



Agenda Date: 05/19/15
Agenda Item: 2C

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

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|---|--------------------------------|
| IN THE MATTER OF THE PETITION OF NEW JERSEY) | DECISION AND ORDER |
| NATURAL GAS COMPANY FOR THE ANNUAL) | APPROVING INITIAL DECISION |
| REVIEW AND REVISION OF SOCIETAL BENEFITS) | AND STIPULATION |
| CHARGE FACTORS FOR REMEDIATION YEAR 2014) | |
|) | BPU DOCKET NO. GR14091047 |
|) | OAL DOCKET NO. PUC 16111-2014N |

Parties of Record:

Andrew K. Dembia, Esq., New Jersey Natural Gas Company
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

BACKGROUND

On September 23, 2014, New Jersey Natural Gas Company (“the Company”) petitioned the New Jersey Board of Public Utilities (“the Board”) to change rates for two components of the Company’s Societal Benefits Charge (“SBC”): the Remediation Adjustment (“RA”) rate and the New Jersey Clean Energy Program (“NJCEP”) rate (“the Petition”). The Petition seeks recovery of remediation expenditures incurred by the Company from July 1, 2013 through June 30, 2014 (“Remediation Year 2014”), a decrease to the Company’s current per therm RA rate from \$0.0300 to \$0.0134, and a decrease of the NJCEP rate from \$0.0422 to \$0.0257.¹

Per the settlement of the Company’s base rate case in BPU Docket No. GR91081383J, the Board established the RA rate as the cost recovery method by which the Company recoups its remediation spending associated with the clean-up of six former manufactured gas plant sites on a deferred basis over a rolling seven-year period.

¹ All per therm rates referenced in this Order include sales and use taxes.

The NJCEP rate is designed to recover costs incurred for the Company's share of statewide energy efficiency and renewable energy expenditures.

On November 24, 2014, the Petition was transmitted to the Office of Administrative Law and assigned to Administrative Law Judge ("ALJ") Leland McGee for hearing as a contested case.

STIPULATION²

On March 25, 2015, the Company, Rate Counsel and Board Staff (collectively, "the Parties") executed a stipulation of settlement ("Stipulation") providing as follows:

Based on the RA and NJCEP changes referenced above, the Company's updated all-inclusive SBC billing factor shall be \$0.0560 per therm, effective upon Board approval, which is a decrease of \$0.0331 per therm from the current SBC rate of \$0.0891 per therm. The updated SBC billing rate shall continue to remain in effect until changed by further Order of the Board. The annual bill impact of the proposed decrease in the SBC rate for a residential heating customer using 1,000 therms is approximately \$33.10, or 3.26%.³

RA:

The RA portion of the SBC rate should be set to \$0.0134 per therm and remain in effect until changed by further Board Order. The \$0.0134 per therm RA rate is based upon total recoverable RA costs of approximately \$8.5 million including interest through September 30, 2014, and reflects recoverable RA costs for Remediation Year 2014 of approximately \$4.2 million.

All issues relating to RA expenditures incurred by the Company during Remediation Year 2014 have been examined and are deemed fully resolved.

The Company will continue to provide a final reconciliation of its annual RA rate recovery, including the calculation of actual volumes subject to the RA rate, and the resultant net expense or credit amount which is to be carried-over to the next recovery year.

The Company will review the reimbursement of third party RA-related legal fees as part of settlements to resolve disputes over access to property required for remediation activities. The results of this review will be provided as part of the proceedings on the Company's Fiscal Year 2015 SBC filing.

Recovery of RA rate costs shall also continue to be subject to the same conditions as set forth in the stipulations approved by the Board in the December 21, 1994 Order, Docket No. GR94070333, and the November 22, 1995 Order, Docket No. GR95090409.

The Company's expenditures recovered through the RA rate remain subject to audit. Such audit may be through any audit mechanism determined to be appropriate by the Board.

² Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

³ Per Exhibit B attached to the Stipulation.

