



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

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE ANNUAL REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2022)	DECISION AND ORDER APPROVING STIPULATION FOR PROVISIONAL RATES
)	BPU DOCKET NO. GR21050860

Parties of Record:

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

BY THE BOARD:

On May 28, 2021, 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 (“2021 BGSS/CIP Petition”). In the 2021 BGSS/CIP Petition, NJNG also sought approval to modify its 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 1.¹ In addition, the January 2003 BGSS Order authorized each GDC to self-implement up to a five (5) percent BGSS rate increase effective December 1 of the current year and February 1 of the following year with one (1) month’s advance notice to the Board and Rate Counsel, and implement a decrease in its BGSS rate at any time during the year upon five (5) days’ notice to the Board and Rate Counsel.

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

2021 BGSS/CIP PETITION

On May 28, 2021, the Company filed the 2021 BGSS/CIP Petition with the Board requesting authority to increase its current per therm BGSS rate from \$0.3320 to \$0.3381 effective October 1, 2021.² As a result of the proposed rates, the Company's annual BGSS revenues would be increased by approximately \$3.1 million. Based upon market conditions at the time of the filing, NJNG estimated the BGSS ending balance would be approximately \$659,000 under recovered as of September 30, 2021. The estimated BGSS ending balance will be an under-recovery of approximately \$223,000 as of September 30, 2022.

In the 2021 BGSS/CIP Petition, NJNG also sought to increase its per therm Balancing Charge rate from \$0.1026 to \$0.1237. 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 increase in BGSS revenues of \$13.9 million.

NJNG also sought approval of the following per therm revised CIP rates to be effective October 1, 2021: Group I Residential Non-Heating— a credit of \$0.0697, Group II Residential Heating – a charge of \$0.0274, Group III General Service -- Small – a charge of \$0.0194, and Group IV General Service – Large – a charge of \$0.0354.³ The CIP calculations result in an overall decrease in after-tax revenue of approximately \$1.7 million. Based upon actual data for the period October 1, 2020 through April 30, 2021, and projected data from the period May 1, 2021 through September 30, 2021, the CIP calculations for fiscal year 2021 results in a current year margin deficiency of approximately \$16.43 million, which includes approximately \$13.67 million related to weather and a non-weather related margin deficiency of approximately \$2.76 million.

After publication of notices in newspapers in general circulation in the Company's service territory, public hearings were conducted telephonically on August 23, 2021 at 4:30 pm and 5:30 pm.⁴ No members of the public appeared at the hearings or filed comments with the Board regarding the 2021 BGSS/CIP Petition.

² All rates quoted herein include losses and Sales and Use Tax unless otherwise stated.

³ 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.

⁴ The hearings were held telephonically due to the COVID-19 pandemic.

STIPULATION

Following an initial review of the 2021 BGSS/CIP Petition, the Parties determined that additional time is needed to complete a review of the 2021 BGSS/CIP Petition. Accordingly, the Parties executed the Stipulation, which provides for the following:⁵

9. The Parties to this proceeding discussed the 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, II, III and IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms in the Stipulation, 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) increase the Company's Periodic BGSS rate to \$0.3381 per therm after-tax; 2) increase the Company's Balancing Charge rate to \$0.1237 per therm after-tax; and 3) adjust the following CIP rates all on a per-therm, after-tax basis: (\$0.0807) for Group I Residential Non-Heat customers; \$0.0193 for Group II Residential Heat customers; \$0.0190 for Group III Small Commercial customers; and \$0.0264 for Group IV General Service Large customers.
11. It is agreed by the Parties that these rates will be effective December 1, 2021, or on such other date as the Board deems appropriate. 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 increase of approximately 1.4 percent (1.4%), or \$1.61 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 an increase of 0.5 percent (0.5%), the Balancing Charge rate reflects an increase of 1.8 percent (1.8%), and the CIP rate reflects a decrease of 0.9 percent (0.9%). The overall impact to the average residential non-heat sales customer using 25 therms per month is a decrease of 1.4 percent (1.4%) or (\$0.50) per month. The overall impact to the average small commercial sales customer using 100 therms per month is an increase of approximately 0.5 percent (0.5%) or \$0.62 per month. The total bill for large commercial sales customers is decreasing by approximately 0.3 percent (0.3%) or (\$4.68) per month for a customer using 1,200 therms a month. These rate changes represent an increase in annual after-tax revenue to NJNG of approximately \$10.3 million. Exhibit A attached to the Stipulation provides the impacts of the above rate changes.
13. In accordance with the Board's 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, 2021 and February 1, 2022, after 30 days prior notice and the filing of supporting documentation with Staff and Rate Counsel, if the Company determines that

