



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 1<sup>st</sup> Floor  
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Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF NEW	)	DECISION AND ORDER
JERSEY NATURAL GAS COMPANY FOR THE	)	APPROVING INITIAL DECISION AND
ANNUAL REVIEW AND REVISION OF ITS BASIC	)	STIPULATION FOR FINAL RATES
GAS SUPPLY SERVICE (BGSS) AND	)	
CONSERVATION INCENTIVE PROGRAM (CIP)	)	BPU DOCKET NO. GR23060348
RATES FOR F/Y 2024	)	OAL DOCKET NO. PUC 11818-23

**Parties of Record:**

**Brian O. Lipman, Esq.**, Director, New Jersey Division of Rate Counsel  
**Andrew K. Dembia, Esq.**, on behalf of New Jersey Natural Gas Company

BY THE BOARD:

On June 1, 2023, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting authority to modify its current periodic Basic Gas Supply Service ("BGSS") rate, its Balancing Charge rate and Conservation Incentive Program ("CIP") rates ("2023 Petition"). By this Order, the Board considers an Initial Decision executed by Administrative Law Judge ("ALJ") Jacob Gertsman and a stipulation of settlement for final rates ("Stipulation") executed by NJNG, Board Staff ("Staff"), and the New Jersey Division of Rate Counsel ("Rate Counsel") (collectively, "Parties") requesting that the Board approve changes in the BGSS, CIP, and Balancing Charge rates on a final basis.

**BACKGROUND/PROCEDURAL HISTORY**

By Order dated January 6, 2003, the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board, by June 1 of each year, their respective annual BGSS cost filings for the BGSS year beginning October 1 of that year.<sup>1</sup> The January 2003 BGSS Order further authorized each GDC to self-implement up to a five percent (5%) BGSS increase, effective December 1 of the current year with one (1) month advance notice to the Board and Rate Counsel. The January 2003 BGSS Order further authorized each GDC to implement a second five percent (5%) increase, effective February 1 of the following year, with one (1) month of advance notice to

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<sup>1</sup> In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated January 6, 2003 ("January 2003 BGSS Order").

the Board and Rate Counsel. Finally, the 2003 BGSS Order authorized each GDC to decrease its BGSS rate at any time upon five (5) days' notice to the Board and Rate Counsel.

### **2023 PETITION**

Pursuant to the January 2003 BGSS Order, on June 1, 2023, NJNG filed the 2023 Petition requesting authority to decrease the Company's current per therm periodic BGSS rate from \$0.5065 to \$0.4290 effective October 1, 2023.<sup>2</sup> According to NJNG, with the rates in effect at the time the 2023 Petition was filed, the residential customer class was expected to be over-recovered by approximately \$25.862 million by September 30, 2023. Under the rate proposed in the 2023 Petition, the residential customer class was expected to be over-recovered by approximately \$8.851 million as of September 30, 2024.

According to NJNG, the calculated decrease in the periodic BGSS rate was due primarily to significant changes in the natural gas market resulting in lower commodity gas costs related to market pricing as compared to last year, combined with the impact of the Texas Eastern Transmission rate case and the Eastern Gas Transmission and Storage rate case.

In the 2023 Petition, the Company also sought authority to decrease its per therm Balancing Charge rate from \$0.1380 to \$0.1266. The Balancing Charge is included in the delivery charge for certain sales and transportation customers, and its revenues are credited to the BGSS. It consists of two (2) components: 1) carrying charges on inventory costs; and 2) demand charges. The proposed balancing charge results in an additional \$7.90 million decrease to BGSS revenues.

The 2023 Petition also sought approval of the following per therm revised CIP rates to be effective October 1, 2023: Group I Residential Non-Heating— a charge of \$0.0389, Group II Residential Heating – a charge of \$0.0915, Group III General Service -- Small – a charge of \$0.0605, and Group IV General Service – Large – a charge of \$0.0388. The CIP calculations result in a current year margin deficiency of approximately \$48.57 million with \$44.73 million margin deficiency related to weather, and \$3.85 million margin deficiency related to non-weather factors. The BGSS Savings identified by the Company totaled approximately \$15.09 million to offset non-weather related CIP margin deficiency and charges for the October 2023 through October 2024 period.

On August 11, 2023, the Company updated the CIP scheduled to reflect actual data through June 30, 2023 ("Update"). The Update resulted in lower proposed CIP rates for Groups I and IV. Based upon the Update, the proposed CIP rates would result in an approximate after-tax revenue of \$28.83 million in current CIP revenue of \$25.25 million. The updated CIP rates combined with the requested BGSS rates and balancing Charge result in an overall decrease in after-tax revenue of approximately \$20.22 million.

Following publication of notices in newspapers in general circulation in the Company's service territory, virtual public hearings were conducted on August 23, 2023 at 4:30 p.m. and 5:30 p.m. No members of the public attended or filed comments related to the Company's 2023 Petition.

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<sup>2</sup> All rates quoted herein include Sales and Use Tax ("SUT") unless otherwise stated.

