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**GOVERNOR**

**State of New Jersey**  
**BOARD OF PUBLIC UTILITIES**  
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**Ben Hertz-Shargel**  
**President**

Christine Guhl-Sadovy  
**Commissioner**

Michael Bange  
**Commissioner**

Emma Rebhorn  
**Commissioner**

Joseph Coviello  
**Commissioner**

September 28, 2026

RE: In the Matter of the 2026/2027 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

**Agenda Date: September 24, 2026 – Agenda Item: 2A**

TO THE SERVICE LIST:

Please be advised that this Secretary's Letter serves as a correction to, and reissuance of, the New Jersey Board of Public Utilities' ("Board") September 24, 2026, Decision and Order Approving Interim USF Rates and Lifeline Rates issued in the above-referenced matter.

Page 10 of the Order contains a typographical error; the first bullet of the Discussion and Findings reads "Adoption of USF/Lifeline interim rates and associated budgeted amounts based upon the June 2026 Filing and the July Update, to be effective on October 1, 2026;" and should read "Adoption of USF/Lifeline interim rates and associated budgeted amounts based upon the **June Update**, to be effective on October 1, 2026;" (emphasis added). The redistributed Order reflects this change. This is the only change to the Order, which will be redistributed to the attached service list.

Sincerely,

*Sherri L. Lewis*

Sherri L. Lewis  
Secretary of the Board  
44 South Clinton Ave., 1st Floor  
PO Box 350 Trenton, NJ 08625-0350  
Phone: 609-292-1599  
Email: [board.secretary@bpu.nj.gov](mailto:board.secretary@bpu.nj.gov)  
Dated: September 29, 2026



Agenda Date: 9/24/26

Agenda Item: 2A

**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**  
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REVENUE AND RATES

|                                             |   |                          |
|---------------------------------------------|---|--------------------------|
| IN THE MATTER OF THE 2026/2027 ANNUAL       | ) | DECISION AND ORDER       |
| COMPLIANCE FILINGS FOR A CHANGE IN THE      | ) | APPROVING INTERIM USF    |
| STATEWIDE ELECTRIC AND GAS PERMANENT        | ) | RATES AND LIFELINE RATES |
| UNIVERSAL SERVICE FUND PROGRAM FACTORS      | ) |                          |
| WITHIN THE ELECTRIC AND GAS SOCIETAL        | ) | DOCKET NO. ER26060356    |
| BENEFITS CHARGES RATES PURSUANT TO N.J.S.A. | ) |                          |
| 48:2-21 AND N.J.S.A. 48:2-21.1              | ) |                          |

**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  
**Enver Acevedo, 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 29, 2026, Public Service Electric and Gas Company ("PSE&G"), on behalf of itself and the other gas and electric distribution utilities (individually "Utility", collectively "Utilities"), made a filing with the New Jersey Board of Public Utilities ("Board") for the 2026-2027 Universal Service Fund ("USF") and Lifeline program year ("June 2026 Filing").<sup>1</sup> On the same date, the other six (6) gas and electric utilities also made compliance filings in this docket. The June 2026 Filing included actual cost data from October 2025 to April 2026 and estimated data for May 2026 through September 2026. By this Decision and Order, the Board considers the June 2026 Filing, updates thereto, and comments received.

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<sup>1</sup> The four (4) gas distribution companies ("GDC") 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 ("EDC") 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").<sup>2</sup> 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,<sup>3</sup> and also funded through the SBC, would be collected in the same manner as USF.<sup>4</sup>

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.<sup>5</sup>

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.<sup>6</sup> In addition, each individual stipulation of settlement identified the future USF-related costs that each utility must include in the annual USF compliance filing.

By Order dated September 25, 2025, the Board approved the Utilities' current USF and Lifeline rates.<sup>7</sup> The rates approved by the September 2025 Order were established to recover an

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<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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").

<sup>5</sup> 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").

<sup>6</sup> 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").

