

NOTICE TO NEW JERSEY NATURAL GAS COMPANY CUSTOMERS

In the Matter of the Petition of New Jersey Natural Gas

Company for Approval of a Base Rate Adjustment

Pursuant to the SAFE II and NJ RISE Programs

Docket No. GR20030279

Notice of Filing and Public Hearings

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on March 30, 2020, New Jersey Natural Gas Company ("NJNG", or "Company") filed a Petition and supporting documentation with the New Jersey Board of Public Utilities ("Board", or "BPU") seeking Board approval for base rate changes to provide for cost recovery associated with the Company's NJ Reinvestment in System Enhancement Program ("NJ RISE") and Safety Acceleration and Facility Enhancement Extension Program ("SAFE II"). As set forth in BPU Docket No. GR15111304, the NJ RISE and SAFE II annual rate filings shall be combined for administrative ease.

NJ RISE: In an Order dated March 20, 2013 ("March 20 Order"), the BPU found it critical to investigate prudent, cost efficient and effective opportunities to enhance utility infrastructure against damage from major storm events. On July 23, 2014, the Board issued an Order approving the NJ RISE Program in Docket Nos. AX13030197 and GR13090828. The Order provided approval for NJNG to invest up to \$102.5 million, excluding Allowance for Funds Used During Construction ("AFUDC"), to be recovered through base rate adjustments in order to undertake six infrastructure projects aimed at making the Company's distribution system more resilient in anticipation of future major storms.

The NJ RISE Program is a series of capital investment projects that promote enhanced reliability and safety through facility enhancements for storm readiness and response. The NJ RISE projects are to be completed over a period of five years and consist of the installation of secondary gas distribution mains into the Sea Bright Peninsula, the Seaside Peninsula and Long Beach Island. Additionally, two regulator station reinforcement projects will be undertaken, one in Mantoloking and the other in Ship Bottom on Long Beach Island. Also, an existing back-up regulator station will be relocated from Mantoloking to the mainland. Finally, the Company is installing excess flow valves ("EFVs") on all distribution services in waterfront communities that may be impacted by coastal and back-bay flooding and/or storm surge.

The Company's rate filing includes a request for recovery in base rates of the actual costs associated with the NJ RISE projects through June 30, 2020, consisting of capital expenditures, including actual costs of engineering, design and construction, cost of removal (net of salvage), property acquisition, actual labor, materials overheads and capitalized AFUDC.

SAFE II: On September 23, 2016, the Board issued an Order approving the SAFE II Program in Docket No. GR15111304 ("September 2016 Order"). The September 2016 Order provided for NJNG to invest up to \$200 million, excluding AFUDC, to be recovered through base rate adjustments over the five-year term of the SAFE II Program. The SAFE II Program was designed to replace all of the Company's existing unprotected steel mains and services throughout its service territory on or before September 30, 2021. The Company's rate filing includes a request for recovery in base rates of the costs associated with the SAFE II Program actual costs through June 30, 2020.

As agreed to by the parties, and set forth in the Board's Order in Docket No. GR15111304, the rate design for the SAFE II and NJ RISE annual rate adjustments would be structured to reflect the same rate design methodology used to set rates in the Company's most recent base rate case.

At this time, the Company is requesting BPU approval to adjust base rates effective October 1, 2020 to recover approximately \$68.736 million of NJ RISE and SAFE II investment costs made through June 30, 2020, resulting in a base rate increase of approximately \$7.446 million. If the proposed rates are approved by the Board, the impact to the typical residential heating customer using 100 therms in a month is an increase of \$1.17, or 1.0 percent.

The impact of the Company's filing, requested to be effective on October 1, 2020, or as of the date of the Final Board Order in this proceeding, on a typical residential customer (both heat and non-heat), a typical general service small customer and a typical general service large customer on a monthly basis is estimated to be as follows based on the usage levels shown below:

Customer Type	Therm Level	Total Bill		Increase	
		Monthly Bill as of April 1, 2020	Proposed Monthly Bill	Amount	Percent
Residential Heat Sales	100	\$ 114.65	\$115.82	\$1.17	1.0%
Residential Non-Heat Sales	25	\$37.69	\$38.09	\$0.40	1.1%
General Service - Small	100	\$130.00	\$131.98	\$1.98	1.5%
General Service - Large	1200	\$1,285.45	\$1,296.29	\$10.84	0.8%

The Board has the statutory authority to approve the requested changes to base rates at levels it finds just and reasonable. Therefore, the Board may establish the new rates at levels other than those proposed by NJNG. PLEASE TAKE ADDITIONAL NOTICE that due to the COVID-19 state of emergency, a telephonic public hearing will be conducted on the following date and times so that members of the public may present their views on the Company's filing. Information provided at the public hearings will become part of the record of this case and will be considered by the Board in making its decision.

Date: August 17, 2020
Dial In: 1-888-619-1583

Public Hearing 1: 4:30pm
Access Code: 819208

Public Hearing 2: 5:30pm

Copies of NJNG's May 29, 2020 filing can be reviewed on the Company's website, www.njng.com/regulatory in the "Filings & Updates" subsection of the "Regulatory Info" section listed.

Representatives of the Board's Staff and Rate Counsel will participate in the telephonic public hearing. Members of the public are invited to participate by utilizing the Virtual Access Code information set forth above and may express their views on this filing. Such comments will be made part of the final record of the proceeding to be considered by the Board. The Board is also accepting written and emailed comments. Although both will be given equal consideration, the preferred method of transmittal is via email to ensure timely receipt while the Board continues to work remotely due to the COVID-19 pandemic. Written comments may be submitted to the Board Secretary, Aida Camacho, at the Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. Email comments should be submitted to: board.secretary@bpu.nj.gov Please include the name of the petitioner and the docket number when submitting comments. Written and emailed comments will be provided the same weight as statements made at the hearings.

Hearings will continue, if necessary, on such additional dates and at such locations as the Board may designate, to ensure that all interested persons are heard.

New Jersey Natural Gas Company
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