



May 19, 2022

Via Electronic Mail

Honorable Carmen Diaz, Acting Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Re: Waiver Request of New Jersey Natural Gas Company to File A Petition For
A Review of the Original Service Agreement and First Amendment between
New Jersey Natural Gas and Essential Power OPP, LLC
BPU Docket No. **6020010091**

Dear Acting Secretary Diaz:

Please accept, on behalf of New Jersey Natural Gas Company (“NJNG” or “the Company”) this request for a waiver of the requirement to file a petition for a review of the prudence of the Original Service Agreement and First Amendment between the Company and Essential Power OPP, LLC (“OPP”). Specifically, the Company requests that the New Jersey Board of Public Utilities (“Board” or “BPU”) grant a waiver to allow NJNG to maintain the current rates set forth in the existing Board-approved Gas Service Agreement, as it is in the interest of the Company’s Basic Gas Supply Service (“BGSS”) customers for the reasons set forth below.

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.

By copy of this waiver request, this document is being forwarded this date via electronic mail to all persons whose names appear on the attached Service list.

BACKGROUND

NJNG and Ocean Peaking Power entered into an agreement (the “OPP Gas Service Agreement”) for firm off-peak transportation service to serve an electric generation facility in Lakewood, New Jersey. The OPP Gas Service Agreement provides for firm gas service from May 15 through September 15 of each year and no specified minimum level of service from September 16 through May 14 of each year. The original term of the OPP Gas Service Agreement was for ten years from the commencement of service. By Order dated June 20, 2003, the Board approved the Original Service Agreement.¹ After the initial term, the agreement continues for successive one-year terms unless either party provides a notice of termination. The OPP Gas Service Agreement has been in effect since June 2003.

On September 9, 2020, the Board issued an Order (“OPP Amendment Order”) approving the First Amendment to the Original OPP Gas Service Agreement between the Company and OPP.² In that OPP Amendment Order, the Board also directed “... the Company to file a petition for a review of the prudence of the Original Service Agreement and First Amendment, or any modified or new agreement, following the expiration of the current term”.³

The amendment to the OPP Gas Service Agreement maintained the pricing of the Original OPP Gas Service Agreement but reduced the operational balancing volumes available to OPP (the “First Amendment”). The increasing use of Operational Flow Orders (“OFOs”) by Texas Eastern Transmission, LP (“Tetco”) limited the flexibility of NJNG’s Tetco interstate gas supply service, which is OPP’s interstate pipeline gas supply

¹ In re the Petition of New Jersey Natural Gas Company for Approval of a Service Agreement Between NJNG and Ocean Peaking Power LLC, BPU Docket No. GR02120947, Order (June 20, 2003).

² In the Matter of the Petition of New Jersey Natural Gas Company and Essential Power OPP, LLC for Approval of (1) an Amendment to the Service Agreement and (2) a Protective Order and Exemption from Public Disclosure or Confidential Information, BPU Docket No. GO20010091 (September 9, 2020). (“OPP Amendment Order”).

³ Id. at 3

source. The reduced balancing quantities implemented through the First Amendment improves NJNG's ability to serve its core customers in an operationally flexible manner in the event of a Tetco OFO.

The New Jersey Division of Rate Counsel ("Rate Counsel") did not oppose approval of the First Amendment to the OPP Gas Service Agreement but noted that the rates charged under the Original Gas Service Agreement may be outdated given the length of time since the Original Gas Service Agreement was entered into and the industry developments that have occurred since then including increases in NJNG's cost of service.⁴

BASIS FOR WAIVER

The OPP Gas Service Agreement generates incremental revenues, providing important benefits to NJNG's BGSS customers. At the same time, NJNG's firm service commitment is limited to the off-peak period, limiting costs to OPP.

By way of this waiver request, NJNG confirms that the rates charged pursuant to the Original Gas Service Agreement and First Amendment remain appropriate and in the public interest. While NJNG agrees with Rate Counsel that substantial industry changes have occurred since the OPP rates were initially approved by the Board and implemented by the Company, these changes have not contributed to an increase in the costs of providing gas service to this customer. In fact, the Company's existing facilities serve one other customer and significant capital improvements have not been required. Moreover, the Company's existing facilities serving OPP continue to depreciate leading to ongoing increases in margin benefits for NJNG's BGSS customers. Based on these circumstances, no change to the existing rates under the agreement are necessary or warranted.

⁴ Id.

CONCLUSION

Based upon the foregoing, the Company believes it is in the best interest of its BGSS customers to maintain the current rates in effect under the OPP Original Gas Service Agreement and First Amendment. Therefore, the Company's request for a waiver from the requirement to file a petition for a review of the prudence of the Original Service Agreement and First Amendment between the Company and OPP is justified, reasonable and in the public interest.

Respectfully submitted



Andrew K. Dembia
Regulatory Affairs Counsel

AKD:sf

Waiver Request of New Jersey Natural Gas Company to File A Petition For A Review of
the Original Service Agreement and First Amendment between New Jersey Natural Gas
and Essential Power OPP, LLC

BPU Docket No.

SERVICE LIST

NJNG

Mark G. Kahrer
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Susan Fastuca
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

James Corcoran
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Tina Trebino
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Andrew Dembia
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Judy DeSalvatore
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Marianne Harrell
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Christopher Micak
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Justin Bates
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Jayana Shah
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

NJ BOARD OF PUBLIC UTILITIES

Michael Kammer
N.J. Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Paul Lupo
N.J. Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Waiver Request of New Jersey Natural Gas Company to File A Petition For A Review of
the Original Service Agreement and First Amendment between New Jersey Natural Gas
and Essential Power OPP, LLC

BPU Docket No.

SERVICE LIST

DIVISION OF RATE COUNSEL

Brian O. Lipman, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Maura Caroselli, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

Karen Forbes
Division of Rate Counsel
140 East Front Street, 4th Floor
P.O. Box 003
Trenton, NJ 08625

DEPT. OF LAW & PUBLIC SAFETY
- DIVISION OF LAW

Terel Klein, DAG
Dept. of Law & Public Safety -
Division of Law
Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, N.J. 08625

Pamela Owen, ASC
Dept. of Law & Public Safety -
Division of Law
Public Utilities Section
R.J. Hughes Justice Complex
25 Market Street
P.O. Box 112
Trenton, N.J. 08625