<sup>7</sup> In re the 2025/2026 Annual Compliance Filings for the Universal Service Fund ("USF") Program Factor within the Societal Benefits Charge Rate, BPU Docket No. ER25060371, Order dated September 25, 2025 ("September 2025 Order").

approximate \$329.2 million USF budget and a \$74.6 million Lifeline budget. Accordingly, the current rates, including Sales and Use Tax ("SUT"), are:

|                              | <b>Electric /kWh</b> | <b>Gas /therm</b> |
|------------------------------|----------------------|-------------------|
| USF                          | \$0.003728           | \$0.0205          |
| Lifeline                     | \$0.000780           | \$0.0057          |
| <b>Combined USF/Lifeline</b> | <b>\$0.004508</b>    | <b>\$0.0262</b>   |

### **Petition**

By the June 2026 Filing, the Utilities proposed that the statewide USF rates be set to recover approximately \$275.2 million, of which approximately \$199.8 million would be recovered through electric rates with the remaining \$75.4 million recovered through gas rates on a Statewide basis. The Utilities anticipate the proposed Lifeline rates to collect \$74.6 million, of which \$50.0 million would be recovered through electric rates with the remaining \$24.6 million recovered through gas rates on a Statewide basis. Pursuant to the June 2010 Order, in the June 2026 Filing, the Utilities included their actual USF-related administrative costs as of April 2026 and estimated administrative costs through September 2026 and requested full recovery of their administrative costs in the month following Board approval of the new USF rate.

The proposed USF budget components, including the Department of Community Affairs ("DCA") program administrator budget, are summarized below.

| <b>DCA Program Administrator Budget</b> | <b><u>Utility Administrative Costs</u></b> | <b>Project USF Benefits</b> | <b><u>Fresh Start Benefits</u></b> | <b><u>Statewide Under-recovery</u></b> | <b><u>Total USF*</u></b> |
|-----------------------------------------|--------------------------------------------|-----------------------------|------------------------------------|----------------------------------------|--------------------------|
| \$11,852,896                            | \$7,752,205                                | \$209,270,973               | \$44,800,871                       | \$1,490,708                            | <b>\$275,167,623</b>     |

In addition, the Utilities requested authorization to: 1) recover administrative costs related to administration of USF; 2) recover costs deferred associated with the Board's June 30, 2025 Order related to USF program modifications;<sup>8</sup> 3) defer additional costs associated with the expanded requirements in the Board's 2026 Amended USF Modification Order for recovery in future annual USF proceedings;<sup>9</sup> and 4) recover costs associated with the USF/Lifeline audit directed by the Board in the 2024/2025 proceeding, which was accepted by the Board, for filing purposes only, on May 21, 2026.<sup>10</sup>

<sup>8</sup> 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").

<sup>9</sup> In re a Rate Design and Policy Study Regarding Driving Equity in the Clean energy Transition - Order Amending USF Process, Docket No. QO24110853, Order dated June 10, 2026 ("Amended USF Modification Order").

<sup>10</sup> NJNG made a duplicate request in its pending base rate case. NJNG has indicated it intends to withdraw the request in its base rate case.

The Board also directed the EDCs to transfer the reconciled accumulated over-recovered balance to be refunded to customers associated with its Zero Emission Certificate Reconciliation Charge, including interest, to the USF component of their SBCs.<sup>11</sup> PSE&G, JCP&L, and ACE included these amounts in the June 2026 Filing. RECO included its amount in a subsequent update.

Additionally, by the June 2026 Filing and in the Utilities' individual filings, the Utilities requested that the current USF and Lifeline interim rates, approved in the September 2025 Order, also be finalized.

In August 2026, the Utilities provided actual cost data and supporting documentation through June 30, 2026 ("June Update") and through July 31, 2026 ("July Update").

The proposed USF budget components, including the DCA program administrator budget for the June Update, are summarized below.

| <b>DCA Program Administrator Budget</b> | <b>Utility Administrative Costs</b> | <b>Project USF Benefits</b> | <b>Fresh Start Benefits</b> | <b>Statewide Under-recovery</b> | <b>Total USF</b> |
|-----------------------------------------|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|------------------|
| \$11,852,896                            | \$7,453,678                         | \$209,270,943               | \$44,800,871                | \$2,694,809                     | \$276,073,197    |

he proposed USF budget components, including the DCA program administrator budget for the July Update, are summarized below.

| <b>DCA Program Administrator Budget</b> | <b>Utility Administrative Costs</b> | <b>Project USF Benefits</b> | <b>Fresh Start Benefits</b> | <b>Statewide Under-recovery</b> | <b>Total USF</b> |
|-----------------------------------------|-------------------------------------|-----------------------------|-----------------------------|---------------------------------|------------------|
| \$11,852,896                            | \$7,348.213                         | \$209,270,943               | \$44,800,871                | \$4,414,362                     | \$277,687,286    |

