



STATE OF NEW JERSEY
Board of Public Utilities
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY)	DECISION AND ORDER
NATURAL GAS COMPANY FOR THE ANNUAL)	APPROVING STIPULATION
REVIEW AND REVISION OF ITS BASIC GAS SUPPLY)	FOR PROVISIONAL BGSS
SERVICE (BGSS) AND ITS CONSERVATION)	AND CIP RATES
INCENTIVE PROGRAM (CIP) RATES FOR F/Y 2019)	
)	DOCKET NO. GR18050586

Parties of Record:

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

BY THE BOARD:

On May 29, 2018, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition ("2018 BGSS/CIP Petition") with the New Jersey Board of Public Utilities ("Board") seeking approval to modify its Periodic Basic Gas Supply Service ("BGSS") and Conservation Incentive Program ("CIP") rates. The 2018 BGSS/CIP Petition also sought approval to modify NJNG's Balancing Charge rate. By this Decision and Order, the Board considers a Stipulation for Provisional Rates ("Stipulation") executed by NJNG, the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties") requesting that the Board approve changes in the Periodic BGSS, CIP, and Balancing Charge rates on a provisional basis, subject to refund with interest.

BACKGROUND

By Order dated January 6, 2003,¹ in Docket No. GX01050304 ("January 2003 BGSS Order"), the Board directed each of New Jersey's four (4) gas distribution companies ("GDCs") to submit to the Board by June 1 its annual BGSS cost filing for the BGSS year beginning October 1. In addition, the January 2003 BGSS Order authorizes each GDC to self-implement up to a five (5) percent BGSS increase effective December 1 of the current year and February 1 of the following year with one (1) month's advance notice to the Board and Rate Counsel, and

¹In 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. – BGSS Pricing, BPU Docket No. GX01050304 (January 6, 2003).

implement a decrease in its BGSS rate at any time during the year upon five (5) days' notice to Board Staff and Rate Counsel.

In accordance with the January 2003 BGSS Order, on May 29, 2018, NJNG filed its 2018 BGSS/CIP Petition with the Board seeking to maintain its Periodic BGSS rate at its current after tax level of \$0.3646² per therm effective October 1, 2018. The Company also proposed to increase its balancing charge rate by \$0.0174 per therm, from \$0.0681 to \$0.0855 per therm, to reflect updated costs. Supply imbalances occur when transportation customers use more or less gas than the amount they agreed to take from a third party supplier. The balancing charge represents the cost to NJNG's transportation customers for NJNG providing gas from its BGSS portfolio to adjust for transportation customers' over/under consumption. All balancing charge revenues from transportation customers are credited to the BGSS. For sales customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge to provide a BGSS "Price-to-Compare." There is no balancing charge related impact on sales customers' bills, as the balancing charge is deducted from the BGSS price and added to the delivery price.

The 2018 BGSS/CIP Petition also sought approval of the following changes to the Company's after-tax per therm CIP³ rates to be effective October 1, 2018: Residential Non-Heating – a charge of \$0.0320, Residential Heating – a credit of \$0.0141, Small General Service – a credit of \$0.0354, and Large General Service – a credit of \$0.0034.

The proposed CIP rates would yield an overall decrease of \$33.0 million (after-tax) in NJNG's CIP revenues, comprised of the following elements:

Annual Post-Tax CIP Rates/Revenues (\$million)						
Group Description	Existing Charge Per Therm	Proposed Charge/Credit Per Therm	Change in per Therm Rate	Projected Revenues at Current Rate	Projected Revenues at Proposed Rate	Change in Revenue Recovery
Group I-Res. Non Heat	\$0.0076	\$0.0320	\$0.0244	\$0.04	\$0.1	0.06
Group II- Res. Heat	\$0.0400	(\$0.0141)	(\$0.0541)	\$19.1	(\$6.7)	(\$25.8)
Group III- G.S. Small	\$0.0302	(\$0.0354)	(\$0.0656)	\$1.1	(\$1.3)	(\$2.5)
Group IV- G.S. Large	\$0.0307	(\$0.0034)	(\$0.0341)	\$4.3	(\$0.5)	(\$4.8)
Total				\$24.54	(\$8.4)	(\$33.0)

Pursuant to the CIP Order, any non-weather related CIP surcharges must be offset by reductions in BGSS related costs. According to the filing, the Company has a non-weather

² All rates quoted include Sales and Use Tax ("SUT").

