



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF NEW	)	DECISION AND ORDER
JERSEY NATURAL GAS COMPANY FOR THE	)	APPROVING STIPULATION FOR
ANNUAL REVIEW AND REVISION OF ITS BASIC	)	PROVISIONAL RATES
GAS SUPPLY SERVICE (BGSS) AND	)	
CONSERVATION INCENTIVE PROGRAM (CIP)	)	
RATES FOR F/Y 2021	)	BPU DOCKET NO. GR20060378

**Parties of Record:**

**Stefanie A. Brand, 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 29, 2020, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking approval to modify its Basic Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) rates (“2020 BGSS/CIP Petition”). The 2020 BGSS/CIP Petition also sought approval to modify NJNG’s Balancing Charge rate. By this 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**

By Order dated January 6, 2003 in Docket No. GX01050304, 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.<sup>1</sup> In addition, the January 2003 BGSS Order authorized each GDC to self-implement up to a five (5) percent BGSS rate increase

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<sup>1</sup> 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. – BGSS Pricing, BPU Docket No. GX01050304, Order dated January 6, 2003, (“January 2003 BGSS Order”).

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.

## **2020 BGSS/CIP PETITION**

On May 29, 2020, the Company filed the 2020 BGSS/CIP Petition with the Board requesting authority to decrease its current per therm BGSS rate from \$0.3753 to \$0.3320 effective October 1, 2020.<sup>2</sup> As a result of the proposed rates, the Company's annual BGSS revenues would be reduced by approximately \$21.7 million. Based upon current market conditions, NJNG estimates the BGSS ending balance will be approximately \$7.9 million over recovered as of September 30, 2020. The estimated BGSS ending balance will be an under-recovery of approximately \$2.4 million as of September 30, 2021.

In the 2020 BGSS/CIP Petition, NJNG also sought to decrease its Balancing Charge from \$0.1088 per therm to \$0.1026 per therm. The balancing charge represents the cost to NJNG's transportation customers for NJNG providing gas from its BGSS portfolio to adjust for transportation customers over/under consumption. All balancing charge revenues from transportation customers are credited to the BGSS. For sales customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge to provide a BGSS "Price-to-Compare." There is no balancing charge related impact on sales customer's bills as the balancing charge is deducted from the BGSS price and added to the delivery price. The proposed Balancing Charge would result in an additional decrease in BGSS revenues of \$4.1 million.

The 2020 BGSS/CIP Petition also sought approval of the following per therm revised CIP rates to be effective October 1, 2020: Group I Residential Non-Heating— a charge of \$0.0173, Group II Residential Heating – a charge of \$0.0427, Group III General Service -- Small – a charge of \$0.0400, and Group IV General Service – Large – a charge of \$0.0303.<sup>3</sup> The CIP calculations result in an overall increase in after-tax revenue of approximately \$23.8 million, which includes \$19.9 million related to weather, which was warmer than normal, and a non-weather related margin deficiency of \$3.9 million.

Through discovery, the Company updated its CIP rate schedules. As a result of the update, CIP Groups I and II had a lower rate than originally proposed, while Groups III and IV were higher than originally proposed. The updated CIP calculations resulted in an overall increase in after-tax revenue of approximately \$17.6 million. As a result of the update, the overall decrease in after-tax revenue for the 2020 BGSS/CIP Petition is approximately \$8.2 million.

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<sup>2</sup> All rates quoted herein include losses and Sales and Use Tax ("SUT") unless otherwise stated.

<sup>3</sup> The CIP was approved by the Board in Docket No. GR05120120 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. GR05120120 and May 21, 2014 in Docket No. GR13030185. 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.

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were conducted telephonically on August 17, 2020 at 4:30 pm and 5:30 pm.<sup>4</sup> No members of the public appeared at the hearings or filed comments to the Board regarding the 2020 BGSS/CIP Petition.

## **STIPULATION**

Following review and discussion, the Parties determined that additional time is needed to complete a review of the 2020 BGSS/CIP Petition. Accordingly, the Parties executed the Stipulation, which provides for the following<sup>5</sup>:

