



Agenda Date: 9/7/22
Agenda Item: 2F

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

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY)
NATURAL GAS COMPANY FOR APPROVAL OF A)
BASE RATE ADJUSTMENT PURSUANT TO THE)
INFRASTRUCTURE INVESTMENT PROGRAM)

ORDER APPROVING
STIPULATION

DOCKET NO. GR22040247

Parties of Record:

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

BY THE BOARD:

On March 31, 2022, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) seeking to adjust its Rider “D”: Infrastructure Investment Program (“IIP”) tariff component of its base rates to recover the revenue requirements associated with the approved IIP as of June 30, 2022 (“March 2022 Petition”). By this Decision and Order, the Board considers a stipulation of settlement (“Stipulation”) executed by NJNG, Board Staff (“Staff”), and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively, “Parties”) intended to resolve the Company’s requests related to the March 2022 Petition.

BACKGROUND

By Order dated October 28, 2020, the Board authorized NJNG to implement the IIP.¹ The Company’s approved IIP was intended to improve the reliability and resiliency of its gas distribution system by investing in its transmission and distribution system. The total investment level to be recovered in the approved IIP was \$150 million, consisting of five (5) annual cost recovery filings beginning March 31, 2021, followed by one (1) semi-annual cost recovery filing. As approved in the October 2020 Order, the Company would not file for recovery in any annual period where the investment level for that specific period is below 10% or \$15 million. The March 2022 Petition was the first cost recovery filing under the IIP as the actual investment from November 1, 2020 through June 30, 2021 had not surpassed the stipulated annual investment of

¹ In re the Petition of New Jersey Natural Gas Company for Approval to Implement an Infrastructure Investment Program (“IIP”) and Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:2-21 and N.J.A.C. 14:3-2A, BPU Docket No. GR19020278, Order dated October 28, 2020 (“October 2020 Order”).

\$15 million.

The following is a breakdown of the approved IIP investments:

| | |
|--|---------------------|
| 1. Reliability and Resiliency Projects (15): | \$58,250,000 |
| 2. Replacement and Reinforcement Projects (4): | \$10,750,000 |
| 3. Regulator Station Reconstruction Project (1): | \$5,000,000 |
| 4. Trunk Line Replacement Projects (2): | \$37,000,000 |
| 5. Excess Flow Valves (8,000): | \$20,000,000 |
| 6. Regulator Protectors (47,500): | <u>\$19,000,000</u> |
| Total Investment Amount: | \$150,000,000 |

MARCH 2022 PETITION

The March 2022 Petition provided an estimated annualized increase in revenue requirement of approximately \$2.76 million, which represents a net plant in-service of \$25.5 million. The revenue requirement calculation included actual data through February 28, 2022 and forecasted data through June 30, 2022, which NJNG would update for actual results by July 29, 2022. NJNG sought to implement the proposed rates effective October 1, 2022.

On July 13, 2022, NJNG provided an update with actual data through June 30, 2022 (“July 2022 Update”). Based upon the July 2022 Update, the updated annualized revenue requirement associated with the IIP’s investment costs was updated to \$3.15 million which is slightly higher than the increase requested in the March 2022 Petition.

After publication of notice in the Company’s service territory, virtual public hearings were held on August 15, 2022 at 4:30 p.m. and 5:30 p.m.² No members of the public appeared at either of the hearings or submitted written comments with the Board.

STIPULATION

Following a review of the March 2022 Petition, the July 2022 Update, and after conducting discovery, the Parties executed the Stipulation, which provides for the following:³

9. The Company shall implement the base rates associated with the updated annualized increase in the revenue requirement of \$3.15 million as shown in Attachment A of the Stipulation, and the associated rate design as detailed in Attachment B of the Stipulation. Upon Board approval, the Company shall implement the rates specified in Attachment B of the Stipulation and the rates shall be set forth in Rider D – Infrastructure Investment Program – IIP, of the Company’s tariff, BPU No. 11- Gas, with the IIP Base Rate Charge as a component of the total Delivery Charge on a Customer’s bill.
10. The impact of the increased rates, including Sales and Use Tax (“SUT”) at the current rate, to the typical residential heating customer using 100 therms in a

² The hearings were held virtually due to the Covid-19 pandemic.

