



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

ENERGY

IN THE MATTER OF THE PETITION OF NEW)	DECISION AND ORDER APPROVING
JERSEY NATURAL GAS COMPANY FOR THE)	INITIAL DECISION AND STIPULATION
ANNUAL REVIEW AND REVISION OF ITS BASIC)	FOR FINAL RATES
GAS SUPPLY SERVICE (BGSS) AND)	
CONSERVATION INCENTIVE PROGRAM (CIP))	BPU DOCKET NO. GR24060372
RATES FOR F/Y 2025)	OAL DOCKET NO. PUC 15542-2024 S

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 31, 2024, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting authority to: 1) decrease the Company's periodic Basic Gas Supply Service ("BGSS") rate effective October 1, 2024; 2) increase the Company's Balancing Charge effective October 1, 2024; and 3) increase the Company's Conservation Incentive Program ("CIP") recovery rates for Group 1 Residential Non-Heat customers and Group IV General Service – Large customers and decrease its CIP recovery rates for Group II Residential Heat Customers and Group III General Service – Small customers effective October 1, 2024 ("2024 Petition"). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge ("ALJ") Jacob S. Gertsman and a stipulation of settlement for final rates ("Stipulation") executed by NJNG, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") resolving all issues in controversy related to the 2024 Petition.

BACKGROUND/PROCEDURAL HISTORY

By Order dated January 6, 2003, the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board, by June 1 of each year, their respective annual BGSS cost filings for the BGSS year beginning October 1 of that year.¹ The January 2003 BGSS Order

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., BPU Docket No. GX01050304, Order dated January 6, 2003 ("January 2003 BGSS Order").

further authorized each GDC to self-implement up to a five percent (5%) BGSS increase, effective December 1 of the current year with one (1) month advance notice to the Board and Rate Counsel. The January 2003 BGSS Order further authorized each GDC to implement a second five percent (5%) increase, effective February 1 of the following year, with one (1) month of advance notice to the Board and Rate Counsel. Finally, the January 2003 BGSS Order authorized each GDC to decrease its BGSS rate at any time upon five (5) days' notice to the Board and Rate Counsel.

2024 PETITION

Pursuant to the January 2003 BGSS Order, on May 31, 2024, NJNG filed the 2024 Petition requesting authority to decrease the Company's current per therm periodic BGSS rate from \$0.4290 to \$0.3672 effective October 1, 2024.² The 2024 Petition reflected market conditions as of May 8, 2024 and was based upon one (1) year BGSS recovery period. The requested change would result in an overall decrease of after-tax revenue of approximately \$33.04 from the current estimated annual BGSS revenue of \$229.37 million.

In the 2024 Petition, the Company also sought authority to increase its per therm Balancing Charge rate from \$0.1266 to \$0.1884. The Balancing Charge is included in the delivery charge for certain sales and transportation customers, and its revenues are credited to BGSS. It consists of two (2) components: 1) carrying charges on inventory costs; and 2) demand charges. The proposed balancing charge results in an additional \$42.96 million increase to BGSS revenues.

The 2024 Petition also sought approval of the following per therm revised CIP rates to be effective October 1, 2024: Group I Residential Non-Heating— a charge of \$0.0409, Group II Residential Heating – a charge of \$0.0903, Group III General Service -- Small – a charge of \$0.0509, and Group IV General Service – Large – a charge of \$0.0382. The CIP calculations result in a current year margin deficiency of approximately \$50.15 million which is comprised of the following recovery amounts: 1) a margin deficiency of approximately \$0.11 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$43.06 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$2.01 million for Group III General Service – Small customers; and 4) a margin deficiency of approximately \$4.97 million for Group IV General Service – Large customers. The BGSS Savings identified by the Company totaled approximately \$18.94 million to offset non-weather-related CIP margin deficiency and charges for the October 2024 through September 2025 period.

On August 6, 2024, through discovery, the Company provided the Update which reflected actual data through June 30, 2024 ("Update"). The Update resulted in a proposed CIP rate for Group IV that was lower than originally filed. The Update produced an overall decrease of after-tax revenue of approximately \$0.80 million to the current estimated annual CIP revenue of \$54.22 million.

Following publication of notices in newspapers in general circulation in the Company's service territory, virtual public hearings were conducted on September 17, 2024 at 4:30 p.m. and 5:30 p.m. No members of the public attended or filed comments related to the 2024 Petition.

² All rates quoted herein include Sales and Use Tax ("SUT") unless otherwise stated.

