



## **QUARTERLY FINANCIAL STATEMENTS**

FOR THE THREE AND NINE MONTHS ENDED JUNE 30, 2024 AND 2023

(Unaudited)

# New Jersey Natural Gas Company

## CONDENSED STATEMENTS OF OPERATIONS (Unaudited)

<i>(Thousands)</i>	Three Months Ended June 30,		Nine Months Ended June 30,	
	2024	2023	2024	2023
<b>OPERATING REVENUES</b>	<b>\$ 158,110</b>	<b>\$ 145,308</b>	<b>\$ 914,741</b>	<b>\$ 903,892</b>
<b>OPERATING EXPENSES</b>				
Natural gas purchases	55,699	44,669	380,818	388,134
Operation and maintenance	64,514	58,303	178,773	166,499
Regulatory rider expense	8,343	6,120	56,761	47,525
Depreciation and amortization	28,491	25,825	82,872	76,034
Total operating expenses	157,047	134,917	699,224	678,192
<b>OPERATING INCOME</b>	<b>1,063</b>	<b>10,391</b>	<b>215,517</b>	<b>225,700</b>
Other income, net	5,905	3,922	14,723	9,869
Interest expense, net of capitalized interest	14,239	13,226	43,840	40,814
<b>(LOSS) INCOME BEFORE INCOME TAXES</b>	<b>(7,271)</b>	<b>1,087</b>	<b>186,400</b>	<b>194,755</b>
Income tax (benefit) provision	(1,132)	196	34,000	38,503
<b>NET (LOSS) INCOME</b>	<b>\$ (6,139)</b>	<b>\$ 891</b>	<b>\$ 152,400</b>	<b>\$ 156,252</b>

See Note to Unaudited Condensed Financial Statements

# New Jersey Natural Gas Company

## CONDENSED STATEMENTS OF CASH FLOWS (Unaudited)

<i>(Thousands)</i>	<b>Nine Months Ended June 30,</b>	
	<b>2024</b>	<b>2023</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 152,400	\$ 156,252
Adjustments to reconcile net income to cash flows from operating activities:		
Depreciation and amortization	82,872	76,034
Allowance for equity used during construction	(5,287)	(4,948)
Allowance for doubtful accounts	948	3,941
Deferred income taxes	24,629	28,252
Manufactured gas plant remediation costs	(19,464)	(6,284)
Cost of removal – asset retirement obligations	(1,145)	(967)
Contributions to postemployment benefit plans	(2,082)	(781)
Taxes related to stock-based compensation	325	141
Changes in:		
Components of working capital	(985)	(49,979)
Other noncurrent assets and liabilities	(18,788)	(13,495)
Cash flows from operating activities	213,423	188,166
<b>CASH FLOWS USED IN INVESTING ACTIVITIES</b>		
Expenditures for:		
Utility plant	(259,125)	(248,507)
Cost of removal	(28,602)	(28,719)
Cash flows used in investing activities	(287,727)	(277,226)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term debt	175,000	125,000
Payments of long-term debt	(77,575)	(5,470)
Payments of short-term debt, net	(34,800)	(63,100)
Proceeds from sale-leaseback transactions	8,814	8,441
Equity contribution from Parent	25,000	25,000
Tax withholding payments related to net settled stock compensation	(735)	(613)
Cash flows from financing activities	95,704	89,258
Change in cash, cash equivalents and restricted cash	21,400	198
Cash, cash equivalents and restricted cash at beginning of period	1,346	634
Cash, cash equivalents and restricted cash at end of period	\$ 22,746	\$ 832
<b>CHANGES IN COMPONENTS OF WORKING CAPITAL</b>		
Receivables	\$ (30,461)	\$ 3,173
Inventories	61,924	61,944
Recovery of natural gas costs	(3,206)	(20,106)
Natural gas purchases payable	7,600	(70,872)
Accounts payable and other	(11,392)	1,761
Prepaid expenses	(1,364)	(1,249)
Prepaid taxes	(5,909)	(4,194)
Restricted broker margin accounts	2,495	(22,611)
Customers' credit balances and deposits	(16,038)	(2,987)
Other current assets and liabilities	(4,634)	5,162
Total	\$ (985)	\$ (49,979)
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION</b>		
Cash paid for:		
Interest (net of amounts capitalized)	\$ 47,754	\$ 39,145
Accrued capital expenditures	\$ 5,695	\$ 3,348