³ Should there be any contradiction between the terms of this summary and the terms of the Stipulation, the terms of the Stipulation control, subject to the finding and conclusion in this Order. Paragraphs are lettered and/or numbered to coincide with the Stipulation.

month is \$0.48 or approximately 0.4 percent (0.4%) on a monthly bill. Calculations showing the rate impacts are summarized in Attachment C of the Stipulation.

11. The Parties agree that pursuant to the terms of the October 2020 Order, NJNG may implement these rates effective October 1, 2022 or upon a date determined by the Board. The rate adjustments established herein shall be provisional and subject to refund as set forth in the October 2020 Order. Nothing in the Stipulation will preclude any party from raising any objection in the next base rate case relating to the prudence of the IIP projects and the related expenditures.
12. 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.

DISCUSSIONS AND FINDINGS

The Board carefully reviewed the record in this proceeding, including the March 2022 Petition, the July 2022 Update, and the attached Stipulation. The Board **HEREBY FINDS** the Stipulation to be reasonable, in the public interest, and in accordance with the law. Therefore, the Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as if fully stated in this Order.

The Board **HEREBY APPROVES** the rate adjustments to the Company's Rider "D" IIP tariff reflected in Attachment B of the Stipulation, on a provisional basis, subject to refund with interest and review for prudence in a future NJNG base rate case. As a result of the Stipulation, an average residential customer using approximately 100 therms per month will experience an increase in their monthly bill of \$0.48 or approximately (0.4%), including SUT.

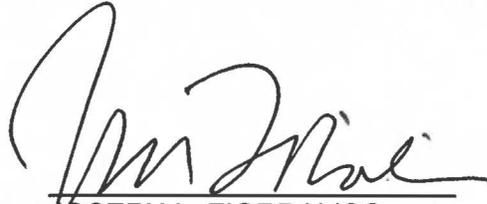
The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Order by September 30, 2022 for rates effective October 1, 2022.

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

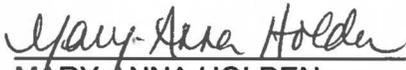
The effective date of this Order is September 14, 2022.

DATED: September 7, 2022

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



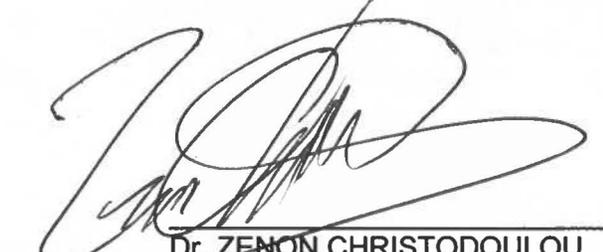
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DIANNE SOLOMON
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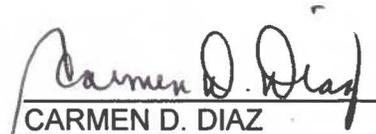


ROBERT M. GORDON
COMMISSIONER

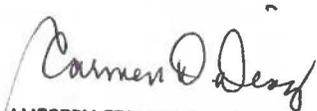


Dr. ZENON CHRISTODOULOU
COMMISSIONER

ATTEST:



CARMEN D. DIAZ
ACTING SECRETARY



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

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR
APPROVAL OF A BASE RATE ADJUSTMENT PURSUANT TO THE INFRASTRUCTURE
INVESTMENT PROGRAM

DOCKET NO. GR22040247

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August 22, 2022

VIA ELECTRONIC TRANSMISSION

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

Re: In the Matter of the Petition of New Jersey Natural Gas Company
for Approval of a Base Rate Adjustment Pursuant to The
Infrastructure Investment Program ("IIP")
BPU Docket No. GR22040247

Dear Acting Secretary Diaz:

Enclosed please find, on behalf of New Jersey Natural Gas Company, a fully
executed Stipulation of Settlement in the above captioned matter.

Should you have any questions, please do not hesitate to contact me.

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, Esq.
Regulatory Affairs Counsel

AKD/sf

Encl.

