order.
12. The Parties agree that actual costs incurred through June 30, 2019, as shown in Attachment B of the Stipulation, have been reviewed and deemed prudent and reasonable by the Parties. Actual costs incurred by NJNG starting on July 1, 2019 are subject to review for reasonableness and prudence in future EE Rate filings.
13. The Parties agree that the Company's next annual EE Rate filing will be made on or about June 1, 2020.
14. As agreed to by the Parties and authorized in the September 2018 Order, any variance between costs and recoveries will accrue interest at a rate equal to the Company's monthly commercial paper rate. In the event that commercial paper was not utilized by the Company in the preceding month, the last calculated rate will be used. The interest rate shall not exceed the Company's rate of return as authorized by the BPU in the Company's most recent base rate case, BPU Docket No. GR151111304, or until changed by Board Order. Interest on over/under recoveries will be calculated using simple interest, based on the average beginning and ending over/under recovery balances of the month, on a net-of-tax basis. The sum of the monthly interest to be collected from or credited to ratepayers will be included in the rate calculated for the next annual EE Rate filing.

⁹ Although summarized 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. Each paragraph is numbered to coincide with the Stipulation.

DISCUSSION AND FINDING

The Board has carefully reviewed the record, including the May 2019 Petition, as well as the Stipulation. Accordingly, the Board is satisfied and **HEREBY FINDS** that the Stipulation represents a fair and reasonable resolution of the issues, demonstrates that the costs have been reviewed and determined to be both reasonable and prudent, and is therefore in the public interest. The Board **HEREBY ADOPTS** the attached Stipulation as its own, incorporating by reference its terms and conditions as if fully set forth herein.

Accordingly, the Board **HEREBY ORDERS** that NJNG's EE Rate be increased to \$0.0171 per therm for service rendered on or after November 1, 2019. As a result of the Board's approval of the Stipulation, a typical residential heating customer using 100 therms in a winter month will see an increase in their monthly bill of \$0.38 or approximately 0.4 percent.

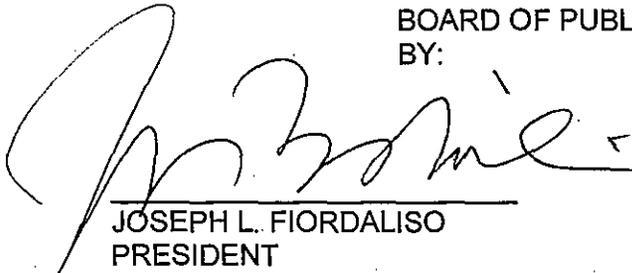
The Board **HEREBY ORDERS** the Company to file the appropriate revised tariff sheets consistent with the terms of this Order no later than November 1, 2019.

The Company's costs, including those related to the programs described above, 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 Board Order shall be effective on October 25, 2019.

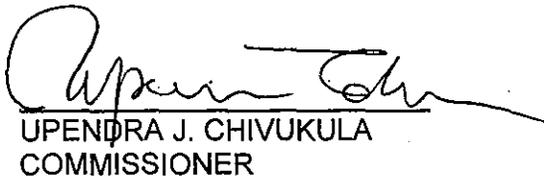
DATED: 10/25/19

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT

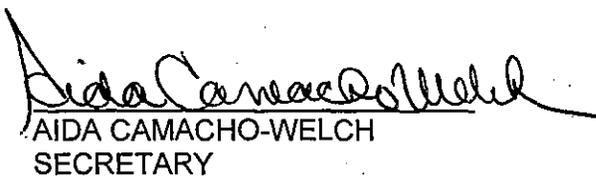

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST:


AIDA CAMACHO-WELCH
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
APPROVAL OF THE COST RECOVERY ASSOCIATED WITH ENERGY EFFICIENCY
PROGRAMS

BPU DOCKET NO. GR19050676

SERVICE LIST

New Jersey Division of Rate Counsel

Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003

Stefanie A. Brand, Esq., Director
sbrand@rpa.nj.gov

Brian O. Lipman, Esq.
blipman@rpa.nj.gov

Maura Caroselli, Esq.
mcaroselli@rpa.nj.gov

Felicia Thomas-Friel, Esq.
ftomas@rpa.nj.gov

NJNG

New Jersey Natural Gas Company
1415 Wyckoff Road
Post Office Box 1464
Wall, NJ 07719