See Note to Unaudited Condensed Financial Statements

# New Jersey Natural Gas Company

## CONDENSED BALANCE SHEETS

### ASSETS

<i>(Thousands)</i>	<b>(Unaudited)</b>	
	<b>June 30, 2024</b>	September 30, 2023
<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Utility plant, at cost	\$ 4,132,335	\$ 3,842,537
Construction work in progress	203,460	237,428
Nonutility plant and equipment, at cost	500	500
Total property, plant and equipment	4,336,295	4,080,465
Accumulated depreciation and amortization	(770,867)	(714,087)
Property, plant and equipment, net	3,565,428	3,366,378
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	22,011	783
Customer accounts receivable:		
Billed	84,923	55,234
Unbilled	12,778	10,784
Allowance for doubtful accounts	(6,657)	(7,602)
Regulatory assets	89,572	73,587
Natural gas in storage, at average cost	109,111	175,026
Materials and supplies, at average cost	26,264	22,273
Prepaid expenses	3,984	2,620
Prepaid taxes	32,053	26,144
Derivatives, at fair value	81	6,153
Restricted broker margin account	1,883	5,915
Other current assets	41,244	36,990
Total current assets	417,247	407,907
<b>NONCURRENT ASSETS</b>		
Regulatory assets	552,152	579,599
Postemployment employee benefit assets	41,999	40,227
Other noncurrent assets	54,350	42,377
Total noncurrent assets	648,501	662,203
Total assets	\$ 4,631,176	\$ 4,436,488

See Note to Unaudited Condensed Financial Statements

# New Jersey Natural Gas Company

## CONDENSED BALANCE SHEETS (Continued)

### CAPITALIZATION AND LIABILITIES

<i>(Thousands)</i>	(Unaudited)	
	June 30, 2024	September 30, 2023
<b>CAPITALIZATION</b>		
Common stock equity	\$ 1,992,236	\$ 1,814,836
Long-term debt	1,536,785	1,410,950
Total capitalization	3,529,021	3,225,786
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	59,284	78,477
Short-term debt	—	34,800
Natural gas purchases payable	30,664	23,064
Natural gas purchases payable related party	775	775
Accounts payable and other	74,954	88,091
Regulatory liabilities	31,244	30,637
New Jersey Clean Energy Program	20,265	15,804
Derivatives, at fair value	61	508
Customers' credit balances and deposits	28,860	44,898
Total current liabilities	246,107	317,054
<b>NONCURRENT LIABILITIES</b>		
Deferred income taxes	466,897	436,856
Deferred investment tax credits	2,226	2,434
Manufactured gas plant remediation	153,818	169,390
Postemployment employee benefit liability	—	45,796
Regulatory liabilities	176,720	180,458
Asset retirement obligations	56,281	55,285
Other noncurrent liabilities	106	3,429
Total noncurrent liabilities	856,048	893,648
Total capitalization and liabilities	\$ 4,631,176	\$ 4,436,488

See Note to Unaudited Condensed Financial Statements

# New Jersey Natural Gas Company

## Note to Unaudited Condensed Financial Statements

### 1. GENERAL

New Jersey Natural Gas (the Company) is a natural gas distribution company that provides regulated retail natural gas service to approximately 582,100 residential and commercial customers throughout Burlington, Middlesex, Monmouth, Morris, Ocean and Sussex counties in New Jersey, and participates in the off-system sales and capacity release markets. The Company is a regulated public utility and wholly-owned subsidiary of New Jersey Resources Corporation. The Company maintains its accounts in accordance with the Federal Energy Regulatory Commission Uniform System of Accounts as prescribed by the New Jersey Board of Public Utilities (BPU) and in accordance with the *Regulated Operations* Topic of the Financial Accounting Standards Board Accounting Standards Codification. As a result of the impact of the ratemaking process and regulatory actions of the BPU, the Company is required to recognize the economic effects of rate regulation. Accordingly, the Company capitalizes or defers certain costs that are expected to be recovered from its customers as regulatory assets and recognizes certain obligations representing probable future expenditures as regulatory liabilities on its Balance Sheets.

Because of the seasonal nature of the Company's utility operations and other factors, the results of operations for the interim periods presented are not necessarily indicative of the results to be expected for the entire fiscal year.