



Agenda Date: 9/9/20
Agenda Item: 2C

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 THE)
ANNUAL REVIEW AND REVISION OF SOCIETAL)
BENEFITS CHARGE FACTORS FOR)
REMEDICATION YEAR 2019)

DECISION AND ORDER
APPROVING STIPULATION
DOCKET NO. GR19091314

Parties of Record:

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

BY THE BOARD:

On September 30, 2019, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval to change rates for two (2) components of its Societal Benefits Charge ("SBC"): the Remediation Adjustment ("RA") and the New Jersey Clean Energy Program ("NJCEP") ("Petition"). Additionally, the Petition requested review and approval of the remediation expenditures incurred by the Company from July 1, 2018 through June 30, 2019 ("Remediation Year 2019"). By this Decision and Order, the Board considers a stipulation of settlement ("Stipulation") executed by NJNG, Board Staff, and the New Jersey Division of Rate Counsel (collectively, "Parties") intended to resolve all issues related to this docket.

BACKGROUND

The SBC was created as a result of the Electric Discount and Energy Competition Act, and is comprised of a number of components: the RA, the NJCEP, and the statewide Universal Service Fund ("USF") and Lifeline Program charges.¹ The RA rate allows the Company to recover reasonably incurred environmental remediation costs associated with the clean-up of its former

¹ The USF and Lifeline Programs were established by the Board to help provide affordable electric and natural gas service for eligible residential customers in New Jersey. The statewide USF rates are addressed in annual filings submitted simultaneously by New Jersey's natural gas and electric utilities. The after-tax natural gas USF rate at the time the Petition was filed was \$0.0103 per therm as approved by the Board in its September 17, 2018 Order in Docket No. ER18060661.

manufactured gas plant (“MGP”) sites, on a deferred basis, over a rolling seven (7) year period, with carrying charges based upon the seven (7) year constant maturity Treasury rate plus 60 basis points. The NJCEP component recovers costs associated with energy efficiency and renewable energy programs related to the New Jersey Clean Energy Program.

Petition

In the Petition, NJNG sought approval: 1) to increase the Company’s per therm RA rate; 2) to increase the NJCEP per therm rate; and 3) of the remediation expenditures incurred by the Company during Remediation Year 2019.

In the Petition, the Company proposed to increase the per therm RA rate from \$0.0127 to \$0.0147, and increase the per therm NJCEP rate from \$0.0222 to \$0.0271.² When combined with the existing USF rate of \$0.0103 per therm, the proposed total SBC rate was \$0.0521 per therm.³ In the Petition, the RA revenue requirement was approximately \$9.844 million and the NJCEP revenue requirement was approximately \$18.149 million.

In response to discovery, NJNG updated the schedules in the Petition to reflect actual data through December 31, 2019 (“Update”). As a result of the Update, the proposed per therm RA rate was modified to \$0.0145 and the proposed per therm NJCEP rate was modified to \$0.0213. When combined with USF/Lifeline rates approved in the September 2019 Order, the proposed total per therm SBC rate was modified to \$0.0479. The updated RA revenue requirement is approximately \$9.710 million and the NJCEP updated revenue requirement is approximately \$14.252 million.

After publication of notice in newspapers in the Company’s service territory, public hearings in this matter were conducted on February 26, 2020 in Freehold Township and February 27, 2020, in Rockaway Township, New Jersey, respectively. No members of the public appeared at any of the public hearings and no written comments were received by the Board.

STIPULATION

Following review of the Petition and discovery responses, the Parties executed the Stipulation on March 16, 2020, which provides for the following⁴:

8. (a) Overall SBC Rate

Based upon the revised and updated discovery, the Company’s overall SBC rate shall be \$0.0479 per therm on an after-tax basis, effective upon

² All rates quoted herein include all applicable taxes. On June 21, 2019, in BPU Docket No. QO19050644, the Board established each utility’s level of expenditures for the statewide NJCEP for July 2019 through June 2020. NJNG’s annual funding obligation is \$16.5 million.