⁵ Although described at some length 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.

such increases are necessary to permit it to avoid a BGSS under recovery balance at September 30, 2022. If noticed and implemented, the self-implementing increases would be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with Staff 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 2021 BGSS/CIP Petition and the attached Stipulation, **HEREBY FINDS** the Stipulation to be reasonable, in the public interest 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) An increase in the Company's per therm BGSS rate to \$0.3381;
- (2) An increase in the Company's per therm Balancing Charge rate \$0.1237; and
- (3) The implementation of the following per therm CIP rates which were updated based on the Company's response to Discovery Request RCR-A-0014:
 - a credit of \$0.0807 for Residential Non-Heating customers;
 - a charge of \$0.0193 for Residential Heating customers;
 - a charge of \$0.0190 for General Service-Small; and
 - a charge of \$0.0264 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 December 1, 2021.

Based on the Stipulation, a typical residential heating customer using 100 therms on a monthly basis would see an increase of \$1.61, or approximately 1.4%.

The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to December 1, 2021.

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

The effective date of this Order is November 24, 2021.

DATED: November 17, 2021

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 ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2022

DOCKET NO. GR21050860

SERVICE LIST

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October 26, 2021

Via Electronic Submission

The Honorable Aida Camacho-Welch, Secretary
New Jersey 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 ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND ITS CONSERVATION
INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2022
BPU DOCKET NO. GR21050860

Dear Secretary Camacho-Welch:

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

In accordance with the Order issued by the Board in connection with I/M/O the New Jersey Board of Public Utilities' Response to the COVID-19 Pandemic for a Temporary Waiver of Requirements for Certain Non-Essential Obligations, BPU Docket No. EO20030254, Order dated March 19, 2020, this document is being electronically filed. No paper copies will follow.

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

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 2022
DOCKET NO. GR21050860**

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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 2022
DOCKET NO. GR21050860**

SERVICE LIST

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

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	<u>STIPULATION FOR</u>
FOR THE ANNUAL REVIEW AND)	<u>PROVISIONAL RATES</u>
REVISION OF ITS BASIC GAS SUPPLY)	
SERVICE (BGSS) AND ITS)	BPU DOCKET NO. GR21050860
CONSERVATION INCENTIVE PROGRAM)	
(CIP) RATES FOR F/Y 2022)	

APPEARANCES:

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

Maura Caroselli, Esq., Managing Attorney, Gas, New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Acting Director)

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Andrew Bruck, Acting 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. GR21050860 on May 28, 2021 (“2022 Annual Filing”). In the 2022 Annual Filing, NJNG requested that the New Jersey Board of Public Utilities (“BPU” or “Board”) authorize NJNG to: 1) increase the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2021; 2) increase the Company’s Balancing Charge effective October 1, 2021; and 3) decrease the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non-Heat customers, Group II Residential Heat customers, and Group III General Service – Small customers, and increase the CIP recovery rate for Group IV General Service – Large customers effective October 1, 2021.

2. Specifically, NJNG requested that the Company's existing per therm after-tax Periodic BGSS rate of \$0.3320 that is applicable to residential and small commercial customers, subject to the Periodic BGSS Pricing Mechanism, be increased to \$0.3381 per therm. As requested by Board Staff, NJNG's filing reflected market conditions as of May 6, 2021, and was based upon a one-year BGSS recovery period. The requested change would result in an overall increase of after-tax revenue of approximately \$3.1 million from the current estimated annual BGSS revenue of \$167.2 million.

3. The Company also requested a \$0.0211 per therm increase to the NJNG after-tax balancing charge, thereby increasing it from \$0.1026 to \$0.1237. 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 increase of after-tax revenue of approximately \$13.9 million from the current estimated annual Balancing Charge revenue of \$67.5 million.