9. The Parties to this proceeding, have discussed certain matters at issue in the 2020 BGSS/CIP Petition. As a result of those discussions, the Parties determined that additional time is needed to complete a comprehensive review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, during the discussions, the Company proposed and the Parties agreed that implementation of the requested BGSS rate, the updated CIP rates for Groups I and II, the requested CIP rates for Groups III and IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable at this time.
10. 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 the following: 1) decrease the Company's Periodic BGSS rate to \$0.3320 per therm after-tax; 2) decrease the Company's Balancing Charge rate to \$0.1026 per therm after-tax; and 3) adjust the following CIP rates all on a per-therm, after-tax basis: (\$0.0334) for Group I Residential Non-Heat customers; \$0.0304 for Group II Residential Heat customers; \$0.0400 for Group III Small Commercial customers; and \$0.0303 for Group IV General Service Large customers.
11. 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.
12. The Stipulation results in an overall decrease of approximately 2.4 percent, or \$2.70 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 3.8 percent, the Balancing Charge rate reflects a decrease of 0.5 percent, and the CIP rate reflects an increase of 2.0 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is a decrease of 10.1 percent or \$3.80 per month. The overall impact to the average small commercial sales customer using 100 therms per month is an increase of approximately 0.9 percent or \$1.13 per month. The total bill for large commercial sales customers is increasing by approximately 3.2 percent or \$41.52 per month for a customer using 1200 therms a

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<sup>4</sup> The hearings were held telephonically due to the COVID-19 pandemic.

<sup>5</sup> 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.

month. These rate changes represent a decrease in annual after-tax revenue to NJNG of approximately \$8.2 million. Exhibit A attached to the Stipulation provides the impacts of the above rate changes.

13. In accordance with the January 2003 BGSS Order, the Company may seek to implement provisional increases in its periodic BGSS rate of up to 5% to be effective December 1, 2020 and February 1, 2021, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2021. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and Rate Counsel.
14. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the Stipulation.

### **DISCUSSION AND FINDINGS**

The Board, having carefully reviewed the record to date in this proceeding, including the 2020 BGSS/CIP Petition and the attached Stipulation, **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, subject to refund:

- (1) A decrease in the Company's per therm BGSS rate to \$0.3320;
- (2) A decrease in the Company's per therm Balancing Charge rate \$0.1026; and
- (3) The implementation of the following per therm CIP rates:
  - a credit of \$0.0334 for Residential Non-Heating customers;
  - a charge of \$0.0304 for Residential Heating customers;
  - a charge of \$0.0400 for General Service-Small; and
  - a charge of \$0.0303 for General Service-Large.

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 shall be made effective for services rendered on and after October 1, 2020.

Based on the Stipulation, a typical residential heating customer using 100 therms on a monthly basis would see a decrease of \$2.70, or approximately 2.4%.

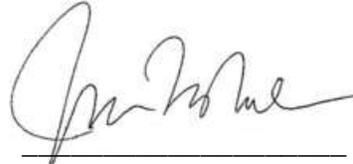
The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to October 1, 2020.

The Company's costs, including those related to the BGSS 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.

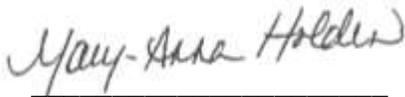
The effective date of this Order is September 19, 2020.

DATED: September 9, 2020

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARY-ANNA HOLDEN  
COMMISSIONER



DIANNE SOLOMON  
COMMISSIONER

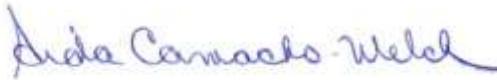


UPENDRA J. CHIVUKULA  
COMMISSIONER



ROBERT M. GORDON  
COMMISSIONER

ATTEST:



AIDA CAMACHO-WELCH  
SECRETARY

IN THE MATTER OF 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 2021

DOCKET NO. GR20060378

SERVICE LIST

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August 20, 2020

VIA ELECTRONIC SUBMISSION

The Honorable Aida Camacho-Welch, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 3<sup>rd</sup> 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 THE ANNUAL REVIEW AND REVISION OF  
ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION  
INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2021  
BPU DOCKET NO. GR20060378

Dear Secretary Camacho-Welch:

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

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.

Andrew K. Dembia  
Regulatory Affairs Counsel

AKD:sf

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 2021  
DOCKET NO. GR20060378**

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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 2021  
DOCKET NO. GR20060378**

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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. GR20060378  
REVISION OF ITS BASIC GAS SUPPLY )  
SERVICE (BGSS) AND ITS )  
CONSERVATION INCENTIVE PROGRAM )  
(CIP) RATES FOR F/Y 2021 )**

**STIPULATION FOR PROVISIONAL RATES**

**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, New Jersey Division of Rate Counsel (**Stefanie 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 NEW JERSEY BOARD OF PUBLIC UTILITIES**

**BACKGROUND**

1. New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition in Docket No. GR20060378 on May 29, 2020 (“2021 Annual Filing”). In the 2021 Annual Filing, NJNG requested that the New Jersey Board of Public Utilities ( “BPU” or “Board”) authorize NJNG to: 1) decrease the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2020; 2) decrease the Company’s Balancing Charge effective October 1, 2020; and 3) increase the Company’s Conservation Incentive Program (“CIP”) recovery rates Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General

Service – Large customers and decrease the CIP recovery rate for Group I Residential Non-Heat customers effective October 1, 2020.

