



October 2, 2020

VIA ELECTRONIC TRANSMISSION

The Honorable Aida Camacho-Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: In the Matter of the Petition of New Jersey Natural Gas Company For Approval
of the Cost Recovery Associated with Energy Efficiency Programs
BPU Docket No. GR20060377

Dear Secretary Camacho-Welch:

Enclosed please find, on behalf of New Jersey Natural Gas Company, a fully
executed Stipulation of Settlement in the above captioned matter.

Should you have any questions, please do not hesitate to contact me.

Respectfully submitted,

A handwritten signature in blue ink that reads 'Andrew K Dembia'. The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Andrew K Dembia, Esq.
Regulatory Affairs Counsel

AKD/sf
Encl.
C: Service List

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF THE COST RECOVERY ASSOCIATED WITH
ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR20060377**

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**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF THE COST RECOVERY ASSOCIATED WITH
ENERGY EFFICIENCY PROGRAMS
BPU DOCKET NO. GR20060377**

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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION)	STIPULATION OF
OF NEW JERSEY NATURAL GAS)	SETTLEMENT
COMPANY FOR APPROVAL OF THE)	
COST RECOVERY ASSOCIATED WITH)	BPU DOCKET NO. GR20060377
ENERGY EFFICIENCY PROGRAMS)	
)	

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

APPEARANCES:

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

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, and Maura Caroselli, Esq., Assistant Deputy Rate Counsel (**Stefanie A. Brand, Esq.**, Director New Jersey Division of Rate Counsel)

Terel Klein, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Gurbir S. Grewal**, Attorney General of New Jersey)

1. On May 29, 2020, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition (“Petition”) in Docket No. GR20060377 with the New Jersey Board of Public Utilities (“Board” or “BPU”) requesting that the Board decrease the Company’s existing Energy Efficiency (“EE”) rate of \$0.0171 per therm to \$0.0170 per therm [including Sales and Use Tax (“SUT”)] which was established by Board Order dated October 25, 2019 in Docket No. GR19050676. The Company submitted the Petition pursuant to the terms of earlier Board Orders.¹ These Orders adopted stipulations entered into among the Company, Board Staff, and the New Jersey Division of Rate Counsel (“Rate Counsel”) (collectively “Parties”).

¹ In re Energy Efficiency Programs and Associated Cost Recovery Mechanisms and I/M/O the Petition of New Jersey Natural Gas Company for Approval of Energy Efficiency Programs with an Associated Cost Recovery

Through the course of the proceeding, NJNG updated the information in its Petition to include actuals through July 31 2020. Based upon the actual and anticipated levels of activity in SAVEGREEN, and the projected under recovered balance as of September 30, 2021, the Company modified its request to maintain the existing BPU-approved after-tax EE rate of \$0.0171 per therm for recovery of the SAVEGREEN program costs approved in the September 2010 Order, the January 2012 Order, the June 2013 Order, the July 2015 Order, the June 2016, Order, and the September 2018 Order. Therefore, there is no rate impact to the Company's customers.

BACKGROUND

2. NJNG's participation in energy-efficiency programs, the costs of which are collected through Rider F, was originally approved by the Board in the July 2009 Order and subsequently approved to continue, with modifications, in the September 2010 Order, January 2012 Order, June 2013 Order, July 2015 Order, June 2016 Order, and the approved September 2018 Order.

Mechanism, BPU Docket Nos. EO09010056 and GO09010057, Order dated July 17, 2009 ("July 2009 Order"); In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO10030225, Order dated September 24, 2010 ("September 2010 Order"); In re the Petition of New Jersey Natural Gas for Approval of Regional Greenhouse Gas Initiative Programs and Associated Cost Recovery Mechanisms Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GR11070425, Order dated January 19, 2012 ("January 2012 Order"); In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1 and In re the Petition of New Jersey Natural Gas Company for Approval of the Cost Recovery Associated with Energy Efficiency Program, BPU Docket Nos. GO12070640 and GR12070641, Order dated June 21, 2013 ("June 2013 Order"); In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated July 23, 2015 ("July 2015 Order"); and In re the Petition of New Jersey Natural Gas Company for Approval of the Extension of Energy-Efficiency Programs and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO14121412, Order dated June 29, 2016. ("June 2016 Order"); In re the Petition of New Jersey Natural Gas Company for Approval of Existing and New Energy Efficiency Programs and a Class I Renewable Energy Program and the Associated Cost Recovery Mechanism Pursuant to N.J.S.A. 48:3-98.1, BPU Docket No. GO18030355, Order dated September 17, 2018 ("September 2018 Order").

