Agenda Date: 9/25/25
Agenda Item: 2A

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 2025/2026 ANNUAL COMPLIANCE FILINGS FOR A CHANGE IN THE STATEWIDE ELECTRIC AND GAS PERMANENT UNIVERSAL SERVICE FUND PROGRAM FACTORS WITHIN THE ELECTRIC AND GAS SOCIETAL BENEFITS CHARGES RATES PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1	)	DECISION AND ORDER APPROVING INTERIM USF RATES AND LIFELINE RATES DOCKET NO. ER25060371

Parties of Record:

Stacey M. Mickles, Esq., Public Service Electric and Gas Company
Kenneth L. Wan, Esq., Atlantic City Electric Company
Michael J. Martelo, Esq., Jersey Central Power & Light Company
Andrew Dembia, Esq., New Jersey Natural Gas Company
John Carley, Esq., Rockland Electric Company
Dominick DiRocco, Esq., on behalf of South Jersey Gas Company and Elizabethtown Gas Company
Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 27, 2025, Public Service Electric and Gas Company ("PSE&G"), on behalf of itself and the other gas and electric distribution utilities (collectively, "Utilities"), made a filing with the New Jersey Board of Public Utilities ("Board") for the 2025-2026 Universal Service Fund ("USF") and Lifeline program year ("June 2025 Filing").[1] On the same date, the other six (6) gas and electric utilities also made compliance filings in this docket. The June 2025 Filing included actual cost data from October 2024 to April 2025 and estimated data for May 2025 through September 2025. By this Order, the Board considers the June 2025 Filing, updates and corrections thereto, and comments received.

[1] The four (4) gas distribution companies ("GDCs") include PSE&G, Elizabethtown Gas Company ("ETG"), New Jersey Natural Gas Company ("NJNG"), and South Jersey Gas Company ("SJG"). The four (4) electric distribution companies ("EDCs") include PSE&G, Atlantic City Electric Company ("ACE"), Jersey Central Power & Light Company ("JCP&L") and Rockland Electric Company ("RECO").

BACKGROUND

The Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49 et seq., mandated that the Board establish a non-lapsing USF to assist low-income consumers with the payment of electric and natural gas bills. Pursuant to N.J.S.A. 48:3-60(b), the Board must determine the level of funding, the appropriate administration, and the purpose of the programs funded with USF monies. By Order dated April 30, 2003, the Board established a permanent statewide program through which USF funds are collected from customers of the State's Utilities on a uniform basis through the Societal Benefits Charge ("SBC").[2] By Order dated July 16, 2003, the Board further established that funding for Lifeline, an energy assistance program created by the Legislature at N.J.S.A. 48:2-29.15 and at that time administered by the Department of Human Services[3] and also funded through the SBC, would be collected in the same manner as USF.[4]

Administrative expenses for the first year of the USF program were in addition to the program budget and were capped at ten percent (10%) of the $30 million program for the year. If the USF program exceeded the $30 million cap, any administrative expenses above $3 million [ten percent (10%) of the initial year's budget] required advance approval by the Board. One (1)-time start-up costs were not considered administrative expenses, and as such, were not to be subject to the ten percent (10%) cap. Pursuant to the July 2003 Order, USF and Lifeline rates were effective as of August 1, 2003.

The Board directed the Utilities to make annual compliance filings for the USF and Lifeline components of the SBC by April 1 each year, including notice and public hearings, with any new tariffs to be effective July 1 of each year. On June 22, 2005, the Board changed the annual USF compliance filing date from April 1 to July 1 and the effective date from July 1 to October 1.[5]

Pursuant to Order dated June 21, 2010, the Board approved seven (7) separate stipulations of settlement resolving all issues pertaining to the Utilities' past USF-related administrative costs.[6] In addition, each individual stipulation of settlement identified the future USF-related costs that each utility must include in the annual USF compliance filing.

[2] In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999 Order, Docket No. EX00020091, Order dated April 30, 2003.