The Company represents that the Petition does not include the recovery of any costs associated with Natural Resource Damage ("NRD") claims currently being investigated by the New Jersey Department of Environmental Protection. The Parties agree that the Board should make no determination in this proceeding as to the reasonableness or the recoverability under the Company's RA clause of NRD damages or related costs.

The Company will continue to include with its RA filings responses to the Minimum Filing Requirements as set forth in Exhibit A of the Stipulation.

NJCEP:

The Parties agree that the Company should reduce its current NJCEP rate of \$0.0422 per therm to \$0.0257 per therm to reflect the Company's share of NJCEP contribution levels, as approved by the Board's Order dated June 30, 2014 in Docket No. EO11050324V⁴.

The Company will review all outside contracts for services related to consumer outreach to evaluate whether all or some of such services could be performed by employees, and to ensure that compensation paid to third parties is commensurate with a reasonable hourly rate based on level of expertise and documented time required to perform the contracted work. The results of this review will be provided as part of the proceedings on the Company's Fiscal Year 2015 SBC filing.

Initial Decision

ALJ McGee issued an Initial Decision dated April 2, 2015, adopting the Stipulation, finding that the Parties voluntarily agreed to the Stipulation and that the Stipulation fully disposed of all issues in controversy and is consistent with the law.

DISCUSSION AND FINDINGS

Having reviewed the Stipulation and the Initial Decision, and being persuaded that the Parties thoroughly reviewed the costs for the period at issue, the Board **HEREBY FINDS** that, subject to the terms and conditions set forth below, the attached Initial Decision and Stipulation are reasonable, in the public interest, and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Initial Decision and the Stipulation in their entirety and **HEREBY INCORPORATES** their terms and conditions as if fully set forth herein.

The Board **HEREBY ORDERS** that effective June 1, 2015 the Company's after-tax per therm RA and NJCEP rates be set at \$0.0134 and \$0.0257, respectively, and should so remain until changed by further Order of the Board.

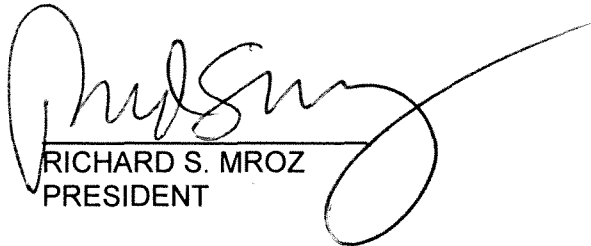
⁴ In June 2014, the BPU approved a CEP contribution level for NJNG of approximately \$15.576 million for the fiscal period July 2014 through June 2015.

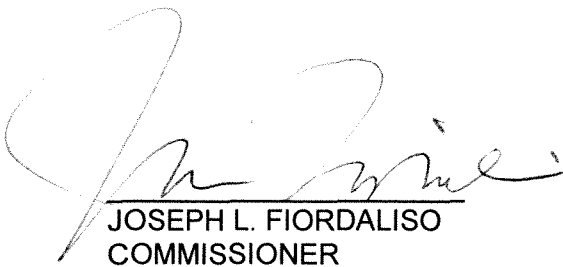
The Company's RA and NJCEP rates remain subject to audit by the Board. This Decision and Order shall not preclude the Board from taking any actions deemed to be appropriate as a result of any such audit.


This Order shall become effective on June 1, 2015.