The following table compares the current rates, June 2026 Filing, June Update, and July Update, including SUT:

| <b>Electric (per kWh)</b> | <b>Current</b> | <b>June 2026 Filing</b> | <b>June Update</b> | <b>July Update</b> |
|---------------------------|----------------|-------------------------|--------------------|--------------------|
| USF                       | \$0.003728     | \$0.002862              | \$0.002870         | \$0.002891         |
| Lifeline                  | \$0.000780     | \$0.000715              | \$0.000715         | \$0.000715         |
| Combined                  | \$0.004508     | \$0.003577              | \$0.003585         | \$0.003606         |

<sup>11</sup> In re the Petition of Atlantic City Electric Company for Approval of a Change to its Zero Emission Certificate Recovery Charge, BPU Docket No. ER25100553, Order dated January 14, 2026; In re the Petition of Public Service Electric and Gas Company for Approval of a Zero Emission Certificate Chage (2025), BPU Docket No. ER25100550, Order dated January 14, 2026; In re the Petition of Jersey Central Power and Light Company for Approval of a Zero Emission Certificate Recovery Charge AND In re the Petition of Jersey Central Power and Light Company for Approval of a Zero Emission Certificate Recovery Charge, BPU Docket Nos. ER24120005 and ER25100556, Order dated January 28, 2026; In re the Petition of Rockland Electric Company for Approval of a Zero Emission Certificate Recovery Charge AND In re the Petition of Rockland Electric Company for Approval of a Zero Emission Certificate Recovery Charge, BPU Docket Nos. ER24100826 and ER25100552, Order dated June 30, 2026.

| <b>Gas<br/>(per therm)</b> | <b>Current</b> | <b>June 2026 Filing</b> | <b>June Update</b> | <b>July Update</b> |
|----------------------------|----------------|-------------------------|--------------------|--------------------|
| USF                        | \$0.0205       | \$0.0177                | \$0.0178           | \$0.0178           |
| Lifeline                   | \$0.0057       | \$0.0058                | \$0.0058           | \$0.0058           |
| Combined                   | \$0.0262       | \$0.0235                | \$0.0236           | \$0.0236           |

### Public Hearings

Following adequate notice, public hearings were held virtually for each geographic region served by the GDCs. Public hearings were only required for the GDCs as the GDCs proposed a rate increase to the Lifeline component. The public hearing schedule was as follows:

| <b>Date</b>                 | <b>Utility</b> | <b>Time</b>             |
|-----------------------------|----------------|-------------------------|
| Monday, August 17, 2026     | NJNG           | 4:30 p.m. and 5:30 p.m. |
| Tuesday, August 25, 2026    | SJG            | 4:30 p.m. and 5:30 p.m. |
| Wednesday, August 26, 2026  | ETG            | 4:30 p.m. and 5:30 p.m. |
| Thursday, September 3, 2026 | PSE&G          | 4:30 p.m. and 5:30 p.m. |

Several members of the public joined the public hearings; no members 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 9, 2026, the New Jersey Division of Rate Counsel (“Rate Counsel”) submitted comments concerning the 2026/2027 Annual Compliance Filings, as well as updates thereto. In its comments, Rate Counsel focused on six (6) key areas, which are described below.

#### 1. Analysis of Under-/Over-Recovery Positions

Rate Counsel did not identify any material calculation errors in their comments on the Utilities’ under-/over-recovery balances used in the June 2026 Filing. Accordingly, Rate Counsel did not object to the Utilities’ use of these balances in calculating the proposed USF Rates.

#### 2. Analysis of Requests to Recover Utility and DCA Administrative Costs

##### *Utility Administrative Costs Associated with the 2025 USF Modification Order*

Rate Counsel noted that these costs are materially greater than the Utility administrative costs typically reviewed in prior annual compliance filings largely due to the additional responsibilities and activities undertaken by the Utilities pursuant to the USF Modification Order. After reviewing the supporting documentation, Rate Counsel found the increase in Utility administrative costs during the 2025/2026 program year was primarily driven by the additional labor required to implement the USF Modification Order, with which it did not find material issue. Rate Counsel did not object to recovery of the documented administrative costs associated with implementation of the USF Modification Order,

subject to confirmation that the requested amounts are incremental in nature and are not otherwise recovered through base rates or another recovery mechanism.