By Order dated September 25, 2024, the Board approved a stipulation of settlement for provisional rates executed by the Parties.³ The September 2024 Order authorized the Company to: 1) decrease the Company's per therm periodic BGSS rate to \$0.3672; 2) increase the Company's per therm Balancing Charge rate to \$0.1884; and 3) adjust the following CIP rates, all on a per therm basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers, effective October 1, 2024 subject to refund with interest with an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and subject to final approval by the Board. As a result of the September 2024 Order, a typical residential heating customer using 100 therms per month was expected to see a monthly decrease of \$0.12.

On December 5, 2024, this matter was transmitted by the Board to the Office of Administrative Law as a contested case where it was assigned to ALJ Gertsman.

STIPULATION

Following a review of the 2024 Petition, the Update, and conducting discovery, the Parties executed the Stipulation, which provides, in part, as follows:⁴

13. The Company's previously approved provisional rates, as described in Paragraph 9 of the Stipulation, should be deemed by the Board to be final rates. Those rates, effective October 1, 2024 are: 1) the Company's Periodic BGSS rate of \$0.3672 per therm after-tax; 2) the Company's Balancing Charge rate of \$0.1884 per therm after-tax; and 3) the following CIP rates all on a per-therm, after-tax basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers. Additionally, the current Balancing Charge of \$0.1889, as described in Paragraph 10 of the Stipulation, should be deemed by the Board to be a final rate. As a result of the Stipulation, and subject to Board approval, the provisional rates included in this paragraph will be final, and the November 21, 2024 Balancing Charge Rate shall remain in effect until further Board Order.
14. As a result of the Stipulation, and subject to Board approval of the Stipulation, the provisional rates included in Paragraph 13 of the Stipulation will be final and the October 1, 2024 BGSS, CIP and Balancing Charge rates and the November 21, 2024 Balancing Charge rate shall remain in effect until further Board Order or further action by the Company.
15. There will be no further impact on the monthly bill of a typical residential heating customer as a result of finalizing the 2024 provisional rates.

³ In re 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 2025, BPU Docket No. GR24060372, Order dated September 25, 2024 ("September 2024 Order").

⁴ 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.

16. The Company's future annual BGSS gas cost filing shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFRs") adopted by the Board by Order dated June 20, 2003 and include an MFR index detailing the page number or exhibit where each MFR is addressed in the filing.⁵ Copies of the MFRs are attached to the Stipulation as Attachment B.
17. The parties agree that NJNG Transco firm transportation contract 9250129 for 27,000 Dth/day is no longer needed to provide safe and reliable service to customers. NJNG will endeavor to permanently release Transco contract 9250129. To the extent that NJNG has not released Transco contract 9250129 on or before October 1, 2025, the Company will credit BGSS customers \$2.5 million for BGSS year 2025. If the Company has not released the Transco capacity, specified herein, by October 1, 2025, the Parties reserve their rights to address this issue in the Company's next BGSS filing to be made on or about June 1, 2025. The Parties further agree that NJNG will credit 100 percent (100%) of the capacity release credits received from Transco contract 9250129 to BGSS customers.
18. In the Company's future annual BGSS proceedings, the Parties will have the right to review the prudence of the Company's decisions related to the acquisition and management of the Transco REA and Adelphia capacity.
19. For purposes of its upcoming BGSS cost recovery filing due on or before June 1, 2025, the Parties agree that the Company will not include the impact of the Federal Energy Regulatory Commission ("FERC") Adelphia Gateway, LLC ("Adelphia") Docket No. RP24-1106 rate case in the BGSS rate. The Parties agree that the Company will be permitted full recovery of Adelphia final rates approved by FERC in Docket No. RP24-1106.
20. In order to track the appropriate impact from excluding Adelphia's April 1, 2025 rate change in NJNG's BGSS 2025 filing, NJNG will create a new regulatory asset and the Parties will evaluate over which time period that increase could be implemented in the Company's 2026 BGSS proceeding. The Parties agree that the time period for recovery will not exceed twenty-four (24) months.

On April 15, 2025, ALJ Gertsman issued an Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation and that the Stipulation fully disposes of all matters and is consistent with the law.

DISCUSSION AND FINDINGS

The Board carefully reviewed the record in this proceeding, including the 2024 Petition, updates, ALJ Gertsman's Initial Decision, and the Stipulation, and **HEREBY FINDS** that the Parties voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. Accordingly, the Board **HEREBY FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation, attached hereto, as its own, as though fully set forth herein, subject to any terms and conditions

⁵ In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS), Gas Cost Recovery (GCR) Factor for C/Y 2003, BPU Docket No. GR02100760, Order dated June 20, 2003.

set forth in this Order.

The Board **HEREBY APPROVES** on a final basis:

1. A per-therm periodic BGSS rate of \$0.3672;
2. A per-therm Balancing Charge rate of \$0.1884; and
3. The following per-therm CIP rates:
 - A charge of \$0.0409 for Group I Residential Non-Heat customers;
 - A charge of \$0.0903 for Group II Residential Heat customers;
 - A charge of \$0.0509 for Group III Small Commercial customers; and
 - A charge of \$0.0367 for Group IV General Service Large customers.