DATED: *May 19, 2015*

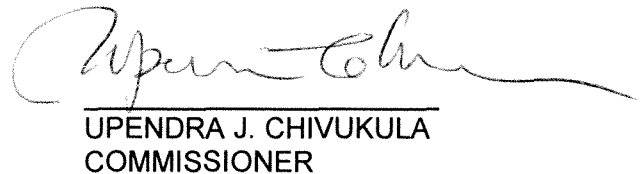
BOARD OF PUBLIC UTILITIES
BY:

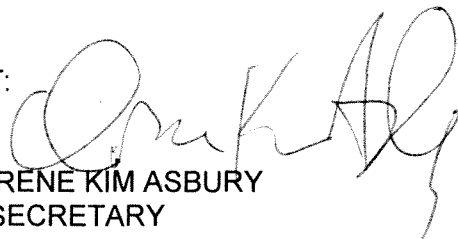

RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

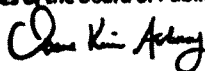

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST: 
IRENE KIM ASBURY
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 SOCIETAL BENEFITS CHARGE FACTORS FOR
REMEDATION YEAR 2014
BPU DOCKET NO. GR14091047

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March 27, 2015

(Via Federal Express Next Day Delivery)

Honorable Leland S. McGee, ALJ
Office of Administrative Law
33 Washington Street
Newark, NJ 07102

Re: In the Matter Of The Petition Of New Jersey Natural Gas Company For
The Annual Review and Revision of Societal Benefits Charge Factors for
Remediation Year 2014
BPU DOCKET NO. GR14091047
OAL DOCKET NO. PUC16111-2014N

Dear Judge McGee:

Enclosed please find an executed Stipulation of Settlement ("Stipulation") in the above captioned matter for Your Honor's consideration. If the Stipulation meets Your Honor's approval, it is respectfully requested that Your Honor issue an Initial Decision approving the Stipulation.

In order for the matter to be considered by the New Jersey Board of Public Utilities at its April 15, 2015 regularly scheduled Agenda meeting, Petitioner, New Jersey Natural Gas Company, respectfully requests that Your Honor issue an Initial Decision as expeditiously as possible.

Thank you for all your efforts in accommodating the Parties request to amicably resolve this matter.

Respectfully submitted,

A handwritten signature in cursive script that reads 'Andrew K. Dembia'.

Andrew K. Dembia
Regulatory Affairs Counsel

AKD:jpc

C: Service List

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF
SOCIETAL BENEFITS CHARGE (SBC) FACTORS
FOR REMEDIATION YEARS 2014
DOCKET NO. GR14091047
OAL DOCKET NO. PUC _____**

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**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF
SOCIETAL BENEFITS CHARGE (SBC) FACTORS
FOR REMEDIATION YEARS 2014
DOCKET NO. GR14091047
OAL DOCKET NO. PUC _____**

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY)
FOR THE ANNUAL REVIEW AND) BPU DOCKET NO. GR14091047
REVISION OF SOCIETAL BENEFITS)
CHARGE FACTORS FOR REMEDIATION) OAL DOCKET NO. PUC16111-
YEAR 2014) 2014N**

STIPULATION

APPEARANCES:

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

Felicia Thomas-Friel, Deputy Rate Counsel, James Glassen, Esq. and Henry Ogden, Esq., Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie A. Brand, Esq., Director)

Alex Moreau and Christopher Psihoules, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of New Jersey)

**TO: THE HONORABLE LELAND MCGEE
ADMINISTRATIVE LAW JUDGE**

1. By Orders dated March 17, 1999 in Docket No. GX99030121 and dated March 30, 2001 in Docket No. GO99030123 pursuant to N.J.S.A. 48:3-60, New Jersey Natural Gas Company (“NJNG” or the “Company”) received approval to implement and assess a Societal Benefits Charge (“SBC”) as a non-bypassable charge.

2. On September 23, 2014, NJNG filed a petition in Docket No. GR14091047 relating to the Company’s Societal Benefits Charge (“SBC”) factors (the “SBC filing”). The factors or components included in the SBC are the Remediation Adjustment (“RA”) rate, the

statewide Universal Service Fund (“USF”) rate,¹ and the New Jersey Clean Energy Program (“NJCEP”) rate. In its petition, the Company requested that the New Jersey Board of Public Utilities (the “BPU” or “Board”) (1) decrease the Company’s existing after-tax RA rate of \$0.0300 per therm to \$0.0134 per therm; (2) decrease the NJCEP rate of \$0.0422 per therm to \$0.0257 per therm; and (3) approve the prudent and reasonable remediation expenditures incurred by the Company for the period July 1, 2013 through June 30, 2014 (“Remediation Year 2014”), to be effective October 1, 2014, or as of the effective date of the Board Order in this proceeding.

