

NOTICE TO NEW JERSEY NATURAL GAS COMPANY CUSTOMERS

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY'S REQUEST FOR APPROVAL OF AN INCREASE IN GAS BASE RATES, 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

**OAL Docket No. PUC 04111-21
BPU Docket No. GR21030679**

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY'S REQUEST 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

**OAL Docket No. PUC 04113-21
BPU Docket No. GR21030680**

PLEASE TAKE NOTICE that on March 30, 2021, New Jersey Natural Gas Company (“NJNG” or “Company”) filed a petition with the Board of Public Utilities (“Board” or “BPU”) requesting an increase in the Company’s base rate charges for natural gas service (“Base Rate Petition”). NJNG’s Base Rate Petition claims that the requested rate increase is necessary to support the Company’s ability to continue to operate and maintain its natural gas distribution system in a safe, adequate and proper manner. In the Base Rate Petition the Company requested a natural gas revenue increase of \$165.67 million, including a change in the Company’s overall rate of return to 7.53 percent. The impact of this request on the average residential heating customer using 100 therms per month is a \$28.07 increase in the customer’s monthly bill, or approximately 24.13 percent. Monthly bill impacts for residential and other customers are shown in the table below.

Included in the Base Rate Petition is a request pursuant to N.J.S.A. 48:2-18 to increase depreciation rates based upon an updated Depreciation Study. The Company proposed that the requested changes in its depreciation rates be approved for implementation simultaneously with the effective date of the proposed new natural gas rates.

PLEASE TAKE FURTHER NOTICE that on March 31, 2021, the Company filed a second Petition and supporting documentation with the Board seeking approval for base rate changes to provide for cost recovery associated with the Company’s NJ Reinvestment in System Enhancement Program (“NJ RISE”) and Safety Acceleration and Facility Enhancement Extension Program (“SAFE II”). As required in BPU Docket No. GR15111304, the NJ RISE and SAFE II annual rate filings have been combined for administrative ease.

NJ RISE: On July 23, 2014, the Board issued an Order approving the NJ RISE Program in Docket Nos. AX13030197 and GR13090828, and authorizing NJNG to invest up to \$102.5 million, excluding Allowance for Funds Used During Construction (“AFUDC”), to be recovered through base rate adjustments.

The NJ RISE Program is a series of capital investment projects that promote enhanced reliability and safety through facility enhancements for storm readiness and response. The NJ RISE projects were approved to be completed over a period of five (5) years and consisted of the installation of secondary gas distribution mains into the Sea Bright Peninsula, the Seaside Peninsula, and Long Beach Island. Additionally, two regulator station reinforcement projects will be undertaken, one in Mantoloking and the other in Ship Bottom on Long Beach Island. Also, an existing back-up regulator station will be relocated from Mantoloking to the mainland. Finally, the Company is installing excess flow valves (“EFVs”) on all distribution services in waterfront communities that may be impacted by coastal and back-bay flooding and/or storm surge.

The Company’s rate filing includes a request for recovery in base rates of the actual costs associated with the NJ RISE projects through June 30, 2021, consisting of capital expenditures, including actual costs of engineering, design and construction, cost of removal (net of salvage), property acquisition, actual labor, materials overheads, and capitalized AFUDC.

SAFE II: On September 23, 2016, the Board issued an Order approving the SAFE II Program in Docket No. GR15111304 (“September 2016 Order”), and authorizing NJNG to invest up to \$200 million, excluding AFUDC, to be recovered through base rate adjustments over the five (5)-year term of the SAFE II Program. The SAFE II Program is designed to replace all of the Company’s existing unprotected steel mains and services throughout its service territory on or before September 30, 2021. The Company’s rate filing includes a request for recovery in base rates of the costs associated with the SAFE II Program actual costs through June 30, 2021.

At this time, the Company is requesting BPU approval to adjust base rates to recover approximately \$3.4 million of NJ RISE and SAFE II investment costs made through June 30, 2021, resulting in a base rate increase of approximately \$0.311 million. If the proposed rates are approved by the Board, the impact to the typical residential heating customer using 100 therms in a month is an increase of \$0.05, or .04 percent. This increase is proposed in addition to the increase requested as part of the NJNG’s pending Base Rate Petition. The total proposed rate increase is detailed in the chart below.