C: Service List

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF A BASE RATE ADJUSTMENT PURSUANT TO THE
INFRASTRUCTURE INVESTMENT PROGRAM
DOCKET NO. GR22040247**

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**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF A BASE RATE ADJUSTMENT PURSUANT TO THE
INFRASTRUCTURE INVESTMENT PROGRAM
DOCKET NO. GR22040247**

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

| | | |
|----------------------------------|---|----------------------------------|
| IN THE MATTER OF THE PETITION OF |) | |
| NEW JERSEY NATURAL GAS |) | STIPULATION OF SETTLEMENT |
| COMPANY FOR APPROVAL OF A BASE |) | |
| RATE ADJUSTMENT PURSUANT TO THE |) | |
| INFRASTRUCTURE INVESTMENT |) | BPU Docket No. GR22040247 |
| PROGRAM |) | |

APPEARANCES:

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

Maura Caroselli, Esq., Managing Attorney – Gas, **Sarah H. Steindel, Esq.**, Assistant Deputy Rate Counsel and **Megan Lupo, Esq.**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (**Brian O. Lipman**, Director)

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

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

On March 31, 2022, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board” or “BPU”) seeking BPU approval to recover the revenue requirements associated with certain gas investment costs of the Infrastructure Investment Program (“IIP”) incurred through June 30, 2022 (“March 2022 Petition”).

BACKGROUND

1. On February 28, 2019, NJNG filed a petition with the Board requesting approval of its IIP (“February 2019 Petition”). The February 2019 Petition included a mechanism for the recovery of capital infrastructure costs invested through its IIP and was filed pursuant to the Board’s rules for utility “Infrastructure Investment and Recovery” to encourage utilities to

implement IIPs. These rules are codified at N.J.A.C. 14:3-2A.1 et seq. and became effective on January 16, 2018.

2. On October 28, 2020, the Board in Docket No. GR19020278 (“October 2020 Order”) approved the Company’s IIP Stipulation of Settlement (“IIP Stipulation”) setting forth the IIP investment level of \$150 million to be recovered through the stipulated cost recovery mechanism described below. The Company agreed to expend at least \$15.1 million, or an average of \$3.0 million per year over the five (5)-year term of the IIP, on similar projects and to maintain annual baseline capital spending levels of \$70 million for the duration of the IIP, which is based on the Company’s historical five (5)-year average of baseline capital spending from 2014 to 2018.
3. Pursuant to the October 2020 Order adopting the IIP Stipulation, the estimated IIP investment levels for specific projects, excluding Allowance for Funds Used During Construction (“AFUDC”), are as follows:

| <u>PROJECTS</u> | <u>(000’s)</u> |
|---|-----------------------|
| <u>RELIABILITY AND RESILIENCY PROJECTS (15):</u> | |
| Denville-Randolph Reinforcement | \$5,000 |
| Southern Randolph Reinforcement | \$2,500 |
| Flanders Route 206 Reinforcement Loop | \$4,000 |
| Lincoln Park Reinforcement Loop | \$1,000 |
| Mt. Arlington - Jefferson Reinforcement Loop | \$4,000 |
| Netcong-Stanhope Reinforcement Loop | \$18,000 |
| Northern Boonton Reinforcement Loop | \$1,250 |
| Taylortown Reinforcement Loop | \$2,500 |
| Western Randolph Reinforcement Loop | \$6,000 |
| Western Freehold Reinforcement Loop | \$2,500 |
| Bayville-Forked River Reinforcement Loop | \$2,500 |
| Beachwood Reinforcement Loop | \$1,000 |
| Hope Chapel Reinforcement Loop | \$2,500 |
| Southern Jackson Ridgeway Reinforcement Loop | \$1,500 |
| Western Jackson Bowman Reinforcement Loop | \$4,000 |

REPLACEMENT AND REINFORCEMENT PROJECTS (4):

| | |
|---------------------------------|---------|
| Brielle Pump Line Reinforcement | \$3,000 |
| Toms River East Reinforcement | \$4,000 |
| Joe Parker Reinforcement | \$1,750 |
| Dover Chester Reinforcement | \$2,000 |

REGULATOR STATION RECONSTRUCTION PROJECT (1):

| | |
|--------------------------------|---------|
| Cedar Bridge Regulator Station | \$5,000 |
|--------------------------------|---------|