³ Subsequently, the statewide USF factor was revised to \$0.0121 effective October 1, 2019 in the Board’s September 27, 2019 Order in Docket No. ER19060736 (“September 2019 Order”). Including the October 1, 2019 USF/Lifeline rates, NJNG’s proposed SBC after-tax rate is \$0.0539 per therm.

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

Board approval, which is an increase of \$0.0009 per therm from the current after-tax rate of \$0.0470 per therm. This overall SBC rate shall continue to remain in effect until changed by further Order of the Board. The impact of this rate change on a typical residential natural gas customer using 1,000 therms per year is an increase of approximately \$0.90 per year, or 0.08 percent. Attached to the Stipulation as Exhibit B is a summary of the SBC components and the calculation of the resulting rate impact.

(b) RA Rate

- (i) The Company's after-tax RA rate within the SBC of \$0.0145 per therm shall be deemed final and remain in effect until changed by further Board Order.
- (ii) All issues raised by the Company's Petition relating to the RA expenditures incurred by the Company during Remediation Year 2019 have been examined and shall be deemed fully resolved and are prudent and reasonable.
- (iii) The RA rate set forth in the Stipulation is based upon and reflects recoverable RA costs of approximately \$12.12 million for Remediation Year 2019, and interest of approximately \$0.78 million for the period beginning October 1, 2018 through September 30, 2019. The resulting rolling seven (7)-year recoverable RA cost average is approximately \$9.03 million.

(c) NJCEP Rate

The Company's after-tax NJCEP rate of \$0.0213 per therm shall be deemed final and remain in effect until changed by further Board Order.

- 9. Recovery and adjustments of the RA rate are subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's next SBC filing. Recovery of RA costs shall also continue to be subject to the same conditions as set forth in the stipulations approved by the Board in its December 21, 1994 Order Adopting Initial Decision in Docket No. GR94070333, and its November 22, 1995 Decision and Order Adopting Initial Decision and Stipulation in Docket No. GR95090409.
- 10. As part of the Stipulation, the Parties agree that expenditures the Company recovers through the RA rate are subject to audit. Such audit may be through a review of the Company's internal audits conducted in relation to costs associated with the SBC filing, or through any other audit mechanism determined to be appropriate by the Board.
- 11. The Company represents that its RA filing in the Petition does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") claims, and no NRD costs were incurred during Remediation Year 2019. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness or the recoverability under the Company's RA rate mechanism of

NRD damages or related costs, if any. The Parties expressly reserve their rights to argue their respective positions on these and related issues in future proceedings, as appropriate.

12. The Company represents that the Petition does not include a request for the recovery of any incentive compensation paid to NJNG personnel who worked on MGP remediation matters through the June 30, 2019 timeframe, and the Parties agree that NJNG incentive compensation costs through June 30, 2019 in the amount of \$81,640 will continue to be deferred in the previously established sub-account. NJNG established a separate sub-account in the deferred remediation expenditure account to recognize deferred incentive compensation associated with NJNG's internal MGP labor.
13. The Company agrees that it will continue to include with its Remediation Adjustment Clause filings responses to the MFRs as set forth in Exhibit A of the Stipulation.

DISCUSSION AND FINDINGS

The Board reviewed the record in this proceeding, including the Petition and the Stipulation. The Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest, and in accordance with the law. The Board **HEREBY FINDS** that the actual costs incurred through December 31, 2019 were reviewed by the Parties and determined to be reasonable and prudent. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as if fully set forth herein.

The Board **HEREBY APPROVES** the following per therm rates for service rendered on and after October 1, 2020: 1) an RA rate of \$0.0145; and 2) an NJCEP rate of \$0.0213. As a result of the Board's approval, the Company's total per therm SBC rate is \$0.0479. Based upon the Stipulation, the impact of these rate changes on a typical residential customer using 1,000 therms per year is an annual increase of approximately \$0.90, or 0.08 percent.