James Corcoran
jcorcoran@njng.com

Andrew Dembia, Esq.
adembia@njng.com

Judy DeSalvatore
idesalvatore@njng.com

Mark G. Kahrer
mkahrer@njng.com

Tina Trebino
ttrebino@njng.com

New Jersey Board of Public Utilities

44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350

Aida Camacho-Welch
Secretary of the Board
Board.secretary@bpu.nj.gov

Division of Energy

Stacy Peterson, Director
stacy.peterson@bpu.nj.gov

Paul Lupo, Bureau Chief
paul.lupo@bpu.nj.gov

Bart Kilar
bart.kilar@bpu.nj.gov

Counsel's Office

Heather Weisband, Esq.
heather.weisband@bpu.nj.gov

Division of Law

Department of Law and Public Safety
Richard J. Hughes Justice Complex
Public Utilities Section
25 Market Street, P.O. Box 112
Trenton, NJ 08625

Pamela Owen, Esq.
pamela.owen@law.njoag.gov

Geoffrey Gersten, Esq.
geoffrey.gersten@law.njoag.gov

Renee Greenberg, Esq.
renee.greenberg@law.njoag.gov



September 26, 2019

VIA FEDERAL EXPRESS OVERNIGHT DELIVERY

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

Re: In the Matter of the Petition of New Jersey Natural Gas Company For Approval of
the Cost Recovery Associated with Energy Efficiency Programs
BPU Docket No. GR19050676

Dear Secretary Camacho-Welch:

Please accept for filing an original and two copies, on behalf of New Jersey Natural Gas Company, of a fully executed Stipulation of Settlement in the above captioned matter.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope.

Respectfully submitted,

A handwritten signature in black 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, Esq.
Regulatory Affairs Counsel

AKD:sf
Encl.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF THE COST RECOVERY ASSOCIATED WITH
ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR19050676

SERVICE LIST

NJNG

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

Andrew K. Dembia
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

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

James M. Corcoran
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

NJ BOARD OF PUBLIC UTILITIES

* Stacy Peterson
N.J. Board of Public Utilities
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Heather Weisband
N.J. Board of Public Utilities
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

* Paul Lupo
N.J. Board of Public Utilities
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Bart Kilar
N.J. Board of Public Utilities
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF THE COST RECOVERY ASSOCIATED WITH
ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR19050676**

SERVICE LIST

DIVISION OF RATE COUNSEL

- * Stefanie A. Brand, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

- * Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

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

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

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

DEPT. OF LAW & PUBLIC SAFETY –
DIVISION OF LAW

- Caroline Vachier, Section Chief
Deputy Attorney General
Dept. of Law & Public Safety – Div of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

- * Alex Moreau
Deputy Attorney General
Dept. of Law & Public Safety – Div of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

- Renee Greenberg
Deputy Attorney General
Dept. of Law & Public Safety – Div of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

- Pamela Owen, ASC
Department of Law
& Public Safety Division of Law
Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, N.J. 08625

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

| | | |
|--------------------------------------|---|----------------------------------|
| IN THE MATTER OF THE PETITION |) | |
| OF NEW JERSEY NATURAL GAS |) | STIPULATION OF |
| COMPANY FOR APPROVAL OF THE |) | SETTLEMENT |
| COST RECOVERY ASSOCIATED WITH |) | |
| ENERGY EFFICIENCY PROGRAMS |) | BPU DOCKET NO. GR19050676 |
| |) | |
| |) | |

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

APPEARANCES:

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

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, and Maura Caroselli, Esq., Assistant Deputy Rate Counsel (**Stefanie A. Brand, Esq.**, Director New Jersey Division of Rate Counsel)

Renee Greenberg, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

1. On May 31, 2019, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition (“Petition”) in Docket No. GR19050676 with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting that the Board increase the Company’s existing Energy Efficiency (“EE”) rate of \$0.0133 per therm to \$0.0187 per therm [including Sales and Use Tax (“SUT”)], which was established by Board Order dated December 18, 2018, in Docket No. GR18050585. The Company submitted the Petition pursuant to the terms of earlier Board Orders.¹ On September

