



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

REVENUE AND RATES

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 ITS	)	
CONSERVATION INCENTIVE PROGRAM (CIP)	)	BPU DOCKET NO. GR25050318
RATES FOR F/Y 2026	)	OAL DOCKET NO. PUC 00572-2026 S

**Parties of Record:**

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

BY THE BOARD:

On May 30, 2025, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“Board”) requesting authority to: 1) increase its periodic Basic Gas Supply Service (“BGSS”) rate, effective October 1, 2025; 2) increase the Company’s Balancing Charge rate, effective October 1, 2025; and 3) decrease the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non-Heat customers, Group II Residential Heat customers, Group III General Service-Small customers, and Group IV General Service-Large customers, effective October 1, 2025 (“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 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.<sup>1</sup> In addition, by the January 2003 BGSS Order, the Board further authorized each GDC to self-implement up to a five percent (5%)

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<sup>1</sup> 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”).

BGSS increase, effective December 1 of the current year with one (1) month advance notice to the Board and Rate Counsel. The Board 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 and implement a decrease in its BGSS rate at any time upon five (5) days' notice to the Board and Rate Counsel.

By Order dated December 12, 2006, the Board approved the CIP.<sup>2</sup> The Board further extended the CIP by Orders dated January 21, 2010 and May 21, 2014.<sup>3</sup> The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings, and subsequent lower energy usage, as a result of conservation. The non-weather-related CIP surcharges are limited to corresponding decreases in specific supply-related costs incorporated in the Company's BGSS rates and subject to return on equity limits.

### **Petition**

By the Petition, the Company requested authority to increase the Company's current per-therm periodic BGSS rate from \$0.3672 to \$0.4944, effective October 1, 2025.<sup>4</sup> The Company identified that the requests contained in the Petition are based upon market conditions as of May 1, 2025 and a one (1)-year BGSS recovery period. The requested change would result in an overall increase in after-tax revenue of approximately \$67.50 million.

By the Petition, the Company also sought authority to increase its per-therm Balancing Charge rate from \$0.1889 to \$0.1983. The Balancing Charge is included in the delivery charge for certain sales and transportation customers, and its revenues are credited to BGSS and consists of two (2) components: 1) carrying charges on inventory costs; and 2) demand charges. The proposed balancing charge results in an additional \$6.46 million increase to BGSS revenues.

By the Petition, the Company also sought approval of the following per-therm revised CIP rates to be effective October 1, 2025:

- Group I Residential Non-Heating– a credit of \$0.0022;
- Group II Residential Heating – a charge of \$0.0435;
- Group III General Service - Small – a credit of \$0.0127; and
- Group IV General Service – Large – a charge of \$0.0311.

The CIP calculations resulted in a current year margin deficiency of approximately \$20.15 million which includes \$18.68 million related to weather and a non-weather-related margin deficiency of approximately \$1.47 million. When the CIP results are combined with the projected over- or under-recovery balances, the total CIP recovery amount will be deficient by approximately \$24.03 million. The recovery is comprised of the following recovery amounts: 1) a margin credit of approximately \$0.01 million for Group I Residential Non-Heat customers; 2) a margin deficiency

<sup>2</sup> In re the Petition of South Jersey Gas Company for Authority to Implement a Conservation and Usage Adjustment; In re the Petition of New Jersey Natural Gas Company for the Implementation of a Conservation and Usage Adjustment, BPU Docket No. GR05121020, Order dated December 12, 2006.

<sup>3</sup> 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 21, 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.

<sup>4</sup> All rates quoted herein include losses Sales and Use Tax ("SUT") unless otherwise stated.

of approximately \$20.55 million for Group II Residential Heat customers; 3) a margin credit of approximately \$0.49 million for Group III General Service – Small customers; and 4) a margin credit of approximately \$3.98 million for Group IV General Service – Large customers.

The BGSS Savings identified by the Company totaled approximately \$18.68 million to offset non-weather-related CIP margin deficiency and charges for the CIP recover period October 2025 through September 2026.

Following adequate notice, virtual public hearings were conducted on August 19, 2025, at 4:30 p.m. and 5:30 p.m. Several members of the public attended the hearing but did not provide comments. Additionally, no written comments were received by the Board.

Through discovery, the Company provided more recent information that modified the forecasted over-recovery (“Update”). By the Update, the Company modified the CIP rates.

On October 31, 2025, NJNG filed a notice of its intent to self-implement a periodic BGSS rate adjustment based on a five percent (5%) increase of the monthly bill of a typical residential customer using 100 therms to be effective December 1, 2025.