By Order dated, September 18, 2023, the Board approved a stipulation for provisional rates executed by the Parties.<sup>3</sup> By the September 2023 Order, the Board authorized NJNG to implement BGSS, Balancing Charge, and the CIP rates provided in the Update, effective for services rendered on and after October 1, 2023 on a provisional basis, subject to refund. As a result of the September 2023 Order, a typical residential heating customer using 100 therms per month was expected to see a monthly bill decrease of \$4.16 or approximately 2.8%.

On November 1, 2023, this matter was transmitted by the Board to the Office of Administrative Law as a contested case where it was assigned to ALJ Gertsman.

### **STIPULATION**

Following a review of the 2023 Petition, the Update, and conducting discovery, the Parties executed the Stipulation, which provides, in part, as follows:<sup>4</sup>

13. The Company's previously approved provisional rates, as described in Paragraph 10 of the Stipulation, should be deemed by the Board to be final rates. Those rates, effective October 1, 2023 are: 1) the Company's Periodic BGSS rate of \$0.4290 per therm after-tax; 2) the Company's Balancing Charge rate of \$0.1266 per therm after- tax; and 3) the following CIP rates all on a per-therm, after- tax basis: \$0.0382 for Group I Residential Non-Heat customers; \$0.0915 for Group II Residential Heat customers; \$0.0605 for Group III Small Commercial customers; and \$0.0353 for Group IV General Service Large customers. As a result of the Stipulation, and subject to Board approval of the Stipulation, the provisional rates included in this paragraph will be final, and the October 1, 2023 BGSS, CIP, and Balancing Charge rates shall remain in effect until further Board Order or further action by the Company in accordance with the January 2003 BGSS Order.
14. There will be no further impact on the monthly bill of a typical residential heating customer as a result of finalizing the 2023 provisional rates.
15. The Company's future annual BGSS gas cost filing shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFRs") adopted by the Board by Order dated June 20, 2003 and include an MFR index detailing the page number or exhibit where each MFR is addressed in the filing.<sup>5</sup> Copies of the MFRs are attached to the Stipulation as Attachment B.

On March 15, 2024, ALJ Gertsman issued an Initial Decision approving the Stipulation, finding that the Parties voluntarily agreed to the terms of the Stipulation and that the Stipulation fully disposes of all matters and is consistent with the law.

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<sup>3</sup> In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Rates for F/Y 2024, BPU Docket No. GR23060348, Order dated September 18, 2023 ("September 2023 Order").

<sup>4</sup> Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

<sup>5</sup> In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS), Gas Cost Recovery (GCR) Factor for C/Y 2003, BPU Docket No. GR02100760, Order dated June 20, 2003.

## **DISCUSSION AND FINDINGS**

The Board carefully reviewed the record in this proceeding, including the 2023 Petition, the Update, ALJ Gertsman's Initial Decision, and the Stipulation, and **HEREBY FINDS** that the Parties voluntarily agreed to the Stipulation, and that the Stipulation fully disposes of all issues in this proceeding and is consistent with the law. Accordingly, the Board **HEREBY FINDS** the Initial Decision, which adopts the Stipulation, to be reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and Stipulation, attached hereto, as its own, as though fully set forth herein, subject to any terms and conditions set forth in this Order.

The Board **HEREBY APPROVES** on a final basis:

1. A per-therm periodic BGSS rate of \$0.4290;
2. A per-therm Balancing Charge rate of \$0.1266; and
3. The following per-therm CIP rates:
  - A charge of \$0.0382 for Group I Residential Non-Heat customers;
  - A charge of \$0.0915 for Group II Residential Heat customers;
  - A charge of \$0.0605 for Group III Small Commercial customers; and
  - A charge of \$0.0353 for Group IV General Service Large customers.

Any net over-recovered BGSS, Balancing Charge, and CIP balance at the end of the BGSS period shall be subject to refund with interest.

Based upon the Stipulation, a typical residential heating customer using 100 therms per month will see no further impact on their monthly bill.

The Board **HEREBY DIRECTS** NJNG to file revised tariff sheets conforming to the terms of the Stipulation prior to May 15, 2024.

The Company's costs, including those related to the BGSS, Balancing Charge, and CIP, will 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.

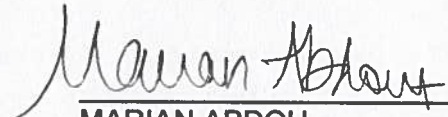
The effective date of this Order is May 7, 2024.