TRUNK LINE REPLACEMENT PROJECTS (2):

| | |
|----------------------------------|----------|
| Denville Trunk Line Replacement | \$25,000 |
| Roxbury Route 46 Trunk Extension | \$12,000 |

EXCESS FLOW VALVES (8,000):

| | |
|--------------------|----------|
| Excess Flow Valves | \$20,000 |
|--------------------|----------|

REGULATOR PROTECTORS (47,500):

| | |
|-------|------------------|
| Vents | \$19,000 |
| | <u>\$150,000</u> |

4. As agreed to by the parties, and set forth in the October 2020 Order, the Company will allocate the total revenue requirement to each firm customer class based upon the level of distribution revenues from the rate design approved in the Company's most recent base rate case. A volumetric distribution charge will be determined for each class utilizing the billing determinants used to set rates in the Company's most recent base rate case. The Margin Revenue Factor in NJNG's current Conservation Incentive Program tariff will be revised in order to reflect the IIP annual rate adjustments authorized by this Stipulation of Settlement ("Stipulation"). To the extent a different rate design methodology is adopted in the future for establishing base rates, then that rate design shall be utilized for the IIP Cost Recovery Mechanism in IIP filings subsequent to the adoption of such methodology.
5. NJNG's March 2022 Petition sought the authority to establish rates to recover an annualized increase in revenue requirement of \$2.76 million. The proposed revenue

requirement increase is associated with the IIPs' investment costs. The annualized increase in revenue requirement was supported by Schedule NJNG-IIP-1 attached to the March 2022 Petition, which was based upon actual expenditures through February 28, 2022 and projected expenditures through June 30, 2022, and was the basis for the proposed increase in base rates.

6. On July 13, 2022, the Company provided updated schedules with actual data through June 30, 2022 ("July 2022 Update"). Based on the response to RCR-A-0019 in discovery, the updated annualized increase to revenue requirements associated with the IIPs' investment costs is approximately \$3.15 million. The updated annual increase in revenue requirement reflected in that schedule is slightly higher than the increase in annual revenue requirement initially proposed in this matter. The proposed updated rates, as described below, are designed to recover the revenue requirement increase of \$3.15 million.
7. Notice of the Company's March 2022 Petition, including the July 2022 Update revenue requirement increase of \$3.16 million and the date, time and place of public hearings, was placed in newspapers having a circulation within the Company's service territory, and was served upon the Clerks of the municipalities, the Clerks of the Board of County Commissioners, and the County Executives within the Company's service territory. In accordance with that notice, two virtual public hearings were held on August 15, 2022. No members of the public provided comments on these matters at the hearings, nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").
8. Upon review of the March 2022 Petition, the July 2022 Update, and responses to discovery, Staff of the New Jersey Board of Public Utilities ("Board Staff"), Rate Counsel, and

NJNG, the only parties to this proceeding (collectively, “Parties”), stipulate and agree as follows:

STIPULATED ISSUES

9. The Company shall implement the base rates associated with the updated annualized increase in the revenue requirement of \$3.15 million as shown in Attachment A, and the associated rate design as detailed in Attachment B. Upon Board approval, the Company shall implement the rates specified in Attachment B and the rates shall be set forth in Rider D – Infrastructure Investment Program – IIP, of the Company’s tariff, BPU No. 11- Gas, with the IIP Base Rate Charge as a component of the total Delivery Charge on a Customer’s bill.
10. The impact of the increased rates, including Sales and Use Tax at the current rate, to the typical residential heating customer using 100 therms in a month is \$0.48 or approximately 0.4 percent (0.4%) on a monthly bill. Calculations showing the rate impacts are summarized in Attachment C.
11. The Parties agree that pursuant to the terms of the October 2020 Order, NJNG may implement these rates effective October 1, 2022 or upon a date determined by the Board. The rate adjustments established herein shall be provisional and subject to refund as set forth in the October 2020 Order. Nothing herein will preclude any party from raising any objection in the next base rate case relating to the prudence of the IIP projects and the related expenditures.
12. 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.