4. Within the 2022 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 2022, October 1, 2021 through September 30, 2022, requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2021. The requested changes result

in an overall decrease in after-tax revenue of approximately \$1.7 million from the current estimated annual CIP revenue of \$20.1 million. Specifically, the Company is seeking approval for the following changes to its after-tax, per therm CIP factors: 1) a \$0.0363 decrease to the current credit rate of \$0.0334 for Group I Residential Non-Heat customers resulting in the proposed credit rate of \$0.0697; 2) a \$0.0030 decrease to the current rate of \$0.0304 resulting in the proposed rate of \$0.0274 for Group II Residential Heat customers; 3) a decrease of \$0.0206 to the current rate of \$0.0400 for Group III Small Commercial customers resulting in the proposed rate of \$0.0194; and 4) a \$0.0051 increase to the current rate of \$0.0303 resulting in the proposed rate of \$0.0354 for Group IV Large Commercial customers, all effective as of October 1, 2021.

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 (75%) of the non-weather related margin deficiency, and a Variable Margin Test under which the non-weather related margin deficiency must be less than or equal to 6.5 percent (6.5%) of aggregate variable margins. 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 2021, October 1, 2020 through September 30, 2021, of approximately \$16.43 million with \$13.67 million margin deficiency related to weather, and \$2.76 million margin deficiency related to non-weather factors. The amount of the BGSS Savings required to meet the BGSS Savings test is 75 percent (75%) of the non-weather change or \$2.07 million. The Company identified approximately \$15.72 million in BGSS savings available to offset non-weather related CIP margin deficiency

and charges for the October 2021 through September 2022 recovery period. Under the Variable Margin Test, the recovery limitation is \$18.32 million based upon 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 upon the information and representations contained in the Company's filing. The Company also provided testimony that the margin deficiency will not result in a return on equity in excess of 9.60 percent (9.6%).

6. Modifying the BGSS, Balancing Charge, and CIP rates as requested in the 2022 Annual Filing would result in a requested overall increase of approximately \$2.42 per month, or 2.1 percent (2.1%), 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 \$0.23, or 0.7 percent, to the average small commercial customer (Group III) using 100 therms a month will be an increase of \$0.66, or 0.5 percent (0.5%), and to the average large commercial customer (Group IV) using 1,200 therms a month will be an increase of \$6.12, or 0.4 percent (0.4%). The above BGSS, Balancing Charge, and CIP rate changes result in an increase in annual after-tax revenues to NJNG of approximately \$15.3 million.

7. On August 12, 2021, the Company submitted responses to Discovery Request RCR-A-0014 updating the CIP schedules. The CIP rates in the update are lower than originally filed. The updated CIP rates per therm are a credit rate of \$0.0807 Group I, a charge of \$0.0193 for Group II, a charge of \$0.0190 for Group III, and a charge of \$0.0264 for Group IV, and result in an overall decrease of after-tax revenue of approximately \$6.7 million to the current estimated

annual CIP revenue of \$20.1 million. The CIP rates combined with the requested BGSS rate of \$0.3381, and Balancing Charge of \$0.1237, result in an overall increase in after-tax revenue of approximately \$10.3 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 23, 2021. 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, discussed the 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, II, 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) increase the Company's Periodic BGSS rate to \$0.3381 per therm after-tax; 2) increase the Company's Balancing Charge rate to \$0.1237 per therm after-tax; and 3) adjust the following CIP rates all on a per-therm, after-tax basis: (\$0.0807) for Group I Residential Non-Heat customers; \$0.0193 for Group II Residential Heat

customers; \$0.0190 for Group III Small Commercial customers; and \$0.0264 for Group IV General Service Large customers.