[3] USF has been administered by the New Jersey Department of Community Affairs since 2006. See In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, BPU Docket No. EX00020091, Order dated November 22, 2006.

[4] In re the Establishment of a Universal Service Fund Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999, Docket No. EX00020091, Order dated July 16, 2003 ("July 2003 Order").

[5] In re the 2005/2006 Annual Compliance Filing Regarding Statewide Electric and Gas Universal Service Fund Factors within the Societal Benefits Charge (SBC) Rates Pursuant to N.J.S.A. 48:2-21 and N.J.S.A. 48:2-21.1, BPU Docket No. EX00020091, Order dated June 22, 2005 ("June 2005 Order").

[6] In re the Recovery of Administrative Costs Expended by Utilities Under Universal Services Funds Program, BPU Docket No. EO09090771, Order dated June 21, 2010 ("June 2010 Order").

By Order dated September 25, 2024 Order, the Board approved the Utilities' proposed rates set forth in the 2024/2025 USF compliance filing.[7] The proposed rates were established to recover an approximate $236.5 million USF budget and a $74.6 million Lifeline budget. Accordingly, the current rates, including Sales and Use Tax ("SUT"), are:

	Electric /kWh	**Gas /therm**
USF	$0.002212	$0.0216
Lifeline	$0.000757	$0.0060
Combined USF/Lifeline	**$0.002969**	**$0.0276**

PETITION

Pursuant to the June 2010 Order, in the June 2025 Filing, the Utilities included their actual USF-related administrative costs as of April 2025 and estimated administrative costs through September 2025 and requested full recovery of their administrative costs in the month following Board approval of the new USF rate.

By the June 2025 Filing and the individual filings, the Utilities requested that the Board approve their request to defer administrative costs associated with the Board's Order dated June 18, 2025.[8] Additionally, in the June 2025 Filing and in the individual filings of JCP&L, ACE, and NJNG it was requested that the Board finalize the current USF interim rates, which were approved in the September 2024 Order.

CORRECTED FILING

On August 6, 2025, PSE&G, on behalf of the Utilities, made a corrected filing with the Board, which proposed a corrected gas rate lower than the June 2025 Filing and the same electric rate ("Corrected Filing"). The GDCs also updated their individual filings on August 6, 2025 as well (together with the Corrected Filing, "Revised 2025 USF Filings").

By the Corrected 2025 Filing, the Utilities proposed that the statewide USF rates be set to recover approximately $324.2 million, representing an overall increase of approximately $87.7 million from the existing $236.5 million being recovered through current USF rates. Through discovery, the Utilities explained that the increase to program costs is primarily due to the following reasons: 1) required modifications to the USF program; 2) increased electric Basic Generation Service; and 3) the change in the under/over recovery position of the utilities from September 30, 2024 to the projected position at September 30, 2025.

The Corrected Filing included an estimated New Jersey Department of Community Affairs ("DCA") USF administrative budget of $13,903,866. DCA is the USF Program Administrator. Furthermore, the Corrected Filing included estimated Fresh Start costs in the amount of $49,122,788. The proposed rates in the Corrected Filing were also based upon an estimated gas

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[7] In re the 2024/2025 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor within the Societal Benefits Charge Rate, BPU Docket No. ER24070486, Order dated September 25, 2024 ("September 2024 Order").

[8] In re Rate Design and Policy Study Regarding Driving Equity in the Clean Energy Transition, BPU Docket No. QO24110853, Order dated June 18, 2025 ("USF Modification Order").

under recovery balance of $4,866,388 and an estimated electric under recovery balance of $32,015,119 as of September 30, 2025. Finally, the Corrected Filing includes an estimated increase of $61,102,950 for modifications to the USF program, which includes an increase to the minimum and maximum benefits and an anticipated five percent (5%) increase in statewide enrollment.

The Utilities asserted that the calculations of the Lifeline program costs supported the recovery of $74,550,000, which is unchanged from the previous year's budget.