13. 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 that 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.
14. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.
15. 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, in total or by specific item. The Parties further agree that this Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.
16. 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 respectfully request that the Board issue a Decision and Order approving this Stipulation in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to implement these rates as of the later of October 1, 2022 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS COMPANY
PETITIONER**

By: 

ANDREW K. DEMBIA, ESQ.
New Jersey Natural Gas

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

By: 

SARAH H. STEINDEL, ESQ.
ASSISTANT DEPUTY RATE COUNSEL

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

By: 

TEREL KLEIN
DEPUTY ATTORNEY GENERAL

8/19/22

Date: August 19, 2022

IIP ENGINEERING PROGRAM
Roll-in Calculation

Investment End Date **6/30/2022**

RATE BASE CALCULATION

| | <u>Total</u> |
|---|---------------------------|
| Gross Plant | \$28,943,903 |
| Accumulated Depreciation | (\$116,630) |
| Net Plant | \$28,827,273 |
| Accumulated Deferred Taxes | (\$47,482) |
| Rate Base | \$28,779,792 |
| Rate of Return - Net of Tax (SCHEDULE NJNG-IIP-2) | 6.37% |
| Return Requirement | \$1,834,567 |
| Depreciation Exp, net | \$523,328 |
| O&M Credit | (\$119,817) |
| | <u>\$2,238,078</u> |
| Revenue Factor (SCHEDULE NJNG-IIP-3) | 1.4085 |
| Total Revenue Requirement | <u>\$3,152,333</u> |

SUPPORT

Gross Plant

| | |
|--------------------------|----------------------------|
| Plant in-service | \$28,456,182 |
| AFUDC - Debt | \$125,330 |
| AFUDC - Equity | \$362,391 |
| Total Gross Plant | <u>\$28,943,903</u> |

Accumulated Depreciation

| | |
|-------------------------------------|---------------------------|
| Accumulated Depreciation | (\$116,630) |
| Net Accumulated Depreciation | <u>(\$116,630)</u> |

Depreciation Expense (Net of Tax)

| | |
|--|-------------------------|
| Depreciable Plant (xAFUDC-E) | \$28,581,512 |
| AFUDC-E | \$362,391 |
| Depreciation Rate | <u>By Asset Class</u> |
| Depreciation Expense | \$732,862 |
| Depreciation Expense Retirements | \$4,905 |
| Tax @ 28.11% | 204,629 |
| Depreciation Expense (Net of Tax) | <u>\$523,328</u> |

New Jersey Natural Gas Company
Base Rates and Revenues at Present and Proposed Rates

| Component (a) | Amount ¹ (b) | Units (c) | Present Rates | | Proposed Rates | |
|--|----------------------------|--------------|---------------|-----------------------|----------------|-----------------------|
| | | | Rate (d) | Revenue (e) | Rate (f) | Revenue (g) |
| | | | <u>RS</u> | | <u>RS</u> | |
| <u>Residential Service</u> | | | | | | |
| Customer Charge | 6,250,626 | Bills | \$ 10.32 | \$ 64,506,460 | \$ 10.32 | \$ 64,506,460 |
| Volumetric Charge | 506,946,688 | Therms | 0.5701 | 289,010,307 | 0.5746 | 291,291,567 |
| Total Base Revenues | | | | \$ 353,516,766 | | \$ 355,798,026 |
| | | | <u>GSS</u> | | <u>GSS</u> | |
| <u>General Service Small (less than 5,000 Annual Therms)</u> | | | | | | |
| Customer Charge | 380,683 | Bills | \$ 39.39 | \$ 14,995,098 | \$ 39.39 | \$ 14,995,098 |
| Volumetric Charge | 39,584,913 | Therms | 0.4944 | 19,570,781 | 0.5001 | 19,796,415 |
| Volumetric Charge - A/C | 56,128 | Therms | 0.1081 | 6,067 | 0.1088 | 6,107 |
| Total Base Revenues | | | | \$ 34,571,947 | | \$ 34,797,620 |
| | | | <u>GSL</u> | | <u>GSL</u> | |
| <u>General Service Large (5,000 + Annual Therms)</u> | | | | | | |
| Customer Charge | 94,586 | Bills | \$ 97.54 | \$ 9,225,898 | \$ 97.54 | \$ 9,225,898 |
| Demand Charge | 10,678,878 | Therms | 3.2000 | 34,172,408 | 3.2000 | 34,172,408 |
| Volumetric Charge | 135,797,036 | Therms | 0.3133 | 42,545,211 | 0.3174 | 43,101,979 |
| Volumetric Charge - A/C | 133,220 | Therms | 0.1081 | 14,401 | 0.1088 | 14,494 |
| Total Base Revenues | | | | \$ 85,957,919 | | \$ 86,514,780 |
| | | | <u>FT</u> | | <u>FT</u> | |
| <u>Firm Transportation Service</u> | | | | | | |
| Customer Charge | 1,517 | Bills | \$ 328.25 | \$ 497,922 | \$ 328.25 | \$ 497,922 |
| Demand Charge | 2,435,047 | Therms | 2.3447 | 5,709,454 | 2.3447 | 5,709,454 |
| Volumetric Charge | 24,653,234 | Therms | 0.0775 | 1,910,626 | 0.0796 | 1,962,397 |
| Total Base Revenues | | | | \$ 8,118,002 | | \$ 8,169,774 |