By Order dated December 17, 2025, the Board approved a stipulation of settlement for provisional Balancing Charge and CIP rates executed by the Parties.<sup>5</sup> By the December 2025 Order, the Board authorized the Company to: 1) increase its Balancing Charge rate to \$0.1983 per therm after-tax and 2) adjust the following CIP rates, all on a per therm, after tax basis: a credit of \$0.0174 for Group I Residential Non-Heat customers; a charge of \$0.0435 for Group II Residential Heat customers; a credit of \$0.0128 for Group III Small Commercial customers; and a charge of \$0.0261 for Group IV General Service Large customers.

This matter was subsequently transmitted to the Office of Administrative Law (“OAL”) as a contested case and was subsequently assigned to ALJ Gertsman.

## **STIPULATION**

Following a review of the 2025 Petition, the Update and conducting discovery, the Parties executed the Stipulation, which provides in part.as follows.<sup>6</sup>

14. The Company’s previously approved provisional rates, as described in Paragraph 11 of the Stipulation, should be deemed by the Board to be final rates. Those rates, effective January 1, 2026, are: 1) the Company’s Balancing Charge rate of \$0.1983 per therm after-tax: and 2) the following CIP rates all on a per-therm, after-tax basis: a credit of \$0.0174 for Group I Residential Non-Heat customers; a charge of \$0.0435 for Group II Residential Heat customers; a credit of \$0.0128 for Group III Small Commercial customers; and a charge of \$0.0261 for Group IV General Service Large customers.

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<sup>5</sup> 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 2026, BPU Docket No. GR25050318, Order dated December 17, 2025 (“December 2025 Order”).

<sup>6</sup> Although summarized 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.

15. Additionally, the Company's self-implemented provisional BGSS rate, as described in Paragraph 9 of the Stipulation, made effective December 1, 2025 of \$0.4567 per therm after-tax shall remain in effect until further Board Order or further action by the Company in accordance with the January 2003 Order and will be reviewed in the Company's 2027 annual BGSS filing to be submitted by June 1, 2026.
16. There will be no further impact on the monthly bill of a typical residential heating customer as a result of the Stipulation.

### **Initial Decision**

On April 23, 2026, ALJ Gertsman issued his Initial Decision. By the Initial Decision, ALJ Gertsman found that: 1) the Parties have voluntarily agreed to the settlement; and 2) the Stipulation fully disposes of all issues in controversy and is consistent with the law.

### **DISCUSSION AND FINDINGS**

The Board carefully reviewed the record in this proceeding, including the Petition, the Update, the December 2025 Order, ALJ Gertsman's Initial Decision, and the attached Stipulation, and **HEREBY FINDS** that the Parties voluntarily agreed to the Stipulation and the Stipulation fully disposes of all issues in the proceeding and find the Stipulation to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation in its entirety and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** the following rates on a final basis: 1) a Balancing Charge rate of \$0.1983 per therm after-tax; and 2) the following CIP rates all on a per-therm, after-tax basis: a credit of \$0.0174 for Group I Residential Non-Heat customers; a charge of \$0.0435 for Group II Residential Heat customers; a credit of \$0.0128 for Group III Small Commercial customers; and a charge of \$0.0261 for Group IV General Service Large customers.

Additionally, the Company will maintain a Periodic BGSS rate of \$0.4567 per therm. The self-implemented Periodic BGSS rate shall remain subject to review in NJNG's next annual BGSS proceeding.

Any net over-recovered Balancing Charge and CIP balance at the end of the period shall be subject to refund with interest. The above changes are effective for services rendered on after June 1, 2026.

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

The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to June 1, 2026.

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, 2026.

DATED: May 21, 2026

BOARD OF PUBLIC UTILITIES  
BY:

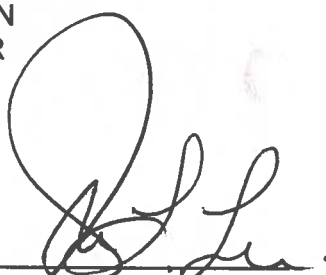
  
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COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

  
EMMA REBHORN  
COMMISSIONER

  
JOSEPH COVIELLO  
COMMISSIONER

ATTEST:  
  
SHERRIL 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 FY 2026

BPU DOCKET NO. GR25050318  
OAL DOCKET No PUC 00572 2026S

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 00572-26

AGENCY DKT. NO. GR25050318

**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 2026.**

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

**Matko Ilic** and **Jordan Mitchell**, Deputy Attorneys General, for Staff of the Board  
of Public Utilities (Jennifer Davenport, Attorney General of New Jersey,  
attorney)

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

Record Closed: April 23, 2026

Decided: April 23, 2026

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

This proceeding involves a petition filed on May 30, 2025, 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 2026.