3. As provided in the Petition, the SAVEGREEN energy-efficiency and conservation programs are designed to complement and supplement aspects of New Jersey's Clean Energy Program ("NJCEP") in an attempt to encourage higher levels of customer participation in NJNG's service territory. NJNG maintains that the programs do not duplicate or eliminate any of the NJCEP programs; instead they work to increase customer awareness, enhance participation, and support utilization of NJCEP efforts throughout the State.

4. As set forth in the above-cited Board Orders, NJNG was authorized to establish a rate through which it could recover from customers SAVEGREEN costs including rebates, customer incentive payments, customer financing, and associated reasonable and prudent incremental operation and maintenance ("O&M") expenses ("Program Costs"). It was agreed that such Program Costs are subject to recovery pursuant to the terms of Rider F.

5. NJNG must submit an annual SAVEGREEN cost recovery filing by June 1st to establish future Rider F rates. The filing has usually been made coincident with, but separate from, NJNG's annual Basic Gas Supply Service filing, and includes updates to the SAVEGREEN investment levels, operating costs, and reconcile rate recoveries to actual cost results.

PROCEDURAL HISTORY

6. NJNG received and responded to all discovery propounded in this proceeding by Board Staff and Rate Counsel.

7. The Parties reviewed the Petition and discovery responses submitted by NJNG. Based upon that review, the Parties entered into this Stipulation, resolving all issues raised in, or relating to, the Company's Petition.

8. Based upon and subject to the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

9. The Company is authorized to recover only those costs associated with the SAVEGREEN Programs previously approved in the September 2010, January 2012, June 2013, July 2015, June 2016, October 2017, and September 2018 Orders.

10. Based upon the Company's updated revenue requirement of \$11.67 million, the Parties agree that NJNG will maintain the existing EE Rate of \$0.0171 per therm, which includes SUT (\$0.0160 excluding SUT), pursuant to the terms of Rider F of the Company's gas tariff, as set forth in Attachment A. The overall bill of the residential heating customer using 100 therms per month will not change and will remain at \$113.10 on a monthly basis, based on rates in effect October 1, 2020. This rate shall be effective upon Board approval, and shall remain in effect until changed by a future Board Order.

11. The Parties agree that actual costs incurred through July 31, 2020, as shown in Attachment B, have been reviewed and deemed prudent and reasonable by the Parties. Actual costs incurred by NJNG starting on August 1, 2020 are subject to review for reasonableness and prudence in future EE Rate filings.

12. The Parties agree that the Company's next annual EE Rate filing will be made on or about June 1, 2021.

13. As agreed to by the Parties and authorized in the September 2018 Order, any variance between costs and recoveries will accrue interest at a rate equal to the Company's monthly commercial paper rate. In the event that commercial paper was not utilized by the Company in the preceding month, the last calculated rate will be used. The interest rate shall not exceed the Company's rate of return as authorized by the BPU in the Company's most recent base rate case, BPU Docket No. GR19030420, or until changed by Board Order. Interest on over/under recoveries will be calculated using simple interest, based upon the average beginning and ending over/under recovery balances of the month, on a net-of-tax basis. The sum of the monthly interest to be collected from or credited to ratepayers will be included in the rate calculated for the next annual EE Rate filing.

14. 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.

15. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.

16. 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, Board 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 and, in total or by specific item, is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS COMPANY
PETITIONER**



By:

ANDREW K. DEMBIA
Regulatory Affairs Counsel

**NEW JERSEY DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, DIRECTOR**

By:

Maura Caroselli

MAURA CAROSELLI
Assistant Deputy Rate Counsel

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY**
Attorney for Staff of the New Jersey Board of Public Utilities



By:

TEREL KLEIN
Deputy Attorney General

Date: October 1, 2020

New Jersey Natural Gas Company
 Net impact of Proposed Rate Changes
 BPU Docket No. GR20060377
 F/Y 2021

Attachment A

(\$/therm)

Component of	Current		Proposed		Change	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
EE Delivery Price	0.0160	0.0171	0.0160	0.0171	0.0000	0.0000

