REFINITIV

DELTA REPORT

10-K

NJR - NEW JERSEY RESOURCES CORP

10-K - SEPTEMBER 30, 2023 COMPARED TO 10-K - SEPTEMBER 30, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	4832
CHANGES	476
DELETIONS	2172
ADDITIONS	2184

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2022 September 30, 2023

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 001-08359

NEW JERSEY RESOURCES CORPORATION

(Exact name of registrant as specified in its charter)

New Jersey	**22-2376465**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
1415 Wyckoff Road, Wall, New Jersey 07719	**(732) 938-1000**
(Address of principal executive offices)	(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12 (b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock - $2.50 Par Value	**NJR**	**New York Stock Exchange**

Securities registered pursuant to Section 12 (g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☒ Yes ☐ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

☐ Yes ☒ No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by checkmark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b).☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

The aggregate market value of the registrant's common stock held by non-affiliates was $4,388,979,332 $5,138,493,161 based on the closing price of $45.86 $53.20 per share on March 31, 2022 March 31, 2023, as reported on the New York Stock Exchange.

The number of shares outstanding of $2.50 par value common stock as of November 14, 2022 November 17, 2023 was 96,386,496. 97,707,564.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the Annual Meeting of Shareowners (Proxy Statement) to be held on January 25, 2023 January 24, 2024, are incorporated by reference into Part I and Part III of this report.

New Jersey Resources Corporation

TABLE OF CONTENTS

* Portions of Item 10 and Items 11-14 are Incorporated by Reference from the Proxy Statement.

GLOSSARY OF KEY TERMS

Adelphia Gateway	Adelphia Gateway, LLC
AFUDC	Allowance for Funds Used During Construction
AMA	Asset Management Agreement
ARO	Asset Retirement Obligations
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
B	Billion
Bcf	Billion Cubic Feet
BGSS	Basic Gas Supply Service
BPU	New Jersey Board of Public Utilities
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CIP	Conservation Incentive Program
Clean Energy Ventures or CEV	Clean Energy Ventures segment
CME	Chicago Mercantile Exchange

COVID-19	Novel coronavirus disease
CR&R	Commercial Realty & Resources Corp.
CSI	Competitive Solar Incentive
Degree-day	The measure of the variation in the weather based on the extent to which the average daily temperature falls below 65 degrees Fahrenheit
DEI	Diversity, equity and inclusion
DRP	NJR Direct Stock Purchase and Dividend Reinvestment Plan
Dths	Dekatherms
EDECA	Electric Discount and Energy Competition Act
EE	Energy Efficiency
EMP	New Jersey Energy Master Plan
Energy Services or ES	Energy Services segment
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FCM	Futures Commission Merchant
FERC	Federal Energy Regulatory Commission
Financial Margin	A non-GAAP financial measure, which represents revenues earned from the sale of natural gas less costs of natural gas sold including any transportation and storage costs, and excludes certain operations and maintenance expense and depreciation and amortization, as well as any accounting impact from the change in the fair value of certain derivative instruments
Fitch	Fitch Ratings Company
FMB	First Mortgage Bond
GAAP	Generally Accepted Accounting Principles of the United States
GWRA	Global Warming Response Act of 2007
HCCTR	Health Care Cost Trend Rate
Home Services and Other or HSO	Home Services and Other Operations
ICE	Intercontinental Exchange
IIP	Infrastructure Investment Program
Inflation Reduction Act	Inflation Reduction Act of 2022
IRS	Internal Revenue Service
ISDA	The International Swaps and Derivatives Association
ITC	Federal Investment Tax Credit
LDCC	Leadership Development and Compensation Committee
Leaf River	Leaf River Energy Center LLC
LNG	Liquefied Natural Gas
M	Million
MGP	Manufactured Gas Plant
MMBtu	Million British Thermal Units
Moody's	Moody's Investors Service, Inc.
Mortgage Indenture	The Amended and Restated Indenture of Mortgage, Deed of Trust and Security Agreement between NJNG and U.S. Bank National Association dated as of September 1, 2014, as amended
MW	Megawatts
MWh	Megawatt Hour
NAESB	The North American Energy Standards Board

GLOSSARY OF KEY TERMS (cont.)

MWh	Megawatt Hour
NAESB	The North American Energy Standards Board
NAV	Net Asset Value

NFE	Net Financial Earnings
NJ RISE	New Jersey Reinvestment in System Enhancement
NJCEP	New Jersey's Clean Energy Program
NJDEP	New Jersey Department of Environmental Protection
NJNG	New Jersey Natural Gas Company or our Natural Gas Distribution segment
NJNG Credit Facility	The $250 million $250M unsecured committed credit facility expiring in September 2027
NJR Credit Facility	The $650 million $650M unsecured committed credit facility expiring in September 2027
NJR or The Company	New Jersey Resources Corporation
NJR Retail	NJR Retail Company
NJRCEV	NJR Clean Energy Ventures Corporation
NJRES	NJR Energy Services Company, LLC
NJRHS	NJR Home Services Company
Non-GAAP	Not in accordance with GAAP
NPNS	Normal Purchase/Normal Sale
NYMEX	New York Mercantile Exchange
OASDI	Old Age, Survivors and Disability Insurance tax
OCI	Other Comprehensive Income
O&M	Operations and Maintenance
OPEB	Other Postemployment Benefit Plans
PBO	Projected Benefit Obligation
PennEast	PennEast Pipeline Company, LLC
PEP	Pension Equalization Plan
PIM	Pipeline Integrity Management
PPA	Power Purchase Agreement
RAC	Remediation Adjustment Clause
REC	Renewable Energy Certificate
SAFE II	Safety Acceleration and Facility Enhancement Program, Phase II
Sarbanes-Oxley	Sarbanes-Oxley Act of 2002
SAVEGREEN	The SAVEGREEN Project®
Savings Plan	Employees' Retirement Savings Plan
SBC	Societal Benefits Charge
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
SOFR	Secured Overnight Financing Rate
SREC	Solar Renewable Energy Certificate
SRL	Southern Reliability Link
S&P	Standard & Poor's Financial Services, LLC
Steckman Ridge	Collectively, Steckman Ridge GP, LLC and Steckman Ridge, LP
Storage and Transportation or S&T	Storage and Transportation segment
TETCO	Texas Eastern Transmission
The Inflation Reduction Act	The Inflation Reduction Act of 2022
The Tax Act	An Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, previously known as The Tax Cuts and Jobs Act of 2017
TREC	Transition Renewable Energy Certificate
Trustee	U.S. Bank National Association
TSR	Total Shareholder Return
U.S.	The United States of America
Union	International Brotherhood of Electrical Workers Local 1820
USF	Universal Service Fund
Utility Gross Margin	A non-GAAP financial measure, which represents operating revenues less natural gas purchases, sales tax, and regulatory rider expense, and excludes certain operations and maintenance expense and depreciation and amortization

INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Certain statements contained in this report, including, without limitation, statements as to management expectations, assumptions and beliefs presented in *Part I, Item 1. Business* and *Item 3. Legal Proceedings*, and in *Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* and *Item 7A. Quantitative and Qualitative Disclosures About Market Risk*, and in the notes to the financial statements, are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Exchange Act and the Private Securities Litigation Reform Act of 1995. Forward-looking statements can also be identified by the use of forward-looking terminology such as "anticipate," "estimate," "may," "could," "might," "intend," "expect," "believe," "will," "plan" or "plan," "should" or comparable terminology and are made based upon management's current expectations, assumptions and beliefs as of this date concerning future developments and their potential effect on us. There can be no assurance that future developments will be in accordance with management's expectations, assumptions or beliefs, or that the effect of future developments on us will be those anticipated by management.

We caution readers that the expectations, assumptions and beliefs that form the basis for forward-looking statements regarding customer growth, customer usage, qualifications for ITCs, RECs, future rate case proceedings, financial condition, results of operations, cash flows, capital requirements, future capital expenditures, market risk, effective tax rate and other matters for fiscal 2022 2024 and thereafter include many factors that are beyond our ability to control or estimate precisely, such as estimates of future market conditions, the behavior of other market participants and changes in the debt and equity capital markets. The factors that could cause actual results to differ materially from our expectations, assumptions and beliefs include, but are not limited to, those discussed in *Part I, Item 1A. Risk Factors*, as well as the following, which are neither presented in order of importance nor weighted:

- our ability to obtain governmental and regulatory approvals, permits, certificates, land-use rights, electric grid connection (in the case of clean energy projects) and/or financing for the construction, development and operation of our unregulated energy investments, pipeline transportation systems and NJNG and Storage and Transportation S&T infrastructure projects, in a timely manner;
- our ability to address concerns over long-term climate change;
- risks associated with our investments in clean energy projects, including the availability of regulatory incentives and federal tax credits, the availability of viable projects, our eligibility for ITCs, the future market for RECs and electricity prices, our ability to complete construction of the projects and operational risks related to projects in service;
- risks associated with acquisitions and the related integration of acquired assets with our current operations;
- our ability to comply with current and future regulatory requirements;
- risks associated with our pipeline of projects and timely completion of such projects
- commercial and wholesale credit risks, including the availability of creditworthy customers and counterparties, and liquidity in the wholesale energy trading market;
- volatility of natural gas and other commodity prices and their impact on NJNG customer usage, NJNG's BGSS incentive programs, Energy Services ES operations and our risk management efforts;
- the performance of our subsidiaries;
- access to adequate supplies of natural gas and dependence on third-party storage and transportation S&T facilities for natural gas supply;
- the level and rate at which NJNG's costs and expenses are incurred and the extent to which they are approved for recovery from customers through the regulatory process, including through future base rate case filings;
- impacts of inflation, including the current inflationary environment, and increased natural gas costs;
- the impact of a disallowance of recovery of environmental-related expenditures and other regulatory changes;
- operating risks incidental to handling, storing, transporting and providing customers with natural gas;
- demographic changes in our service territory and their effect on our customer growth;
- changes in rating agency requirements and/or credit ratings and their effect on availability and cost of capital to the Company;
- the impact of events causing volatility in the equity and credit markets on our access to capital, including the natural disasters, pandemic illness and other extreme events and risks, political and economic disruption and uncertainty related to Russia's military invasion of Ukraine, the Israel-Hamas War, and the international community's responses;
- risks of prolonged constriction of credit availability in the markets and our ability to secure short-term financing;
- our ability to comply with debt covenants;
- the results of legal or administrative proceedings with respect to claims, rates, environmental issues, natural gas cost prudence reviews and other matters;
- risks related to the impact and uncertainty of COVID-19, as well as impacts on business operations, supply chain, financial performance and condition and cash flows;
- risks related to cyberattacks, including ransomware, terrorism, other malicious acts against, or failure of, information technology systems;
- the impact to the asset values and resulting higher costs and funding obligations of our pension and postemployment benefit plans as a result of potential downturns in the financial markets, including, but not limited to, inflationary pressures, recessionary pressures, or rising interest rates, and/or reductions in bond yields;
- accounting effects and other risks associated with hedging activities and use of derivatives contracts;
- our ability to optimize our physical assets;
- weather and economic conditions, including those changes in weather and weather patterns that could be attributable to climate change;
- the costs of compliance with present and future environmental laws, potential climate change-related legislation or any legislation resulting from the 2019 New Jersey Energy Master Plan; Plan, as well as future executive orders and the outcomes of regulatory proceedings concerning natural gas;
- uncertainties related to litigation, regulatory, administrative or environmental proceedings;
- changes to tax laws and regulations, including our ability to optimize those changes brought about by the passage of the Inflation Reduction Act;
- any potential need to record a valuation allowance for our deferred tax assets;
- the impact of natural disasters, terrorist activities, pandemic illness, war and other extreme events on our operations and customers;
- the delay or prevention of a favorable transaction due to change changes in control provisions or laws;
- risks related to our employee workforce and succession planning;
- risks associated with the management of our joint ventures and partnerships; and
- risks associated with keeping pace with technological change. change, including, but not limited to, cloud computing and generative artificial intelligence.

Forward-looking statements made in this report apply only as of the date of this report. While we periodically reassess material trends and uncertainties affecting our results of operations and financial condition in connection with the preparation of management's discussion and analysis of results of operations and financial condition contained in our Quarterly and Annual Reports on Form 10-Q and Form 10-K, respectively, we do not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.

New Jersey Resources Corporation
Part I

ITEM 1. BUSINESS

ORGANIZATIONAL STRUCTURE

New Jersey Resources Corporation is a New Jersey corporation and a diversified energy services holding company whose principal business is the distribution of natural gas through a regulated utility, investing in and operating clean energy projects and natural gas storage and transportation assets, and providing other retail and wholesale energy services to customers. We are an exempt holding company under Section 1263 of the Energy Policy Act of 2005.

Our primary subsidiaries include the following:

New Jersey Natural Gas Company provides regulated natural gas utility service to approximately 569,300 576,000 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. NJNG, a local natural gas distribution company, is regulated by the BPU and comprises the Company's Natural Gas Distribution segment.

NJR Clean Energy Ventures Corporation includes the results of operations and assets related to the Company's unregulated capital investments in clean energy projects, including commercial and residential solar projects. NJRCEV comprises the Company's Clean Energy Ventures segment.

NJR Energy Services Company, LLC maintains and transacts around a portfolio of physical assets consisting of natural gas transportation and storage contracts in the U.S. and Canada. NJRES also provides unregulated wholesale energy management services to other energy companies and natural gas producers. NJRES comprises our Energy Services segment.

NJR Midstream Holdings Corporation, which comprises the Storage and Transportation segment, invests in energy-related ventures through its subsidiaries: NJR Midstream Company, which includes our wholly-owned subsidiaries of Leaf River, located in southeastern Mississippi, and Adelphia, Gateway, located in eastern Pennsylvania, which are subject to FERC regulation, along with our 20 percent 20% ownership interest in PennEast; PennEast, which ceased operations in fiscal 2022; and NJR Steckman Ridge Storage Company, which holds our 50 percent 50% combined ownership interest in Steckman Ridge, located in Pennsylvania.

See *Note 7. Investments in Equity Investees* for more information on PennEast Steckman Ridge and Steckman Ridge. PennEast.

NJR Home Services Company provides heating, ventilation and cooling service, sales and installation of appliances to approximately 103,100 101,500 service contract customers, as well as solar installation projects, and is the primary contributor to Home Services and Other operations.

REPORTING SEGMENTS

REPORTING SEGMENTS

We operate within four reporting segments: Natural Gas Distribution, Clean Energy Ventures, Energy Services and Storage and Transportation.

Natural Gas Distribution NJNG consists of regulated natural gas services, off-system sales, capacity and storage management operations. Energy Services ES consists of unregulated wholesale and retail energy operations, as well as energy management services. Clean Energy Ventures CEV consists of capital investments in clean energy projects. Storage and Transportation S&T consists of operations and investments in the natural gas storage and transportation market, such as natural gas storage and transportation facilities.

Net income by reporting segment and other business operations for the fiscal years ended September 30, are as follows:

794

Storage and Transportation S&T incurred a net loss of $67.8 million $67.8M during fiscal 2021, and Energy Services incurred a net loss of $11.0 million during fiscal 2020, which are is not shown clearly in the above graph.

Assets composition by reporting segment and other business operations at September 30, are as follows:

2022	2021
2023	2022

1088 1089

Management uses NFE, a non-GAAP financial measure, when evaluating its operating results. NFE is a measure of the earnings based on eliminating timing differences surrounding the recognition of certain gains or losses to effectively match the earnings effects of the economic hedges with the physical sale of natural gas and, therefore, eliminates the impact of volatility to GAAP earnings associated with the derivative instruments. Energy Services ES economically hedges its natural gas inventory with financial derivative instruments and calculates the related tax effect based on the statutory rate. NFE also excludes certain transactions associated with equity method investments, including impairment charges, which are non-cash charges, and return of capital in excess of the carrying value of our investment. These are considered unusual in nature and occur infrequently and are not indicative of the Company's performance for its ongoing operations. Included in the tax effects are current and deferred income tax expense corresponding with the components of NFE.

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP, and should be considered in addition to, and not as a substitute for, the comparable GAAP measure. The following is a reconciliation of consolidated net income, the most directly comparable GAAP measure, to NFE for the fiscal years ended September 30:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Net income	Net income	**$ 274,922**	$ 117,890	$ 163,007	Net income	**$ 264,724**	$ 274,922	$ 117,890
Add:	Add:				Add:			
Unrealized (gain) loss on derivative instruments and related transactions	Unrealized (gain) loss on derivative instruments and related transactions	**(59,906)**	54,203	(9,644)	Unrealized (gain) loss on derivative instruments and related transactions	**(38,081)**	(59,906)	54,203
Tax effect	Tax effect	**14,248**	(12,887)	2,296	Tax effect	**9,050**	14,248	(12,887)
Effects of economic hedging related to natural gas inventory	Effects of economic hedging related to natural gas inventory	**19,939**	(42,405)	12,690	Effects of economic hedging related to natural gas inventory	**34,699**	19,939	(42,405)
Tax effect	Tax effect	**(4,738)**	10,078	(3,016)	Tax effect	**(8,246)**	(4,738)	10,078
(Gain on) impairment of equity method investment	(Gain on) impairment of equity method investment	**(5,521)**	92,000	—	(Gain on) impairment of equity method investment	**(300)**	(5,521)	92,000
Tax effect	Tax effect	**1,377**	(11,167)	—	Tax effect	**(19)**	1,377	(11,167)
NFE	NFE	**$ 240,321**	$ 207,712	$ 165,333	NFE	**$ 261,827**	$ 240,321	$ 207,712
Basic earnings per share	Basic earnings per share	**$ 2.86**	$ 1.23	$ 1.72	Basic earnings per share	**$ 2.73**	$ 2.86	$ 1.23
Add:	Add:				Add:			
Unrealized (gain) loss on derivative instruments and related transactions	Unrealized (gain) loss on derivative instruments and related transactions	**(0.62)**	0.56	(0.10)	Unrealized (gain) loss on derivative instruments and related transactions	**(0.39)**	(0.62)	0.56

Tax effect	Tax effect	**0.15**	(0.13)	0.02	Tax effect	**0.09**	0.15	(0.13)
Effects of economic hedging related to natural gas inventory	Effects of economic hedging related to natural gas inventory	**0.21**	(0.44)	0.13	Effects of economic hedging related to natural gas inventory	**0.36**	0.21	(0.44)
Tax effect	Tax effect	**(0.05)**	0.10	(0.03)	Tax effect	**(0.09)**	(0.05)	0.10
(Gain on) impairment of equity method investment	(Gain on) impairment of equity method investment	**(0.06)**	0.96	—	(Gain on) impairment of equity method investment	**—**	(0.06)	0.96
Tax effect	Tax effect	**0.01**	(0.12)	—	Tax effect	**—**	0.01	(0.12)
Basic NFE per share	Basic NFE per share	**$ 2.50**	$ 2.16	$ 1.74	Basic NFE per share	**$ 2.70**	$ 2.50	$ 2.16

NFE by reporting segment and other business operations for the fiscal years ended September 30, are as follows:

2613

NFE at Energy Services was a loss of $7.9 million during fiscal 2020, which is not shown clearly in the above graph.

Natural Gas Distribution

General

Natural Gas Distribution NJNG consists of regulated utility operations that provide natural gas service to approximately 569,300 576,000 customers. NJNG's service territory includes Burlington, Middlesex, Monmouth, Morris, Ocean and Sussex counties in New Jersey. It encompasses 1,516 square miles, covering 108 110 municipalities with an estimated population of 1.5 million people. It is primarily suburban, highlighted by approximately 100 miles of New Jersey coastline. It is in close proximity to New York City, Philadelphia and the metropolitan areas of northern New Jersey, and is accessible through a network of major roadways and mass transportation.

NJNG's business is subject to various risks, such as those associated with adverse economic conditions, which can negatively impact customer growth and operating and financing costs; fluctuations in commodity prices, which can impact customer usage; certain regulatory actions; and environmental remediation. It is often difficult to predict the impact of trends associated with these risks. NJNG employs strategies to pursue customer conversions from other fuel sources and monitor new construction markets through contact with developers, utilize incentive programs through BPU-approved mechanisms to reduce natural gas costs, pursue rate and other regulatory strategies designed to stabilize and decouple gross margin, and work actively with consultants and the NJDEP to manage expectations related to its obligations associated with its former MGP sites.

Operating Revenues/Throughput

For the fiscal years ended September 30, operating revenues and throughput by customer class for Natural Gas Distribution NJNG are as follows:

		2022		2021		2020			**2023**		2022		2021	
($ in thousands)	*($ in thousands)*	**Operating Revenue**	**Bcf**	Operating Revenue	Bcf	Operating Revenue	Bcf	*($ in thousands)*	**Operating Revenue**	**Bcf**	Operating Revenue	Bcf	Operating Revenue	Bcf
Residential	Residential	**$ 598,433**	**45.5**	$ 484,407	46.2	$ 500,271	44.6	Residential	**$ 643,756**	**43.4**	$ 598,433	45.5	$ 484,407	46.2
Commercial and other	Commercial and other	**140,727**	**8.7**	103,341	8.6	98,463	8.2	Commercial and other	**137,343**	**8.4**	140,727	8.7	103,341	8.6
Firm transportation	Firm transportation	**80,915**	**13.0**	69,353	13.7	66,871	13.3	Firm transportation	**79,537**	**12.1**	80,915	13.0	69,353	13.7
Total residential and commercial	Total residential and commercial	**820,075**	**67.2**	657,101	68.5	665,605	66.1	Total residential and commercial	**860,636**	**63.9**	820,075	67.2	657,101	68.5
Interruptible/off-tariff agreements		**9,740**	**32.4**	7,239	22.9	6,322	30.9							

Interruptible/off-tariff agreements/other								Interruptible/off-tariff agreements/other	**9,996**	**29.5**	9,740	32.4	7,239	22.9
Total system	Total system	**829,815**	**99.6**	664,340	91.4	671,927	97.0	Total system	**870,632**	**93.4**	829,815	99.6	664,340	91.4
BGSS incentive programs *(1)*	BGSS incentive programs *(1)*	**298,952**	**44.5**	67,456	20.8	57,996	118.4	BGSS incentive programs *(1)*	**142,001**	**34.9**	298,952	44.5	67,456	20.8
Total	Total	**$ 1,128,767**	**144.1**	$ 731,796	112.2	$ 729,923	215.4	Total	**$ 1,012,633**	**128.3**	$ 1,128,767	144.1	$ 731,796	112.2

(1) Does not include 37.7, 50.7 80.5 and 86.3 80.5 Bcf for the capacity release program and related amounts of approximately $683,000, $3.1 million $0.9M, $0.7M and $3.1 million, $3.1M, which are recorded as a reduction of natural gas purchases on the Consolidated Statements of Operations during fiscal 2023, 2022 2021 and 2020, 2021, respectively.

NJNG added 7,808 8,800 and 7,854 7,808 new customers during fiscal 2022 2023 and 2021, 2022, respectively. NJNG expects its annual customer growth rate to be approximately 1.6 percent. 1.9%. This anticipated customer growth represents approximately $7.7 million $8.5M in new annual Utility Gross Margin, a non-GAAP financial measure, as calculated under NJNG's current CIP tariff. For a reconciliation of Utility Gross Margin to gross margin see *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Natural Gas Distribution*.

In fiscal 2022, 2023, no single customer represented more than 10 percent 10% of consolidated operating revenues.

Seasonality of Natural Gas Revenues

Therm sales are significantly affected by weather conditions, with customer demand being greatest during the winter months when natural gas is used for heating purposes. The relative measurement of the impact of weather is in Degree-days. Degree-day data is used to estimate amounts of energy required to maintain comfortable indoor temperature levels based on each day's average temperature. Each degree of temperature below 65 degrees Fahrenheit is counted as one heating Degree-day. Normal heating Degree-days are based on a 20-year average, calculated based on three reference areas representative of NJNG's service territory.

CIP, a mechanism authorized by the BPU, stabilizes NJNG's Utility Gross Margin, regardless of variations in weather. In addition, CIP decouples the link between Utility Gross Margin and customer usage, allowing NJNG to promote energy conservation measures. Recovery of Utility Gross Margin is subject to additional conditions, including an earnings test, a revenue test and an evaluation of BGSS-related savings achieved over a 12-month period. The BPU approved the continuation of the CIP program with no expiration date.

Concurrent with its annual BGSS filing, NJNG files for an annual review of its CIP, at which time it can request rate changes, as appropriate. For additional information regarding CIP, including rate actions and impact to margin, see *Note 4. Regulation* in the accompanying Consolidated Financial Statements and *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations-Natural Gas Distribution*.

Natural Gas Supply

Firm Natural Gas Supplies

In fiscal 2022, 2023, NJNG purchased natural gas from approximately 59 58 suppliers under contracts ranging from one day to seven months and purchased over 10 percent 10% of its natural gas from two suppliers. NJNG believes the loss of either of these suppliers would not have a material adverse impact on its results of operations, financial position or cash flows, as an adequate number of alternative suppliers exist. NJNG believes that its supply strategy should adequately meet its expected firm load for the upcoming winter season.

Firm Transportation and Storage Capacity

NJNG maintains agreements for firm transportation and storage capacity with several interstate pipeline companies to take delivery of firm natural gas supplies, which ensures the ability to reliably service its customers. NJNG receives natural gas at 11 citygate stations located in Burlington, Middlesex, Morris and Passaic counties in New Jersey.

The pipeline companies that provide firm transportation service to NJNG's citygate stations, the maximum daily deliverability of that capacity and the contract expiration dates are as follows:

Pipeline	**Pipeline**	**Dths** *(1)*	**Expiration**	**Pipeline**	**Dths** *(1)*	**Expiration**

Transcontinental Gas Pipe Line Corp.				Transcontinental Gas Pipe Line Corp.	332,531	Various dates between 2024 and 2033
Texas Eastern Transmission, L.P.	Texas Eastern Transmission, L.P.	383,588	2023-2025	Texas Eastern Transmission, L.P.	383,588	Various dates between 2024 and 2025
Columbia Gas Transmission Corp.	Columbia Gas Transmission Corp.	50,000	2024-2030	Columbia Gas Transmission Corp.	50,000	Various dates between 2024 and 2030
Tennessee Gas Pipeline Co.	Tennessee Gas Pipeline Co.	25,166	2024-2028	Tennessee Gas Pipeline Co.	25,166	Various dates between 2028 and 2029
Transcontinental Gas Pipe Line Corp.		332,531	2023-2033			
Algonquin Gas Transmission	Algonquin Gas Transmission	12,000	2024	Algonquin Gas Transmission	12,000	2025
Total	**Total**	**803,285**		**Total**	**803,285**	

(1) Numbers are shown net of any capacity release contracted amounts.

Eastern Gas Transmission and Storage, Inc., Tennessee Gas Pipeline Co., Transcontinental Gas Pipe Line Corp. and Adelphia Gateway provide NJNG upstream firm contract transportation service and supply pipelines included in the table above.

In addition, NJNG has storage contracts that provide an additional 102,941 Dths of maximum daily deliverability to NJNG's citygate stations from storage fields in its Northeast market area. The storage suppliers, the maximum daily deliverability of that storage capacity and the contract expiration dates are as follows:

Pipeline	**Pipeline**	**Dths**	**Expiration**	**Pipeline**	**Dths**	**Expiration**
Texas Eastern Transmission, L.P.	Texas Eastern Transmission, L.P.	94,557	2024	Texas Eastern Transmission, L.P.	94,557	2025
Transcontinental Gas Pipe Line Corp.	Transcontinental Gas Pipe Line Corp.	8,384	2028	Transcontinental Gas Pipe Line Corp.	8,384	2028
Total	**Total**	**102,941**		**Total**	**102,941**	

NJNG also has upstream storage contracts. The maximum daily deliverability and contract expiration dates are as follows:

Company	**Company**	**Dths**	**Expiration**	**Company**	**Dths**	**Expiration**
Eastern Gas Transmission and Storage	Eastern Gas Transmission and Storage	286,829	2023-2026	Eastern Gas Transmission and Storage	286,829	Various dates between 2024 and 2026
Steckman Ridge, L.P.	Steckman Ridge, L.P.	38,000	2025	Steckman Ridge, L.P.	38,000	2025
Stagecoach Pipeline & Storage Company LLC	Stagecoach Pipeline & Storage Company LLC	25,337	2028	Stagecoach Pipeline & Storage Company LLC	25,337	2028
Total	**Total**	**350,166**		**Total**	**350,166**	

ITEM 1. BUSINESS (Continued)

NJNG utilizes its transportation contracts to transport natural gas to NJNG's citygates from the Eastern Gas Transmission and Storage, Inc., Steckman Ridge and Stagecoach Pipeline & Storage Company LLC storage fields. NJNG has sufficient firm transportation, storage and supply capacity to fully meet its firm sales contract obligations. customer demand for natural gas within its service territory.

Citygate Supplies from Energy Services ES

NJNG has one AMA with Energy Services. ES. NJNG and Energy Services ES have an agreement where NJNG releases 7,150 Dths/day of TETCO capacity, 2,200 Dths/day of Eastern Gas Transmission and Storage, Inc. capacity, 10,728 Dths/day of Tennessee Gas Pipeline capacity and 1.6 million Dths of Stagecoach Pipeline & Storage Company LLC storage capacity to Energy Services ES through March 31, 2023 March 31, 2024. NJNG can call upon a supply of up to 14,300 Dths/day delivered to NJNG's TETCO citygate through March 31, 2023 March 31, 2024. Energy Services ES manages the storage inventory and NJNG can call on that storage supply as needed at NJNG's Tennessee citygate or storage point.

Peaking Supply

To manage its winter peak day demand, NJNG maintains two LNG facilities with a combined deliverability of approximately 170,000 Dths/day, which represents approximately 18 percent 18% of its estimated peak day sendout. NJNG's liquefaction facility allows NJNG to convert natural gas into LNG to fill NJNG's existing LNG storage tanks. See *Item 2. Properties-Natural Gas Distribution* for additional information regarding the LNG storage facilities.

Basic Gas Supply Service

BGSS is a BPU-approved clause designed to allow for the recovery of natural gas commodity costs on an annual basis. The clause requires all New Jersey natural gas utilities to make an annual filing by each June 1 for review of BGSS rates and to request a potential rate change effective the following October 1. The BGSS also allows each natural gas utility to provisionally increase residential and small commercial customer BGSS rates on December 1 and February 1 for up to a five percent 5% increase to the average residential heat customer's bill on a self-implementing basis with proper notice. Such increases are subject to subsequent BPU review and final approval.

In addition to making periodic rate adjustments to reflect changes in commodity prices, NJNG is also permitted to refund or credit back a portion of the commodity costs to customers when the natural gas commodity costs decrease in comparison to amounts projected or to amounts previously collected from customers. Decreases in the BGSS rate and BGSS refunds can be implemented with five days' notice to the BPU. Rate changes, as well as other regulatory actions related to BGSS, are discussed further in *Note 4. Regulation* in the accompanying Consolidated Financial Statements.

Wholesale natural gas prices are, by their nature, volatile. NJNG mitigates the impact of volatile price changes on customers through the use of financial derivative instruments, which are part of its storage incentive program and its BGSS clause.

Future Natural Gas Supplies

NJNG expects to meet the natural gas requirements for existing and projected firm customers. If NJNG's long-term natural gas requirements change, NJNG expects to renegotiate and restructure its contract portfolio to better match the changing needs of its customers and changing natural gas supply landscape.

Regulation and Rates

State

NJNG is subject to the jurisdiction of the BPU with respect to a wide range of matters such as base rates and regulatory rider rates, the issuance of securities, the safety and adequacy of service, the manner of keeping its accounts and records, the sufficiency of natural gas supply, pipeline safety, environmental issues, compliance with affiliate standards and the sale or encumbrance of its properties. See *Note 4. Regulation* in the accompanying Consolidated Financial Statements for additional information regarding NJNG's rate proceedings.

Federal

FERC regulates rates charged by interstate pipeline companies for the transportation and storage of natural gas. This affects may affect NJNG's agreements with several interstate pipeline companies for the purchase of such services. Costs associated with these services are currently recoverable through the BGSS.

Competition

Although its franchises are nonexclusive, NJNG is not currently subject to competition from other natural gas distribution utilities with regard to the transportation of natural gas in its service territory. Due to significant distances between NJNG's current large industrial customers and the nearest interstate natural gas pipelines, as well as the availability of its transportation tariff, NJNG currently does not believe it has significant exposure to the risk that its distribution system will be bypassed. Competition does exist from suppliers of oil, electricity and propane. At the present time, however, natural gas is used in over 95 percent 95% of new construction due to its efficiency, reliability and price advantage. Natural gas prices are a function of market supply and demand. Although NJNG believes natural gas will remain competitive with alternate fuels, no assurance can be given in this regard.

The BPU, within the framework of the EDECA, fully opened NJNG's residential markets to competition, including third-party suppliers, and restructured rates to segregate its BGSS and delivery (i.e., transportation) prices. New Jersey's natural gas utilities must provide BGSS in the absence of a third-party supplier. On September 30, 2022 September 30, 2023, NJNG had 17,316 15,457 residential and 8,397 8,033 commercial and industrial customers utilizing the transportation service.

Clean Energy Ventures

Clean Energy Ventures CEV invests in, owns and operates clean energy projects, including commercial and residential solar installations located in six states including New Jersey, Connecticut, Rhode Island, New York, Connecticut, Michigan and New York. Indiana.

As of September 30, 2022 September 30, 2023, Clean Energy Ventures CEV has approximately 386.6 468.8 MW of ITC-eligible solar capacity in service, including a combination of residential and commercial net-metered and grid-connected solar systems.

As part of its solar investment portfolio, Clean Energy Ventures CEV operates a residential and small commercial solar program, The Sunlight Advantage®, that provides qualifying homeowners and small business owners with the opportunity to have a solar system installed at their home or place of business with no installation or maintenance expenses. Clean Energy Ventures CEV owns, operates and maintains the system over the life of the lease in exchange for monthly lease payments. The program is operated by Clean Energy Ventures CEV using qualified contracting partners in addition to strategic suppliers for material standardization and sourcing. The residential solar lease and PPA market is highly competitive, with a large number of companies operating in New Jersey. Clean Energy Ventures CEV competes on price, quality and brand reputation, leveraging its partner network and customer referrals.

Clean Energy Ventures' CEV's commercial solar projects are sourced through various channels and include both net-metered and grid-connected systems. Net-metered projects involve the sale of energy to a host and grid-connected systems into the wholesale energy markets. Project construction is competitively sourced through third parties. New Jersey has the eighth largest solar market in the U.S., according to the Solar Energy Industries Association®, with a large number of firms competing in all facets of the market including development, financing and construction.

Our solar systems are registered and certified with the BPU's Office of Clean Energy and qualified to produce RECs. One REC is created for every MWh of electricity produced by a solar generator. Clean Energy Ventures CEV sells SRECs generated to a variety of counterparties, including electric load-serving entities that serve electric customers in New Jersey and are required to comply with the solar carve-out of the Renewable Portfolio Standard, a regulation that requires the increased production of energy from renewable energy sources. Solar projects are also currently eligible for federal ITCs in the year that they are placed into service. In December 2019, the BPU established the TREC as the interim program successor to the SREC program. TRECs provide a fixed compensation base multiplied by an assigned project factor in order to determine their value. The project factor is determined by the type and location of the project, as defined. All TRECs generated are required to be purchased monthly by a TREC program administrator as appointed by the BPU.

In July 2021, the BPU approved the first portion of the solar successor program for net-metered projects under 5 MWs. The new program opened to new applications on August 28, 2021. Incentives are structured as a 15-year fixed incentive ranging from $70 $85 to $120/ $130/MWh depending on market segment, project siting and size. The second phase of the successor program, is expected the CSI Program, was established on December 7, 2022. The CSI program was designed to include encourage grid scale solar generation with a competitive bid goal of incentivizing development of at least 300 MW of solar annually until 2026. Solicitations take place annually, and all projects that meet pre-qualification requirements will compete on price only. The next solicitation for projects greater than 5 MWs, with the solicitation program format will open on November 27, 2023, and rules expected will close to be finalized in 2023. bids on February 29, 2024.

Clean Energy Ventures CEV is subject to various risks including those associated with adverse federal and state legislation and regulatory policies, electric grid connection, supply chain and/or construction delays that can impact the timing or eligibility of tax incentives, technological changes and the future market of RECs. See *Item 1A. Risk Factors* for additional information regarding these risks.

Energy Services

Energy Services ES consists of unregulated wholesale and retail natural gas operations and provides producer and asset management services to a diverse customer base across North America. Energy Services ES has acquired contractual rights to natural gas transportation and storage assets it utilizes to implement its strategic and opportunistic market strategies. The rights to these assets were acquired in anticipation of delivering natural gas, performing asset management services for customers or identifying strategic opportunities that exist in or between the market areas that it serves. These opportunities are driven by price differentials between market locations and/or time periods. Energy Services' ES's activities are conducted in the market areas in which it has strong expertise, including the U.S. and Canada. Energy Services ES differentiates itself in the marketplace based on price, reliability and quality of service. Its competitors include wholesale marketing and trading companies, utilities, natural gas producers and financial institutions. Energy Services' ES's portfolio of customers includes regulated natural gas distribution companies, industrial companies, electric generators, natural gas/liquids processors, retail aggregators, wholesale marketers and natural gas producers.

While focusing on maintaining a low-risk operating and counterparty credit profile, Energy Services' ES's activities specifically consist of the following elements:

- Providing natural gas portfolio management services to nonaffiliated and our affiliated natural gas utility, electric generation facilities and natural gas producers;
- Managing strategies for new and existing natural gas transportation and storage assets to capture value from changes in price due to location or timing differences as a means to generate Financial Margin;
- Managing transactional logistics to minimize the cost of natural gas delivery to customers while maintaining security of supply. Transactions utilize the most optimal and advantageous natural gas supply transportation routing available within its contractual asset portfolio and various market areas; and
- Managing economic hedging programs that are designed to mitigate the impact of changes in market prices on Financial Margin generated on its natural gas transportation and storage commitments.

In an effort to deliver more predictable earnings contributions, reduce earnings volatility and monetize the value of its natural gas transportation portfolio, Energy Services ES entered into a series of AMAs in December 2020 with an investment grade public utility to release pipeline capacity associated with certain natural gas transportation contracts. The AMAs include a series of initial and permanent releases, which commenced on November 1, 2021. in November 2021. NJR will receive a total of approximately $260 million $260M in cash from fiscal 2022 through fiscal 2024 and $34 million $34M per year from fiscal 2025 through fiscal 2031 under the agreements.

During fiscal 2022, Energy Services 2023, ES did not purchase over 10 percent 10% of its natural gas from any one supplier.

Transportation and Natural Gas Storage Transactions

Energy Services ES focuses on creating value from the use of its physical assets, which are typically amassed through contractual rights to natural gas transportation and storage capacity. These assets become more valuable when favorable price changes occur that impact the value between or within market areas and across time periods. On a forward basis, Energy Services ES may hedge these price differentials through the use of financial instruments. In addition, Energy Services ES may seek to optimize these assets on a daily basis, as market conditions warrant, by evaluating natural gas supply and transportation availability within its portfolio. This enables Energy Services ES to capture geographic pricing differences across various regions, as delivered natural gas prices may change favorably as a result of market conditions. Energy Services ES may, for example, initiate positions when intrinsic Financial Margin is present, and then enhance that Financial Margin as prices change across regions or time periods.

Energy Services ES also engages in park and loan transactions with storage and pipeline operators, where Energy Services ES will either borrow (receive a loan of) natural gas with an obligation to repay the storage or pipeline operator at a later date or "park" natural gas with an obligation to withdraw at a later date. In these cases, Energy Services ES evaluates the economics of the transaction to determine if it can capture pricing differentials in the marketplace and generate Financial Margin. Energy Services ES evaluates deal attributes such as fixed fees and calendar-spread value from deal inception until volumes are scheduled to be returned and/or repaid, as well as the time value of money. If this evaluation demonstrates that Financial Margin exists, Energy Services ES may enter into the transaction and hedge with natural gas futures contracts, thereby locking in Financial Margin.

Energy Services ES maintains inventory balances to satisfy existing or anticipated sales of natural gas to its counterparties and/or to create additional value, as described above. During fiscal 2023 and 2022, and 2021, Energy Services ES managed and sold 231.1 150.4 Bcf and 382.0 231.1 Bcf of natural gas, respectively. In addition, as of September 30, 2022 September 30, 2023 and 2021, Energy Services 2022, ES had 10.8 14.6 Bcf or $82.5 million $24.5M of natural gas in storage and 18.8 10.8 Bcf or $77.8 million $82.5M of natural gas in storage, respectively.

Weather/Seasonality

Energy Services ES activities are typically seasonal in nature as a result of changes in the supply and demand for natural gas. Demand for natural gas is generally higher during the winter months when there may also be supply constraints; however, during periods of milder temperatures, demand can decrease. In addition, demand for natural gas can also be high during periods of extreme heat in the summer months, resulting from the need for additional natural gas supply for natural gas-fired electric generation facilities. Accordingly, Energy Services ES can be subject to variations in earnings and working capital throughout the year as a result of changes in weather.