Any net over-recovered BGSS, Balancing Charge, and CIP balance at the end of the BGSS period shall be subject to refund with interest.

Based upon the Stipulation, a typical residential heating customer using 100 therms per month will see no further impact on their monthly bill.

The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to June 15, 2025.

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 May 28, 2025.

DATED: May 21, 2025

BOARD OF PUBLIC UTILITIES
BY:



CHRISTINE GUHL-SADOVY
PRESIDENT



DR. ZENON CHRISTODOULOU
COMMISSIONER



MARIAN ABDOU
COMMISSIONER



MICHAEL BANGE
COMMISSIONER

ATTEST:



SHERRI L. LEWIS
BOARD 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 THE ANNUAL REVIEW
AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE PROGRAM
(CIP) RATES FOR F/Y 2025

BPU DOCKET NO. GR24060372
OAL DOCKET NO. PUC 15542-2024 S

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State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 15542-24

AGENCY DKT. NO. GR24060372

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION
OF ITS LEVEL OF BASIC GAS SUPPLY SERVICE (BGSS)
CHARGE AND CONSERVATION INCENTIVE PROGRAM
(CIP) RATES FOR F/Y 2025.**

Andrew K. Dembia, Esq., for petitioner, New Jersey Natural Gas Company
(Regulatory Affairs Counsel, attorney)

Matko Ilic and **Steven Chaplar**, Deputy Attorneys General, for Staff of the Board
of Public Utilities (Matthew J. Platkin, Attorney General of New Jersey,
attorney)

Maura Caroselli, Esq., Managing Attorney, and **Brian Lipman**, Director, for
Division of Rate Counsel

Record Closed: April 14, 2025

Decided: April 15, 2025

BEFORE **JACOB S. GERTSMAN**, ALJ t/a:

This proceeding involves a petition filed on May 31, 2024, by New Jersey Natural Gas Company (NJNG or Company) requesting that the Board of Public Utilities (Board) approve the Company's annual review and revision of its Basic Gas Supply Service (BGSS) charge and Conservation Incentive Program (CIP) charge, for fiscal year 2025.

The petition was transmitted to the Office of Administrative Law (OAL) on October 23, 2024, for determination as a contested case, and assigned to the undersigned, who conducted the initial telephone prehearing conference on January 15, 2025. Duly noticed public hearings were held virtually prior to the transmittal to the OAL on September 17, 2024, at 4:30 p.m. and 5:30 p.m. No members of the public appeared at either hearing and no written comments were received. The parties have agreed to settle this case and have entered into an agreement. Having reviewed the terms of their agreement, I have determined that the settlement is voluntary, consistent with the law, and fully dispositive of all issues in controversy between the parties in this case.

I **ORDER** that the settlement agreement is **APPROVED**, that its terms are **INCORPORATED** into this decision, and that this case is **CONCLUDED**.

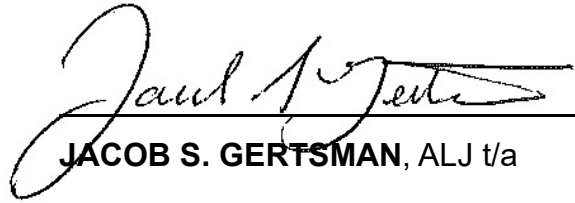
I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-

five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 15, 2025

DATE



JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

Date Mailed to Parties:

JSG/lam



April 14, 2025

Via Electronic Mail

Honorable Jacob Gertsman
Administrative Law Judge
OFFICE OF ADMINISTRATIVE LAW
P.O. Box 049
Trenton, NJ 08625-0049

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 2025
BPU Docket No. GR24060372
OAL Docket. No: PUC 15542-2024 S

Dear Judge Gertsman:

Enclosed with this letter is a fully executed Stipulation for Final 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 adembia@njng.com 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 and last names being more prominent.

Andrew K. Dembia
Regulatory Affairs Counsel

AKD:cs

cc: 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 2025
DOCKET NO. GR24060372**

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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 2025
DOCKET NO. GR24060372**

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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)	BPU DOCKET NO. GR24060372
ANNUAL REVIEW AND REVISION OF ITS BASIC)	
GAS SUPPLY SERVICE (BGSS) AND ITS)	OAL Docket. No.: PUC 15542-2024 S
CONSERVATION INCENTIVE PROGRAM (CIP))	
RATES FOR F/Y 2025)	

STIPULATION FOR FINAL RATES

APPEARANCES:

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

TO: THE HONORABLE JACOB GERTSMAN, ADMINISTRATIVE LAW JUDGE

BACKGROUND

1. On May 31, 2024, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting authority to:

1) decrease the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2024; 2) increase the Company’s Balancing Charge effective October 1, 2024; and 3) increase the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non-Heat customers and Group IV General Service – Large customers and decrease its CIP recovery rates for Group II Residential Heat customers and Group III General Service – Small customers effective October 1, 2024 (“Petition”).

