

July 12, 2021

Via Email and First Class Mail

Hon. Jacob S. Gertsman, ALJ
Office of Administrative Law
Post Office Box 49
Trenton, NJ 08625-0049

Re: I/M/O the Petition of New Jersey Natural Gas Company For Approval of an Increase in Gas Base Rates 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
OAL Docket Nos. PUC 04111-2021S
BPU Docket No. GR21030679

I/M/O the Petition of New Jersey Natural Gas Company For Approval of a Base Rate Adjustment Pursuant to the NJ RISE and SAFE II Programs
OAL Docket Nos. PUC 04113-2021S
BPU Docket No. GR21030680

Dear Judge Gertsman:

This firm represents the Petitioner, New Jersey Natural Gas Company (the “Company”), in the above-referenced matters. On Friday, July 9th, 2021, the Company filed testimony and related schedules reflecting an update of its base rate case test year results to include nine months of actual data and three months of forecasted data. Included in that filing was the Revised Direct Testimony of James M. Corcoran, Director – Revenue Requirements, and related updated schedules. Today, the Company discovered a minor error in Mr. Corcoran’s testimony at page 10, line 10: the word “decrease” should be “increase.” To correct this error, the Company has attached a corrected page 10, along with a redline of that page showing the correction. We ask that the Court, and the parties, replace page 10 with the corrected page 10.

Please contact me should the Court have any questions regarding these materials. Thank you for your attention to this matter.

Respectfully submitted,


Colleen A. Foley, Esq.

Encls.

cc: Hon. Aida Camacho-Welch, Secretary – BPU (electronic only)
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*I/M/O the Petition of New Jersey Natural Gas Company
For Approval of an Increase in Gas Base Rates 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
OAL Docket No. PUC 04111-21
BPU Docket No. GR21030679*

*I/M/O the Petition of New Jersey Natural Gas Company
For Approval of a Base Rate Adjustment Pursuant to the NJ RISE and SAFE II Programs,
N.J.S.A. 48:2-21, 48:2-21.1; 48:2-18 and 48:2-18
OAL Docket No. PUC 04113-21
BPU Docket No. GR21030680*

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1 based on an interest calculation using the weighted average cost of debt in the capital
2 structure utilized to support Rate Base.

3 As shown on Schedule JMC-16 UPDATE-1, the interest-bearing components
4 of the capitalization supporting the NJNG Rate Base produce interest expenses of
5 \$39.74 million. This is \$5.18 million more than the recorded test year period interest
6 expense of \$34.56 million. This adjustment of \$5.18 million (\$1.46 million, net)
7 increases Operating Income attributable to the tax savings on the interest component.

8 **Pension and Benefits Expense – Schedule JMC-17 UPDATE-1**

9 An adjustment in the amount of \$946 thousand (\$680 thousand, net) represents an
10 operating expense increase and reflects the necessary adjustments in pension, Other Post-
11 Employment Benefits (“OPEB”), and medical and dental expenses over the test period
12 amounts included in operating income. This level of expense reflects the
13 forecasted pension, OPEB, and medical and dental expenses though fiscal year 2022
14 (i.e., October 1, 2021 through September 30, 2022), and includes actuarial assumptions
15 and changes to the mortality tables as prepared by AON (the Company’s actuarial
16 consultant) and used by NJNG for U.S. Securities and Exchange Commission (“SEC”)
17 disclosure purposes in its financial statements.

18 Similarly, pension and benefit adjustments have been consistently adopted by
19 the Board in prior rate cases in New Jersey and should be accepted in this base rate
20 case. By making this adjustment for increased pension and benefit expenses, the test
21 year will reflect pension and benefit expenses during the time that the proposed new
22 base rates are in place. The NJNG pension and OPEB expenses are based on a benefit
23 plan that is closed to new employees effective December 31, 2011.

24 **BPU and Rate Counsel Assessments – Schedule JMC-18 UPDATE-1**

25 In accordance with N.J.S.A. 48:2-60 and N.J.S.A. 52:27EE-52, the Company provides
26 funding to the State of New Jersey associated with the operations of the Board and Rate
27 Counsel. These assessments are predicated on rates established by the State of New
28 Jersey and are applied to each gross intrastate revenue dollar recorded by the Company
29 for the preceding year. The current assessment rates are 0.2154 percent for the Board
30 and 0.0535 percent for Rate Counsel. By applying these rates to year-end 2020
31