Page 11

Volatility

Energy Services' ES's activities are also subject to price volatility or supply/demand dynamics within its North American wholesale markets, including in the Northeastern, Appalachian, Mid-Continent and Southeast regions. Changes in natural gas supply can affect capacity values and Energy Services' ES's Financial Margin, which, as described below, is generated from the optimization of transportation and storage assets. With its focus on risk management, Energy Services ES continues to diversify its revenue stream by identifying new growth opportunities in producer and asset management services. Energy Services ES monitors changing market dynamics and strategically adjusts its portfolio of transportation and storage assets, which currently includes an average of approximately 25.4 21.8 Bcf of firm storage and 0.7 0.6 Bcf of firm transportation capacity.

Financial Margin

To economically hedge the commodity price risk associated with its existing and anticipated commitments for the purchase and sale of natural gas, Energy Services ES enters into a variety of derivative instruments including, but not limited to, futures contracts, physical forward contracts, financial swaps and options. These derivative instruments are accounted for at fair value with changes in fair value recognized in earnings as they occur. Energy Services ES views Financial Margin, a non-GAAP financial measure, as a key internal financial metric. For additional information regarding Financial Margin, see *Item 7. Management's Discussion and Analysisof Financial Condition and Results of Operations-Energy Services*.

Risk Management

In conducting its business, Energy Services ES mitigates risk by following formal risk management guidelines, including transaction limits, segregation of duties and formal contract and credit review approval processes. Energy Services ES continuously monitors and seeks to reduce the risk associated with its counterparty credit exposures. Our Risk Management Committee oversees compliance with these established guidelines.

Storage and Transportation

Storage and Transportation S&T includes investments in FERC-regulated interstate natural gas storage and transportation assets and is comprised of the following subsidiaries:

- NJR Midstream Company owns and operates Leaf River, a 32.2 million 32.2M Dth salt dome natural gas facility, located in southeastern Mississippi, and the FERC-regulated Adelphia, Gateway, which owns and operates an 84-mile pipeline in southeastern Pennsylvania. NJR Midstream Company also holds a 20 percent 20% equity method investment in PennEast, whose project was cancelled in September 2021 and subsequently is dissolving the partnership; and

- NJR Steckman Ridge Storage Company holds our 50 percent 50% equity method investment in Steckman Ridge. Steckman Ridge is a Delaware limited partnership, jointly owned and controlled by our subsidiaries and subsidiaries of Enbridge Inc., which built, owns and operates a natural gas storage facility with up to 12 Bcf of working natural gas capacity in Bedford County, Pennsylvania. The facility has direct access to the TETCO and Eastern Gas Transmission and Storage, Inc. pipelines and has access to the Northeast and Mid-Atlantic markets.

New Jersey Resources Corporation
Part I
ITEM 1. BUSINESS (Continued)

OTHER BUSINESS OPERATIONS

Home Services and Other

Home Services and Other HSO operations consist primarily of the following unregulated affiliates:

- NJRHS, NJR Home Services, Inc., which provides heating, ventilation and cooling service, sales and installation of appliances to approximately 103,100 101,500 service contract customers, as well as installation of solar equipment;

- NJR Plumbing Services, Inc., which provides plumbing repair and installation services;

- NJR Retail Company, which provides home warranty contracts:

- New Jersey Resources Corporation, a diversified energy services holding company;

- CR&R, which holds commercial real estate; and

- NJR Service Corporation, which provides shared administrative and financial services to the Company and all of its subsidiaries and affiliates.

ENVIRONMENT

We, along with our subsidiaries, are subject to legislation and regulation by federal, state and local authorities with respect to environmental matters. We believe that we are, in all material respects, in compliance with all applicable environmental laws and regulations.

NJNG is responsible for the environmental remediation of identified former MGP sites, which contain contaminated residues from former gas manufacturing operations that ceased at these sites by the mid-1950s and, in some cases, had been discontinued many years earlier. NJNG periodically, and at least annually, performs an environmental review of the former MGP sites, including a review of potential estimated liabilities related to the investigation and remedial action on these sites. Based on this review, NJNG has estimated that the total future expenditures to remediate and monitor the former MGP sites for which it is responsible will range from approximately $110.8 million $137.3M to $167.1 million. $201.5M.

NJNG's estimate of these liabilities is based upon known and measurable facts, existing technology and enacted laws and regulations in place when the review was completed in fiscal 2022. 2023. Where it is probable that costs will be incurred, and the information is sufficient to establish a range of possible liability, NJNG accrues the most likely amount in the range. If no point within the range is more likely than the other, it is NJNG's policy to accrue the lower end of the range. As of September 30, 2022 September 30, 2023, NJNG recorded an MGP remediation liability and a corresponding regulatory asset of $127.1 million $169.4M on the Consolidated Balance Sheets, based on the most likely amount; however, actual costs may differ from these estimates.

HUMAN CAPITAL RESOURCES

Employee Overview

NJR fundamentally believes that its employees make the Company a unique, successful organization – in creativity, commitment, ingenuity, hard work and innovation. NJR employees fulfill the responsibilities that enable the Company to deliver natural gas service to its customers; to be a leader in clean energy investments; to grow its storage and transportation energy business; and to earn the loyalty of its retail home services customers. NJR also is committed to provide every appropriate resource to ensure its employees' safety. Through initiatives that start at the top, NJR has invested time, energy and manpower to foster a culture where safety is top-of-mind at all times, and where achieving safety goals is a shared priority for every NJR employee.

As of September 30, 2022 September 30, 2023, the Company and our subsidiaries employed 1,288 1,350 employees compared with 1,251 1,288 employees as of September 30, 2021 September 30, 2022. Of the total number of employees, NJNG had 498 509 and 492 498 and NJRHS had 113 117 and 108 113 Union or Represented employees as of September 30, 2022 September 30, 2023 and 2021, 2022, respectively. NJNG and NJRHS have collective bargaining agreements with the Union, which is affiliated with the American Federation of Labor and Congress of Industrial Organizations. NJNG and the Union negotiated an extension of their current are in active negotiations to extend the collective bargaining agreement, extending the term through which is scheduled to expire on December 7, 2023. The collective bargaining agreement between NJRHS and the Union is scheduled to expire April 2, 2024. The labor agreements cover wage increases and other benefits, including the defined benefit pension (which was closed to all employees hired on or after January 1, 2012, with the exception of certain rehires who are eligible to resume active participation), the postemployment benefit plan (which was closed to all employees hired on or after January 1, 2012) and the enhanced 401(k) retirement savings plan. We consider our relationship with employees, including those covered by collective bargaining agreements, to be in good standing.

The Company depends on its key personnel to successfully operate its businesses, including its executive officers, senior corporate management and management at its operating units. NJR seeks to attract and retain its employees by offering competitive compensation packages including base and incentive compensation (and in certain instances share-based compensation and retention incentives), attractive benefits and opportunities for advancement and rewarding careers. NJR periodically reviews and adjusts, if needed, its employees' total compensation (including salaries, annual cash incentive compensation, other cash and equity incentives and benefits) to ensure that it is competitive within the industry and is consistent with our level of performance. NJR has also implemented enterprise-wide talent development and succession planning programs designed to identify future and/or replacement candidates talent for key positions. To promote a collaborative and rewarding work environment and support the communities we serve, NJR sponsors numerous charitable, philanthropic and social awareness programs.

Further, in order to take advantage of available opportunities and successfully implement our long-term strategy, NJR must be able to employ, train and retain the necessary skilled personnel. employees. As a result, NJR supports and utilizes various training and educational programs and has developed additional company-wide and project-specific employee training and educational programs. NJR continues key programs focused on employee safety, leadership development, work-life balance, talent management, health and wellness, DEI and employee engagement. Moreover, DEI and employee engagement are integral to NJR's vision, strategy and business success. NJR prides itself on a culture that respects co-workers and values concern for others. Fostering an environment that values DEI and ethics helps create an organization that is able to embrace, leverage and respect the differences of employees, customers and the communities where we live, work and serve. We are proud of the strides we have made in furthering our DEI strategy and increasing employee engagement. NJR is committed to this journey and knows our success makes us stronger as a company and community. Complementing our efforts are a DEI Council and our six seven employee-led Business Resource Groups, cross functional cross-functional teams of employees whose core mission is to advance their own professional development and cultivate deeper connections with co-workers and communities.

NJR periodically evaluates employees and their productivity against future demand expectations and historical trends. NJR employees continue to maintain high levels of engagement, satisfaction and retention according to NJR's most recent employee survey.

NJR's NJR Board of Directors' Role in Human Capital Resource Management

NJR's Board of Directors believes that human capital management is an important component of the Company's continued growth and success, and is essential for our ability to attract, retain and develop talented and skilled employees. We pride ourselves on a culture that promotes DEI, respects co-workers is innovative, talent- and values concern for others. team-focused and inclusive.

Management regularly reports to the LDCC of the Board of Directors on human capital management topics, including corporate culture, DEI, employee development, compensation and benefits. The LDCC maintains oversight of matters related to human capital management, including talent retention, development and succession planning, and the Board of Directors provides input on important decisions in each of these areas.

NJR regularly conducts an annual employee feedback survey, which is reviewed by the LDCC, designed to help the Company measure overall employee engagement. The feedback employees provide during through the survey helps NJR evaluate the Company's culture and the employee programs and benefits experience and monitor its current practices for potential areas of improvement.

Employee Benefits

The LDCC believes employee benefits are an essential component of the Company's competitive total rewards package. These benefits are designed to attract and retain our employees and include medical, vision and dental insurance, short- and long-term disability insurance, accidental death and disability insurance, travel and accident insurance and our 401(k) Plan. As part of the 401(k) Plan, NJR matches 85 percent 85% of the first 6 percent 6% of compensation contributed by the employee into the 401(k) Plan, subject to the Internal Revenue Code and NJR's 401(k) Plan limits. Additionally, for employees who are not eligible to participate in the defined benefit plans, NJR annually contributes between 3.5 percent 3.5% and 4.5 percent 4.5% of base compensation, depending upon years of service, into the 401(k) Plan on their behalf.

AVAILABLE INFORMATION AND CORPORATE GOVERNANCE DOCUMENTS

The following reports and any amendments to those reports are available free of charge on our website at *https://investor.njresources.com/financials/sec-filings/default.aspx* as soon as reasonably possible after filing or furnishing them with the SEC:

- Annual reports on Form 10-K;
- Quarterly reports on Form 10-Q; and
- Current reports on Form 8-K.

New Jersey Resources Corporation
Part I
ITEM 1. BUSINESS (Continued)

The following documents are available free of charge on our website at *https://investor.njresources.com/governance/governance-documents/default.aspx*:

- NJR Code of Conduct;
- Amended and Restated Bylaws;
- Corporate Governance Guidelines;
- Wholesale Trading Code of Conduct;
- Charters of the following Board of Directors Committees: Audit, Nominating/Corporate Governance and Leadership Development and Compensation;
- Audit Complaint Procedure;
- Communicating with Non-Management Directors Procedure;
- Statement of Policy with Respect to Related Person Transactions; and
- Legal Procedure.

In Part III of this Form 10-K, we incorporate certain information by reference from our Proxy Statement for our 2022 2023 Annual Meeting of Shareowners. We expect to file the Proxy Statement with the SEC on or about December 15, 2022 December 14, 2023. We will make it available on our website as soon as reasonably possible following the filing date. Please refer to the Proxy Statement when it is available.

ITEM 1. BUSINESS (Continued)

A printed copy of each document is available free of charge to any shareowner who requests it by contacting the Corporate Secretary at New Jersey Resources Corporation, 1415 Wyckoff Road, Wall, New Jersey 07719.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The Company's Executive Officers and their age, position and business experience during the past five years are below.

Name	Name	Age	Officer since	Business experience during last five years	Name	Age	Officer since	Business experience during last five years
Stephen D. Westhoven	Stephen D. Westhoven	54	2004	President and Chief Executive Officer (October 2019 - present) President and Chief Operating Officer (October 2018 - September 2019) Executive Vice President and Chief Operating Officer (November 2017 - September 2018) Senior Vice President and Chief Operating Officer, NJRES and NJRCEV (October 2016 - October 2017)	Stephen D. Westhoven	55	2004	President and Chief Executive Officer (October 2019 - present) President and Chief Operating Officer (October 2018 - September 2019)
Roberto Bel	Roberto Bel	49	2019	Senior Vice President and Chief Financial Officer (January 2022 - present) Vice President, Treasury and Investor Relations (April 2019 - December 2021) Assistant Treasurer at Refinitiv (October 2018 - March 2019) Assistant Treasurer at Thomson Reuters (May 2016 - September 2018)	Roberto Bel	50	2019	Senior Vice President and Chief Financial Officer (January 2022 - present) Vice President, Treasury and Investor Relations (April 2019 - December 2021) Assistant Treasurer at Refinitiv (October 2018 - March 2019)
Patrick J. Migliaccio	Patrick J. Migliaccio	48	2013	Senior Vice President and Chief Operating Officer (January 2022 - present) Senior Vice President and Chief Financial Officer (January 2016 - December 2021)	Patrick J. Migliaccio	49	2013	Senior Vice President and Chief Operating Officer (January 2022 - present) Senior Vice President and Chief Financial Officer (January 2016 - December 2021)

Amy Cradic	Amy Cradic	51	2018	Senior Vice President and Chief Operating Officer of Nonutility Businesses, Strategy and External Affairs (March 2020 - present) Vice President, Corporate Strategy and External Affairs (January 2020 – February 2020) Vice President, Government Affairs and Policy (January 2018 – December 2019) Chief of Staff, Office of New Jersey Governor Chris Christie (April 2016 – January 2018)	Amy Cradic	52	2018	Senior Vice President and Chief Operating Officer of Nonutility Businesses, Strategy and External Affairs (March 2020 - present) Vice President, Corporate Strategy and External Affairs (January 2020 – February 2020) Vice President, Government Affairs and Policy (January 2018 – December 2019)
Richard Reich	Richard Reich	47	2016	Senior Vice President, General Counsel and Corporate Secretary (September 2021 - present) Corporate Secretary and Assistant General Counsel (January 2016 - September 2021)	Richard Reich	48	2016	Senior Vice President and General Counsel (June 2022 - present) Senior Vice President, General Counsel and Corporate Secretary (September 2021 - June 2022) Corporate Secretary and Assistant General Counsel (January 2016 - September 2021)
Lori DelGiudice	Lori DelGiudice	47	2023	Senior Vice President, Human Resources (November 22 - present) Vice President of Human Resources for Honeywell Advanced Materials (September 2017 – October 2022)	Lori DelGiudice	48	2023	Senior Vice President, Human Resources (November 2022 - present) Vice President of Human Resources for Honeywell Advanced Materials (September 2017 - October 2022)
Jacqueline K. Shea	Jacqueline K. Shea	58	2016	Vice President and Chief Information Officer (June 2016 - present)	Jacqueline K. Shea	59	2016	Senior Vice President and Chief Information Officer (January 2023 - present) Vice President and Chief Information Officer (June 2016 - December 2022)
Stephen M. Skrocki					Stephen M. Skrocki	47	2023	Corporate Controller (Principal Accounting Officer) (January 2023 - present) Corporate Controller (January 2021 - December 2022) Assistant Corporate Controller (March 2017 - January 2021)

ITEM 1A. RISK FACTORS

When considering any investment in our securities, investors should consider the following risk factors, as well as the information contained under the caption “Information Concerning Forward-Looking Statements,” in analyzing our present and future business performance. While this list is not exhaustive, management also places no priority or likelihood based on their descriptions or order of presentation. Listed below, not necessarily in order of importance or probability of occurrence, are the most significant risk factors applicable to us. Unless indicated otherwise or the content requires otherwise, references below to “we,” “us,” and “our” should be read to refer to the Company and its subsidiaries and affiliates.

Risks Related to Our Business Operations

Risk Related to Our Business Operations

Our investments in solar energy projects are subject to substantial risks and uncertainties.

Our investments in commercial and residential solar energy projects are dependent, in part, upon current state regulatory incentives and federal tax credits in order for the projects to be economically viable. Our return on investment for these solar projects is based substantially on our eligibility for ITCs and the future market value of SRECs that are traded in a competitive marketplace in the State of New Jersey. These projects face the risk that the current state regulatory programs and tax laws may expire or be adversely modified. A sustained decrease in the value of SRECs could negatively impact the return on our investments and could impair our portfolio of solar assets.

In addition, there are risks associated with our ability to execute on our investment strategy of clean energy projects, which includes our ability to develop and manage such projects profitably, including profitably. These include logistical risks and potential delays related to construction, permitting and regulatory approvals (including any approvals by the BPU required pursuant to solar energy legislation in the State of New Jersey, and similar approvals required by the States of Connecticut, Rhode Island and New York) and other states where our solar projects are located); electric grid interconnection delays associated with the PJM Interconnection, LLC queue reform process, as well as process; and the operational risk that the projects in service will not perform according to expectations due to equipment failure, suboptimal weather conditions or other economic factors beyond our control. All of the aforementioned risks could reduce the availability of viable solar energy projects for development. Furthermore, at the development or acquisition stage, our ability to predict actual performance results may be hindered or inaccurate and the projects may not perform as predicted.

Actions or limitations to address concerns over long-term climate change, both globally and within our utilities' service areas, may affect our operations and financial performance. Legislative, regulatory and advocacy efforts at the local, state and national levels concerning climate change and other environmental issues could have significant impacts on our operations. The natural gas utility industry may be affected by proposals to curb greenhouse gas and other air emissions. Various regulatory and legislative proposals have been made to limit or further restrict byproducts of combustion, including byproducts resulting from the use of natural gas by our customers. In addition, regionally, a number of regulatory and legislative initiatives have been passed that are designed to limit greenhouse gas emissions and increase the use of renewable sources of energy, such as the ban of natural gas equipment in new construction in New York. In addition, regulatory and legislative initiatives may restrict customers’ access to natural gas and/or require or limit natural gas infrastructure in buildings. Other initiatives may seek to promote social interests expressed as energy equity, environmental justice or similar frameworks. Any such legislation could direct and/or restrict the operation and raise the costs of our energy delivery infrastructure as well as the distribution of natural gas to our customers.

Uncertainties associated with our pipeline of projects could adversely affect our business, results of operations, financial condition and cash flows. Business development projects involve many risks. We are currently engaged in business development projects, including projects in various stages of development tied to decarbonization efforts. Timely completion of our projects is subject to certain risks, including those related to regulatory proceedings regarding permitting and adverse outcomes from legal challenges related to the projects’ authorizations from federal and state regulatory agencies. We could also experience issues such as: technological challenges; ineffective scalability; failure to achieve expected outcomes; unsuccessful business models; startup and construction delays; construction cost overruns; disputes with contractors; the inability to negotiate acceptable agreements such as rights-of-way, easements, construction, gas supply or other material contracts; changes in customer demand, perception or commitment; public opposition to projects; marketing risk and changes in market regulation, behavior or prices; market volatility or unavailability, including markets for RNGand its associated attributes or other environmental attributes; the inability to receive expected tax or regulatory treatment; and operating cost increases. Additionally, we may be unable to obtain governmental approvals, property rights and/finance our business development projects at acceptable costs or financing within a scheduled time frame necessary for completing the construction, project. Any of the foregoing risks, if realized, could result in business development efforts failing to produce expected financial results and operation of our proposed energy investments the project investment becoming impaired, and projects in a timely manner such failure or at all.

Construction, development and operation of energy investments, such as Leaf River and other natural gas storage facilities, NJNG infrastructure improvements, pipeline transportation systems, such as the Adelphia Gateway pipeline project, and solar energy projects, are subject to federal and state regulatory oversight and require certain property rights, such as easements and rights-of-way from public and private property owners, as well as regulatory approvals, including environmental and other permits and licenses for such facilities and systems. We or our joint venture partnerships may be unable to obtain, in a cost-efficient or timely manner, all such needed property rights, permits and licenses to successfully construct and develop our energy facilities and systems. Successful financing of our energy investments requires participation by willing financial institutions and lenders, as well as acquisition of capital at favorable interest rates. If we do not obtain the necessary regulatory approvals, property rights and financing, our equity method investments could be impaired. Such impairment could have a materially an adverse effect on our financial condition, business, results of operations, financial condition and cash flows.

ES's earnings and cash flows are dependent upon optimization of its physical assets. *ES*'s earnings and cash flows are based, in part, on its ability to optimize its portfolio of contractually based natural gas storage and pipeline assets. The optimization strategy involves utilizing its physical assets to take advantage of differences in natural gas prices between geographic locations and/or time periods. Any change among various pricing points could affect these differentials. In addition, significant increases in the supply of natural gas in ES's market areas, including as a result of increased production along the Marcellus Shale, can reduce ES's ability to take advantage of pricing fluctuations in the future. Changes in pricing dynamics and supply could have an adverse impact on ES's optimization activities, earnings and cash flows. ES incurs fixed demand fees to acquire its contractual rights to transportation and storage assets. Should commodity prices at various locations or time periods change in such a way that ES is not able to recoup these costs from its customers, the cash flows and earnings at ES, and ultimately the Company, could be adversely impacted.

NJNG and Energy Services ES rely on storage, transportation assets and suppliers, which they do not own or control, to deliver natural gas.

NJNG and Energy Services ES depend on natural gas pipelines and other transportation and storage facilities owned and operated by third parties to deliver natural gas to wholesale and retail markets and to provide retail energy services to customers. Their ability to provide natural gas for their present and projected sales will depend upon their suppliers' ability to obtain and deliver additional supplies of natural gas, as well as NJNG's ability to acquire supplies directly from new sources. Factors beyond the control of NJNG, its suppliers and the independent suppliers that have obligations to provide natural gas to certain NJNG customers may affect NJNG's ability to deliver such supplies. These factors include other parties' control over the drilling of new wells and the facilities to transport natural gas to NJNG's citygate stations; development of additional interstate pipeline infrastructure; availability of supply sources; third-party pipelines or other midstream facilities interconnected to our gathering or transportation system, such as the TETCO or Transcontinental Pipeline, becoming partially or fully unavailable; competition for the acquisition of natural gas; priority allocations; impact of severe weather disruptions to natural gas supplies; and the regulatory and pricing policies of federal and state regulatory agencies, as well as the availability of Canadian reserves for export to the U.S. Energy deregulation legislation may increase competition among natural gas utilities and impact the quantities of natural gas requirements needed for sales service. Energy Services ES also relies on a firm supply source to meet its energy management obligations to its customers. If supply, transportation or storage is disrupted, including for reasons of force majeure, the ability of NJNG and Energy Services ES to sell and deliver their products and services may be hindered. As a result, they may be responsible for damages incurred by their customers, such as the additional cost of acquiring alternative supply at then-current market rates. Particularly for Energy Services, these conditions could have a material impact on our financial condition, results of operations and cash flows.

Energy Services' earnings market rates. Particularly for ES, these conditions could have a material impact on our financial condition, results of operations and cash flows are flows.

Failure to attract and retain an appropriately qualified employee workforce could adversely affect operations. Our ability to implement our business strategy and serve our customers is dependent upon optimization our continuing ability to attract and retain talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise of its physical assets. our workforce to new employees as our aging employees retire. Failure to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor could adversely affect the ability to manage and operate our business. NJNG and the Union are in active negotiations to extend the collective bargaining agreement, which is scheduled to expire on December 7, 2023. The collective bargaining agreement between NJRHS and the Union is scheduled to expire April 2, 2024. Disputes with the Union over terms and conditions of the agreements could result in instability in our labor relationship and work stoppages that could impair the timely delivery of natural gas and other services from our utility and Home Services business, which could strain relationships with customers and state regulators and cause a loss of revenues that could adversely affect our results of operations. Our collective bargaining agreements may also increase the cost of employing NJNG and Home Services workforce, affect our ability to continue offering market-based salaries and employee benefits, limit our flexibility in dealing with our workforce and limit our ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today's challenging marketplace.

Energy Services' earnings and cash flows are based, in part, on its Our success depends upon our ability to optimize its portfolio attract, effectively transition, motivate and retain key employees and identify and develop talent to succeed senior management. We depend on senior executive officers and other key personnel to develop, implement and execute on our overall business strategy. The inability to recruit and retain or effectively transition key personnel or the unexpected loss of contractually based key personnel may adversely affect our operations.

We may be unable to obtain governmental approvals, property rights and/or financing for the construction, development and operation of our proposed energy investments and projects in a timely manner or at all. Construction, development and operation of energy investments, such as Leaf River and other natural gas storage facilities, NJNG infrastructure improvements, pipeline transportation systems, such as the Adelphia pipeline project, and pipeline assets. The optimization strategy involves utilizing its physical solar energy projects, are subject to federal and state regulatory oversight and require certain property rights, such as easements and rights-of-way from public and private property owners, as well as regulatory approvals, including environmental and other permits and licenses for such facilities and systems. We or our joint venture partnerships may be unable to obtain, in a cost-efficient or timely manner, all such needed property rights, permits and licenses to construct and develop our energy facilities and systems. Successful financing of our energy investments requires participation by willing financial institutions and lenders, as well as acquisition of capital at reasonable interest rates. If we do not obtain the necessary regulatory approvals or property rights, or if we are unable to enter into contracts with counterparties at reasonable rates, or obtain financing, our assets to take advantage of differences in natural gas prices between geographic locations and/or time periods. Any change among various pricing points equity method investments could affect these differentials. In addition, significant increases in the supply of natural gas in Energy Services' market areas, including as a result of increased production along the Marcellus Shale, can reduce Energy Services' ability to take advantage of pricing fluctuations in the future. Changes in pricing dynamics and supply be impaired. Such impairment could have an a materially adverse impact effect on Energy Services' optimization activities, earnings our financial condition, results of operations and cash flows. Energy Services incurs fixed demand fees to acquire its contractual rights to transportation and storage assets. Should commodity prices at various locations or time periods change in such a way that Energy Services is not able to recoup these costs from its customers, the cash flows and earnings at Energy Services, and ultimately the Company, could be adversely impacted.

Weather and weather patterns, including normal seasonal and quarterly fluctuations of weather, as well as extreme weather events that, individually or in aggregate, may be associated with climate change, could adversely affect our ability to manage our operational requirements to serve our customers, and ultimately adversely affect our results of operations and liquidity.

NJNG's business is seasonal, and weather patterns can have a material impact on our financial performance. Demand for natural gas is often greater in the summer and winter months associated with cooling and heating. Because natural gas is heavily used for residential and commercial heating, the demand for this product depends heavily upon weather patterns throughout our market areas, and a significant amount of natural gas revenues are recognized in the first and second quarters related to the heating season. Accordingly, our operations have historically generated less revenue and income when weather conditions are milder in the winter and cooler in the summer. Unusually mild winters or cool summers could adversely affect our results of operations and financial position. In addition, exceptionally hot summer weather or unusually cold winter weather could add significantly to working capital needs to fund higher than normal supply purchases to meet customer demand for natural gas. While we believe the CIP mitigates the impact of weather variations on NJNG's Utility Gross Margin, severe weather conditions may have an impact on the ability of suppliers and pipelines to deliver the natural gas to NJNG, which can negatively affect our earnings. The CIP does not mitigate the impact of severe weather conditions on our cash flows.

Future results at Energy Services ES are subject to volatility in the natural gas market due to weather. Variations in weather may affect earnings and working capital needs throughout the year. During periods of milder temperatures, demand and volatility in the natural gas market may decrease, which can negatively impact Energy Services' ES's earnings and cash flows.

Severe weather impacts, including, but not limited to, hurricanes, thunderstorms, high winds, microbursts, fires, tornadoes, blizzards and snow or ice storms, can disrupt energy generation, transmission and distribution. Extreme weather conditions, especially those of prolonged duration, create high energy demand on our own and/or other systems and increase the risk that we may be unable to reliably serve customers. Risk of losing gas supply during extreme weather carries significant consequences, as without our services our customers may be subjected to dire circumstances. Additionally, extreme weather conditions may cause the breakdown of or damage to equipment essential to the operation of our assets, and could also raise market prices as we buy short-term energy to serve our own system. To the extent the frequency of extreme weather events increases, this could increase our cost of providing service. In addition, we may not recover all costs related to mitigating these physical and financial risks.

There is also a concern that the physical risks of climate change could include changes in weather conditions, such as changes in the amount or type of precipitation and extreme weather events. Climate change and the costs that may be associated with its impacts have the potential to affect our business in many ways, including increasing the cost incurred in providing natural gas, impacting the demand for and consumption of natural gas (due to change in both costs and weather patterns) and affecting the economic health of the regions in which we operate.

We may be adversely impacted by natural disasters, pandemic illness, war or terrorist activities and other extreme events to which we may be unable to promptly respond. Local or national natural disasters, pandemic illness, actual or threatened acts of war or terrorist activities, including the political and economic disruption and uncertainty related to Russia's military invasion of Ukraine and the Israel-Hamas war, catastrophic failure of the interstate pipeline system and other extreme events are a threat to our assets and operations. Companies in our industry that are located in our service territory may face a heightened risk due to exposure to acts of terrorism that could target or impact our natural gas distribution, transmission and storage facilities and disrupt our operations and ability to meet customer requirements. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Natural disasters, political unrest or actual or threatened terrorist activities may also disrupt capital markets and our ability to raise capital or may impact our suppliers or our customers directly.

New Jersey Resources Corporation
Part I
ITEM 1A. RISK FACTORS (Continued)

Failure to attract and retain an appropriately qualified employee workforce A local disaster or pandemic illness could adversely affect operations.
Our ability to implement our business strategy and serve our customers is dependent upon our continuing ability to attract and retain talented professionals and a technically skilled workforce, and being able to transfer the knowledge and expertise result in part of our workforce being unable to new employees as operate or maintain our aging employees retire. Failure infrastructure or perform other tasks necessary to hire and adequately train replacement employees, including the transfer of significant internal historical knowledge and expertise to the new employees, or the future availability and cost of contract labor could adversely affect the ability to manage and operate conduct our business. NJNG and

the Union recently negotiated an extension of their current collective bargaining agreement extending the term through December 7, 2023. The collective bargaining agreement between NJRHS and the Union is scheduled to expire April 2, 2024. Disputes with the Union over terms and conditions of the agreements In addition, these risks could result in instability in loss of human life, significant damage to property, environmental damage, impairment of our labor relationship operations and work stoppages that could impair substantial loss to the timely delivery Company. Such uncertain conditions may also impact the ability of natural gas and other certain customers to pay for services, from our utility and Home Services business, which could strain relationships with customers affect the collectability and state regulators recognition of our revenues and cause a loss of revenues that could adversely affect our financial results. Our regulators may not allow us to recover from our customers part or all of the increased cost related to the foregoing events, which could negatively affect our financial condition, results of operations. Our collective bargaining agreements may also increase the cost of employing Natural Gas Distribution operations and Home Services workforce, affect our ability to continue offering market-based salaries and employee benefits, limit our flexibility in dealing with our workforce and limit our ability to change work rules and practices and implement other efficiency-related improvements to successfully compete in today's challenging marketplace. cash flows.

Our success as a company depends upon our ability A slow or inadequate response to attract, effectively transition, motivate events that could cause business interruption may have an adverse impact on operations and retain key employees earnings. We may be unable to obtain sufficient insurance (or such insurance may be costly) to cover all risks associated with local and identify and develop talent to succeed senior management. We depend on senior executive officers national disasters, pandemic illness, terrorist activities, catastrophic failure of the interstate pipeline system and other key personnel to develop, implement events, which could increase the risk that an event adversely affects our financial condition, results of operations and execute on our overall business strategy. The inability to recruit and retain or effectively transition key personnel or the unexpected loss of key personnel may adversely affect our operations. cash flows.

Risk

Risks Related to Technologies

Cyberattacks, ransomware, terrorism, other malicious acts against, or failure of, information technology systems could adversely affect our business operations, financial condition and results of operations.

We continue to place ever-greater reliance on technological tools that support our business operations and corporate functions, including tools that help us manage our natural gas distribution and energy trading operations and infrastructure. The failure of, or security breaches related to, these technologies could materially adversely affect our business operations, financial position, results of operations and cash flows.

We rely on information technology to manage our natural gas distribution and storage, energy trading and other corporate operations; maintain customer, employee, Company and vendor data; and prepare our financial statements and perform other critical business processes. This technology may fail due to cyberattack, physical disruption, design and implementation defects or human error. Disruption or failure of business operations and information technology systems could harm our facilities or otherwise adversely impact our ability to safely deliver natural gas to our customers, serve our customers effectively or manage our assets. Additionally, an attack on, or failure of, information technology systems could result in the unauthorized release of customer, employee or other confidential or sensitive data. Recent widespread Cyberattacks, ransomware, attacks terrorism, increased use of artificial intelligence technologies or other malicious acts could damage, destroy or disrupt these systems for an extended period of time. The energy sector, including natural gas utility companies has become the subject of cyberattacks with increased frequency.

Additionally, the facilities and cybersecurity breaches systems of clients, suppliers and third-party service providers could be vulnerable to the same cyber or terrorism risks as our facilities and systems, and such third-party systems may be interconnected to our systems both physically and technologically. Therefore, an event caused by cyberattacks, ransomware or other malicious acts at an interconnected third party could impact our business and facilities. Any failure or unexpected or unauthorized use of technology systems could result in the U.S. unavailability of such systems, and elsewhere have affected many companies, including could result in a loss of operating revenues, an increase in operating expenses and costs to repair or replace damaged assets. Any of the cybersecurity incident involving SolarWinds Orion above could also result in December 2020. While these attacks did not affect our business operations, future events the loss or release of this kind confidential customer and/or employee information or other proprietary data that could adversely affect our business reputation diminish customer confidence, disrupt operations, subject us and competitiveness, could result in costly litigation and negatively impact our results of operations. These cyberattacks have become more common and sophisticated and, as such, we could be required to financial liability or increased regulation, increase incur costs to strengthen our costs systems and expose us respond to material legal claims and liability. emerging concerns.

There is no guarantee that redundancies built into our networks and technology, or the procedures we have implemented to protect against cyberattacks and other unauthorized access to secured data, will guarantee protection against all failures of technology or security breaches. Furthermore, despite our efforts to investigate, improve and remediate the capability and performance of our information technology system, we may not be able to discover all weaknesses, breaches and vulnerabilities, and failure to do so may expose us to higher risk of data loss and adversely affect our business operations and results of operations.

Failure to keep pace with technological change may limit customer growth and have an adverse effect on our operations.

Advances in technology and changes in laws or regulations are reducing the cost of alternative methods of producing energy. In addition, customers are increasingly expecting enhanced communications regarding their electric and natural gas services, which, in some cases, may involve additional investments in technology. New technologies, including, but not limited to, cloud computing and generative artificial intelligence, may require us to make significant expenditures to remain competitive and may result in the obsolescence of certain of our operating assets.

Page 18

Our future success will depend, in part, on our ability to anticipate and successfully adapt to technological changes and to offer services that meet customer demand. Failure to adapt to advances in technology and manage the related costs could make us less competitive and negatively impact our financial condition, results of operations and cash flows.

Risks Related to the Ongoing COVID-19 Pandemic and Other Extreme Events

The Company and our subsidiaries and affiliates are subject to risk associated with the ongoing COVID-19 pandemic, which could materially and adversely impact our business, including our financial condition, results from operations, liquidity, cash flows and the market value of our common stock.

The effects of the ongoing COVID-19 pandemic, including the rise of COVID-19 mutations and related government responses, could include, and have at times included, extended disruptions to supply chains and capital markets, reduced labor availability and productivity and a prolonged reduction in economic activity. The potential prolonged impacts that the ongoing COVID-19 pandemic may have on our future operating results and liquidity include the following:

Risks Related to Regulations and Litigation

- impacts related to the health, safety, productivity and availability of our employees and contractors;
- reduced demand for energy and forecasted customer growth;
- our ability to develop, construct and operate facilities;
- impacts of a resurgence of infections, including the risk that a large proportion of our employees in essential capacities contract COVID-19
- suspension of collection activities and the inability to shutoff natural gas services for nonpayment;
- reduced demand for commercial, industrial and residential natural gas services;
- deterioration of the credit quality of our counterparties;
- increases in costs and supply chain delays and disruptions;
- delays and disruptions to capital construction and infrastructure operations and maintenance programs, including delays in the permitting process and base rate cases;
- delays and disruptions to financing plans and increasing costs related thereto;
- impacts on pension valuations and increased pension and post-retirement plan costs and funding requirements;
- deterioration in our financial metrics or the business environment that impacts our credit ratings;
- impacts to our liquidity position and the cost of and ability to access funds from financial institutions and capital markets;
- impacts on our legal and regulatory matters, including the potential for delayed state regulatory filings and recovery of invested capital, as well as delays in newly enacted and proposed state regulatory actions and federal laws;
- exacerbation of other risks that may impact us; and
- other unpredictable events.

These uncertain economic conditions have also impacted the ability of certain customers to pay for utility and certain nonutility services, which could affect the collectability and recognition of our revenues and adversely affect our financial results.

The situation surrounding the ongoing COVID-19 pandemic remains fluid, and the likelihood of material impacts may increase the longer the pandemic impacts activity levels in the U.S. The extent to which the COVID-19 pandemic impacts us will depend on numerous evolving factors and future developments that we are not able to predict. As of September 30, 2022, the ongoing COVID-19 pandemic has not had a material impact on the Company and our subsidiaries and affiliates; however, the ultimate severity and duration of the COVID-19 pandemic and the responses thereto are uncertain and we cannot predict whether they will have a material impact on our liquidity, financial condition, results of operations or cash flows and when and to what extent normal economic and operating conditions can resume.

We may be adversely impacted by natural disasters, pandemic illness (including COVID-19), war or terrorist activities and other extreme events to which we may be unable to promptly respond.

Local or national natural disasters, pandemic illness (including COVID-19), actual or threatened acts of war or terrorist activities, including the political and economic disruption and uncertainty related to Russia's military invasion of Ukraine, catastrophic failure of the interstate pipeline system and other extreme events are a threat to our assets and operations. Companies in our industry that are located in our service territory may face a heightened risk due to exposure to acts of terrorism that could target or impact our natural gas distribution, transmission and storage facilities and disrupt our operations and ability to meet customer requirements. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Natural disasters, political unrest or actual or

threatened terrorist activities may also disrupt capital markets and our ability to raise capital or may impact our suppliers or our customers directly. A local disaster or pandemic illness (including COVID-19) could result in part of our workforce being unable to operate or maintain our infrastructure or perform other tasks necessary to conduct our business. In addition, these risks could result in loss of human life, significant damage to property, environmental damage, impairment of our operations and substantial loss to the Company. Our regulators may not allow us to recover from our customers part or all of the increased cost related to the foregoing events, which could negatively affect our financial condition, results of operations and cash flows.

A slow or inadequate response to events that could cause business interruption may have an adverse impact on operations and earnings. We may be unable to obtain sufficient insurance to cover all risks associated with local and national disasters, pandemic illness, terrorist activities, catastrophic failure of the interstate pipeline system and other events, which could increase the risk that an event adversely affects our financial condition, results of operations and cash flows.

Risk Related to Regulations and Litigation

We are subject to governmental regulation. Compliance with current and future regulatory requirements and procurement of necessary approvals, permits and certificates may result in substantial costs to us.

We are subject to substantial regulation from federal, state and local authorities. We are required to comply with numerous laws and regulations and to obtain numerous authorizations, permits, approvals and certificates from governmental agencies. These agencies regulate various aspects of our business, including customer rates, services, construction and natural gas pipeline operations.

FERC has regulatory authority over some of our operations, including sales of natural gas in the wholesale and retail markets and the purchase and sale of interstate pipeline and storage capacity, including Steckman Ridge, Leaf River and Adelphia Gateway. Adelphia. Any Congressional legislation or agency regulation that would alter these or other similar statutory and regulatory structures in a way to significantly raise costs that could not be recovered in rates from customers, that would reduce the availability of supply or capacity or that would reduce our competitiveness could negatively impact our earnings. In addition, changes in and compliance with laws such as the Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 could increase federal regulatory oversight and administrative costs that may not be recovered in rates from customers, which could have an adverse effect on our earnings.

We cannot predict the impact of any future revisions or changes in interpretations of existing regulations or the adoption of new laws and applicable regulations. Changes in regulations or the imposition of additional regulations could influence our operating environment and may result in substantial costs to us.

Our regulated operations are subject to certain operating risks incidental to handling, storing, transporting and providing customers with natural gas. Our regulated operations are subject to all operating hazards and risks incidental to handling, storing, transporting and providing customers with natural gas, including our natural gas vehicle refueling stations and LNG facilities. These risks include catastrophic failure of the interstate pipeline system, explosions, pollution, release of toxic substances, fires, storms, safety issues and other adverse weather conditions and hazards, each of which could result in damage to or destruction of facilities or damage to persons and property. We could suffer substantial losses should any of these events occur. Although we maintain insurance coverage, insurance may not be sufficient to cover all material expenses related to these risks, and such insurance may be costly.

We are involved in legal or administrative proceedings before various courts and governmental bodies that could adversely affect our results of operations, cash flows and financial condition. In the ordinary conduct of business, we are involved in legal or administrative proceedings before various courts and governmental bodies with respect to general claims, rates, permitting, taxes, environmental issues, natural gas cost prudence reviews and other matters. Adverse decisions regarding these matters, to the extent they require us to make payments in excess of amounts provided for in our financial statements or are not covered by insurance or indemnity rights, could adversely affect our results of operations, cash flows and financial condition.

Our costs of compliance with present and future environmental laws are significant and could adversely affect our cash flows and profitability.