<u>Impact on Residential Non-Heating Customers</u>				
				25 therm bill
10/1/20 Rates				
Customer Charge		\$10.14	\$10.14	
Delivery		\$0.6338	\$15.85	
BGSS		\$0.3320	\$8.30	
Total		<u>\$0.9658</u>	<u>\$34.29</u>	
Proposed Rates				
Customer Charge		\$10.14	\$10.14	
Delivery		\$0.6338	\$15.85	
BGSS		\$0.3320	\$8.30	
Total		<u>\$0.9658</u>	<u>\$34.29</u>	
Increase/(Decrease)			\$0.00	
Increase/(Decrease) as a percent			0.00%	
<u>Impact on Residential Heating Customers</u>				
				1,000 therm annual bill
10/1/20 Rates				
Customer Charge		\$10.14	\$10.14	\$121.68
Delivery		\$0.6976	\$69.76	\$697.60
BGSS		\$0.3320	\$33.20	\$332.00
Total		<u>\$1.0296</u>	<u>\$113.10</u>	<u>\$1,151.28</u>
Proposed Rates				
Customer Charge		\$10.14	\$10.14	\$121.68
Delivery		\$0.6976	\$69.76	\$697.60
BGSS		\$0.3320	\$33.20	\$332.00
Total		<u>\$1.0296</u>	<u>\$113.10</u>	<u>\$1,151.28</u>
Increase/(Decrease)			\$0.00	\$0.00
Increase/(Decrease) as a percent			0.00%	0.00%
<u>Impact on Commercial GSS Customers</u>				
				100 therm bill
10/1/20 Rates				
Customer Charge		\$34.85	\$34.85	
Delivery		\$0.6499	\$64.99	
BGSS		\$0.3320	\$33.20	
Total		<u>\$0.9819</u>	<u>\$133.04</u>	
Proposed Rates				
Customer Charge		\$34.85	\$34.85	
Delivery		\$0.6499	\$64.99	
BGSS		\$0.3320	\$33.20	
Total		<u>\$0.9819</u>	<u>\$133.04</u>	
Increase/(Decrease)			\$0.00	
Increase/(Decrease) as a percent			0.00%	
<u>Impact on Commercial GSL Customers</u>				
				1200 therm bill
10/1/20 Rates				
Customer Charge		\$80.79	\$80.79	
Demand Charge		\$2.63	\$252.48	
Delivery		\$0.4865	\$583.80	
BGSS		\$0.2459	\$295.08	
Total		<u>\$0.7324</u>	<u>\$1,212.15</u>	
Proposed Rates				
Customer Charge		\$80.79	\$80.79	
Demand Charge		\$2.63	\$252.48	
Delivery		\$0.4865	\$583.80	
BGSS		\$0.2459	\$295.08	
Total		<u>\$0.7324</u>	<u>\$1,212.15</u>	
Increase/(Decrease)			\$0.00	
Increase/(Decrease) as a percent			0.00%	

Projected Annual Revenue

Projected annual therms 713,730 (000s)

Projected Annual Revenue \$ million

	Current Rates	Proposed Rates	Change
Pre-tax	\$11.42	\$11.42	\$0.00
Post-tax	\$12.20	\$12.20	\$0.00

**New Jersey Natural Gas
Energy Efficiency Recovery Rates**

(\$000)

Actual Under/(Over) recovery at July 31, 2020	\$ (2,816)
Estimated Revenue Requirements (August 2020 through Sept 2020):	
RGGI	\$ 3
EE Extension	31
July 2013 Programs	432
August 2015 Programs	526
SAVEGREEN 2018	1,048
Estimated Recovery	\$ (617)
Estimated Interest	<u>\$ (1)</u>
Estimated Under/(Over) recovery at September 30, 2020	\$ (1,394)
Estimated Revenue Requirements (Oct 2020 through Sept 2021):	
RGGI	\$ 4
EE Extension	\$ 129
July 2013 Programs	\$ 1,010
August 2015 Programs	\$ 2,342
SAVEGREEN 2018	\$ 9,575
Total Amount to be Recovered	<u><u>\$ 11,665</u></u>
<u>Per Therm Recovery</u>	
Firm Throughput (000 therms)	713,730
Proposed Pre-tax EE Recovery Rate \$ per Therm	\$ 0.0163
Proposed After-tax EE Recovery Rate \$ per Therm	\$ 0.0174
Current Pre-tax EE Recovery Rate \$ per Therm	\$ 0.0160
Current After-tax EE Recovery Rate \$ per Therm	\$ 0.0171
Pre-tax EE Recovery Rate \$ per Therm Increase/ (Decrease)	\$ 0.0003
After-tax EE Recovery Rate \$ per Therm Increase/ (Decrease)	\$ 0.0003