Specifically, NJNG requested that the Company’s existing per therm after-tax Periodic BGSS rate of \$0.4290 that is applicable to residential and small commercial customers, subject to the Periodic BGSS Pricing Mechanism, be decreased to \$0.3672 per therm. NJNG’s Petition reflected market conditions as of May 8, 2024, and was based upon a one (1)-year BGSS recovery period. The requested change would

result in an overall decrease of after-tax revenue of approximately \$33.04 million from the current estimated annual BGSS revenue of \$229.37 million.

2. The Company also requested a \$0.0618 per therm increase to the after-tax balancing charge, thereby increasing it from \$0.1266 to \$0.1884. As approved by Board Order dated November 17, 2021, 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.¹ 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 \$42.96 million from the current estimated annual Balancing Charge revenue of \$87.99 million.

3. As authorized by the Board in Docket Nos. GR05121020 and GR13030185, the Petition also provided the Company's annual CIP rate filing for CIP year 2025, October 1, 2024 through September 30, 2025, and requested that the BPU approve the implementation of updated CIP factors effective October 1, 2024.² Specifically, the Company sought approval for the following changes to its after-tax, per therm CIP factors: 1) a \$0.0027 increase to the current rate of \$0.0382 for Group I Residential Non-Heat customers resulting in a proposed rate of \$0.0409; 2) a \$0.0012 decrease to the current rate of \$0.0915 resulting in a proposed rate of \$0.0903 for Group II Residential Heat customers; 3)

¹ In re the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Base Rate and for Changes in its Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1; and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18, BPU Docket Nos. GR21030679, OAL Docket No. PUC 04111-21 AND In re the Petition of New Jersey Natural Gas Company for Approval of a Base Rate Adjustment Pursuant to the NJ Rise and SAFE II Programs, BPU Docket No. GR21030680, OAL Docket No. PUC 04113-21, Order dated November 17, 2021 ("Rate Case Order").

² In re the Petition of New Jersey Natural Gas Company for Authority to Implement Conservation and Usage Adjustment, BPU Docket No. GR05121020, Order dated January 20, 2010, AND In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order Dated May 21, 2014 ("May 2014 Order").

a \$0.0096 decrease to the current rate of \$0.0605 for Group III Small Commercial customers resulting in a proposed rate of \$0.0509; and 4) a \$0.0029 increase to the current rate of \$0.0353 resulting in a proposed rate of \$0.0382 for Group IV Large Commercial customers. The requested changes would result in an overall decrease in after-tax revenue of approximately \$0.60 million from the current estimated annual CIP revenue of \$54.22.

4. Pursuant to the May 2014 Order, 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 seventy-five 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. Any amount exceeding these limits may be deferred for future recovery and will be subject to the recovery tests in a future period. Additionally, recovery of the current year margin deficiency must meet an earnings test. The Company reported a total estimated CIP related margin deficiency for CIP year 2024, October 1, 2023, through September 30, 2024, of approximately \$45.15 million with \$35.53 million margin deficiency related to weather, and \$9.62 million margin deficiency related to non-weather factors. The amount of the BGSS Savings required to meet the BGSS Savings test is seventy-five percent (75%) of the non-weather change or \$7.22 million. The Company identified approximately \$18.94 million in BGSS savings available to offset non-weather-related CIP margin deficiency and charges for the October 2024 through September 2025 recovery period. Under the Variable Margin Test, the recovery limitation is \$24.05 million based upon 6.5 percent of aggregate variable margins reported by the Company for October 1, 2023, through September 30, 2024. 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%).

5. As requested in the Petition, modifying the BGSS, Balancing Charge, and CIP rates as requested in the Petition would result in an overall decrease of approximately \$0.12 per month,

or 0.1 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact of these requested rate changes to the average residential non-heat customer (Group I) using twenty-five (25) therms per month would be an increase of \$0.07, or 0.2 percent, for the average small commercial customer (Group III) using 100 therms a month the impact would be a decrease of \$0.96, or 0.6 percent, and the impact to the average large commercial customer (Group IV) using 1,200 therms a month will be an increase of \$3.48, or 0.2 percent. The above BGSS, Balancing Charge, and CIP rate changes result in an increase in annual after-tax revenues to NJNG of approximately \$9.32 million.