³ The CIP was approved by the Board in Docket No. GR05120120 in Board Orders dated October 12 and December 12, 2006 ("CIP Order"). The CIP was further extended by Orders dated January 21, 2010 in Docket No. GR05120120 and May 21, 2014 in Docket No. GR13030185. The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated in the Company's BGSS rates and subject to return on equity limits.

related margin credit of approximately \$0.33 million. Since the current year CIP results are credits, the Basic Gas Supply Savings Test and the Variable Margin Revenue Test are not applicable

On August 15, 2018, the Company updated the discovery response related to its Balancing Charge to account for the impact of the 2017 Tax Cut and Jobs Act on the inventory portion of the Balancing Charge. The revised Balancing Charge is \$0.0848 per therm, which would result in an overall increase in after-tax revenue of approximately \$11.0 million to the current estimated Balancing Charge revenue of \$45.0 million.

After publication of notice in newspapers in general circulation in the Company's service territory, on August 22 and 23, 2018, public hearings regarding this docket were held in Freehold and Rockaway, respectively. No members of the public appeared at any of the hearings or submitted written comments on the petition.

STIPULATION

Because additional time is needed to complete the review of the proposed rates to ensure that the costs are adequately explained, reconciled, and addressed, and the resulting rates are reasonable, on August 30, 2018, the Parties executed the Stipulation for provisional rates. The Stipulation provides the following:⁴

9. The Parties have determined that additional time is needed to complete the final review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, during the discussions, the Parties agreed that maintenance of the Company's BGSS rate and the implementation of the revised increase to the Company's Balancing Charge and the changes to the CIP rates, on a provisional basis and subject to the terms below, would be reasonable at this time. The Balancing Charge and CIP rate changes result in a decrease in annual after-tax revenues to NJNG of approximately \$22.0 million.
10. The Parties agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize the following: 1) maintain the Company's periodic BGSS rate to \$0.3646 per therm after-tax; 2) increase the Company's Balancing Charge rate to \$0.0848 per therm after-tax; 3) decrease the following CIP rates all on an after-tax basis to: a credit of \$0.0141 per therm for Group II Residential Heat customers; a credit of \$0.0354 per therm for Group III Small Commercial customers; and, a credit of \$0.0034 per therm for Group IV Large Commercial customers; and 4) increase the CIP rate on an after tax basis to \$0.0320 per therm for Group I Residential Non-Heat customers.
11. These rates will be effective as of the later of October 1, 2018 or the effective date of the Board Order adopting the Stipulation. These changes are on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

⁴ Although summarized in this Order, the detailed terms of the stipulation are controlling, subject to the findings and conclusions of this Order. Each paragraph is numbered to coincide with the paragraphs in the Stipulation.

- 12: The Stipulation results in an overall decrease of approximately 3.7 percent, or \$3.74 per month for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS rate reflects no impact, the Balancing Charge rate reflects an increase of 1.7 percent, and the CIP rate reflects a decrease of 5.4 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is an increase of 3.3 percent or \$1.03 per month. The overall impact to the average small commercial sales customer using 100 therms per month is a decrease of approximately 4.3 percent or \$4.89 per month. The total bill for large commercial sales customers are decreasing by approximately 3.3 percent or \$40.92 per month for a customer using 1200 therms a month. These rate changes represent a decrease in annual after-tax revenue to NJNG of approximately \$22.0 million. Exhibit A to the Stipulation provides the impacts of the above rate changes.
13. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its periodic BGSS rate of up to 5% to be effective December 1, 2018 and February 1, 2019, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2019. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and Rate Counsel.
14. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the Stipulation.

DISCUSSION AND FINDING

The Board, having reviewed the record to-date in this proceeding and the attached Stipulation, **HEREBY FINDS** that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein.

The Board **HEREBY APPROVES** on a provisional basis the following per therm rates:

- (1) maintenance of the Company's BGSS rate of \$0.3654;
- (2) an increase in the Company's per therm Balancing Charge rate to \$0.0848; and
- (3) the implementation of the following per therm CIP rates:
 - a charge of \$0.0320 for Residential Non-Heating customers,
 - a credit rate of \$0.0141 for Residential Heating customers,
 - a credit rate of \$0.0354 for Small General Service customers, and
 - a credit rate of \$0.0034 for Large General Service customers.