3. The Company’s SBC filing included its petition, testimonies, schedules, the Company’s Gas Service Tariff (redlined) and data that support the Company’s proposed decrease to its current RA rate. Additional information responsive to the fourteen (14) minimum filing requirements (“MFR’s”) for RA filings, as approved and required by Board Order dated April 13, 2006, in Docket No. GR04121565, was provided by the Company on October 17, 2014. A copy of the MFR’s are attached as Exhibit A to this Stipulation.

4. NJNG’s proposal to decrease its existing after-tax NJCEP factor of \$0.0422 per therm to \$0.0257 per therm reflects the Company’s share of the statewide NJCEP contribution levels, as approved by Board Order dated June 30, 2014 in Docket No. EO11050324V,² applicable to the period July 2014 through June 2015.

¹ USF is a fund established by the Board to help provide affordable electric and natural gas heating service for eligible residential customers in New Jersey. The statewide USF rates are addressed in annual filings submitted simultaneously by New Jersey’s natural gas and electric utilities. The after-tax natural gas USF factor at the time of this filing of \$0.0126 per therm was approved by the Board in its September 18, 2013 Order in Docket No. ER13060534. In its September 30, 2014 Order, the Board, in Docket No. ER14060613 approved an increase to the statewide USF factor to \$0.0169 per therm effective October 1, 2014

² The BPU approved an NJCEP contribution level for NJNG of \$ 15,576,207.25 for the fiscal period July 2014 through June 2015. In The Matter Of The Comprehensive Energy Efficiency and Renewable Energy Resource Analysis for Fiscal Years 2014 through 2017, Docket No. EO11050324V, dated June 30. Order at 19.

5. Public hearings on the SBC petition were not required as the petition requested a decrease to each component of the Company's SBC.

6. On November 24, 2014, this matter was transmitted to the OAL as a contested case and was assigned to the Honorable Leland McGee, Administrative Law Judge ("ALJ").

7. NJNG has received and responded to all discovery requests that have been propounded in this proceeding by the Parties.

8. Based upon further discussions, the Parties have reached an agreement to enter into this Stipulation finalizing the rates and resolving all issues raised in or related to the Company's RA and NJCEP rates, and resolving all issues raised relating to the Company's remediation expenses for the period July 1, 2013 through June 30, 2014.

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

(a) **Overall SBC Rate.** The Company's overall SBC billing factor shall be \$0.0560 per therm on an after-tax basis, effective upon Board approval, which is a decrease of \$0.0331 per therm from the current after-tax rate of \$0.0891 per therm. This overall SBC billing factor shall continue to remain in effect until changed by further Order of the Board. The impact of this rate change on a typical residential natural gas customer using 1000 therms per year is a decrease of approximately \$33.10 per year, or 3.26%. Attached hereto as Exhibit B is a summary of the SBC components and the calculation of the resulting price impact.

(a) **RA Factor.**

(i) The Company's after-tax RA factor within the SBC of \$0.0134 per term shall be deemed final and remain in effect until changed by further Board Order. The tariff sheets reflecting these rates, which will remain in effect, are attached hereto as Exhibit B.

(ii) All issues raised by the Company's filing herein relating to the RA expenditures incurred by the Company during Remediation Year 2014 have been examined and shall be deemed fully resolved and are prudent and reasonable.

(iii) The RA factor set forth above is based upon and reflects recoverable RA costs of approximately \$8.5 million, which amount includes interest for the period beginning October 1, 2013 through September 30, 2014. The current RA costs for Remediation Year 2014 are approximately \$4.2 million. The resulting rolling seven-year average is \$10.3 million.