The petition was transmitted to the Office of Administrative Law (OAL) on January 13, 2026, for determination as a contested case, and assigned to the undersigned, who conducted the initial telephone prehearing conference on March 19, 2026. Duly noticed public hearings were held virtually prior to the transmittal to the OAL on August 19, 2025, at 4:30 p.m. and 5:30 p.m. Three members of the public attended both hearings 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 23, 2026 \_\_\_\_\_  
DATE

  
\_\_\_\_\_  
**JACOB S. GERTSMAN, ALJ t/a**

Date Received at Agency: \_\_\_\_\_

Date Mailed to Parties: \_\_\_\_\_

JSG/jm



April 23, 2026

**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. GR25050318  
OAL Docket. No: PUC 00572-2026 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](mailto: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.

Andrew K. Dembia  
Regulatory Affairs Counsel

AKD:ss

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 2026**

**DOCKET NO. GR25050318**

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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 2026**

**DOCKET NO. GR25050318**

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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  
ANNUAL REVIEW AND REVISION OF ITS BASIC  
GAS SUPPLY SERVICE (BGSS) AND ITS  
CONSERVATION INCENTIVE PROGRAM (CIP)  
RATES FOR F/Y 2026**

**BPU DOCKET NO. GR25050318  
OAL DOCKET NO. PUC 00572-  
2026 S**

**STIPULATION FOR FINAL RATES**

**APPEARANCES:**

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

**Maura Caroselli, Esq.**, Deputy Rate Counsel, **Mamie W. Purnell, Esq.**, Assistant Deputy Rate Counsel, and **Michael Lombardi, Esq.**, Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (**Brian O. Lipman, Esq.**, Director)

**Jordan K. Mitchell**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Jennifer Davenport**, Attorney General of New Jersey)

**TO: THE HONORABLE JACOB GERTSMAN, ADMINISTRATIVE LAW JUDGE**

**BACKGROUND**

1. On May 30, 2025, 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) increase the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2025; 2) increase the Company’s Balancing Charge effective October 1, 2025; and 3) decrease the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non-Heat customers, Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers effective October 1, 2025 (“Petition”).

2. Specifically, by the Petition, NJNG requested that the Company’s existing per-therm, after-tax periodic BGSS rate of \$0.3672 that is applicable to residential and small commercial customers, subject to the Periodic BGSS Pricing Mechanism, be increased to \$0.4944 per therm. According to NJNG, the Petition reflected market conditions as of May 8, 2025, and was based upon a one (1)-year BGSS recovery period. By the Petition, NJNG identified that the requested change would result in an overall after-tax revenue increase of approximately \$67.50 million from the current estimated annual BGSS revenue of

\$194.88 million.

3. The Company also requested to increase the after-tax per therm balancing charge from \$0.1889 to \$0.1983. As approved by Board Order dated November 21, 2024, 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.<sup>1</sup> 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 \$6.46 million from the current estimated annual Balancing Charge revenue of \$129.81 million.

4. 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, 2025 through September 30, 2026 and requested that the BPU approve the implementation of updated CIP factors effective October 1, 2025.<sup>2</sup> Specifically, the Company sought approval for the following changes to its after-tax, per-therm CIP factors: 1) a \$0.0431 decrease to the current rate of \$0.0409 for Group I Residential Non-Heat customers resulting in a proposed credit of \$0.0022; 2) a \$0.0468 decrease to the current rate of \$0.0903 for Group II Residential Heat customers, resulting in a proposed rate of \$0.0435; 3) a \$0.0636 decrease to the current rate of \$0.0509 for Group III Small Commercial customers resulting in a proposed credit of \$0.0127; and 4) a \$0.0056 decrease to the current rate of \$0.0367 for Group IV Large Commercial customers resulting in a proposed rate of \$0.0311. The requested changes would result in an overall decrease in after-tax

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<sup>1</sup> 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 No. GR24010071, Order dated November 21, 2024 (“Rate Case Order”).

<sup>2</sup> 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”).

revenue of approximately \$27.15 million from the current estimated annual CIP revenue of \$52.85 million.