6. On August 6, 2024, the Company submitted a response to Discovery Request S-NJNG- BGSS-0001 updating the CIP schedules to reflect actual data through June 30, 2024, resulting in a proposed CIP rate for Group IV that was lower than originally filed. The updated after-tax CIP rates per therm is a charge of \$0.0367 for Group IV. The updated CIP rate for Group IV, and the filed after-tax CIP rates for Group I of \$0.0409, Group II of \$0.0903 and Group III of \$0.0509 per therm result in an overall decrease of after-tax revenue of approximately \$0.80 million to the current estimated annual CIP revenue of \$54.22 million. The updated schedules resulted in no change in the proposed CIP rates for Groups I, II, and III. The updated CIP rate for Group IV, and the filed after- tax CIP rates for Groups I, II and III combined with the requested BGSS rate of \$0.3672, and Balancing Charge of \$0.1884, result in an overall increase in after-tax revenue of approximately \$9.12 million.

7. After publication of notice in newspapers of general circulation in NJNG's service territory, virtual public hearings occurred on September 17, 2024, at 4:30 p.m. and 5:30 p.m. No members of the public participated in either hearing nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").

8. NJNG, 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 was 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 requested⁴ BGSS rate, the requested CIP rate for Groups I, II

and III, the updated CIP rate for Group IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable, and accordingly executed a stipulation for provisional rates.

9. On September 25, 2024, the Board issued an Order approving a stipulation of settlement for provisional rates executed to resolve the matters at issue herein.³ The September 2024 Order authorized the Company to: 1) decrease the Company's Periodic BGSS rate to \$0.3672 per therm after-tax; 2) increase the Company's Balancing Charge rate to \$0.1884 per therm after-tax; and 3) adjust the following CIP rates all on a per-therm, after-tax basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers. The aforementioned rates became effective October 1, 2024, and were subject to refund with interest with an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and subject to final approval by the Board. A full schedule of applicable bill impacts by rate class is attached hereto as Attachment A.

10. On November 21, 2024, the Board issued an Order in Docket No GR24010071, the Company's base rate case proceeding, approving an increase to the inventory portion of the Balancing Charge resulting in a Balancing Charge of \$0.1889 per therm effective November 21, 2024.⁴ This Balancing Charge remains in effect.

³ In re 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 2025, BPU Docket No. GR24060372, Order dated September 25, 2024 ("September 2024 Order").

⁴ In re the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Base Rates, for Changes in its Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1, and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18, and Other Requested Relief, BPU Docket No. GR24010071, OAL Docket No. PUC 02298-24, Order dated November 21, 2024 ("November 2024 Order").

11. On December 5, 2024, this matter was transmitted to the OAL as a contested case and was subsequently assigned to the Honorable Jacob Gertsman, Administrative Law Judge (“ALJ Gertsman”). A telephonic pre-hearing conference was held on January 15, 2025. ALJ Gertsman issued a Notice of Status Conference dated January 17, 2025, setting April 15, 2025 as the date for a status conference with the Parties.

12. NJNG responded to all discovery requests that have been propounded in this proceeding by Staff and Rate Counsel.

STIPULATED ISSUES

The Parties hereby **STIPULATE AND AGREE** as follows:

13. The Company’s previously approved provisional rates, as described in Paragraph 9 above, should be deemed by the Board to be final rates. Those rates, effective October 1, 2024, are: 1) the Company’s Periodic BGSS rate of \$0.3672 per therm after-tax; 2) the Company’s Balancing Charge rate of \$0.1884 per therm after- tax; and 3) the following CIP rates all on a per-therm, after-tax basis: \$0.0409 for Group I Residential Non-Heat customers; \$0.0903 for Group II Residential Heat customers; \$0.0509 for Group III Small Commercial customers; and \$0.0367 for Group IV General Service Large customers. Additionally, the current Balancing Charge of \$0.1889, as described above in Paragraph 10, should be deemed by the Board to be a final rate. As a result of this stipulation of settlement (“Stipulation”), the provisional rates included in this paragraph will be final and the November 21, 2024 Balancing Charge rate shall remain in effect until further Board Order.

14. As a result of this Stipulation, and subject to Board approval of the Stipulation, the provisional rates included in Paragraph 13 will be final, and the October 1, 2024 BGSS, CIP, and Balancing Charge rates and the November 21, 2024 Balancing Charge rate shall remain in effect until further Board Order or further action by the Company in accordance with the Generic BGSS Order.⁵

15. There will be no further impact on the monthly bill of a typical residential heating

⁵ 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., BPU Docket No. GX01050304, Order dated January 6, 2003 (“Generic BGSS Order”).

customer as a result of finalizing the 2024 provisional rates.