¹ Billing determinants are from Attachment D, Pages 3-5, of the stipulation approved in the Board's November 17, 2021 Order in BPU Docket No. GR21030679.

New Jersey Natural Gas Company
Base Rates and Revenues at Present and Proposed Rates

| <u>Component</u> (a) | <u>Amount</u> ¹ (b) | <u>Units</u> (c) | <u>Present Rates</u> | | <u>Proposed Rates</u> | | |
|---|-----------------------------------|---------------------|----------------------|-----------------------|-----------------------|------------------------|-------------------|
| | | | <u>Rate</u> (d) | <u>Revenue</u> (e) | <u>Rate</u> (f) | <u>Revenue</u> (g) | |
| <u>Distributed Generation - Commercial</u> | | | <u>DGC</u> | | <u>DGC</u> | | |
| Customer Charge | 269 Bills | | \$ 97.54 | \$ 26,195 | \$ 97.54 | \$ 26,195 | |
| Demand Charge | 379,385 Therms | | 2.2040 | 836,165 | 2.2040 | 836,165 | |
| Volumetric Charge - Winter | 3,317,249 Therms | | 0.0701 | 232,539 | 0.0713 | 236,520 | |
| Volumetric Charge - Summer | 3,455,288 Therms | | 0.0395 | 136,484 | 0.0407 | 140,630 | |
| Total Base Revenues | | | | \$ 1,231,384 | | \$ 1,239,511 | |
| <u>Natural Gas Vehicle / Compressed Natural Gas Service</u> | | | <u>NGV / CNG</u> | | <u>NGV / CNG</u> | | |
| Customer Charge | 60 Bills | | \$ 97.54 | \$ 5,852 | \$ 97.54 | \$ 5,852 | |
| Volumetric Charge | 1,498,101 Therms | | 0.2683 | 401,940 | 0.2708 | 405,686 | |
| CNG Charge | 824,569 Therms | | 0.2000 | 164,914 | 0.2000 | 164,914 | |
| Total Base Revenues | | | | \$ 572,707 | | \$ 576,452 | |
| TOTAL SYSTEM BASE DISTRIBUTION REVENUES | | | | \$ 483,968,724 | | \$ 487,096,163 | |
| | | | | | | Increase | 3,127,439 |
| | | | | | | TARGET Increase | 3,152,333 |
| | | | | | | Difference | (\$24,894) |

¹ Billing determinants are from Attachment D, Pages 3-5, of the stipulation approved in the Board's November 17, 2021 Order in BPU Docket No. GR21030679.