*Future Deferral Authority under the Amended USF Modification Order*

With the issuance of the Amended USF Modification Order, Rate Counsel did not object to the use of deferred accounting for reasonable and incremental costs associated with implementation of the Order. However, Rate Counsel also noted that authorization to defer such costs should not constitute a determination that the costs are reasonable, prudent, or recoverable. Rate Counsel further stated that future requests for recovery should remain subject to review for reasonableness, prudence, adequate documentation, and confirmation that the costs are incremental and are not otherwise recovered through base rates or another cost-recovery mechanism.

*DCA Administrative Costs*

Rate Counsel did not take a position on the reasonableness of DCA's overall administrative budget. Rate Counsel stated that it reviewed the amount included in the June 2026 Filing for consistency with the DCA administrative budget applicable to the upcoming program year and did not object to its inclusion in the calculation of the proposed USF Rates.

*Audit Report Fees*

Rate Counsel reviewed the allocation methodology and supporting documentation and found the volume-based approach to be reasonable. Accordingly, Rate Counsel did not object to recovery of the documented Audit Report fees included in the June 2026 Filing.

3. Analysis of Estimated USF and Fresh Start Benefits Expenditures for the 2026/2027 Program Year

Rate Counsel noted that it raised concerns with the prior forecasting approach in its comments in the 2025/2026 annual USF compliance filing. In that matter, Rate Counsel recommended that the Utilities incorporate a combination of historical and forecasted data when calculating the next program year's USF and Fresh Start expenditure estimates. Rate Counsel also noted that the audit report similarly identified concerns with the prior forecasting approach.

In its comments, Rate Counsel noted that the Utilities implemented a revised methodology in the June 2026 Filing and confirmed that they no longer rely primarily on April actual results to estimate USF and Fresh Start benefit expenditures for the remaining months of the current program year and the upcoming program year. Instead, according to Rate Counsel, the revised methodology uses historical USF and Fresh Start results, current customer counts, the backlog of DCA and Utility applications, and the enrollment increases required by the Board's USF Modification Orders to develop calculated monthly benefit estimates.

Rate Counsel supported the use of the revised methodology to forecast USF and Fresh Start benefit expenditures for the next program year, seeing it as a reasonable improvement. With the revised methodology being used for the first time, Rate Counsel recommended that the Board continue to evaluate its reasonableness as actual

2026/2027 expenditure data becomes available and determine if future refinements are needed. Rate Counsel also stated that future annual compliance filings should clearly identify the source data, assumptions, enrollment adjustments, treatment of application backlogs, and average benefit calculations used to develop the next program year's forecast, as well as any material changes to the methodology from year to year.

4. Projected Sales Volumes Used to Calculate Rates

Rate Counsel acknowledged the audit report found no basis to recommend changes to the Utilities' current weather normalization practices solely for the purpose of annual USF filing and chose not to challenge that conclusion. However, Rate Counsel indicated that it remains concerned with large swings in over-/under-recovery balances, and, where under-recoveries persist, can also increase the SBC carrying costs ultimately borne by customers. Rate Counsel argued that additional safeguards and continued review of forecast-to-actual variances are appropriate to promote rate stability and avoid unnecessary carrying costs.

Accordingly, Rate Counsel recommended evaluating and developing reasonable safeguards designed to mitigate excessive over- or under-recovery balances. Rate Counsel also recommended that future compliance filings should include reconciliation schedules comparing projected and actual sales volumes, accompanied by explanations of material variances, to make the forecasting process more transparent without increasing administrative costs.

5. USF Enrollment Targets

With the issuance of the Amended USF Modification Order, which revised the Utilities' USF enrollment targets from the descending structure established in the USF Modification Order to an ascending structure, Rate Counsel recognized the Utilities' progress toward the revised enrollment targets and the effect that application-processing delays have on Utility-specific results.

Rate Counsel also stated the Utilities assume greater responsibility for the USF application and approval process beginning October 1, 2026, consistent tracking and reporting of enrollment activities will become increasingly important. Rate Counsel recommended that future annual compliance filings identify, by utility, the applicable enrollment target, completed enrollments, applications pending approval or payment, and the percentage of the target achieved. Rate Counsel asserted that this information will allow the Board, Board Staff ("Staff"), and Rate Counsel to evaluate enrollment progress on a consistent basis.