The rates requested in the Corrected Filing, including SUT, were as follows:

	Current Electric /kWh	**Corrected Filing Electric /kWh**	Current Gas /therm	**Corrected Filing Gas /therm**
USF	$0.002212	$0.003728	$0.0216	$0.0193
Lifeline	$0.000757	$0.000780	$0.0060	$0.0057
Combined USF/Lifeline	$0.002969	**$0.004508**	$0.0276	**$0.0250**

On August 1, 2025, through discovery, the Utilities provided actual cost data and supporting documentation through June 30, 2025 ("June Update"). The June Update reflected a higher than initially proposed USF total budget of approximately $340.8 million, an estimated gas under recovery of $9,560,121 at September 30, 2025 and an estimated electric under recovery of $43,948,023 at September 30, 2025.

On September 3, 2025, through discovery, the Utilities provided actual cost data and supporting documentation through July 31, 2025 ("July Update"). The July Update reflected a higher than initially proposed USF total budget of $341.1 million, a gas under recovery of $9,863,039 and an electric under recovery of $43,856,958.

The below tables provide the resultant USF/Lifeline rates based upon the Corrected Filing, the June Update, and the July Update, including SUT:

Electric (per kWh)	**Current**	**Corrected Filing**	**June Update**	**July Update**
USF	$0.002212	$0.003728	$0.003911	$0.003910
Lifeline	$0.000757	$0.000780	$0.000780	$0.000780
Combined	$0.002969	$0.004508	$0.004691	$0.004690

Gas (per therm)	**Current**	**Corrected Filing**	**June Update**	**July Update**
USF	$0.0216	$0.0193	$0.0205	$0.0205
Lifeline	$0.0060	$0.0057	$0.0057	$0.0057
Combined	$0.0276	$0.0250	$0.0262	$0.0262

Following adequate notice, public hearings were held virtually for each geographic region served by the EDCs.[9] The public hearing schedule was as follows:

Date	Utility	Time
Tuesday, August 26, 2025	RECO	4:30 p.m. and 5:30 p.m.
Wednesday, September 3, 2025	JCP&L	4:30 p.m. and 5:30 p.m.
Thursday, September 4, 2025	PSE&G	4:30 p.m. and 5:30 p.m.
Thursday, September 11, 2025	ACE	4:30 p.m. and 5:30 p.m.

Although several members of the public joined the various public hearings, no member of the public provided comments at any of the hearings. Additionally, the Board received no written comments from the public on this matter.

POSITIONS OF THE PARTIES

Rate Counsel Comments

On September 8, 2025, the New Jersey Division of Rate Counsel ("Rate Counsel") submitted comments concerning the Revised 2025 USF Filings, as well as updates thereto. In its comments, Rate Counsel recommended the Board rely only on the Revised 2025 USF Filings and its proposed adjustments (attached to its comments as Exhibit RCR-1) as the starting point when establishing the USF/Lifeline rates for the 2025/2026 program year. Additionally, Rate Counsel recommended that, similar to last year, the Board order a more comprehensive audit of the supporting amounts used to calculate the USF/Lifeline rates for the next program year, which Rate Counsel asserted should include a thorough review of historical and projected amounts received from the New Jersey Department of the Treasury ("Treasury"), historical and projected program expenditures, and the methodologies used to estimate next-year projected sales. Rate Counsel's comments focused on six (6) key areas, which are described below:

1) Analysis of Under-/Over-Recovery Position as of October 1, 2024

   Rate Counsel stated that there appeared to be a $82,660 discrepancy in SBC carrying costs for NJNG. Rate Counsel stated these costs were not included in supporting the 2025/2026 program year rates.

   Rate Counsel also argued that there was a small discrepancy related to the treatment of electric system carrying costs for JCP&L, which had an estimated impact of approximately $400. Rate Counsel stated that the error occurred because the EDCs, in both the Corrected Filing and the June Update, entered both the carryover balance from the prior year and the carrying costs for the prior year in single excel field for the current 2025/2026 program year, instead of inputting in separate excel fields.