2. Specifically, NJNG requested that the Company's existing per therm after-tax Periodic BGSS rate of \$0.3753 that is applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism be decreased to \$0.3320 per therm. As requested by Board Staff, NJNG's filing reflected market conditions as of May 7, 2020 and was based upon a one-year BGSS recovery period. The requested change would result in an overall decrease of after-tax revenue of approximately \$21.7 million from the current estimated annual BGSS revenue of \$189.0 million.

3. The Company also requested a \$0.0062 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing it from \$0.1088 to \$0.1026. As approved by the Board on November 13, 2019 in BPU Docket No. GR19030420, 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 ("Rate Case Order"). 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 decrease of after-tax revenue of approximately \$4.1 million from the current estimated annual Balancing Charge revenue of \$72.5 million.

4. Within the 2021 Annual Filing, as authorized by the Board in Docket Nos. GR05121020 and GR13030185, the Company also submitted its annual CIP rate filing for CIP year 2021, October 1, 2020 through September 30, 2021, requesting that the BPU approve the

implementation of updated CIP factors effective October 1, 2020. The requested changes result in an overall increase in after-tax revenue of approximately \$23.8 million from the current estimated annual CIP revenue of \$2.7 million. Specifically, the Company is seeking approval for the following changes to its after-tax, per therm CIP factors: 1) a \$0.0517 decrease to the current rate of \$0.0690 for Group I Residential Non-Heat customers resulting in the proposed rate of \$0.0173; 2) a \$0.0348 increase to the current rate of \$0.0079 resulting in the proposed rate of \$0.0427 for Group II Residential Heat customers; 3) an increase of \$0.0608 to the current credit rate of \$0.0208 for Group III Small Commercial customers resulting in the proposed rate of \$0.0400; and 4) a \$0.0346 increase to the current credit rate of \$0.0043 resulting in the proposed rate of \$0.0303 for Group IV Large Commercial customers, all effective as of October 1, 2020.

5. Pursuant to the Board's May 21, 2014 Order in Docket No. GR13030185, 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 75 percent 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 of aggregate variable margins. Additionally, recovery of the current year margin deficiency must meet an earnings test. The Company reported total estimated CIP related margin deficiency for CIP year 2020, October 1, 2019 through September 30, 2020, of approximately \$23.8 million with \$19.9 million margin deficiency related to weather and \$3.9 million margin deficiency related to non-weather factors. The amount of the BGSS Savings required to meet the BGSS Savings test is 75 percent of the non-weather change or \$2.9 million. The Company has identified approximately \$14.2 million in BGSS savings available to offset non-weather related CIP margin deficiency and charges for the October 2020 through September 2021 recovery period. Under the Variable Margin Test, the recovery limitation is \$18.0

million based on the aggregate variable margins reported by the Company. 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 on 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.

6. Modifying the BGSS, Balancing Charge, and CIP rates will result in a requested overall decrease of approximately \$1.47 per month, or 1.3 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) using 25 therms per month from these requested rate changes will be a decrease of \$2.53, or 6.7 percent, to the average small commercial customer (Group III) using 100 therms a month will be an increase of \$1.13, or 0.9 percent, and to the average large commercial customer (Group IV) using 1200 therms a month will be an increase of \$41.52, or 3.2 percent. The above BGSS, Balancing Charge, and CIP rate changes result in a decrease in annual after-tax revenues to NJNG of approximately \$2.0 million.

7. On August 18, 2020, the Company submitted discovery responses updating the CIP schedules. The CIP rates for Groups I and II are lower than originally filed. The updated CIP rates for Groups I and II of a credit rate of \$0.0334 and a charge of \$0.0304 per therm, respectively, and the requested CIP rates for Group III of \$0.0400 per therm and for Group IV of \$0.0303 per therm result in an overall increase of after-tax revenue of approximately \$17.6 million to the current estimated annual CIP revenue of \$2.7 million. The total impact of these CIP rates combined with the requested BGSS rate of \$0.3320 and Balancing Charge of \$0.1026, result in an overall decrease in after-tax revenue of approximately \$8.2 million.