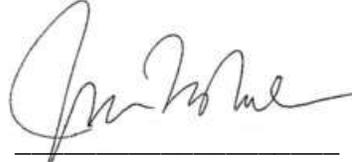
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by October 1, 2020.

The Company's costs will remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any such actions deemed to be appropriate as a result of any such audit.

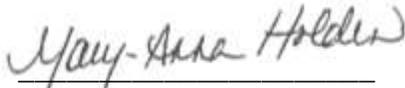
The effective date of this Order is September 19, 2020.

DATED: September 9, 2020

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

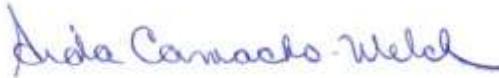


UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF SOCIETAL BENEFITS CHARGE FACTORS FOR
REMEDIAITON YEAR 2019

BPU DOCKET NO. GR19091314

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March 17, 2020

Honorable Aida Camacho- Welch, Secretary
N.J. Board of Public Utilities
44 South Clinton Avenue, 9th 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 Societal Benefits Charge Factors for
Remediation Year 2019
BPU Docket No. GR19091314

Dear Secretary Camacho-Welch:

Enclosed with this letter is a fully executed Stipulation for Final Rates in the
above captioned matter with signatory page.

Please do not hesitate to contact me at 732-938-1073 if you need any additional
information.

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:sf

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF
SOCIETAL BENEFITS CHARGE (SBC) FACTORS
FOR REMEDIATION YEARS 2019
DOCKET NO. GR19091314**

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**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF
SOCIETAL BENEFITS CHARGE (SBC) FACTORS
FOR REMEDIATION YEARS 2019
DOCKET NO. GR19091314**

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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) BPU DOCKET NO. GR19091314
REVISION OF SOCIETAL BENEFITS)
CHARGE FACTORS FOR REMEDIATION)
YEAR 2019)**

STIPULATION

APPEARANCES:

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

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

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

**TO: THE HONORABLE COMMISSIONERS OF
THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

BACKGROUND

By Orders dated March 17, 1999 in Docket No. GX99030121, and March 30, 2001 in Docket No. GO99030123, pursuant to N.J.S.A. 48:3-60 New Jersey Natural Gas Company (“NJNG” or “Company”) received approval to implement and assess a Societal Benefits Charge (“SBC”) as a non-by-passable charge applicable to the Company’s customers.¹

¹ Pursuant to legislation signed into law on January 28, 2011, N.J.S.A.48:3-60.1, natural gas commodity and delivery service charges for natural gas that is used to generate electricity for resale are not to include SBC charges.

1. On September 30, 2019, NJNG filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) in Docket No. GR19091314 relating to the Company’s SBC rate (“SBC filing”). The components included in the SBC are the Remediation Adjustment (“RA”) rate, the statewide Universal Service Fund (“USF”) rate, and the New Jersey Clean Energy Program (“NJCEP”) rate.² In the SBC filing, the Company requested that the Board (1) increase the Company’s per therm after-tax RA rate; (2) increase the NJCEP per therm after-tax rate; and (3) approve the prudent and reasonable remediation expenditures incurred by the Company through June 30, 2019 (“Remediation Year 2019”) to be effective April 1, 2020, or as of the effective date of the Board Order in this proceeding. These rate changes result in an overall increase of \$0.0069 per therm, or approximately 0.68 percent to the average residential heating customers’ monthly bill.
2. The Company’s SBC filing included its petition, testimonies, schedules, the Company’s Gas Service Tariff (redlined), and data that supported the Company’s proposed increase to its current after-tax RA rate of \$0.0127 per therm to \$0.0147 per therm. Additional information responsive to the 15 minimum filing requirements (“MFR’s”) for RA filings, as approved and required by Board Order dated April 13, 2006 in Docket No. GR04121565, were provided by the Company. A copy of the MFR’s are attached as Exhibit A to this Stipulation.