   Finally, Rate Counsel stated that it is reasonable for the Utilities to include interest in the USF SBC deferral balance, even when USF SBC deferral balances show over recovery to ensure consistency in the treatment of interest accruals, and a fair compromise, as

[9] Public hearings were administered virtually with a telephonic option so that members of the public could have an opportunity to present their views on the June 2025 Filing. Public hearings were only required for the EDCs as the EDCs proposed a rate increase and the GDCs proposed a rate decrease.

excess funds from over-recoveries should earn a return to customers since these are customer funds.

2) Analysis of Request to Recover Administrative Costs

Rate Counsel did not object to the request to recover administrative costs in this proceeding and indicated that the level and type of utility-incurred administrative costs appear reasonable. Rate Counsel also stated that it took no position on the reasonableness of DCA's budget but that it appears consistent with amounts approved in prior years.

3) Analysis of Estimated USF and Fresh Start Benefits Expenditures for Remainder of 2024/2025 Program Year

Rate Counsel found the Utilities' approach to forecasting the year-end USF and Fresh Start expenditures for the current program year to be reasonable for all the Utilities.

4) Analysis of Estimated USF and Fresh Start Benefits Expenditures for the 2025/2026 Program Year

Rate Counsel expressed concern with the Utilities' approach to establishing the next program year's annual USF and Fresh Start expenditures. Rate Counsel noted the variability and limitations of using the previous years' April actual expenditures to forecast the next program year's total expenditures. Rate Counsel recommended that the Utilities incorporate a combination of historical data and forecasted data to enhance the accuracy of USF and Fresh Start expenditure forecasts for the next program year. Specifically, Rate Counsel proposes that the Utilities use available data, such as the number of eligible customers and the amount of USF and Fresh Start benefits, instead of relying exclusively on historical data.

5) Analysis of Projected Sales Volumes for the 2025/2026 Year

Similar to last year's proceeding, Rate Counsel stated that it believes the GDCs are overstating forecasted gas sales, which can lead to an under-recovery in the subsequent year. Rate Counsel pointed out that for the Utilities, the under-recovery balance presents a significant liability because it reduces operating cash that can be used for other purposes and for ratepayers, the under-recovery balance increases the USF program costs due to the carrying costs paid to the utilities on deferred under-recovery balances. While Rate Counsel acknowledged that the difference between forecasted and actual sales are rectified in the following year's true up, Rate Counsel expressed concern that repeated under-recoveries will make correction with the true-up model difficult.

To address this concern, Rate Counsel recommended applying a downward revision to the GDCs projected natural gas sales volumes. Specifically, Rate Counsel proposed using the average actual natural gas sales volumes from Fiscal Year ("FY") 2023 through FY 2025, where data is available, increased by a factor of five percent (5%) (to account for potential weather normalization, customer growth, and to acknowledge higher projected sales as forecasted by the Utilities). Rate Counsel stated its projected annual natural gas sales level using these parameters is 4,436 million therms, rather than the GDCs proposed 4,534 million therms. While Rate Counsel acknowledged that this adjustment increases the USF gas rate, Rate Counsel argued that it will help mitigate the risk of significant under-recovery balances at the end of FY 2026. Rate Counsel stated this recommended increase in the USF gas rate from the filing does not violate the Board's requirement to stay within the publicly-noticed requirements since the gas rate, as a projected decrease from the current rate, was not originally noticed. Additionally, with respect to next year's compliance filing, Rate Counsel recommended that the Utilities conduct a thorough review of their natural gas forecast to avoid this potential issue in next year's filing, as this is the second year in a row where Rate Counsel believes the sales forecast has been overstated.

6) Review of Current Interim USF Rates and Lifeline Rates

Rate Counsel reviewed the USF SBC deferral balances for FY 2024, focusing on verifying the calculations and ensuring compliance with the various BPU orders that govern the USF Rates development. Based on this examination, Rate Counsel indicated that it did not object to the Board making the present interim USF/Lifeline Rates permanent.