DATED: April 30, 2024

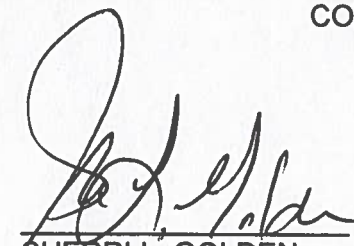
BOARD OF PUBLIC UTILITIES  
BY:

  
CHRISTINE GUHL-SADOW  
PRESIDENT

  
DR. ZENON CHRISTODOULOU  
COMMISSIONER

  
MARIAN ABDOU  
COMMISSIONER

  
MICHAEL BANGE  
COMMISSIONER

ATTEST:   
SHERRI L. GOLDEN  
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 PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE ANNUAL REVIEW  
AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE PROGRAM  
(CIP) RATES FOR F/Y 2023

BPU DOCKET NO. GR23060348  
OAL DOCKET NO. PUC 11818-23

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**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

OAL DKT. NO. PUC 11818-23

AGENCY DKT. NO. GR23060348

**IN THE MATTER OF THE PETITION  
OF NEW JERSEY NATURAL GAS COMPANY  
FOR THE ANNUAL REVIEW AND REVISION  
OF ITS BASIC GAS SUPPLY SERVICE (BGSS)  
AND CONSERVATION INCENTIVE PROGRAM  
(CIP) RATES FOR FISCAL YEAR 2024.**

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**Andrew K. Dembia**, Regulatory Affairs Counsel, for petitioner, New Jersey Natural Gas Company

**Terel Klein**, Deputy Attorney General, for Staff of the Board of Public Utilities  
(Matthew J. Platkin, Attorney General of New Jersey, attorney)

**Maura Caroselli**, Assistant Deputy Rate Counsel, for Division of Rate Counsel  
(Brian O. Lipman, Director)

Record Closed: March 12, 2024

Decided: March 15, 2024

BEFORE **JACOB S. GERTSMAN**, ALJ:

This proceeding involves a petition filed on June 1, 2023, by New Jersey Natural Gas Company (Company) pursuant to N.J.S.A. 48:2-21, for its annual filing for Basic Gas Supply Service (BGSS) and the Company's related requests to modify the BGSS, Conservation Incentive Program (CIP) and Balancing Charge rates.

The petition was transmitted to the Office of Administrative Law (OAL) on November 2, 2023, for determination as a contested case, and assigned to the undersigned, who conducted the initial telephone prehearing conference on January 8, 2024. Duly noticed public hearings were held virtually prior to the transmittal to the OAL on August 23, 2023, at 4:30 p.m. and 5:30 p.m. No members of the public appeared at either hearing and no written comments were received. Prior to the commencement of the evidentiary hearings, the parties filed on March 12, 2024, a Stipulation for Final Rates (J-1), resolving all issues in this proceeding. Said Stipulation has been signed by petitioner, Staff of the Board of Public Utilities, and Division of Rate Counsel. It indicates the terms of settlement and is attached and fully incorporated herein.

I have reviewed the terms of settlements and I **FIND**:

1. The parties have voluntarily agreed to the settlements as evidenced by their signatures or their representatives' signatures on the attached document.
2. The settlements fully dispose of all issues in controversy between the parties and is consistent with the law.


I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.



This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

March 15, 2024

DATE

  
\_\_\_\_\_  
JACOB S. GERTSMAN, ALJ t/a

Date Received at Agency:

3/15/2024

Date Mailed to Parties:

3/15/2024

JSG/jm/nn



March 12, 2024

**Via Electronic Mail**

Honorable Jacob Gertsman Administrative Law Judge  
OFFICE OF ADMINISTRATIVE LAW  
P.O. Box 049  
Trenton, NJ 08625-0049

Re: In the Matter of the Petition of New Jersey Natural Gas Company For the  
Annual Review and Revision of its Basic Gas Supply Service (BGSS)  
and its Conservation Incentive Program (CIP) Rates for F/Y 2024  
BPU Docket No. GR23060348  
OAL Docket. No: PUC 11818-23

Dear Judge Gertsman:

Enclosed with this letter is a fully executed Stipulation for Final Rates in the  
above captioned matter.

Please do not hesitate to contact me at [adembia@njng.com](mailto:adembia@njng.com) if you need any  
additional information.

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  
Regulatory Affairs Counsel

AKD:ss

cc: Service list

**NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION  
OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND  
CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2024  
DOCKET NO. GR23060348**

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**NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION  
OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND  
CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2024  
DOCKET NO. GR23060348**

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**STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES  
OFFICE OF ADMINISTRATIVE LAW**

**IN THE MATTER OF THE PETITION OF NEW ) BPU DOCKET NO. GR23060348  
JERSEY NATURAL GAS COMPANY FOR THE ) OAL Dkt. No. PUC 11818-23  
ANNUAL REVIEW AND REVISION OF ITS BASIC )  
GAS SUPPLY SERVICE (BGSS) AND ITS )  
CONSERVATION INCENTIVE PROGRAM (CIP) )  
RATES FOR F/Y 2024 )**

**STIPULATION FOR FINAL RATES**

**APPEARANCES:**

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

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**Terel Klein**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Matthew J. Platkin**, Attorney General of New Jersey)

**TO: THE HONORABLE JACOB GERTSMAN, ADMINISTRATIVE LAW JUDGE**

**BACKGROUND**

1. On June 1, 2023, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting authority to: 1) decrease the Company’s Periodic Basic Gas Supply Service (“BGSS”) rate effective October 1, 2023; 2) decrease the Company’s Balancing Charge effective October 1, 2023; and 3) increase the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group I Residential Non- Heat customers, Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers effective October 1, 2023 (“Petition”).