(b) **NJCEP Factor.** The Company's after-tax NJCEP rate of \$0.0257 per term shall be deemed final and remain in effect until changed by further Board Order.

10. The Company will review all of the contracts for services related to consumer outreach, to evaluate whether some or all of the contracted services can be performed by Company employees, and to assure that compensation paid to outside vendors is commensurate with a reasonable hourly rate based on level of professional expertise and documented time required to perform the contracted work. In addition, all such contracts will be reviewed and, if necessary, amended to assure that the contracts and related documentation can be provided in discovery in proceedings before the Board without the necessity for a Board or Court Order. The

results of this review will be provided as part of the proceeding on the Company's Fiscal Year 2015 SBC filing.

11. The Company will review the reimbursement of third party legal fees as part of settlements to resolve disputes over access to property required for remediation activities. The results of this review will be provided as part of the proceedings on the Company's Fiscal Year 2015 SBC filing.

12. The Company agrees to provide a final reconciliation of its annual RA factor recovery, which reconciliation will include the calculation of actual volumes that recovered the RA factor and the resultant net expense or credit amount which is to be carried over to the next recovery year. Recovery and adjustments of the RA factor is subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's next SBC proceeding. Recovery of RA factor costs shall also continue to be subject to the same conditions as set forth in the Stipulations approved by the Board in its December 21, 1994 Order Adopting Initial Decision in BPU Docket No. GR94070333, and its November 22, 1995 Decision and Order Adopting Initial Decision and Stipulation in BPU Docket No. GR95090409.

13. As part of this Stipulation, the Parties agree that expenditures the Company recovers through the RA factor are subject to audit. Such audit may be through a review of the Company's Internal Audits conducted in relation to costs associated with this proceeding, or through any other audit mechanism determined to be appropriate by the Board.

14. The Company represents that its RA filing in this SBC filing does not include the recovery of any administrative, legal, consulting or other costs associated with Natural Resource Damage ("NRD") claims and no NRD costs were incurred during this RAC period ending June 30, 2014. The Parties accordingly stipulate and agree that the Board should make no

determination in this proceeding as to the reasonableness, or the recoverability under the Company's RA clause, of NRD damages or related costs, if any. The Parties expressly reserve their rights to argue their respective positions on these and related issues in future proceedings, as appropriate.

15. The Company agrees that it will continue to include with its RAC filings responses to the MFRs as set forth in Exhibit A to this Stipulation.

16. The Parties stipulate and agree that this Stipulation fully disposes of all issues in controversy in this proceeding, is consistent with law, and is in the public interest. 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 provision of this Stipulation is not accepted and approved in its entirety by Your Honor or 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 Your Honor or the Board, in any applicable order(s), does not adopt this Stipulation in its entirety 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 further agree that they consider the Stipulation to be binding on them for all purposes herein.

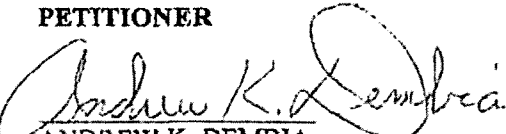
18. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, NJNG, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. All rates are subject to audit by the Board.

The Parties further acknowledge that a Board Order approving, rejecting, or modifying 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 respectfully submit this Stipulation to the Administrative Law Judge for review and the issuance of an Initial Decision that will then be submitted to the Board for its review and the issuance of a Decision and Order approving the Initial Decision, and this Stipulation, in their entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS
PETITIONER**

By:


ANDREW K. DEMBIA
New Jersey Natural Gas

**DIVISION OF RATE COUNSEL
STEFANIE BRAND, ESQ.
DIRECTOR**

By:


JAMES GLASSEN
ASSISTANT DEPUTY RATE COUNSEL

**JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY
Attorneys for Staff of the Board of Public Utilities**

By:


ALEX MOREAU
DEPUTY ATTORNEY GENERAL

Date: March 25, 2015

Exhibit A

New Jersey Natural Gas Company RAC Minimum Filing Requirements

As part of the Company's annual RAC filing, the Company will provide responses to the following Minimum Filing Requirements ("MFRs"). The requests, unless noted otherwise, relate to the historical 12-month RAC period.