5. 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's margin deficiency must meet an earnings test. The Company reported a total estimated CIP-related margin deficiency for CIP year 2025, October 1, 2024, through September 30, 2025, of approximately \$20.15 million with \$18.68 million margin deficiency related to weather, and \$1.47 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 \$1.10 million. The Company identified approximately \$15.26 million in BGSS savings available to offset non-weather-related CIP margin deficiency and charges for the October 2025 through September 2026 recovery period. Under the Variable Margin Test, the recovery limitation is \$31.41 million based upon 6.5 percent (6.5%) of aggregate variable margins reported by the Company for October 1, 2024 through September 30, 2025. Because the non-weather-related CIP margin deficiency is less than the BGSS Savings and the Variable Margin Test recovery limitation, the Company identified that it has met both tests based upon the information and representations contained in the Petition. The Company also provided testimony that the margin deficiency will not result in a return on equity in excess of 10.1 percent (10.1%)

6. Modifying the BGSS, Balancing Charge, and CIP rates as requested in the Petition would result in a requested overall increase of approximately \$8.98 per month, or 5.0 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 25 therms per month would be an increase of \$2.34, or 4.5 percent; for the average small commercial customer (Group III) using 100 therms a month the impact would be an increase of \$7.30, or 3.6 percent; and the impact to the average large

commercial customer (Group IV) using 1,200 therms a month will be a decrease of \$6.72, or 0.3 percent. The above BGSS, Balancing Charge, and CIP rate changes result in an increase in annual after-tax revenues to NJNG of approximately \$46.81 million.

7. Through discovery, the Company updated the CIP schedules to reflect actual data through July 31, 2025, resulting in proposed CIP rates for Group I, Group III, and Group IV that were lower than originally filed. The updated after-tax per therm CIP rates result in a credit of \$0.0174 for Group I, a credit of \$0.0128 for Group III, and a charge of \$0.0261 for Group IV. The updated CIP rates for Group I, Group III, and Group IV, and the filed after- tax CIP rate for Group II of \$0.0435 per therm result in an overall decrease of after-tax revenue of approximately \$27.89 million to the current estimated annual CIP revenue of \$52.85 million. The updated schedules resulted in no change in the proposed CIP rates for Group II. The updated CIP rates for Group I, Group III, and Group IV, and the filed after- tax CIP rate for Group II combined with the requested BGSS rate of \$0.4944, and Balancing Charge of \$0.1983, result in an overall increase in after-tax revenue of approximately \$46.07 million.

8. After publication of notice in the newspapers of general circulation in NJNG's service territory, virtual public hearings were held on August 19, 2025, at 4:30 p.m. and 5:30 p.m. Three (3) members of the public attended both hearings. No written comments were received by the BPU, NJNG, or the New Jersey Division of Rate Counsel ("Rate Counsel").

9. On October 31, 2025, NJNG notified the BPU and Rate Counsel of its intent to self-implement an increase to its Periodic BGSS rate resulting in an increase of up to five percent (5%) to a typical residential heat customer bill on December 1, 2025, pursuant to the BPU's January 6, 2003 Order in Docket No. GX01050304.<sup>3</sup> This increase resulted in an after-tax BGSS rate of \$0.4567, effective December 1st, and is provisional and subject to true-up in the next annual BGSS filing made by NJNG.

10. NJNG, Board Staff ("Staff"), and Rate Counsel (collectively, "Parties"), the only parties

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

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 requested CIP rate for Group II and the updated CIP rates for Groups I, III and 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.

11. By Order dated December 17, 2025, the Board approved a stipulation of settlement for provisional rates executed by the Parties.<sup>4</sup> The December 2025 Order authorized the Company to: 1) increase the Company's Balancing Charge rate to \$0.1983 per therm after-tax; and 2) adjust the following CIP rates, all on a per-therm, after-tax basis: a credit of \$0.0174 for Group I Residential Non-Heat customers; a charge of \$0.0435 for Group II Residential Heat customers; a credit of \$0.0128 for Group III Small Commercial customers; and a charge of \$0.0261 for Group IV General Service Large customers. The aforementioned rates became effective January 1, 2026, 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 associated with the December 2025 Order is attached hereto as Attachment A.

12. On December 17, 2025, this matter was transmitted to the Office of Administrative Law ("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 March 19 2026.

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

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<sup>4</sup> 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 2026, BPU Docket No. GR25050318, Order dated December 17, 2025 ("December 2025 Order").

## STIPULATED ISSUES

Following additional review, the Parties hereby **STIPULATE AND AGREE** as follows:

14. The Company's previously approved provisional rates, as described in Paragraph 11 above, should be deemed by the Board to be final rates. Those rates, effective January 1, 2026, are: 1) the Company's Balancing Charge rate of \$0.1983 per therm after-tax; and 2) the following CIP rates all on a per-therm, after-tax basis: a credit of \$0.0174 for Group I Residential Non-Heat customers; a charge of \$0.0435 for Group II Residential Heat customers; a credit of \$0.0128 for Group III Small Commercial customers; and a charge of \$0.0261 for Group IV General Service Large customers.