Our operations are subject to federal, state and local environmental statutes, rules and regulations relating to air quality, water quality, waste management, natural resources and site remediation. Compliance with these laws and regulations may require us to expend financial resources to, among other things, conduct site remediation and perform environmental monitoring. If we fail to comply with applicable environmental laws and regulations, even if we are unable to do so due to factors beyond our control, we may be subject to civil liabilities or criminal penalties and may be required to incur expenditures to come into compliance. Additionally, any alleged violations of environmental laws and regulations may require us to expend resources in our defense against alleged violations.

Furthermore, the U.S. Congress has for some time been considering various forms of climate change legislation. In addition, in July 2019, the State of New Jersey amended the GWRA, which targets 80 percent 80% reduction in greenhouse gas emissions below 2006 levels economy-wide by 2050. In January 2020, Governor Murphy released the EMP confirming his commitment to achieve 100 percent 100% clean energy by 2050, and the GWRA mandate of reducing state greenhouse gas emissions. The EMP addressed New Jersey's energy system, including electric generation, transportation and buildings, and their associated greenhouse gas emissions and related air pollutants. The EMP defines 100 percent 100% clean energy by 2050 to mean 100 percent 100% carbon-neutral electric generation and maximum electrification of the transportation and building sectors, which are the greatest carbon emission producing emission-producing sectors in the state, to meet or exceed the GWRA emissions reductions by 2050. Our goals, to reduce our New Jersey operational emissions by 50 percent 60% from 2006 levels by 2030 and to achieve net-zero carbon emissions from our New Jersey operations by 2050, may require additional technological, legislative and regulatory developments, the impacts and costs of which may not be fully known at this time.

To underpin the initiatives in the EMP, Governor Murphy issued Executive Order No. 100, directing the Department of Environmental Protection to make sweeping regulatory reforms, branded as Protecting Against Climate Threats, to reduce emissions and adapt to climate change. These regulations have begun to be promulgated, and NJR is taking an active role in participating in these rulemaking processes. While the EMP does not place a moratorium or end date on natural gas hook ups, further legislation or rulemaking that de-emphasizes the role of natural gas in providing clean, low-cost energy in the state of New Jersey which could put upward pressure on natural gas prices and place customer growth targets at risk. Higher cost levels could impact the competitive position of natural gas and negatively affect our growth opportunities, cash flows and earnings.

In February 2023, Governor Murphy issued two executive orders that established, or accelerated, previously established 2050 targets for clean-sourced electricity and electric heat pump adoption, with target dates of 2030 or 2035, as applicable. An additional executive order opened a proceeding to plan for the future of natural gas utilities in New Jersey. We are unable to predict the outcomes of these proceedings, but they could have a material impacts on our business, results of operations and cash flows.

Risks related to regulation could affect the rates we are able to charge, various costs and our profitability.

NJNG is subject to regulation by federal, state and local authorities. These authorities regulate many aspects of NJNG's distribution and transmission operations, including construction and maintenance of facilities, operations, safety, tariff rates that NJNG can charge customers, rates of return, the authorized cost of capital, recovery of pipeline replacement, environmental remediation costs and relationships with its affiliates. NJNG's ability to timely construct rate-based assets and obtain rate increases, including base rate increases, extend continue its BGSS incentive and CIP programs and maintain its currently authorized rates of return may be impacted by events, including regulatory or legislative actions. Additionally, in fiscal 2019, NJR began the process of transitioning away from its enterprise platform, which will no longer receive extended support after 2025. The first

phase of IT enhancements and upgrades were placed into service in July 2020. The remaining phases of planned upgrades relate to work order and asset management and customer information systems and experience, which are expected to require significant capital investment through fiscal year 2024. There can be no assurance that NJNG will be able to obtain rate increases and continue its BGSS incentive, CIP, RAC, or SAVEGREEN programs and IT upgrades and enhancements or continue to earn its currently authorized rates of return.

Adelphia is subject to regulation by FERC. FERC regulates many aspects of Adelphia's transmission operations, including construction and maintenance of facilities, operations, safety tariff rates that Adelphia can charge customers, rates of return, the authorized cost of capital, recovery of pipeline replacement and relations with its affiliates. Adelphia's ability to obtain rate increases and maintain its currently authorized rates of return may be impacted by events, including regulatory or legislative actions. There can be no assurance that Adelphia will be able to obtain rate increases or continue to earn its currently authorized rate of return.

Our regulated

Risks Related to Our Markets

Major changes in the supply and price of natural gas may affect financial results. While NJRES and NJNG expect to meet customers' demand for natural gas for the foreseeable future, factors affecting suppliers and other third parties, including the inability to develop additional interstate pipeline infrastructure, lack of supply sources, increased competition, further deregulation, transportation costs, possible climate change legislation, energy efficiency mandates or changes in consumer behaviors, transportation availability and drilling for new natural gas resources, may impact the supply and price of natural gas. In addition, any significant disruption in the availability of supplies of natural gas could result in increased supply costs, higher prices for customers and potential supply disruptions to customers.

NJRES and NJNG actively hedge against the fluctuation in the price of natural gas by entering into forward and financial contracts with third parties. Should these third parties fail to perform, and regulators not allow the pass-through of expended funds to customers, it may result in a loss that could have a material impact on our financial condition, results of operations and cash flows.

Supply chain disruptions may adversely affect Company operations. The Company relies on third-party vendors and manufacturers to supply many of the materials necessary for its operations. Global logistics disruptions have impacted the flow of materials and restricted global trade flows. Manufacturers are competing for a limited supply of key commodities and logistical capacity, which has impacted lead times, pricing, supply and demand. Disruptions or delays in receiving materials; price increases from suppliers or manufacturers; or the inability to source needed materials, which has occurred and could reoccur, could adversely affect the Company's results of operations, financial condition and cash flows.

Changes in customer growth may affect earnings and cash flows. NJNG's ability to increase its Utility Gross Margin is dependent upon the new construction housing market, as well as the conversion of customers to natural gas from other fuel sources. During periods of extended economic downturns, prolonged weakness in housing markets or slowdowns in the conversion market, there could be an adverse impact on NJNG's Utility Gross Margin, earnings and cash flows. Furthermore, while our estimates regarding customer growth are based in part upon information from third parties, the estimates have not been verified by an independent source and are subject to certain operating the aforementioned risks incidental and uncertainties, which could cause actual results to handling, storing, transporting and providing customers with natural gas. materially deviate from the estimates.

Our regulated economic hedging activities that are designed to protect against commodity and financial market risks, including the use of derivative contracts in the normal course of our business, may cause fluctuations in reported financial results and financial losses that negatively impact results of* operations *are subject and our stock price. We use derivatives, including futures, forwards, options, swaps and foreign exchange contracts, to all operating hazards manage commodity, financial market and risks incidental to handling, storing, transporting and providing customers with natural gas, including our natural gas vehicle refueling stations and LNG facilities. These risks include catastrophic failure foreign currency risks. The timing of the interstate pipeline system, explosions, pollution, release recognition of toxic substances, fires, storms, safety issues and other adverse weather conditions and hazards, each of which could gains or losses associated with our economic hedges in accordance with GAAP does not always coincide with the gains or losses on the items being hedged. The difference in accounting can result in damage to or destruction of facilities or damage to persons and property. We volatility in reported results, even though the expected profit margin is essentially unchanged from the dates the transactions were consummated.

In addition, we could suffer substantial recognize financial losses should any of on these events occur. Moreover, contracts as a result we have been, and likely will be, a defendant in legal proceedings and litigation arising of volatility in the ordinary course market values of business. Although we maintain insurance coverage, insurance may not be sufficient the underlying commodities or if a counterparty fails to cover all material expenses related to perform under a contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these risks.

We are involved financial instruments can involve management's judgment or use of estimates. As a result, changes in legal the underlying assumptions or administrative proceedings before various courts and governmental bodies that use of alternative valuation methods could adversely affect our results the value of operations, cash flows and financial condition.

In the ordinary conduct reported fair value of business, we are involved in legal or administrative proceedings before various courts and governmental bodies with respect to general claims, rates, permitting, taxes, environmental issues, natural gas cost prudence reviews and other matters. Adverse decisions regarding these matters, to the extent they require us to make payments in excess of amounts provided for in our financial statements or are not covered by insurance or indemnity rights, could adversely affect our results of operations, cash flows and financial condition.

contracts.

Risk Related ***We are exposed to Acquisition market risk and Investment Strategies may incur losses in our wholesale business.*** Our transportation and storage portfolios consist of contracts to transport and store natural gas. The value of our transportation and storage portfolio could be negatively impacted if the value of these contracts changes in a direction or manner that we do not anticipate. In addition, upon expiration of these transportation and storage contracts, to the extent that they are renewed or replaced at less favorable terms, our results of operations and cash flows could be adversely affected.

Inflation and increased natural gas costs could adversely impact our customer base and customer collections and increase the Company's level of indebtedness. Inflation has caused, and may continue to cause, increases in certain operating and capital costs. Our regulated businesses have a process in place to review the adequacy of their rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those rates. The ability to control expenses is an important factor that will influence future results.

Rapid increases in the price of purchased gas may cause the Company to experience a significant increase in short-term debt because it must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection from customers and counterparties for gas delivered. Increases in purchased gas costs could also slow collection efforts as NJNG customers may be more likely to delay the payment of their gas bills, leading to higher-than-normal accounts receivable. This situation could also result in higher short-term debt levels and increased bad debt expense.

Risks Related to Acquisition and Investment Strategies

Any acquisitions that we may undertake involve risks and uncertainties. We may not realize the anticipated synergies, cost savings and growth opportunities as a result of these transactions.
The integration of acquisitions require requires significant time and resources. Investments of resources are required to support any acquisition, which could result in significant ongoing operating expenses, and we may experience challenges when combining separate business cultures, information technology systems and employees, and those challenges may divert senior management's time and attention. If we fail to successfully integrate assets and liabilities through the entities which we acquire, we may not fully realize all of the growth opportunities, benefits expected from the transaction, cost savings and other synergies and, as a result, the fair value of assets acquired could be impaired. We assess long-lived assets, including intangible assets associated with acquisitions, for impairment whenever events or circumstances indicate that an asset's carrying amount may not be recoverable. To the extent the value of long-lived assets become becomes impaired, the impairment charges could have a material impact on our financial condition and results of operations.

The benefits that we expect to achieve from acquisitions will depend, in part, on our ability to realize anticipated growth opportunities and other synergies with our existing businesses. The success of these transactions will depend on our ability to integrate these transactions within our existing businesses in a timely and seamless manner. We may experience challenges when combining separate business cultures, information technology systems and employees. Even if we are able to complete an integration successfully, we may not fully realize all the growth opportunities, cost savings and other synergies that we expect.

Investing through partnerships or joint ventures decreases our ability to manage risk.

We have utilized joint ventures through partnerships for certain Storage and Transportation S&T investments. Although we currently have no specific plans to do so, we may acquire interests in other joint ventures or partnerships in the future. In these joint ventures or partnerships, we may not have the right or power to direct the management and policies of the joint ventures or partnerships, and other participants or investors may take action contrary to our instructions or requests and against our policies and objectives. In addition, the other participants may become bankrupt or have economic or other business interests or goals that are inconsistent with those of NJR and our subsidiaries and affiliates. Our financial condition, results of operations or cash flows could be harmed if a joint venture participant acts contrary to our interests.

Risk Related to our Markets

We are exposed to market risk and may incur losses in our wholesale business.

Our transportation and storage portfolios consist of contracts to transport and store natural gas. The value of our transportation and storage portfolio could be negatively impacted if the value of these contracts changes in a direction or manner that we do not anticipate. In addition, upon expiration of these transportation and storage contracts, to the extent that they are renewed or replaced at less favorable terms, our results of operations and cash flows could be adversely affected.

Major changes in the supply and price of natural gas may affect financial results.

While NJRES and NJNG expect to meet customers' demand for natural gas for the foreseeable future, factors affecting suppliers and other third parties, including the inability to develop additional interstate pipeline infrastructure, lack of supply sources, increased competition, further deregulation, transportation costs, possible climate change legislation, energy efficiency mandates or changes in consumer behaviors, transportation availability and drilling for new natural gas resources, may impact the supply and price of natural gas. In addition, any significant disruption in the availability of supplies of natural gas could result in increased supply costs, higher prices for customers and potential supply disruptions to customers.

NJRES and NJNG actively hedge against the fluctuation in the price of natural gas by entering into forward and financial contracts with third parties. Should these third parties fail to perform, and regulators not allow the pass-through of expended funds to customers, it may result in a loss that could have a material impact on our financial condition, results of operations and cash flows.

Inflation and increased natural gas costs could adversely impact our customer base and customer collections and increase The Company's level of indebtedness.

Inflation has caused, and may continue to cause, increases in certain operating and capital costs. Our regulated businesses have a process in place to review the adequacy of their rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those rates. The ability to control expenses is an important factor that will influence future results.

Risks Related to Credit and Liquidity

Rapid increases in the price of purchased gas may cause the Company to experience a significant increase in short-term debt because it must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection from customers and counterparties for gas delivered. Increases in purchased gas costs could also slow collection efforts as NJNG customers may be more likely to delay the payment of their gas bills, leading to higher-than-normal accounts receivable. This situation could also result in higher short-term debt levels and increased bad debt expense.

Changes in customer growth may affect earnings and cash flows.

NJNG's ability to increase its Utility Gross Margin is dependent upon the new construction housing market, as well as the conversion of customers to natural gas from other fuel sources. During periods of extended economic downturns, prolonged weakness in housing markets or slowdowns in the conversion market, there could be an adverse impact on NJNG's Utility Gross Margin, earnings and cash flows. Furthermore, while our estimates regarding customer growth are based in part upon information from third parties, the estimates have not been verified by an independent source and are subject to the aforementioned risks and uncertainties, which could cause actual results to materially deviate from the estimates.

Our economic hedging activities that are designed to protect against commodity and financial market risks, including the use of derivative contracts in the normal course of our business, may cause fluctuations in reported financial results and financial losses that negatively impact results of operations and our stock price.

We use derivatives, including futures, forwards, options, swaps and foreign exchange contracts, to manage commodity, financial market and foreign currency risks. The timing of the recognition of gains or losses associated with our economic hedges in accordance with GAAP does not always coincide with the gains or losses on the items being hedged. The difference in accounting can result in volatility in reported results, even though the expected profit margin is essentially unchanged from the dates the transactions were consummated.

In addition, we could recognize financial losses on these contracts as a result of volatility in the market values of the underlying commodities or if a counterparty fails to perform under a contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these financial instruments can involve management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could adversely affect the value of the reported fair value of these contracts.

Risk Related to Credit and Liquidity

NJR is a holding company and depends on its operating subsidiaries to meet its financial obligations.

NJR is a holding company with no significant assets other than possible cash investments and the stock of its operating subsidiaries. We rely exclusively on dividends from our subsidiaries, on intercompany loans from our unregulated subsidiaries and on the repayments of principal and interest from intercompany loans and reimbursement of expenses from our subsidiaries for our cash flows. Our ability to pay dividends on our common stock and to pay principal and interest on our outstanding debt depends on the payment of dividends to us by our subsidiaries or the repayment of loans to us by our subsidiaries. The extent to which our subsidiaries are unable to pay dividends or repay funds to us may adversely affect our ability to pay dividends to holders of our common stock and principal and interest to holders of our debt.

Credit rating downgrades could increase financing costs, limit access to the financial markets and negatively affect NJR and its subsidiaries.

Rating agencies Moody's and Fitch currently rate NJNG's debt as investment grade. If such ratings are downgraded below investment grade, borrowing costs could increase, as would the costs of maintaining certain contractual relationships and obtaining future financing. Even if ratings are downgraded without falling below investment grade, NJR and NJNG could face increased borrowing costs under their current and future credit facilities. Our ability to borrow and costs of borrowing have a direct impact on our subsidiaries' ability to execute their operating strategies, particularly in the case of NJNG, which relies heavily upon capital expenditures financed by its credit facility.

If we suffer a reduction in our credit and borrowing capacity or in our ability to issue parental guarantees, the business prospects of Energy Services, Clean Energy Ventures ES, CEV and Storage and Transportation, S&T, which rely on our creditworthiness, would be adversely affected. Energy Services ES could possibly be required to comply with various margin or other credit enhancement obligations under its trading and marketing contracts, and it may be unable to continue to trade or be able to do so only on less favorable terms with certain counterparties. Clean Energy Ventures CEV could be required to seek alternative financing for its projects and may be unable to obtain such financing or able to do so only on less favorable terms.

Additionally, lower credit ratings could adversely affect relationships with NJNG's state regulators, who may be unwilling to allow NJNG to pass along increased costs to its natural gas customers.

If we are unable to access the financial markets or there are adverse conditions in the equity or credit markets, including, but not limited to, inflationary pressures, recessionary pressures, or rising interest rates, it could affect management's ability to execute our business plans.

We rely on access to both short-term and long-term credit markets as significant sources of liquidity for capital requirements not satisfied by our cash flow from operations. Any deterioration in our financial condition could hamper our ability to access the equity or credit markets or otherwise obtain debt financing on terms favorable to us or at all. In addition, because certain state regulatory approvals may be necessary for NJNG to incur debt, NJNG may be unable to access credit markets on a timely basis.

General economic factors beyond our control might create uncertainty that could increase our cost of capital or impair or eliminate our ability to access the debt, equity, or credit markets, including our ability to draw on bank credit facilities. External events could also increase the cost of borrowing or adversely affect our ability to access the financial markets. Such external events could include the following:

- economic weakness and/or political instability in the U.S. or in the regions where we operate;
- political conditions, such as a shutdown of the U.S. federal government;
- financial difficulties of unrelated energy companies;
- capital market conditions generally;
- volatility in the equity markets;
- market prices for natural gas;
- the overall health of the natural gas utility industry; and
- fluctuations in interest rates and increased borrowing costs.

Our ability to secure short-term financing is subject to conditions in the credit markets. A prolonged constriction of credit availability could affect management's ability to execute our business plan. An inability to access capital may limit our ability to pursue improvements or acquisitions that we may otherwise rely on for both current operations and future growth.

Energy Services and NJNG execute derivative transactions with financial institutions as a part of their economic hedging strategy and could incur losses associated with the inability of a financial counterparty to meet or perform under its obligations as a result of adverse conditions in the credit markets or their ability to access capital or post collateral.

Failure by NJR and/or NJNG to comply with debt covenants may impact our financial condition.

Our long-term debt obligations contain financial covenants related to debt-to-capital ratios. These debt obligations also contain provisions that put limitations on our ability to finance future operations or capital needs or to expand or pursue certain business activities. For example, certain of these agreements contain provisions that, among other things, put limitations on our ability to make loans or investments, make material changes to the nature of our businesses, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Furthermore, the debt obligations and our sale leaseback agreements contain covenants and other provisions requiring us to provide timely delivery of accurate financial statements prepared in accordance with GAAP. The failure to comply with any of these covenants could result in an event of default, which, if not cured or waived, could result in the acceleration of outstanding debt obligations and/or the inability to borrow under existing revolving

credit facilities and term loans. We have relied, and continue to rely, upon short-term bank borrowings or commercial paper supported by our revolving credit facilities to finance the execution of a portion of our operating strategies. NJNG is dependent on these capital sources to purchase its natural gas supply and maintain its properties. The acceleration of our outstanding debt obligations and our inability to borrow under the existing revolving credit facilities would cause a material adverse change in NJR's and NJNG's financial condition.

Risks Related

Our ability to Tax secure short-term financing is subject to conditions in the credit markets. A prolonged constriction of credit availability could affect management's ability to execute our business plan. An inability to access capital may limit our ability to pursue improvements or acquisitions that we may otherwise rely on for both current operations and Accounting Matters future growth. *ES* and NJNG execute derivative transactions with financial institutions as a part of their economic hedging strategy and could incur losses associated with the inability of a financial counterparty to meet or perform under its obligations as a result of adverse conditions in the credit markets or their ability to access capital or post collateral.

Risks Related to Tax and Accounting Matters

A valuation allowance may be required for our deferred tax assets. Our deferred tax assets are comprised primarily of investment tax credits and state net operating losses. Any revaluation of our deferred tax assets that may be required in the future could have a material adverse impact on our financial condition and results of operations.

The cost of providing pension and postemployment health care benefits to employees and eligible former employees is subject to changes in pension fund values, interest rates and changing demographics and may have a material adverse effect on our financial results.

We have two defined benefit pension plans and two OPEB plans for the benefit of eligible full-time employees and qualified retirees, which were closed to all employees hired on or after January 1, 2012. The cost of providing these benefits to eligible current and former employees is subject to changes in the market value of the pension and OPEB fund assets, changing discount rates and changing actuarial assumptions based upon demographics, including longer life expectancy of beneficiaries, an expected increase in the number of eligible former employees over the next five years, impacts from healthcare legislation and increases in health care costs.

Significant declines in equity markets and/or reductions in bond yields can have a material adverse effect on the funded status of our pension and OPEB plans. In these circumstances, we may be required to recognize increased pension and OPEB expenses and/or be required to make additional cash contributions into the plans.

The funded status of these plans, and the related cost reflected in our financial statements, are affected by various factors that are subject to an inherent degree of uncertainty. Under the Pension Protection Act of 2006, losses of asset values may necessitate increased funding of the plans in the future to meet minimum federal government requirements. A significant decrease in the asset values of these plans can result in funding obligations earlier than we had originally planned, which would have a negative impact on cash flows from operations, decrease our borrowing capacity and increase our interest expense.

Changes in tax laws, rates or adverse outcomes resulting from examinations by tax authorities may negatively affect our results of operations, net income, financial condition and cash flows.

We are subject to taxation and audit by various taxing authorities at the federal, state and local levels. We cannot predict how our federal and state regulators will apply such tax changes in our future rates. While we believe we comply with all applicable tax laws, rules and regulations in the relevant jurisdictions, tax authorities may elect to audit us and determine that we owe additional taxes, which could result in a significant increase in our liabilities for taxes, interest and penalties in excess of our accrued liabilities.

New tax legislative initiatives may be proposed from time to time, such as proposals for comprehensive tax reform in the United States, which may impact our effective tax rate and which could adversely affect our tax positions or tax liabilities. On August 16, 2022, the Inflation Reduction Act was signed into law and imposed a 15 percent 15% minimum tax rate on book earnings for corporations with higher than $1 billion $1B of annual income, along with a 1 percent 1% excise tax on corporate stock repurchases while providing tax incentives to promote various clean energy initiatives. We are currently assessing the potential impact of these legislative changes.

Any future change in tax laws or interpretation of such laws could adversely affect our results of operations, net income, financial condition and cash flows.

A valuation allowance may be required for our deferred tax assets.

During fiscal 2018, as a result of the Tax Act's decrease to the federal statutory corporate tax rate, and during fiscal 2020, as a result of Corporate Business Tax reform in the state of New Jersey, we revalued our deferred tax assets and liabilities at the enactment date to reflect the rates expected to be in effect when the deferred tax assets and liabilities are realized or settled. These adjustments are based on assumptions we made with respect to our book versus tax differences and the timing of when those differences will reverse. Our deferred tax assets are comprised primarily of investment tax credits and state net operating losses. Any further revaluation of our deferred tax assets that may be required in the future could have a material adverse impact on our financial condition and results of operations.

ITEM 1A. RISK FACTORS (Continued)

Significant regulatory assets recorded by our regulated companies could be disallowed for recovery from customers in the future.

NJNG records regulatory assets on its financial statements to reflect the ratemaking and regulatory decision-making authority of the BPU as allowed by GAAP. The creation of a regulatory asset allows for the deferral of costs, which, absent a mechanism to recover such costs from customers in rates approved by the BPU, would be charged to expense on its income statement in the period incurred. Primary regulatory assets that are subject to BPU approval include the recovery of BGSS and USF costs, remediation costs associated with NJNG's MGP sites, CIP, NJCEP, economic stimulus plans, certain deferred income taxes and pension and OPEB. If there were to be a change in regulatory positions surrounding the collection of these deferred costs, there could be a material impact on NJNG's existing tariff or a future base rate case, as well as our financial condition, results of operations and cash flows.

Adelphia Gateway records regulatory assets on its financial statements to reflect the ratemaking and regulatory decision-making authority of FERC as allowed by GAAP. The creation of a regulatory asset allows for the deferral of costs, which, absent a mechanism to recover such costs from customers in rates approved by FERC, would be recorded as a charge to earnings on its Statement of Operations in the period incurred. If there were to be a change in regulatory positions surrounding the collection of these deferred costs, there could be a material impact on Adelphia's existing rates or a future rate case, as well as our financial condition, results of operations and cash flows.

Risks Related to Takeovers

Our restated certificate of incorporation, as amended, and amended and restated bylaws may delay or prevent a transaction that shareowners would view as favorable.

Our restated certificate of incorporation, as amended, and amended and restated bylaws, as well as New Jersey law, contain provisions that could delay, defer or prevent an unsolicited change in control of NJR, which may negatively affect the market price of our common stock or the ability of stockholders to participate in a transaction in which they might otherwise receive a premium for their shares over the then-current market price. These provisions may also prevent changes in management. In addition, our Board is authorized to issue preferred stock without stockholder approval on such terms as our Board may determine. Our common shareowners will be subject to, and may be negatively affected by, the rights of any preferred stock that may be issued in the future. In addition, we are subject to the New Jersey Shareholders' Protection Act, which could delay or prevent a change of control of NJR.

We may also be subject to actions or proposals from activist investors or others that may not be aligned with our long-term strategy or the interests of our other stockholders. This may interfere with our ability to execute our strategic plans, cause uncertainty with our regulators and make it more difficult to attract and retain qualified personnel. Moreover, our stock price could be subject to significant fluctuation or otherwise be adversely affected by the events, risks and uncertainties of any investor activism.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

Natural Gas Distribution

As of September 30, 2022 September 30, 2023, NJNG owns approximately 7,501 7,334 miles of distribution main, 7,745 7,768 miles of service main, 251 miles of transmission main and 586,379 595,225 meters. Mains are primarily located under public roads. Where mains are located under private property, NJNG has obtained easements from the owners of record.

Additionally, NJNG owns and operates two LNG storage plants in Stafford Township, Ocean County and Howell Township, Monmouth County. The two LNG plants have an aggregate estimated maximum capacity of approximately 170,000 Dths per day and 1 Bcf of total capacity. These facilities are used for peaking natural gas supply and for emergencies. NJNG's Liquefaction facility is also located on the Howell Township property and allows NJNG to convert natural gas into LNG to fill NJNG's existing LNG storage tanks. A Power-to-Gas System is also located at the LNG plant in Howell Township that uses solar power to produce hydrogen and then injects it into the natural gas system. It consists primarily of an electrolyzer unit, an electrical and instrumentation building and small hydrogen storage tank, along with other supporting systems.

ITEM 2. PROPERTIES (Continued)

NJNG owns five service centers located in Rockaway Township, Morris County; Atlantic Highlands and Wall Township, Monmouth County; and Lakewood and Stafford Township, Ocean County. These service centers house storerooms, garages, natural gas distribution and administrative offices. NJNG leases a customer service office in Asbury Park, Monmouth County. These customer service offices support customer contact, marketing, economic development and other functions. NJNG also owns its headquarters and customer service facilities in Wall Township and a training facility in Howell Township, Monmouth County, to support the technical training of its employees.

Substantially all of NJNG's properties not expressly excepted or duly released are subject to the lien of the Mortgage Indenture as security for NJNG's mortgage bonds, which totaled $1.3 billion $1.5B as of September 30, 2022 September 30, 2023. In addition, under the terms of the Mortgage Indenture, NJNG had capacity to issue up to $1.3 billion $1.4B of additional FMBs as of September 30, 2022 September 30, 2023.

Clean Energy Ventures

As of September 30, 2022 September 30, 2023, Clean Energy Ventures CEV has various solar contracts, including lease agreements and easements, allowing the installation, operation and maintenance of solar equipment and access to the various properties, including commercial and residential rooftops throughout the State of New Jersey. In addition to the lease agreements and easements, Clean Energy Ventures CEV owns solar projects with a total of 386.6 468.8 MW of capacity in New Jersey, Rhode Island, New York, Connecticut, Michigan and Connecticut, 79.51 Indiana, 79.5 acres of land in Vineland, Cumberland County, New Jersey, 14.4 acres of land in Upper Deerfield Township, Cumberland County, New Jersey and 101.75 101.8 acres of land in Fairfield Township, Cumberland County, New Jersey.

Clean Energy Ventures CEV leases office space in Wall Township, Monmouth County. New Jersey.

Energy Services

As of September 30, 2022 September 30, 2023, Energy Services ES leases office space in Wall Township, New Jersey; Charlotte, North Carolina; and Allentown, Pennsylvania. Jersey.

Storage and Transportation

As of September 30, 2022 September 30, 2023, Adelphia Gateway owns approximately 11.1 acres of land in Delaware County, Pennsylvania, 21.5 32.71 acres in Bucks County, Pennsylvania, 121.1 acres in Northampton County, Pennsylvania and 44.9 acres in Montgomery County, Pennsylvania and leases office space in Wall Township, New Jersey. Leaf River owns 43.94 43.9 acres of land and a 5,000 square foot building in Smith County, Mississippi, 65.4 158.5 acres in Jasper County, Mississippi and 3.53 3.5 acres in Clarke County, Mississippi and leases office space in Houston, Texas.

All Other Business Operations

As of September 30, 2022 September 30, 2023, CR&R's real estate portfolio consists of 23 23.1 acres of undeveloped land in Atlantic County, New Jersey. NJRHS leases service centers in Dover, New Jersey and Wall Township, New Jersey. NJR Service Corporation leases office space in Red Bank, New Jersey.

ITEM 3. LEGAL PROCEEDINGS

Manufactured Gas Plant Remediation

NJNG is responsible for the remedial cleanup of certain former MGP sites, dating back to gas operations in the late 1800s and early 1900s, which contain contaminated residues from former gas manufacturing operations. NJNG is currently involved in administrative proceedings with the NJDEP and participating in various studies and investigations by outside consultants, to determine the nature and extent of any such contaminated residues and to develop appropriate programs of remedial action, where warranted, under NJDEP regulations.

ITEM 3. LEGAL PROCEEDINGS (Continued)

NJNG periodically, and at least annually, performs an environmental review of former MGP sites located in Atlantic Highlands, Berkeley, Long Branch, Manchester, Toms River, Freehold and Aberdeen, New Jersey, including a review of potential liability for investigation and remedial action. NJNG estimated at the time of the most recent review that total future expenditures at the former MGP sites for which it is responsible, including potential liabilities for natural resource damages that might be brought by the NJDEP for alleged injury to groundwater or other natural resources concerning these sites, will range from approximately $110.8 million $137.3M to $167.1 million. $201.5M. NJNG's estimate of these liabilities is based upon known facts, existing

ITEM 3. LEGAL PROCEEDINGS (Continued)

technology and enacted laws and regulations in place when the review was completed. Where it is probable that costs will be incurred, and the information is sufficient to establish a range of possible liability, NJNG accrues the most likely amount in the range. If no point within the range is more likely than the other, it is NJNG's policy to accrue the lower end of the range. Accordingly, as of September 30, 2022 September 30, 2023, NJNG recorded a MGP remediation liability and a corresponding regulatory asset of approximately $127.1 million $169.4M on the Consolidated Balance Sheets based on the most likely amount. The actual costs to be incurred by NJNG are dependent upon several factors, including final determination of remedial action, changing technologies and governmental regulations, the ultimate ability of other responsible parties to pay and insurance recoveries, if any.

In June 2019, NJNG initiated a preliminary assessment of a site in Aberdeen, New Jersey to determine prior ownership and if former MGP operations were active at the location. The preliminary assessment and site investigation activities are ongoing at the Aberdeen site. The estimated costs to complete the preliminary assessment and site investigation phase are included in the MGP remediation liability and corresponding regulatory asset on the Consolidated Balance Sheet at September 30, 2022. NJNG will continue to gather information to determine whether the obligation exists to undertake remedial action, if any, and refine its estimate of potential costs for this site as more information becomes available.

NJNG recovers its remediation expenditures, including carrying costs, over rolling seven-year periods pursuant to a RAC approved by the BPU. In April 2021, the BPU approved an increase in the RAC, which increased the annual recovery from $9.7 million to $11.1 million and was effective May 1, 2021. On March 23, 2022, March 2022, the BPU approved an increase in the RAC, which increased the pre-tax annual recovery from $11.1 million $11.1M to $11.7 million, $11.7M, effective April 1, 2022. On September 13, 2022 April 12, 2023, NJNG submitted its annual filing to the BPU requesting approval approved on a final basis NJNG's annual SBC filing of RAC expenditures through June 30, 2022, as well as an increase to the RAC annual recoveries of $3.8 million, $3.7M, which will increase increased the pre-tax annual recovery to $15.5 million, with a proposed $15.4M, effective date of April 1, 2023 May 1, 2023.

As of September 30, 2022 September 30, 2023, $66.1 million $66.3M of previously incurred remediation costs, net of recoveries from customers and insurance proceeds, are included in regulatory assets on the Consolidated Balance Sheets. NJNG will continue to seek recovery of MGP-related costs through the RAC. If any future regulatory position indicates that the recovery of such costs is not probable, the related non-recoverable costs would be charged to income in the period of such determination.

General

The foregoing statements about NJR's litigation are based upon the Company's judgments, assumptions and estimates and are necessarily subjective and uncertain. The Company is involved, and from time to time in the future may be involved, in a number of pending and threatened judicial, regulatory and arbitration proceedings at various stages relating to matters that arise in the ordinary course of business. In view of the inherent difficulty of predicting the outcome of litigation matters, particularly when such matters are in their early stages or where the claimants seek indeterminate damages, the Company cannot state with confidence what the eventual outcome of the pending litigation will be, what the timing of the ultimate resolution of these matters will be or what the eventual loss, fines or penalties related to each pending matter will be, if any. In accordance with applicable accounting guidance, NJR establishes accruals for litigation for those matters that present loss contingencies as to which it is both probable that a loss will be incurred, and the amount of such loss can be reasonably estimated. NJR also discloses contingent matters for which there is a reasonable possibility of a loss. Based upon currently available information, NJR believes that the results of litigation that are currently pending, taken together, will not have a materially adverse effect on the Company's financial condition, results of operations or cash flows. The actual results of resolving the pending litigation matters may be substantially higher than the amounts accrued.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

NJR's Common Stock is traded on the New York Stock Exchange under the ticker symbol NJR. As of November 7, 2022 November 7, 2023, NJR had 74,653 79,007 holders of record of its common stock. Dividends are subject to declaration by the Board of Directors. In September 2022, 2023, the Board of Directors declared dividends payable October 3, 2022 October 2, 2023 of $0.39 $0.42 per share of common stock to shareowners of record on September 26, 2022 September 20, 2023. We review our dividend policy on a regular basis. Although subject to any contractual or regulatory restrictions or other limitations on the payment of dividends, future dividends will be at the discretion of the Board of Directors and will depend upon, among other factors, earnings, financial condition and other requirements.

Performance Graph

The performance graph and table below illustrates a five-year comparison of cumulative total returns based on an initial investment of $100 in our common stock, as compared with the S&P 500 Stock Index, the S&P 500 Utilities Industry Index and the customized peer company group listed below, referred to herein as the Peer Group. The Peer Group companies were selected based on similarities to the Company's business model, size and other growth and business factors.

1410

Cumulative Total Return	Cumulative Total Return	2017	2018	2019	2020	2021	2022	Cumulative Total Return	2018	2019	2020	2021	2022	2023
NJR	NJR	$100.00	$112.28	$112.86	$70.23	$93.72	$107.90	NJR	$100.00	$100.52	$62.55	$83.47	$96.11	$104.30
S&P 500 Utilities	S&P 500 Utilities	$100.00	$102.93	$130.82	$124.32	$138.01	$145.71	S&P 500 Utilities	$100.00	$127.10	$120.79	$134.09	$141.56	$131.63
S&P 500	S&P 500	$100.00	$117.91	$122.93	$141.55	$184.02	$155.55	S&P 500	$100.00	$104.25	$120.05	$156.07	$131.92	$160.44
Peer Group	Peer Group	$100.00	$104.62	$121.14	$92.10	$100.75	$115.19	Peer Group	$100.00	$117.06	$89.97	$98.14	$109.62	$106.24

The 109 companies in the Peer Group are: Atmos Energy Corporation; Avista Corporation; Black Hills Corporation; National Fuel Gas Company; NiSource Inc.; Northwest Natural Holding Company; ONE Gas, Inc.; South Jersey Industries, Inc.; Southwest Gas Corporation; and Spire Inc. South Jersey Industries was removed from the Peer Group since the company is no longer a publicly held entity.

This performance graph and accompanying information shall not be deemed "filed" for purposes of Section 18 of the Exchange Act, or incorporated by reference into any of the Company's filings under the Securities Act, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

In 1996, the Board of Directors authorized the Company to implement a share repurchase program, which has been expanded seven times since the inception of the program, authorizing a total of 19.5 million 19.5M shares of common stock for repurchase. The share repurchase plan allows us to purchase our outstanding shares on the open market or in negotiated transactions, based on market and other conditions. We are not required to purchase any specific number of shares and may discontinue or suspend the program at any time. The share repurchase plan will expire when we have repurchased all shares authorized for repurchase thereunder, unless it is terminated earlier by action of our Board of Directors or additional shares are authorized for repurchase. The following table sets forth NJR's repurchase activity for the quarter ended September 30, 2022 September 30, 2023:

Period	Total Number of Shares (or Units) Purchased	Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) That May Yet Be Purchased Under the Plans or Programs
07/01/2223 - 07/31/2223	—	$ —	—	1,685,053
08/01/2223 - 08/31/2223	—	$ —	—	1,685,053
09/01/2223 - 09/30/2223	—	$ —	—	1,685,053
Total	**—**	**$ —**	**—**	**1,685,053**

ITEM 6. [RESERVED]

New Jersey Resources Corporation
Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Estimates

We prepare our financial statements in accordance with GAAP. Application of these accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingencies during the reporting period. We regularly evaluate our estimates, including those related to the calculation of the fair value of derivative instruments, acquisitions, regulatory assets, income taxes, pension and postemployment benefits other than pensions and contingencies related to environmental matters and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. In the normal course of business, estimated amounts are subsequently adjusted to actual results that may differ from estimates.

Regulatory Accounting

NJNG and Adelphia Gateway maintain their accounts in accordance with are subject to accounting requirements resulting from the FERC Uniform System effects of Accounts and recognize the impact of regulatory decisions on their financial statements. As a result of the ratemaking process, NJNG and Adelphia Gateway are required to apply the accounting principles in ASC 980, *Regulated Operations*, which differ in certain respects from those applied by unregulated businesses. rate regulation. Specifically, NJNG and

Adelphia Gateway record regulatory assets when it is considered probable that certain operating costs will be recoverable from customers in future periods and record regulatory liabilities associated with when it is probable future obligations to customers.customers exist.

Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. For NJNG, the BPU's regulation of rates is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital. Decisions to be made by the BPU in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required. If the BPU indicates that recovery of all or a portion of a regulatory asset is not probable or does not allow for recovery of and a reasonable return on investments in property plant and equipment, a charge to income would be made in the period of such determination.

Environmental Costs

At the end of each fiscal year, NJNG, with the assistance of an independent consulting firm, updates the environmental review of its MGP sites, including its potential liability for investigation and remedial action. From this review, NJNG estimates expenditures necessary to remediate and monitor these MGP sites. NJNG's estimate of these liabilities is developed from then-currently available facts, existing technology and current laws and regulations.

In accordance with accounting standards for contingencies, NJNG's policy is to record a liability when it is probable that the cost will be incurred and can be reasonably estimated. NJNG will determine a range of liabilities and will record the most likely amount. If no point within the range is more likely than any other, NJNG will accrue the lower end of the range. Since we believe that recovery of these expenditures, as well as related litigation costs, is possible probable through the regulatory process, we record a regulatory asset corresponding to the related accrued liability. Accordingly, NJNG records an MGP remediation liability and a corresponding regulatory asset on the Consolidated Balance Sheets, which is based on the most likely amount.

The actual costs to be incurred by NJNG are dependent upon several factors, including final determination of remedial action, changing technologies and governmental regulations and the ultimate ability of other responsible parties to pay, as well as the potential impact of any litigation and any insurance recoveries. Previously incurred remediation costs, net of recoveries from customers and insurance proceeds received are included in regulatory assets on the Consolidated Balance Sheets.

If there are changes in the regulatory position surrounding these costs, or should actual expenditures vary significantly from estimates in that these costs are disallowed for recovery by the BPU, such costs would be charged to income in the period of such determination. See the *Legal Proceedings* section in *Note 15. 14. Commitments and Contingent Liabilities* for more details.

Postemployment Employee Benefits

Our costs of providing postemployment employee benefits are dependent upon numerous factors, including actual plan experience and assumptions of future experience. Postemployment employee benefit costs are affected by actual employee demographics including age, compensation levels and employment periods, the level of contributions made to the plans, changes in long-term interest rates and the return on plan assets. Changes made to the provisions of the plans or healthcare legislation may also impact current and future postemployment employee benefit costs. Postemployment employee benefit costs may also be significantly affected by changes in key actuarial assumptions, including anticipated rates of return on plan assets, changes in mortality tables, health care cost trends and discount rates used in determining the PBO. In determining the PBO and cost amounts, assumptions can change from period to period and could result in material changes to net postemployment employee benefit periodic costs and the related liability recognized.