Regarding the USF/Lifeline Rates, Rate Counsel made the following recommendations:

1. Consider the most recent available actual cost and revenue data, updated through July 2025, along with the proposed adjustments by Rate Counsel, and adopt Rate Counsel's proposed USF/Lifeline Rates delineated below, effective October 1, 2025;

	Current Electric /kWh	**Rate Counsel Recommendation Electric /kWh**	Current Gas /therm	**Rate Counsel Recommendation Gas /therm**
USF	$0.002212	$0.003728	$0.0216	$0.0209
Lifeline	$0.000757	$0.000780	$0.0060	$0.0057
Combined	$0.002969	**$0.004508**	$0.0276	**$0.0266**

2. Authorize deferral of costs associated with the USF Modification Order;

3. Consider noticing rates to the public sometime after the June updates are filed instead of conducting hearings on the as-filed April numbers;

4. The Board should order the Utilities to adjust the forecasted natural gas sales volumes from 4,534 million therms as proposed by the Utilities to 4,436 million therms as proposed by Rate Counsel;

5. The Board should order the Utilities to incorporate not only historical data but also forecasted or projected data for calculating the USF and Fresh Start expenditures forecast for next year's compliance filing. The Utilities should use available data such as the number of eligible customers and the amount of USF and Fresh Start benefits, in addition to relying exclusively on historical data to derive their forecast, in addition to historical data; and

6. The Board should order a more comprehensive audit of the supporting amounts used to calculate the USF/Lifeline Rates for the next program year.

Regarding the Lifeline program, Rate Counsel stated that the Revised USF Filings seek Board approval for the Utilities to collect $74.55 million statewide for the State's Lifeline program which is consistent with the Utilities' requests over the past several years. Rate Counsel noted that of this total, approximately $50.69 million is projected to be recovered from the State's EDCs, and $23.86 million from the State's GDCs. Rate Counsel pointed out that the allocation between the GDCs and the EDCs is based on the proportion of natural gas to electric operating jurisdictional revenues, which is a reasonable approach.

Finally, Rate Counsel noted that actual USF/Lifeline costs and recoveries are likely to not precisely track the Utilities' projections as reflected in their Revised USF Filings. Rate Counsel stated that any over or under-collections in USF that may result from the 2025/2026 program year would be reconciled and are subject to true-up in the next annual compliance filings due in June 2026.

Utilities Reply Comments

JCP&L

On September 10, 2025, JCP&L filed reply comments to Rate Counsel.

In its reply comments, JCP&L disagreed with Rate Counsel's assertion that there was a small discrepancy related to the treatment of electric system carrying costs. JCP&L argued that that the company treated electric system carrying costs in accordance with the plain language of its filed tariff which states, in pertinent part:

> Universal Service Fund costs shall accrue interest on any over or under recovered balances of such costs at the interest rate based on a two-year constant maturity Treasuries as published in the Federal Reserve Statistical Release on the first day of each month (or the closest day thereafter on which rates are published), plus sixty basis points, but shall not exceed the Company's overall rate of return as approved by the BPU. Such interest rate shall be reset each month. The interest calculation shall be based on the net of tax beginning and end average monthly balance, consistent with the methodology in the Board's Final Order dated May 17, 2004 (Docket No. ER02080506 et al.), accrue monthly with an annual roll-in at the end of each reconciliation period.

Accordingly, JCP&L argued that there was no discrepancy or need for correction.

Joint Utilities

On September 10, 2025, joint reply comments were filed by the Utilities in response to Rate Counsel's comments. In the joint reply comments the Utilities:

1. Asserted that the $82,660 in SBC carrying costs, which Rate Counsel stated were not included in supporting the 2025/2026 program year rates, were calculated correctly by the Utilities and explained that rather than rolling in the interest into the beginning balance, NJNG reduced the amount received from Treasury in October 2024 by the beginning balance interest expense. The Utilities asserted that NJNG received approximately $194,817 from the State and reduced that by the $82,660 interest to reflect a net amount received of $112,157 in October 2024. The Utilities argued that this is the methodology that has been used since inception of the USF. According to the Utilities, including the prior year's interest in the balance as Rate Counsel has done without changing the amount received from the state to $194,817 would double count the interest.