8. After publication of notice in newspapers of general circulation in NJNG's service territory, public hearings were scheduled and conducted telephonically on August 17, 2020. No members of the public participated at either hearing nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").

### **STIPULATED ISSUES**

9. NJNG, Board Staff, and Rate Counsel (collectively, "Parties"), the only Parties to this proceeding, have discussed certain matters at issue herein. As a result of those discussions, the Parties determined that additional time is needed to complete a comprehensive review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, during the discussions, the Company proposed and the Parties agreed that implementation of the requested BGSS rate, the updated CIP rates for Groups I and II, the requested CIP rates for Groups III and IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable at this time.

10. 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 the following: 1) decrease the Company's Periodic BGSS rate to \$0.3320 per therm after-tax; 2) decrease the Company's Balancing Charge rate to \$0.1026 per therm after-tax; and 3) adjust the following CIP rates all on a per-therm, after-tax basis: (\$0.0334) for Group I Residential Non-Heat customers; \$0.0304 for Group II Residential Heat customers; \$0.0400 for Group III Small Commercial customers; and \$0.0303 for Group IV General Service Large customers.

11. 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.

12. This Stipulation results in an overall decrease of approximately 2.4 percent, or \$2.70 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 3.8 percent, the Balancing Charge rate reflects a decrease of 0.5 percent, and the CIP rate reflects an increase of 2.0 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is a decrease of 10.1 percent or \$3.80 per month. The overall impact to the average small commercial sales customer using 100 therms per month is an increase of approximately 0.9 percent or \$1.13 per month. The total bill for large commercial sales customers is increasing by approximately 3.2 percent or \$41.52 per month for a customer using 1200 therms a month. These rate changes represent a decrease in annual after-tax revenue to NJNG of approximately \$8.2 million. Exhibit A to this Stipulation provides the impacts of the above rate changes.

13. 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 5% to be effective December 1, 2020 and February 1, 2021, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2021. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days’ notice and the filing of supporting documentation with the Board and Rate Counsel.

14. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the above paragraphs.

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. The Parties 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. All rates are subject to audit by the Board. The Parties recommend that the Board transmit this proceeding to the OAL 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 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 in order to implement these upon approval by the Board.

**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
ANDREW K. DEMBIA, ESQ.  
New Jersey Natural Gas

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

  
By: \_\_\_\_\_  
MAURA CAROSELLI, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

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

By:   
TEREL KLEIN, ESQ.  
DEPUTY ATTORNEY GENERAL

Date: August 20, 2020

New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR20060378  
F/Y 2021

(\$/therm)

<b>Rate Impact for Group I - Residential Non-Heating Customers</b>								
	Component of	5/1/20 Rates		Proposed 10/1/20 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3520	\$0.3753	\$0.3114	\$0.3320	(\$0.0406)	(\$0.0433)	(2.9%)
Balancing Charge	Delivery Rate	0.1020	0.1088	0.0962	0.1026	(0.0058)	(0.0062)	(0.4%)
CIP	Delivery Rate	0.0647	0.0690	(0.0313)	(0.0334)	(0.0960)	(0.1024)	(6.8%)
<b>NET IMPACT</b>		<u>\$0.5187</u>	<u>\$0.5531</u>	<u>\$0.3763</u>	<u>\$0.4012</u>	<u>(\$0.1424)</u>	<u>(\$0.1519)</u>	<u>(10.1%)</u>

<b>Rate Impact for Group II - Residential Heating Customers</b>								
	Component of	5/1/20 Rates		Proposed 10/1/20 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3520	\$0.3753	\$0.3114	\$0.3320	(\$0.0406)	(\$0.0433)	(3.8%)
Balancing Charge	Delivery Rate	0.1020	0.1088	0.0962	0.1026	(0.0058)	(0.0062)	(0.5%)
CIP	Delivery Rate	0.0074	0.0079	0.0285	0.0304	0.0211	0.0225	2.0%
<b>NET IMPACT</b>		<u>\$0.4614</u>	<u>\$0.4920</u>	<u>\$0.4361</u>	<u>\$0.4650</u>	<u>(\$0.0253)</u>	<u>(\$0.0270)</u>	<u>(2.3%)</u>

