



Agenda Date: 3/29/19
Agenda Item: 2G

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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)
ANNUAL REVIEW AND REVISION OF SOCIETAL)
BENEFITS CHARGE FACTORS FOR)
REMEDIAION YEAR 2018) DOCKET NO. GR18091055

Parties of Record:

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

BY THE BOARD:

On September 21, 2018, New Jersey Natural Gas Company ("NJNG" or "Company") filed a petition ("Petition") in Docket No. GR18091055 with the New Jersey Board of Public Utilities ("Board" or "BPU") requesting approval to change rates for two (2) components of its Societal Benefits Charge ("SBC"): the Remediation Adjustment ("RA") and the New Jersey Clean Energy Program ("NJCEP"). By this Decision and Order, the Board considers a Stipulation of Settlement ("Stipulation") executed by NJNG, Board Staff, and the New Jersey Division of Rate Counsel (collectively, "Parties") intended to resolve all issues related to this docket.

BACKGROUND

The SBC was created as a result of the Electric Discount and Energy Competition Act, and is comprised of a number of components: the RA, the NJCEP, and the statewide Universal Service Fund ("USF") and Lifeline Program charges¹. The RA rate allows the Company to recover reasonably incurred environmental remediation costs associated with the clean-up of its former manufactured gas plant ("MGP") sites, on a deferred basis over a rolling seven (7) year period with carrying charges based on the seven (7) year constant maturity Treasury rate plus sixty (60) basis points. The NJCEP component recovers costs associated with energy efficiency and renewable energy programs related to the New Jersey Clean Energy Program.

¹ The USF and Lifeline Programs were established by the Board to help provide affordable electric and natural gas 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 rate at the time of this filing of \$0.0103 per therm was approved by the Board in its September 17, 2018 Order in Docket No. ER18060661.

PETITION

In the Petition, NJNG sought: (1) approval to increase the Company's per therm after-tax RA rate; (2) approval to increase the NJCEP per therm after-tax rate; and (3) approval of the remediation expenditures incurred by the Company for the period July 1, 2017 through June 30, 2018 ("Remediation Year 2018").

Based on information submitted in the Petition, the Company proposes to increase the per therm after-tax RA rate from \$0.0106 to \$0.0127 and increase the per therm after-tax NJCEP rate from \$0.0194 to \$0.0222.² These rates combined with the existing USF rate of \$0.0103 per therm establish the proposed SBC after-tax rate of \$0.0452 per therm. The RA revenues would increase by approximately \$1.50 million, while the NJCEP revenues would increase by approximately \$2.01 million over what is currently being collected in rates on an after-tax basis.

After publication of notice in newspapers in the Company's service territory, public hearings in this matter were conducted on February 13 and March 12, 2019, in Freehold Township and Rockaway Township, New Jersey, respectively. No members of the public appeared at any of the public hearings and no written comments were received by the Board.

STIPULATION

Following review of the Petition and discovery responses, the Parties executed the Stipulation on March 13, 2019. The Stipulation provides for the following:³

7. (a) Overall SBC Rate:

The Company's overall SBC rate shall be \$0.0452 per therm on an after-tax basis, effective upon Board approval, which is an increase of \$0.0049 per therm from the current after-tax rate of \$0.0403 per therm. This overall SBC rate 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 1,000 therms per year is an increase of approximately \$4.90 per year, or 0.49 percent. Attached to the Stipulation as Exhibit B is a summary of the SBC components and the calculation of the resulting price impact.

(b) RA Rate:

- (i) The Company's after-tax RA rate within the SBC of \$0.0127 per therm shall be deemed final and remain in effect until changed by further Board Order.

² On June 22, 2018, in BPU Docket No. QO18040392, the Board established each utility's level of expenditures for the statewide NJCEP for July 2018 through June 2019. NJNG's annual funding obligation is \$15.1 million.

³ Although described in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation are controlling, subject to the findings and conclusion in this Order. Paragraphs are numbered to coincide with the Stipulation.