16. The Company's future annual BGSS gas cost filing shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFRs") adopted by the Board by Order dated June 20, 2003, and include an MFR index detailing the page number or exhibit where each MFR is addressed in the filing.⁶ Copies of the MFRs are attached to the Stipulation as Attachment B.

17. The parties agree that NJNG Transco firm transportation contract 9250129 for 27,000 Dth/day is no longer needed to provide safe and reliable service to customers. NJNG will endeavor to permanently release Transco contract 9250129. To the extent that NJNG has not released Transco contract 9250129 on or before October 1, 2025, the Company will credit BGSS customers \$2.5 million for BGSS year 2025. If the Company has not released the Transco capacity, specified herein, by October 1, 2025, the Parties reserve their rights to address this issue in the Company's next BGSS filing to be made on or about June 1, 2025. The Parties further agree that NJNG will credit 100 percent (100%) of the capacity release credits received from Transco contract 9250129 to BGSS customers.

18. In the Company's future annual BGSS proceedings, the Parties will have the right to review the prudence of the Company's decisions related to the acquisition and management of the Transco REA and Adelphia capacity.

19. For purposes of its upcoming BGSS cost recovery filing due on or before June 1, 2025, the Parties agree that the Company will not include the impact of the Federal Energy Regulatory Commission ("FERC") Adelphia Gateway, LLC ("Adelphia") Docket No. RP24-1106 rate case in the BGSS rate. The Parties agree that the Company will be permitted full recovery of Adelphia final rates approved by FERC in Docket No. RP24-1106.

20. In order to track the appropriate impact from excluding Adelphia's April 1, 2025

⁶ In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS), Gas Cost Recovery (GCR) Factor for C/Y 2003, BPU Docket No. GR02100760, Order dated June 20, 2003.

rate change in NJNG's BGSS 2025 filing, NJNG will create a new regulatory asset and the Parties will evaluate over which time period that increase could be implemented in the Company's 2026 BGSS proceeding. The Parties agree that the time period for recovery will not exceed twenty-four (24) months.


21. 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.

22. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.


23. 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, Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving 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. 48:2-4.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that Your Honor issue an Initial Decision and that the Board issue an Order approving it in its entirety, in accordance with the terms hereof.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
ANDREW K. DEMBIA, ESQ.
REGULATORY AFFAIRS COUNSEL

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

By: 
MAMIE W. PURNELL, ESQ.
ASSISTANT DEPUTY RATE COUNSEL

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

By: /s/ Jack Ventura, Esq.
JACK A. VENTURA, ESQ.
DEPUTY ATTORNEY GENERAL

Date: April 14, 2025

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR24060372
F/Y 2025

(\$/therm)

Rate Impact for Group I - Residential Non-Heating Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(3.5%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	3.5%
CIP	Delivery Rate	<u>0.0358</u>	<u>0.0382</u>	<u>0.0384</u>	<u>0.0409</u>	<u>0.0026</u>	<u>0.0027</u>	<u>0.2%</u>
NET IMPACT		<u>\$0.5568</u>	<u>\$0.5938</u>	<u>\$0.5595</u>	<u>\$0.5965</u>	<u>\$0.0027</u>	<u>\$0.0027</u>	<u>0.2%</u>

Rate Impact for Group II - Residential Heating Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(4.1%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	4.1%
CIP	Delivery Rate	<u>0.0858</u>	<u>0.0915</u>	<u>0.0847</u>	<u>0.0903</u>	<u>(0.0011)</u>	<u>(0.0012)</u>	<u>(0.1%)</u>
NET IMPACT		<u>\$0.6068</u>	<u>\$0.6471</u>	<u>\$0.6058</u>	<u>\$0.6459</u>	<u>(\$0.0010)</u>	<u>(\$0.0012)</u>	<u>(0.1%)</u>

Rate Impact for Group III - General Service Small Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4023	\$0.4290	\$0.3444	\$0.3672	(\$0.0579)	(\$0.0618)	(3.6%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	3.6%
CIP	Delivery Rate	<u>0.0567</u>	<u>0.0605</u>	<u>0.0477</u>	<u>0.0509</u>	<u>(0.0090)</u>	<u>(0.0096)</u>	<u>(0.6%)</u>
NET IMPACT		<u>\$0.5777</u>	<u>\$0.6161</u>	<u>\$0.5688</u>	<u>\$0.6065</u>	<u>(\$0.0089)</u>	<u>(\$0.0096)</u>	<u>(0.6%)</u>