The remeasurement of plan assets and obligations for a significant event should occur as of the date of the significant event. We may use a practical expedient to remeasure the plan assets and obligations as of the nearest calendar month-end date. When performing interim remeasurements, we obtain new asset values, roll forward the obligation to reflect population changes and review the appropriateness of all assumptions, regardless of the reason for performing the interim remeasurement.

Our postemployment employee benefit plan assets consist primarily of U.S. equity securities, international equity securities, fixed-income investments and other assets, with a targeted allocation of 34 percent, 17 percent, 33 percent 34%, 17%, 33% and 16 percent, 16%, respectively. Fluctuations in actual market returns, as well as changes in interest rates, may result in increased or decreased postemployment employee benefit costs in future periods. Postemployment employee benefit expenses are included in O&M and other income, net on the Consolidated Statements of Operations.

The following is a summary of a sensitivity analysis for each actuarial assumption as of and for the fiscal year ended September 30, 2022 September 30, 2023:

Pension Plans	***Pension Plans***				***Pension Plans***			
Actuarial Assumptions	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO (Thousands)**	**Estimated Increase/(Decrease) to Expense (Thousands)**	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO *(Thousands)***	**Estimated Increase/(Decrease) to Expense *(Thousands)***

Discount rate	Discount rate	1.00 %	$ (30,196)	$ (4,599)	Discount rate	1.00 %	$ (28,573)	$ (88)
Discount rate	Discount rate	(1.00) %	$ 36,650	$ 5,489	Discount rate	(1.00) %	$ 34,313	$ 4,131
Rate of return on plan assets	Rate of return on plan assets	1.00 %	n/a	$ (3,153)	Rate of return on plan assets	1.00 %	n/a	$ (2,854)
Rate of return on plan assets	Rate of return on plan assets	(1.00) %	n/a	$ 3,153	Rate of return on plan assets	(1.00) %	n/a	$ 2,854

Other Postemployment Benefits	***Other Postemployment Benefits***				***Other Postemployment Benefits***			
Actuarial Assumptions	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO (Thousands)**	**Estimated Increase/(Decrease) to Expense (Thousands)**	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO *(Thousands)***	**Estimated Increase/(Decrease) to Expense *(Thousands)***
Discount rate	Discount rate	1.00 %	$ (21,498)	$ (3,475)	Discount rate	1.00 %	$ (25,370)	$ (154)
Discount rate	Discount rate	(1.00) %	$ 26,748	$ 4,265	Discount rate	(1.00) %	$ 31,353	$ 2,515
Rate of return on plan assets	Rate of return on plan assets	1.00 %	n/a	$ (1,123)	Rate of return on plan assets	1.00 %	n/a	$ (961)
Rate of return on plan assets	Rate of return on plan assets	(1.00) %	n/a	$ 1,122	Rate of return on plan assets	(1.00) %	n/a	$ 960

Actuarial Assumptions	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO (Thousands)**	**Estimated Increase/(Decrease) to Expense (Thousands)**	**Actuarial Assumptions**	**Increase/ (Decrease)**	**Estimated Increase/(Decrease) on PBO *(Thousands)***	**Estimated Increase/(Decrease) to Expense *(Thousands)***
Health care cost trend rate	Health care cost trend rate	1.00 %	$ 26,710	$ 6,992	Health care cost trend rate	1.00 %	$ 30,818	$ 4,522
Health care cost trend rate	Health care cost trend rate	(1.00) %	$ (21,853)	$ (5,537)	Health care cost trend rate	(1.00) %	$ (25,283)	$ (1,700)

Acquisitions

The Company follows the guidance in ASC 805, *Business Combinations,* for determining the appropriate accounting treatment for acquisitions. ASU No. 2017-01, *Clarifying the Definition of a Business*, provides an initial fair value screen to determine if substantially all of the fair value of the assets acquired is concentrated in a single asset or group of similar assets. If the initial screening test is not met, the set is considered a business based on whether there are inputs and substantive processes in place. Based on the results of this analysis and conclusion on an acquisition's classification of a business combination or an asset acquisition, the accounting treatment is derived.

If the acquisition is deemed to be a business, the acquisition method of accounting is applied. Identifiable assets acquired and liabilities assumed at the acquisition date are recorded at fair value. If the transaction is deemed to be an asset purchase, the cost accumulation and allocation model is used, whereby the assets and liabilities are recorded based on the purchase price and allocated to the individual assets and liabilities based on relative fair values.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates and the number of years on which to base the cash flow projections, as well as other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets and related cash flows. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Investments in Equity Investees

The Company accounts for its investments investment in Steckman Ridge and PennEast using the equity method of accounting where it is not the primary beneficiary, as defined under ASC 810, *Consolidation,* in that its respective ownership interests are 50 percent 50% or less and/or it has significant influence over operating and management decisions. The Company's share of earnings is recognized as equity in earnings of affiliates on the Consolidated Statements of Operations.

Equity method investments are reviewed for impairment when changes in facts and circumstances indicate that the current fair value may be less than the asset's carrying amount. Factors that the Company analyzes in determining whether an impairment in its equity investments exists include reviewing the financial condition and near-term prospects of the investees, including economic conditions and trends in the general market, significant delays in or failure to complete significant projects, unfavorable regulatory or legal actions expected to substantially impact future earnings potential and lower-than-expected cash distributions from investees. If the Company determines the decline in the value of its equity method investment is other than temporary, an impairment charge is recorded in an amount equal to the excess of the carrying value of the asset over its fair value.

When impairment indicators are present, the fair value of the Company's investment in Steckman Ridge is determined using a discounted cash flow method and utilizes management's best estimates and assumptions related to expected future results, including the price and capacity of firm natural gas storage contracting, operations and maintenance costs, discount rates and the nature and timing of major maintenance and capital investment, and discount rates. investment. Fair value determinations require considerable judgment and are sensitive to changes in underlying assumptions and other factors. As a result, it is reasonably possible that unfavorable developments, such as the failure to execute storage contracts and other services for available capacity at anticipated price levels, could result in an other-than-temporary impairment charge in the Consolidated Financial Statements.

In June 2021, we evaluated our equity investment in PennEast for impairment and determined that it was other-than-temporarily impaired. We estimated the fair value of our investment in PennEast using probability-weighted scenarios assigned to discounted future cash flows. The impairment is the result of management's estimates and assumptions regarding the likelihood of certain outcomes related to required regulatory approvals and pending legal matters (the timing of which remains uncertain), the timing and magnitud

es, the evaluation of the current environmental and political climate as it relates to interstate pipeline development and transportation cap evenues and discount rates. The other-than-temporary impairment was recorded in equity in (losses) earnings from affiliates in the Consolidated Statements of Operations. In September 2021, it was determined that this project was

Impairment of Long-lived Assets

Property, plant and equipment and finite-lived intangible assets are reviewed periodically for impairment when changes in facts and circumstances indicate that the carrying amount of an asset may not be fully recoverable in accordance with the appropriate accounting guidance. Factors that the Company analyzes in determining whether an impairment in its long-lived assets exists include determining if a significant decrease in the market price of a long-lived asset is present; a significant adverse change in the extent to which a long-lived asset is being used in its physical condition; legal proceedings or factors; significant business climate changes; accumulations of costs in significant excess of the amounts expected; a current-period operating or cash flow loss coupled with historical negative cash flows or expected future negative cash flows; and current

New Jersey Resources Corporation
Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

expectations that more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its estimated useful life. When an impairment indicator is present, the Company determines if the carrying value of the asset is recoverable by comparing it to its expected undiscounted future cash flows. If the carrying value of the asset is greater than the expected undiscounted future cash flows, an impairment charge is recorded in an amount equal to the excess of the carrying value of the asset over its fair value.

Derivative Instruments

We record our derivative instruments held as assets and liabilities at fair value on the Consolidated Balance Sheets. In addition, since we choose not to designate any of our physical and financial natural gas commodity derivatives as accounting hedges, changes in the fair value of Energy Services' ES's commodity derivatives are recognized in earnings, as they occur, as a component of operating revenues or natural gas purchases on the Consolidated Statements of Operations. Changes in the fair value of foreign exchange contracts are recognized in natural gas purchases on the Consolidated Statements of Operations.

The fair value of derivative instruments is determined by reference to quoted market prices of listed exchange-traded contracts, published price quotations, pipeline tariff information or a combination of those items. Energy Services' ES's portfolio is valued using the most current and reasonable market information. If the price underlying a physical commodity transaction does not represent a visible and liquid market, Energy Services ES may utilize additional published pipeline tariff information and/or other services to determine an equivalent market price. As of September 30, 2022 September 30, 2023, the fair value of its derivative assets and liabilities reported on the Consolidated Balance Sheets that is based on such pricing is considered immaterial.

Should there be a significant change in the underlying market prices or pricing assumptions, Energy Services ES may experience a significant impact on its financial position, results of operations and cash flows. Refer to *Item 7A. Quantitative and Qualitative Disclosures About Market Risks* for a sensitivity analysis related to the impact to derivative fair values resulting from changes in commodity prices. The valuation methods we use to determine fair values remained consistent for fiscal 2023, 2022 2021 and 2020. 2021. We apply a discount to our derivative assets to factor in an adjustment associated with the credit risk of its physical natural gas counterparties and to our derivative liabilities to factor in an adjustment associated with its own credit risk. We determine this amount by using historical default probabilities corresponding to the appropriate S&P issuer ratings. Since the majority of our counterparties are rated investment grade, this results in an immaterial credit risk adjustment.

Gains and losses associated with derivatives utilized by NJNG to manage the price risk inherent in its natural gas purchasing activities are recoverable through its BGSS, subject to BPU approval. Accordingly, the offset to the change in fair value of these derivatives is recorded as either a regulatory asset or liability on the Consolidated Balance Sheets.

Clean Energy Ventures CEV hedges certain of its expected production of SRECs through forward and futures contracts. Clean Energy Ventures CEV intends to physically deliver all SRECs it sells and recognizes SREC revenue as operating revenue on the Consolidated Statements of Operations upon delivery of the underlying SREC.

We have not designated any derivatives as fair value or cash flow hedges as of September 30, 2022 September 30, 2023 and 2021. 2022.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Income Taxes

The determination of our provision for income taxes requires the use of estimates and the interpretation and application of tax laws. Judgment is required in assessing the deductibility and recoverability of certain tax benefits. We use the asset and liability method to determine and record deferred tax assets and liabilities, representing future tax benefits and taxes payable, which result from the differences in basis recorded in GAAP financial statements and amounts recorded in the income tax returns. The deferred tax assets and liabilities are recorded utilizing the statutorily enacted tax rates expected to be in effect at the time the assets are realized and/or the liabilities settled. An offsetting valuation allowance is recorded when it is more likely than not that some or all of the deferred income tax assets won't be realized. Any significant changes to the estimates and judgments with respect to the interpretations, timing or deductibility could result in a material change to earnings and cash flows.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

For state income tax and other taxes, estimates and judgments are required with respect to the apportionment among the various jurisdictions. In addition, we operate within multiple tax jurisdictions and are subject to audits in these jurisdictions. These audits can involve complex issues, which may require an extended period of time to resolve. We maintain a liability for the estimate of potential income tax exposure and, in our opinion, adequate provisions for income taxes have been made for all years reported. Any significant changes to the estimates and judgments with respect to the apportionment factor could result in a material change to earnings and cash flows.

Occasionally, the federal and state taxing authorities determine that it is necessary to make certain changes to the income tax laws. These changes may include but are not limited to changes in the tax rates and/or the treatment of certain items of income or expense. Accounting guidance requires that the Company reflect the effect of changes in tax laws or tax rates at the date of enactment. Additionally, the Company is required to re-measure its deferred tax assets and liabilities as of the date of enactment. For non-regulated entities, the effect effects of changes in tax laws or tax rates are required to be included in income from continuing operations for the period that includes the enactment date. For regulated entities, if as the result of an action by a regulator it is probable that the future increase or decrease in taxes payable for items such as changes in tax laws or rates will be recovered from or returned to customers through future rates, an asset or liability shall be recognized for that probable increase or decrease in future revenue. Accounting guidance also requires that regulatory liabilities and/or assets be considered a temporary difference for which a related deferred tax asset and/or liability shall be recognized.

Accounting guidance requires that we establish reserves for uncertain tax positions when it is more likely than not that the positions will not be sustained when challenged by taxing authorities. Any changes to the estimates and judgments with respect to the interpretations, timing or deductibility could result in a change to earnings and cash flows. Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense, and accrued interest and penalties are recognized within accrued taxes on the Consolidated Balance Sheets.

To the extent that NJNG invests in property that qualifies for ITCs, the ITC is deferred and amortized to income over the life of the equipment in accordance with regulatory treatment. In general, for our unregulated subsidiaries, we record ITCs on the balance sheet as a contra-asset as a reduction to property, plant and equipment when the property is placed in service. The contra asset contra-asset is amortized on the Consolidated Statements of Operations as a reduction to depreciation expense over the useful lives of the related assets.

Changes to the federal statutes related to ITCs, which have the effect of reducing or eliminating the credits, could have a negative impact on earnings and cash flows.

Recently Issued Accounting Standards

Refer to *Note 2. Summary of Significant Accounting Policies* in the accompanying Consolidated Financial Statements for discussion of recently issued accounting standards.

Management's Overview

Consolidated

NJR is a diversified energy services holding company providing retail natural gas service in New Jersey and wholesale natural gas and related energy services to customers in the U.S. and Canada. In addition, we invest in clean energy projects and storage and transportation assets and provide various repair, sales and installation services. A more detailed description of our organizational structure can be found in *Item 1. Business. Business*.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The following sections include a discussion of results for fiscal 2022 2023 compared to fiscal 2021. 2022. The comparative results for fiscal 2021 2022 with fiscal 2020 2021 have been omitted from this Form 10-K, but may be found in *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations* on Form 10-K of our Annual Report for the fiscal year ended September 30, 2021 September 30, 2022, filed with the SEC on November 18, 2021 November 17, 2022.

New Jersey Resources Corporation
Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Reporting Segments

We have four primary reporting segments as presented in the chart below:

Segment Org chart FY2020.jpg

In addition to our four reporting segments above, we have nonutility operations that either provide corporate support services or do not meet the criteria to be treated as a separate reporting segment. These operations, which comprise Home Services and Other, include: HSO, include appliance repair services, sales and installations at NJRHS and commercial real estate holdings at CR&R and home warranty contracts at NJR Retail. &R.

Impacts of the COVID-19 Pandemic Operating Results

We continue to closely monitor developments related to the COVID-19 pandemic Net income (loss) and have, when appropriate, taken steps intended to limit potential exposure for our employees assets by reporting segment and those we serve, including continuity in the safe operation of our business. These steps include working from home for our office-based employees utilizing a hybrid schedule, limiting direct contact with our customers and suspending late payment fees for our utility customers. And while we, along with other businesses, are continuing to return to normal operating practices, this remains an evolving situation. The timing for recovery of businesses and local economies, resurgences or mutations of the virus, and any potential future shutdowns remains unknown. Throughout the COVID-19 pandemic, we have continued to provide essential services to our customers.Both NJR and NJNG continue to have sufficient liquidity to meet their current obligations, and business operations remain fundamentally unchanged at this time. We cannot predict for the nature and extent fiscal years ended September 30, are as follows:

(Thousands)	**2023**		2022		2021	
	Net Income	**Assets**	Net Income	Assets	Net Income	Assets
NJNG	**$ 131,414**	**$ 4,414,829**	$ 140,124	$ 4,030,686	$ 107,375	$ 3,707,461
CEV	**44,458**	**1,128,577**	39,403	1,015,065	16,789	914,788
ES	**78,848**	**123,775**	69,650	333,064	58,957	365,423
S&T	**13,154**	**1,011,959**	26,598	999,520	(67,787)	862,407
HSO	**4,758**	**171,275**	(781)	159,068	(826)	162,134
Intercompany *(1)*	**(7,908)**	**(312,919)**	(72)	(275,987)	3,382	(289,935)
Total	**$ 264,724**	**$ 6,537,496**	$ 274,922	$ 6,261,416	$ 117,890	$ 5,722,278

(1) Consists of the pandemic's impacts to future operations or its effects on our financial condition, results of operations and cash flows. We will continue to monitor developments affecting our employees, customers and operations and take additional steps to address the COVID-19 pandemic and its impacts, as necessary. transactions between subsidiaries that are eliminated in consolidation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Operating Results

Net income (loss) and assets by reporting segment and other business operations for the fiscal years ended September 30, are as follows:

(Thousands)	**2022**		2021		2020	
	Net Income	**Assets**	Net Income	Assets	Net Income	Assets
Natural Gas Distribution	**$ 140,124**	**$ 4,030,686**	$ 107,375	$ 3,707,461	$ 126,902	$ 3,531,477
Clean Energy Ventures	**39,403**	**1,015,065**	16,789	914,788	22,111	814,277
Energy Services	**69,650**	**333,064**	58,957	365,423	(11,008)	244,836
Storage and Transportation	**26,598**	**999,520**	(67,787)	862,407	18,311	844,799
Home Services and Other	**(781)**	**159,068**	(826)	162,134	5,784	138,375
Intercompany *(1)*	**(72)**	**(275,987)**	3,382	(289,935)	907	(257,287)
Total	**$ 274,922**	**$ 6,261,416**	$ 117,890	$ 5,722,278	$ 163,007	$ 5,316,477

(1) Consists of transactions between subsidiaries that are eliminated in consolidation.

The increase decrease in net income of $157.0 million $10.2M during fiscal 2022, 2023, compared with fiscal 2021, 2022, is due primarily to decreased earnings at NJNG due to higher O&M and higher interest expense related to new debt at higher interest rates, and decreased earnings at S&T resulting from increased interest and depreciation expenses. These decreases are partially offset by increased earnings at Natural Gas Distribution ES due primarily to higher base rates, increased SREC and electricity sales at Clean Energy Ventures, the impairment of our equity method investment natural gas price volatility in PennEast during fiscal 2021 that did not reoccur in fiscal December 2022 and the commencement of AMAs February 2023 and by increased earnings at Energy Services with an investment grade public utility, which began in November 2021, partially offset by the strong market demand CEV related to the extreme cold weather during February 2021, which did not reoccur to the same extent during 2022. reversal of a valuation allowance for certain deferred tax assets. The primary drivers of the changes noted above are described in more detail in the individual reporting segment and other business operations discussions.

The increase in assets during fiscal 2022, 2023, compared with fiscal 2021, 2022, was increased infrastructure spend in Storage and Transportation due primarily related to the conversion and construction of the southern end of Adelphia Gateway, which was put into service during fiscal 2022, additional investment in utility plant in Natural Gas Distribution at NJNG and solar asset investments at Clean Energy Ventures, along with an increase CEV, partially offset by a decrease in accounts receivable, gas in storage and restricted broker margin at Natural Gas Distribution. ES and NJNG resulting from a decline in natural gas prices.

Non-GAAP Financial Measures

Our management uses NFE, a non-GAAP financial measure, when evaluating our operating results. Energy Services ES economically hedges its natural gas inventory with financial derivative instruments. NFE is a measure of the earnings based on eliminating timing differences surrounding the recognition of certain gains or losses, to effectively match the earnings effects of the economic hedges with the physical sale of natural gas and, therefore, eliminates the impact of volatility to GAAP earnings associated with the derivative instruments. To the extent we utilize forwards, futures or other derivatives to hedge forecasted SREC production, unrealized gains and losses are also eliminated from NFE. NFE also excludes certain transactions associated with equity method investments, including impairment charges, which are non-cash charges, and return of capital in excess of the carrying value of our investment. These are considered unusual in nature and occur infrequently such that they are not indicative of the Company's our performance for our ongoing operations. Included in the tax effects are current and deferred income tax expense corresponding with the components of NFE.

Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for or a replacement of, the comparable GAAP measure and should be read in conjunction with those GAAP results.

Below is a reconciliation of consolidated net income, the most directly comparable GAAP measure, to NFE for the fiscal years ended September 30:

(Thousands, except per share data)	**2023**	2022	2021
Net income	**$ 264,724**	$ 274,922	$ 117,890
Add:			
Unrealized (gain) loss on derivative instruments and related transactions	**(38,081)**	(59,906)	54,203
Tax effect	**9,050**	14,248	(12,887)
Effects of economic hedging related to natural gas inventory *(1)*	**34,699**	19,939	(42,405)
Tax effect	**(8,246)**	(4,738)	10,078
(Gain on) impairment of equity method investment	**(300)**	(5,521)	92,000
Tax effect	**(19)**	1,377	(11,167)
Net financial earnings	**$ 261,827**	$ 240,321	$ 207,712

Basic earnings per share	$	**2.73** $	2.86 $	1.23
Add:				
Unrealized (gain) loss on derivative instruments and related transactions		**(0.39)**	(0.62)	0.56
Tax effect		**0.09**	0.15	(0.13)
Effects of economic hedging related to natural gas inventory (1)		**0.36**	0.21	(0.44)
Tax effect		**(0.09)**	(0.05)	0.10
(Gain on) impairment of equity method investment		**—**	(0.06)	0.96
Tax effect		**—**	0.01	(0.12)
Basic NFE per share	$	**2.70** $	2.50 $	2.16

(1) Effects of hedging natural gas inventory transactions where the economic impact is realized in a future period.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Below is a reconciliation of consolidated net income, the most directly comparable GAAP measure, to NFE for the fiscal years ended September 30:

(Thousands, except per share data)		**2022**	2021	2020
Net income	$	**274,922** $	117,890 $	163,007
Add:				
Unrealized (gain) loss on derivative instruments and related transactions		**(59,906)**	54,203	(9,644)
Tax effect		**14,248**	(12,887)	2,296
Effects of economic hedging related to natural gas inventory (1)		**19,939**	(42,405)	12,690
Tax effect		**(4,738)**	10,078	(3,016)
(Gain on) impairment of equity method investment		**(5,521)**	92,000	—
Tax effect		**1,377**	(11,167)	—
Net financial earnings	$	**240,321** $	207,712 $	165,333
Basic earnings per share	$	**2.86** $	1.23 $	1.72
Add:				
Unrealized (gain) loss on derivative instruments and related transactions		**(0.62)**	0.56	(0.10)
Tax effect		**0.15**	(0.13)	0.02
Effects of economic hedging related to natural gas inventory (1)		**0.21**	(0.44)	0.13
Tax effect		**(0.05)**	0.10	(0.03)
(Gain on) impairment of equity method investment		**(0.06)**	0.96	—
Tax effect		**0.01**	(0.12)	—
Basic NFE per share	$	**2.50** $	2.16 $	1.74

(1) Effects of hedging natural gas inventory transactions where the economic impact is realized in a future period.

NFE by reporting segment and other business operations for the fiscal years ended September 30, discussed in more detail within the operating results sections of each reporting segment and other business operations, is summarized as follows:

(Thousands)		**2022**			2021			2020	
Natural Gas Distribution	$	**140,124**	**58 %**	$	107,375	52 %	$	126,902	77 %
Clean Energy Ventures		**39,403**	**17**		16,789	8		22,111	13
Energy Services		**39,121**	**16**		71,117	34		(7,873)	(5)
Storage and Transportation		**22,454**	**9**		13,046	6		18,311	11
Home Services and Other		**(781)**	**—**		(826)	—		5,784	4
Eliminations (1)		**—**	**—**		211	—		98	—
Total	$	**240,321**	**100 %**	$	207,712	100 %	$	165,333	100 %

(Thousands)		2023			2022			2021	
NJNG	$	**131,414**	**50 %**	$	140,124	58 %	$	107,375	52 %
CEV		**44,458**	**17**		39,403	17		16,789	8
ES		**68,517**	**26**		39,121	16		71,117	34
S&T		**12,835**	**5**		22,454	9		13,046	6
HSO		**4,758**	**2**		(781)	—		(826)	—
Eliminations (1)		**(155)**	**—**		—	—		211	—
Total	$	**261,827**	**100 %**	$	240,321	100 %	$	207,712	100 %

(1) Consists of transactions between subsidiaries that are eliminated in consolidation.

The increase in NFE of $32.6 million $21.5M during fiscal 2022, 2023, compared with fiscal 2021, 2022, was due primarily to higher base rates Financial Margin at NJNG, increased SREC and electricity sales at Clean Energy Ventures and the commencement of AMAs at Energy Services ES along with an investment grade public utility, which began increase in November 2021, the benefit from income taxes at CEV, partially offset by the extreme cold weather during February 2021, decreases at NJNG and S&T, as previously discussed.

Natural Gas Distribution

Overview

Natural Gas Distribution is comprised of NJNG, a natural gas utility that provides regulated natural gas service throughout Burlington, Middlesex, Monmouth, Morris, Ocean and Sussex counties in New Jersey to approximately 569,300 576,000 residential and commercial customers in its service territory and also participates in the off-system sales and capacity release markets. The business is subject to various risks, including those risks associated with COVID-19, which may include but are not limited to impacts to customer growth and customer usage, customer collections, the timing and costs of capital expenditures and construction of infrastructure projects, operating and financing costs, fluctuations in commodity prices and customer conservation efforts. In addition, NJNG may be subject to adverse economic conditions such as inflation and rising natural gas costs, certain regulatory actions, environmental remediation and severe weather conditions. It is often difficult to predict the impact of events or trends associated with these risks.

Page 37

New Jersey Resources Corporation

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

NJNG's business is seasonal by nature, as weather conditions directly influence the volume of natural gas delivered to customers on an annual basis. Specifically, customer demand substantially increases during the winter months when natural gas is used for heating purposes. As a result, NJNG generates most of its natural gas distribution revenues during the first and second fiscal quarters and is subject to variations in earnings and working capital during the fiscal year.

As a regulated company, NJNG is required to recognize the impact of regulatory decisions on its financial statements. See *Note 4. Regulation* in the accompanying Consolidated Financial Statements for a more detailed discussion on of regulatory actions, including filings related to programs and associated expenditures, as well as rate requests related to recovery of capital investments and operating costs.

NJNG's operations are managed with the goal of providing safe and reliable service, growing its customer base, diversifying its Utility Gross Margin, promoting clean energy programs and mitigating the risks discussed above.

Base Rate Case

On November 17, 2021, In November 2021, the BPU issued an order adopting a stipulation of settlement approving a $79.0 million $79.0M increase to base rates, effective December 1, 2021. In addition, the order also included approval for the final increase for the NJ RISE/SAFE II programs, which totaled $269,000. $0.3M. These increases include an overall rate of return on rate base of 6.84 percent, 6.84%, return on common equity of 9.6 percent, 9.6%, a common equity ratio of 54.0 percent 54.0% and a composite depreciation rate of 2.78 percent. 2.78%.

Page 36

New Jersey Resources Corporation

Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Infrastructure Projects

NJNG has significant annual capital expenditures associated with the management of its natural gas distribution and transmission system, including new utility plant associated with customer growth and its associated PIM and infrastructure programs. Below is a summary of NJNG's capital expenditures, including accruals for fiscal 2022 2023 and estimates of expected investments over the next fiscal year:

420

Estimated capital expenditures are reviewed on a regular basis and may vary based on the ongoing effects of regulatory oversight, environmental regulations, unforeseen events and the ability to access capital.

NJNG continues to implement BPU-approved infrastructure projects that are designed to enhance the reliability and integrity of NJNG's natural gas distribution system.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Infrastructure Investment Program

In February 2019, NJNG filed a petition with the BPU seeking authority to implement a five-year IIP. The IIP consisted of two components: transmission and distribution investments and information technology replacement and enhancements. The total investment for the IIP was approximately $507.0 million. $507.0M. All approved investments will be recovered through annual filings to adjust base rates. In October 2020, the BPU approved the Company's transmission and distribution component of the IIP for $150.0 million $150.0M over five years, effective November 1, 2020. NJNG voluntarily withdrew the information technology upgrade component and will seek to recover associated costs in future rate case proceedings. On March 31, 2022, In March 2022, NJNG filed its first rate recovery request for its BPU-approved IIP with capital expenditures estimated through June 30, 2022, including AFUDC. On July 13, 2022, In July 2022, NJNG filed its update with actual capital expenditures of $28.9 million $28.9M through June 30, 2022. On September 7, 2022, In September 2022, the BPU approved the rate increase resulting in a $3.2 million $3.2M revenue increase, effective October 1, 2022.

On March 30, 2023, NJNG submitted its annual IIP filing to the BPU requesting a rate increase for estimated capital expenditures of $31.4M through June 30, 2023. This filing was updated on July 28, 2023, with actual expenses of approximately $28.2M through June 30, 2023. The BPU approved this filing on September 27, 2023, which resulted in a $3.2M revenue increase, effective October 1, 2023.

New Jersey Resources Corporation
Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

SAFE II and NJ RISE

The BPU approved the 5-year SAFE II program and the associated rate mechanism to replace the remaining unprotected steel mains and services from NJNG's natural gas distribution system at an estimated cost of approximately $200 million, $200.0M, excluding AFUDC. With the approval of SAFE II, $157.5 million $157.5M was approved for accelerated cost recovery methodology. The remaining $42.5 million $42.5M in capital expenditures was requested for recovery in base rate cases, of which $23.4 million $23.4M was approved in NJNG's 2019 base rate case and $19.1 million $19.1M was approved in the 2021 base rate case.

The BPU approved NJNG's NJ RISE capital infrastructure program, which consists of six capital investment projects estimated to cost $102.5 million, $102.5M, excluding AFUDC, for natural gas distribution storm hardening and mitigation projects, along with associated depreciation expense. These system enhancements are intended to minimize service impacts during extreme weather events to customers in the most storm-prone areas of NJNG's service territory. Recovery of NJ RISE investments is included in NJNG's base rates.

In March 2021, NJNG filed a petition with the BPU requesting the final base rate increase for the recovery associated with NJ RISE and SAFE II capital investments costs of approximately $3.4 million $3.4M made through June 30, 2021. In June 2021, this filing was consolidated with the 2021 base rate case. On November 17, 2021, In November 2021, the BPU issued an order for the consolidated matter which included approval for the final increase for the NJ RISE and SAFE II programs of $269,000.With $0.3M.With this approval, the filings with respect to NJ RISE and SAFE II are complete.

Southern Reliability Link

The SRL is an approximately 30-mile, 30-inch transmission main designed to support improved system reliability and integrity in the southern portion of NJNG's service territory. SRL was completed and placed in service in August 2021.

Customer Growth

In conducting NJNG’s business, management focuses on factors it believes may have significant influence on its future financial results. NJNG’s policy is to work with all stakeholders, including customers, regulators and policymakers, to achieve favorable results. These factors include the rate of NJNG’s customer growth in its service territory, which can be influenced by political and regulatory policies, the delivered cost of natural gas compared with competing fuels, interest rates and general economic and business conditions.

NJNG’s total customers as of September 30, include the following:

		2022	2021	2020		**2023**	2022	2021
Firm customers	Firm customers				Firm customers			
Residential	Residential	**512,264**	502,546	497,779	Residential	**520,682**	512,264	502,546
Commercial, industrial & other	Commercial, industrial & other	**31,227**	30,615	28,735	Commercial, industrial & other	**31,725**	31,227	30,615
Residential transport	Residential transport	**17,316**	21,882	22,420	Residential transport	**15,457**	17,316	21,882
Commercial transport	Commercial transport	**8,397**	8,815	9,184	Commercial transport	**8,033**	8,397	8,815
Total firm customers	Total firm customers	**569,204**	563,858	558,118	Total firm customers	**575,897**	569,204	563,858
Other	Other	**96**	47	48	Other	**103**	96	47
Total customers	Total customers	**569,300**	563,905	558,166	Total customers	**576,000**	569,300	563,905

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

During fiscal 2023, 2022 2021 and 2020, 2021, NJNG added 8,800, 7,808 7,854 and 8,349 7,854 new customers, respectively. NJNG expects new customer additions, and those customers who added additional natural gas services to their premises, to contribute approximately $6.5 million $7.4M of incremental Utility Gross Margin on an annualized basis.

NJNG expects its new customer annual growth rate to be approximately 1.6 percent. 1.9%. Based on information from municipalities and developers, as well as external industry analysts and management’s experience, NJNG estimates that approximately 65 percent 67% of the growth will come from new construction markets and 35 percent 33% from customer conversions to natural gas from other fuel sources. This new customer and conversion growth would increase Utility Gross Margin under NJNG’s base rates by approximately $7.7 million $8.5M annually, as calculated under NJNG’s CIP tariff.

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Energy Efficiency Programs

SAVEGREEN conducts home energy audits and provides various grants, incentives and financing alternatives designed to encourage the installation of high-efficiency heating and cooling equipment and other energy efficiency upgrades. Depending on the specific incentive or approval, NJNG recovers costs associated with the programs over a two- to 10-year period through a tariff rider mechanism. In March 2021, the BPU approved a three-year SAVEGREEN program consisting of approximately $126.1 million $126.1M of direct investment, $109.4 million $109.4M in financing options and approximately $23.4 million $23.4M in operation and maintenance expenses, which resulted in a $15.6 million $15.6M annual recovery increase, effective July 1, 2021.

In May 2020, NJNG filed a petition with the BPU to decrease its EE recovery rate. In October 2020, the BPU approved NJNG to maintain its existing rate, which resulted in an annual recovery of approximately $11.4 million, $11.4M, effective November 1, 2020.

In June 2021, NJNG submitted its annual cost recovery filing for the SAVEGREEN programs established from 2010 through 2021. On January 26, 2022, In January 2022, the BPU approved the stipulation, which increased annual recoveries by $2.2 million, $2.2M, effective February 1, 2022.

In June 2022, NJNG submitted its annual cost recovery filing for the SAVEGREEN programs established from 2010 through the present. In September 2022, the BPU approved the rate decrease, which resulted in an annual decrease of approximately $3.5M, effective October 1, 2022.

On June 1, 2022 June 1, 2023, NJNG submitted its annual cost recovery filing for the SAVEGREEN programs established from 2010 through the present. present, which would increase annual recoveries by approximately $10.7M. On September 28, 2022 September 27, 2023, the BPU approved an increase to the decrease, which will result in an EE rate, increasing annual decrease of approximately $3.5 million, recoveries by $9.0M based on updated information since the initial filing, effective October 1, 2022 October 1, 2023.

The following table summarizes loans, grants, rebates and related investments as of September 30:

(Thousands)	*(Thousands)*		2022		2021	*(Thousands)*		2023		2022
Loans	Loans	$	**152,000**	$	132,800	Loans	$	**198,600**	$	175,300
Grants, rebates and related investments	Grants, rebates and related investments		**132,200**		98,100	Grants, rebates and related investments		**205,200**		168,700
Total	Total	$	**284,200**	$	230,900	Total	$	**403,800**	$	344,000

Program recoveries from customers during the fiscal years ended September 30, 2022 September 30, 2023 and 2021, 2022, were $25.8 million $26.3M and $12.4 million, $25.8M, respectively. The recovery includes a weighted average cost of capital that ranges from 6.69 percent 6.69% to 7.76 percent, 7.76%, with a return on equity of 9.6 percent 9.6% to 10.3 percent. 10.3%.

Conservation Incentive Program/BGSS

The CIP facilitates normalizing NJNG's Utility Gross Margin for variances not only due to weather but also for other factors affecting customer usage, such as conservation and energy efficiency. Recovery of Utility Gross Margin for the non-weather variance through the CIP is limited to the amount of certain natural gas supply cost savings achieved and is subject to a variable margin revenue test. Additionally, recovery of the CIP Utility Gross Margin is subject to an annual earnings test. An annual review of the CIP must be filed by June 1, coincident with NJNG's annual BGSS filing, during which NJNG can request rate changes to the CIP.

NJNG's total utility firm gross margin includes the following adjustments related to the CIP mechanism:

(Thousands)	*(Thousands)*		2022		2021		2020	*(Thousands)*		2023		2022		2021
Weather *(1)*	Weather *(1)*	$	**22,263**	$	13,273	$	17,882	Weather *(1)*	$	**44,675**	$	22,263	$	13,273
Usage	Usage		**2,032**		(1,852)		292	Usage		**3,276**		2,032		(1,852)
Total	Total	$	**24,295**	$	11,421	$	18,174	Total	$	**47,951**	$	24,295	$	11,421

(1) Compared with the 20-year average, weather was 8.3 percent, 6.5 percent 13.4%, 8.3% and 7.6 percent 6.5% warmer-than-normal during fiscal 2023, 2022 2021 and 2020 2021, respectively.

Recovery of Natural Gas Costs

NJNG's cost of natural gas is passed through to our customers, without markup, by applying NJNG's authorized BGSS rate to actual therms delivered. There is no Utility Gross Margin associated with BGSS costs; therefore, changes in such costs do not impact NJNG's earnings. NJNG monitors its actual natural gas costs in comparison to its BGSS rates to manage its cash flows associated with its allowed recovery of natural gas costs, which is facilitated through BPU-approved deferred accounting and the BGSS pricing mechanism. Accordingly, NJNG occasionally adjusts its periodic BGSS rates or can issue credits or refunds, as appropriate, for its residential and small commercial customers when the commodity cost varies from the existing BGSS rate. BGSS rates for its large commercial customers are adjusted monthly based on NYMEX prices.

NJNG's residential and commercial markets are currently open to competition, and its rates are segregated between BGSS (i.e., natural gas commodity) and delivery (i.e., transportation) components. NJNG earns Utility Gross Margin through the delivery of natural gas to its customers and, therefore, is not negatively affected by customers who use its transportation service and purchase natural gas from another supplier. Under an existing order from the BPU, BGSS can be provided by suppliers other than the state's natural gas utilities; however, customers who purchase natural gas from another supplier continue to use NJNG for transportation service.

During fiscal 2021, NJNG notified the BPU of its intent to provide BGSS bill credits to residential and small commercial sales customers. The actual bill credits given to customers totaled $20.6 million, $19.3 million $20.6M, $19.3M net of tax.

In November 2021, the BPU approved on a preliminary basis a $2.9 million $2.9M increase to the annual revenues credited to BGSS, a $13.0 million $13.0M annual increase related to its balancing charge, as well as changes to CIP rates, which resulted in a $6.3 million $6.3M annual recovery decrease, effective December 1, 2021, and approved on a final basis on May 4, 2022. in May 2022.

In November 2021, NJNG submitted notification of its intent to self-implement an increase to its BGSS rate, which resulted in an approximately $24.2 million $24.2M increase to annual revenues credited to BGSS, effective December 1, 2021.

On June 1, 2022, In June 2022, NJNG submitted its annual petition to modify its BGSS, balancing charge and CIP rates for residential and small business customers, which was approved by the BPU on a preliminary basis on September 7, 2022. in September 2022. This includes an $81.9 million $81.9M increase to the annual revenues credited to BGSS, a $9.0 million $9.0M annual increase related to its balancing charge and a $10.2 million $10.2M increase to CIP rates, effective October 1, 2022, which was approved on a final basis on April 12, 2023.

On April 12, 2023, the BPU approved on a final basis, NJNG's February 22, 2023 filing that advised the BPU of a bill credit and a reduction to the BGSS rate for residential and small commercial customers, which will reduce recoveries by approximately $29.9M, effective March 1, 2023. Bill credits provided to customers from March 2023 through May 2023 totaled approximately $32.4M.

On June 1, 2023, NJNG filed its annual petition to modify its BGSS, balancing charge and CIP rates for residential and small business customers. This included a $38.6M decrease to the annual revenues credited to BGSS, a $7.4M annual decrease related to its balancing charge and a $27.5M increase to CIP rates, effective October 1, 2023. On September 18, 2023, the BPU approved, on a provisional basis, the filed BGSS and balancing charge changes and a $27.0M increase to CIP rates, based on updated information since the initial filing. The balancing charge rate includes the cost of balancing natural gas deliveries with customer usage for sales and transportation customers, and balancing charge revenues are credited to BGSS.

BGSS Incentive Programs

NJNG is eligible to receive financial incentives for reducing BGSS costs through a series of Utility Gross Margin-sharing programs that include off-system sales, capacity release and storage incentive programs. These programs are designed to encourage better utilization and hedging of NJNG's natural gas supply, transportation and storage assets. Depending on the program, NJNG shares 80 or 85 percent 85% of Utility Gross Margin generated by these programs with firm customers. Utility Gross Margin from incentive programs was $19.6 million, $13.4 million $20.0M, $19.6M and $9.5 million $13.4M during the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively.

Hedging

In order to provide relative price stability to its natural gas supply portfolio, NJNG employs a hedging strategy with the goal of having at least 75 percent 75% of the Company's projected winter periodic BGSS natural gas sales volumes hedged by each November 1 and at least 25 percent 25% of the projected periodic BGSS natural gas sales hedged for the following April-through-March period. The hedging goal is typically achieved with gas in storage and the use of financial instruments to hedge storage injections. NJNG may also use various financial instruments including futures, swaps, options and weather related weather-related products to hedge its future delivery obligations.

Commodity Prices

Natural Gas Distribution NJNG is affected by the price of natural gas, which can have a significant impact on our cash flows, short-term financing costs, the price of natural gas charged to our customers through the BGSS clause, our ability to collect accounts receivable, which impacts our bad debt expense, and our ability to maintain a competitive advantage over other energy sources.