² The USF is a fund established by the Board to help provide affordable electric and natural gas service for eligible residential customers in New Jersey. The statewide USF rates are addressed in annual filings submitted simultaneously by New Jersey’s natural gas and electric utilities. The after-tax natural gas USF rate at the time of this filing of \$0.0103 per therm was approved by the Board in its September 17, 2018 Order in Docket No. ER18060661. Subsequently, the statewide USF factor was revised to \$0.0121, effective October 1, 2019, in the Board’s September 27, 2019 Order in Docket No. ER19060736.

3. NJNG's proposal to increase the per therm after tax NJCEP rate of \$0.0222 to \$0.0271 reflects the Company's share of the statewide NJCEP contribution levels, as approved by the Board on June 21, 2019 in Docket No. QO19050644. These rates, along with the USF after-tax rate in effect at the time of NJNG's filing of \$0.0103 per therm, comprise NJNG's proposed SBC after-tax rate of \$0.0521 per therm.³ The Company also requested the approval of the remediation expenditures incurred by the Company for Remediation Year 2019. The Company requested that these rates and expenditures be approved effective April 1, 2020, or as of the effective date of the Board Order in this proceeding.
4. Public hearings on the SBC filing were held on February 26, 2020 in Freehold Township, New Jersey, and on February 27, 2020, in Rockaway Township, New Jersey. No members of the public appeared at the public hearings, and no written comments were received by the Board, the Company or the New Jersey Division of Rate Counsel ("Rate Counsel").
5. NJNG received and responded to all discovery requests propounded in the SBC filing. In the process of responding to discovery, NJNG revised and updated the calculations for the RA rate and the NJCEP rate.
6. Based upon further discussions, the Company, Rate Counsel and Board Staff (collectively, "Parties") reached an agreement to enter into this stipulation of settlement ("Stipulation")

³ This statewide USF factor was approved in the Board's September 17, 2018 Order in Docket No. ER1806073661. Subsequently, the statewide USF factor was revised to \$0.0121 effective October 1, 2019 in the Board's September 27, 2019 Order in Docket No. ER19060736. Including the October 1, 2019 USF rate, NJNG's proposed SBC after-tax rate is \$0.0539 per therm.

finalizing the rates and resolving all issues raised in, or related to, the Company's RA and NJCEP rates, including the Company's remediation expenses for Remediation Year 2019.

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

STIPULATED ISSUES

8. (a) **Overall SBC Rate.** Based upon the revised and updated discovery, the Company's overall SBC rate shall be \$0.0479 per therm on an after-tax basis, effective upon Board approval, which is an increase of \$0.0009 per therm from the current after-tax rate of \$0.0470 per therm. This overall SBC rate shall continue to remain in effect until changed by further Order of the Board. The impact of this rate change on a typical residential natural gas customer using 1,000 therms per year is an increase of approximately \$0.90 per year, or 0.08 percent. Attached hereto as Exhibit B is a summary of the SBC components and the calculation of the resulting rate impact.
- (b) **RA Rate.**
- (i) The Company's after-tax RA rate within the SBC of \$0.0145 per therm shall be deemed final and remain in effect until changed by further Board Order.
 - (ii) All issues raised by the Company's filing herein relating to the RA expenditures incurred by the Company during Remediation Year 2019 have been examined and shall be deemed fully resolved and are prudent and reasonable.
 - (iii) The RA rate set forth above is based upon and reflects recoverable RA costs of approximately \$12.12 million for Remediation Year 2019, and interest of approximately \$0.78 million for the period beginning October 1, 2018 through

September 30, 2019. The resulting rolling seven (7)-year recoverable RA cost average is approximately \$9.03 million.