2. Specifically, NJNG requested that the Company’s existing per therm after-tax Periodic BGSS rate of \$0.5065 that is applicable to residential and small commercial customers, subject to the Periodic BGSS Pricing Mechanism, be decreased to \$0.4290 per therm. As requested by Board Staff

(“Staff”), NJNG’s filing reflected market conditions as of May 10, 2023, and was based upon a one (1)-year BGSS recovery period. The requested change would result in an overall decrease of after-tax revenue of approximately \$41.15 million from the current estimated annual BGSS revenue of \$268.91 million.

3. The Company also requested a \$0.0114 per therm decrease to the after-tax balancing charge, thereby decreasing it from \$0.1380 to \$0.1266. As approved by the Board on November 17, 2021, NJNG is to adjust its Balancing Charge in the annual BGSS filing to reflect updated pipeline demand charges, credit adjustments, and the percentage of peak day volume related to balancing associated with the pipeline demand portion of the Balancing Charge.<sup>1</sup> The Rate Case Order also provides for the inventory portion of the Balancing Charge to be updated in a base rate case. The Balancing Charge is a component of the delivery charge for certain sales and transportation customers, and all Balancing Charge revenues are credited to BGSS. The requested change would result in an overall decrease of after-tax revenue of approximately \$7.90 million from the current estimated annual Balancing Charge revenue of \$95.66 million.

4. In the Petition, as authorized by the Board in Docket Nos. GR05121020 and GR13030185, the Company also submitted its annual CIP rate filing for CIP year 2024, October 1, 2023 through September 30, 2024, and requested that the BPU approve the implementation of updated CIP factors effective October 1, 2023.<sup>2</sup> Specifically, the Company sought approval for the following changes to its after-tax, per therm CIP factors: 1) a \$0.0301 increase to the current rate of \$0.0088 for Group I Residential Non-Heat customers resulting in a proposed rate of \$0.0389; 2) a \$0.0473 increase to the current rate of \$0.0442 resulting in a proposed rate of \$0.0915 for Group II Residential Heat customers; 3) a \$0.0425

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<sup>1</sup> In re the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Base Rate 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, BPU Docket No. GR21030679, Order dated November 17, 2021 (“Rate Case Order”).

<sup>2</sup> In re the Petition of New Jersey Natural Gas Company for Authority to Implement Conservation and Usage Adjustment, BPU Docket No. GR05121020, Order dated January 20, 2010, AND In re the Petition of New Jersey Natural Gas Company and South Jersey Gas Company for Authority to Continue the Conservation Incentive Program, BPU Docket No. GR13030185, Order Dated May 21, 2014 (“May 2014 Order”).

increase to the current rate of \$0.0180 for Group III Small Commercial customers resulting in a proposed rate of \$0.0605; and 4) a \$0.0246 increase to the current rate of \$0.0142 resulting in a proposed rate of \$0.0388 for Group IV Large Commercial customers. The requested changes would result in an overall increase in after-tax revenue of approximately \$29.32 million from the current estimated annual CIP revenue of \$25.25 million.

5. Pursuant to the May 2014 Order, recovery of any non-weather related CIP surcharges are subject to a BGSS Savings Test under which the Company must have BGSS savings of at least 75 percent (75%) of the non-weather related margin deficiency, and a Variable Margin Test under which the non-weather related margin deficiency must be less than or equal to 6.5 percent (6.5%) of aggregate variable margins. Any amount that exceeds these limitations may be deferred for future recovery and will be subject to the recovery tests in a future period. Additionally, recovery of the current year margin deficiency must meet an earnings test. The Company reported total estimated CIP related margin deficiency for CIP year 2023, October 1, 2022 through September 30, 2023, of approximately \$48.57 million with \$44.73 million margin deficiency related to weather, and \$3.85 million margin deficiency related to non-weather factors. The amount of the BGSS Savings required to meet the BGSS Savings test is 75 percent (75%) of the non-weather change or \$2.89 million. The Company identified approximately \$15.09 million in BGSS savings available to offset non-weather-related CIP margin deficiency and charges for the October 2023 through September 2024 recovery period. Under the Variable Margin Test, the recovery limitation is \$23.57 million based upon 6.5 percent of aggregate variable margins reported by the Company for October 1, 2022 through September 30, 2023. Since the non-weather-related CIP margin deficiency is less than the BGSS Savings and the Variable Margin Test recovery limitation, the Company has met both tests based upon the information and representations contained in the Company's filing. The Company also provided testimony that the margin deficiency will not result in a return on equity in excess of 9.60 percent (9.6%).

6. Modifying the BGSS, Balancing Charge, and CIP rates as requested in the Petition would result in a requested overall decrease of approximately \$4.16 per month, or 2.8 percent, to the average

residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) using 25 therms per month from these requested rate changes will be a decrease of \$1.46, or 3.2 percent, to the average small commercial customer (Group III) using 100 therms a month will be a decrease of \$4.64, or 2.7 percent, and to the average large commercial customer (Group IV) using 1200 therms a month will be an increase of \$29.52, or 1.8 percent. The above BGSS, Balancing Charge, and CIP rate changes result in a decrease in annual after-tax revenues to NJNG of approximately \$19.73 million.