New Jersey Resources Corporation
Part II

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Natural gas commodity prices are shown in the graph below, which illustrates the daily natural gas prices*(1)* in the Northeast market region, also known as TETCO M-3.

8682

(1) Data sourced from Standard & Poor's Financial Services, LLC Global Platts.

The maximum price per MMBtu was $32.46, $17.69 $14.57 and $5.59 $14.57 and the minimum price was $0.67, $2.42 $0.28 and $0.68 $0.28 for the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively. A more detailed discussion of the impacts of the price of natural gas on operating revenues, natural gas purchases and cash flows can be found in the Operating Results and Cash Flow sections of *Item 7. Management's Management's Discussion and Analysis of Financial Condition and Results of Operations. Operations.*

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Societal Benefits Charge

NJNG's qualifying customers are eligible for the USF program, which is administered by the New Jersey Department of Community Affairs, to help make energy bills more affordable.

In April 2021, March 2022, the BPU approved on a final basis NJNG's annual SBC application to recover remediation expenses, including an increase in the RAC, of approximately $1.3 million annually and an increase to the NJCEP factor, of approximately $6.0 million, which was effective May 1, 2021.

In September 2021, the BPU approved on a final basis NJNG's annual USF compliance filing, which resulted in an annual increase of approximately $4.9 million, effective October 1, 2021.

On March 23, 2022, the BPU approved on a final basis NJNG's annual SBC application to recover remediation expenses, including an increase in the RAC, of approximately $600,000 $0.6M annually and a decrease to the NJCEP factor of approximately $2.9 million, $2.9M, effective April 1, 2022.

On June 27, 2022, In June 2022, NJNG filed its annual USF compliance filing proposing a decrease to the statewide USF rate. On August 25, 2022, In August 2022, an additional update was submitted on behalf of all NJ utilities with actual information through July 31, 2022. On September 28, 2022, In September 2022, the BPU approved a decrease based on the August update, which resulted in an annual decrease of approximately $1.6 million, $1.6M, effective October 1, 2022.

On September 13, 2022, In September 2022, NJNG submitted its annual SBC filing to the BPU requesting approval of RAC expenditures through June 30, 2022, as well as an increase to the RAC annual recoveries of $3.8 million $3.8M and an increase to the NJCEP annual recoveries of $2.2 million, $2.2M, with a proposed effective date of April 1, 2023. On April 12, 2023, the BPU approved on a final basis, an increase to the RAC annual recoveries of $3.7M and a decrease to the NJCEP annual recoveries of $0.9M, effective May 1, 2023.

Part II On June 28, 2023, NJNG submitted its annual USF filing to the BPU requesting an increase to the statewide USF rate, which will result in a $0.7M increase to annual recoveries. The BPU approved this matter on September 27, 2023, effective October 1, 2023.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF On September 11, 2023, NJNG submitted its annual SBC filing to the BPU requesting approval of RAC expenditures through June 2023, as well as an increase to the RAC annual recoveries of $2.4M and an increase to the NJCEP annual recoveries of $5.0M, which would be effective April 1, 2024.

OPERATIONS (Continued)

Environmental Remediation

NJNG is responsible for the environmental remediation of former MGP sites, which contain contaminated residues from former gas manufacturing operations that ceased operating at these sites by the mid-1950s and, in some cases, had been discontinued many years earlier. Actual MGP remediation costs may vary from management's estimates due to the developing nature of remediation requirements, regulatory decisions by the NJDEP and related litigation. NJNG reviews these costs at the end of each fiscal year and adjusts its liability and corresponding regulatory asset as necessary to reflect its expected future remediation obligation. Accordingly, NJNG recognized a regulatory asset and an obligation of $127.1 million $169.4M as of September 30, 2022 September 30, 2023, a decrease an increase of $7.9 million $42.3M compared with the prior fiscal period.

In June 2019, NJNG initiated a preliminary assessment of a site in Aberdeen, New Jersey to determine prior ownership and if former MGP operations were active at the location. The preliminary assessment and site investigation activities are ongoing at the Aberdeen site and, based on initial findings, will be moving to the remedial investigation phase. The costs associated with preliminary assessment, site investigation and remedial investigation activities are considered immaterial and are included as a component of NJNG's annual SBC application to recover remediation expenses. We will continue to gather information to further refine and enhance the estimate of potential costs for this site as it becomes available. See *Note 15. 14. Commitments and Contingent Liabilities* for a more detailed description.

Other regulatory filings and a more detailed discussion of the filings in this section can be found in *Note 4. Regulation* in the accompanying Consolidated Financial Statements.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Operating Results

NJNG's operating results for the fiscal years ended September 30, are as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Operating revenues *(1)*	Operating revenues *(1)*	**$ 1,128,767**	$ 731,796	$ 729,923	Operating revenues *(1)*	**$ 1,012,633**	$ 1,128,767	$ 731,796
Operating expenses	Operating expenses				Operating expenses			
Natural gas purchases *(2) (3)*	Natural gas purchases *(2) (3)*	**557,232**	260,714	287,307	Natural gas purchases *(2) (3)*	**425,457**	557,232	260,714
Operation and maintenance	Operation and maintenance	**198,546**	203,740	162,792	Operation and maintenance	**226,780**	198,546	203,740
Regulatory rider expense *(4)*	Regulatory rider expense *(4)*	**59,437**	38,304	34,529	Regulatory rider expense *(4)*	**50,542**	59,437	38,304
Depreciation and amortization	Depreciation and amortization	**94,579**	80,045	71,883	Depreciation and amortization	**102,326**	94,579	80,045
Total operating expenses	Total operating expenses	**909,794**	582,803	556,511	Total operating expenses	**805,105**	909,794	582,803
Operating income	Operating income	**218,973**	148,993	173,412	Operating income	**207,528**	218,973	148,993
Other income, net	Other income, net	**7,686**	13,841	11,486	Other income, net	**13,546**	7,686	13,841
Interest expense, net of capitalized interest	Interest expense, net of capitalized interest	**46,394**	36,405	30,975	Interest expense, net of capitalized interest	**56,595**	46,394	36,405
Income tax provision	Income tax provision	**40,141**	19,054	27,021	Income tax provision	**33,065**	40,141	19,054
Net income	Net income	**$ 140,124**	$ 107,375	$ 126,902	Net income	**$ 131,414**	$ 140,124	$ 107,375

(1) Includes nonutility revenue of approximately $1.4 million $1.3M, $1.4M and $337,000 $0.3M for fiscal 2023, 2022 and 2021, respectively, for lease agreements with various NJR subsidiaries leasing office space from NJNG at the Company's headquarters that commenced in July 2021, which are eliminated in consolidation. There was no nonutility revenue for fiscal 2020.

(2) Includes the purchased cost of the natural gas, fees paid to pipelines and storage facilities, adjustments as a result of BGSS incentive programs and hedging transactions. These expenses are passed through to customers and are offset by corresponding revenues.

(3) Includes related party transactions of approximately $9.3 million, $13.0 million $9.3M for both fiscal 2023 and $11.5 million 2022, and $13.0M for fiscal 2022, 2021, and 2020, respectively, a portion of which is eliminated in consolidation.

(4) Consists of expenses associated with state-mandated programs, the RAC and energy efficiency programs, calculated on a per-therm basis. These expenses are passed through to customers and are offset by corresponding revenues.

Operating Revenues and Natural Gas Purchases

Operating revenues increased 54.2 percent decreased 10.3% during fiscal 2022 2023 compared with fiscal 2021. 2022. Natural gas purchases increased 113.7 percent decreased 23.6% during fiscal 2022 2023 compared with fiscal 2021. 2022.

The factors contributing to the increases and decreases in operating revenues and natural gas purchases during fiscal 2022, 2023, are as follows:

		2022 v. 2021			**2023 v. 2022**	
(Thousands)	*(Thousands)*	**Operating revenues**	**Natural gas purchases**	*(Thousands)*	**Operating revenues**	**Natural gas purchases**
BGSS incentives	BGSS incentives	**$ 231,496**	**$ 225,324**	BGSS incentives	**$ (156,951)**	**$ (157,384)**
Bill credits				Bill credits	**(31,581)**	**(31,581)**

Firm sales				Firm sales	(24,005)	(19,536)
Average BGSS rates				Average BGSS rates	75,105	75,105
CIP adjustments				CIP adjustments	23,656	—
Base rate impact	Base rate impact	65,819	—	Base rate impact	6,927	—
Average BGSS rates		54,347	54,347			
Bill credits		20,590	20,590			
CIP adjustments		12,874	—			
Firm sales		(11,040)	(4,199)			
Riders and other (1)	Riders and other (1)	22,885	456	Riders and other (1)	(9,285)	1,621
Total increase (decrease)		$ 396,971	$ 296,518			
Total decrease				Total decrease	$ (116,134)	$ (131,775)

(1) Other Riders and other includes changes in rider rates, including those related to EE, Energy Efficiency, NJCEP and other programs, which is offset in regulatory rider expense.

Non-GAAP Financial Measures

Management uses Utility Gross Margin, a non-GAAP financial measure, when evaluating the operating results of NJNG. NJNG's Utility Gross Margin is defined as operating revenues less natural gas purchases, sales tax and regulatory rider expenses. This measure differs from gross margin as presented on a GAAP basis, as it excludes certain operations and maintenance expense and depreciation and amortization. Utility Gross Margin may also not be comparable to the definition of gross margin used by others in the natural gas distribution business and other industries. Management believes that Utility

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Gross Margin provides a meaningful basis for evaluating utility operations since natural gas costs, sales tax and regulatory rider expenses are included in operating revenues and passed through to customers and, therefore, have no effect on Utility Gross Margin. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measure.

Utility Gross Margin

A reconciliation of gross margin, the closest GAAP financial measure to NJNG's Utility Gross Margin for the fiscal years ended September 30, is as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Operating revenues	Operating revenues	**$ 1,128,767**	$ 731,796	$ 729,923	Operating revenues	**$ 1,012,633**	$ 1,128,767	$ 731,796
Less:	Less:				Less:			
Natural gas purchases	Natural gas purchases	**557,232**	260,714	287,307	Natural gas purchases	**425,457**	557,232	260,714
Operation and maintenance (1)	Operation and maintenance (1)	**93,164**	110,364	88,883	Operation and maintenance (1)	**115,292**	93,164	110,364
Regulatory rider expense	Regulatory rider expense	**59,437**	38,304	34,529	Regulatory rider expense	**50,542**	59,437	38,304
Depreciation and amortization	Depreciation and amortization	**94,579**	80,045	71,883	Depreciation and amortization	**102,326**	94,579	80,045
Gross margin	Gross margin	**324,355**	242,369	247,321	Gross margin	**319,016**	324,355	242,369
Add:	Add:				Add:			
Operation and maintenance (1)	Operation and maintenance (1)	**93,164**	110,364	88,883	Operation and maintenance (1)	**115,292**	93,164	110,364
Depreciation and amortization	Depreciation and amortization	**94,579**	80,045	71,883	Depreciation and amortization	**102,326**	94,579	80,045

Utility Gross Margin	Utility Gross Margin	**$**	**512,098**	$	432,778	$	408,087	Utility Gross Margin	**$**	**536,634**	$	512,098	$ 432,778

(1) Excludes selling, general and administrative expenses of approximately $102.8 million, $97.0 million $111.5M, $102.8M and $77.9 million $97.0M for the fiscal years 2023, 2022 and 2021, and 2020, respectively respectively.

Utility Gross Margin consists of three components:

- Utility firm gross margin generated from only the delivery component of either a sales tariff or a transportation tariff from residential and commercial customers who receive natural gas service from NJNG;

- BGSS incentive programs, where revenues generated or savings achieved from BPU-approved off-system sales, capacity release or storage incentive programs are shared between customers and NJNG; and

- Utility Gross Margin generated from off-tariff customers, as well as interruptible customers.

The following provides more information on the components of Utility Gross Margin and associated throughput (Bcf) of natural gas delivered to customers:

	2023		2022		2021	
($ in thousands)	**Margin**	**Bcf**	Margin	Bcf	Margin	Bcf
Utility Gross Margin/Throughput						
Residential	**$ 360,138**	**43.4**	$ 341,167	45.5	288,723	45.5
Commercial, industrial and other	**76,550**	**8.4**	77,629	8.7	64,950	8.7
Firm transportation	**76,114**	**12.1**	69,933	13.0	61,870	13.0
Total utility firm gross margin/throughput	**512,802**	**63.9**	488,729	67.2	415,543	67.2
BGSS incentive programs	**20,020**	**72.6**	19,587	95.2	13,415	95.2
Interruptible/off-tariff agreements	**3,812**	**29.5**	3,782	32.4	3,820	32.4
Total Utility Gross Margin/Throughput	**$ 536,634**	**166.0**	$ 512,098	194.8	$ 432,778	194.8

Utility Firm Gross Margin

Utility firm gross margin increased $24.1M during fiscal 2023 compared with fiscal 2022, due primarily to an increase in customers along with increased base rates.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

The following provides more information on the components of Utility Gross Margin and associated throughput (Bcf) of natural gas delivered to customers:

	2022		2021		2020	
($ in thousands)	**Margin**	**Bcf**	Margin	Bcf	Margin	Bcf
Utility Gross Margin/Throughput						
Residential	**$ 341,167**	**45.5**	$ 288,723	46.2	275,033	44.6
Commercial, industrial and other	**77,629**	**8.7**	64,950	8.6	57,929	8.2
Firm transportation	**69,933**	**13.0**	61,870	13.7	60,199	13.3
Total utility firm gross margin/throughput	**488,729**	**67.2**	415,543	68.5	393,161	66.1
BGSS incentive programs	**19,587**	**95.2**	13,415	101.3	9,471	118.4
Interruptible/off-tariff agreements	**3,782**	**32.4**	3,820	22.9	5,455	30.9
Total Utility Gross Margin/Throughput	**$ 512,098**	**194.8**	$ 432,778	192.7	$ 408,087	215.4

Utility Firm Gross Margin

Utility firm gross margin increased $73.2 million during fiscal 2022 compared with fiscal 2021, due primarily to the increase in base rates and the impact of riders, most notably EE, as previously discussed.

BGSS Incentive Programs

The factors contributing to the change in Utility Gross Margin generated by BGSS incentive programs are as follows:

(Thousands)		**2022 2023 v. 2021 2022**
Off-system sales	**$**	**6,897**
Storage	**1,737 $**	**417**
Capacity release		**(2,462) 208**
Off-system sales	**$**	**(192)**
Total increase	**$**	**6,172 433**

The increase in BGSS incentive programs was due primarily to increased margins from off-system sales storage incentive market opportunities and storage incentive, higher capacity release values, partially offset by lower capacity release off-system sales volumes.

Operation and Maintenance Expense Other Results

O&M expense decreased $5.2 million increased $28.2M during fiscal 2022 2023 compared with fiscal 2021, 2022, due primarily to the deferral of bad debt costs in accordance with the July 2, 2020 July 2020 BPU deferral order partially offset by in fiscal 2022 that did not reoccur, as well as an increase in compensation and information technology consulting expenditures.

Depreciation Expense

Depreciation expense increased $14.5 million $7.7M in fiscal 2022, 2023, compared with fiscal 2021, 2022, as a result of additional utility plant being placed into service.

Interest Expense

Interest expense increased $10.0 million $10.2M in fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased outstanding long-term debt and lower AFUDC debt related to infrastructure projects completed and placed in service at the end of fiscal 2021.

Other Income higher interest rates.

Other income decreased $6.2 million increased $5.9M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to decreased increased AFUDC equity, as previously discussed, partially offset by increased along with decreased pension and postemployment costs.

Income Tax Provision

Income taxes increased $21.1 million decreased $7.1M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due to higher lower income before income taxes.

Net Income

Net income increased $32.7 million decreased $8.7M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased O&M, depreciation and interest expenses, partially offset by higher Utility Gross Margin, partially offset by the related increase in income taxes as previously discussed.

Clean Energy Ventures

Overview

Clean Energy Ventures CEV actively pursues opportunities in the renewable energy markets. Clean Energy Ventures CEV enters into various agreements to install solar net-metered systems for residential and commercial customers, as well as large commercial grid-connected projects. In addition, Clean Energy Ventures CEV enters into various long-term agreements, including PPAs, to supply energy from commercial solar projects.

Capital expenditures related to clean energy projects are subject to change due to a variety of factors that may affect our ability to commence operations at these projects on a timely basis or at all, including logistics associated with the start-up of residential and commercial solar projects, such as timing of construction schedules, the permitting and regulatory process, any delays related to electric grid interconnection, economic trends, unforeseen events and the ability to access capital or allocation of capital to other investments or business opportunities. Clean Energy Ventures CEV is also subject to various risks, including those associated with COVID-19, which may include impacts to residential solar customer growth and customer collections, our ability to identify and develop commercial solar asset investments, impacts to our supply chain and our ability to source materials for construction.

The primary contributors toward the value of qualifying clean energy projects are tax incentives and RECs. Changes in the federal statutes related to the ITC and/or relevant state legislation and regulatory policies affecting the market for solar renewable energy credits could significantly affect future results.

Solar

Solar projects placed in service and related expenditures for the fiscal years ended September 30, are as follows:

($ in Thousands)	*($ in Thousands)*	**2022**			2021			2020			*($ in Thousands)*	**2023**			2022			2	
Placed in service	Placed in service	**Projects**	**MW**	**Costs**	Projects	MW	Costs	Projects	MW	Costs	Placed in service	**Projects**	**MW**	**Costs**	Projects	MW	Costs	Projects	M
Grid-connected *(1) (2)*	Grid-connected *(1) (2)*	**3**	**14.0**	**$31,411**	1	2.9	$ 3,433	9	60.1	$121,516	Grid-connected *(1) (2)*	**5**	**42.0**	**$106,558**	3	14.0	$31,411	1	
Net-metered:	Net-metered:										Net-metered:								
Commercial *(1)*		**2**	**1.0**	**2,440**	1	2.7	5,576	—	—	43									
Commercial *(1) (3)*											Commercial *(1) (3)*	**5**	**36.1**	**50,610**	2	1.0	2,440	1	
Residential	Residential	**360**	**3.9**	**11,544**	421	4.8	13,885	481	5.9	17,474	Residential	**339**	**4.1**	**12,677**	360	3.9	11,544	421	
Total placed in service	Total placed in service	**365**	**18.9**	**$45,395**	423	10.4	$22,894	490	66.0	$139,033	Total placed in service	**349**	**82.2**	**$169,845**	365	18.9	$45,395	423	1

(1) Includes projects subject to sale leaseback arrangements.

(2) Includes an operational 2.9 MW commercial solar project acquired in December 2020.

(3) Includes two operational commercial solar projects acquired in July 2023, totaling 20.7 MW.

Clean Energy Ventures CEV has approximately 386.6 468.8 MW of solar capacity in service. Projects that were placed in service through December 31, 2019, qualified for a 30 percent 30% federal ITC. The credit declined to 26 percent 26% for property under construction during 2020. In December 2020, the 26 percent 26% federal ITC was extended through the end of 2022. Following the signing of the Inflation Reduction Act into law in August 2022, the federal ITC was restored to 30 percent 30% through the end of 2032. There are additional opportunities to increase the credit amount up to 20 percent 20% for certain facilities that are placed in service after December 31, 2022, based upon the type of project and location. ITC-eligible projects placed in service prior to the enactment of the Inflation Reduction Act are not impacted by the change.

Clean Energy Ventures CEV may enter into transactions to sell certain of its commercial solar assets concurrent with agreements to lease the assets back over a period of five to 15 years. The Company will continue to operate the solar assets and is responsible for related expenses and entitled to retain the revenue generated from RECs and energy sales. The ITCs and other tax benefits associated with these solar projects transfer to the buyer if applicable; however, the lease payments are structured so that Clean Energy Ventures CEV is compensated for the transfer of the related tax incentives. Accordingly, for solar projects financed under sale leasebacks for which the assets were sold during the first 5 years of in-service life, Clean Energy Ventures CEV recognizes the equivalent value of the ITC in other income on the Consolidated Statements of Operations over the respective five-year ITC recapture periods, starting with the second year of the lease. During fiscal 2023, 2022 and 2021, and 2020, Clean Energy Ventures CEV received proceeds of $24.1 million, $17.7 million $167.8M, $24.1M and $42.9 million, $17.7M, respectively, in connection with the sale leaseback of commercial solar assets.

As part of its solar investment portfolio, Clean Energy Ventures CEV operates a residential and small commercial solar program, The Sunlight Advantage®, that provides qualifying homeowners and small business owners the opportunity to have a solar system installed at their home or place of business with no installation or maintenance expenses. Clean Energy Ventures CEV owns, operates and maintains the system over the life of the contract in exchange for monthly payments.

For solar installations placed in-service in New Jersey prior to April 30, 2020, each MWh of electricity produced creates an SREC that represents the renewable energy attribute of the solar-electricity generated that can be sold to third parties, predominantly load-serving entities that are required to comply with the solar requirements under New Jersey's renewable portfolio standard.

In December 2019, Following the close of the SREC market in New Jersey, the BPU established the TREC as the successor program to the SREC program. TRECs provide a fixed compensation base multiplied by an assigned project factor in order to determine their value. The project factor is determined by the type and location of the project, as defined. All TRECs generated are required to be purchased monthly by a TREC program administrator as appointed by the BPU.

In July 2021, the BPU established a new successor solar incentive program. This Administratively Determined Incentive Program, which we refer to as SREC IIs, provides administratively set incentives for net metered residential projects and net metered non-residential projects of 5 MW or less.

In December 2022, the BPU established the Competitive Solar Incentive Program, which will serve as the permanent program within the successor solar incentive program and provide incentives to larger solar facilities. It is open to qualifying grid supply solar facilities, non-residential net metered solar installations with a capacity greater than 5MW, and eligible grid supply solar facilities installed in combination with energy storage.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

REC activity consisted of the following:

	2022		2021		2020	
	SRECs	TRECs	SRECs	TRECs	SRECs	TRECs
Inventory balance as of October 1,	**108,104**	**6,944**	35,011	9,270	53,395	—
RECs generated	**425,453** *(1)*	**38,914**	406,118	31,767	389,716	9,270
RECs delivered	**(417,305)**	**(35,099)**	(333,025)	(34,093)	(408,100)	—
Inventory balance as of September 30,	**116,252**	**10,759**	108,104	6,944	35,011	9,270

	Inventory balance as of October 1,	**RECs Generated**	**RECs Delivered**	**Inventory balance as of September 30,**	**Average Sale Price**
2023					
SRECs	**116,005**	**422,039**	**(393,906)**	**144,138**	**$202**
TRECs *(1)*	**10,759**	**80,520**	**(81,159)**	**10,120**	**$144**
SREC IIs *(1)*	**247**	**10,260**	**(4,494)**	**6,013**	**$90**
2022					
SRECs *(2)*	108,104	425,453	(417,305)	116,252	$202
TRECs	6,944	38,914	(35,099)	10,759	$139
2021					
SRECs	35,011	406,118	(333,025)	108,104	$196
TRECs *(1)*	9,270	31,767	(34,093)	6,944	$144

(1) Includes The TRECs' and SREC IIs' inventory balance is due to the timing of the generation of the RECs and the delivery of the RECs by the state administrator, which is typically on a one month lag.

(2) Fiscal 2022 included 247 SREC IIs within SRECs, which are shown separately in fiscal 2023. There were no SREC IIs generated during fiscal 2022 related to residential solar. 2021.

The average SREC sales price was $202 during fiscal 2022, $196 in fiscal 2021 and $199 in fiscal 2020, and the average TREC price was $139 during fiscal 2022 and $144 in both fiscal 2021 and 2020.

Clean Energy Ventures CEV hedges its expected SREC production through the use of forward sales contracts. The following table reflects the hedged percentage of our projected inventory of SRECs related to its CEV's in-service commercial and residential assets at September 30, 2022 September 30, 2023:

Energy Year *(1)*	**Energy Year** *(1)*	**Percent of SRECs Hedged**	**Energy Year** *(1)*	**Percent of SRECs Hedged**
2023		98%		
2024	2024	98%	2024	100%
2025	2025	89%	2025	89%
2026	2026	29%	2026	80%

2027	2027	24%

(1) Energy years are compliance periods for New Jersey's renewable portfolio standard that run from June 1 to May 31.

There are no direct costs associated with the production of RECs by our solar assets. All related costs are included as a component of O&M expenses on the Consolidated Statements of Operations, including such expenses as facility maintenance and broker fees.

Operating Results

CEV's financial results for the fiscal years ended September 30, are summarized as follows:

(Thousands)		**2023**	2022	2021
Operating revenues	**$**	**124,131**	$ 128,280	$ 95,275
Operating expenses				
Operation and maintenance		**40,089**	40,706	36,715
Depreciation and amortization		**25,320**	21,396	20,567
Total operating expenses		**65,409**	62,102	57,282
Operating income		**58,722**	66,178	37,993
Other income, net		**6,622**	6,554	6,392
Interest expense, net		**28,569**	21,968	22,548
Income tax (benefit) provision		**(7,683)**	11,361	5,048
Net income	**$**	**44,458**	$ 39,403	$ 16,789

Operating revenues decreased $4.1M in fiscal 2023, compared with fiscal 2022, due primarily to decreased SREC and electricity sales, partially offset by increased TREC sales.

Depreciation expense increased $3.9M in fiscal 2023, compared with fiscal 2022, due primarily to additional solar assets placed in service.

Operating Results

Clean Energy Ventures' financial results for the Income tax benefit increased $19.0M during fiscal years ended September 30, are summarized as follows:

(Thousands)		**2022**	2021	2020
Operating revenues	**$**	**128,280**	$ 95,275	$ 102,617
Operating expenses				
Operation and maintenance		**40,706**	36,715	30,310
Depreciation and amortization *(1)*		**21,396**	20,567	25,329
Total operating expenses *(1)*		**62,102**	57,282	55,639
Operating income *(1)*		**66,178**	37,993	46,978
Other income, net		**6,554**	6,392	6,420
Interest expense, net		**21,968**	22,548	20,253
Income tax provision *(1)*		**11,361**	5,048	11,034
Net income *(1)*	**$**	**39,403**	$ 16,789	$ 22,111

(1) Amounts in fiscal 2020 have been adjusted for the change in accounting method related to ITCs; see *Note 2. Summary of Significant Accounting Policies* for more detail.

Operating Revenues

Operating revenues increased $33.0 million in fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased SREC and electricity sales.

Operation and Maintenance Expense

O&M expense increased $4.0 million in fiscal 2022, compared with fiscal 2021, due primarily to increased project maintenance, compensation, lease and consulting expenses.

Income Tax Provision

Income taxes increased $6.3 million during fiscal 2022, compared with fiscal 2021, due primarily to higher operating income.

Net Income the reversal of a valuation allowance for certain deferred tax assets.

Net income in fiscal 2022 2023 increased $22.6 million, $5.1M, compared with fiscal 2021, 2022, due primarily to the increased operating revenues, as previously discussed, income tax benefit, partially offset by decreased operating revenues and higher operating expenses and related income taxes. depreciation expense, as previously discussed.

Energy Services

Overview

Energy Services ES markets and sells natural gas to wholesale and retail customers and manages natural gas transportation and storage assets throughout major market areas across North America. Energy Services ES maintains a strategic portfolio of natural gas transportation and storage contracts that it utilizes in conjunction with its market expertise to provide service and value to its customers. Availability of these transportation and storage contracts allows Energy Services ES to generate market opportunities by capturing price differentials over specific time horizons and between geographic market locations.

Energy Services ES also provides management of transportation and storage assets for natural gas producers and regulated utilities. These management transactions typically involve the release of producer/utility-owned storage and/or transportation capacity in combination with an obligation to either purchase and/or deliver physical natural gas. In addition to the contractual purchase and/or sale of physical natural gas, Energy Services ES generates or pays fee-based margin in exchange for its active management and may provide the producer and/or utility with additional margin based on actual results.

In conjunction with the active management of these contracts, Energy Services ES generates Financial Margin by identifying market opportunities and simultaneously entering into natural gas purchase/sale, storage or transportation contracts and financial derivative contracts. In cases where storage is utilized to fulfill these contracts, these forecast sales and/or purchases

are economically hedged through the use of financial derivative contracts. The financial derivative contracts consist primarily of exchange-traded futures, options and swap contracts, and are frequently used to lock in anticipated transactional cash flows and to help manage volatility in natural gas market prices. Generally, when its transportation and storage contracts are exposed to periods of increased market volatility, Energy Services ES is able to implement strategies that allow it to capture margin by improving the respective time or geographic spreads on a forward basis.

Energy Services ES accounts for its physical commodity contracts and its financial derivative instruments at fair value on the Consolidated Balance Sheets. Changes in the fair value of physical commodity contracts and financial derivative instruments are included in earnings as a component of operating revenues or natural gas purchases on the Consolidated Statements of Operations. Volatility in reported net income at Energy Services ES can occur over periods of time due to changes in the fair value of derivatives, as well as timing differences related to certain transactions. Unrealized gains and losses can fluctuate as a result of changes in the price of natural gas, SRECs and foreign currency from the original transaction price. Volatility in earnings can also occur as a result of timing differences between the settlement of financial derivatives and the sale of the underlying physical commodity. For example, when a financial instrument settles and the physical natural gas is injected into inventory, the realized gains and losses associated with the financial instrument are recognized in earnings. However, the gains and losses associated with the physical natural gas are not recognized in earnings until the natural gas inventory is withdrawn from storage and sold, at which time Energy Services ES realizes the entire margin on the transaction.

During December 2020, Energy Services ES entered into a series of AMAs with an investment grade public utility to release pipeline capacity associated with certain natural gas transportation contracts. The utility provides certain asset management services, and Energy Services ES may deliver natural gas to the utility in exchange for aggregate net proceeds of approximately $500 million, $500M, payable through November 1, 2030. The AMAs include a series of initial and permanent releases, which commenced on November 1, 2021. in November 2021. NJR will receive a total of approximately $260 million $260M in cash from fiscal 2022 through fiscal 2024 and $34 million $34M per year from fiscal 2025 through fiscal 2031 under the agreements. Energy Services During fiscal 2023 and 2022, ES recognized $53.0 million $48.5M and $53.0M, respectively, of operating revenue during fiscal 2022 on the Consolidated Statements of Operations. Amounts received in excess of revenue, recognized, totaling $33.8 million, $58.7M and $33.8M as of September 30, 2023 and 2022, respectively, are included in deferred revenue on the Consolidated Balance Sheets.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Operating Results

Energy Services' ES's financial results for the fiscal years ended September 30, are summarized as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Operating revenues *(1)*	Operating revenues *(1)*	$ **1,529,272**	$ 1,228,420	$ 1,030,419	Operating revenues *(1)*	$ **691,616**	$ 1,529,272	$ 1,228,420
Operating expenses	Operating expenses				Operating expenses			
Natural gas purchases (including demand charges *(2)(3)*)	Natural gas purchases (including demand charges *(2)(3)*)	**1,394,405**	1,098,261	1,024,579	Natural gas purchases (including demand charges *(2)(3)*)	**558,932**	1,394,405	1,098,261
Operation and maintenance	Operation and maintenance	**39,080**	50,885	17,368	Operation and maintenance	**19,351**	39,080	50,885
Depreciation and amortization	Depreciation and amortization	**148**	111	123	Depreciation and amortization	**221**	148	111
Total operating expenses	Total operating expenses	**1,433,633**	1,149,257	1,042,070	Total operating expenses	**578,504**	1,433,633	1,149,257
Operating income (loss)		**95,639**	79,163	(11,651)				
Operating income					Operating income	**113,112**	95,639	79,163
Other income, net	Other income, net	**512**	369	304	Other income, net	**1,479**	512	369
Interest expense, net	Interest expense, net	**4,725**	2,204	3,276	Interest expense, net	**11,400**	4,725	2,204
Income tax provision (benefit)		**21,776**	18,371	(3,615)				
Net income (loss)		$ **69,650**	$ 58,957	$ (11,008)				
Income tax provision					Income tax provision	**24,343**	21,776	18,371
Net income					Net income	$ **78,848**	$ 69,650	$ 58,957

(1) Includes related party transactions of approximately $94,000, $426,000 $10.2M, $0.1M and $1.1 million $(0.4)M for fiscal 2023, 2022 2021 and 2020, 2021, respectively, which are eliminated in consolidation.

(2) Costs associated with pipeline and storage capacity are expensed over the term of the related contracts, which generally varies from less than one year to ten 10 years.

(3) Includes related party transactions of approximately $1.0 million, $841,000 $0.9M, $1.0M and $183,000 $0.8M for fiscal 2023, 2022 2021 and 2020, 2021, respectively, a portion of which is eliminated in consolidation.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Energy Services' ES's portfolio of financial derivative instruments are is composed of:

(in Bcf)	*(in Bcf)*	**2022**	2021	2020	*(in Bcf)*	**2023**	2022	2021
Net short futures and swaps contracts	Net short futures and swaps contracts	**0.7**	13.7	29.3	Net short futures and swaps contracts	**6.9**	0.7	13.7

During fiscal 2023, 2022 and 2021 the net short position resulted in an unrealized loss gains (losses) of $8.5 million $16.2M, $(8.5)M and $53.5 million, $(53.5)M, respectively.

Operating Revenues and Natural Gas Purchases

Operating revenues increased $300.9 million decreased $837.7M and natural gas purchases increased $296.1 million decreased $835.5M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to a 114.3 percent increase 45.2% decrease in natural gas prices. To a lesser extent, operating revenues also increased $53.0 million, due to

AMAs with an investment grade public utility that commenced in November 2021, prices, partially offset by increased periods of volatility in natural gas price volatility related to prices during the extreme weather in the mid-continent and southern regions first two quarters of the U.S. during February 2021,which did not reoccur to the same extent during 2022.fiscal 2023.

Future results at Energy Services ES are contingent upon natural gas market price volatility driven by variations in both the supply and demand balances caused by weather and other factors. As a result, variations in weather patterns in the key market areas served may affect earnings during the fiscal year. Changes in market fundamentals, such as an increase in supply and decrease in demand due to warmer temperatures and reduced volatility, can negatively impact Energy Services' ES's earnings. See *Item 7. Management's Discussion and Analysisof Financial Condition and Results of Operations - Natural Gas Distribution* for TETCO M-3 Daily Prices, which illustrates the daily natural gas prices in the Northeast region.

Operation and Maintenance Expense

O&M expense decreased $11.8 million $19.7M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to decreased compensation costs, a reduction in the reserve for bad debt, expense and decreases in charitable contributions. contributions and compensation costs.

Income Tax Provision

Income taxes Interest expense increased $3.4 million $6.7M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased income before income taxes related to the increased natural gas price volatility, partially offset by decreased O&M.

Net Income borrowings at higher interest rates.

Net income increased $10.7 million $9.2M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased operating income, partially offset by higher income taxes, interest expense, as previously discussed.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Non-GAAP Financial Measures

Management uses Financial Margin and NFE, non-GAAP financial measures, when evaluating the operating results of Energy Services. ES. Financial Margin and NFE are based on removing timing differences associated with certain derivative instruments. GAAP also requires us, during the interim periods, to estimate our annual effective tax rate and use this rate to calculate the year-to-date tax provision. We also determine an annual estimated effective tax rate for NFE purposes and calculate a quarterly tax adjustment based on the differences between our forecasted net income and our forecasted NFE for the fiscal year. This adjustment is applied to Energy Services, ES, as the adjustment primarily relates to timing differences associated with certain derivative instruments which impacts that impact the estimate of the annual effective tax rate for NFE. No adjustment is needed during the fourth quarter, since the actual effective tax rate is calculated at year end.

Management views these measures as representative of the overall expected economic result and uses these measures to compare Energy Services' ES's results against established benchmarks and earnings targets, as these measures eliminate the impact of volatility on GAAP earnings as a result of timing differences associated with the settlement of derivative instruments. To the extent that there are unanticipated impacts from changes in the market value related to the effectiveness of economic hedges, Energy Services' ES's actual non-GAAP results can differ from the results anticipated at the outset of the transaction. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP and should be considered in addition to, and not as a substitute for, the comparable GAAP measure.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

When Energy Services ES reconciles the most directly comparable GAAP measure to both Financial Margin and NFE, the current period unrealized gains and losses on derivatives are excluded as a reconciling item. Financial Margin and NFE also exclude the effects of economic hedging of the value of our natural gas in storage and, therefore, only include realized gains and losses related to natural gas withdrawn from storage, effectively matching the full earnings effects of the derivatives with realized margins on the related physical natural gas flows. Financial Margin differs from gross margin as defined on a GAAP basis, as it excludes certain operations and maintenance expense and depreciation and amortization as well as the effects of derivatives as discussed above.

Financial Margin

A reconciliation of gross margin, the closest GAAP financial measure, to Energy Services' ES's Financial Margin is as follows:

(Thousands)	*(Thousands)*	2022	2021	2020	*(Thousands)*	2023	2022	2021
Operating revenues	Operating revenues	**$ 1,529,272**	$ 1,228,420	$ 1,030,419	Operating revenues	**$ 691,616**	$ 1,529,272	$ 1,228,420
Less:	Less:				Less:			
Natural gas purchases	Natural gas purchases	**1,394,405**	1,098,261	1,024,579	Natural gas purchases	**558,932**	1,394,405	1,098,261
Operation and maintenance *(1)*	Operation and maintenance *(1)*	**23,709**	33,263	15,477	Operation and maintenance *(1)*	**20,199**	23,709	33,263
Depreciation and amortization	Depreciation and amortization	**148**	111	123	Depreciation and amortization	**221**	148	111
Gross margin	Gross margin	**111,010**	96,785	(9,760)	Gross margin	**112,264**	111,010	96,785
Add:	Add:				Add:			
Operation and maintenance *(1)*	Operation and maintenance *(1)*	**23,709**	33,263	15,477	Operation and maintenance *(1)*	**20,199**	23,709	33,263
Depreciation and amortization	Depreciation and amortization	**148**	111	123	Depreciation and amortization	**221**	148	111
Unrealized (gain) loss on derivative instruments and related transactions *(2)*	Unrealized (gain) loss on derivative instruments and related transactions *(2)*	**(60,000)**	58,362	(8,583)	Unrealized *(2)* (gain) loss on derivative instruments and related transactions *(2)*	**(48,251)**	(60,000)	58,362
Effects of economic hedging related to natural gas inventory *(3)*	Effects of economic hedging related to natural gas inventory *(3)*	**19,939**	(42,405)	12,690	Effects of economic hedging related to natural gas inventory *(3)*	**34,699**	19,939	(42,405)
Financial margin	Financial margin	**$ 94,806**	$ 146,116	$ 9,947	Financial margin	**$ 119,132**	$ 94,806	$ 146,116

(1) Excludes administrative general and general administrative expenses of $15.4 million, $17.6 million $(0.8)M, $15.4M and $1.9 million $17.6M for fiscal years ended September 30, 2022, 2023, 2022 and 2021, and 2020, respectively.

(2) Includes unrealized losses (gains) related to an intercompany transaction between NJNG and Energy Services ES that have been eliminated in consolidation of approximately $72,000, $7.8M, $0.1M and $(3.2) million and $(809,000), M, net of taxes for the fiscal years ended September 30, 2022, 2023, 2022 and 2021, and 2020, respectively.

(3) Effects of hedging natural gas inventory transactions where the economic impact is realized in a future period.

Financial Margin decreased $51.3 million increased $24.3M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to higher natural gas price volatility related to the extreme in December 2022 and February 2023, as a result of cold weather in the mid-continent regions where ES had contracted rights to transportation and southern regions of the U.S. during February 2021, which did not reoccur to the same extent during 2022, partially offset by the AMAs which commenced November 2021, as previously discussed. storage assets.

Net Financial Earnings

A reconciliation of Energy Services' ES's net income, (loss), the most directly comparable GAAP financial measure to NFE, is as follows for the fiscal years ended September 30:

(Thousands)	*(Thousands)*	2022	2021	2020	*(Thousands)*	2023	2022	2021
Net income (loss)		**$ 69,650**	$ 58,957	$ (11,008)				
Net income					Net income	**$ 78,848**	$ 69,650	$ 58,957

Add:	Add:				Add:			
Unrealized (gain) loss on derivative instruments and related transactions	Unrealized (gain) loss on derivative instruments and related transactions	**(60,000)**	58,362	(8,583)	Unrealized (gain) loss on derivative instruments and related transactions	**(48,251)**	(60,000)	58,362
Tax effect (1)	Tax effect (1)	**14,270**	(13,875)	2,044	Tax effect (1)	**11,467**	14,270	(13,875)
Effects of economic hedging related to natural gas inventory	Effects of economic hedging related to natural gas inventory	**19,939**	(42,405)	12,690	Effects of economic hedging related to natural gas inventory	**34,699**	19,939	(42,405)
Tax effect	Tax effect	**(4,738)**	10,078	(3,016)	Tax effect	**(8,246)**	(4,738)	10,078
Net financial earnings	Net financial earnings	**$ 39,121**	$ 71,117	$ (7,873)	Net financial earnings	**$ 68,517**	$ 39,121	$ 71,117

(1) Includes taxes related to an intercompany transaction between NJNG and Energy Services ES that have been eliminated in consolidation of approximately $(21,000), $988,000 $(2.4)M and $252,000 $1.0M for the fiscal years ended September 30, 2022, 2023 and 2021, and 2020, respectively. Taxes that were eliminated in consolidation during fiscal 2022 were immaterial.