1. The Company currently provides a vendor summary as part of its annual RAC filing. This document provides a summary of the expenditures by vendor by site for the twelve-month RAC period. Hereafter, the vendor summary will be supplemented with a general description of the services provided by each vendor. The data noting expenditures incurred through June 30 of each year will continue to be submitted with the Company's annual RAC filing.
2. Identify the two MGP sites with the highest level of expenditures during the prior RAC period. For each identified site, provide a copy of the latest work plan, remediation report, or major work product submitted to the NJDEP. The copies should include the narrative portion of the report or work plan but need not include the technical supporting workpapers, charts and tables.
3. For each of the same two MGP sites, provide all correspondence between the Company and the NJDEP concerning submissions for the site, reply comments, and other major items which have a material impact on remediation activities and associated costs incurred by the Company. The correspondence should span the twelve-months preceding June 30 of the most recent RAC period.
4. For each of the same two MGP sites, provide expense documentation for any contractor or supplier whose invoices for the RAC period exceed \$250,000 in aggregate. The expense documentation should include descriptions of services rendered, applicable invoices, and any tracking of invoiced charges vs. budgets. The expense detail need not include expense reports or time sheets, but it should include supporting documentation for any subcontractor and third party expenses totaling \$100,000 or more for the period.
5. For each of the same two MGP sites, provide a narrative description and organization chart for that site, showing the vendors and project control structure for the remediation effort. The response should show what entities supervise all significant contractors and subcontractors and which Company personnel are involved in site and remediation supervision and control.
6. Provide a detailed narrative describing Company activities and any reimbursements related to insurance claims or potentially responsible parties' liabilities for all of the Company's MGP sites. The narrative, with supporting documentation, should cover the prior RAC period.

7. Provide copies of any RAC audit reports or related materials prepared by the Board's Audit Staff, FERC, or the Company's internal or external auditors during the previous twelve months. To the degree applicable, please also provide any materials prepared in response to the audits or in compliance with any audit findings.
8. Provide a narrative concerning all material events, whether related to NJDEP mandates or not, which could have an impact on the Company's ultimate MGP remediation liability, with claimed confidential information provided pursuant to a confidentiality agreement. The narrative should encompass all sites, whether or not active remediation efforts on the site are under way.
9. Provide schedules and supporting workpapers and documents, which show the reconciliation of the prior period RAC expenditures and recoveries as well as the derivation of the deferred tax credit and the interest accrual on any unamortized balances.
10. Provide the Company's bid evaluation studies, reports, workpapers or other material related to the two largest MGP remediation contracts awarded during the previous RAC period. The response should include the criteria utilized for bid evaluation and the comparisons between the terms and conditions offered by the competitive bidders. For contracts awarded during the most recent RAC period without competitive bidding, , the Company should include a detailed explanation and supporting documentation for the decision not to engage in competitive bidding.
11. Provide documentation relating to the two largest supplemental contract amendments authorized by the Company during the previous RAC period. The response should provide the contractor's request for supplemental funding, the reasons cited for the request, and the Company's evaluation and action taken concerning the request. The response should also include a detailed explanation and supporting documentation for the company's decision to proceed with a supplemental contract amendment rather than engage in a competitive bidding process for the additional work, during the most recent RAC period.
12. Provide documentation relating to any instances during the previous RAC period where the Company sought to modify, change, or eliminate the NJDEP site remediation requirements for any of its MGP sites. The response should provide copies of any such Company requests, the NJDEP responses, and the ultimate outcome concerning the requests.
13. Provide a calculation of the carrying costs that the Company seeks to recover in this filing, including workpapers and supporting documentation.
14. For each of the Company's MGP sites, provide a schedule showing the status of the remediation effort and estimated dates for the completion of remaining milestones. Provide an update concerning the status of discussions with the NJDEP concerning its

NRD initiative as well as any other NRD-related activities, with claimed confidential information provided pursuant to a confidentiality agreement.

