



Agenda Date: 8/18/21

Agenda Item: IIA

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 1st Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE APPROVAL OF AN INCREASE IN GAS BASE RATES 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) ORDER SUSPENDING) INCREASES, CHANGES OR) ALTERATIONS IN RATES FOR) SERVICE)) BPU DOCKET NO. GR21030679) OAL DOCKET NO. PUC 04111-21

Parties of Record:

Andrew K. Dembia, Esq., on behalf of New Jersey Natural Gas Company, Petitioner
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel
Kenneth J. Hanko, Esq., United States Department of Defense and all other Federal Executive Agencies
Murray E. Bevan, Esq., on behalf of NRG Energy, Inc. and its affiliates

BY THE BOARD:

On March 30, 2021, New Jersey Natural Gas Company ("NJNG" or "Company"), a public utility of the State of New Jersey subject to the jurisdiction of the New Jersey Board of Public Utilities ("Board"), filed a petition pursuant to N.J.S.A. 48:2-21, N.J.S.A. 48:2-21.1, and N.J.S.A. 48:2-18 to: (i) increase its current base rates for natural gas service by approximately \$165.67 million, excluding Sales and Use Tax ("SUT"); (ii) implement certain rate and tariff revisions; and (iii) revise its existing depreciation rates, effective April 29, 2021, but no later than December 30, 2021 ("Petition").

The Company is also requesting a return on equity of 10.50%. According to the Petition, the Company's current base rates and charges for natural gas service are not sufficient at their current level and, if left unchanged, the current base rates will impair NJNG's ability to meet operating and maintenance expenses, taxes, fixed charges, and its ability to earn a reasonable rate of return on the fair value of the Company's property.

In the Petition, NJNG also seeks authority from the Board to do the following:

1. Increase rates and charges for natural gas service that would result from the proposed amendments to the Company's tariff;
2. Update the underlying inventory related costs of its Balancing Charge rate;
3. Incorporate the results of its cost of service study supporting the implementation of new base rates;
4. Update its tariff for certain modifications and revisions; and
5. Recover regulatory assets recorded on the Company's balance sheet, including amortization of these assets.

By Order dated April 27, 2021, the Board suspended the proposed rate increase until August 29, 2021 pending further action on this matter. The matter was subsequently transmitted to the Office of Administrative Law ("OAL") as a contested case, and was assigned to Administrative Law Judge ("ALJ") Jacob S. Gertsman for consideration and hearing. On June 22, 2021, ALJ Gertsman issued an order consolidating this matter with NJNG's current filing regarding its base rate adjustment pursuant NJ RISE and SAFE II Programs.¹

On July 9, 2021, NJNG updated its Petition to include nine (9) months of actual data and three (3) months of estimated data. The requested rate increase was modified to approximately \$163.90 million excluding SUT.

On July 19, 2021, ALJ Gertsman issued an order granting intervenor status to the United States Department of Defense and all other Federal Agencies and NRG Energy, Inc., and its affiliates Reliant Energy Northeast, LLC, D/B/A NRG Home/NRG Business; Energy Plus Natural Gas LP; XOOM Energy New Jersey, LLC; Stream Energy New Jersey, LLC; Direct Energy Services, LLC; Direct Energy Business, LLC; Direct Energy Business Marketing, LLC; and Gateway Energy Services Corporation (collectively, "NRG"). Participant status was granted to Public Service Electric and Gas Company, Elizabethtown Gas Company, South Jersey Gas Company, Engineers Labor-Employer Cooperative and the New Jersey Utility Shareholder Association.

In light of the fact that this matter will not be completed by August 29, 2021, and in order to allow the ALJ sufficient time to conduct the case, it is **HEREBY ORDERED** that:

(1) Pursuant to N.J.S.A. 48:2-21(d), and consistent with N.J.A.C. 14:1-5.12, the proposed revisions are suspended until December 29, 2021, unless prior to that date, the Board makes a determination disposing of the petition or enters an Order further suspending the proposed revisions;

(2) NJNG shall, at least 10 days prior to the date set for hearing on the petition by the OAL, file with this Board and with the OAL, proof of compliance with the notice provisions of N.J.S.A. 48:2-32.2 and N.J.A.C. 14:1-5.12(b) and (c), which notice shall include a statement that any relief found by the Board to be just and reasonable may be allocated by the Board to any class or classes of customers on any rate or schedule as the Board may determine; and

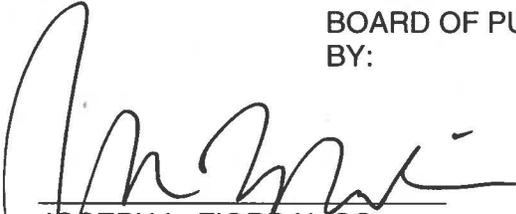
¹ In re the Petition of New Jersey Natural Gas Company for Approval of a Base Rate Adjustment Pursuant to the NJ RISE and SAFE II Programs, N.J.S.A. 48:2-21, 48:2-21.1, 48:2-18 and 48:2-13, BPU Docket No. GR21030680, OAL Docket No. PUC 04113-21.

(3) NJNG shall serve copies of this Order upon the OAL, the New Jersey Division of Rate Counsel (140 East Front Street, 4th Floor. Post Office Box 003, Trenton, N.J. 08625), the clerk of each affected municipality, the clerk of the Board of County Commissioners of the affected county, and where appropriate, the executive officer of the affected county within its service area. Service of the petition, notice of hearings and this Order may be made simultaneously.

This Order shall be effective on August 25, 2021.

DATED: 8/18/21

BOARD OF PUBLIC UTILITIES
BY:



JOSEPH L. FIORDALISO
PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER



UPENDRA J. CHIVUKULA
COMMISSIONER



ROBERT M. GORDON
COMMISSIONER

ATTEST: 

AIDA CAMACHO-WELCH
SECRETARY

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF AN INCREASE IN GAS BASE RATES AND FOR CHANGES IN
IT'S 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
OAL DOCKET NO. PUC 04111-21**

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