NFE decreased $32.0 million increased $29.4M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to lower higher Financial Margin, as previously discussed.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Future results are subject to Energy Services' ES's ability to expand its wholesale sales and service activities and are contingent upon many other factors, including an adequate number of appropriate and credit-qualified counterparties in an active and liquid natural gas marketplace; volatility in the natural gas market due to weather or other fundamental market factors impacting supply and/or demand; transportation, storage and/or other market arbitrage opportunities; sufficient liquidity in the overall energy trading market; and continued access to liquidity in the capital markets.

Storage and Transportation

Overview

Storage and Transportation S&T invests in natural gas assets, such as natural gas transportation and storage facilities. We believe that acquiring, owning and developing these storage and transportation assets, which operate under a tariff structure that has either cost- or market-based rates, can provide us a growth opportunity. Storage and Transportation S&T is subject to various risks, including the construction, development and operation of our transportation and storage assets, obtaining necessary governmental, environmental and regulatory approvals, our ability to obtain necessary property rights and our ability to obtain financing at reasonable costs for the construction, operation and maintenance of our assets. In addition, our storage and transportation assets may be subject to risk associated with the COVID-19 pandemic, such as disruption to the supply chain and availability of critical equipment and supplies, disruptions to the availability of our specialized workforce and contractors and changes to demand for natural gas, transportation and other downstream activities.

Storage and Transportation S&T is comprised of Leaf River, a 32.2 million 32.2M Dth salt dome natural gas storage facility that operates under market-based rates, and Adelphia, Gateway, an existing 84-mile pipeline in southeastern Pennsylvania. Adelphia Gateway operates under cost-of-service rates but can enter into negotiated rates with counterparties. The northern portion of the pipeline was operational upon acquisition, and it currently serves two natural gas generation facilities. On October 5, 2020, In October 2020, we began the conversion of the southern zone of the pipeline to natural gas, which became fully operational on September 2, 2022. in September 2022.

Storage and Transportation S&T also has a 50 percent 50% ownership interest in Steckman Ridge, a storage facility located in western Pennsylvania that operates under market-based rates. As of September 30, 2022 September 30, 2023, our investment in Steckman Ridge was $106.6 million. $104.1M.

Storage and Transportation S&T also has a 20 percent 20% interest in PennEast, a partnership whose purpose was to construct and operate a 120-mile natural gas pipeline that would have extended from northeast Pennsylvania to western New Jersey. PennEast received a Certificate of Public Convenience and Necessity for the project from FERC in January 2018. However, because of numerous regulatory and legal challenges, we evaluated our equity investment in PennEast for impairment during fiscal 2021, and determined that it was other-than-temporarily impaired. We estimated the fair value of our investment in PennEast using probability weighted scenarios assigned to discounted future cash flows. The impairment was the result of management's estimates and assumptions regarding the likelihood of certain outcomes related to required regulatory approvals and pending legal matters, the timing and magnitude of construction costs and in-service dates, the evaluation of the current environmental and political climate as it relates to interstate pipeline development, and transportation capacity revenues and discount rates.

During the third quarter of fiscal 2021, the PennEast partnership determined that this project is no longer supported, and all further development ceased. The Company recognized an other-than-temporary impairment charge of $92.0 million, or approximately $74.5 million, net of income taxes, which represents the best estimate of the salvage value of the remaining assets of the project. Other-than-temporary impairments are recorded in equity in (losses) earnings from affiliates in the Consolidated Statements of Operations.

On December 16, 2021, ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

In December 2021, the FERC dismissed PennEast's pending applications. The order vacates vacated the certificate authorization for the PennEast pipeline project in light of PennEast's response to FERC staff's November 23, 2021 November 2021 request for a status update, in which PennEast informed the Commission it is no longer developing the project. The order vacates the certificate authorization, subject to leave of the U.S. Court of Appeals for the D.C. Circuit where the Commission's certificate and rehearing orders are under review.

During fiscal 2022, the PennEast board of managers approved cash distributions to members of the partnership following the sale of certain project-related assets and refunds of interconnection fees received from interstate pipelines. The return of capital received by the Company, which totaled $11.0 million, $11.0M, reduced the remaining carrying value of its equity method investment in PennEast to zero, with the excess recorded in equity in earnings (loss) of affiliates in the Consolidated Statements of Operations. The Company received additional return of capital of $0.3M during fiscal 2023, which is recognized in equity in earnings of affiliates in the Consolidated Statements of Operations.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Operating Results

The financial results of Storage and Transportation S&T for the fiscal years ended September 30, are summarized as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Operating revenues *(1)*	Operating revenues *(1)*	**$ 67,735**	$ 51,020	$ 44,728	Operating revenues *(1)*	**$ 92,859**	$ 67,735	$ 51,020
Operating expenses	Operating expenses				Operating expenses			
Natural gas purchases	Natural gas purchases	**2,702**	1,266	1,122	Natural gas purchases	**1,601**	2,702	1,266
Operation and maintenance	Operation and maintenance	**30,568**	29,135	21,862	Operation and maintenance	**34,648**	30,568	29,135
Depreciation and amortization	Depreciation and amortization	**12,302**	9,960	9,293	Depreciation and amortization	**24,185**	12,302	9,960
Total operating expenses	Total operating expenses	**45,572**	40,361	32,277	Total operating expenses	**60,434**	45,572	40,361
Operating income	Operating income	**22,163**	10,659	12,451	Operating income	**32,425**	22,163	10,659
Other income, net	Other income, net	**8,546**	5,931	7,328	Other income, net	**6,850**	8,546	5,931
Interest expense, net	Interest expense, net	**12,097**	13,348	13,124	Interest expense, net	**25,803**	12,097	13,348
Income tax provision (benefit)	Income tax provision (benefit)	**1,879**	(10,043)	4,247	Income tax provision (benefit)	**3,444**	1,879	(10,043)
Equity in earnings (loss) of affiliates	Equity in earnings (loss) of affiliates	**9,865**	(81,072)	15,903	Equity in earnings (loss) of affiliates	**3,126**	9,865	(81,072)
Net income (loss)	Net income (loss)	**$ 26,598**	$ (67,787)	$ 18,311	Net income (loss)	**$ 13,154**	$ 26,598	$ (67,787)

(1) Includes related party transactions of approximately $2.4 million, $1.8 million $4.2M, $2.4M and $2.7 million $1.8M for the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively, which are eliminated in consolidation.

Operating Revenues

Operating revenue increased $16.7 million $25.1M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased natural gas transportation fixed price contract revenue for Adelphia Gateway and increased hub services revenue for Leaf River.

Equity in earnings of affiliates O&M expense increased $90.9 million $4.1M during fiscal 2022, 2023, compared with fiscal 2021, due primarily to the impairment of our equity method investment in PennEast during fiscal 2021, which did not reoccur during fiscal 2022.

Operation and Maintenance Expense

O&M expense increased $1.4 million during fiscal 2022, compared with fiscal 2021, due primarily to increased compensation expense.

Depreciation Expense property taxes and contractor expenses.

Depreciation expense increased $2.3 million $11.9M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to the southern end portion of Adelphia, Gateway, which was not operational during fiscal 2021, being placed into in service in fiscal September 2022.

Other Income, Net

Other income Interest expense increased $2.6 million $13.7M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased AFUDC equity related to the Adelphia Gateway project. borrowings and higher interest rates.

Interest Expense

Interest expense, net Equity in earnings of affiliates decreased $1.3 million $6.7M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to reduced debt a decreased return of capital related to the PennEast project.

Net Income

Net income increased $94.4 million during fiscal 2022, compared with fiscal 2021, due primarily to the absence of the impairment of our equity method investment in PennEast, as previously discussed.

Net income decreased $13.4M during fiscal 2023, compared with fiscal 2022, due primarily to increased O&M, depreciation and interest expense, along with decreased equity in earnings of affiliates, partially offset by higher operating revenue, as previously discussed.

Non-GAAP Financial Measures

Management uses NFE, a non-GAAP financial measure, when evaluating the operating results of Storage and Transportation. S&T. Certain transactions associated with equity method investments and their impact, including impairment charges, which are non-cash charges, and the return of capital in excess of the carrying value of our investment, are excluded for NFE purposes. The details of such adjustments can be found in the table below. Non-GAAP financial measures are not in accordance with, or an alternative to, GAAP, and should be considered in addition to, and not as a substitute for, the comparable GAAP measure.

A reconciliation of Storage and Transportations' S&T's net income, the most directly comparable GAAP financial measure to NFE, is as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Net income (loss)	Net income (loss)	**$ 26,598**	$ (67,787)	$ 18,311	Net income (loss)	**$ 13,154**	$ 26,598	$ (67,787)
Add:	Add:				Add:			
(Gain on) impairment of equity method investment	(Gain on) impairment of equity method investment	**(5,521)**	92,000	—	(Gain on) impairment of equity method investment	**(300)**	(5,521)	92,000
Tax effect	Tax effect	**1,377**	(11,167)	—	Tax effect	**(19)**	1,377	(11,167)
Net financial earnings	Net financial earnings	**$ 22,454**	$ 13,046	$ 18,311	Net financial earnings	**$ 12,835**	$ 22,454	$ 13,046

NFE increased $9.4 million decreased $9.6M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased O&M, depreciation and interest expense, partially offset by higher operating revenue, at both Adelphia Gateway and Leaf River along with and higher AFUDC at Adelphia Gateway as previously discussed.

Home Services and Other

Overview

The financial results of Home Services and Other HSO consist primarily of the operating results of NJRHS. NJRHS provides service, sales and installation of appliances to service contract customers and has been focused on growing its installation business and expanding its service contract customer base. Home Services and Other HSO also includes organizational expenses incurred at NJR and home warranty contract income at NJR Retail. NJR.

Operating Results

The condensed financial results of Home Services and Other HSO for the fiscal years ended September 30, are summarized as follows:

(Thousands)		**2022**	2021	2020
Operating revenues	**$**	**56,182** $	52,229 $	51,017
Income (loss) before income taxes	**$**	**278** $	(1,022) $	3,306
Income tax provision (benefit)	**$**	**1,059** $	(196) $	(2,478)
Net (loss) income	**$**	**(781)** $	(826) $	5,784

Operating Revenues

(Thousands)		***2023***	*2022*	*2021*
Operating revenues	***$***	***57,638*** *$*	*56,182 $*	*52,229*
Income (loss) before income taxes	***$***	***3,281*** *$*	*278 $*	*(1,022)*
Income tax (benefit) provision		***(1,477)***	*1,059*	*(196)*
Net income (loss)	***$***	***4,758*** *$*	*(781) $*	*(826)*

Operating revenues increased $4.0 million $1.5M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased service contract and installation revenue at NJRHS.

Net Income

Net income increased $45,000 $5.5M during fiscal 2022, 2023, compared with fiscal 2021, 2022, due primarily to increased revenue, as previously discussed, partially offset by an increase in along with decreased pension costs and increased income taxes.

tax benefit.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Liquidity and Capital Resources

Our objective is to maintain an efficient consolidated capital structure that reflects the different characteristics of each reporting segment and other business operations and provides adequate financial flexibility for accessing capital markets as required. Our consolidated capital structure as of September 30, was as follows:

		2022		2021			**2023**		2022	
Common stock equity	Common stock equity	**38**	**%**	38	%	Common stock equity	**39**	**%**	38	%
Long-term debt	Long-term debt	**52**		51		Long-term debt	**54**		52	
Short-term debt	Short-term debt	**10**		11		Short-term debt	**7**		10	
Total	Total	**100**	**%**	100	%	Total	**100**	**%**	100	%

Common Stock Equity

We satisfy our external common equity requirements, if any, through issuances of our common stock, including the proceeds from stock issuances under our DRP. The DRP allows us, at our option, to use treasury shares or newly issued shares to raise capital. NJR raised approximately $14.7 million $15.0M and $15.1 million $14.7M of equity through the DRP during fiscal 2023 and 2022, and 2021, respectively.

In December 2019, we completed an We also raised approximately $42.8M of equity offering by issuing approximately 948,000 shares through the waiver discount feature of 6,545,454 common shares, consisting of 5,333,334 common the DRP during fiscal 2023. There were no shares issued directly by NJR and 1,212,120 common shares issuable pursuant to forward sales agreements with investment banks. In March 2021, we cash settled a portion of through the forward sale agreement for a payout of approximately $388,000 in lieu of the issuance of 727,272 common shares. In May 2021, we cash settled the rest of the forward sale agreements for a payout of approximately $2.4 million in lieu of the issuance of 484,848 common shares. waiver discount feature during fiscal 2022.

In 1996, the Board of Directors authorized us to implement a share repurchase program, which has been expanded seven times since the inception of the program, authorizing a total of 19.5 million 19.5M shares of common stock for repurchase. As of September 30, 2022 September 30, 2023, we had repurchased a total of approximately 17.8 million 17.8M of those shares and may repurchase an additional 1.7 million 1.7M shares under the approved program. There were no shares repurchased during fiscal 2022 2023 and 746,000 shares repurchased during fiscal 2021. 2022.

Debt

NJR and its unregulated subsidiaries generally rely on cash flows generated from operating activities and the utilization of committed credit facilities to provide liquidity to meet working capital and short-term debt financing requirements. NJNG also relies on the issuance of commercial paper for short-term funding. NJR and NJNG, as borrowers, periodically access the capital markets to fund long-life assets through the issuance of long-term debt securities.

We believe that our existing borrowing availability, equity proceeds and cash flows from operations will be sufficient to satisfy our working capital, capital expenditures and dividend requirements for at least the next 12 months. NJR, NJNG, Clean Energy Ventures, Storage CEV, S&T and Transportation and Energy Services ES currently anticipate that each of their financing requirements for the next 12 months will be met primarily through the issuance of short- and long-term debt, and meter or solar asset sale leasebacks.

We believe that as of September 30, 2022 September 30, 2023, NJR and NJNG were, and currently are, in compliance with all existing debt covenants, both financial and non-financial.

As a result of the COVID-19 pandemic, recent geopolitical tensions and inflationary pressures, there has been uncertainty and volatility in the credit and capital markets. We have been able to obtain sufficient financing to meet our funding requirements for operations and capital expenditures; however, our ability to access funds from financial institutions at a reasonable cost in the future may impact the nature and timing of future capital market transactions.

Short-Term Debt

We use our short-term borrowings primarily to finance Energy Services' ES's short-term liquidity needs, Storage and Transportation S&T investments, share repurchases and, on an initial basis, Clean Energy Ventures' CEV's investments. Energy Services' ES's use of high-volume storage facilities and anticipated pipeline park and loan arrangements, combined with related economic hedging activities in the volatile wholesale natural gas market, create significant short-term cash requirements.

As of September 30, 2022 September 30, 2023, NJR had a revolving credit facility and a term loan totaling $800 million, $650M, with $440.2 million $427.0M available under the facility and term loan. facility.

NJNG satisfies its debt needs by issuing short-term and long-term debt based on its financial profile. The seasonal nature of NJNG's operations creates large short-term cash requirements, primarily to finance natural gas purchases and customer accounts receivable. NJNG obtains working capital for these requirements, and for the temporary financing of construction and MGP remediation expenditures and energy tax payments, based on its financial profile, through the issuance of commercial paper supported by the NJNG Credit Facility or through short-term bank loans under the NJNG Credit Facility.

NJNG's commercial paper is sold through several commercial banks under an issuing and paying agency agreement and is supported by the $250 million $250M NJNG Credit Facility. As of September 30, 2022 September 30, 2023, the unused amount available under the NJNG Credit Facility, including amounts allocated to the backstop under the commercial paper program and the issuance of letters of credit, was $175.5 million. $214.5M.

Short-term borrowings were as follows:

(Thousands)		Twelve Months Ended September 30, 2022 2023
NJR		
Notes Payable to banks:		
Balance at end of period	$	350,150 217,300
Weighted average interest rate at end of period		3.90 6.53 %
Average balance for the period	$	362,429 254,932
Weighted average interest rate for average balance		1.84 5.78 %
Month end maximum for the period	$	494,060 465,000
NJNG		
Commercial Paper and Notes Payable to banks:		
Balance at end of period	$	73,800 34,800
Weighted average interest rate at end of period		3.34 5.48 %
Average balance for the period	$	65,480 40,685
Weighted average interest rate for average balance		0.80 4.82 %
Month end maximum for the period	$	177,700 111,800

Due to the seasonal nature of natural gas prices and demand, and because inventory levels are built up during its natural gas injection season (April through October), NJR and NJNG's short-term borrowings tend to peak in the November through January time frame.

NJR

During fiscal 2021, On August 30, 2022, NJR entered into a First Amendment to NJR's Second Amended and Restated Credit Agreement governing a $500 million $650M NJR Credit Facility which was to expire on September 2, 2026 with a maturity date of September 2, 2027. The NJR Credit Facility is subject to two mutual options for a one-year extension beyond that date and includes an accordion feature, which allows NJR, in the absence of a default or event of default, to increase from time to time, with the existing or new lenders, the revolving credit commitments under the NJR Credit Facility in increments of $50 million up to a maximum of $250 million. $50M with the total revolving credit commitments not exceeding $750M. The NJR Credit Facility also permits the borrowing of revolving loans and swingline loans, as well as a $75 million $75M sublimit for the issuance of letters of credit. On August 30, 2022, NJR amended the Second Amended and Restated Credit Agreement to $650 million and extended the maturity date of the facility to September 2, 2027. The amendment also increased the swingline to $70 million from $60 million and moved to SOFR as the benchmark rate, replacing the existing LIBOR. Certain of NJR's unregulated subsidiaries have guaranteed all of NJR's obligations under the NJR Credit Facility. The credit facility is used primarily to finance its share repurchases, to satisfy Energy Services' ES's short-term liquidity needs and to finance, on an initial basis, unregulated investments.

As of September 30, 2022 September 30, 2023, NJR had seven letters of credit outstanding totaling $9.7 million, $5.7M, which reduced the amount available under the NJR Credit Facility by the same amount. NJR does not anticipate that these letters of credit will be drawn upon by the counterparties.

On February 8, 2022, In February 2022, NJR entered into a 364-day $150 million $150M term loan credit agreement with an interest rate based on SOFR plus 0.85 percent, which expires 0.85%, that expired on February 7, 2023. The Company borrowed $50 million $50M on February 9, 2022 and $100 million $100M on February 14, 2022 under the term loan. loan, which was paid in full at expiration of the term loan agreement.

Based on its average borrowings during fiscal 2022, 2023, NJR's average interest rate was 1.84 percent, 5.78%, resulting in interest expense of approximately $7.1 million. $14.3M. Based on average borrowings of $362.4 million $254.9M during the period, a 100 basis point change in the underlying average interest rate would have caused a change in interest expense of approximately $3.7 million $2.6M during fiscal 2022. 2023.

Neither NJNG nor its assets are obligated or pledged to support the NJR Credit Facility.

NJNG

During fiscal 2021, On August 30, 2022, NJNG entered into a amended the Second Amended and Restated Credit Agreement governing a $250 million $250M NJNG Credit Facility which was to expire on September 2, 2026 with a maturity date of September 2, 2027. The NJNG Credit Facility is subject to two mutual options for a one-year extension beyond that date and permits the borrowing of revolving loans and swingline loans, as well as a $30 million sublimit for the issuance of letters of credit. The NJNG Credit Facility also includes an accordion feature, which would allow NJNG, in the absence of a default or event of default, to increase from time to time, with the existing or new lenders, the revolving credit commitments under the NJNG Credit Facility in minimum increments of $50 million $50M up to a maximum of $100 million. On August 30, 2022, $100M. The NJNG amended Credit Facility also permits the Second Amended borrowing of revolving loans and Restated Credit Agreement to extend swingline loans, as well as a $30M sublimit for the maturity date issuance of the facility to September 2, 2027 and moved to SOFR as the benchmark rate, replacing the existing LIBOR. letters of credit.

As of September 30, 2022 September 30, 2023, NJNG had two letters of credit outstanding for $731,000, $0.7M, which reduced the amount available under the NJNG Credit Facility by the same amount. NJNG does not anticipate that these letters of credit will be drawn upon by the counterparties.

Based on its average borrowings during fiscal 2022, 2023, NJNG's average interest rate was 0.80 percent, 4.82%, resulting in interest expense of $223,000. $1.5M. Based on average borrowings of $65.5 million $40.7M during the period, a 100 basis point change in the underlying average interest rate would have caused a change in interest expense of approximately $667,000 $0.3M during fiscal 2022. 2023.

Short-Term Debt Covenants

Borrowings under the NJR Credit Facility, term loan credit agreement and NJNG Credit Facility are conditioned upon compliance with a maximum leverage ratio (consolidated total indebtedness to consolidated total capitalization as defined in the applicable agreements) of not more than .70 to 1.00 for NJR and .65 to 1.00 for NJNG. These revolving credit facilities and term loan credit agreement contain customary representations and warranties for transactions of this type. They also contain customary events of default and certain covenants that will limit NJR's or NJNG's ability, beyond agreed upon thresholds, to, among other things:

- incur additional debt;
- incur liens and encumbrances;
- make dispositions of assets;
- enter into transactions with affiliates; and
- merge, consolidate, transfer, sell or lease all or substantially all of the borrowers' or guarantors' assets.

These covenants are subject to a number of exceptions and qualifications set forth in the applicable agreements.

Default Provisions

The agreements governing our long-term and short-term debt obligations include provisions that, if not complied with, could require early payment or similar actions. Default events include, but are not limited to, the following:

- defaults for non-payment;
- defaults for breach of representations and warranties;
- defaults for insolvency;
- defaults for non-performance of covenants;
- cross-defaults to other debt obligations of the borrower; and
- guarantor defaults.

The occurrence of an event of default under these agreements could result in all loans and other obligations of the borrower becoming immediately due and payable and the termination of the credit facilities or term loan.

Long-Term Debt

NJR

As of September 30, 2023, NJR had the following outstanding:

- $100M of 3.48% senior notes due November 7, 2024;
- $100M of 3.54% senior notes due August 18, 2026;
- $110M of 4.38% senior notes due June 23, 2027;
- $100M of 3.96% senior notes due June 8, 2028;
- $150M of 3.29% senior notes due July 17, 2029;
- $130M of 3.50% senior notes due July 23, 2030;
- $130M of 3.60% senior notes due July 23, 2032;
- $80M of 3.25% senior notes due September 1, 2033;
- $120M of 3.13% senior notes due September 1, 2031;
- $50M of 3.64% senior notes due September 19, 2034; and
- $50M of 6.14% senior notes due December 15, 2032.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Continued)

Long-Term Debt

NJR

As of September 30, 2022, NJR had the following outstanding:

- $50 million of 3.20 percent senior notes due August 18, 2023;
- $100 million of 3.48 percent senior notes due November 7, 2024;
- $100 million of 3.54 percent senior notes due August 18, 2026;
- $110 million of 4.38 percent senior notes due June 23, 2027;
- $100 million of 3.96 percent senior notes due June 8, 2028;
- $150 million of 3.29 percent senior notes due July 17, 2029;
- $130 million of 3.50 percent senior notes due July 23, 2030;
- $130 million of 3.60 percent senior notes due July 23, 2032;
- $80 million of 3.25 percent senior notes due September 1, 2033;
- $120 million of 3.13 percent senior notes due September 1, 2031; and
- $50 million of 3.64 percent senior notes due September 19, 2034.

On June 23, 2022 October 24, 2022, NJR entered into a Note Purchase Agreement, which closed on December 15, 2022, under which NJR issued $110 million, Series 2022A $50M senior notes at a fixed rate of 4.38 percent, 6.14%, maturing in 2027. On September 16, 2022, NJR amended an existing Note Purchase Agreement to provide for the issuance of $50 million, Series C senior notes at a fixed rate of 3.64 percent, maturing in 2034. 2032. The senior notes are unsecured and guaranteed by certain unregulated subsidiaries of NJR.

Neither NJNG nor its assets are obligated or pledged to support NJR's long-term debt.

NJNG

As of September 30, 2022 September 30, 2023, NJNG's long-term debt consisted of $1.3 billion $1.5B in fixed-rate debt issuances secured by the Mortgage Indenture, with maturities ranging from 2024 to 2061, and $23.8 million $22.9M in finance leases with various maturities ranging from 2024 to 2028.

On October 28, 2021 October 24, 2022, NJNG entered into a Note Purchase Agreement providing for the issuance of $100 million under which it sold $125M of its senior notes of which $50 million were issued at an interest rate of 2.97 percent, 5.47%, maturing in 2051, and $50 million were issued at an interest rate of 3.07 percent, maturing in 2061. 2052.

On May 27, 2022 September 28, 2023, NJNG entered into a Note Purchase Agreement for $100 million $100M aggregate principal amount of its senior notes consisting of which $50 million were issued at an interest rate $50M of 4.37 percent, maturing in 2037, and $50 million were issued at an interest rate of 4.71 percent, maturing in 2052.

On October 24, 2022, NJNG entered into a Note Purchase Agreement for $125 million of its 5.56% senior notes at an interest rate due September 28, 2033, which closed on September 28, 2023, and $50M of 5.47 percent, maturing in 2052. 5.85% senior notes due October 30, 2053, which closed on October 30, 2023.

Senior notes are secured by an equal principal amount of NJNG's FMBs issued under NJNG's Mortgage Indenture.

NJR is not obligated directly or contingently with respect to the NJNG's fixed-rate debt issuances.

Long-Term Debt Covenants and Default Provisions

The NJR and NJNG long-term debt instruments contain customary representations and warranties for transactions of their type. They also contain customary events of default and certain covenants that will limit NJR or NJNG's ability beyond agreed upon thresholds to, among other things:

- incur additional debt (including a covenant that limits the amount of consolidated total debt of the borrower at the end of a fiscal quarter to 70 percent 70% for NJR and 65 percent 65% for NJNG of the consolidated total capitalization of the borrower, as those terms are defined in the applicable agreements, and a covenant limiting priority debt to 20 percent 20% of the borrower's consolidated total capitalization, as those terms are defined in the applicable agreements);
- incur liens and encumbrances;
- make loans and investments;

- make dispositions of assets;
- make dividends or restricted payments;
- enter into transactions with affiliates; and
- merge, consolidate, transfer, sell or lease substantially all of the borrower's assets.

The aforementioned covenants are subject to a number of exceptions and qualifications set forth in the applicable note purchase agreements.

In addition, the FMBs issued by NJNG under the Mortgage Indenture are subject to certain default provisions. Events of Default, as defined in the Mortgage Indenture, consist mainly of:

- failure for 30 days to pay interest when due;
- failure to pay principal or premium when due and payable;
- failure to make sinking fund payments when due;
- failure to comply with any other covenants of the Mortgage Indenture after 30 days' written notice from the Trustee;
- failure to pay or provide for judgments in excess of $30 million $30M in aggregate amount within 60 days of the entry thereof; or
- certain events that are or could be the basis of a bankruptcy, reorganization, insolvency or receivership proceeding.

Upon the occurrence and continuance of such an Event of Default, the Mortgage Indenture, subject to any provisions of law applicable thereto, provides that the Trustee may take possession and conduct the business of NJNG, may sell the trust estate or proceed to foreclose the lien of the Mortgage Indenture. The interest rate on defaulted principal and interest, to the extent permitted by law, on the FMBs issued under the Mortgage Indenture is the rate stated in the applicable supplement or, if no such rate is stated, six percent 6% per annum.

Sale Leaseback

NJNG

NJNG received $17.3 million $8.4M and $4.0 million $17.3M in fiscal 2022 2023 and 2020, 2022, respectively, in connection with the sale leaseback of its natural gas meters. NJNG records a These transactions are treated as financing lease obligation obligations that is are paid over the term of the lease arrangement, and NJNG has the option to purchase the meters back at fair value upon expiration of the lease. expiration. NJNG continues to evaluate this sale leaseback program based on current market conditions. Natural gas meters are excepted and excluded from the lien on NJNG property under the Mortgage Indenture. There were no natural gas meter sale leasebacks recorded during fiscal 2021.

Clean Energy Ventures CEV

Clean Energy Ventures CEV enters into transactions to sell the commercial solar assets concurrent with agreements to lease the assets back over a period of five to 15 years. These transactions are considered failed sale leasebacks for accounting purposes and are therefore treated as financing obligations, which are typically secured by the renewable energy facility asset and its future cash flows from RECs and energy sales. ITCs and other tax benefits associated with these solar projects are transferred to the buyer, if applicable; however, the lease payments are structured so that Clean Energy Ventures CEV is compensated for the transfer of the related tax incentives. Clean Energy

Ventures CEV continues to operate the solar assets, including related expenses, and retain the revenue generated from RECs and energy sales, and has the option to renew the lease or repurchase the assets sold at the end of the lease term. During fiscal 2023, 2022 and 2021, and 2020, Clean Energy Ventures CEV received proceeds of $24.1 million, $17.7 million $167.8M, $24.1M and $42.9 million, $17.7M, respectively, in connection with the sale leaseback of commercial solar projects. The proceeds received were recognized as a financing obligation on the Consolidated Balance Sheets.

Contractual Obligations and Capital Expenditures

As of September 30, 2022 September 30, 2023, there were NJR guarantees covering approximately $261.7 million $192.3M of natural gas purchases and Energy Services ES demand fee commitments and nine outstanding letters of credit totaling $10.4 million, $6.4M, as previously mentioned, not yet reflected in accounts payable on the Consolidated Balance Sheets.

Estimated capital expenditures are reviewed on a regular basis and may vary based on the ongoing effects of regulatory constraints, environmental regulations, unforeseen events and the ability to access capital.

NJNG's total capital expenditures spent or accrued during fiscal 2023 were $394.6M. During fiscal 2024 capital expenditures are projected to be between $352 million $387M and $378 million during fiscal 2023. Total capital expenditures spent or accrued during fiscal 2022 were $282.2 million. $440M. NJNG expects to fund its obligations with a combination of cash flows from operations, cash on hand, issuance of commercial paper, available capacity under its revolving credit facility and the issuance of long-term debt. As of September 30, 2022 September 30, 2023, NJNG's future MGP expenditures are estimated to be $127.1 million. $169.4M. For a more detailed description of MGP expenditures, see *Note 15. 14.* *Commitments and Contingent Liabilities* in the accompanying Consolidated Financial Statements.

During fiscal 2022, Storage and Transportation 2023, S&T had capital expenditures spent or accrued for the Adelphia Gateway project totaling $123.8 million, $18.8M, and capital expenditures spent or accrued for Leaf River totaling $17.6 million. $12.2M. During fiscal 2023, 2024, we expect expenditures related to the Adelphia Gateway project to be between $12 million $8M and $16 million $12M and expenditures related to Leaf River to be between $8 million $25M and $12 million. $35M.

During fiscal 2022, 2023, total capital expenditures spent or accrued related to the purchase and installation of solar equipment were $144.9 million. Clean Energy Ventures' $110.4M. CEV's expenditures include clean energy projects that support our goal to promote renewable energy. Accordingly, Clean Energy Ventures CEV enters into agreements to install solar equipment involving both residential and commercial projects. We estimate solar-related capital expenditures for projects placed in service during fiscal 2023 2024 to be between $100 million $140M and $200 million. $204M.

Capital expenditures related to clean energy projects are subject to change due to a variety of factors that may affect our ability to commence operations at these projects on a timely basis or at all, including sourcing projects that meet our investment criteria, logistics associated with the start-up of residential and commercial solar projects, such as timing of construction schedules, the permitting and regulatory process, any delays related to electric grid interconnection, economic trends or unforeseen events and the ability to access capital or allocation of capital to other investments or business opportunities.

Energy Services ES does not currently anticipate any significant capital expenditures during fiscal 2023 2024 and 2024. 2025.

During December 2020, Energy Services ES entered into a series of AMAs with an investment grade public utility to release pipeline capacity associated with certain natural gas transportation contracts. The utility provides certain asset management services, and Energy Services ES may deliver natural gas to the utility in exchange for aggregate net proceeds of approximately $500 million, $500M, payable through November 1, 2030. The AMAs include a series of initial and permanent releases which commenced on November 1, 2021. in November 2021. NJR will receive a total of approximately $260 million $260M in cash from fiscal 2022 through fiscal 2024 and $34 million $34M per year from fiscal 2025 through fiscal 2031 under the agreements. During fiscal 2023 and 2022, Energy Services ES recognized $53.0 million $48.5M and $53.0M, respectively, of operating revenue on the Consolidated Statements of Operations. Amounts received in excess of revenue, totaling $33.8 million $58.7M and $33.8M as of September 30, 2022, September 30, 2023 and 2022, respectively, are included in deferred revenue on the Consolidated Balance Sheets.

Cash Flows

Operating Activities

Cash flows from operating activities during fiscal 2022 2023 totaled $323.5 million $479.0M compared with $391.0 million $323.5M during fiscal 2021. 2022. Operating cash flows are primarily affected by variations in working capital, which can be impacted by several factors, including:

- seasonality of our business;
- fluctuations in wholesale natural gas prices and other energy prices, including changes in derivative asset and liability values;
- timing of storage injections and withdrawals;
- the deferral and recovery of natural gas costs;
- changes in contractual assets utilized to optimize margins related to natural gas transactions;
- broker margin requirements;
- impact of unusual weather patterns on our wholesale business;

- timing of the collections of receivables and payments of current liabilities;
- volumes of natural gas purchased and sold; and
- timing of SREC deliveries.

The decrease increase of $67.5 million $155.5M in cash flows from operating activities during fiscal 2022, 2023, compared with fiscal 2021, 2022, was due primarily to additional decreased working capital requirements related to the rising energy prices along with the outsized performance at Energy Services during February 2021 that did not reoccur during fiscal 2022, partially offset by the AMAs, which commenced November 2021, as previously discussed. decline in natural gas prices.

Investing Activities

Cash flows used in investing activities totaled $590.6 million $538.6M during fiscal 2022, 2023, compared with $622.1 million $590.6M during fiscal 2021. 2022. The decrease of $31.5 million $52.0M was due primarily to decreased utility plant expenditures, partially offset by an increase in lower capital expenditures for Storage and Transportation S&T related to the conversion of the southern portion of Adelphia Gateway's Adelphia's pipeline to natural gas, which was placed into service during September 2022, along with decreased solar asset expenditures, partially offset by increased solar utility plant expenditures.

Financing Activities

Financing cash flows generally are seasonal in nature and are impacted by the volatility in pricing in the natural gas and other energy markets. NJNG's inventory levels are built up during its natural gas injection season (April through October) and reduced during withdrawal season (November through March) in response to the supply requirements of its customers. Changes in financing cash flows can also be impacted by natural gas management and marketing activities at Energy Services ES and clean energy investments at Clean Energy Ventures. CEV.

Cash flows from financing activities totaled $262.5 million $59.7M during fiscal 2022, 2023, compared with $117.8 million $262.5M during fiscal 2021. 2022. The increase decrease of $144.7 million $202.8M is due primarily to the issuance repayment of $360 million in the term loan of $150.0M that was borrowed during fiscal 2022, decreased long-term debt a new $150 million term loan, along with proceeds of $17.3 million for meter sale leasebacks and higher $135.0M, partially offset by an increase in proceeds of $6.4 million $143.7M from solar sale leasebacks, partially offset by increased net a decrease in payments of short-term debt of $355.3 million $81.5M and increased dividend payments an increase of $10.7 million. $42.8M from the waiver discount issuance of common stock.

Credit Ratings

The table below summarizes NJNG's credit ratings as of September 30, 2022 September 30, 2023, issued by two rating entities, Moody's and Fitch:

	Moody's	Fitch
Corporate Rating	N/A	A-
Commercial Paper	P-2	F-2
Senior Secured	A1	A+
Ratings Outlook	Stable	Stable

The Fitch ratings and outlook were reaffirmed on April 14, 2022 April 24, 2023. The Moody's ratings and outlook were reaffirmed on September 28, 2022 September 29, 2023. NJNG's Moody's and Fitch ratings are investment-grade ratings. NJR is not rated by Moody's or Fitch.

Although NJNG is not party to any lending agreements that would accelerate the maturity date of any obligation caused by a failure to maintain any specific credit rating, if such ratings are downgraded below investment grade, borrowing costs could increase, as would the costs of maintaining certain contractual relationships, and future financing and our access to capital markets would be reduced. Even if ratings are downgraded without falling below investment grade, NJR and NJNG could face increased borrowing costs under their credit facilities. A rating set forth above is not a recommendation to buy, sell or hold NJR's or NJNG's securities and may be subject to revision or withdrawal at any time. Each rating set forth above should be evaluated independently of any other rating.

The timing and mix of any external financings will target a common equity ratio that is consistent with maintaining NJNG's current short-term and long-term credit ratings.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Financial Risk Management

Commodity Market Risks

Natural gas is a nationally traded commodity. Its prices are determined effectively by the NYMEX, ICE and over-the-counter markets. The prices on the NYMEX, CME, ICE and over-the-counter markets generally reflect the national balance of natural gas supply and demand, but are also significantly influenced from time to time by other events.

Our regulated and unregulated businesses are subject to market risk due to fluctuations in the price of natural gas. To economically hedge against such fluctuations, we have entered into forwards, futures, options and swap agreements. To manage these derivative instruments, we have well-defined risk management policies and procedures that include daily monitoring of volumetric limits and monetary guidelines. Our natural gas businesses are conducted through two of our operating subsidiaries. NJNG is a regulated utility that uses futures, options and swaps to provide relative price stability, and its recovery of natural gas costs is governed by the BPU. Energy Services ES uses futures, options, swaps and physical contracts to economically hedge purchases and sales of natural gas.

The following table reflects the changes in the fair market value of financial derivatives related to natural gas purchases and sales:

(Thousands)	*(Thousands)*		Balance September 30, 2021		Increase (Decrease) in Fair Market Value		Less Amounts Settled		Balance September 30, 2022
Natural Gas Distribution		$	2,033	$	30,584	$	38,813	**$**	**(6,196)**
Energy Services			(29,487)		(36,019)		(58,820)		**(6,686)**
Total	Total	$	(27,454)	$	(5,435)	$	(20,007)	**$**	**(12,882)**

(Thousands)		Balance September 30, 2022		Increase (Decrease) in Fair Market Value		Less Amounts Settled		Balance September 30, 2023
NJNG	$	(6,196)	$	(27,752)	$	(40,038)	**$**	**6,090**
ES		(6,686)		83,704		60,840		**16,178**
Total	$	(12,882)	$	55,952	$	20,802	**$**	**22,268**

There were no changes in methods of valuations during the fiscal year ended September 30, 2022 September 30, 2023.

The following is a summary of fair market value of financial derivatives as of September 30, 2022, excluding foreign exchange contracts discussed below, by method of valuation and by maturity for each fiscal year period:

(Thousands)		2023		2024		2025 - 2027		After 2027		Total Fair Value
Price based on NYMEX/CME	$	(168)	$	—	$	—	$	—	**$**	**(168)**
Price based on ICE		(18,092)		4,225		1,153		—		**(12,714)**
Total	$	(18,260)	$	4,225	$	1,153	$	—	**$**	**(12,882)**

The following is a summary of financial derivatives by type as of September 30, 2022:

		Volume Bcf	Price per MMBtu (1)	Amounts included in Derivatives (Thousands)
Natural Gas Distribution	Futures	30.5	$2.62 - $15.00	**$ (6,196)**
Energy Services	Futures	(0.7)	$2.41 - $13.75	**(6,518)**
	Swaps	—	$2.82 - $3.03	**(168)**
Total				**$ (12,882)**

(1) Million British thermal units

The following table reflects the changes in the fair market value of physical commodity contracts:

(Thousands)	Balance September 30, 2021	Increase (Decrease) in Fair Market Value	Less Amounts Settled	Balance September 30, 2022
Natural Gas Distribution - Prices based on other external data	$ 20	4,671	4,450	**$ 241**
Energy Services - Prices based on other external data	(34,678)	(8,231)	(22,530)	**(20,379)**
Total	$ (34,658)	(3,560)	(18,080)	**$ (20,138)**

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)

The following is a summary of fair market value of financial derivatives as of September 30, 2023, excluding foreign exchange contracts discussed below, by method of valuation and by maturity for each fiscal year period:

(Thousands)	2024	2025	2026 - 2028	After 2028	Total Fair Value
Price based on ICE	$ 21,604	$ 593	$ 71	$ —	**$ 22,268**

The following is a summary of financial derivatives by type as of September 30, 2023:

		Volume Bcf	Price per MMBtu	Amounts included in Derivatives (Thousands)
NJNG	Futures	32.1	$0.97 - $5.89	**$ 6,090**
ES	Futures	(6.9)	$0.00 - $6.87	**16,178**
Total				**$ 22,268**

The following table reflects the changes in the fair market value of physical commodity contracts:

(Thousands)	Balance September 30, 2022	Increase (Decrease) in Fair Market Value	Less Amounts Settled	Balance September 30, 2023
NJNG - Prices based on other external data	$ 241	(26,852)	(26,166)	**$ (445)**
ES - Prices based on other external data	(20,379)	14,249	7,486	**(13,616)**
Total	$ (20,138)	(12,603)	(18,680)	**$ (14,061)**

Our market price risk is predominately linked with changes in the price of natural gas at the Henry Hub, the delivery point for the NYMEX natural gas futures contracts. Based on price sensitivity analysis, an illustrative 10 percent 10% movement in the natural gas futures contract price, for example, increases (decreases) the reported derivative fair value of all open, unadjusted Henry Hub natural gas futures and fixed price swap positions by approximately $6.5 million. $3.6M. This analysis does not include potential changes to reported credit adjustments embedded in the $5.8 million $14.4M reported fair value.