(c) **NJCEP Rate.**

The Company's after-tax NJCEP rate of \$0.0213 per therm shall be deemed final and remain in effect until changed by further Board Order.

9. Recovery and adjustments of the RA rate are subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's next SBC filing. Recovery of RA costs shall also continue to be subject to the same conditions as set forth in the stipulations approved by the Board in its December 21, 1994 Order Adopting Initial Decision in Docket No. GR94070333, and its November 22, 1995 Decision and Order Adopting Initial Decision and Stipulation in Docket No. GR95090409.
10. As part of this Stipulation, the Parties agree that expenditures the Company recovers through the RA rate are subject to audit. Such audit may be through a review of the Company's internal audits conducted in relation to costs associated with the SBC filing, or through any other audit mechanism determined to be appropriate by the Board.
11. The Company represents that its RA filing in this SBC filing does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") claims, and no NRD costs were incurred during Remediation Year 2019. The Parties accordingly stipulate and agree that the Board should make no determination in this proceeding as to the reasonableness or the recoverability under the Company's RA rate mechanism of NRD damages or related costs, if any. The Parties expressly reserve their rights to argue their respective positions on these and related issues in future proceedings, as appropriate.

12. The Company represents that its SBC filing does not include a request for the recovery of any incentive compensation paid to NJNG personnel who worked on Manufactured Gas Plant (“MGP”) remediation matters through the June 30, 2019 timeframe, and the Parties agree that NJNG incentive compensation costs through June 30, 2019 in the amount of \$81,640 will continue to be deferred in the previously established sub-account. NJNG established a separate sub-account in the deferred remediation expenditure account to recognize deferred incentive compensation associated with NJNG’s internal MGP labor.
13. The Company agrees that it will continue to include with its Remediation Adjustment Clause filings responses to the MFRs as set forth in Exhibit A to this Stipulation.
14. The Parties stipulate and agree that this Stipulation fully disposes of all issues in controversy in this proceeding, is consistent with law, and is in the public interest. 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 provision 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 the Board, in any applicable order(s), does not adopt this Stipulation in its entirety, 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.
15. The Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.
16. 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. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving, rejecting, or modifying 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 hereto respectfully submit this Stipulation to the Board for its review and the issuance of a Decision and Order approving this Stipulation, in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS COMPANY
PETITIONER**



By:

ANDREW K. DEMBIA
New Jersey Natural Gas

**DIVISION OF RATE COUNSEL
STEFANIE BRAND, ESQ.
DIRECTOR**

By:



MAURA CAROSELLI
ASSISTANT DEPUTY RATE COUNSEL

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



By:

TEREL KLEIN
DEPUTY ATTORNEY GENERAL

Date: March 16, 2020

Exhibit A

New Jersey Natural Gas Company
Remediation Adjustment Clause Minimum Filing Requirements

As part of the Company's annual Remediation Adjustment Clause ("RAC") filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its annual RAC filing. This document provides a summary of the expenditures by vendor by site for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through June 30 of each year will continue to be submitted with the Company's annual RAC filing.
2. Identify the two MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting work papers, charts and tables.
3. For each of the same two MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding June 30 of the most recent RAC period.
4. For each of the same two MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.
5. For each of the same two MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's

MGP sites. The narrative, with supporting documentation, should cover the prior RAC period.

7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.
9. Provide schedules and supporting work papers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.
10. Provide the Company's bid evaluation studies, reports, work papers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders. For contracts awarded during the most recent RAC period without competitive bidding, the Company should include a detailed explanation and supporting documentation for the decision not to engage in competitive bidding.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request. The response should also include a detailed explanation and supporting documentation for the company's decision to proceed with a supplemental contract amendment rather than engage in a competitive bidding process for the additional work, during the most recent RAC period.
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.
13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including work papers and supporting documentation.

14. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones. Provide an update concerning the status of discussions with the NJDEP concerning its NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement.