Base Rate Petition, NJ RISE and SAFE II:

The effect of the total proposed rate changes on the typical residential, general service small and general service large monthly bill for natural gas service is estimated as shown in the table below. The estimated bills shown below are based upon current NJNG delivery rates and the applicable Basic Gas Supply Service charges, and assume that customers receive commodity service from NJNG.

Customer Type	Therm Level (Usage)	Total Bill		Bill Impact			% Impact		
		Monthly Bill as of July 1, 2021	Monthly Bill with Proposed Base Rate Increase	Base Rate Case	NJ RISE/SAFE II	Total Increase	Base Rate Case	NJ RISE/SAFE II	Total Increase
Residential Heat Sales	100	\$116.31	\$144.43	\$28.07	\$0.05	\$28.12	24.13%	0.04%	24.17%
Residential Non-Heat Sales	25	\$35.09	\$43.59	\$8.48	\$0.02	\$8.50	24.17%	0.06%	24.23%
General Service - Small	100	\$136.25	\$172.26	\$35.93	\$0.08	\$36.01	26.37%	0.06%	26.43%
General Service - Large	1200	\$1,469.91	\$1,633.76	\$162.78	\$1.07	\$163.85	11.07%	0.07%	11.14%

The Company proposes other changes to its tariff including, but not limited to, language to clarify the payment requirements for installation of Automated Meter Reading devices, modifications to its pricing for incremental gas service, modifications to service classification on Third Party Supplier Requirements and changes to reflect current operating requirements.

Any rate increase found by the Board to be just and reasonable may be allocated by the Board and applied to any class or classes of customers or any rate schedule or rate schedules as the Board may determine. Accordingly, the final rates approved by the Board in this proceeding for any rate class or classes may be higher or lower than those set forth herein.

A copy of this Notice of Filing and Public Hearings on the consolidated matters is being served upon the clerk, executive or administrator of each municipality and county within the Company’s service territory. The Petitions and this Notice have also been sent to the New Jersey Division of Rate Counsel, who will represent the interests of New Jersey ratepayers in this proceeding. Copies of NJNG’s March 30, 2021 and March 31, 2021 filings can be reviewed on the Company’s website, www.njng.com/regulatory in the “Filings & Updates” subsection of the “Regulatory Info” section listed.

PLEASE TAKE FURTHER NOTICE that the Board has transmitted the Company’s Petitions to the Office of Administrative Law (“OAL”) for the purpose of conducting public and evidentiary hearings thereon. On June 22, 2021, an Order to Consolidate the Base Rate Petition and the NJ RISE/SAFE II Petition was issued by the Administrative Law Judge (“ALJ”), OAL Docket Nos. PUC 04111-21 and PUC 04113-21, respectively.

Due to the COVID-19 pandemic, the OAL has scheduled virtual public comment hearings before an ALJ on the following date and times:

Date: Monday, September 13, 2021	Date: Monday, September 13, 2021
Time: 4:30 P.M.	Time: 5:30 P.M.
Dial-in Number: 1-646-558-8656 or 1-312-626-6799	Dial-in Number: 1-646-558-8656 or 1-312-626-6799
Meeting ID: 824 8813 4423	Meeting ID: 824 8813 4423
Passcode: 927787	Passcode: 927787

Members of the public may participate in the public hearings by following the dial-in instructions set out below:

Call-in numbers (callers can use either phone number): **1-646-558-8656 or 1-312-626-6799.**

Upon calling in, the caller will be prompted to enter the **meeting ID of 824 8813 4423** and press the pound or hashtag button (#).

Press the pound or hashtag button (#) a second time (in response to the second electronic prompt).

The caller will then be prompted to enter the **passcode** for the public meeting of **927787** and press the pound or hashtag button (#).

The caller will then be entered into the waiting room where the Office of Administrative Law Information Technology (“OAL IT”) staff will admit the caller into the public hearing. The caller should initially mute their phone to prevent background noise. Failure to mute your own line may cause OAL IT staff to mute the caller and the caller would have to disconnect and call back in to participate in the public discussion portion.

An Administrative Law Judge from the OAL will preside over the virtual public hearings. Members of the public are invited to participate and express their views on the proposed rate increases during the public hearing. Such comments will be made a part of the final record in the proceeding. Whether or not you participate in the virtual public hearing, written comments may be submitted to the Hon. Jacob Gertsman, Office of Administrative Law, P. O. Box 049, Trenton, New Jersey 08625-0049. Please include OAL Docket Nos. PUC 04111-21 and PUC 04113-21 in your comment letter.

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New Jersey Natural Gas