15. Provide detailed justification for new, renewed, or amended contracts for customer outreach services provided by outside vendors, including justification for the pricing structure for all new contracts. Payments for services under all existing, new, renewed or amended contracts with outside vendors for customer outreach should be supported by documentation that the compensation provided to such outside vendors is commensurate at a reasonable hourly rate based on level of professional expertise and documented time required to perform the contracted work during the most recent RAC period.

New Jersey Natural Gas Company
 Net Impact of Proposed Rate Changes
 BPU Docket No. GR14091047

(\$/therm)

| Component of | Current | | Proposed | | Change | |
|----------------------|---------------|---------------|---------------|---------------|-----------------|-----------------|
| | Pre-tax | Post-tax | Pre-tax | Post-tax | Pre-tax | Post-tax |
| RAC Delivery Price | 0.0280 | 0.0300 | 0.0125 | 0.0134 | (0.0155) | (0.0166) |
| NJCEP Delivery Price | 0.0394 | 0.0422 | 0.0240 | 0.0257 | (0.0154) | (0.0165) |
| USF Delivery Price | 0.0158 | 0.0169 | 0.0158 | 0.0169 | 0.0000 | 0.0000 |
| Total SBC | 0.0832 | 0.0891 | 0.0523 | 0.0560 | (0.0309) | (0.0331) |

| <u>Impact on Residential Non-Heating Customers</u> | | | |
|--|-----------------|-----------------|--|
| 25 therm bill | | | |
| Current Prices | | | |
| Customer Charge | \$8.25 | \$8.25 | |
| Delivery | \$0.5025 | \$12.56 | |
| BGSS | \$0.4054 | \$10.14 | |
| Total | \$0.9079 | \$30.95 | |
| Proposed prices | | | |
| Customer Charge | \$8.25 | \$8.25 | |
| Delivery | \$0.4694 | \$11.74 | |
| BGSS | \$0.4054 | \$10.14 | |
| Total | \$0.8748 | \$30.13 | |
| Decrease | | (\$0.82) | |
| Decrease as a percent | | (2.65%) | |

| <u>Impact on Residential Heating Customers</u> | | | |
|--|-----------------|-----------------|------------------------|
| | | 100 therm bill | 1000 therm annual bill |
| Current Prices | | | |
| Customer Charge | \$8.25 | \$8.25 | \$99.00 |
| Delivery | \$0.5120 | \$51.20 | \$512.00 |
| BGSS | \$0.4054 | \$40.54 | \$405.40 |
| Total | \$0.9174 | \$99.99 | \$1,016.40 |
| Proposed prices | | | |
| Customer Charge | \$8.25 | \$8.25 | \$99.00 |
| Delivery | \$0.4789 | \$47.89 | \$478.90 |
| BGSS | \$0.4054 | \$40.54 | \$405.40 |
| Total | \$0.8843 | \$96.68 | \$983.30 |
| Decrease | | (\$3.31) | (\$33.10) |
| Decrease as a percent | | (3.31%) | (3.26%) |

| <u>Impact on Commercial GSS Customers</u> | | |
|---|-----------------|-----------------|
| 100 therm bill | | |
| Current Prices | | |
| Customer Charge | \$25.00 | \$25.00 |
| Delivery | \$0.5042 | \$50.42 |
| BGSS | \$0.4054 | \$40.54 |
| Total | \$0.9096 | \$115.96 |
| Proposed prices | | |
| Customer Charge | \$25.00 | \$25.00 |
| Delivery | \$0.4711 | \$47.11 |
| BGSS | \$0.4054 | \$40.54 |
| Total | \$0.8765 | \$112.65 |
| Decrease | | (\$3.31) |
| Decrease as a percent | | (2.85%) |