11. It is agreed by the Parties that these rates will be effective December 1, 2021, or on such other date as the Board deems appropriate. 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 increase of approximately 1.4 percent (1.4%), or \$1.61 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 an increase of 0.5 percent (0.5%), the Balancing Charge rate reflects an increase of 1.8 percent (1.8%), and the CIP rate reflects a decrease of 0.9 percent (0.9%). The overall impact to the average residential non-heat sales customer using 25 therms per month is a decrease of 1.4 percent (1.4%) or (\$0.50) per month. The overall impact to the average small commercial sales customer using 100 therms per month is an increase of approximately 0.5 percent (0.5%) or \$0.62 per month. The total bill for large commercial sales customers is decreasing by approximately 0.3 percent (0.3%) or (\$4.68) per month for a customer using 1,200 therms a month. These rate changes represent an increase in annual after-tax revenue to NJNG of approximately \$10.3 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, 2021 and February 1, 2022, after 30 days prior notice and the filing of supporting documentation with Board Staff and Rate Counsel, if the

Company determines that such increases are necessary to permit it to avoid a BGSS under recovery balance at September 30, 2022. If noticed and implemented, the self-implementing increases would be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with Board Staff 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

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

By: Maura Caroselli GR21050860

MAURA CAROSELLI, ESQ.
MANAGING ATTORNEY

**ANDREW BRUCK
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities**

By: _____



TEREL KLEIN, ESQ.
DEPUTY ATTORNEY GENERAL

Date: October 26, 2021

**New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR21050860
F/Y 2022**

(\$/therm)

Rate Impact for Group I - Residential Non-Heating Customers

	Component of	10/1/21 Rates		Proposed 12/1/21 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3114	\$0.3320	\$0.3171	\$0.3381	\$0.0057	\$0.0061	0.4%
Balancing Charge	Delivery Rate	0.0962	0.1026	0.1160	0.1237	0.0198	0.0211	1.5%
CIP	Delivery Rate	<u>(0.0313)</u>	<u>(0.0334)</u>	<u>(0.0757)</u>	<u>(0.0807)</u>	<u>(0.0444)</u>	<u>(0.0473)</u>	<u>(3.3%)</u>
NET IMPACT		<u>\$0.3763</u>	<u>\$0.4012</u>	<u>\$0.3574</u>	<u>\$0.3811</u>	<u>(\$0.0189)</u>	<u>(\$0.0201)</u>	<u>(1.4%)</u>

Rate Impact for Group II - Residential Heating Customers

	Component of	10/1/21 Rates		Proposed 12/1/21 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3114	\$0.3320	\$0.3171	\$0.3381	\$0.0057	\$0.0061	0.5%
Balancing Charge	Delivery Rate	0.0962	0.1026	0.1160	0.1237	0.0198	0.0211	1.8%
CIP	Delivery Rate	<u>0.0285</u>	<u>0.0304</u>	<u>0.0181</u>	<u>0.0193</u>	<u>(0.0104)</u>	<u>(0.0111)</u>	<u>(0.9%)</u>
NET IMPACT		<u>\$0.4361</u>	<u>\$0.4650</u>	<u>\$0.4512</u>	<u>\$0.4811</u>	<u>\$0.0151</u>	<u>\$0.0161</u>	<u>1.4%</u>

Rate Impact for Group III - General Service Small Customers

	Component of	10/1/21 Rates		Proposed 12/1/21 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3114	\$0.3320	\$0.3171	\$0.3381	\$0.0057	\$0.0061	0.5%
Balancing Charge	Delivery Rate	0.0962	0.1026	0.1160	0.1237	0.0198	0.0211	1.5%
CIP	Delivery Rate	<u>0.0375</u>	<u>0.0400</u>	<u>0.0178</u>	<u>0.0190</u>	<u>(0.0197)</u>	<u>(0.0210)</u>	<u>(1.5%)</u>
NET IMPACT		<u>\$0.4451</u>	<u>\$0.4746</u>	<u>\$0.4509</u>	<u>\$0.4808</u>	<u>\$0.0058</u>	<u>\$0.0062</u>	<u>0.5%</u>

Rate Impact for Group IV - General Service Large Customers

	Component of	10/1/21 Rates		Proposed 12/1/21 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2021)	\$0.6792	\$0.7242	\$0.6594	\$0.7031	(\$0.0198)	(\$0.0211)	(1.4%)
Balancing Charge	Delivery Rate	0.0962	0.1026	0.1160	0.1237	0.0198	0.0211	1.4%
CIP	Delivery Rate	<u>0.0284</u>	<u>0.0303</u>	<u>0.0248</u>	<u>0.0264</u>	<u>(0.0036)</u>	<u>(0.0039)</u>	<u>(0.3%)</u>
NET IMPACT		<u>\$0.8038</u>	<u>\$0.8571</u>	<u>\$0.8002</u>	<u>\$0.8532</u>	<u>(\$0.0036)</u>	<u>(\$0.0039)</u>	<u>(0.3%)</u>