- (ii) All issues raised by the Company's filing relating to the RA expenditures incurred by the Company during Remediation Year 2018 have been examined and shall be deemed fully resolved and are prudent and reasonable.
- (iii) The RA rate set forth in the Stipulation is based upon and reflects recoverable RA costs of approximately \$17.70 million for the period July 2017 – June 2018 and interest of approximately \$0.53 million for the period beginning October 1, 2017 through September 30, 2018. The resulting rolling seven-year recoverable RA cost average is approximately \$8.79 million.

(c) NJCEP Rate:

The Company's after-tax NJCEP rate of \$0.0222 per therm shall be deemed final and remain in effect until changed by further Board Order.

8. Recovery and adjustments of the RA rate are subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's next SBC filing. Recovery of RA 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.
9. As part of the Stipulation, the Parties agree that expenditures the Company recovers through the RA rate are subject to audit. Such audit may be through a review of the Company's Internal Audits conducted in relation to costs associated with the SBC filing, or through any other audit mechanism determined to be appropriate by the Board.
10. 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 Remediation Year 2018. 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 rate mechanism, of NRD damages or related costs, if any. The Parties expressly reserved their rights to argue their respective positions on these and related issues in future proceedings, as appropriate.
11. The Company represents that its SBC filing does not include a request for the recovery of any incentive compensation paid to NJNG personnel who worked on MGP remediation matters during the July 1, 2017 through June 30, 2018 time frame and the Parties agree that NJNG incentive compensation costs through June 30, 2018 in the amount of \$81,640 will be deferred in the previously established sub-account. NJNG established a separate sub-account in the deferred remediation expenditure account to recognize deferred incentive compensation associated with NJNG's internal MGP labor.

12. The Company agrees that it will continue to include with its Remediation Adjustment Clause filings responses to the MFRs as set forth in Exhibit A to the Stipulation.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record in this proceeding, including the Petition and the Stipulation, **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation, as if fully set forth herein.

The Board **HEREBY APPROVES** the after-tax per therm rates as follows: an RA rate of \$0.0127 and an NJCEP rate of \$0.0222, effective for service rendered on or after April 1, 2019. Based on the Stipulation, the impact of these rate changes on a typical residential customer using 1,000 therms per year is an increase of approximately \$4.90 per year, or 0.49 percent.

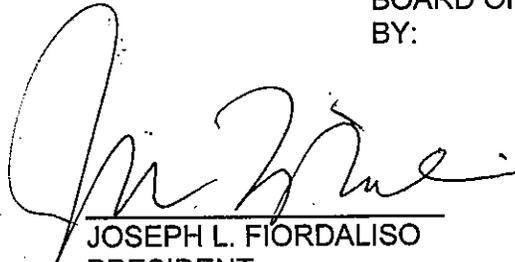
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order by April 1, 2019.

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

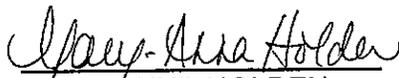
The effective date of this Order is March 29, 2019.

DATED: 3/29/19

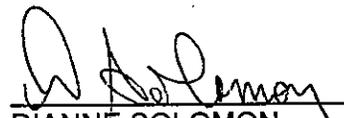
BOARD OF PUBLIC UTILITIES
BY:



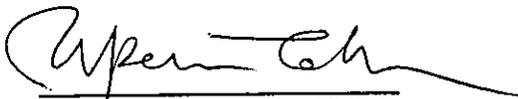
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PRESIDENT



MARY-ANNA HOLDEN
COMMISSIONER



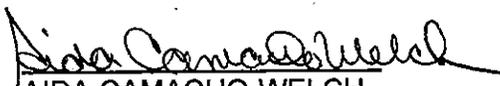
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COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF SOCIETAL BENEFITS CHARGE FACTORS FOR
REMEDIAITON YEAR 2018 - BPU DOCKET NO. GR18091055

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**New Jersey
Natural Gas**

March 14, 2019

Honorable Aida Camacho- Welch, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 3rd Floor
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P.O. Box 350
Trenton, NJ 08625-0350

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 2018
BPU Docket No. GR18091055

Dear Secretary Camacho:

Enclosed with this letter is a fully executed Stipulation in the above captioned matter. Original signature pages will be forwarded when they have been received.