7. On August 11, 2023, the Company submitted a response to Discovery Request RCR-A-0006 updating the CIP schedules to reflect actual data through June 30, 2023, which resulted in proposed CIP rates for Groups I and IV that were lower than originally filed. The updated after-tax CIP rates per therm are a charge of \$0.0382 for Group I and \$0.0353 for Group IV. The updated CIP rates for Groups I and IV, and the filed after-tax CIP rates for Group II of \$0.0915 and Group III of \$0.0605 per therm result in an overall increase of after-tax revenue of approximately \$28.83 million to the current estimated annual CIP revenue of \$25.25 million. The updated schedules resulted in no change in the proposed CIP rates for Groups II and III. The updated CIP rates combined with the requested BGSS rate of \$0.4290, and Balancing Charge of \$0.1266, result in an overall decrease in after-tax revenue of approximately \$20.22 million.

8. After publication of notice in newspapers of general circulation in NJNG's service territory, public hearings were scheduled and conducted virtually on August 23, 2023 at 4:30 pm and 5:30 pm. No members of the public participated in either hearing nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").

9. NJNG, Staff, and Rate Counsel (collectively, "Parties"), the only parties to this proceeding, discussed the matters at issue herein. As a result of those discussions, the Parties determined that additional time was needed to complete a comprehensive review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, during the discussions, the Company proposed, and the Parties agreed, that implementation of the requested BGSS rate, the requested CIP rate for Groups II and III, the updated CIP



rates for Groups I and IV, and the requested Balancing Charge rate, on a provisional basis and subject to the terms below, would be reasonable, and accordingly executed a stipulation for provisional rates.

10. On September 18, 2023, the Board issued an Order approving the Parties' stipulation of settlement for provisional rates executed to resolve the matters at issue herein.<sup>3</sup> The September 2023 Order authorized the Company to: 1) decrease the Company's existing periodic BGSS rate to \$0.4290 per therm after-tax; 2) decrease the Company's Balancing Charge to \$0.1266 per therm after tax; and 3) and adjust the following CIP rates all on a per-therm, after tax basis: \$0.0382 for Group I Residential Non-Heat customers, \$0.0915 for Group II Residential Heat customers, \$0.0605 for Group III General Service Small Commercial customers, and \$0.0353 for Group IV General Service Large Commercial customers. The aforementioned rates became effective October 1, 2023, and were subject to refund with interest with an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and subject to final approval by the Board. A full schedule of applicable bill impacts by rate class is attached hereto as Attachment A.

11. On December 7, 2023, this matter was transmitted to the OAL as a contested case and was subsequently assigned to the Honorable Jacob Gertsman, Administrative Law Judge ("ALJ Gertsman"). A telephonic pre-hearing conference was held on January 8, 2024. ALJ Gertsman issued a Notice of Status Conference dated January 10, 2024 setting February 21, 2024 as the date for a status conference with the Parties.

12. NJNG responded to all discovery requests that have been propounded in this proceeding by Staff and Rate Counsel.

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<sup>3</sup> In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Rates for F/Y 2024, BPU Docket No. GR23060348, Order dated September 18, 2023 ("September 2023 Order").

## **STIPULATION**

The Parties hereby **STIPULATE AND AGREE** as follows:

13. The Company's previously approved provisional rates, as described in Paragraph 10 above, should be deemed by the Board to be final rates. Those rates, effective October 1, 2023 are: 1) the Company's Periodic BGSS rate of \$0.4290 per therm after-tax; 2) the Company's Balancing Charge rate of \$0.1266 per therm after- tax; and 3) the following CIP rates all on a per-therm, after- tax basis: \$0.0382 for Group I Residential Non-Heat customers; \$0.0915 for Group II Residential Heat customers; \$0.0605 for Group III Small Commercial customers; and \$0.0353 for Group IV General Service Large customers. As a result of this Stipulation of Settlement ("Stipulation"), and subject to Board approval of the Stipulation, the provisional rates included in this paragraph will be final, and the October 1, 2023 BGSS, CIP, and Balancing Charge rates shall remain in effect until further Board Order or further action by the Company in accordance with the Generic BGSS Order.<sup>4</sup>

14. There will be no further impact on the monthly bill of a typical residential heating customer as a result of finalizing the 2023 provisional rates.

15. The Company's future annual BGSS gas cost filing shall continue to comply with the "Annual BGSS Minimum Filing Requirements" ("MFRs") adopted by the Board by Order dated June 20, 2003 and include an MFR index detailing the page number or exhibit where each MFR is addressed in the filing.<sup>5</sup> Copies of the MFRs are attached to the Stipulation as Attachment B.

16. 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

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<sup>4</sup> In re the Provision of Basic Gas Supply Service Pursuant to the Electric Discount and Energy Act, N.J.S.A. 48:3-49 et seq., BPU Docket No. GX01050304, Order dated January 6, 2003 ("Generic BGSS Order").