Derivative Fair Value Sensitivity Analysis *(Thousands)*	Derivative Fair Value Sensitivity Analysis *(Thousands)*	Henry Hub Futures and Fixed Price Swaps					Derivative Fair Value Sensitivity Analysis *(Thousands)*	Henry Hub Futures and Fixed Price Swaps				
Percent increase in NYMEX natural gas futures prices	**Percent increase in NYMEX natural gas futures prices**	0%	5%	10%	15%	20%	**Percent increase in NYMEX natural gas futures prices**	0%	5%	10%	15%	20%
Estimated change in derivative fair value	Estimated change in derivative fair value	$ —	$ (3,266)	$ (6,532)	$ (9,798)	$ (13,064)	Estimated change in derivative fair value	$ —	$ (1,805)	$ (3,611)	$ (5,417)	$ (7,222)
Ending derivative fair value	Ending derivative fair value	$ 5,826	$ 2,560	$ (706)	$ (3,972)	$ (7,238)	Ending derivative fair value	$ 14,392	$ 12,587	$ 10,781	$ 8,975	$ 7,170
Percent decrease in NYMEX natural gas futures prices	**Percent decrease in NYMEX natural gas futures prices**	0%	(5)%	(10)%	(15)%	(20)%	**Percent decrease in NYMEX natural gas futures prices**	0%	(5)%	(10)%	(15)%	(20)%
Estimated change in derivative fair value	Estimated change in derivative fair value	$ —	$ 3,266	$ 6,532	$ 9,798	$ 13,064	Estimated change in derivative fair value	$ —	$ 1,805	$ 3,611	$ 5,417	$ 7,222
Ending derivative fair value	Ending derivative fair value	$ 5,826	$ 9,092	$ 12,358	$ 15,624	$ 18,890	Ending derivative fair value	$ 14,392	$ 16,197	$ 18,003	$ 19,809	$ 21,614

Wholesale Credit Risk

The following is a summary of gross and net credit exposures, grouped by investment and non-investment grade counterparties, as of September 30, 2022 September 30, 2023. Gross credit exposure for Energy Services ES is defined as the unrealized fair value of derivative and energy trading contracts, plus any outstanding wholesale receivable for the value of natural gas or power delivered and/or financial derivative commodity contract that has settled for which payment has not yet been received. Gross credit exposure for Storage and Transportation S&T is defined as demand and estimated usage fees for contracted services and/or market value of loan balances for which payment has not yet been received. Net credit exposure is defined as gross credit exposure reduced by collateral received from counterparties and/or payables, where netting agreements exist. The amounts presented below in the next tables exclude accounts receivable for NJNG retail natural gas sales and services.

Energy Services', Clean Energy Ventures'

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)

ES's, CEV's and Storage and Transportation's S&T's counterparty credit exposure as of September 30, 2022 September 30, 2023, is as follows:

(Thousands)	*(Thousands)*	Gross Credit Exposure	Net Credit Exposure	*(Thousands)*	Gross Credit Exposure	Net Credit Exposure
Investment grade	Investment grade	$ 161,677	$ 137,934	Investment grade	$ 105,765	$ 102,746
Noninvestment grade	Noninvestment grade	29,771	1,319	Noninvestment grade	4,548	372
Internally-rated investment grade	Internally-rated investment grade	17,041	14,767	Internally-rated investment grade	19,549	18,802
Internally-rated noninvestment grade	Internally-rated noninvestment grade	23,567	13,724	Internally-rated noninvestment grade	19,897	16,850

Total	Total	**$**	**232,056**	**$**	**167,744**	Total	**$**	**149,759**	**$**	**138,770**

NJNG's counterparty credit exposure as of September 30, 2022 September 30, 2023, is as follows:

(Thousands)	*(Thousands)*	**Gross Credit Exposure**		**Net Credit Exposure**		*(Thousands)*	**Gross Credit Exposure**		**Net Credit Exposure**	
Investment grade	Investment grade	$	20,461	$	19,959	Investment grade	$	13,464	$	13,112
Noninvestment grade	Noninvestment grade		334		—	Noninvestment grade		227		—
Internally-rated investment grade	Internally-rated investment grade		72		17	Internally-rated investment grade		794		679
Internally-rated noninvestment grade	Internally-rated noninvestment grade		22,024		—	Internally-rated noninvestment grade		256		192
Total	Total	**$**	**42,891**	**$**	**19,976**	Total	**$**	**14,741**	**$**	**13,983**

Due to the inherent volatility in the market price for natural gas, electricity and SRECs, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. If a counterparty failed to perform the obligations under its contract (for example, failed to make payment for natural gas received), we could sustain a loss. This loss would comprise the loss on natural gas delivered but not paid for and/or the cost of replacing natural gas not delivered or received at a price that exceeds the original contract price. Any such loss could have a material impact on our financial condition, results of operations or cash flows.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK (Continued)

Effects of Interest Rate and Foreign Currency Rate Fluctuations

We are also exposed to changes in interest rates on our debt hedges, variable rate debt and changes in foreign currency rates for our business conducted in Canada using Canadian dollars. We do not believe an immediate 10 percent 10% increase or decrease in interest rates or foreign currency rates would have a material effect on our operating results or cash flows.

Information regarding NJR's interest rate risk can be found in the *Liquidity and Capital Resources - Debt* section of *Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations. Operations*.

Effects of Inflation

Any change in price levels has an effect on operating results due to the capital-intensive and regulated nature of our utility subsidiary. The Company's operations are sensitive to increases in the rate of inflation because of its operational and capital spending requirements in both its regulated and non-regulated businesses. We attempt to minimize the effects of inflation through cost control, productivity improvements and regulatory actions, when appropriate. See *Item 1A. Risk Factors* for additional information related to the impact of recent increases in inflation rates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of New Jersey Resources Corporation is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance to the Company's Management and Board of Directors regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP and includes policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and

- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Under the supervision and with the participation of the Company's management, including its principal executive officer and principal financial officer, management conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of September 30, 2022 September 30, 2023. In making this assessment, management used the criteria for effective internal control over financial reporting described in the *Internal Control-Integrated Framework (2013)* set forth by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the assessment, management concluded that, as of September 30, 2022 September 30, 2023, the Company's internal control over financial reporting was effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

The conclusion of the Company's principal executive officer and principal financial officer is based on the recognition that there are inherent limitations in all systems of internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements, errors or fraud. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's independent registered public accounting firm, Deloitte & Touche LLP, has issued its report on the effectiveness of the Company's internal control over financial reporting as of September 30, 2022 September 30, 2023, which appears herein.

November 17, 2022 21, 2023

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and the Board of Directors of New Jersey Resources Corporation:

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of New Jersey Resources Corporation and subsidiaries (the "Company") as of September 30, 2022 September 30, 2023 and 2021, and 2022, the related consolidated statements of operations, comprehensive income, common stock equity, and cash flows, for each of the three years in the period ended September 30, 2022 September 30, 2023, and the related notes and the financial statement schedule listed in the Index at Item 15 (collectively referred to as the "financial statements" "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022 September 30, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2022 September 30, 2023, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2022 September 30, 2023, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 17, 2022 November 21, 2023, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Company''s Company's management. Our responsibility is to express an opinion on the Company's Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relate relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Regulation — Impact of Rate-Regulation on Various Account Balances and Disclosures — Refer to Notes 2 and 4 to the financial statements

Critical Audit Matter Description

New Jersey Natural Gas Company ("NJNG"), a subsidiary of the Company, is a regulated gas distribution company that serves customers in central and northern New Jersey. NJNG is subject to regulation by the New Jersey Board of Public Utilities (the "BPU"), which has jurisdiction with respect to the rates of gas distribution companies in New Jersey. Management has determined NJNG meets the requirements under accounting principles generally accepted in the United States of America to prepare its financial statements in accordance with the ASC 980, Regulated Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

NJNG is subject to cost-based regulation; therefore, it is permitted to recover authorized operating expenses and earn a reasonable return on its utility capital investments based on the BPU's approval. The impact of the ratemaking process and decisions authorized by the BPU allows NJNG to capitalize or defer certain costs that are expected to be recovered from its customers as regulatory assets, and to recognize certain obligations representing amounts that are probable future expenditures as regulatory liabilities in accordance with accounting guidance applicable to regulated operations. Regulatory decisions can have an impact on the recovery of costs, the rate of return earned on investment, and the timing and amount of assets to be recovered by rates. Decisions to be made by the BPU in the future will impact the accounting for regulated operations, including decisions about the amount of allowable costs and return on invested capital included in rates and any refunds that may be required.

Accounting for the economics of rate-regulation impacts multiple financial statement line items and disclosures, such as regulated property, plant, and equipment, regulatory assets and liabilities, operating revenues and depreciation expense. While NJNG expects to recover costs from customers through regulated rates, there is a risk that the BPU will not approve full recovery of such costs or full recovery of all amounts invested in the utility business and a reasonable return on that investment. We identified the impact of rate-regulation as a critical audit matter due to the significant judgments made by management to support its assertions about the impact of regulatory orders on the financial statements, including assessing the probability of both recovery in rates of incurred costs, and refunds to customers. Given that management's accounting judgments are based on assumptions about the outcome of future decisions by the BPU, auditing these judgments requires specialized knowledge of accounting for rate regulation and the rate setting process due to its inherent complexities.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the uncertainty around the impact of regulatory orders on the financial statements, including the probability of both recovery in rates of incurred costs, and refunds to customers, included the following, among others:

- We tested the effectiveness of controls over the relevant regulatory account balances and disclosures, including management's controls over the monitoring and evaluation of regulatory developments that may affect the probability of recovering costs in future rates or of a future reduction in rates. rates due to refunds to customers.
- We read relevant regulatory orders issued by the BPU for NJNG and other public utilities in New Jersey, regulatory statutes, interpretations, procedural memorandums, filings made by interveners, and other publicly available information to assess the probability of recovery in future rates or of a future reduction in rates based on precedence of the BPU's treatment of similar costs under similar circumstances. We evaluated the external information and compared that to management's assertions regarding the probability of recovery or refund of regulatory asset and liability balances for completeness.
- We obtained an analysis from management regarding the probability of recovery for regulatory assets or refund or future reduction in rates for regulatory liabilities in order to assess management's assertion that amounts are probable of recovery or a future reduction in rates.
- We evaluated the Company's disclosures related to the impacts of rate regulation, including the balances recorded and regulatory developments.

/s/ Deloitte & Touche LLP

Morristown, New Jersey

November 17, 2022 21, 2023

We have served as the Company's auditor since 1951.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareowners and the Board of Directors of New Jersey Resources Corporation:

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of New Jersey Resources Corporation and subsidiaries (the "Company") as of September 30, 2022 September 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022 September 30, 2023, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB),the consolidated financial statements as of and for the year ended September 30, 2022 September 30, 2023, of the Company and our report dated November 17, 2022 November 21, 2023, expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding the Company's change in accounting policy.statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Morristown, New Jersey

November 17, 2022

21, 2023

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands, except per share data)	*(Thousands, except per share data)*	*(Thousands, except per share data)*

Fiscal years ended September 30,	Fiscal years ended September 30,	2022	2021	2020	Fiscal years ended September 30,	2023	2022	2021
OPERATING REVENUES	**OPERATING REVENUES**				**OPERATING REVENUES**			
Utility	Utility	**$ 1,127,417**	$ 731,459	$ 729,923	Utility	**$ 1,011,284**	$ 1,127,417	$ 731,459
Nonutility	Nonutility	**1,778,562**	1,425,154	1,223,745	Nonutility	**951,710**	1,778,562	1,425,154
Total operating revenues	Total operating revenues	**2,905,979**	2,156,613	1,953,668	Total operating revenues	**1,962,994**	2,905,979	2,156,613
OPERATING EXPENSES	**OPERATING EXPENSES**				**OPERATING EXPENSES**			
Natural gas purchases:	Natural gas purchases:				Natural gas purchases:			
Utility	Utility	**547,901**	247,734	275,831	Utility	**416,158**	547,901	247,734
Nonutility	Nonutility	**1,393,656**	1,096,920	1,022,805	Nonutility	**555,579**	1,393,656	1,096,920
Related parties	Related parties	**7,395**	7,013	6,083	Related parties	**7,206**	7,395	7,013
Operation and maintenance	Operation and maintenance	**361,866**	366,905	278,143	Operation and maintenance	**373,568**	361,866	366,905
Regulatory rider expenses	Regulatory rider expenses	**59,437**	38,304	34,529	Regulatory rider expenses	**50,542**	59,437	38,304
Depreciation and amortization	Depreciation and amortization	**129,249**	111,387	107,368	Depreciation and amortization	**152,941**	129,249	111,387
Total operating expenses	Total operating expenses	**2,499,504**	1,868,263	1,724,759	Total operating expenses	**1,555,994**	2,499,504	1,868,263
OPERATING INCOME	**OPERATING INCOME**	**406,475**	288,350	228,909	**OPERATING INCOME**	**407,000**	406,475	288,350
Other income, net	Other income, net	**22,295**	24,597	23,878	Other income, net	**26,083**	22,295	24,597
Interest expense, net of capitalized interest	Interest expense, net of capitalized interest	**85,830**	78,559	67,597	Interest expense, net of capitalized interest	**123,014**	85,830	78,559
INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES	**INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES**	**342,940**	234,388	185,190	**INCOME BEFORE INCOME TAXES AND EQUITY IN EARNINGS OF AFFILIATES**	**310,069**	342,940	234,388
Income tax provision	Income tax provision	**76,195**	33,286	36,494	Income tax provision	**49,275**	76,195	33,286
Equity in earnings (loss) of affiliates	Equity in earnings (loss) of affiliates	**8,177**	(83,212)	14,311	Equity in earnings (loss) of affiliates	**3,930**	8,177	(83,212)
NET INCOME	**NET INCOME**	**$ 274,922**	$ 117,890	$ 163,007	**NET INCOME**	**$ 264,724**	$ 274,922	$ 117,890
EARNINGS PER COMMON SHARE	**EARNINGS PER COMMON SHARE**				**EARNINGS PER COMMON SHARE**			
Basic	Basic	**$2.86**	$1.23	$1.72	Basic	**$2.73**	$2.86	$1.23
Diluted	Diluted	**$2.85**	$1.22	$1.71	Diluted	**$2.71**	$2.85	$1.22
WEIGHTED AVERAGE SHARES OUTSTANDING	**WEIGHTED AVERAGE SHARES OUTSTANDING**				**WEIGHTED AVERAGE SHARES OUTSTANDING**			
Basic	Basic	**96,100**	96,227	94,798	Basic	**97,028**	96,100	96,227
Diluted	Diluted	**96,488**	96,560	95,103	Diluted	**97,627**	96,488	96,560

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Thousands)			
Fiscal years ended September 30,	**2022**	2021	2020
Net income	**$ 274,922**	$ 117,890	$ 163,007

Other comprehensive income (loss), net of tax:				
Reclassifications of losses to net income on derivatives designated as hedging instruments, net of tax of $(317), $(350) and $(32), respectively		**1,054**	1,021	108
Loss on derivatives designated as hedging instruments, net of tax of $0, $0 and $3,203, respectively		**—**	—	(10,505)
Adjustment to postemployment benefit obligation, net of tax of $(8,657), $(2,575) and $567, respectively		**28,648**	8,766	(2,131)
Other comprehensive income (loss)		**29,702**	9,787	(12,528)
Comprehensive income	**$**	**304,624** $	127,677 $	150,479

(Thousands)				
Fiscal years ended September 30,		**2023**	2022	2021
Net income	**$**	**264,724** $	274,922 $	117,890
Other comprehensive (loss) income, net of tax				
Reclassifications of losses to net income on derivatives designated as hedging instruments, net of tax of $(317), $(317) and $(350), respectively		**1,053**	1,054	1,021
Adjustment to postemployment benefit obligation, net of tax of $1,873, $(8,657) and $(2,575), respectively		**(6,186)**	28,648	8,766
Other comprehensive (loss) income, net of tax		**(5,133)**	29,702	9,787
Comprehensive income	**$**	**259,591** $	304,624 $	127,677

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands)	*(Thousands)*				*(Thousands)*			
Fiscal years ended September 30,	Fiscal years ended September 30,	**2022**	2021	2020	Fiscal years ended September 30,	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES	**CASH FLOWS FROM OPERATING ACTIVITIES**				**CASH FLOWS FROM OPERATING ACTIVITIES**			
Net income	Net income	**$ 274,922**	$ 117,890	$ 163,007	Net income	**$ 264,724**	$ 274,922	$ 117,890
Adjustments to reconcile net income to cash flows from operating activities	Adjustments to reconcile net income to cash flows from operating activities				Adjustments to reconcile net income to cash flows from operating activities			
Unrealized (gain) loss on derivative instruments	Unrealized (gain) loss on derivative instruments	**(59,906)**	54,203	(9,644)	Unrealized (gain) loss on derivative instruments	**(38,081)**	(59,906)	54,203
Impairment of equity method investment	Impairment of equity method investment	**—**	92,000	—	Impairment of equity method investment	**—**	—	92,000
Depreciation and amortization	Depreciation and amortization	**129,249**	111,387	107,368	Depreciation and amortization	**152,941**	129,249	111,387
Amortization of acquired wholesale energy contracts	Amortization of acquired wholesale energy contracts	**2,561**	4,604	4,924	Amortization of acquired wholesale energy contracts	**2,271**	2,561	4,604
Allowance for equity used during construction	Allowance for equity used during construction	**(11,243)**	(20,303)	(17,053)	Allowance for equity used during construction	**(7,137)**	(11,243)	(20,303)
Allowance for doubtful accounts	Allowance for doubtful accounts	**2,401**	18,986	2,238	Allowance for doubtful accounts	**1,570**	2,401	18,986
Non-cash lease expense	Non-cash lease expense	**4,850**	3,920	3,851	Non-cash lease expense	**3,708**	4,850	3,920

Deferred income taxes	Deferred income taxes	**81,659**	23,796	34,346	Deferred income taxes	**30,462**	81,659	23,796
Equivalent value of ITCs recognized on equipment financing	Equivalent value of ITCs recognized on equipment financing	**(7,542)**	(6,482)	(6,482)	Equivalent value of ITCs recognized on equipment financing	**(6,986)**	(7,542)	(6,482)
Manufactured gas plant remediation costs	Manufactured gas plant remediation costs	**(17,538)**	(17,532)	(7,651)	Manufactured gas plant remediation costs	**(9,571)**	(17,538)	(17,532)
Equity in earnings, net of distributions received from equity investees	Equity in earnings, net of distributions received from equity investees	**—**	(3,046)	(5,848)	Equity in earnings, net of distributions received from equity investees	**—**	—	(3,046)
Cost of removal - asset retirement obligations	Cost of removal - asset retirement obligations	**(1,289)**	(1,129)	(245)	Cost of removal - asset retirement obligations	**(1,526)**	(1,289)	(1,129)
Contributions to postemployment benefit plans	Contributions to postemployment benefit plans	**(6,785)**	(7,669)	(9,032)	Contributions to postemployment benefit plans	**(4,706)**	(6,785)	(7,669)
Taxes related to stock-based compensation	Taxes related to stock-based compensation	**(144)**	(159)	647	Taxes related to stock-based compensation	**(588)**	(144)	(159)
Changes in:	Changes in:				Changes in:			
Components of working capital	Components of working capital	**(77,687)**	10,254	(8,096)	Components of working capital	**61,525**	(77,687)	10,254
Other noncurrent assets	Other noncurrent assets	**(38,424)**	13,715	(44,129)	Other noncurrent assets	**(97,753)**	(38,424)	13,715
Other noncurrent liabilities	Other noncurrent liabilities	**48,396**	(3,481)	5,280	Other noncurrent liabilities	**128,140**	48,396	(3,481)
Cash flows from operating activities	Cash flows from operating activities	**323,480**	390,954	213,481	Cash flows from operating activities	**478,993**	323,480	390,954
CASH FLOWS USED IN INVESTING ACTIVITIES	**CASH FLOWS USED IN INVESTING ACTIVITIES**				**CASH FLOWS USED IN INVESTING ACTIVITIES**			
Expenditures for:	Expenditures for:				Expenditures for:			
Utility plant	Utility plant	**(259,081)**	(376,312)	(290,040)	Utility plant	**(350,304)**	(259,081)	(376,312)
Solar equipment	Solar equipment	**(146,676)**	(87,852)	(133,841)	Solar equipment	**(107,303)**	(146,676)	(87,852)
Storage and Transportation and other		**(153,378)**	(110,130)	(24,228)				
Storage and transportation and other					Storage and transportation and other	**(42,757)**	(153,378)	(110,130)
Cost of removal	Cost of removal	**(39,293)**	(50,316)	(22,059)	Cost of removal	**(40,555)**	(39,293)	(50,316)
Acquisition of assets, net of cash acquired of $5.1 million		**—**	—	(523,647)				
Distribution from equity investees in excess of equity in earnings	Distribution from equity investees in excess of equity in earnings	**2,336**	3,183	1,907	Distribution from equity investees in excess of equity in earnings	**2,294**	2,336	3,183
Investments in equity investees, net of return of capital	Investments in equity investees, net of return of capital	**5,479**	(690)	(2,117)	Investments in equity investees, net of return of capital	**—**	5,479	(690)
Cash flows used in investing activities	Cash flows used in investing activities	**(590,613)**	(622,117)	(994,025)	Cash flows used in investing activities	**(538,625)**	(590,613)	(622,117)
CASH FLOWS FROM FINANCING ACTIVITIES	**CASH FLOWS FROM FINANCING ACTIVITIES**				**CASH FLOWS FROM FINANCING ACTIVITIES**			

Proceeds from long-term debt	Proceeds from long-term debt	**360,000**	—	660,000	Proceeds from long-term debt	**225,000**	360,000	—
Payments of long-term debt	Payments of long-term debt	**(68,343)**	(18,007)	(20,286)	Payments of long-term debt	**(71,934)**	(68,343)	(18,007)
Proceeds from term loan	Proceeds from term loan	**150,000**	—	350,000	Proceeds from term loan	**—**	150,000	—
Payments of term loan	Payments of term loan	**—**	—	(350,000)	Payments of term loan	**(150,000)**	—	—
(Payments of) proceeds from short-term debt, net	(Payments of) proceeds from short-term debt, net	**(103,350)**	251,950	99,900	(Payments of) proceeds from short-term debt, net	**(21,850)**	(103,350)	251,950
Proceeds from sale leaseback transactions - solar	Proceeds from sale leaseback transactions - solar	**24,071**	17,673	42,927	Proceeds from sale leaseback transactions - solar	**167,790**	24,071	17,673
Proceeds from sale leaseback transactions - natural gas meters	Proceeds from sale leaseback transactions - natural gas meters	**17,300**	—	4,000	Proceeds from sale leaseback transactions - natural gas meters	**8,441**	17,300	—
Payments of common stock dividends	Payments of common stock dividends	**(127,704)**	(116,960)	(117,804)	Payments of common stock dividends	**(150,973)**	(127,704)	(116,960)
Proceeds from equity offering		**—**	—	212,900				
Cash settlement of equity forward agreement	Cash settlement of equity forward agreement	**—**	(2,823)	—	Cash settlement of equity forward agreement	**—**	—	(2,823)
Proceeds from waiver discount issuance of common stock					Proceeds from waiver discount issuance of common stock	**42,807**	—	—
Proceeds from issuance of common stock - DRP	Proceeds from issuance of common stock - DRP	**14,745**	15,105	18,080	Proceeds from issuance of common stock - DRP	**14,993**	14,745	15,105
Purchases of treasury stock	Purchases of treasury stock	**—**	(27,217)	—	Purchases of treasury stock	**—**	—	(27,217)
Tax withholding payments related to net settled stock compensation	Tax withholding payments related to net settled stock compensation	**(4,177)**	(1,938)	(3,813)	Tax withholding payments related to net settled stock compensation	**(4,577)**	(4,177)	(1,938)
Cash flows from financing activities	Cash flows from financing activities	**262,542**	117,783	895,904	Cash flows from financing activities	**59,697**	262,542	117,783
Change in cash, cash equivalents and restricted cash	Change in cash, cash equivalents and restricted cash	**(4,591)**	(113,380)	115,360	Change in cash, cash equivalents and restricted cash	**65**	(4,591)	(113,380)
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	**6,043**	119,423	4,063	Cash, cash equivalents and restricted cash at beginning of period	**1,452**	6,043	119,423
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	**$ 1,452**	$ 6,043	$ 119,423	Cash, cash equivalents and restricted cash at end of period	**$ 1,517**	$ 1,452	$ 6,043
CHANGES IN COMPONENTS OF WORKING CAPITAL	**CHANGES IN COMPONENTS OF WORKING CAPITAL**				**CHANGES IN COMPONENTS OF WORKING CAPITAL**			
Receivables	Receivables	**$ (16,658)**	$ (81,366)	$ 5,065	Receivables	**$ 112,628**	$ (16,658)	$ (81,366)
Inventories	Inventories	**(80,801)**	(25,257)	(3,254)	Inventories	**67,445**	(80,801)	(25,257)

Recovery of natural gas costs	Recovery of natural gas costs	**1,037**	(13,124)	17,479	Recovery of natural gas costs	**(14,427)**	1,037	(13,124)
Natural gas purchases payable	Natural gas purchases payable	**66,352**	72,752	(41,326)	Natural gas purchases payable	**(183,772)**	66,352	72,752
Natural gas purchases payable - related parties	Natural gas purchases payable - related parties	**(10)**	70	1	Natural gas purchases payable - related parties	**8**	(10)	70
Deferred revenue	Deferred revenue	**33,802**	(1,763)	1,922	Deferred revenue	**934**	33,802	(1,763)
Accounts payable and other	Accounts payable and other	**(34,259)**	31,826	18,468	Accounts payable and other	**7,537**	(34,259)	31,826
Prepaid expenses	Prepaid expenses	**(406)**	(1,527)	2,548	Prepaid expenses	**(1,169)**	(406)	(1,527)
Prepaid and accrued taxes	Prepaid and accrued taxes	**(1,516)**	(3,449)	(2,376)	Prepaid and accrued taxes	**16,415**	(1,516)	(3,449)
Restricted broker margin accounts	Restricted broker margin accounts	**(51,165)**	28,013	(6,097)	Restricted broker margin accounts	**46,364**	(51,165)	28,013
Customers' credit balances and deposits	Customers' credit balances and deposits	**660**	6,652	(1,182)	Customers' credit balances and deposits	**11,664**	660	6,652
Other current assets (liabilities)	Other current assets (liabilities)	**5,277**	(2,573)	656	Other current assets (liabilities)	**(2,102)**	5,277	(2,573)
Total	Total	**$ (77,687)**	$ 10,254	$ (8,096)	Total	**$ 61,525**	$ (77,687)	$ 10,254
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION	**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**				**SUPPLEMENTAL DISCLOSURES OF CASH FLOWS INFORMATION**			
Cash paid for:	Cash paid for:				Cash paid for:			
Interest (net of amounts capitalized)	Interest (net of amounts capitalized)	**$ 84,375**	$ 78,650	$ 66,146	Interest (net of amounts capitalized)	**$ 108,194**	$ 84,375	$ 78,650
Income taxes	Income taxes	**$ 4,252**	$ 6,381	$ 7,594	Income taxes	**$ 4,282**	$ 4,252	$ 6,381
Accrued capital expenditures	Accrued capital expenditures	**$ 34,674**	$ 64,626	$ 19,434	Accrued capital expenditures	**$ 25,867**	$ 34,674	$ 64,626

See Notes to Consolidated Financial Statements

Page 70 68

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

CONSOLIDATED BALANCE SHEETS

ASSETS

(Thousands)	*(Thousands)*			*(Thousands)*		
September 30,	September 30,	**2022**	2021	September 30,	**2023**	2022
PROPERTY, PLANT AND EQUIPMENT	**PROPERTY, PLANT AND EQUIPMENT**			**PROPERTY, PLANT AND EQUIPMENT**		
Utility plant, at cost	Utility plant, at cost	**$ 3,576,691**	$ 3,324,611	Utility plant, at cost	**$ 3,843,037**	$ 3,576,691
Construction work in progress	Construction work in progress	**162,087**	182,196	Construction work in progress	**237,428**	162,087
Nonutility plant and equipment, at cost	Nonutility plant and equipment, at cost	**1,577,259**	1,124,896	Nonutility plant and equipment, at cost	**1,767,306**	1,577,259
Construction work in progress	Construction work in progress	**199,679**	365,346	Construction work in progress	**142,768**	199,679

Total property, plant and equipment	Total property, plant and equipment	**5,515,716**	4,997,049	Total property, plant and equipment	**5,990,539**	5,515,716
Accumulated depreciation and amortization, utility plant	Accumulated depreciation and amortization, utility plant	**(659,737)**	(611,827)	Accumulated depreciation and amortization, utility plant	**(714,087)**	(659,737)
Accumulated depreciation and amortization, nonutility plant and equipment	Accumulated depreciation and amortization, nonutility plant and equipment	**(206,053)**	(171,709)	Accumulated depreciation and amortization, nonutility plant and equipment	**(254,397)**	(206,053)
Property, plant and equipment, net	Property, plant and equipment, net	**4,649,926**	4,213,513	Property, plant and equipment, net	**5,022,055**	4,649,926
CURRENT ASSETS	**CURRENT ASSETS**			**CURRENT ASSETS**		
Cash and cash equivalents	Cash and cash equivalents	**1,107**	4,749	Cash and cash equivalents	**954**	1,107
Customer accounts receivable:	Customer accounts receivable:			Customer accounts receivable:		
Billed	Billed	**222,297**	212,838	Billed	**97,540**	222,297
Unbilled revenues	Unbilled revenues	**13,769**	10,351	Unbilled revenues	**19,100**	13,769
Allowance for doubtful accounts	Allowance for doubtful accounts	**(19,379)**	(24,652)	Allowance for doubtful accounts	**(11,036)**	(19,379)
Regulatory assets	Regulatory assets	**40,086**	30,118	Regulatory assets	**73,587**	40,086
Natural gas in storage, at average cost	Natural gas in storage, at average cost	**273,644**	193,606	Natural gas in storage, at average cost	**199,501**	273,644
Materials and supplies, at average cost	Materials and supplies, at average cost	**20,324**	19,561	Materials and supplies, at average cost	**27,022**	20,324
Prepaid expenses	Prepaid expenses	**8,572**	8,166	Prepaid expenses	**9,741**	8,572
Prepaid and accrued taxes		**54,501**	51,211			
Prepaid taxes				Prepaid taxes	**43,046**	54,501
Derivatives, at fair value	Derivatives, at fair value	**24,635**	35,251	Derivatives, at fair value	**30,755**	24,635
Restricted broker margin accounts	Restricted broker margin accounts	**94,261**	72,840	Restricted broker margin accounts	**20,796**	94,261
Other current assets	Other current assets	**22,270**	20,235	Other current assets	**21,071**	22,270
Total current assets	Total current assets	**756,087**	634,274	Total current assets	**532,077**	756,087
NONCURRENT ASSETS	**NONCURRENT ASSETS**			**NONCURRENT ASSETS**		
Investments in equity method investees	Investments in equity method investees	**106,571**	114,529	Investments in equity method investees	**104,134**	106,571
Regulatory assets	Regulatory assets	**500,666**	522,099	Regulatory assets	**584,830**	500,666
Operating lease assets	Operating lease assets	**168,520**	173,928	Operating lease assets	**175,740**	168,520
Derivatives, at fair value	Derivatives, at fair value	**6,385**	3,403	Derivatives, at fair value	**1,564**	6,385
Intangible assets, net	Intangible assets, net	**2,348**	5,029	Intangible assets, net	**77**	2,348
Software costs	Software costs	**6,120**	5,582	Software costs	**8,375**	6,120

Deferred income taxes				Deferred income taxes	**28,383**	2,928
Postemployment employee benefit assets				Postemployment employee benefit assets	**18,684**	4,388
Other noncurrent assets	Other noncurrent assets	**64,793**	49,921	Other noncurrent assets	**61,577**	57,477
Total noncurrent assets	Total noncurrent assets	**855,403**	874,491	Total noncurrent assets	**983,364**	855,403
Total assets	Total assets	**$ 6,261,416**	$ 5,722,278	Total assets	**$ 6,537,496**	$ 6,261,416

See Notes to Consolidated Financial Statements

CAPITALIZATION AND LIABILITIES

(Thousands, except share data)	*(Thousands, except share data)*			*(Thousands, except share data)*		
September 30,	September 30,	**2022**	2021	September 30,	**2023**	2022
CAPITALIZATION	**CAPITALIZATION**			**CAPITALIZATION**		
Common stock, $2.50 par value; authorized 150,000,000 shares; outstanding shares September 30, 2022 — 96,249,859; September 30, 2021 — 95,709,662		**$ 241,616**	$ 240,644			
Common stock, $2.50 par value; authorized 150,000,000 shares; outstanding shares September 30, 2023 — 97,584,455; September 30, 2022 — 96,249,859				Common stock, $2.50 par value; authorized 150,000,000 shares; outstanding shares September 30, 2023 — 97,584,455; September 30, 2022 — 96,249,859	**$ 243,458**	$ 241,616
Premium on common stock	Premium on common stock	**519,697**	502,584	Premium on common stock	**558,654**	519,697
Accumulated other comprehensive loss, net of tax	Accumulated other comprehensive loss, net of tax	**(4,826)**	(34,528)	Accumulated other comprehensive loss, net of tax	**(9,959)**	(4,826)
Treasury stock at cost and other; shares September 30, 2022 — 611,045; September 30, 2021 — 762,313		**(6,805)**	(12,448)			
Treasury stock at cost and other; shares September 30, 2023 — 13,041; September 30, 2022 — 611,045				Treasury stock at cost and other; shares September 30, 2023 — 13,041; September 30, 2022 — 611,045	**20,748**	(6,805)
Retained earnings	Retained earnings	**1,067,528**	934,610	Retained earnings	**1,177,834**	1,067,528
Common stock equity	Common stock equity	**1,817,210**	1,630,862	Common stock equity	**1,990,735**	1,817,210
Long-term debt	Long-term debt	**2,485,402**	2,162,164	Long-term debt	**2,768,017**	2,485,402
Total capitalization	Total capitalization	**4,302,612**	3,793,026	Total capitalization	**4,758,752**	4,302,612
CURRENT LIABILITIES	**CURRENT LIABILITIES**			**CURRENT LIABILITIES**		

Current maturities of long-term debt	Current maturities of long-term debt	**75,069**	72,840	Current maturities of long-term debt	**116,155**	75,069
Short-term debt	Short-term debt	**423,950**	377,300	Short-term debt	**252,100**	423,950
Natural gas purchases payable	Natural gas purchases payable	**235,049**	168,697	Natural gas purchases payable	**51,277**	235,049
Natural gas purchases payable to related parties	Natural gas purchases payable to related parties	**851**	861	Natural gas purchases payable to related parties	**859**	851
Deferred revenue	Deferred revenue	**35,547**	1,745	Deferred revenue	**61,404**	35,547
Accounts payable and other	Accounts payable and other	**156,580**	223,497	Accounts payable and other	**151,790**	156,580
Dividends payable	Dividends payable	**37,534**	34,768	Dividends payable	**40,981**	37,534
Accrued taxes	Accrued taxes	**5,130**	3,356	Accrued taxes	**10,090**	5,130
Regulatory liabilities	Regulatory liabilities	**31,090**	28,007	Regulatory liabilities	**32,287**	31,090
New Jersey Clean Energy Program	New Jersey Clean Energy Program	**15,697**	16,308	New Jersey Clean Energy Program	**15,804**	15,697
Derivatives, at fair value	Derivatives, at fair value	**49,848**	87,145	Derivatives, at fair value	**16,145**	49,848
Restricted broker margin accounts				Restricted broker margin accounts	**8,029**	—
Operating lease liabilities	Operating lease liabilities	**4,562**	4,300	Operating lease liabilities	**4,772**	4,562
Customers' credit balances and deposits	Customers' credit balances and deposits	**33,246**	32,586	Customers' credit balances and deposits	**44,910**	33,246
Total current liabilities	Total current liabilities	**1,104,153**	1,051,410	Total current liabilities	**806,603**	1,104,153
NONCURRENT LIABILITIES	**NONCURRENT LIABILITIES**			**NONCURRENT LIABILITIES**		
Deferred income taxes	Deferred income taxes	**238,928**	163,530	Deferred income taxes	**285,427**	238,928
Deferred investment tax credits	Deferred investment tax credits	**2,710**	3,010	Deferred investment tax credits	**2,434**	2,710
Deferred revenue	Deferred revenue	**753**	847	Deferred revenue	**659**	753
Derivatives, at fair value	Derivatives, at fair value	**14,191**	13,497	Derivatives, at fair value	**7,967**	14,191
Manufactured gas plant remediation	Manufactured gas plant remediation	**127,060**	135,012	Manufactured gas plant remediation	**169,390**	127,060
Postemployment employee benefit liability		**82,867**	169,267			
Postemployment employee benefit liabilities				Postemployment employee benefit liabilities	**102,528**	82,867
Regulatory liabilities	Regulatory liabilities	**185,634**	193,051	Regulatory liabilities	**180,458**	185,634
Operating lease liabilities	Operating lease liabilities	**138,382**	141,363	Operating lease liabilities	**148,023**	138,382
Asset retirement obligation	Asset retirement obligation	**55,035**	46,306	Asset retirement obligation	**61,993**	55,035
Other noncurrent liabilities	Other noncurrent liabilities	**9,091**	11,959	Other noncurrent liabilities	**13,262**	9,091
Total noncurrent liabilities	Total noncurrent liabilities	**854,651**	877,842	Total noncurrent liabilities	**972,141**	854,651
Commitments and contingent liabilities (Note 15)						

Commitments and contingent liabilities (Note 14)					
Total capitalization and liabilities	Total capitalization and liabilities	$	**6,261,416**	$	5,722,278

Commitments and contingent liabilities (Note 14)				
Total capitalization and liabilities	$	**6,537,496**	$	6,261,416

See Notes to Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF COMMON STOCK EQUITY

(Thousands)	*(Thousands)*	**Number of Shares**	**Common Stock**	**Premium on Common Stock**	**Accumulated Other Comprehensive (Loss) Income**	**Treasury Stock And Other**	**Retained Earnings**	**Total**
Balance at September 30, 2019		89,999	$226,649	$291,331	$ (31,787)	$(10,436)	$ 906,076	$1,381,833
Net income		—	—	—	—	—	163,007	163,007
Other comprehensive loss		—	—	—	(12,528)	—	—	(12,528)
Common stock issued:								
Common stock offering		5,333	13,333	199,567	—	—	—	212,900
Incentive compensation plan		105	261	3,511	—	—	—	3,772
Dividend reinvestment plan (1)		520	—	2,833	—	15,324	—	18,157
Cash dividend declared ($1.27 per share)		—	—	—	—	—	(121,582)	(121,582)
Treasury stock and other		(8)	—	(5,260)	—	3,597	—	(1,663)
Balance at September 30, 2020		95,949	240,243	491,982	(44,315)	8,485	947,501	1,643,896
Balance as of September 30, 2020								
Net income	Net income	—	—	—	—	—	117,890	117,890
Other comprehensive income	Other comprehensive income	—	—	—	9,787	—	—	9,787
Common stock issued:	Common stock issued:							
Common stock offering	Common stock offering	—	—	(2,823)	—	—	—	(2,823)
Incentive compensation plan	Incentive compensation plan	84	210	4,053	—	—	—	4,263
Dividend reinvestment plan (1)	Dividend reinvestment plan (1)	431	191	9,372	—	5,593	—	15,156
Cash dividend declared ($1.36 per share)	Cash dividend declared ($1.36 per share)	—	—	—	—	—	(130,781)	(130,781)
Treasury stock and other	Treasury stock and other	(754)	—	—	—	(26,526)	—	(26,526)
Balance at September 30, 2021		95,710	240,644	502,584	(34,528)	(12,448)	934,610	1,630,862
Balance as of September 30, 2021								
Net income	Net income	**—**	**—**	**—**	**—**	**—**	**274,922**	**274,922**

(Thousands)	**Number of Shares**	**Common Stock**	**Premium on Common Stock**	**Accumulated Other Comprehensive (Loss) Income**	**Treasury Stock And Other**	**Reta Earn**
Balance as of September 30, 2020	95,949	$240,243	$491,982	$ (44,315)	$ 8,485	$ 94
Net income	—	—	—	—	—	11
Other comprehensive income	—	—	—	9,787	—	
Common stock issued:						
Common stock offering	—	—	(2,823)	—	—	
Incentive compensation plan	84	210	4,053	—	—	
Dividend reinvestment plan (1)	431	191	9,372	—	5,593	
Cash dividend declared ($1.36 per share)	—	—	—	—	—	(130
Treasury stock and other	(754)	—	—	—	(26,526)	
Balance as of September 30, 2021	95,710	240,644	502,584	(34,528)	(12,448)	93
Net income	—	—	—	—	—	27

Other comprehensive income	Other comprehensive income	—	—	—	29,702	—	—	29,702
Common stock issued:	Common stock issued:							
Incentive compensation plan	Incentive compensation plan	193	481	8,665	—	—	—	9,146
Dividend reinvestment plan *(1)*	Dividend reinvestment plan *(1)*	355	491	8,450	—	5,800	—	14,741
Cash dividend declared ($1.4775 per share)	Cash dividend declared ($1.4775 per share)	—	—	—	—	—	(142,004)	(142,004)
Treasury stock and other	Treasury stock and other	(8)	—	(2)	—	(157)	—	(159)
Balance at September 30, 2022		**96,250**	**$241,616**	**$519,697**	**$ (4,826)**	**$ (6,805)**	**$1,067,528**	**$1,817,210**
Balance as of September 30, 2022								
Net income								
Other comprehensive loss								
Common stock issued:								
Incentive compensation plan								
Dividend reinvestment plan *(1)*								
Waiver discount								
Cash dividend declared ($1.59 per share)								
Treasury stock and other								
Balance as of September 30, 2023								

Other comprehensive income	—	—	—	29,702	—	
Common stock issued:						
Incentive compensation plan	193	481	8,665	—	—	
Dividend reinvestment plan *(1)*	355	491	8,450	—	5,800	
Cash dividend declared ($1.4775 per share)	—	—	—	—	—	(14
Treasury stock and other	(8)	—	(2)	—	(157)	
Balance as of September 30, 2022	96,250	241,616	519,697	(4,826)	(6,805)	1,06
Net income	—	—	—	—	—	**26**
Other comprehensive loss	—	—	—	**(5,133)**	—	
Common stock issued:						
Incentive compensation plan	**136**	**339**	**4,829**	—	—	
Dividend reinvestment plan *(1)*	**258**	**205**	**6,069**	—	**8,760**	
Waiver discount	**948**	**1,298**	**28,059**	—	**13,450**	
Cash dividend declared ($1.59 per share)	—	—	—	—	—	**(15**
Treasury stock and other	**(8)**	—	—	—	**5,343**	
Balance as of September 30, 2023	**97,584**	**$243,458**	**$558,654**	**$ (9,959)**	**$20,748**	**$1,17**

(1) Certain shares sold through the DRP issued from treasury stock are at average cost, which may differ from the actual market price paid.