Any net over-recovery on the BGSS, Balancing Charge and CIP at the end of the BGSS period is subject to refund with interest. All rate changes shall be effective for service rendered on and after October 1, 2018.

Based on the Stipulation, a typical residential heat sales customer using 100 therms per month will see an overall decrease in their monthly bill of approximately \$3.74 or 3.7 percent.

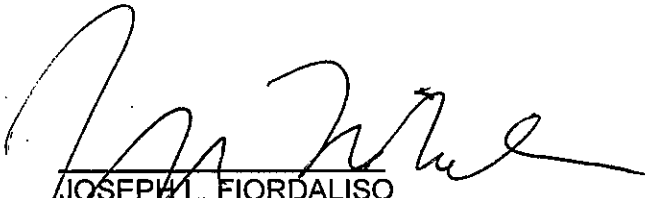
The Company is **HEREBY DIRECTED** to file revised tariff sheets conforming to the terms and conditions of this Order by October 1, 2018.

The Company's costs, including those related to BGSS and CIP, 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.

This Order shall be effective on September 27, 2018.

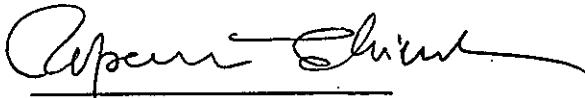
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BOARD OF PUBLIC UTILITIES
BY:

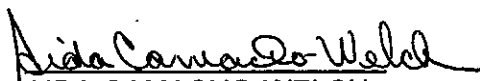

JOSEPH L. FIORDALISO
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MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
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 ITS CONSERVATION INCENTIVE PROGRAM (CIP) RATES FOR
FISCAL YEAR 2019 - DOCKET NO. GR18050586

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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. GR18050586
REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS) AND ITS)
CONSERVATION INCENTIVE PROGRAM)
(CIP) RATES FOR F/Y 2019)**

STIPULATION FOR PROVISIONAL RATES

APPEARANCES:

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

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

Alex Moreau and Renee Greenberg, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Gurbir S. Grewal, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition in Docket No. GR18050586 on May 25, 2018 (“2019 Annual Filing”), requesting that the New Jersey Board of Public Utilities (“BPU” or “Board”) approve NJNG’s 2019 Annual Filing to: 1) maintain the Company’s Periodic Basic Gas Supply Service (“BGSS”) effective October 1, 2018; 2) approve an increase to the Company’s Balancing Charge effective October 1, 2018; and 3) approve decreases to the Company’s Conservation Incentive Program (“CIP”) recovery rates for Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General

Service – Large customers and an increase to the CIP recovery rate for Group I Residential Non-Heat customers effective October 1, 2018.

2. Specifically, the 2019 Annual Filing requested that the BPU maintain the existing per therm after-tax Periodic BGSS rate of \$0.3646 that is applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism. As requested by Board Staff, NJNG’s filing reflected market conditions as of May 10, 2018 and was based on a one-year BGSS recovery period.

3. The 2019 Annual Filing also requested a \$0.0174 per therm increase to the NJNG after-tax balancing charge, thereby increasing it from \$0.0681 to \$0.0855. As approved by the Board on September 23, 2016 in BPU Docket No. GR15111304 (“Base Case Order”), 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. The Base 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 results in an overall increase of after-tax revenue of approximately \$11.5 million to the current estimated annual Balancing Charge revenue of \$45.0 million.

4. Within the 2019 Annual Filing, as authorized by the Board in Docket Nos. GR05121020 and GR13030185, the Company also submitted its annual CIP rate filing for CIP year 2019, October 1, 2018 through September 30, 2019, requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2018. The requested changes result in an overall decrease of after-tax revenue of approximately \$33.0 million to the current estimated

annual CIP revenue of \$24.5 million. Specifically, the Company is seeking approval for the following changes to its after-tax per therm CIP factors: 1) a \$0.0244 increase to the current rate of \$0.0076 for Group I Residential Non-Heat customers resulting in the proposed rate of \$0.0320; 2) a \$0.0541 decrease to the current rate of \$0.00400 resulting in the proposed credit rate of \$0.0141 for Group II Residential Heat customers; 3) a decrease of \$0.0656 to the current rate of \$0.0302 for Group III Small Commercial customers resulting in the proposed credit rate of \$0.0354; and 4) a decrease of \$0.0341 to the current rate of \$0.0307 resulting in the proposed credit rate of \$0.0034 for Group IV Large Commercial customers, all effective as of October 1, 2018.