Rate Impact for Group IV - General Service Large Customers

	Component of	5/1/24 Rates		Proposed 10/1/24 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2024)	\$0.3574	\$0.3811	\$0.2995	\$0.3193	(\$0.0579)	(\$0.0618)	(4.5%)
Balancing Charge	Delivery Rate	0.1187	0.1266	0.1767	0.1884	0.0580	0.0618	4.5%
CIP	Delivery Rate	<u>0.0331</u>	<u>0.0353</u>	<u>0.0344</u>	<u>0.0367</u>	<u>0.0013</u>	<u>0.0014</u>	<u>0.1%</u>
NET IMPACT		<u>\$0.5092</u>	<u>\$0.5430</u>	<u>\$0.5106</u>	<u>\$0.5444</u>	<u>\$0.0014</u>	<u>\$0.0014</u>	<u>0.1%</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	534,661 (000s)
Balancing Charge	695,048 (000s)
CIP Group I	2,828 (000s)
CIP Group II	509,691 (000s)
CIP Group III	42,341 (000s)
CIP Group IV	139,121 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$229.37	\$196.33	(\$33.04)
Balancing Charge	\$87.99	\$130.95	\$42.96
CIP Group I	\$0.11	\$0.12	\$0.01
CIP Group II	\$46.64	\$46.03	(\$0.61)
CIP Group III	\$2.56	\$2.16	(\$0.40)
CIP Group IV	<u>\$4.91</u>	<u>\$5.11</u>	<u>\$0.20</u>
IMPACT	<u>\$371.58</u>	<u>\$380.70</u>	<u>\$9.12</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR24060372
F/Y 2025

Impact on Residential Non-Heating Customers				
			25 therm bill	
5/1/24 Rates				
	Customer Charge	\$11.00	\$11.00	
	Delivery	\$0.9081	\$22.70	
	BGSS	\$0.4290	\$10.73	
	Total	\$1.3371	\$44.43	
Proposed Rates- effective 10/1/24				
	Customer Charge	\$11.00	\$11.00	
	Delivery	\$0.9726	\$24.32	
	BGSS	\$0.3672	\$9.18	
	Total	\$1.3398	\$44.50	
	Increase		\$0.07	
	Increase as a percent		0.2%	

Impact on Residential Heating Customers				
			100 therm bill	1,000 therm annual bill
5/1/24 Rates				
	Customer Charge	\$11.00	\$11.00	\$132.00
	Delivery	\$0.9614	\$96.14	\$961.40
	BGSS	\$0.4290	\$42.90	\$429.00
	Total	\$1.3904	\$150.04	\$1,522.40
Proposed Rates- effective 10/1/24				
	Customer Charge	\$11.00	\$11.00	\$132.00
	Delivery	\$1.0220	\$102.20	\$1,022.00
	BGSS	\$0.3672	\$36.72	\$367.20
	Total	\$1.3892	\$149.92	\$1,521.20
	Decrease		(\$0.12)	(\$1.20)
	Decrease as a percent		(0.1%)	(0.1%)

Impact on Commercial GSS Customers				
			100 therm bill	
5/1/24 Rates				
	Customer Charge	\$42.00	\$42.00	
	Delivery	\$0.8523	\$85.23	
	BGSS	\$0.4290	\$42.90	
	Total	\$1.2813	\$170.13	
Proposed Rates- effective 10/1/24				
	Customer Charge	\$42.00	\$42.00	
	Delivery	\$0.9045	\$90.45	
	BGSS	\$0.3672	\$36.72	
	Total	\$1.2717	\$169.17	
	Decrease		(\$0.96)	
	Decrease as a percent		(0.6%)	

Impact on Commercial GSL Customers				
			1200 therm bill	
5/1/24 Rates				
	Customer Charge	\$104.00	\$104.00	
	Demand Charge	\$3.41	\$327.36	
	Delivery	\$0.6306	\$756.72	
	BGSS (May 2024)	\$0.3811	\$457.32	
	Total	\$1.0117	\$1,645.40	
Proposed Rates- effective 10/1/24				
	Customer Charge	\$104.00	\$104.00	
	Demand Charge	\$3.41	\$327.36	
	Delivery	\$0.6938	\$832.56	
	BGSS (May 2024)	\$0.3193	\$383.16	
	Total	\$1.0131	\$1,647.08	
	Increase		\$1.68	
	Increase as a percent		0.1%	

Minimum Filing Requirements

1. Motion, Supporting Testimony & Tariff Modifications
2. Computation of Proposed BGSS Rate
3. Public Notice with Proposed Impact on Bills
4. Actual and Forecasted Refund Amounts
5. Cost of Gas Sendout by Component
6. BGSS Contribution and Credit Offsets
7. Over/Under Recovery Comparisons
8. Wholesale Gas Pricing Assumptions
9. GCUA Recoveries and Balances
10. Historical Service Interruptions
11. Gas Price Hedging Activities
12. Storage Gas Volumes, Prices and Utilization
13. Affiliate Gas Supply Transactions
14. Supply and Demand Data
15. Actual Peak Day Supply and Demand
16. Capacity Contract Changes
17. FERC Pipeline Activities

Annual BGSS Minimum Filing Requirements

1. **Motion, Supporting Testimony & Tariff Modifications**

In support of its filing, a GCD should provide supporting testimony which addresses any material events or major factors affecting either the prior period's deferred gas balance or its forecasted BGSS rate. In addition to the associated motion, redlined tariff sheets should be provided for all proposed tariff changes.

