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After Eight Years of Plummeting Natural Gas Prices, Basic Gas Supply Service Rates for this Winter Decrease for Some Natural Gas Customers, while Remaining Unchanged or Increase for Others

TRENTON, N.J. – The N.J. Board of Public Utilities (Board) today approved provisional Basic Gas Supply Service (BGSS) rates and other rate components that determine the cost of natural gas service for the upcoming heating season for most residential customers and small businesses. After eight years of plummeting BGSS natural gas prices, South Jersey Gas (SJG) customers can expect to see the streak of lower BGSS prices continue, falling by 1.1 percent, while the price for New Jersey Natural Gas (NJNG) customers will remain unchanged, and Public Service Electric & Gas (PSE&G) and Elizabethtown Gas (ETG) customers will experience BGSS price increases of 3.6 percent and 8.8 percent, respectively. The BGSS price increases impacting customers of PSE&G and ETG will be reduced by other rate components approved by the Board, while those components will result in an overall rate reduction for NJNG customers.

“We are meeting a primary goal of Governor Christie’s 2011 Energy Master Plan by achieving much lower energy costs for ratepayers,” said Richard S. Mroz, President of the NJ Board of Public Utilities. “The Energy Master Plan laid out a path to take full advantage of cleaner, cheaper natural gas for use by residents and businesses, to fuel power plants and distributive generation, and as an alternative fuel to diesel and gasoline. Throughout the Administration’s two terms, this strategy has produced outstanding results for New Jersey ratepayers.”

Over the last eight years, natural gas customers have seen their natural gas costs plummet thanks to the abundance of natural gas and New Jersey’s infrastructure that allows for ratepayers to take advantage of the low cost energy. In fact, when compared to utility bills from the winter of 2009, a residential natural gas customer of PSE&G using 100 therms per month this coming winter will have experienced an approximate 51.5% lower monthly bill, from approximately \$167.00 in 2009 to approximately \$81.00 after October 1. The typical residential customer of ETG will have experienced a 52% lower monthly bill come October 1, from approximately \$171 in 2009 to \$82. Customers of NJNG and SJG, who use 100 therms per month, will have experienced a drop of approximately 38.5% from \$170 to \$105, and approximately 12.0% from \$141 to \$124, respectively.

According to the U.S. Energy Information Administration’s (EIA) ranking of the state residential retail natural gas prices, New Jersey’s ranking has plummeted in recent years from one of the highest cost states in 2010 to one of the lowest cost states. In 2010, New Jersey was ranked as the 17th highest cost state and in 2017 New Jersey’s monthly ranking has fallen to one of the lowest cost states. EIA’s May 2017 State Ranking ranks New Jersey as the sixth lowest cost state.

The Board will be making a determination with respect to a SJG base rate case within the next few months that will impact customer rates. Additional rate impacts to customers that were approved by the Board at today’s Board Agenda meeting include a decrease in the Universal Service Fund component for all four GDCs; an increase in the Weather Normalization Clause for ETG customers; and a decrease in Weather Normalization Clause for PSE&G customers; a modifications to the other ETG clause charges; and other conservation incentive and infrastructure programs within SJG and NJNG.

The aggregate annual impact of the BGSS price and all other rate components approved by the Board on a typical residential customer of NJNG using 1,000 therms annually is a savings of \$7.30. The aggregate annual impact on a typical residential customer of SJG and ETG, using 1,000 therms annually, is an increase of \$11.97 and \$73.17, respectively. The aggregate annual impact on a typical residential customer of PSE&G, using 1,010 therms annually, is an increase of \$26.13.

The BGSS serves as a method to pass along changes in wholesale gas costs directly to customers without affecting the gas companies’ income, as the companies do not make a profit on the gas supply price.

New BGSS rates taking effect on October 1, 2017:

- ETG - BGSS-P per therm rate will increase from 37.57 cents to 45.51 cents.
- PSE&G - BGSS-RSG per therm rate will increase from 33.94 cents to 36.99 cents.
- SJG - BGSS-P per therm rate will decrease from 35.43 cents to 34.08 cents.
- NJNG - BGSS-P per therm rate will not change from its current level of 36.54 cents.

A typical residential customer who uses 1,000 therms per year will see the following annual impacts from the BGSS rate changes that are effective on October 1, 2017:

Utility	Annual BGSS Change to Bill	% Annual Change to Bill
PSE&G	\$30.55	3.6
ETG	\$79.40	8.8
SJG	(\$13.48)	(1.1)
NJNG	\$0.00	-

In general, commodity pricing has increased over the past several months due to hedged supply contracts having expired and increased capacity charges.

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