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

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

Projected Annual Therms:

Periodic BGSS	503,662 (000s)
Balancing Charge	658,097 (000s)
CIP Group I	2,503 (000s)
CIP Group II	490,356 (000s)
CIP Group III	40,215 (000s)
CIP Group IV	123,520 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$167.2	\$170.3	\$3.1
Balancing Charge	\$67.5	\$81.4	\$13.9
CIP Group I	(\$0.1)	(\$0.2)	(\$0.1)
CIP Group II	\$14.9	\$9.5	(\$5.4)
CIP Group III	\$1.6	\$0.8	(\$0.8)
CIP Group IV	<u>\$3.7</u>	<u>\$3.3</u>	<u>(\$0.4)</u>
IMPACT	<u>\$254.8</u>	<u>\$265.1</u>	<u>\$10.3</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
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F/Y 2022

Impact on Residential Non-Heating Customers			
			25 therm bill
10/1/21 Rates	Customer Charge	\$10.14	\$10.14
	Delivery	\$0.6733	\$16.83
	BGSS	\$0.3320	\$8.30
	Total	<u>\$1.0053</u>	<u>\$35.27</u>
Proposed Rates- effective 12/1/21	Customer Charge	\$10.14	\$10.14
	Delivery	\$0.6471	\$16.18
	BGSS	\$0.3381	\$8.45
	Total	<u>\$0.9852</u>	<u>\$34.77</u>
	Decrease		(\$0.50)
	Decrease as a percent		(1.4%)

Impact on Residential Heating Customers				
		100 therm bill		1,000 therm annual bill
10/1/21 Rates	Customer Charge	\$10.14	\$10.14	\$121.68
	Delivery	\$0.7371	\$73.71	\$737.10
	BGSS	\$0.3320	\$33.20	\$332.00
	Total	<u>\$1.0691</u>	<u>\$117.05</u>	<u>\$1,190.78</u>
Proposed Rates- effective 12/1/21	Customer Charge	\$10.14	\$10.14	\$121.68
	Delivery	\$0.7471	\$74.71	\$747.10
	BGSS	\$0.3381	\$33.81	\$338.10
	Total	<u>\$1.0852</u>	<u>\$118.66</u>	<u>\$1,206.88</u>
	Increase		\$1.61	\$16.10
	Increase as a percent		1.4%	1.4%

Impact on Commercial GSS Customers			
			100 therm bill
10/1/21 Rates	Customer Charge	\$34.85	\$34.85
	Delivery	\$0.6894	\$68.94
	BGSS	\$0.3320	\$33.20
	Total	<u>\$1.0214</u>	<u>\$136.99</u>
Proposed Rates- effective 12/1/21	Customer Charge	\$34.85	\$34.85
	Delivery	\$0.6895	\$68.95
	BGSS	\$0.3381	\$33.81
	Total	<u>\$1.0276</u>	<u>\$137.61</u>
	Increase		\$0.62
	Increase as a percent		0.5%

Impact on Commercial GSL Customers			
			1200 therm bill
10/1/21 Rates	Customer Charge	\$80.79	\$80.79
	Demand Charge	\$2.63	\$252.48
	Delivery	\$0.5260	\$631.20
	BGSS (October 2021)	\$0.7242	\$869.04
	Total	<u>\$1.2502</u>	<u>\$1,833.51</u>
Proposed Rates- effective 12/1/21	Customer Charge	\$80.79	\$80.79
	Demand Charge	\$2.63	\$252.48
	Delivery	\$0.5432	\$651.84
	BGSS (October 2021)	\$0.7031	\$843.72
	Total	<u>\$1.2463</u>	<u>\$1,828.83</u>
	Decrease		(\$4.68)
	Decrease as a percent		(0.3%)