2. Recommended the USF/Lifeline rates reflecting the Utilities' originally filed electric rates and the July 2025 update, effective October 1, 2025 as appropriate to approve.

3. Disagreed with Rate Counsel's proposed adjustment to natural gas sales volumes. The Utilities stated that their forecasts of usage are based on historical normalized weather and pointed out that during the periods of FY 2023 to FY 2025, temperatures were warmer than normal thereby resulting in lower natural gas sales than forecasted. As Rate Counsel acknowledged, the Utilities stated that weather can vary from year to year and the USF rate model's self-correcting nature will address the issues. For this reason, the Utilities believe using forecasts that are based on normal weather is appropriate. Furthermore, normalized sales forecasts are the basis for calculating various utility rates that are used in numerous filings and calculations of the Utilities and allow each utility to calculate their rates for their various filings in a consistent manner. The Utilities therefore found no basis to utilize a different methodology for forecasting sales for the purposes of setting the USF/Lifeline rates.

4. Disagreed with Rate Counsel's recommendation to use forecasted or projected data in forecasting USF and Fresh Start expenditures. The Utilities stated they have used the most current enrollees and benefit levels at the time of filing because it is the most up-to-date information available. The Utilities stated they do not have income information to determine the number of eligible customers that could potentially apply for USF benefits. The Utilities also stated that in the last few years, the Utilities also have included estimated adjustments related to program changes in the annual rate filings.

In sum, the Utilities requested the Board approve, effective October 1, 2025, the filed USF and Lifeline Rates and the applicable Utilities' administrative expenses (based, in each case, on the administrative expenses through July 2025) for the 2025/2026 USF Program Year for electric and gas service rendered on and after October 1, 2025. Additionally, the Utilities also urged the Board to finalize the current USF interim rates, which were approved through September 2025 in the September 2024 Order.

DISCUSSION AND FINDINGS

The Board has carefully reviewed the record in this matter, including the Corrected Filing, the Utilities' specific compliance filings, updates thereto and the submitted comments.

Rate Counsel has recommended several adjustments to the forecasting and treatment of electric system carrying charges. In the September 2024 Order, the Board stated that there was merit in further discussion among the parties related to forecasting methodologies for sales and program participation and directed Board Staff ("Staff") to work with the parties prior to the filing of the next annual USF/Lifeline petition to determine whether any adjustments to the methodologies are warranted. The Board notes that this did not occur. Additionally, as part of September 2024 Order, the Board directed Staff to initiate an audit of the supporting amounts used to calculate the USF/Lifeline rates. The audit was to include a review of the historical and projected expenditures and the methodologies used to estimate projected costs and revenues related to USF/Lifeline. On July 16, 2025, the Board authorized the release of a Request for Proposal to procure a consultant to conduct this review.[10] At this time, the Board **HEREBY REJECTS** Rate Counsel's recommended adjustments and proposed modifications. The Board believes that the results of the audit would be beneficial before making changes to forecasting methodologies and accounting treatment. The Board understands that the audit will be complete before the next annual USF/Lifeline filing. Accordingly, once the audit report is received, the Board **HEREBY DIRECTS** Staff to work with the parties to determine whether any adjustments are warranted before the filing of the next USF/Lifeline proposed rates, which will be filed in June 2026.

The Board **HEREBY FINDS** that it is appropriate to adopt the rates including the USF electric rate based upon the Corrected Filing and the USF gas rates based on the July Update. The supporting calculations are illustrated in Exhibit A of this Board Order. Accordingly, the Board **HEREBY ORDERS** that the following rates, including SUT, be effective on an interim basis:

	Electric /kWh	Gas /therm
USF	$0.003728	$0.0205
Lifeline	$0.000780	$0.0057
Combined USF/Lifeline	**$0.004508**	**$0.0262**

By the USF Modification Order, the Board noted that it would consider other funding sources not recovered by the Utilities, to be determined in a future proceeding, in order to reduce or alleviate the impact of any USF program updates on ratepayers' bills. At this time, the Board anticipates utilizing the remainder of the Board's 2025 allocation of the State's Regional Greenhouse Gas Initiative ("RGGI") to offset some of the anticipated USF program bill credits for eligible customers. The Board **NOTES** that any RGGI funds used to offset USF program credits would be accounted for in the next USF filing.