| <u>Impact on Commercial GSL Customers</u> | | |
|---|-----------------|-------------------|
| 1200 therm bill | | |
| Current Prices | | |
| Customer Charge | \$40.00 | \$40.00 |
| Demand Charge | \$1.50 | \$175.50 |
| Delivery | \$0.4586 | \$550.32 |
| BGSS (Feb 2015) | \$0.3936 | \$472.32 |
| Total | \$0.8522 | \$1,238.14 |
| Proposed prices | | |
| Customer Charge | \$40.00 | \$40.00 |
| Demand Charge | \$1.50 | \$175.50 |
| Delivery | \$0.4255 | \$510.60 |
| BGSS (Feb 2015) | \$0.3936 | \$472.32 |
| Total | \$0.8191 | \$1,198.42 |
| Decrease | | (\$39.72) |
| Decrease as a percent | | (3.21%) |

Projected Annual Revenue

Projected SBC annual therms 679,595 (000s)

Projected Annual Revenue \$ million

| | Current Rates | Proposed Rates | Change |
|-----------------------|----------------|----------------|------------------|
| Pre-tax | | | |
| RAC | \$19.03 | \$8.49 | (\$10.53) |
| NJCEP | \$26.78 | \$16.31 | (\$10.47) |
| USF | \$10.74 | \$10.74 | \$0.00 |
| Total Pre-tax | \$56.54 | \$35.54 | (\$21.00) |
| Post-tax | | | |
| RAC | \$20.39 | \$9.11 | (\$11.28) |
| NJCEP | \$28.68 | \$17.47 | (\$11.21) |
| USF | \$11.49 | \$11.49 | \$0.00 |
| Total Post-tax | \$60.55 | \$38.06 | (\$22.49) |



State of New Jersey
OFFICE OF ADMINISTRATIVE LAW

INITIAL DECISION

SETTLEMENT

OAL DKT. NO. PUC 16111-14

AGENCY DKT. NO. GR14091047

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION
OF ITS SOCIETAL BENEFITS CHARGE
FACTORS FOR REMEDIATION YEAR 2014.**

Andrew K. Dembia, Esq., for petitioner, New Jersey Natural Gas

Alex Moreau and **Christopher Psihoules**, Deputy Attorneys General, for
respondent Board of Public Utilities (John J. Hoffman, Acting Attorney
General of New Jersey, attorneys)

Felicia Thomas-Friel, Deputy Rate Counsel, **Sarah Steindel, Esq.** and
Christina Juarez, Esq., Assistant Deputy Rate Counsels, New Jersey
Division of Rate Counsel (Stefanie A. Brand, Director, New Jersey
Division of Rate Counsel)

Record Closed: March 30, 2015

Decided: April 2, 2015

BEFORE LELAND S. MCGEE, ALJ:

On December 3, 2014, this matter was transmitted to the Office of Administrative Law (OAL) for hearing as a contested case pursuant to N.J.S.A. 52:14B-1 to-15 and N.J.S.A. 52:14F 1 to- 13. A telephone conference was held on March 5, 2015 and during that time, the parties advised the undersigned that a settlement had been reached between the parties. A Settlement Agreement was prepared and signed by the parties on March 25, 2015, indicating the terms of the agreement. A copy of the executed Settlement Agreement is attached hereto and made a part hereof.

I have reviewed the record and the terms of settlement and I **FIND**:

1. The parties have voluntarily agreed to the settlement as evidenced by their agreement or their representatives' agreement as set forth above.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

I **CONCLUDE** that this agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. I approve the settlement and therefore **ORDER** that the parties comply with the settlement terms and that these proceedings be concluded.

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.



April 2, 2015

DATE

LELAND S. MCGEE, ALJ

Date Received at Agency:

Date Mailed to Parties:

lr

Attachment