6. Review of the current interim rates

Rate Counsel did not object to the Board finalizing the current interim USF and Lifeline Rates.

Additionally, Rate Counsel did not object to the proposed 2026/2027 Lifeline Rates.

Rate Counsel recommended that the Board:

1. Approve the proposed 2026/2027 USF and Lifeline Rates effective October 1, 2026;
2. Finalize the current interim USF and Lifeline Rates approved in the 2025/2026 annual compliance filing;
3. Approve recovery of the documented utility administrative costs associated with implementation of the USF Modification Order and the audit report fees, subject to confirmation that the utility administrative costs are incremental and are not otherwise recovered through base rates or another recovery mechanism;
4. Authorize the Utilities to defer reasonable and incremental administrative costs associated with implementation of the Amended USF Modification Order, with any future request for recovery subject to review for reasonableness, prudence, adequate documentation, and confirmation that the costs are not otherwise recovered through base rates or another recovery mechanism;
5. Continue to evaluate the revised methodology used to forecast USF and Fresh Start benefit expenditures as actual 2026/2027 program results become available, and require future annual compliance filings to identify the source data, assumptions, enrollment adjustments, treatment of application backlogs, and average benefit calculations supporting the forecast;
6. Direct the Utilities, in coordination with Staff, to continue reviewing forecast-to-actual sales volume variances and to include reconciliation schedules and explanations of material variances in future annual compliance filings; and
7. Require future annual compliance filings to provide consistent Utility-specific reporting of USF enrollment targets, completed enrollments, applications pending approval or payment, and the percentage of each Utility's applicable enrollment target achieved.

Additionally, Rate Counsel noted that this is the first annual compliance filing following the publication of the audit report and includes specific changes responsive to issues identified by Rate Counsel and the audit report, including the revised methodology for forecasting USF and Fresh Start benefit expenditures.

Rate Counsel reiterated, as the USF program continues to expand under the Amended USF Modification Order, the continued importance of accurate workpapers, consistent reporting, transparent program administration, and reasonable safeguards to support reliable USF and Lifeline Rates and limit recovery balance fluctuations and associated carrying costs.

#### Utilities Reply Comments

In their reply comments, the Utilities noted that Rate Counsel requested confirmation that the requested amounts associated with the additional labor required to implement are incremental in nature and not otherwise recovered through base rates or another recovery mechanism. The Utilities indicated that the discovery response to S-USF-0009 describes each Utility's treatment of labor costs required for compliance with the USF Modification Order. The Utilities asserted that each Utility has identified which labor costs are incremental and that although some utilities have some labor costs that are captured in base rates, the labor costs included in Attachment A

to the Utilities' Reply Comments are incremental and are not recovered through base rates or another recovery mechanism.

With respect to Rate Counsel's request that in future annual compliance filings the utilities include consistent, Utility-specific reporting of USF enrollment targets, completed enrollments, applications pending approval or payment, and the percentage of each Utility's applicable enrollment target achieved, the Utilities stated that the BPU currently provides this information to the Utilities on a monthly basis.<sup>12</sup> The Utilities propose that BPU Staff add Rate Counsel to this monthly report distribution list.

Regarding Rate Counsel's recommendation that the Utilities be directed to provide a reconciliation schedule of forecast-to-actual sales volume and provide an explanation of material variances in annual compliance filings, the Utilities did not object to this recommendation and will include the information in compliance filings beginning with the 2027/2028 compliance filing.

The Utilities requested that the Board approve, effective October 1, 2026, the filed USF and Lifeline Rates and the applicable Utilities' administrative expenses (based, in each case, on the administrative expenses through July 2026) for the 2026/2027 USF Program Year for electric and gas service rendered on and after October 1, 2026. Additionally, the Utilities also urged the Board to finalize (i.e., make permanent) the current USF interim rates, which were approved provisionally through September 2026 in the September 2025 Order.

## **DISCUSSION AND FINDINGS**

The Board has carefully reviewed the record in this matter, including the June 2026 Filing, the Utilities' specific compliance filings, updates thereto and the submitted comments.