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and I/M/O the Petition of New Jersey Natural Gas Company for Approval of Energy Efficiency Programs with an Associated Cost Recovery Mechanism, BPU Docket Nos. EO09010056 and GO09010057, Order dated July 17, 2009 (“July 2009 Order”); In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost

17, 2018, the Board issued an Order in Docket No. GO18030355 approving both the continuation of existing and creation of new energy-efficiency programs to be offered through the SAVEGREEN Project® (“SAVEGREEN”) through December 31, 2021 and continued to allow the recovery of SAVEGREEN investments and operating costs collected through the Board-approved NJNG Tariff Sheet Rider F (“Rider F”).² These Orders all adopted terms of stipulations entered into among the Company, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively the “Parties”).

On August 1, 2019, the Company submitted a discovery response (RCR-A-1) updating the EE schedules and the resulting EE rate is lower than originally filed. Based on the actual and anticipated levels of activity in SAVEGREEN and the projected under recovered balance as of September 30, 2020, the current after-tax EE rate of \$0.0133 per therm would be increased to \$0.0171 per therm, for recovery of the SAVEGREEN program costs approved in the September 2010 Order, the January 2012 Order, the June 2013 Order, the July 2015 Order, the June 2016, Order, and the September 2018 Order. Based upon the Company’s request, the overall bill of a residential heating customer using 100 therms per month would increase by \$0.38, or 0.4 percent.

Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10030225, Order dated September 24, 2010 (“September 2010 Order”); In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425, Order dated January 19, 2012 (“January 2012 Order”); In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1 and In re the Petition of New Jersey Natural Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket Nos. GO12070640 and GR12070641, Order dated June 21, 2013 (“June 2013 Order”); In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated July 23, 2015 (“July 2015 Order”); and In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy-Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated June 29, 2016. (“June 2016 Order”).

² In re the Petition of New Jersey Natural Gas Company for Approval of Existing and New Energy Efficiency Programs and a Class I Renewable Energy Program and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO18030355, Order dated September 17, 2018 (“September 2018 Order”).

BACKGROUND

2. NJNG's participation in energy-efficiency programs, the costs of which are collected through Rider F, was originally approved by the Board in the July 2009 Order and subsequently approved to continue, with modifications, in the September 2010 Order, January 2012 Order, the June 2013 Order, the July 2015 Order, the June 2016 Order, and the approved September 2018 Order.

3. As stated by the Company in its Petition, the SAVEGREEN energy-efficiency and conservation programs are designed to complement and supplement aspects of New Jersey's Clean Energy Program ("NJCEP") in an attempt to encourage higher levels of customer participation in NJNG's service territory. NJNG maintains that the programs do not duplicate or eliminate any of the NJCEP programs; instead they work to increase customer awareness, enhance participation, and support utilization of NJCEP efforts throughout the State.

4. As set forth in the above-cited Board Orders, NJNG was authorized to establish a rate through which it can recover from customers SAVEGREEN costs including: rebates, customer incentive payments, customer financing, and associated reasonable and prudent incremental operation and maintenance ("O&M") expenses ("Program Costs"). It was agreed that such Program Costs are subject to recovery pursuant to the terms of Rider F.

5. NJNG is to submit an annual SAVEGREEN cost recovery filing by June 1st to establish future Rider F rates. The filing has usually been made coincident with, but separate from, NJNG's annual Basic Gas Supply Service filing, and is to include updates to the SAVEGREEN investment levels, operating costs, and reconcile rate recoveries to actual cost results.

PROCEDURAL HISTORY

6. After publication of notice in newspapers of general circulation in NJNG's service

territory, public hearings were scheduled and conducted on August 21, 2019 in Freehold Township and on August 22, 2019 in Rockaway Township. No members of the public appeared at either hearing nor were any written comments received by the BPU, NJNG, or Rate Counsel.

7. NJNG received and responded to all discovery propounded in this proceeding by Board Staff and Rate Counsel.

8. The Parties have reviewed the Petition and discovery responses submitted by NJNG. Based upon that review, the Parties entered into this Stipulation, in resolution of all issues raised in or relating to the Company's Petition.

9. Specifically, based upon and subject to the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

10. The Parties agree that the Company is authorized to recover only those costs associated with the SAVEGREEN Programs previously approved in the September 2010, January 2012, June 2013, July 2015, June 2016, October 2017, and September 2018 Orders.