<b>Rate Impact for Group III - General Service Small Customers</b>								
	Component of	5/1/20 Rates		Proposed 10/1/20 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3520	\$0.3753	\$0.3114	\$0.3320	(\$0.0406)	(\$0.0433)	(3.3%)
Balancing Charge	Delivery Rate	0.1020	0.1088	0.0962	0.1026	(0.0058)	(0.0062)	(0.5%)
CIP	Delivery Rate	(0.0195)	(0.0208)	0.0375	0.0400	0.0570	0.0608	4.7%
<b>NET IMPACT</b>		<u>\$0.4345</u>	<u>\$0.4633</u>	<u>\$0.4451</u>	<u>\$0.4746</u>	<u>\$0.0106</u>	<u>\$0.0113</u>	<u>0.9%</u>

<b>Rate Impact for Group IV - General Service Large Customers</b>								
	Component of	5/1/20 Rates		Proposed 10/1/20 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2019)	\$0.3187	\$0.3398	\$0.3245	\$0.3460	\$0.0058	\$0.0062	0.6%
Balancing Charge	Delivery Rate	0.1020	0.1088	0.0962	0.1026	(0.0058)	(0.0062)	(0.6%)
CIP	Delivery Rate	(0.0040)	(0.0043)	0.0284	0.0303	0.0324	0.0346	3.2%
<b>NET IMPACT</b>		<u>\$0.4167</u>	<u>\$0.4443</u>	<u>\$0.4491</u>	<u>\$0.4789</u>	<u>\$0.0324</u>	<u>\$0.0346</u>	<u>3.2%</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**

<b>Projected Annual Therms:</b>			
	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
Periodic BGSS	\$189.0	\$167.3	(\$21.7)
Balancing Charge	\$72.5	\$68.4	(\$4.1)
CIP Group I	\$0.2	(\$0.1)	(\$0.3)
CIP Group II	\$3.9	\$15.0	\$11.1
CIP Group III	(\$0.8)	\$1.5	\$2.3
CIP Group IV	(\$0.6)	\$3.9	\$4.5
<b>IMPACT</b>	<u>\$264.2</u>	<u>\$256.0</u>	<u>(\$8.2)</u>

New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR20060378  
F/Y 2021

<b>Impact on Residential Non-Heating Customers</b>			
			25 therm bill
<b>5/1/20 Rates</b>			
Customer Charge	\$10.00	\$10.00	
Delivery	\$0.7323	\$18.31	
BGSS	\$0.3753	\$9.38	
Total	\$1.1076	\$37.69	
<b>Proposed Rates- effective 10/1/20</b>			
Customer Charge	\$10.00	\$10.00	
Delivery	\$0.6237	\$15.59	
BGSS	\$0.3320	\$8.30	
Total	\$0.9557	\$33.89	
<b>Decrease</b>		(\$3.80)	
<b>Decrease as a percent</b>		(10.1%)	
<b>Impact on Residential Heating Customers</b>			
		100 therm bill	1,000 therm annual bill
<b>5/1/20 Rates</b>			
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
<b>Proposed Rates- effective 10/1/20</b>			
Customer Charge	\$10.00	\$10.00	\$120.00
Delivery	\$0.6875	\$68.75	\$687.50
BGSS	\$0.3320	\$33.20	\$332.00
Total	\$1.0195	\$111.95	\$1,139.50
<b>Decrease</b>		(\$2.70)	(\$27.00)
<b>Decrease as a percent</b>		(2.4%)	(2.3%)
<b>Impact on Commercial GSS Customers</b>			
			100 therm bill
<b>5/1/20 Rates</b>			
Customer Charge	\$34.00	\$34.00	
Delivery	\$0.5847	\$58.47	
BGSS	\$0.3753	\$37.53	
Total	\$0.9600	\$130.00	
<b>Proposed Rates- effective 10/1/20</b>			
Customer Charge	\$34.00	\$34.00	
Delivery	\$0.6393	\$63.93	
BGSS	\$0.3320	\$33.20	
Total	\$0.9713	\$131.13	
<b>Increase</b>		\$1.13	
<b>Increase as a percent</b>		0.9%	
<b>Impact on Commercial GSL Customers</b>			
			1200 therm bill
<b>5/1/20 Rates</b>			
Customer Charge	\$78.37	\$78.37	
Demand Charge	\$2.56	\$245.76	
Delivery	\$0.4572	\$548.64	
BGSS (May 2020)	\$0.3398	\$407.76	
Total	\$0.7970	\$1,280.53	
<b>Proposed Rates- effective 10/1/20</b>			
Customer Charge	\$78.37	\$78.37	
Demand Charge	\$2.56	\$245.76	
Delivery	\$0.4856	\$582.72	
BGSS (May 2020)	\$0.3460	\$415.20	
Total	\$0.8316	\$1,322.05	
<b>Increase</b>		\$41.52	
<b>Increase as a percent</b>		3.2%	