<sup>5</sup> In re the Petition of New Jersey Natural Gas Company for the Annual Review and Revision of its Basic Gas Supply Service (BGSS), Gas Cost Recovery (GCR) Factor for C/Y 2003, BPU Docket No. GR02100760, Order dated June 20, 2003.

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.

17. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

18. 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, 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. All rates are subject to audit by the Board. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

**WHEREFORE**, the Parties hereto do respectfully submit this Stipulation and request that Your Honor issue an Initial Decision and that the Board issue an Order approving it in its entirety, in accordance with the terms hereof.

**NEW JERSEY NATURAL GAS  
PETITIONER**



By: \_\_\_\_\_

ANDREW K. DEMBIA, ESQ.  
New Jersey Natural Gas

**BRIAN O. LIPMAN, ESQ., DIRECTOR  
NEW JERSEY DIVISION OF RATE COUNSEL**

By: \_\_\_\_\_

*/s/ Sarah H. Steindel*  
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**MATTHEW J. PLATKIN  
ATTORNEY GENERAL OF NEW JERSEY**  
Attorney for the Staff of the Board of Public Utilities

By: \_\_\_\_\_



TEREL KLEIN, ESQ.  
DEPUTY ATTORNEY GENERAL

Date: March 12, 2024

New Jersey Natural Gas Company  
Net Impact of Proposed Rate Changes  
BPU Docket No. GR23060348  
FY 2024

(\$/therm)

**Rate Impact for Group I - Residential Non-Heating Customers**

	Component of	5/1/23 Rates		Proposed 10/1/23 Rates		Change		Total Bill % Impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4750	\$0.5065	\$0.4023	\$0.4290	(\$0.0727)	(\$0.0775)	(4.3%)
Balancing Charge	Delivery Rate	0.1294	0.1380	0.1187	0.1266	(0.0107)	(0.0114)	(0.6%)
CIP	Delivery Rate	<u>0.0083</u>	<u>0.0088</u>	<u>0.0358</u>	<u>0.0382</u>	<u>0.0275</u>	<u>0.0294</u>	<u>1.6%</u>
<b>NET IMPACT</b>		<b>\$0.6127</b>	<b>\$0.6533</b>	<b>\$0.5568</b>	<b>\$0.5938</b>	<b>(\$0.0559)</b>	<b>(\$0.0595)</b>	<b>(3.3%)</b>

**Rate Impact for Group II - Residential Heating Customers**

	Component of	5/1/23 Rates		Proposed 10/1/23 Rates		Change		Total Bill % Impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4750	\$0.5065	\$0.4023	\$0.4290	(\$0.0727)	(\$0.0775)	(5.1%)
Balancing Charge	Delivery Rate	0.1294	0.1380	0.1187	0.1266	(0.0107)	(0.0114)	(0.8%)
CIP	Delivery Rate	<u>0.0415</u>	<u>0.0442</u>	<u>0.0858</u>	<u>0.0915</u>	<u>0.0443</u>	<u>0.0473</u>	<u>3.1%</u>
<b>NET IMPACT</b>		<b>\$0.6459</b>	<b>\$0.6887</b>	<b>\$0.6068</b>	<b>\$0.6471</b>	<b>(\$0.0391)</b>	<b>(\$0.0416)</b>	<b>(2.8%)</b>

**Rate Impact for Group III - General Service Small Customers**

	Component of	5/1/23 Rates		Proposed 10/1/23 Rates		Change		Total Bill % Impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.4750	\$0.5065	\$0.4023	\$0.4290	(\$0.0727)	(\$0.0775)	(4.5%)
Balancing Charge	Delivery Rate	0.1294	0.1380	0.1187	0.1266	(0.0107)	(0.0114)	(0.7%)
CIP	Delivery Rate	<u>0.0169</u>	<u>0.0180</u>	<u>0.0567</u>	<u>0.0605</u>	<u>0.0398</u>	<u>0.0425</u>	<u>2.5%</u>
<b>NET IMPACT</b>		<b>\$0.6213</b>	<b>\$0.6625</b>	<b>\$0.5777</b>	<b>\$0.6161</b>	<b>(\$0.0436)</b>	<b>(\$0.0464)</b>	<b>(2.7%)</b>

**Rate Impact for Group IV - General Service Large Customers**

	Component of	5/1/23 Rates		Proposed 10/1/23 Rates		Change		Total Bill % Impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2023)	\$0.3873	\$0.4130	\$0.3980	\$0.4244	\$0.0107	\$0.0114	0.8%
Balancing Charge	Delivery Rate	0.1294	0.1380	0.1187	0.1266	(0.0107)	(0.0114)	(0.8%)
CIP	Delivery Rate	<u>0.0133</u>	<u>0.0142</u>	<u>0.0331</u>	<u>0.0353</u>	<u>0.0198</u>	<u>0.0211</u>	<u>1.5%</u>
<b>NET IMPACT</b>		<b>\$0.5300</b>	<b>\$0.5652</b>	<b>\$0.5498</b>	<b>\$0.5863</b>	<b>\$0.0198</b>	<b>\$0.0211</b>	<b>1.5%</b>

For General Service – Large (“GSL”) sales customers, there is no impact from the proposed BGSS rate because they are subject to monthly market pricing for their natural gas supply. The GSL BGSS decrease shown above reflects the proposed Balancing Charge change since the Balancing Charge is deducted from the BGSS charge and included as a component of the delivery charge for no impact to the total bill of GSL sales customers.