The Board **HEREBY FINDS** that it is appropriate to adopt the rates including the USF electric rate based upon the June Update and the USF gas rates based on the June Update. The supporting calculations are illustrated in Exhibit A attached to 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                          | \$0.002870        | \$0.0178        |
| Lifeline                     | \$0.000715        | \$0.0058        |
| <b>Combined USF/Lifeline</b> | <b>\$0.003585</b> | <b>\$0.0236</b> |

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

Additionally, after examining the 2025-2026 interim rates and the September 2025 Order, the Board **HEREBY FINDS** the 2025-2026 interim rates and associated expenditures to be reasonable and in accordance with the law. Accordingly, the Board **HEREBY FINALIZES** the 2025/2026 interim rates approved through the September 2025 Order.

The Board **HEREBY ORDERS** the Utilities to file the appropriate tariff pages, in conformance with the requirements of this Order, by September 30, 2026, for rates effective October 1, 2026.

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<sup>12</sup> Staff, not the Board, provides this information monthly to the Utilities.

Additionally, the Board **HEREBY APPROVES** the Utilities' request to recover supported costs associated with the 2025 USF Modification Order. Further, the Board **HEREBY AUTHORIZES** the Utilities to defer, for accounting purposes only, incremental USF administrative costs associated with the 2026 Amended USF Modification Order. These incremental costs will be subject to review for prudence in the next annual USF filing. With respect to Rate Counsel's recommendations related to the submission of consistent Utility-specific reporting of USF enrollment targets, completed enrollments, applications pending approval or payment, and the percentage of each Utility's applicable enrollment target achieved, the Board **HEREBY DIRECTS** Staff to include Rate Counsel in its monthly distribution of this information.

Additionally, the Board **HEREBY APPROVES** recovery of the costs associated with the USF/Lifeline audit.

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

- Adoption of USF/Lifeline interim rates and associated budgeted amounts based upon the June Update, to be effective on October 1, 2026;
- Finalization of the 2025/2026 interim rates and associated expenditures through September 30, 2026;
- 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, 2025 through June 30, 2026, whereby Staff shall request that Treasury disburse the Utilities' administrative costs to them in the first month after the new USF rate becomes effective;
- Approval of recovery of supported deferred USF Modification Order costs requested by the Utilities ;
- Approval of deferral of incremental costs associated with the Amended USF Modification Order, subject to prudence review in the next annual USF filing before recovery;
- Approval of recovery of the costs associated with the USF/Lifeline audit

Based upon the June Update, an average residential gas customer utilizing 1,000 therms per year would experience an annual decrease of \$2.60 and an average residential electric customer utilizing 7,800 kWh per year an average would experience an annual decrease of \$7.20.

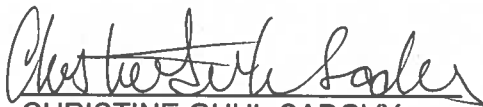
The Utilities' costs remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

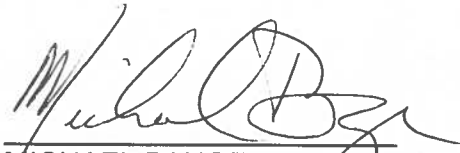
This Order will be effective on September 24, 2026.

DATED: September 24, 2026

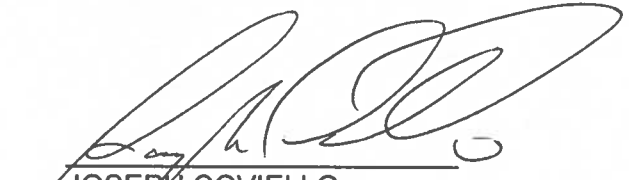
BOARD OF PUBLIC UTILITIES  
BY:

  
BEN HERTZ-SHARGEL  
PRESIDENT

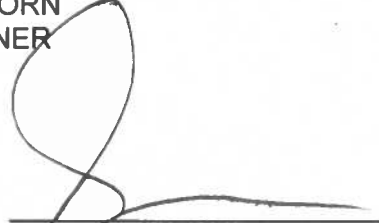
  
CHRISTINE GUHL-SADOVY  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

  
EMMA REBHORN  
COMMISSIONER

  
JOSEPH COVIELLO  
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 2026/2027 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. ER26060356