5. Pursuant to the Board's May 21, 2014 Order in Docket No. GR13030185, 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 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 of aggregate variable margins. Additionally, recovery of the current year margin deficiency must meet an earnings test. The Company reported total estimated CIP related margin credit for CIP year 2018, October 1, 2017 through September 30, 2018, of approximately \$2.2 million with \$1.9 million margin credit related to weather and \$0.3 million credit related to non-weather factors. Since the current year total CIP margin variance and the non-weather related margin variance are credits, the tests are not applicable.

6. Modifying the Balancing Charge, and CIP rates will result in a requested overall decrease of approximately \$3.67 per month, or 3.7 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 an

increase of \$1.05, or 3.4 percent, to the average small commercial customer (Group III) using 100 therms a month will be a decrease of \$4.82, or 4.2 percent, and to the average large commercial customer (Group IV) using 1200 therms a month will be a decrease of \$40.92, or 3.3 percent. The above Balancing Charge and CIP rate changes result in a decrease in annual after-tax revenues to NJNG of approximately \$21.5 million.

7. On August 15, 2018, the Company submitted a discovery response updating the proposed Balancing Charge to reflect the impact of the 2017 Tax Cut and Jobs Act on the inventory portion of the Balancing Charge. The revised Balancing Charge is \$0.0848 per therm and results in an overall increase of after-tax revenue of approximately \$11.0 million to the current estimated annual Balancing Charge revenue of \$45.0 million.

8. After publication of notice in newspapers of general circulation in NJNG's service territory, public hearings were scheduled and conducted on August 22, 2018 in Freehold Township and on August 23, 2018 in Rockaway Borough. No members of the public appeared at either hearing nor were any written comments received by the BPU, NJNG or the New Jersey Division of Rate Counsel ("Rate Counsel").

STIPULATED ISSUES

9. NJNG, Board Staff, and Rate Counsel (collectively, the "Parties"), the only Parties to this proceeding, have discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the final review of NJNG's proposed BGSS, Balancing Charge, and CIP rates. Additionally, during the discussions, the Parties agreed that maintenance of the Company's BGSS rate and the implementation of the revised increase to the Company's Balancing Charge and the changes to the CIP rates, on a provisional basis and subject to the terms below, would be reasonable at this time. The Balancing

Charge and CIP rate changes result in a decrease in annual after-tax revenues to NJNG of approximately \$22.0 million.

10. Accordingly, the Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize the following: 1) maintain the Company's periodic BGSS rate to \$0.3646 per therm after-tax; 2) increase the Company's Balancing Charge rate to \$0.0848 per therm after-tax; 3) decrease the following CIP rates all on an after-tax basis to: a credit of \$0.0141 per therm for Group II Residential Heat customers; a credit of \$0.0354 per therm for Group III Small Commercial customers; and, a credit of \$0.0034 per therm for Group IV Large Commercial customers; and 4) increase the CIP rate on an after tax basis to \$0.0320 per therm for Group I Residential Non-Heat customers.

11. It is agreed by the Parties that these rates will be effective as of the later of October 1, 2018 or the effective date of the Board Order adopting this Stipulation. These changes are on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

12. This Stipulation results in an overall decrease of approximately 3.7 percent, or \$3.74 per month for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS rate reflects no impact, the Balancing Charge rate reflects an increase of 1.7 percent, and the CIP rate reflects a decrease of 5.4 percent. The overall impact to the average residential non-heat sales customer using 25 therms per month is an increase of 3.3 percent or \$1.03 per month. The overall impact to the average small commercial sales customer using 100 therms per month is a decrease of approximately 4.3 percent or \$4.89 per month. The total bill for large commercial sales customers are decreasing by

approximately 3.3 percent or \$40.92 per month for a customer using 1200 therms a month. These rate changes represent a decrease in annual after-tax revenue to NJNG of approximately \$22.0 million. Exhibit A to this Stipulation provides the impacts of the above rate changes.

