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New Jersey Board of Public Utilities Approves Settlement in New Jersey Natural Gas Company Base Rate Case

- While the requested rate increase of 24.2% is reduced to 7.4%, typical residential customers will see slightly lower bills this winter -

Trenton, N.J. – Today, the New Jersey Board of Public Utilities (Board) approved a settlement reached among the parties in the base rate case filed by New Jersey Natural Gas Company (NJNG) that reduces the company’s originally proposed rate increase of 24.2% to 7.4%. For the average residential customer, who uses 1,000 therms annually, the settlement results in an annual increase of $72.30, down from annual increase of $236.40 under the company’s original request. The impact of the base rate case on ratepayers is mitigated by the company’s announced bill credit and the Board’s provisionally approved Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) rates that, in totality, result in the average residential customer receiving an annual bill reduction of approximately $2.11.

The Stipulation of Settlement (settlement) was agreed upon by the parties that included the AARP, the N.J. Division of Rate Counsel, TAQA-GEN-X, LLC, New Jersey Utility Shareholders Association and Board Staff.

“The Board is satisfied with the settlement reached through the parties’ negotiations and thankful those efforts were able to significantly reduce the rate impact upon the company’s customers,” said Richard S. Mroz, President, New Jersey Board of Public Utilities.

On November 13, 2015, NJNG filed a petition for an increase of $147.6 million in its current base tariff rates and charges for gas service. The matter was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge Gail M. Cookson.

On August 12, 2016, the parties reached a settlement that includes a total revenue increase of $45 million (exclusive of Sales and Use Tax), a 9.75% Return on Equity, and a depreciation rate of 2.4%. The Stipulation also includes an extension of the Safety Acceleration and Facility Enhancement (SAFE) Program which is estimated to cost approximately $200 million over the next five (5) years.

The new rates will take effect on October 1, 2016, to correspond with the Board’s provisional approval of NJNG’s BGSS and CIP rates today. On September 16, 2016, NJNG announced that it will be providing a rate credit of approximately 16.70 cents per therm for the months of November 2016
through February 2017, which is expected to save a typical residential customer approximately $103 over this time period. In totality, an average residential customer using 1000 therms per year will see a net reduction in their annual bill of approximately $2.11.

The company’s initial filing included costs associated with the Southern Reliability Link pipeline project. Those costs are not included as part of the settlement.

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