The Board **HEREBY DETERMINES** that in subsequent annual USF compliance filings, prior interim rates should be examined and finalized.

[10] In re an Audit of the Utilities' Calculations of Universal Service Fund/Lifeline Program Factors, Docket No. AA25050298.

Additionally, after examining the 2024-2025 interim rates and the September 2024 Order, the Board **HEREBY** **FINDS** the 2024-2025 interim rates and associated expenditures to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY** **FINALIZES** the 2024/2025 interim rates approved through the September 2024 Order.

The Board **HEREBY** **FINDS** that the administrative expenses of SJG are reasonable and **HEREBY** **APPROVES** the reimbursement of actual administrative cost amounts for the period July 1, 2024 through June 30, 2025, as listed below:

Actual Administrative Costs for which recovery was sought July 1, 2024 through June 30, 2025:

EDCs	**Costs**
ACE	$0
JCP&L	$0
PSE&G	$0
RECO	$0
GDCs	**Costs**
ETG	$0
NJNG	$0
PSE&G	$0
SJG	$53,003
EDC/GDC Total	**$53,003**

As such, the Board **HEREBY** **DIRECTS** Staff to request disbursement of funds to reimburse SJG for their USF-related administrative costs, provided above, from the USF Trust Account in the first month after the new USF rate becomes effective.

The Board **HEREBY** **ORDERS** the Utilities to file the appropriate tariff pages, in conformance with the requirements of this Order by September 30, 2025, for rates effective October 1, 2025.

Additionally, the Board **HEREBY** **APPROVES** the Utilities' request for the authority to defer, for accounting purposes only, incremental USF administrative costs associated with the USF Modification Order. These incremental costs will be subject to review for prudence in the next annual USF filing.

In summary, the Board **HEREBY** **APPROVES** the following:

- Adoption of USF/Lifeline interim rates and associated budgeted amounts based upon the Corrected Filing and the July Update, to be effective on October 1, 2025;
- Finalization of the 2024/2025 interim rates and associated expenditures through September 30, 2024;
- Review of subsequent USF Compliance Filings and its associated interim rates be examined and finalized in subsequent proceedings;
- Approval of the Utilities' actual administrative cost amounts for the period of July 1, 2024 through June 30, 2025, whereby Staff shall request that Treasury disburse the Utilities' administrative costs to them in the first month after the new USF rate becomes effective;
- The Utilities' authority to defer, for accounting purposes only, incremental USF administrative costs associated with the USF Modification Order;

- The Utilities shall file the appropriate tariff sheets by September 30, 2025; and
- Approval of the combined USF/Lifeline rates based upon the Corrected Filing for USF electric and Lifeline gas and electric rates and the July Update for the USF gas rate would represent an annual decrease of $1.40 for an average residential gas customer utilizing 1,000 therms per year and an annual increase of $12.00 for an average residential electric customer utilizing 7,800 kWh per year. The combined USF/Lifeline annual bill would see an increase of $10.60 per year for an average residential customer who uses both gas and electricity.

The Utilities' costs 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.

This Order will be effective on September 25, 2025.