**New Jersey Natural Gas Company
IIP Base Rate Charges**

| Service Classification | Proposed Pre-tax Base | | IIP Pre-Tax Base Rate Charge | IIP After-tax Base Rate Charge |
|---|---|--|---------------------------------|-----------------------------------|
| | Current Pre-tax Base Rate Charge Per Therm | Rate Charge Per Therm Including IIP | | |
| Residential Service (RS) | 0.5701 | 0.5746 | 0.0045 | 0.0048 |
| General Service Small (GSS) | 0.4944 | 0.5001 | 0.0057 | 0.0061 |
| GSS Commercial Air Conditioning (CAC) | 0.1081 | 0.1088 | 0.0007 | 0.0007 |
| General Service Large (GSL) | 0.3133 | 0.3174 | 0.0041 | 0.0044 |
| GSL Commercial Air Conditioning (CAC) | 0.1081 | 0.1088 | 0.0007 | 0.0007 |
| Firm Transportation (FT) | 0.0775 | 0.0796 | 0.0021 | 0.0022 |
| Distributed Generation - Commercial (DGC) Nov-Apr | 0.0701 | 0.0713 | 0.0012 | 0.0013 |
| Distributed Generation - Commercial (DGC) May-Oct | 0.0395 | 0.0407 | 0.0012 | 0.0013 |
| Natural Gas Vehicle (NGV) | 0.2683 | 0.2708 | 0.0025 | 0.0027 |
| Compressed Natural Gas (CNG) | 0.2683 | 0.2708 | 0.0025 | 0.0027 |

**New Jersey Natural Gas Company
Net impact of proposed Rate Changes**

| <u>Impact on Residential Non-Heating Customers</u> | | | |
|---|--|-----------------|------------------------|
| | | 25 therm bill | |
| 7/1/2022 | | | |
| Customer Charge | | \$11.00 | \$11.00 |
| Delivery | | \$0.7547 | \$18.87 |
| BGSS | | \$0.3974 | \$9.94 |
| Total | | <u>\$1.1521</u> | <u>\$39.81</u> |
| Proposed Rates | | | |
| Customer Charge | | \$11.00 | \$11.00 |
| Delivery | | \$0.7595 | \$18.99 |
| BGSS | | \$0.3974 | \$9.94 |
| Total | | <u>\$1.1569</u> | <u>\$39.93</u> |
| Increase | | | \$0.12 |
| Increase as a percent | | | 0.3% |
| <u>Impact on Residential Heating Customers</u> | | | |
| | | 100 therm bill | 1000 therm annual bill |
| 7/1/2022 | | | |
| Customer Charge | | \$11.00 | \$132.00 |
| Delivery | | \$0.8547 | \$854.70 |
| BGSS | | \$0.3974 | \$397.40 |
| Total | | <u>\$1.2521</u> | <u>\$1,384.10</u> |
| Proposed Rates | | | |
| Customer Charge | | \$11.00 | \$132.00 |
| Delivery | | \$0.8595 | \$859.50 |
| BGSS | | \$0.3974 | \$397.40 |
| Total | | <u>\$1.2569</u> | <u>\$1,388.90</u> |
| Increase | | | \$0.48 |
| Increase as a percent | | | 0.4% |
| | | | \$4.80 |
| | | | 0.3% |
| <u>Impact on Commercial GSS Customers</u> | | | |
| | | 100 therm bill | |
| 7/1/2022 | | | |
| Customer Charge | | \$42.00 | \$42.00 |
| Delivery | | \$0.7737 | \$77.37 |
| BGSS | | \$0.3974 | \$39.74 |
| Total | | <u>\$1.1711</u> | <u>\$159.11</u> |
| Proposed Rates | | | |
| Customer Charge | | \$42.00 | \$42.00 |
| Delivery | | \$0.7797 | \$77.97 |
| BGSS | | \$0.3974 | \$39.74 |
| Total | | <u>\$1.1771</u> | <u>\$159.71</u> |
| Increase | | | \$0.60 |
| Increase as a percent | | | 0.4% |
| <u>Impact on Commercial GSL Customers</u> | | | |
| | | 1200 therm bill | |
| 7/1/2022 | | | |
| Customer Charge | | \$104.00 | \$104.00 |
| Demand Charge | | \$3.41 | \$327.36 |
| Delivery | | \$0.5880 | \$705.60 |
| BGSS (March 2022) | | \$0.8179 | \$981.48 |
| Total | | <u>\$1.4059</u> | <u>\$2,118.44</u> |
| Proposed Rates | | | |
| Customer Charge | | \$104.00 | \$104.00 |
| Demand Charge | | \$3.41 | \$327.36 |
| Delivery | | \$0.5923 | \$710.76 |
| BGSS (March 2022) | | \$0.8179 | \$981.48 |
| Total | | <u>\$1.4102</u> | <u>\$2,123.60</u> |
| Increase | | | \$5.16 |
| Increase as a percent | | | 0.2% |