2. **Computation of Proposed BGSS Rates**

A summary schedule should show all of the forecasted BGSS cost components and applicable credits which comprise the basis for the proposed BGSS rates that are to become effective October 1st. The cost components and applicable credits should be provided with all material amounts broken out separately.

3. **Public Notice with Proposed Impact on Bills**

A copy of the Company's Public Notice should be provided with details concerning the impact of the proposed BGSS rates on typical gas bills at various winter therm utilization levels.

4. **Actual and Forecasted Refund Amounts**

Schedules should be provided which show actual and estimated refund amounts for the reconciliation period as well as the estimated refunds for the projected period beginning October 1. The schedule should identify the refunds by month and should provide associated information on the applicable FERC docket involved.

5. Cost of Gas Sendout by Component

Monthly data showing the derivation of all cost components shown on the BGSS Computation Schedule should be provided for the reconciliation and projected periods. The monthly data should also provide detail on applicable volumes by customer classification.

6. BGSS Contribution and Credit Offsets

Monthly data showing the derivation of all BGSS cost offsets, including interruptible margins, capacity transactions, pipeline refunds and other credits should be provided for the reconciliation and projected periods.

7. Over/Under Recovery Comparisons

Schedules should be provided which show the derivation of the monthly over or under recoveries plus cumulative balances for the reconciliation and projected period. For the reconciliation period, a schedule should also show the calculation of the monthly actual or estimated accrued interest. These schedules should include prospective data shown for projected period based on the prevailing BGSS rate and, alternatively, based on the requested BGSS rate.

8. Wholesale Gas Pricing Assumptions

The GDC should provide schedules which detail the monthly gas prices for the reconciliation and projected periods. The schedules should show the prices utilized in developing the existing BGSS rate and those utilized for projecting the proposed BGSS rate. To the degree third party price indexes or forecasts are the basis for such gas prices, associated documentation should also be provided.

9. GCUA Recoveries and Balances

Schedules should be provided that show monthly data for the GCUA since its inception. The data should provide the unamortized balances, recoveries, and accrued interest by month with any associated workpapers.

10. Historical Service Interruptions

A schedule should be provided which details any service interruptions during the past 12 months. The schedule should show the dates of the interruptions, the service categories affected, and whether each interruption was operational or economic in nature.

11. Gas Price Hedging Activities

The GDC should provide copies of its last four quarterly hedging reports as filed with the Board. It should also provide a schedule covering both the reconciliation and projected period which shows monthly gas purchase volume requirements and price hedged volumes broken down into discretionary and non-discretionary components which allow evaluation of compliance with the GDC's established hedging objectives.

12. Storage Gas Volumes, Prices and Utilization

Schedules should be provided which show the GDC's monthly data for LNG, LPG, and pipeline storage volumes. The schedules should show volumes and dollars for balances, injections, and withdrawals with all data shown on a Dth basis.

13. Affiliate Gas Supply Transactions

The GDC's filing should have disclosure of all gas supply and capacity transactions with any affiliates during the reconciliation or forecasted periods. The disclosure should provide the nature, terms, and conditions of any such transactions, the date

of the transactions, and evidence that the gas supply or capacity resources transactions were at market rates.

14. Supply and Demand Data

Schedules should be provided that show the GDC's firm requirements and gas supplies by component on an annual, heating season and non-heating season basis. The data should be provided for the reconciliation period and the two prior and two prospective annual periods.

15. Actual Peak Day Supply and Demand

The GDC should provide data for the five highest demand days, for each of the last three years, showing date, temperature or HDD, firm and interruptible volumes and the sources of supply used to meet the associated volume requirement.

16. Capacity Contract Changes

The GDC filing should provide details concerning any changes to its interstate pipeline contracts (entitlements, storage capacities, daily deliverability, transportation, or associated costs) which have been made or occurred during the past 24 months or are planned for the next 12 months. To the degree any significant changes have been made or are planned, a narrative should discuss operational and cost consequences as well as the rationale for the changes.

17. FERC Pipeline Activities

The GDC's filing should provide details on any pending FERC dockets which would affect the cost or services received from the GDC's supplying pipelines. The GDC should also provide details concerning its participation in such dockets and a listing of any filings or testimony made by the GDC or on its behalf.