



Agenda Date: 4/22/26
Agenda Item: IIB

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/

REVENUE AND RATES

IN THE MATTER OF THE PETITION OF SOUTH)
JERSEY GAS COMPANY FOR APPROVAL OF)
INCREASED BASE TARIFF RATES AND CHARGES)
FOR GAS SERVICE, CHANGES TO DEPRECIATION)
RATES AND OTHER TARIFF REVISIONS)
)
) BPU DOCKET NO. GR25110627
) OAL DOCKET NO. PUC 00219-2026S

Parties of Record:

Brian O. Lipman, Esq., Director, New Jersey Division of Rate Counsel
Dominick DiRocco, Esq., VP/Rates & Regulatory Affairs, SJI Utilities, Inc.

BY THE BOARD:

By this Decision and Order, the Board considers South Jersey Gas Company’s (“SJG” or “Company”) request to change its natural gas distribution rates and charges pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.A.C. 14:1-5.12 (“Petition”).

BACKGROUND AND PROCEDURAL HISTORY

On November 26, 2025, SJG filed the Petition seeking approval of an increase in its current base rates for natural gas service of approximately \$74.71 million, excluding Sales and Use Tax (“SUT”) to be effective for service provided on and after December 26, 2025, but in no event later than September 1, 2026.¹ The Company also sought Board approval, pursuant to N.J.S.A. 48:2-18, to implement new depreciation rates. SJG requested a return on equity (“ROE”) of 10.00%.

According to the Petition, the primary driver of the proposed rate increase is to provide the Company a reasonable opportunity to earn a fair return on the investments made, so that it can continue to invest in the infrastructure necessary to continue providing safe and reliable service to its customers. SJG indicated that its request for rate relief is also driven by a need to recover

¹ SJG indicated that it is the Company’s expectation that the Board would suspend SJG’s filing for two (2) consecutive four (4)-month periods as permitted under N.J.S.A. 48:2-21. SJG also notified the Board that it reserves the right to implement the proposed rates on September 1, 2026, on an interim basis pursuant to law and Board regulations and policy, if the Board has suspended the effective date of new rates pursuant to N.J.S.A. 48:2-21 but not finally determined a just and reasonable rate prior to that date.

greater depreciation expense, as well as increases to its operations and maintenance costs incurred by the Company since its last base rate case. According to SJG, without appropriate rate relief in this proceeding, allowing a reasonable return of and return on these investments, the Company would earn a 6.96% ROE for the test year ended March 31, 2026.

By the Petition, SJG further requested the following:

- 1) Approval of its proposed depreciation rates simultaneously with the effective date of the new rates resulting from this proceeding;
- 2) A finding that its Infrastructure Investment Program related costs are prudent and authorization to roll those costs into base rates;
- 3) Continuation of the authority to establish regulatory assets for its Transmission Integrity Management Program and Transportation Administration Service related costs;
- 4) Continuation of authority to defer costs related to:
 - a. Incremental pension and post-retirement healthcare expenses
 - b. The Company's Pipeline Integrity Management program;
- 5) Authority to create regulatory assets for:
 - a. Costs that would otherwise be expensed related to the Vineland Liquefied Natural Gas Project if it is determined that an impairment of these assets is required under Generally Accepted Accounting Principles
 - b. Operating costs associated with the Company's Utility Alignment Project;
- 6) Authority to amortize several regulatory assets and costs over a three (3)-year period, including:
 - a. Energy and Water Benchmarking of Commercial Buildings
 - b. Costs related to a proposal to incorporate non-pipes alternatives in its supply and demand planning;
 - c. Over-refunded amounts related to the Company's Excess Deferred Income Taxes
 - d. Costs related to the Petition, including the cost of legal and consultant expenses, newspaper notices, court reporting, postage, and other miscellaneous expenses.
- 7) Proposed tariff changes, including:
 - a. The renaming of the "delivery charge" to "distribution charge" for the Residential Service and General Service rate classes;
 - b. To change the calculation of the distribution charge such that it only includes base rates.

By Order dated December 17, 2025, the Board suspended the proposed rates until April 27, 2026.² This matter was subsequently transmitted to the Office of Administrative Law for hearings as a contested case and assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman.

On February 13, 2026, SJG updated the Petition to include nine (9) months of actual information and three (3) months of estimated information ("9+3 Update"). By the 9+3 Update, SJG modified its requested revenue requirement increase to \$67.80 million, excluding SUT.

On February 12, 2026, ALJ Gertsman held an initial case management conference. By Order dated March 17, 2026, ALJ Gertsman granted participant status to New Jersey Natural Gas Company and Public Service Electric and Gas Company.

² In re the Petition of South Jersey Gas Company for Approval of Increased Base Tariff Rates and Charges for Gas Service, Changes to Depreciation Rates and Other Tariff Revisions, BPU Docket No. GR25110627, Order dated December 17, 2025.

Because the proposed revisions, if approved, will likely increase existing rates and change or alter existing classifications in the SJG's tariff, the Board **HEREBY ORDERS** as follows:

- (1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until August 27, 2026, unless, prior to that date, the Board makes a determination disposing of the Petition or enters an Order further suspending the proposed revisions;
- (2) SJG shall, at least ten (10) days prior to the date set for hearing on the Petition by the Office of Administrative Law ("OAL"), file with this Board, and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and
- (3) SJG shall serve copies of this Order upon the OAL, the New Jersey Division of Rate Counsel, the clerk of each affected municipality, the clerk of the Boards of County Commissioners of each affected county, and, where appropriate, the executive officer of the affected county within its service area. Proof of service of this Order shall be filed with the Board.

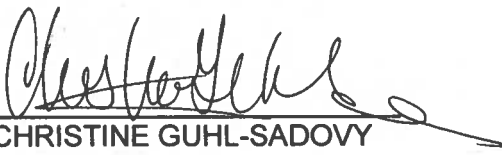
This Order shall be effective on April 22, 2026.

DATED: April 22, 2026

BOARD OF PUBLIC UTILITIES
BY:



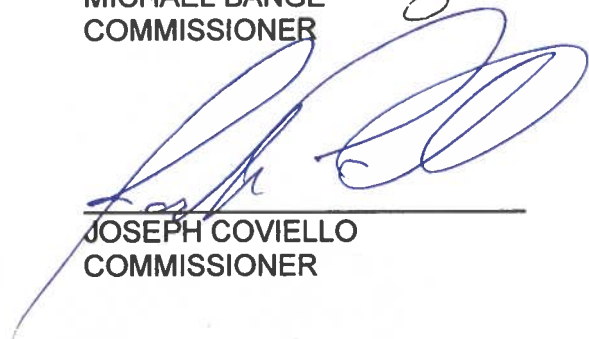
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JOSEPH COVIELLO
COMMISSIONER

ATTEST: 
SHERRI L. LEWIS
BOARD SECRETARY

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BASE TARIFF RATES AND CHARGES FOR GAS SERVICE, CHANGES TO DEPRECIATION RATES AND OTHER
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