**Projected Annual Post-tax BGSS, CIP, and WNC revenue**

Projected Annual Therms:		
Periodic BGSS		530,920 (000s)
Balancing Charge		693,173 (000s)
CIP Group I		3,032 (000s)
CIP Group II		509,432 (000s)
CIP Group III		40,172 (000s)
CIP Group IV		139,402 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$268.91	\$227.76	(\$41.15)
Balancing Charge	\$95.66	\$87.76	(\$7.90)
CIP Group I	\$0.03	\$0.12	\$0.09
CIP Group II	\$22.52	\$46.61	\$24.09
CIP Group III	\$0.72	\$2.43	\$1.71
CIP Group IV	<u>\$1.98</u>	<u>\$4.92</u>	<u>\$2.94</u>
<b>IMPACT</b>	<b>\$389.82</b>	<b>\$369.60</b>	<b>(\$20.22)</b>

New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR23060348  
FY 2024

<u>Impact on Residential Non-Heating Customers</u>			
			25 therm bill
<b>5/1/23 Rates</b>	Customer Charge	\$11.00	\$11.00
	Delivery	\$0.8599	\$21.50
	BGSS	\$0.5065	\$12.66
	<b>Total</b>	<b>\$1.3664</b>	<b>\$45.16</b>
<b>Proposed Rates- effective 10/1/23</b>	Customer Charge	\$11.00	\$11.00
	Delivery	\$0.8779	\$21.95
	BGSS	\$0.4290	\$10.73
	<b>Total</b>	<b>\$1.3069</b>	<b>\$43.68</b>
	<b>Decrease</b>		<b>(\$1.48)</b>
	<b>Decrease as a percent</b>		<b>(3.3%)</b>

<u>Impact on Residential Heating Customers</u>				
			100 therm bill	1,000 therm annual bill
<b>5/1/23 Rates</b>	Customer Charge	\$11.00	\$11.00	\$132.00
	Delivery	\$0.8953	\$89.53	\$895.30
	BGSS	\$0.5065	\$50.65	\$506.50
	<b>Total</b>	<b>\$1.4018</b>	<b>\$151.18</b>	<b>\$1,533.80</b>
<b>Proposed Rates- effective 10/1/23</b>	Customer Charge	\$11.00	\$11.00	\$132.00
	Delivery	\$0.9312	\$93.12	\$931.20
	BGSS	\$0.4290	\$42.90	\$429.00
	<b>Total</b>	<b>\$1.3602</b>	<b>\$147.02</b>	<b>\$1,492.20</b>
	<b>Decrease</b>		<b>(\$4.16)</b>	<b>(\$41.60)</b>
	<b>Decrease as a percent</b>		<b>(2.8%)</b>	<b>(2.7%)</b>

<u>Impact on Commercial GSS Customers</u>			100 therm bill
<b>5/1/23 Rates</b>	Customer Charge	\$42.00	\$42.00
	Delivery	\$0.7896	\$78.96
	BGSS	\$0.5065	\$50.65
	<b>Total</b>	<b>\$1.2961</b>	<b>\$171.61</b>
<b>Proposed Rates- effective 10/1/23</b>	Customer Charge	\$42.00	\$42.00
	Delivery	\$0.8207	\$82.07
	BGSS	\$0.4290	\$42.90
	<b>Total</b>	<b>\$1.2497</b>	<b>\$166.97</b>
	<b>Decrease</b>		<b>(\$4.64)</b>
	<b>Decrease as a percent</b>		<b>(2.7%)</b>

<u>Impact on Commercial GSL Customers</u>			1200 therm bill
<b>5/1/23 Rates</b>	Customer Charge	\$104.00	\$104.00
	Demand Charge	\$3.41	\$327.36
	Delivery	\$0.5910	\$709.20
	BGSS (May 2023)	\$0.4130	\$495.60
	<b>Total</b>	<b>\$1.0040</b>	<b>\$1,636.16</b>
<b>Proposed Rates- effective 10/1/23</b>	Customer Charge	\$104.00	\$104.00
	Demand Charge	\$3.41	\$327.36
	Delivery	\$0.6007	\$720.84
	BGSS (May 2023)	\$0.4244	\$509.28
	<b>Total</b>	<b>\$1.0251</b>	<b>\$1,661.48</b>
	<b>Increase</b>		<b>\$25.32</b>
	<b>Increase as a percent</b>		<b>1.5%</b>