13. In accordance with the Board's January 6, 2003 Order in BPU Docket No. GX01050304, the Company may seek to implement provisional increases in its periodic BGSS rate of up to 5% to be effective December 1, 2018 and February 1, 2019, if the Company determines that such increases are necessary to permit it to avoid a BGSS underrecovery balance at September 30, 2019. The self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. NJNG is permitted to decrease its BGSS rate at any time upon five (5) days' notice and the filing of supporting documentation with the Board and Rate Counsel.

14. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the above paragraphs.

15. 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 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.

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

17. 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 recommend that the Board transmit this proceeding to the OAL for an opportunity for a full review of all issues in this matter. 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 the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to implement these rates as of the later of October 1, 2018 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: Andrew K Dembia
ANDREW K. DEMBIA, ESQ.
New Jersey Natural Gas

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

By: Henry Ogden
HENRY OGDEN, ESQ. August 30, 2018
ASSISTANT DEPUTY RATE COUNSEL

**GURBIR S. GREWAL
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the Board of Public Utilities**

By: Renee Greenberg 8/30/2018
RENEE GREENBERG
DEPUTY ATTORNEY GENERAL

Date: August ²⁸, 2018

**New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR18050586
F/Y 2019**

(\$/therm)

Rate Impact for Group I - Residential Non-Heating Customers

	Component of	6/1/18 Rates		Proposed 10/1/18 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3646	\$0.3419	\$0.3646	\$0.0000	\$0.0000	0.0%
Balancing Charge	Delivery Rate	0.0639	0.0681	0.0795	0.0848	0.0156	0.0167	1.4%
CIP	Delivery Rate	<u>0.0071</u>	<u>0.0076</u>	<u>0.0300</u>	<u>0.0320</u>	<u>0.0229</u>	<u>0.0244</u>	<u>2.0%</u>
NET IMPACT		<u>\$0.4129</u>	<u>\$0.4403</u>	<u>\$0.4514</u>	<u>\$0.4814</u>	<u>\$0.0385</u>	<u>\$0.0411</u>	<u>3.3%</u>

Rate Impact for Group II - Residential Heating Customers

	Component of	6/1/18 Rates		Proposed 10/1/18 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3646	\$0.3419	\$0.3646	\$0.0000	\$0.0000	0.0%
Balancing Charge	Delivery Rate	0.0639	0.0681	0.0795	0.0848	0.0156	0.0167	1.7%
CIP	Delivery Rate	<u>0.0375</u>	<u>0.0400</u>	<u>(0.0132)</u>	<u>(0.0141)</u>	<u>(0.0507)</u>	<u>(0.0541)</u>	<u>(5.4%)</u>
NET IMPACT		<u>\$0.4433</u>	<u>\$0.4727</u>	<u>\$0.4082</u>	<u>\$0.4353</u>	<u>(\$0.0351)</u>	<u>(\$0.0374)</u>	<u>(3.7%)</u>

Rate Impact for Group III - General Service Small Customers

	Component of	6/1/18 Rates		Proposed 10/1/18 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3646	\$0.3419	\$0.3646	\$0.0000	\$0.0000	0.0%
Balancing Charge	Delivery Rate	0.0639	0.0681	0.0795	0.0848	0.0156	0.0167	1.5%
CIP	Delivery Rate	<u>0.0283</u>	<u>0.0302</u>	<u>(0.0332)</u>	<u>(0.0354)</u>	<u>(0.0615)</u>	<u>(0.0656)</u>	<u>(5.7%)</u>
NET IMPACT		<u>\$0.4341</u>	<u>\$0.4629</u>	<u>\$0.3882</u>	<u>\$0.4140</u>	<u>(\$0.0459)</u>	<u>(\$0.0489)</u>	<u>(4.2%)</u>

Rate Impact for Group IV - General Service Large Customers

	Component of	6/1/18 Rates		Proposed 10/1/18 Rates		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2018)	\$0.3791	\$0.4042	\$0.3634	\$0.3875	(\$0.0157)	(\$0.0167)	(1.6%)
Balancing Charge	Delivery Rate	0.0639	0.0681	0.0795	0.0848	0.0156	0.0167	1.6%
CIP	Delivery Rate	<u>0.0288</u>	<u>0.0307</u>	<u>(0.0032)</u>	<u>(0.0034)</u>	<u>(0.0320)</u>	<u>(0.0341)</u>	<u>(3.3%)</u>
NET IMPACT		<u>\$0.4718</u>	<u>\$0.5030</u>	<u>\$0.4397</u>	<u>\$0.4689</u>	<u>(\$0.0321)</u>	<u>(\$0.0341)</u>	<u>(3.3%)</u>