DATED: September 25, 2025

BOARD OF PUBLIC UTILITIES
BY:

CHRISTINE GUHL-SADOVY
PRESIDENT

DR. ZENON CHRISTODOULOU
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 2025/2026 ANNUAL COMPLIANCE FILINGS FOR A CHANGE IN THE STATEWIDE ELECTRIC AND GAS PERMANENT UNIVERSAL SERVICE FUND PROGRAM FACTORS WITHIN THE ELECTRIC AND GAS SOCIETAL BENEFITS CHARGES RATES PURSUANT TO N.J.S.A. 48:2-21 AND N.J.S.A. 48:2-21.1

DOCKET NO. ER25060371

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Exhibit A

Electric and Gas Permanent USF Fund Program Within SBC Rates
Docket No. ER25060371

USF RATE CALCULATION*

*USF gas rate based on actuals through July 2025
*USF electric rate based on actuals through April 2025

	TOTAL	GAS	ELECTRIC
PERMANENT PROGRAM PROJECTIONS FOR 2025/2026			
Administrative Costs - DCA (allocated based on benefits percentage)	$13,903,866	$3,375,554	$10,528,312
Admin. Costs - Utility Postage and Handling	$18,853	$18,853	$0
Estimate of Benefits for Program Year 2025/2026	$163,192,141	$39,619,477	$123,572,664
Fresh Start Program Cost Estimates	$49,122,788	$16,586,194	$32,536,594
USF Program Modification (in effect October 1, 2025)	$61,102,950	$17,698,853	$43,404,097
TOTAL	$287,340,598	$77,298,931	$210,041,667
Est. of Under/(Over) Recovery at 9/30/25 (Actuals through April 2025 for electric, July 2025 for gas)	$41,878,158	$9,863,039	$32,015,119
TOTAL PERMANENT PROGRAM PROJECTIONS	**$329,218,756**	**$87,161,970**	**$242,056,786**
ESTIMATES OF BENEFITS PERCENTAGES	100%		
		Therms	Kilowatt Hours
PROJECTED VOLUMES (normalized for 12 mos beg. 10/01/25)		4,533,950,021	69,240,338,881
PROPOSED PRE-TAX RATE ***		$0.0192	$0.003496
CURRENT PRE-TAX RATE		$0.0203	$0.002075
PRE-TAX INCREASE(DECREASE)		-$0.0011	$0.001421
PROPOSED USF RATE INCLUDING TAX (@6.625%)		$0.0205	$0.003728
CURRENT USF RATE INCLUDING TAX (@6.625%)		$0.0216	$0.002212
USF RATE INCREASE/(DECREASE) INCLUDING TAX (@6.625%)		**-$0.0011**	**$0.001516**

LIFELINE RATE CALCULATION

	TOTAL	GAS	ELECTRIC
JURISDICTIONAL REVENUE PERCENTAGES	100%	32%	68%
LIFELINE BUDGET	$74,550,000	$23,856,000	$50,694,000
PROJECTED VOLUMES		4,533,950,021	69,240,338,881
PROPOSED PRE-TAX RATE		$0.0053	$0.000732
CURRENT PRE-TAX RATE		$0.0056	$0.000710
PRE-TAX INCREASE(DECREASE)		-$0.0003	$0.000022
PROPOSED LIFELINE RATE INCLUDING TAX (@6.625%)		**$0.0057**	**$0.000780**
CURRENT LIFELINE RATE INCLUDING TAX (@6.625%)		**$0.0060**	**$0.000757**
LIFELINE RATE INCREASE/(DECREASE) INCLUDING TAX (@6.625%)		**-$0.0003**	**$0.000023**

COMBINED USF/LIFELINE RATES

	GAS	ELECTRIC
PROPOSED PRE-TAX USF/LIFELINE RATE	$0.0245	$0.004228
CURRENT PRE-TAX USF/LIFELINE RATE	$0.0259	$0.002785
PRE-TAX INCREASE(DECREASE)	($0.0014)	$0.001443
PROPOSED USF/LIFELINE RATE INCLUDING TAX (@6.625%)	**$0.0262**	**$0.004508**
CURRENT USF/ LIFELINE RATE INCLUDING TAX (@6.625%)	**$0.0276**	**$0.002969**
USF/ LIFELINE RATE INCREASE/(DECREASE) INCLUDING TAX (@6.625%)	**($0.0014)**	**$0.001539**