11. Based upon the Company's updated revenue requirement of \$11.31 million, the Parties agree that NJNG should increase the existing EE Rate of \$0.0133 per therm, which includes SUT [\$0.0125 excluding SUT], to \$0.0171 per therm including SUT [\$0.0160 excluding SUT] pursuant to the terms of Rider F of the Company's gas tariff, as set forth in Attachment A. The overall bill of the residential heating customer using 100 therms per month will increase by \$0.38, or 0.4 percent. This rate shall be effective November 1, 2019 or as of the date approved in a Board Order and shall remain in effect until changed by a future Board Order.

12. The Parties agree that actual costs incurred through June 30, 2019, as shown in Attachment B, have been reviewed and deemed prudent and reasonable by the Parties. Actual

costs incurred by NJNG starting on July 1, 2019 are subject to review for reasonableness and prudence in future EE Rate filings.

13. The Parties agree that the Company's next annual EE Rate filing will be made on or about June 1, 2020.

14. As agreed to by the Parties and authorized in the September 2018 Order, any variance between costs and recoveries will accrue interest at a rate equal to the Company's monthly commercial paper rate. In the event that commercial paper was not utilized by the Company in the preceding month, the last calculated rate will be used. The interest rate shall not exceed the Company's rate of return as authorized by the BPU in the Company's most recent base rate case, BPU Docket No. GR151111304, or until changed by Board Order. Interest on over/under recoveries will be calculated using simple interest, based on the average beginning and ending over/under recovery balances of the month, on a set-of-tax basis. The sum of the monthly interest to be collected from or credited to ratepayers will be included in the rate calculated for the next annual EE Rate filing.

15. 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.

16. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

17. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, NJNG, Board 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 and, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS COMPANY
PETITIONER**

By: Andrew K Dembia
ANDREW K. DEMBIA
Regulatory Affairs Counsel

**NEW JERSEY DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR**

By: Maura Caroselli 9-25-19
MAURA CAROSELLI
Assistant Deputy Rate Counsel

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for Staff of the New Jersey Board of Public Utilities**

By: Renee Greenberg 9-24-2019
RENEE GREENBERG
Deputy Attorney General

Date: September ²⁰, 2019

GR19 0506 76-7-

New Jersey Natural Gas Company
 Net Impact of Proposed Rate Changes
 BPU Docket No. GR19050676
 C/Y 2020

| EE | Component of | (\$/therm) | | | | | |
|----|--------------|-------------------|--------------------|-------------------|--------------------|-------------------|--------------------|
| | | Current | | 1/1/2019 Proposed | | Change | |
| | | Pre-tax 0.0125 | Post-tax 0.0133 | Pre-tax 0.0160 | Post-tax 0.0171 | Pre-tax 0.0035 | Post-tax 0.0038 |