15. Provide detailed justification for new, renewed, or amended contracts for customer outreach services provided by outside vendors, including justification for the pricing structure for all new contracts. Payments for services under all existing, new, renewed or amended contracts with outside vendors for customer outreach should be supported by documentation that the compensation provided to such outside vendors is commensurate at a reasonable hourly rate based on level of professional expertise and documented time required to perform the contracted work during the most recent RAC period.

**New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR19091314**

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
				(\$/therm)			
RAC	Delivery Price	0.0119	0.0127	0.0136	0.0145	0.0017	0.0018
NJCEP	Delivery Price	0.0208	0.0222	0.0200	0.0213	(0.0008)	(0.0009)
USF	Delivery Price	0.0114	0.0121	0.0114	0.0121	0.0000	0.0000
Total SBC		0.0441	0.0470	0.0450	0.0479	0.0009	0.0009

Impact on Residential Non-Heating Customers			
25 therm bill			
Current			
	Customer Charge		\$10.00
	Delivery		\$0.7323
	BGSS		\$0.3753
	Total		\$1.1076
Proposed 4/1/20 Prices			
	Customer Charge		\$10.00
	Delivery		\$0.7332
	BGSS		\$0.3753
	Total		\$1.1085
	Increase		\$0.02
	Increase as a percent		0.05%

Impact on Residential Heating Customers				
		100 therm bill		1000 therm annual bill
Current				
	Customer Charge	\$10.00	\$10.00	\$120.00
	Delivery	\$0.6712	\$67.12	\$671.20
	BGSS	\$0.3753	\$37.53	\$375.30
	Total	\$1.0465	\$114.65	\$1,166.50
Proposed 4/1/20 Prices				
	Customer Charge	\$10.00	\$10.00	\$120.00
	Delivery	\$0.6721	\$67.21	\$672.10
	BGSS	\$0.3753	\$37.53	\$375.30
	Total	\$1.0474	\$114.74	\$1,167.40
	Increase		\$0.09	\$0.90
	Increase as a percent		0.08%	0.08%

Impact on Commercial GSS Customers			
100 therm bill			
Current			
	Customer Charge	\$34.00	\$34.00
	Delivery	\$0.5847	\$58.47
	BGSS	\$0.3753	\$37.53
	Total	\$0.9600	\$130.00
Proposed 4/1/20 Prices			
	Customer Charge	\$34.00	\$34.00
	Delivery	\$0.5856	\$58.56
	BGSS	\$0.3753	\$37.53
	Total	\$0.9609	\$130.09
	Increase		\$0.09
	Increase as a percent		0.07%

Impact on Commercial GSL Customers			
1200 therm bill			
Current			
	Customer Charge	\$78.37	\$78.37
	Demand Charge	\$2.56	\$245.76
	Delivery	\$0.4572	\$548.64
	BGSS (Jan 2020)	\$0.3756	\$450.72
	Total	\$0.8328	\$1,323.49
Proposed 4/1/20 Prices			
	Customer Charge	\$78.37	\$78.37
	Demand Charge	\$2.56	\$245.76
	Delivery	\$0.4581	\$549.72
	BGSS (Jan 2020)	\$0.3756	\$450.72
	Total	\$0.8337	\$1,324.57
	Increase		\$1.08
	Increase as a percent		0.08%

Projected Annual Revenue

Projected SBC annual therms 714,376 (000s)

	Current		Proposed		Change	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
RAC	\$8.50	\$9.07	\$9.72	\$10.36	\$1.21	\$1.29
NJCEP	\$14.86	\$15.86	\$14.29	\$15.22	(\$0.57)	(\$0.64)
USF	\$8.14	\$8.64	\$8.14	\$8.64	\$0.00	\$0.00
Total Pre-tax	\$31.50	\$33.58	\$32.15	\$34.22	\$0.64	\$0.64