Please do not hesitate to contact me at (732) 938-1073 if you need any additional information.

Very truly yours,

Andrew K. Dembia, ESQ.
Regulatory Affairs Counsel

C: Service List (email only)

**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 2018
DOCKET NO. GR18091055**

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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 2018
DOCKET NO. GR18091055**

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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. GR18091055
REVISION OF SOCIETAL BENEFITS)
CHARGE FACTORS FOR REMEDIATION)
YEAR 2018)**

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, Henry M. Ogden, Esq. and Maura Caroselli, Esq., Assistant Deputies Rate Counsel, New Jersey Division of Rate Counsel (Stefanie A. 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 HONORABLE COMMISSIONERS OF
THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

BACKGROUND

By Orders dated March 17, 1999 in Docket No. GX99030121 and 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-by-passable charge applicable to the Company's customers.¹

¹ Pursuant to legislation signed into law on January 28, 2011, N.J.S.A. 48:3-60.1, natural gas commodity and delivery service charges for natural gas that is used to generate electricity for resale are not to include SBC charges.

1. On September 20, 2018, NJNG filed a petition in Docket No. GR18091055 relating to the Company's SBC rate ("SBC filing"). The components included in the SBC are the Remediation Adjustment ("RA") rate, the statewide Universal Service Fund ("USF") rate,² and the New Jersey Clean Energy Program ("NJCEP") rate. In the SBC filing, the Company requested that the New Jersey Board of Public Utilities (the "BPU" or "Board") (1) increase the Company's per therm after-tax RA rate; (2) increase the NJCEP per therm after-tax rate; and (3) approve the prudent and reasonable remediation expenditures incurred by the Company for the period July 1, 2017 through June 30, 2018 ("Remediation Year 2018") to be effective April 1, 2019, or as of the effective date of the Board Order in this proceeding. These rate changes result in an overall increase of \$0.0049 per therm or approximately 0.50 percent to the average residential heating customers' monthly bill.

2. The Company's SBC filing included its petition, testimonies, schedules, the Company's Gas Service Tariff (redlined) and data that supported the Company's proposed increase to its current after-tax RA rate of \$0.0106 per therm to \$0.0127 per therm. Additional information responsive to the fifteen (15) 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 29, 2018. A copy of the MFR's are attached as Exhibit A to this Stipulation.

² The USF is a fund established by the Board to help provide affordable electric and natural gas 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 rate at the time of this filing of \$0.0103 per therm was approved by the Board in its September 17, 2018 Order in Docket No. ER18060661.

3. NJNG's proposal to increase the per therm after tax NJCEP rate of \$0.0194 to \$0.0222 reflects the Company's share of the statewide NJCEP contribution levels, as approved by the Board on June 22, 2018 in Docket No. QO18040392. These rates along with the existing USF rate of \$0.0103 per therm³ comprise NJNG's proposed SBC after-tax rate of \$0.0452 per therm. The Company also requested the approval of the remediation expenditures incurred by the Company for Remediation Year 2018. The Company requested that these rates and expenditures be approved effective April 1, 2019, or as of the effective date of the Board Order in this proceeding.

4. Public hearings on the SBC filing were held on February 13, 2019 in Freehold Township, New Jersey, and on March 12, 2019, in Rockaway Township, New Jersey. No members of the public appeared at the public hearings, and no written comments were received by the Board, the Company or the New Jersey Division of Rate Counsel ("Rate Counsel").