| <u>Impact on Residential Non-Heating Customers</u> | | | |
|--|--|----------|---|
| | | | 25 therm bill |
| 8/1/2019 | | | |
| Customer Charge | | \$8.70 | \$8.70 |
| Delivery | | \$0.5651 | \$14.13 |
| BGSS | | \$0.4129 | \$10.32 |
| Total | | \$0.9780 | \$33.15 |
| Proposed Rates- effective 10/01/19 | | | |
| Customer Charge | | \$8.70 | \$8.70 |
| Delivery | | \$0.5689 | \$14.22 |
| BGSS | | \$0.4129 | \$10.32 |
| Total | | \$0.9818 | \$33.25 |
| Increase/(Decrease) | | | \$0.09 |
| Increase/(Decrease) as a percent | | | 0.3% |
| Impact on Residential Heating Customers | | | |
| | | | 100 therm bill 1,000 therm annual bill |
| 8/1/2019 | | | |
| Customer Charge | | \$8.70 | \$8.70 \$104.40 |
| Delivery | | \$0.5190 | \$51.90 \$519.00 |
| BGSS | | \$0.4129 | \$41.29 \$412.90 |
| Total | | \$0.9319 | \$101.89 \$1,036.30 |
| Proposed Rates- effective 10/01/19 | | | |
| Customer Charge | | \$8.70 | \$8.70 \$104.40 |
| Delivery | | \$0.5228 | \$52.28 \$522.80 |
| BGSS | | \$0.4129 | \$41.29 \$412.90 |
| Total | | \$0.9357 | \$102.27 \$1,040.10 |
| Increase/(Decrease) | | | \$0.38 \$3.80 |
| Increase/(Decrease) as a percent | | | 0.4% 0.4% |
| Impact on Commercial GSS Customers | | | |
| | | | 100 therm bill |
| 8/1/2019 | | | |
| Customer Charge | | \$26.37 | \$26.37 |
| Delivery | | \$0.4680 | \$46.80 |
| BGSS | | \$0.4129 | \$41.29 |
| Total | | \$0.8809 | \$114.46 |
| Proposed Rates- effective 10/01/19 | | | |
| Customer Charge | | \$26.37 | \$26.37 |
| Delivery | | \$0.4718 | \$47.18 |
| BGSS | | \$0.4129 | \$41.29 |
| Total | | \$0.8847 | \$114.84 |
| Increase/(Decrease) | | | \$0.38 |
| Increase/(Decrease) as a percent | | | 0.3% |
| Impact on Commercial GSL Customers | | | |
| | | | 1200 therm bill |
| 8/1/2019 | | | |
| Customer Charge | | \$52.17 | \$52.17 |
| Demand Charge | | \$1.84 | \$176.64 |
| Delivery | | \$0.4196 | \$503.52 |
| BGSS (Aug 2019) | | \$0.3696 | \$443.52 |
| Total | | \$0.7892 | \$1,175.85 |
| Proposed Rates- effective 10/01/19 | | | |
| Customer Charge | | \$52.17 | \$52.17 |
| Demand Charge | | \$1.84 | \$176.64 |
| Delivery | | \$0.4234 | \$508.08 |
| BGSS (Aug 2019) | | \$0.3696 | \$443.52 |
| Total | | \$0.7930 | \$1,180.41 |
| Increase/(Decrease) | | | \$4.56 |
| Increase/(Decrease) as a percent | | | 0.4% |

Projected Annual Revenue

| | | | |
|--|---------------|----------------|--------|
| Projected SBC annual therms | | 708,479 (000s) | |
| Projected Annual Revenue \$ million | | | |
| | Current Rates | Proposed Rates | Change |
| Pre-tax | \$8.86 | \$11.34 | \$2.5 |
| Post-tax | \$9.42 | \$12.11 | \$2.7 |

**New Jersey Natural Gas
Energy Efficiency Recovery Rates**

(\$000)

| | |
|---|-------------------------|
| Actual Under/(Over) recovery at June 30, 2019 | \$ (3,095) |
| Estimated Revenue Requirements (July 2019 through Sept 2019): | |
| RGGI | \$ 52 |
| EE Extension | 71 |
| July 2013 Programs | 979 |
| August 2015 Programs | 958 |
| SAVEGREEN 2018 | 802 |
| Estimated Recovery | \$ (717) |
| Estimated Interest | <u>\$ (9)</u> |
| Estimated Under/(Over) recovery at September 30, 2019 | \$ (960) |
| Estimated Revenue Requirements (Oct 2019 through Sept 2020): | |
| RGGI | \$ 56 |
| EE Extension | \$ 221 |
| July 2013 Programs | \$ 2,506 |
| August 2015 Programs | \$ 3,424 |
| SAVEGREEN 2018 | \$ 6,063 |
| Total Amount to be Recovered | <u><u>\$ 11,312</u></u> |
| <u>Per Therm Recovery</u> | |
| Firm Throughput (000 therms) | 708,479 |
| Proposed Pre-tax EE Recovery Rate \$ per Therm | \$ 0.0160 |
| Proposed After-tax EE Recovery Rate \$ per Therm | \$ 0.0171 |
| Current Pre-tax EE Recovery Rate \$ per Therm | \$ 0.0125 |
| Current After-tax EE Recovery Rate \$ per Therm | \$ 0.0133 |
| Pre-tax EE Recovery Rate \$ per Therm Increase/ (Decrease) | \$ 0.0035 |
| After-tax EE Recovery Rate \$ per Therm Increase/ (Decrease) | \$ 0.0038 |