**NEW JERSEY NATURAL GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
REMEDATION ADJUSTMENT RIDER
REMEDATION YEAR 2019
BPU DOCKET NO. GR19091314**

REMEDATION ADJUSTMENT FACTOR

Line				
1	<u>AMORTIZATION (Per Schedule 2)</u>		\$9,031,101	
	Total Amortization			\$9,031,101 a
2	<u>PRIOR YEARS' RECONCILIATION</u>			
	<i>Amount to be Recovered:</i>			
	BPU Order - Docket No.GR18091055	\$8,522,297		
	<i>Total Amount to be Recovered</i>		\$8,522,297	
	<i>Recovery:</i>			
	April 1, 2018 to March 31, 2019 Actual	\$7,655,216		
	April 1, 2018 to March 31, 2019 (Estimate included in current rate)	\$7,663,817		
	True up	(\$8,601)		
	April 1, 2019 to March 31, 2020 (Actuals through December 31, 2019)	\$8,629,762		
	<i>Total Amount Recovered</i>		\$8,621,161	
	Over-Recovery			(98,864) b
3	<u>INTEREST CALCULATION (Per Schedule 5)</u>			
	Interest (October 1, 2018 - September 30, 2019)*		\$ 778,010	c
4	TOTAL TO BE RECOVERED		\$9,710,247	a+b+c
5	<u>THERM SALE PROJECTION (April 2020 - March 2021)</u>			
	<i>PROJECTED THERM SALES:</i>			
	FIRM SALES	566,839,838		
	FIRM TRANSPORTATION	133,536,049		
	INTERRUPTIBLE TRANSPORTATION	14,000,001		
	TOTAL PROJECTED THERM SALES		714,375,888	
	PROPOSED PRE-TAX RA FACTOR PER THERM		\$0.0136	
	PROPOSED AFTER-TAX RA FACTOR PER THERM		\$0.0145	
	CURRENT PRE-TAX RA FACTOR PER THERM		\$0.0119	
	CURRENT AFTER-TAX RA FACTOR PER THERM		\$0.0127	
	Increase/(Decrease)		\$0.0018	

*12 months actual

**NEW JERSEY NATURAL GAS COMPANY
SOCIETAL BENEFITS CHARGE (SBC)
NEW JERSEY'S CLEAN ENERGY PROGRAM ADJUSTMENT CLAUSE
BPU DOCKET NO. GR19091314**

NEW JERSEY CLEAN ENERGY ADJUSTMENT CLAUSE CALCULATION

	Estimated Balance (\$ 000)
NJ Clean Energy Overrecovery Balance @ 12/31/19	(3,009)
Board Approved Amounts for January 2020 to March 2020	\$8,002
Recovery for January 2020 through March 2020	(\$7,241)
Estimated balance at 3/31/20	(\$2,248)
Board Approved Amounts for April 2020 to March 2021	\$16,500
Estimated Amount to be Recovered	\$14,252
Projected 4/20-3/21 Sales	
Firm Sales	566,840
Firm Transportation	133,536
Interruptible	14,000
Total	714,376
Pre-tax NJ Clean Energy Recovery Rate \$ per Therm as Calculated	\$0.0200
After-tax NJ Clean Energy Recovery Rate \$ per Therm as Calculated	\$0.0213
Current Pre-tax NJ Clean Energy Recovery Rate \$ per Therm	\$0.0208
Current After-tax NJ Clean Energy Recovery Rate \$ per Therm	\$0.0222
Calculated Pre-tax NJ Clean Energy Recovery Rate \$ per Therm Increase	(\$0.0008)
Calculated After-tax NJ Clean Energy Recovery Rate \$ per Therm Increase	(\$0.0009)

¹ Per 6/21/19 Order in BPU Docket No. QO19050644. Assumes approved contributions through June 2020 and estimates for July 2020 through March 2021 period based on approved amounts from prior period (July 2019 through Mar 2020).