**Minimum Filing Requirements**

1. Motion, Supporting Testimony & Tariff Modifications
2. Computation of Proposed BGSS Rate
3. Public Notice with Proposed Impact on Bills
4. Actual and Forecasted Refund Amounts
5. Cost of Gas Sendout by Component
6. BGSS Contribution and Credit Offsets
7. Over/Under Recovery Comparisons
8. Wholesale Gas Pricing Assumptions
9. GCUA Recoveries and Balances
10. Historical Service Interruptions
11. Gas Price Hedging Activities
12. Storage Gas Volumes, Prices and Utilization
13. Affiliate Gas Supply Transactions
14. Supply and Demand Data
15. Actual Peak Day Supply and Demand
16. Capacity Contract Changes
17. FERC Pipeline Activities

**Annual BGSS Minimum Filing Requirements**

1. **Motion, Supporting Testimony & Tariff Modifications**

In support of its filing, a GCD should provide supporting testimony which addresses any material events or major factors affecting either the prior period's deferred gas balance or its forecasted BGSS rate. In addition to the associated motion, redlined tariff sheets should be provided for all proposed tariff changes.

2. **Computation of Proposed BGSS Rates**

A summary schedule should show all of the forecasted BGSS cost components and applicable credits which comprise the basis for the proposed BGSS rates that are to become effective October 1<sup>st</sup>. The cost components and applicable credits should be provided with all material amounts broken out separately.

3. **Public Notice with Proposed Impact on Bills**

A copy of the Company's Public Notice should be provided with details concerning the impact of the proposed BGSS rates on typical gas bills at various winter therm utilization levels.

4. **Actual and Forecasted Refund Amounts**

Schedules should be provided which show actual and estimated refund amounts for the reconciliation period as well as the estimated refunds for the projected period beginning October 1. The schedule should identify the refunds by month and should provide associated information on the applicable FERC docket involved.



5. Cost of Gas Sendout by Component

Monthly data showing the derivation of all cost components shown on the BGSS Computation Schedule should be provided for the reconciliation and projected periods. The monthly data should also provide detail on applicable volumes by customer classification.

6. BGSS Contribution and Credit Offsets

Monthly data showing the derivation of all BGSS cost offsets, including interruptible margins, capacity transactions, pipeline refunds and other credits should be provided for the reconciliation and projected periods.

7. Over/Under Recovery Comparisons

Schedules should be provided which show the derivation of the monthly over or under recoveries plus cumulative balances for the reconciliation and projected period. For the reconciliation period, a schedule should also show the calculation of the monthly actual or estimated accrued interest. These schedules should include prospective data shown for projected period based on the prevailing BGSS rate and, alternatively, based on the requested BGSS rate.

8. Wholesale Gas Pricing Assumptions

The GDC should provide schedules which detail the monthly gas prices for the reconciliation and projected periods. The schedules should show the prices utilized in developing the existing BGSS rate and those utilized for projecting the proposed BGSS rate. To the degree third party price indexes or forecasts are the basis for such gas prices, associated documentation should also be provided.

9. GCUA Recoveries and Balances

Schedules should be provided that show monthly data for the GCUA since its inception. The data should provide the unamortized balances, recoveries, and accrued interest by month with any associated workpapers.

10. Historical Service Interruptions

A schedule should be provided which details any service interruptions during the past 12 months. The schedule should show the dates of the interruptions, the service categories affected, and whether each interruption was operational or economic in nature.

11. Gas Price Hedging Activities

The GDC should provide copies of its last four quarterly hedging reports as filed with the Board. It should also provide a schedule covering both the reconciliation and projected period which shows monthly gas purchase volume requirements and price hedged volumes broken down into discretionary and non-discretionary components which allow evaluation of compliance with the GDC's established hedging objectives.

12. Storage Gas Volumes, Prices and Utilization

Schedules should be provided which show the GDC's monthly data for LNG, LPG, and pipeline storage volumes. The schedules should show volumes and dollars for balances, injections, and withdrawals with all data shown on a Dth basis.

13. Affiliate Gas Supply Transactions

The GDC's filing should have disclosure of all gas supply and capacity transactions with any affiliates during the reconciliation or forecasted periods. The disclosure should provide the nature, terms, and conditions of any such transactions, the date

of the transactions, and evidence that the gas supply or capacity resources transactions were at market rates.

14. Supply and Demand Data

Schedules should be provided that show the GDC's firm requirements and gas supplies by component on an annual, heating season and non-heating season basis. The data should be provided for the reconciliation period and the two prior and two prospective annual periods.

15. Actual Peak Day Supply and Demand

The GDC should provide data for the five highest demand days, for each of the last three years, showing date, temperature or HDD, firm and interruptible volumes and the sources of supply used to meet the associated volume requirement.

16. Capacity Contract Changes

The GDC filing should provide details concerning any changes to its interstate pipeline contracts (entitlements, storage capacities, daily deliverability, transportation, or associated costs) which have been made or occurred during the past 24 months or are planned for the next 12 months. To the degree any significant changes have been made or are planned, a narrative should discuss operational and cost consequences as well as the rationale for the changes.

17. FERC Pipeline Activities

The GDC's filing should provide details on any pending FERC dockets which would affect the cost or services received from the GDC's supplying pipelines. The GDC should also provide details concerning its participation in such dockets and a listing of any filings or testimony made by the GDC or on its behalf.