15. Additionally, the Company's self-implemented provisional BGSS rate, as described in Paragraph 9 above, made effective December 1, 2025 of \$0.4567 per therm after-tax shall remain in effect until further Board Order or further action by the Company in accordance with the January 2003 Order and will be reviewed in the Company's 2027 annual BGSS filing to be submitted by June 1, 2026.

16. There will be no further impact on the monthly bill of a typical residential heating customer as a result of this Stipulation of Settlement ("Stipulation").

17. 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.

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

19. 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. 48:2-40.

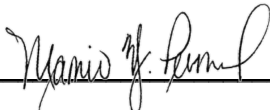
**WHEREFORE**, the Parties hereto do respectfully submit this Stipulation and request that Your Honor issue an Initial Decision and that the Board issue an Order approving it in its entirety, in accordance with the terms hereof.

**NEW JERSEY NATURAL GAS PETITIONER**

By: 

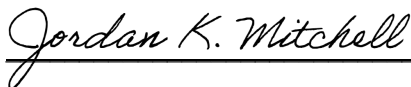
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NEW JERSEY DIVISION OF RATE COUNSEL**

By: 

MAMIE W. PURNELL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**JENNIFER DAVENPORT  
ATTORNEY GENERAL OF NEW JERSEY**  
Attorney for the Staff of the Board of Public Utilities

By: 

JORDAN K. MITCHELL, ESQ.  
DEPUTY ATTORNEY GENERAL

Date: April 22, 2026

New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR25050318  
F/Y 2026

<u>Impact on Residential Non-Heating Customers</u>			
		25 therm bill	
<b>12/1/25 Rates</b>			
	Customer Charge	\$12.00	\$12.00
	Delivery	\$1.2533	\$31.33
	BGSS	\$0.4567	\$11.42
	<b>Total</b>	<u>\$1.7100</u>	<u>\$54.75</u>
<b>Proposed Rates- effective 1/1/26</b>			
	Customer Charge	\$12.00	\$12.00
	Delivery	\$1.2044	\$30.11
	BGSS	\$0.4567	\$11.42
	<b>Total</b>	<u>\$1.6611</u>	<u>\$53.53</u>
	<b>Decrease</b>		(\$1.22)
	<b>Decrease as a percent</b>		(2.2%)

<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1,000 therm annual bill
<b>12/1/25 Rates</b>			
	Customer Charge	\$12.00	\$144.00
	Delivery	\$1.3027	\$1,302.70
	BGSS	\$0.4567	\$456.70
	<b>Total</b>	<u>\$1.7594</u>	<u>\$1,903.40</u>
<b>Proposed Rates- effective 1/1/26</b>			
	Customer Charge	\$12.00	\$144.00
	Delivery	\$1.2653	\$1,265.30
	BGSS	\$0.4567	\$456.70
	<b>Total</b>	<u>\$1.7220</u>	<u>\$1,866.00</u>
	<b>Decrease</b>		(\$3.74)
	<b>Decrease as a percent</b>		(2.0%)

<u>Impact on Commercial GSS Customers</u>			
		100 therm bill	
<b>12/1/25 Rates</b>			
	Customer Charge	\$55.00	\$55.00
	Delivery	\$1.1340	\$113.40
	BGSS	\$0.4567	\$45.67
	<b>Total</b>	<u>\$1.5907</u>	<u>\$214.07</u>
<b>Proposed Rates- effective 1/1/26</b>			
	Customer Charge	\$55.00	\$55.00
	Delivery	\$1.0797	\$107.97
	BGSS	\$0.4567	\$45.67
	<b>Total</b>	<u>\$1.5364</u>	<u>\$208.64</u>
	<b>Decrease</b>		(\$5.43)
	<b>Decrease as a percent</b>		(2.5%)

<u>Impact on Commercial GSL Customers</u>			
		1200 therm bill	
<b>12/1/25 Rates</b>			
	Customer Charge	\$137.50	\$137.50
	Demand Charge	\$4.50	\$432.00
	Delivery	\$0.8542	\$1,025.04
	BGSS (November 2025)	\$0.5575	\$669.00
	<b>Total</b>	<u>\$1.4117</u>	<u>\$2,263.54</u>
<b>Proposed Rates- effective 1/1/26</b>			
	Customer Charge	\$137.50	\$137.50
	Demand Charge	\$4.50	\$432.00
	Delivery	\$0.8530	\$1,023.60
	BGSS (November 2025)	\$0.5481	\$657.72
	<b>Total</b>	<u>\$1.4011</u>	<u>\$2,250.82</u>
	<b>Decrease</b>		(\$12.72)
	<b>Decrease as a percent</b>		(0.6%)