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	476,880 (000s)
Balancing Charge	660,544 (000s)
CIP Group I	2,564 (000s)
CIP Group II	476,516 (000s)
CIP Group III	37,440 (000s)
CIP Group IV	141,068 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$173.9	\$173.9	\$0.0
Balancing Charge	\$45.0	\$56.0	\$11.0
CIP Group I	\$0.02	\$0.08	\$0.06
CIP Group II	\$19.1	(\$6.7)	(\$25.8)
CIP Group III	\$1.1	(\$1.3)	(\$2.5)
CIP Group IV	<u>\$4.3</u>	<u>(\$0.5)</u>	<u>(\$4.8)</u>
IMPACT	<u>\$243.4</u>	<u>\$221.4</u>	<u>(\$22.0)</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR18050586
F/Y 2019

Impact on Residential Non-Heating Customers				
		25 therm bill		
6/1/18 Rates				
	Customer Charge	\$8.62	\$8.62	
	Delivery	\$0.5221	\$13.05	
	BGSS	\$0.3646	\$9.12	
	Total	<u>\$0.8867</u>	<u>\$30.79</u>	
Proposed Rates- effective 10/1/18				
	Customer Charge	\$8.62	\$8.62	
	Delivery	\$0.5632	\$14.08	
	BGSS	\$0.3646	\$9.12	
	Total	<u>\$0.9278</u>	<u>\$31.82</u>	
	Increase/(Decrease)		\$1.03	
	Increase/(Decrease) as a percent		3.3%	
Impact on Residential Heating Customers				
		100 therm bill	1,000 therm annual bill	
6/1/18 Rates				
	Customer Charge	\$8.62	\$8.62	\$103.44
	Delivery	\$0.5545	\$55.45	\$554.50
	BGSS	\$0.3646	\$36.46	\$364.60
	Total	<u>\$0.9191</u>	<u>\$100.53</u>	<u>\$1,022.54</u>
Proposed Rates- effective 10/1/18				
	Customer Charge	\$8.62	\$8.62	\$103.44
	Delivery	\$0.5171	\$51.71	\$517.10
	BGSS	\$0.3646	\$36.46	\$364.60
	Total	<u>\$0.8817</u>	<u>\$96.79</u>	<u>\$985.14</u>
	Increase/(Decrease)		(\$3.74)	(\$37.40)
	Increase/(Decrease) as a percent		(3.7%)	(3.7%)
Impact on Commercial GSS Customers				
		100 therm bill		
6/1/18 Rates				
	Customer Charge	\$26.11	\$26.11	
	Delivery	\$0.5139	\$51.39	
	BGSS	\$0.3646	\$36.46	
	Total	<u>\$0.8785</u>	<u>\$113.96</u>	
Proposed Rates- effective 10/1/18				
	Customer Charge	\$26.11	\$26.11	
	Delivery	\$0.4650	\$46.50	
	BGSS	\$0.3646	\$36.46	
	Total	<u>\$0.8296</u>	<u>\$109.07</u>	
	Increase/(Decrease)		(\$4.89)	
	Increase/(Decrease) as a percent		(4.3%)	
Impact on Commercial GSL Customers				
		1200 therm bill		
6/1/18 Rates				
	Customer Charge	\$50.09	\$50.09	
	Demand Charge	\$1.84	\$176.64	
	Delivery	\$0.4367	\$524.04	
	BGSS (May 2018)	\$0.4042	\$485.04	
	Total	<u>\$0.8409</u>	<u>\$1,235.81</u>	
Proposed Rates- effective 10/1/18				
	Customer Charge	\$50.09	\$50.09	
	Demand Charge	\$1.84	\$176.64	
	Delivery	\$0.4193	\$503.16	
	BGSS (May 2018)	\$0.3875	\$465.00	
	Total	<u>\$0.8068</u>	<u>\$1,194.89</u>	
	Increase/(Decrease)		(\$40.92)	
	Increase/(Decrease) as a percent		(3.3%)	