5. NJNG has received and responded to all discovery requests that have been propounded in the SBC filing.

6. Based upon further discussions, the Company, Rate Counsel and Board Staff (collectively, "Parties") have reached an agreement to enter into this stipulation of settlement ("Stipulation") finalizing the rates and resolving all issues raised in or related to the Company's RA and NJCEP rates, including the Company's remediation expenses for Remediation Year 2018.

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

³ This statewide USF factor was approved in the Board's September 17, 2018 Order in Docket No. ER18060661.

STIPULATED ISSUES

7. (a) **Overall SBC Rate.** The Company's overall SBC rate shall be \$0.0452 per therm on an after-tax basis, effective upon Board approval, which is an increase of \$0.0049 per therm from the current after-tax rate of \$0.0403 per therm. This overall SBC rate 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 1,000 therms per year is an increase of approximately \$4.90 per year, or 0.49 percent. Attached hereto as Exhibit B is a summary of the SBC components and the calculation of the resulting price impact.

(b) **RA Rate.**

(i) The Company's after-tax RA rate within the SBC of \$0.0127 per therm shall be deemed final and remain in effect until changed by further Board Order.

(ii) All issues raised by the Company's filing herein relating to the RA expenditures incurred by the Company during Remediation Year 2018 have been examined and shall be deemed fully resolved and are prudent and reasonable.

(iii) The RA rate set forth above is based upon and reflects recoverable RA costs of approximately \$17.70 million for the period July 2017 – June 2018, and interest of approximately \$0.53 million for the period beginning October 1, 2017 through September 30, 2018. The resulting rolling seven-year recoverable RA cost average is approximately \$8.79 million.

(c) NJCEP Rate.

The Company's after-tax NJCEP rate of \$0.0222 per therm shall be deemed final and remain in effect until changed by further Board Order.

8. Recovery and adjustments of the RA rate are subject to the Parties' review of NJNG's RA expenditures and reconciliation thereof in NJNG's next SBC filing. Recovery of RA 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.

9. As part of this Stipulation, the Parties agree that expenditures the Company recovers through the RA rate are subject to audit. Such audit may be through a review of the Company's internal audits conducted in relation to costs associated with the SBC filing, or through any other audit mechanism determined to be appropriate by the Board.

10. 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 Remediation Year 2018. 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 rate mechanism, 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.

11. The Company represents that its SBC filing does not include a request for the recovery of any incentive compensation paid to NJNG personnel who worked on Manufactured Gas Plant ("MGP") remediation matters during the July 1, 2017 through June 30, 2018 timeframe and the Parties agree that NJNG incentive compensation costs through June 30, 2018 in the amount of \$81,640 will be deferred in the previously established sub-account. NJNG established a separate sub-account in the deferred remediation expenditure account to recognize deferred incentive compensation associated with NJNG's internal MGP labor.

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

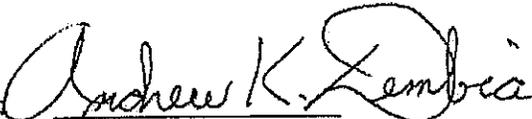
13. The Parties stipulate and agree that this Stipulation fully disposes of all issues in controversy in this proceeding, is consistent with law, and is in the public interest. This Stipulation represents a mutual balancing of interests, contains interdependent provisions and, therefore, is intended 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 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 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.

14. The Parties further agree that they consider this Stipulation to be binding on them for all purposes herein.

15. 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.

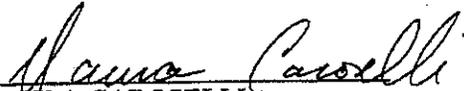
WHEREFORE, the Parties hereto respectfully submit this Stipulation to the Board for its review and the issuance of a Decision and Order approving this Stipulation, in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS COMPANY
PETITIONER**

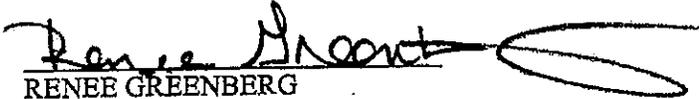
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New Jersey Natural Gas

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STEFANIE BRAND, ESQ.
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By:


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ASSISTANT DEPUTY RATE COUNSEL

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

By: 
RENEE GREENBERG
DEPUTY ATTORNEY GENERAL

Date: March 13, 2019

GR18091055

Exhibit A

New Jersey Natural Gas Company
Remediation Adjustment Clause Minimum Filing Requirements

As part of the Company's annual Remediation Adjustment Clause ("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. GR18091055

Component of	10/1/18 Prices		(\$/therm) Proposed		Change	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
RAC	0.0099	0.0106	0.0119	0.0127	0.0020	0.0021
NJCEP	0.0182	0.0194	0.0208	0.0222	0.0026	0.0028
USF	0.0097	0.0103	0.0097	0.0103	0.0000	0.0000
Total SBC	0.0378	0.0403	0.0424	0.0452	0.0046	0.0049

Impact on Residential Non-Heating Customers			25 therm bill	
10/1/18 Prices				
Customer Charge		\$8.70	\$8.70	
Delivery		\$0.5734	\$14.34	
BGSS		\$0.3646	\$9.12	
Total		\$9.380	\$32.16	
Proposed 4/1/19 Prices				
Customer Charge		\$8.70	\$8.70	
Delivery		\$0.5783	\$14.46	
BGSS		\$0.3646	\$9.12	
Total		\$9.429	\$32.28	
Increase			\$0.12	
Increase as a percent			0.37%	

Impact on Residential Heating Customers			100 therm bill	1000 therm annual bill
10/1/18 Prices				
Customer Charge		\$8.70	\$8.70	\$104.40
Delivery		\$0.5273	\$52.73	\$527.30
BGSS		\$0.3646	\$36.46	\$364.60
Total		\$8.919	\$97.89	\$996.30
Proposed 4/1/19 Prices				
Customer Charge		\$8.70	\$8.70	\$104.40
Delivery		\$0.5322	\$53.22	\$532.20
BGSS		\$0.3646	\$36.46	\$364.60
Total		\$8.968	\$98.38	\$1,001.20
Increase			\$0.49	\$4.90
Increase as a percent			0.50%	0.49%

Impact on Commercial GSS Customers			100 therm bill	
10/1/18 Prices				
Customer Charge		\$26.37	\$26.37	
Delivery		\$0.4763	\$47.63	
BGSS		\$0.3646	\$36.46	
Total		\$8.409	\$110.46	
Proposed 4/1/19 Prices				
Customer Charge		\$26.37	\$26.37	
Delivery		\$0.4812	\$48.12	
BGSS		\$0.3646	\$36.46	
Total		\$8.458	\$110.95	
Increase			\$0.49	
Increase as a percent			0.44%	

Impact on Commercial GSL Customers			1200 therm bill	
10/1/18 Prices				
Customer Charge		\$52.17	\$52.17	
Demand Charge		\$1.84	\$176.64	
Delivery		\$0.4279	\$513.48	
BGSS (Sept 2018)		\$0.4079	\$489.48	
Total		\$8.8358	\$1,231.77	
Proposed 4/1/19 Prices				
Customer Charge		\$52.17	\$52.17	
Demand Charge		\$1.84	\$176.64	
Delivery		\$0.4328	\$519.36	
BGSS (Sept 2018)		\$0.4079	\$489.48	
Total		\$8.407	\$1,237.65	
Increase			\$5.88	
Increase as a percent			0.48%	

Projected Annual Revenue

Projected SBC annual therms 716,260 (000s)

Projected Annual Revenue \$ millior

	10/1/18 Prices		Proposed		Change	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
RAC	\$7.09	\$7.59	\$8.52	\$9.10	\$1.43	\$1.50
NJCEP	\$13.04	\$13.90	\$14.90	\$15.90	\$1.86	\$2.01
USF	\$6.95	\$7.38	\$6.95	\$7.38	\$0.00	\$0.00
Total Pre-tax	\$27.07	\$28.87	\$30.37	\$32.37	\$3.29	\$3.51