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## Exhibit A

| <b>Electric and Gas USF Program Rates Within the SBC</b>            |                     |                      |                      |  |
|---------------------------------------------------------------------|---------------------|----------------------|----------------------|--|
| <b>Docket No. ER26060356</b>                                        |                     |                      |                      |  |
| <b>USF Rate Calculation (June 2026 Update)</b>                      |                     |                      |                      |  |
|                                                                     | <b>Gas</b>          | <b>Electric</b>      | <b>Total</b>         |  |
|                                                                     | 27.750%             | 72.250%              | 100.000%             |  |
| <b>USF-Permanent program projections for Program Year 2027</b>      |                     |                      |                      |  |
| Administrative Costs - DCA (allocated based on benefits percentage) | \$3,289,170         | \$8,563,726          | \$11,852,896         |  |
| Administrative Costs - Utility Postage and Handling                 | \$2,112,476         | \$5,341,202          | \$7,453,678          |  |
| Estimate of Benefits for Next Program Year                          | \$58,072,540        | \$151,198,403        | \$209,270,943        |  |
| <b>Est. program under/(over) recovery @ 9/30/26**</b>               | (\$2,632,284)       | \$5,327,093          | \$2,694,809          |  |
| <b>Fresh Start Program</b>                                          | \$14,857,088        | \$29,943,783         | \$44,800,871         |  |
| <b>Program Modification</b>                                         | \$0                 | \$0                  | \$0                  |  |
| <b>Total</b>                                                        | <b>\$75,698,990</b> | <b>\$200,374,207</b> | <b>\$276,073,197</b> |  |
| <b>Projected Volumes ***</b>                                        |                     |                      |                      |  |
|                                                                     | 4,534,133,286       | 74,442,124,506       |                      |  |
| New rate, before tax                                                | \$0.0167            | \$0.002692           |                      |  |
| Current before tax rate                                             | <u>\$0.0192</u>     | <u>\$0.003496</u>    |                      |  |
| Before tax Increase/(Decrease)                                      | (\$0.0025)          | (\$0.000804)         |                      |  |
| New Rate, after tax                                                 | \$0.0178            | \$0.002870           |                      |  |
| Current Rate, after tax                                             | \$0.0205            | \$0.003728           |                      |  |
| <b>After tax Increase/(Decrease)</b>                                | <b>(\$0.0027)</b>   | <b>(\$0.000858)</b>  |                      |  |
| <b>Lifeline calculation of rates as of 10/1/26</b>                  |                     |                      |                      |  |
|                                                                     | <b>Gas</b>          | <b>Electric</b>      | <b>Total</b>         |  |
| Jurisdictional Revenue Percentages                                  | 33%                 | 67%                  | 100%                 |  |
| Lifeline budget                                                     | \$ 24,601,500       | \$ 49,948,500        | \$ 74,550,000        |  |
| Projected Volumes *                                                 | 4,534,133,286       | 74,442,124,506       |                      |  |
| New rate, before tax                                                | \$ 0.0054           | \$ 0.0007            |                      |  |
| Current before tax rate                                             | \$ 0.0053           | \$ 0.0007            |                      |  |
| Pre-tax Increase/(Decrease)                                         | \$ 0.0001           | \$ (0.0001)          |                      |  |
| New Rate, after tax                                                 | \$ 0.0058           | \$ 0.0007            |                      |  |
| Current Rate, after-tax                                             | \$ 0.0057           | \$ 0.0008            |                      |  |
| After-tax Increase/(Decrease)                                       | \$ 0.00010          | \$ (0.000065)        |                      |  |
| <b>Combined USF/Lifeline Calculation of Rates (As of 10/1/2026)</b> |                     |                      |                      |  |
|                                                                     | <b>Gas</b>          | <b>Electric</b>      |                      |  |
| <b>Combined After-Tax Rate Impact</b>                               |                     |                      |                      |  |
| Current USF rate                                                    | \$0.0205            | \$0.003728           |                      |  |
| Current Lifeline rate                                               | <u>\$0.0057</u>     | <u>\$0.000780</u>    |                      |  |
| Total Current USF/ Lifeline factor                                  | \$0.0262            | \$0.004508           |                      |  |
| New USF rate                                                        | \$0.0178            | \$0.002870           |                      |  |
| New Lifeline rate                                                   | <u>\$0.0058</u>     | <u>\$0.000715</u>    |                      |  |
| Total New USF/ Lifeline factor                                      | \$0.0236            | \$0.003585           |                      |  |
| <b>Total USF/ Lifeline factor increase/(decrease)</b>               | <b>(\$0.0026)</b>   | <b>(\$0.000923)</b>  |                      |  |