See Notes to Consolidated Financial Statements
Page 73 71

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

1. NATURE OF THE BUSINESS

The Company provides regulated natural gas distribution services, transmission and storage services and operates certain unregulated businesses primarily through the following:

NJNG provides natural gas utility service to approximately 569,300 576,000 customers throughout Burlington, Middlesex, Monmouth, Morris, Ocean and Sussex counties in New Jersey and is subject to rate regulation by the BPU. NJNG comprises the Natural Gas Distribution segment.

NJRCEV, the Company's clean energy subsidiary, comprises the Clean Energy Ventures CEV segment and invests in, owns and operates clean energy projects, including commercial and residential solar installations located in New Jersey, Connecticut, Rhode Island, New York, Connecticut, Michigan and New York. Indiana.

NJRES comprises the Energy Services ES segment. Energy Services ES maintains and transacts around a portfolio of natural gas transportation and storage capacity contracts and provides physical wholesale energy, retail energy and energy management services in the U.S. and Canada.

NJR Midstream Holdings Corporation, which comprises the Storage and Transportation segment, invests in energy-related ventures through its subsidiaries. The Company operates natural gas storage and transmission assets through the wholly-owned subsidiaries of Leaf River and Adelphia Gateway and is subject to rate regulation by FERC. The Company holds a 50 percent 50% combined ownership interest in Steckman Ridge, located in Pennsylvania, and a 20 percent ownership interest in PennEast, which are is accounted for under the equity method of accounting. accounting, and 20% ownership interest in PennEast, which ceased operations in fiscal 2022.

NJR Retail Holdings Corporation has one principal subsidiary: NJRHS, which provides heating, central air conditioning, standby generators, solar and other indoor and outdoor comfort products to residential homes throughout New Jersey. NJRHS is included in Home Services and Other HSO operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions have been eliminated.

Other financial investments or contractual interests that lack the characteristics of a voting interest entity, which are commonly referred to as variable interest entities, are evaluated by the Company to determine if the entity has the power to direct business activities and, therefore, would be considered a controlling interest that the Company would have to consolidate. Based on those evaluations, NJR has determined that it does not have any investments in variable interest entities as of September 30, 2022 September 30, 2023, 2021 2022 and 2020. 2021.

Investments in entities over which the Company does not have a controlling financial interest are accounted for either under the equity method or cost method of accounting. method.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosure of contingencies during the reporting period. On a quarterly basis, or more frequently whenever events or changes in circumstances indicate a need, the Company evaluates its estimates, including those related to the calculation of the fair value of derivative instruments, debt, equity method investments, lease liabilities, unbilled revenues, allowance for doubtful accounts, provisions for depreciation and amortization, long-lived assets, regulatory assets and liabilities, income taxes, pensions and other postemployment benefits, contingencies related to environmental matters and litigation. ARO are evaluated periodically as required. The Company's estimates are based on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources.

The Company has legal, regulatory and environmental proceedings during the normal course of business that can result in loss contingencies. When evaluating the potential for a loss, the Company will establish a reserve if a loss is probable and can be reasonably estimated, in which case it is the Company's policy to accrue the full amount of such estimates. Where the information is sufficient only to establish a range of probable liability, and no point within the range is more likely than any other, it is the Company's policy to accrue the lower end of the range. In the normal course of business, estimated amounts are subsequently adjusted to actual results that may differ from estimates.

In March 2020, COVID-19 was declared a pandemic by the World Health Organization and the Centers for Disease Control and Prevention and has spread globally, including throughout the U.S. The Company's Consolidated Financial Statements reflect estimates and assumptions made by management that affect the reported amounts of assets and liabilities at the balance sheet date and reported amounts of revenue and expenses during the reporting periods presented. The Company considered the impacts of COVID-19 on the assumptions and estimates used and determined that there have been no material adverse impacts on the Company's results of operations as of September 30, 2022.

The Company continues to closely monitor developments related to the COVID-19 pandemic and has, when appropriate, taken steps to ensure business continuity in the safe operation of its business. These steps include working from home for office-based employees utilizing a hybrid schedule, limiting direct contact with customers and suspending late payment fees for utility customers. While the Company and many businesses generally have returned to normal operating practices, this remains an evolving situation. The timing for recovery of businesses and local economies, resurgences or mutations of the virus, and any potential future shutdowns remains unknown. Throughout the COVID-19 pandemic, the Company has continued to provide essential services to our customers. Both the Company and NJNG continue to have sufficient liquidity to meet their current obligations and business operations remain fundamentally unchanged at this time. The Company will continue to monitor developments affecting its employees, customers, and operations and take additional steps to address the COVID-19 pandemic and its impacts, as necessary. The Company considered the impacts of COVID-19 on the assumptions and estimates used and determined that there have been no material adverse impacts on the Company's results of operations as of September 30, 2022.

Acquisitions

The Company follows the guidance in ASC 805, *Business Combinations,* for determining the appropriate accounting treatment for acquisitions. ASU No. 2017-01, *Clarifying the Definition of a Business*, provides an initial fair value screen to determine if substantially all of the fair value of the assets acquired is concentrated in a single asset or group of similar assets. If the initial screening test is not met, the set is considered a business based on whether there are inputs and substantive processes in place. Based on the results of this analysis and conclusion on an acquisition's classification of a business combination or an asset acquisition, the accounting treatment is derived.

If the acquisition is deemed to be a business, the acquisition method of accounting is applied. Identifiable assets acquired and liabilities assumed at the acquisition date are recorded at fair value. If the transaction is deemed to be an asset purchase, the cost accumulation and allocation model is used, whereby the assets and liabilities are recorded based on the purchase price and allocated to the individual assets and liabilities based on relative fair values.

The determination and allocation of fair values to the identifiable assets acquired and liabilities assumed are based on various assumptions and valuation methodologies requiring considerable management judgment. The most significant variables in these valuations are discount rates and the number of years on which to base the cash flow projections, as well as other assumptions and estimates used to determine the cash inflows and outflows. Management determines discount rates based on the risk inherent in the acquired assets, specific risks, industry data and capital structure of guideline companies. The valuation of an acquired business is based on available information at the acquisition date and assumptions that are believed to be reasonable. However, a change in facts and circumstances as of the acquisition date can result in subsequent adjustments during the measurement period, but no later than one year from the acquisition date.

Revenues

Revenues from the sale of natural gas to NJNG customers are recognized in the period that natural gas is delivered and consumed by customers, including an estimate for unbilled revenue. NJNG records unbilled revenue for natural gas services. Natural gas sales to individual customers are based on meter readings, which are performed on a systematic basis throughout the month. At the end of each month, the amount of natural gas delivered to each customer after the last meter reading through the end of the respective accounting period is estimated, and recognizes unbilled revenues related to these amounts. The unbilled revenue estimates are based on estimated customer usage by customer type, weather effects, unaccounted-for natural gas and the most current tariff rates.

Clean Energy Ventures CEV recognizes revenue when SRECs are transferred to counterparties. SRECs are physically delivered through the transfer of certificates as per contractual settlement schedules. The Clean Energy Act of 2018 established guidelines for the closure of the SREC registration program to new applicants in New Jersey. The SREC program officially closed to new qualified solar projects on April 30, 2020.

In December 2019, the BPU established the TREC as the successor to the SREC program. TRECs provide a fixed compensation base multiplied by an assigned project factor in order to determine their value. The project factor is determined by the type and location of the project, as defined. All

In July 2021, the BPU established a new successor solar incentive program. The Administratively Determined Incentive Program provides administratively set incentives for net metered residential projects and net metered non-residential projects of 5 MW or less. RECs generated through the production of electricity under this program are known as SREC IIs.

TRECs and SREC IIs generated are required to be purchased monthly by a TREC REC program administrator as appointed by the BPU. TREC revenue Revenue is recognized when TRECs RECs are generated and are transferred monthly based upon metered solar electricity activity.

Revenues for Energy Services ES are recognized when the natural gas is physically delivered to the customer. In addition, changes in the fair value of derivatives that economically hedge the forecasted sales of the natural gas are recognized in operating revenues as they occur. Energy Services ES also recognizes changes in the fair value of SREC derivative contracts as a component of operating revenues.

During December 2020, Energy Services ES entered into a series of AMAs with an investment grade public utility to release pipeline capacity associated with certain natural gas transportation contracts, which commenced on November 1, 2021. in November 2021. The AMAs include a series of temporary and permanent releases, and revenue under these agreements is recognized as the performance obligations are satisfied. For temporary releases of pipeline capacity, revenue is recognized on a straight-line basis over the agreed-upon term. For permanent releases of pipeline capacity, which represent a transfer of contractual rights for such capacity, revenue is recognized upon the transfer of the underlying contractual rights. Energy Services ES recognized $53.0 million $48.5M and $53.0M of operating revenue on the Consolidated Statements of Operations during fiscal 2022. 2023 and 2022, respectively. Amounts received in excess of revenue recognized totaling $33.8 million $58.7M and $33.8M are included in deferred revenue on the Consolidated Balance Sheets as of September 30, 2022. September 30, 2023 and 2022, respectively.

Storage and Transportation S&T generates revenues from firm storage contracts and transportation contracts, related usage fees and hub services for the use of storage space, injections and withdrawals from their natural gas storage facility and the delivery of natural gas to customers. Demand fees are recognized as revenue over the term of the related agreement while usage fees and hub services revenues are recognized as services are performed.

Revenues from all other activities are recorded in the period during which products or services are delivered and accepted by customers, or over the related contractual term. See *Note 3. Revenue* for further information.

Natural Gas Purchases

NJNG's tariff includes a component for BGSS, which is designed to allow it to recover the cost of natural gas through rates charged to its customers and is typically revised on an annual basis. As part of computing its BGSS rate, NJNG projects its cost of natural gas, net of supplier refunds, the impact of hedging activities and cost savings created by BGSS incentive programs. NJNG subsequently recovers or credits the difference, if any, of actual costs compared with those included in current rates. Any underrecoveries or overrecoveries are either credited to customers or deferred and, subject to BPU approval, reflected in the BGSS rates in subsequent years.

Natural gas purchases at Energy Services ES are composed of natural gas costs to be paid upon completion of a variety of transactions, as well as realized gains and losses from settled derivative instruments and unrealized gains and losses on the change in fair value of derivative instruments that have not yet settled. Changes in the fair value of derivatives that economically hedge the forecasted purchases of natural gas are recognized in natural gas purchases as they occur.

Demand Fees

For the purpose of securing storage and pipeline capacity in support of their respective businesses, Energy Services ES and Natural Gas Distribution NJNG enter into storage and pipeline capacity contracts, which require the payment of associated demand fees and charges that allow them access to a high priority of service in order to maintain the ability to access storage or pipeline capacity during a fixed time period, which generally ranges from one to 10 years. Many of these demand fees and charges are based on established tariff rates as established and regulated by FERC. These charges represent commitments to pay storage providers and pipeline companies for the priority right to transport and/or store natural gas utilizing their respective assets.

The following table summarizes the demand charges, which are net of capacity releases, and are included as a component of natural gas purchases on the Consolidated Statements of Operations for the fiscal years ended September 30:

(Millions)	*(Millions)*		**2022**		2021		2020	*(Millions)*		**2023**		2022		2021
Energy Services		**$**	**95.4**	$	120.5	$	121.8							
Natural Gas Distribution			**170.3**		123.2		131.9							
ES								ES	**$**	**74.6**	$	95.4	$	120.5
NJNG								NJNG		**183.4**		170.3		123.2
Total	Total	**$**	**265.7**	$	243.7	$	253.7	Total	**$**	**258.0**	$	265.7	$	243.7

Energy Services ES expenses demand charges over the term of the service being provided.

Natural Gas Distribution's NJNG's costs associated with demand charges are included in its weighted average cost of natural gas. The demand charges are expensed based on NJNG's BGSS sales and recovered as part of the natural gas commodity component of its BGSS tariff.

Operations and Maintenance Expenses

Operations and maintenance expenses include operations and maintenance salaries and benefits, materials and supplies, usage of vehicles, tools and equipment, payments to contractors, utility plant maintenance, amortization of software costs for unregulated entities, customer service, professional fees and other outside services, insurance expense, accretion of cost of removal for future retirements of utility assets and other administrative expenses and are expensed as incurred.

Stock-Based Compensation

Stock-based compensation represents costs related to stock-based awards granted to employees and members of NJR's Board of Directors. NJR recognizes stock-based compensation based upon the estimated fair value of awards. The recognition period for these costs begins at either the applicable service inception date or grant date and continues throughout the requisite service period. The related compensation cost is recognized as O&M expense on the Consolidated Statements of Operations. See *Note 10. Stock-Based Compensation* for further information.

Income Taxes

The Company computes income taxes using the asset and liability method, whereby deferred income taxes are generally determined based on the difference between the financial statement and tax basis of assets and liabilities using enacted tax rates in effect in the years in which the differences are expected to reverse. See *Note 13. 12. Income Taxes. Taxes.* In addition, the Company evaluates its tax positions to determine the appropriate accounting and recognition of future obligations associated with unrecognized tax benefits.

NJR evaluates its tax positions to determine the appropriate accounting and recognition of potential future obligations associated with unrecognized tax benefits. A tax benefit claimed, or expected to be claimed, on a tax return may be recognized if it is more likely than not that the position will be upheld upon examination by the applicable taxing authority. Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense and accrued interest, and penalties are recognized within other noncurrent liabilities on the Consolidated Balance Sheets.

To the extent that NJNG invests in property that qualifies for ITCs, the ITC is deferred and amortized to income over the life of the equipment in accordance with regulatory treatment. ITCs at the unregulated subsidiaries of NJR are recorded on the balance sheet as a reduction to property, plant and equipment when the property is placed in service, and recognized in earnings as a reduction of depreciation expense over the useful lives of the related assets.

Projects placed in service through December 31, 2019, qualified for a 30 percent federal ITC. The ITC declined to 26 percent for property under construction before December 31, 2020. The Consolidated Appropriations Act of 2021 extended the 26 percent ITC for property under construction during 2021 and 2022. On August 16, 2022, the President of the U.S. signed the Inflation Reduction Act, which raised the ITC from 26 percent to 30 percent for property under construction through the end of 2032, dropping to 26 percent for property under construction before the end of 2033 and to 22 percent for property under construction before the end of 2034. The ITC expires starting in 2035 unless it is renewed.

Investments in Equity Investees

The Company accounts for its investments investment in Steckman Ridge and PennEast using the equity method of accounting where it is not the primary beneficiary, as defined under ASC 810, *Consolidation*; its respective ownership interests are 50 percent 50% or less and/or it has significant influence over operating and management decisions. The Company's share of earnings is recognized as equity in earnings of affiliates on the Consolidated Statements of Operations.

Equity method investments are reviewed for impairment when changes in facts and circumstances indicate that the current fair value may be less than the asset's carrying amount. If the Company determines the decline in the value of its equity method investment is other than temporary, an impairment charge is recorded in an amount equal to the excess of the carrying value of the asset over its fair value. See *Note 7. Investments in Equity Investees* for more information regarding impairments.

Property Plant and Equipment

Property, plant and equipment is stated at original cost. Costs include direct labor, materials and third-party construction contractor costs, capitalized interest and certain indirect costs related to equipment and employees engaged in construction. Utility plant and nonutility plant for Adelphia Gateway also includes AFUDC. Upon retirement, the cost of depreciable property, plus removal costs less salvage, is charged to accumulated depreciation with no gain or loss recorded.

Depreciation is computed on a straight-line basis over the useful life of the assets for the Company's nonutility entities, and is computed using rates based on the estimated average lives of the various classes of depreciable property for NJNG. The composite rate of depreciation used for NJNG was 2.66 percent 2.68% of average depreciable property in fiscal 2022, 2.42 percent 2023, 2.66% in fiscal 2021 2022 and 2.65 percent 2.42% in fiscal 2020. 2021. The Company recorded $129.2 million, $111.4 million $152.9M, $129.2M and $107.4 million $111.4M in depreciation expense during fiscal 2023, 2022 2021 and 2020, 2021, respectively.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Property, plant and equipment was comprised of the following as of September 30:

(Thousands) Property Classifications	*(Thousands)* Property Classifications	Estimated Useful Lives	2022	2021	*(Thousands)* Property Classifications	Estimated Useful Lives	2023	2022
Distribution facilities	Distribution facilities	10 to 54 years	$ **2,797,936**	$ 2,558,651	Distribution facilities	11 to 54 years	$ **3,063,111**	$ 2,797,936
Transmission facilities	Transmission facilities	28 to 42 years	**649,241**	643,942	Transmission facilities	28 to 42 years	**650,817**	649,241
Storage facilities	Storage facilities	35 to 86 years	**85,449**	79,892	Storage facilities	27 to 86 years	**85,603**	85,449
Solar property	Solar property	20 to 35 years	**710,224**	675,376	Solar property	20 to 35 years	**864,838**	710,224
Storage and transportation property	Storage and transportation property	5 to 50 years	**850,186**	433,678	Storage and transportation property	5 to 50 years	**884,647**	850,186
All other property	All other property	5 to 40 years	**60,914**	57,968	All other property	5 to 40 years	**61,327**	60,914
Construction work in progress	Construction work in progress		**361,766**	547,542	Construction work in progress		**380,196**	361,766
Total property, plant and equipment	Total property, plant and equipment		**5,515,716**	4,997,049	Total property, plant and equipment		**5,990,539**	5,515,716
Accumulated depreciation and amortization	Accumulated depreciation and amortization		**(865,790)**	(783,536)	Accumulated depreciation and amortization		**(968,484)**	(865,790)
Property, plant and equipment, net	Property, plant and equipment, net		$ **4,649,926**	$ 4,213,513	Property, plant and equipment, net		$ **5,022,055**	$ 4,649,926

Within storage and transportation property, base gas is required to maintain the necessary pressure and to allow for efficient operation of the Leaf River storage facility. The base gas is determined to be recoverable and is considered part of the facility and thus presented as a component in property, plant and equipment. This natural gas is not depreciated, as it is expected to be recovered and sold. As of September 30, 2022 September 30, 2023 and 2021, 2022, the base gas had a cost basis of $15.1 million $20.9M and $7.9 million, $15.1M, respectively.

Capitalized and Deferred Interest

NJNG's base rates include the ability to recover AFUDC on its construction work in progress. For all NJNG construction projects, an incremental cost of equity is recoverable during periods when NJNG's short-term debt balances are lower than its construction work in progress. For more information on AFUDC treatment with respect to certain accelerated infrastructure projects, see *Note 4. Regulation - Infrastructure Programs.*

Capitalized amounts associated with the debt and equity components of NJNG's AFUDC are recorded in utility plant on the Consolidated Balance Sheets. Corresponding amounts for the debt component are recognized in interest expense and in other income for the equity component on the Consolidated Statements of Operations.

Adelphia Gateway's Adelphia's base rates include the ability to recover AFUDC on its construction work in progress. Beginning in the fourth quarter of fiscal 2020, capitalized Capitalized amounts associated with Adelphia Gateway's Adelphia's AFUDC are recorded in nonutility plant on the Consolidated Balance Sheets. Corresponding amounts for the debt component are recognized in interest expense and in other income for the equity component on the Consolidated Statements of Operations.

Capitalized and deferred interest include the following for the fiscal years ended September 30:

($ in thousands)	*($ in thousands)*	**2022**		2021		2020		*($ in thousands)*	**2023**		2022		2021	
AFUDC:	AFUDC:	NJNG	Adelphia Gateway	NJNG	Adelphia Gateway	NJNG	Adelphia Gateway	AFUDC:	NJNG	Adelphia	NJNG	Adelphia	NJNG	Adelphia

Debt	Debt	**$ 1,648**	**$ 4,019**	$ 5,648	$ 2,101	$ 5,134	$ 1,394	Debt	**$ 3,546**	**$ 90**	$ 1,648	$ 4,019	$ 5,648	$ 2,101
Equity	Equity	**4,169**	**7,074**	16,605	3,698	14,599	2,454	Equity	**6,979**	**158**	4,169	7,074	16,605	3,698
Total	Total	**$ 5,817**	**$ 11,093**	$ 22,253	$ 5,799	$ 19,733	$ 3,848	Total	**$ 10,525**	**$ 248**	$ 5,817	$ 11,093	$ 22,253	$ 5,799
Weighted average interest rate	Weighted average interest rate	**4.91 %**	**8.28 %**	5.97 %	8.28 %	6.79 %	8.28 %	Weighted average interest rate	**6.41 %**	**8.28 %**	4.91 %	8.28 %	5.97 %	8.28 %

Pursuant to a BPU order, NJNG is permitted to recover carrying costs on uncollected balances related to SBC program costs, which include NJCEP, RAC and USF expenditures. The SBC interest rate changes each September based on the August 31 seven-year constant maturity treasury rate plus 60 basis points. The rate was 3.85 percent, 1.68 percent 4.79%, 3.85% and 1.97 percent 1.68% for the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively. Accordingly, other income included $857,000, $346,000 $1.8M, $0.9M and $511,000 $0.3M in the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively.

Clean Energy Ventures CEV capitalizes interest on the allocation of the costs of debt borrowed for the financing of solar investments. Capitalized amounts are included in nonutility plant and equipment on the Consolidated Balance Sheets. Corresponding amounts are recognized in interest expense on the Consolidated Statements of Operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and temporary investments with maturities of three months or less, and excludes restricted cash related to escrow balances for utility plant projects at NJNG, which are recorded in other noncurrent assets on the Consolidated Balance Sheets.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported in the Consolidated Balance Sheets to the total amounts in the Consolidated Statements of Cash Flows, as of September 30:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Balance Sheet	**Balance Sheet**				**Balance Sheet**			
Cash and cash equivalents	Cash and cash equivalents	**$ 1,107**	$ 4,749	$ 117,012	Cash and cash equivalents	**$ 954**	$ 1,107	$ 4,749
Restricted cash in other noncurrent assets	Restricted cash in other noncurrent assets	**$ 345**	$ 1,294	$ 2,411	Restricted cash in other noncurrent assets	**$ 563**	$ 345	$ 1,294
Statements of Cash Flow	**Statements of Cash Flow**				**Statements of Cash Flow**			
Cash, cash equivalents and restricted cash	Cash, cash equivalents and restricted cash	**$ 1,452**	$ 6,043	$ 119,423	Cash, cash equivalents and restricted cash	**$ 1,517**	$ 1,452	$ 6,043

Allowance for Doubtful Accounts

The Company segregates financial assets, primarily trade receivables and unbilled revenues due in one year or less, into portfolio segments based on shared risk characteristics, such as geographical location and regulatory environment, for evaluation of expected credit losses. Historical and current information, such as average write-offs, are applied to each portfolio segment to estimate the allowance for losses on uncollectible receivables. Additionally, the allowance for losses on uncollectible receivables is adjusted for reasonable and supportable forecasts of future economic conditions, which can include changing weather, commodity prices, regulations and macroeconomic factors, such as unemployment rates among others, including the estimated impact of the ongoing pandemic on the outstanding balances.

During fiscal 2022, the Company deferred a portion of costs incurred related to bad debt for NJNG associated with customer accounts receivable as a regulatory asset resulting from the impacts of the ongoing COVID-19 pandemic. See *Note 4. Regulation* for additional information.others.

Loans Receivable

NJNG currently provides loans, with terms ranging from 2two to 10 years, to customers that elect to purchase and install certain energy-efficient equipment in accordance with its BPU-approved SAVEGREEN program. The loans are recognized at fair value on the Consolidated Balance Sheets. The Company has $14.5 million $15.1M and $14.2 million $14.5M recorded in other current assets and $34.7 million $39.0M and $32.3 million $34.7M in other noncurrent assets as of September 30, 2022 September 30, 2023 and 2021, 2022, respectively, on the Consolidated Balance Sheets, related to the loans. The Company regularly evaluates the credit quality and collection profile of its customers. If NJNG determines a loan is impaired, the basis of the loan would be subject to regulatory review for recovery. As of September 30, 2022 September 30, 2023 and 2021, 2022, the Company has not recorded any impairments for SAVEGREEN loans.

Regulatory Assets & Liabilities

Under cost-based regulation, regulated utility enterprises generally are permitted to recover their operating expenses and earn a reasonable rate of return on their utility investment.

Natural Gas Distribution maintains its accounts in accordance with the FERC Uniform System of Accounts as prescribed by the BPU and in accordance with ASC 980, *Regulated Operations*. As a result of the impact of the ratemaking process and regulatory actions of the BPU, NJNG is required subject to recognize accounting requirements resulting from the economic effects of rate regulation. regulation by the BPU. Accordingly, NJNG 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 the Consolidated Balance Sheets. See *Note 4. Regulation* for a more detailed description of NJNG's regulatory assets and liabilities.

Adelphia Gateway 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 the Consolidated Balance Sheets. See *Note 4. Regulation* for a more detailed description of Adelphia Gateway's Adelphia's regulatory assets and liabilities.

Natural Gas in Storage

Natural gas in storage is reflected at average cost on the Consolidated Balance Sheets and represents natural gas and LNG that will be utilized in the ordinary course of business. The following table summarizes natural gas in storage, at average cost by company, as of September 30:

			2022			2021				**2023**			2022	
($ in thousands)	*($ in thousands)*		**Natural Gas in Storage**	**Bcf**		Natural Gas in Storage	Bcf	*($ in thousands)*		**Natural Gas in Storage**	**Bcf**		Natural Gas in Storage	Bcf
Natural Gas Distribution		**$**	**191,175**	**29.0**	$	115,824	27.6							
Energy Services			**82,469**	**10.8**		77,782	18.8							
NJNG								NJNG	**$**	**175,025**	**29.1**	$	191,175	29.0
ES								ES		**24,476**	**14.6**		82,469	10.8
Total	Total	**$**	**273,644**	**39.8**	$	193,606	46.4	Total	**$**	**199,501**	**43.7**	$	273,644	39.8

Derivative Instruments

The Company accounts for its financial instruments, such as futures, options, foreign exchange contracts and interest rate contracts, as well as its physical commodity contracts related to the purchase and sale of natural gas at Energy Services, ES, as derivatives, and therefore recognizes them at fair value on the Consolidated Balance Sheets. The Company's unregulated subsidiaries record changes in the fair value of their financial commodity derivatives in natural gas purchases and changes in the fair value of their physical forward contracts in natural gas purchases or operating revenues, as appropriate, on the Consolidated Statements of Operations. Ineffective portions of the cash flow hedges are recognized immediately in earnings. Cash flows from derivative financial instruments are included in cash flows from operating activities on the Consolidated Statements of Cash Flows.

ASC 815, *Derivatives and Hedging* also provides for a NPNS scope exception for qualifying physical commodity contracts for which physical delivery is probable and the quantities delivered are expected to be used or sold over a reasonable period of time in the normal course of business. Effective January 1, 2016, the Company prospectively applies this normal scope exception on a case-by-case basis to physical commodity contracts at NJNG and PPAs at Clean Energy Ventures. CEV. When applied, it does not account for these contracts until the contract settles and the related underlying natural gas or power is delivered. Gains and/or losses on NJNG's derivatives used to economically hedge its regulated natural gas supply obligations, as well as its exposure to interest rate variability, are recoverable through its BGSS, a component of its tariff. Accordingly, the offset to the change in fair value of these derivatives is recorded as a regulatory asset or liability on the Consolidated Balance Sheets. See *Note 5. Derivative Instruments* for additional details regarding natural gas trading and hedging activities.

Fair values of exchange-traded instruments, including futures and swaps, are based on unadjusted, quoted prices in active markets. The Company's non-exchange-traded financial instruments, foreign currency derivatives, over-the-counter physical commodity contracts at Energy Services ES and interest rate contracts are valued using observable, quoted prices for similar or identical assets when available. In establishing the fair value of contracts for which a quoted basis price is not available at the measurement date, management utilizes available market data and pricing models to estimate fair values. Fair values are subject to change in the near term and reflect management's best estimate based on a variety of factors. Estimating fair values of instruments that do not have quoted market prices requires management's judgment in determining amounts that could reasonably be expected to be received from, or paid to, a third party in settlement of the instruments. These amounts could be materially different from amounts that might be realized in an actual sale transaction.

During fiscal 2020, the Company entered into treasury lock transactions to fix the benchmark treasury rate associated with debt issuances for NJNG and NJR that occurred during the fiscal year. Settlement of the NJNG treasury locks resulted in a loss, which was recorded as a component of regulatory assets on the Consolidated Balance Sheets and will be amortized in earnings over the term of the debt as a component of interest expense on the Consolidated Statements of Operations. NJR designated its treasury lock contracts as cash flow hedges; therefore, changes in fair value of the effective portion of the hedges were recorded in OCI. Settlement of the treasury locks resulted in a loss, which was recorded within OCI and is amortized into earnings over the term of the associated debt as a component of interest expense on the Consolidated Statements of Operations. As of September 30, 2022 both September 30, 2023 and 2021, 2022, amounts recognized in interest expense related to the amortization of the loss on treasury lock transactions totaled $219,000 and $223,000, respectively, $0.2M for NJNG and $1.1 million and $1.0 million, respectively, $1.1M for NJR.

Software Costs

The Company capitalizes certain costs, such as software design and configuration, coding, testing and installation, that are incurred to purchase or create and implement computer software for internal use. Capitalized costs include external costs of materials and services utilized in developing or obtaining internal-use software and payroll and payroll-related costs for employees who are directly associated with and devote time to the internal-use software project. Maintenance costs are expensed as incurred. Upgrades and enhancements are capitalized if it is probable that such expenditures will result in additional functionality. Amortization is recorded on the straight-line basis over the estimated useful lives.

The following table presents the software costs included in the Consolidated Financial Statements, as of September 30:

(Thousands)	*(Thousands)*		**2022**		2021	*(Thousands)*		**2023**		2022
Balance Sheets	**Balance Sheets**					**Balance Sheets**				
Utility plant, at cost	Utility plant, at cost	**$**	**40,437**	$	16,543	Utility plant, at cost	**$**	**51,282**	$	40,437
Construction work in progress	Construction work in progress	**$**	**14,381**	$	7,801	Construction work in progress	**$**	**55,012**	$	14,381
Nonutility plant and equipment, at cost	Nonutility plant and equipment, at cost	**$**	**344**	$	338	Nonutility plant and equipment, at cost	**$**	**344**	$	344
Construction work in progress		**$**	**—**	$	8					
Accumulated depreciation and amortization, utility plant	Accumulated depreciation and amortization, utility plant	**$**	**(3,361)**	$	(1,333)	Accumulated depreciation and amortization, utility plant	**$**	**(7,480)**	$	(3,361)

Accumulated depreciation and amortization, nonutility plant and equipment	Accumulated depreciation and amortization, nonutility plant and equipment	**$**	**(25)**	$	(29)	Accumulated depreciation and amortization, nonutility plant and equipment	**$**	**(36)**	$	(25)
Software costs	Software costs	**$**	**6,120**	$	5,582	Software costs	**$**	**8,375**	$	6,120
Statements of Operations	**Statements of Operations**					**Statements of Operations**				
Operation and maintenance *(1)*	Operation and maintenance *(1)*	**$**	**11,141**	$	9,141	Operation and maintenance *(1)*	**$**	**14,299**	$	11,141
Depreciation and amortization	Depreciation and amortization	**$**	**2,024**	$	1,078	Depreciation and amortization	**$**	**4,130**	$	2,024

(1) During both fiscal 2023 and 2022, and 2021, $452,000 and 447,000, respectively, $0.5M was amortized from software costs into O&M.

Intangible Assets

Finite-lived intangible assets are stated at cost less accumulated amortization. The Company amortizes intangible assets based upon the pattern in which the economic benefits are consumed over the life of the asset unless a pattern cannot be reliably determined, in which case the Company uses a straight-line amortization method. As of September 30, 2022 September 30, 2023, intangible assets consist primarily of acquired wholesale natural gas energy contracts totaling $2.3 million. The wholesale natural gas contracts are being $0.1M, which will be fully amortized based upon expected cash flows over the respective terms of the agreements. during fiscal 2024.

The estimated future amortization expense as of September 30, is as follows:

(Thousands)		
2023	$	2,271
2024	$	77
2025	$	—
2026	$	—
2027	$	—

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Long-lived Assets

The Company reviews the recoverability of long-lived assets and finite-lived intangible assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable, such as significant adverse changes in regulation, business climate or market conditions, including prolonged periods of adverse commodity and capacity prices. If there are changes indicating that the carrying value of such assets may not be recoverable, an undiscounted cash flows test is performed. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized by reducing the recorded value of the asset to its fair value. Factors that the Company analyzes in determining whether an impairment in its long-lived assets exists include: a significant decrease in the market price of a long-lived asset; a significant adverse change in the extent in which a long-lived asset is being used in its physical condition; legal proceedings or other contributing factors; significant business climate changes; accumulations of costs in significant excess of the amounts expected; a current-period operating or cash flow loss combined with a history of such events; and current expectations that more likely than not, a long-lived asset will be sold or otherwise disposed of significantly before the end of its estimated useful life. During fiscal 2022 2023 and 2021, 2022, there were no events or circumstances that indicated that the carrying value of long-lived assets or finite-lived intangibles was not recoverable.

Debt Issuance Costs

Debt issuance costs are capitalized and amortized as interest expense on a basis which approximates the effective interest method over the term of the related debt. Debt issuance costs are presented as a direct deduction from the carrying amount of the related debt. See *Note 9. Debt* for the total unamortized debt issuance costs that are recorded as a reduction to long-term debt on the Consolidated Balance Sheets.

Sale Leasebacks

NJNG utilizes sale leaseback arrangements as a financing mechanism to fund certain of its capital expenditures related to natural gas meters, whereby the physical asset is sold concurrent with an agreement to lease the asset back. These agreements include options to renew the lease or repurchase the asset at the end of the term. Proceeds from sale leaseback transactions are accounted for as financing arrangements and are included in long-term debt on the Consolidated Balance Sheets. During fiscal 2022 and 2020, NJNG received $17.3 million and $4.0 million, respectively, in connection with the sale leaseback of its natural gas meters with terms ranging from seven to 11 years. There were no natural gas meter sale leasebacks recorded during fiscal 2021.

In addition, for certain of its commercial solar energy projects, the Company enters into lease agreements that provide for the sale of commercial solar energy assets to third parties and the concurrent leaseback of the assets. For sale leaseback transactions where the Company has concluded that the arrangement does not qualify as a sale as the Company retains control of the underlying assets, the Company uses the financing method to account for the transaction. Under the financing method, the Company recognizes the proceeds received from the buyer-lessor that constitute a payment to acquire the solar energy asset as a financing arrangement, which is recorded as a component of debt on the Consolidated Balance Sheets.

During fiscal 2022, 2021, and 2020, Clean Energy Ventures received proceeds of $24.1 million, $17.7 million and $42.9 million, respectively, in connection with sale leasebacks of commercial solar assets. The proceeds received were recognized as a financing obligation on the Consolidated Balance Sheets. Clean Energy Ventures simultaneously entered into agreements to lease the assets back over a term of five to 15 years. The Company continues to operate the solar assets and is responsible for related expenses and entitled to retain the revenue generated from RECs SRECs, TRECs, SREC IIs and energy sales. The ITCs and other tax benefits associated with these solar projects transfer to the buyer; however, the payments are structured so that Clean Energy Ventures CEV is compensated for the transfer of the related tax attributes. Accordingly, Clean Energy Ventures CEV recognizes the equivalent value of the tax attributes in other income on the Consolidated Statements of Operations over the respective five-year ITC recapture periods, starting with the second year of the lease.

See *Note 9. Debt* for more details regarding sale leaseback transactions recorded as financing arrangements.

Environmental Contingencies

Loss contingencies are recorded as liabilities when it is probable a liability has been incurred and the amount of the loss is reasonably estimable in accordance with accounting standards for contingencies. Estimating probable losses requires an analysis of uncertainties that often depend upon judgments about potential actions by third parties. Accruals for loss contingencies are recorded based on an analysis of potential results.

With respect to environmental liabilities and related costs, NJNG periodically, and at least annually, performs an environmental review of MGP sites, including a review of potential liability for investigation and remedial action. NJNG's estimate of these liabilities is based upon known facts, existing technology and enacted laws and regulations in place when the review was completed. Where it is probable that costs will be incurred, and the information is sufficient to establish a range of possible liability, NJNG accrues the most likely amount in the range. If no point within the range is more likely than the other, it is NJNG's policy to accrue the lower end of the range. The actual costs to be incurred by NJNG are dependent upon several factors, including final determination of remedial action, changing technologies and governmental regulations, the ultimate ability of other responsible parties to pay and any insurance recoveries. NJNG will continue to seek recovery of MGP-related costs through the RAC. If any future regulatory position indicates that the recovery of such costs is not probable, the related non-recoverable costs would be charged to income in the period of such determination. See *Note 15. 14. Commitments and Contingent Liabilities* for more details.

Pension and Postemployment Plans

The Company has two noncontributory defined pension plans covering eligible employees, including officers. Benefits are based on each employee's years of service and compensation. The Company's funding policy is to contribute annually to these plans at least the minimum amount required under the Employee Retirement Income Security Act, as amended, and not more than can be deducted for federal income tax purposes. Plan assets consist of equity securities, fixed-income securities and short-term investments. The Company did not make any discretionary contributions to the pension plans during fiscal 2022 2023 and 2021. 2022.

The Company also provides two primarily noncontributory medical and life insurance plans for eligible retirees and dependents. Medical benefits, which make up the largest component of the plans, are based upon an age and years-of-service vesting schedule and other plan provisions. Funding of these benefits is made primarily into Voluntary Employee Beneficiary Association trust funds. The Company contributed $6.1 million $4.2M and $7.2 million $6.1M in aggregate to these plans during fiscal 2022 2023 and 2021, 2022, respectively, which is recorded in postemployment employee benefit liability on the Consolidated Balance Sheets. See *Note 11. Employee Benefit Plans* for a more detailed description of the Company's pension and postemployment plans.

Asset Retirement Obligations

The Company recognizes ARO related to the costs associated with cutting and capping NJNG's main and service natural gas distribution mains, which is required by New Jersey law when taking such natural gas distribution mains out of service. The Company also recognizes ARO associated with Clean Energy Ventures' CEV's solar assets when there are decommissioning provisions in lease agreements that require removal of the asset at the end of the lease term.

ARO are initially recognized when the legal obligation to retire an asset has been incurred and a reasonable estimate of fair value can be made. The discounted fair value is recognized as an ARO liability with a corresponding amount capitalized as part of the carrying cost of the underlying asset. The obligation is subsequently accreted to the future value of the expected retirement cost, and the corresponding asset retirement cost is depreciated over the life of the related asset. Accretion expense associated with Clean Energy Ventures' CEV's ARO is recognized as a component of operations and maintenance expense on the Consolidated Statements of Operations. Accretion amounts associated with NJNG's ARO are recognized as part of its depreciation expense, and the corresponding regulatory asset and liability will be shown gross on the Consolidated Balance Sheets.

Estimating future removal costs requires management to make significant judgments because most of the removal obligations span long time frames and removal may be conditioned upon future events. Asset removal technologies are also constantly changing, which makes it difficult to estimate removal costs. Accordingly, inherent in the estimate of ARO are various assumptions including the ultimate settlement date, expected cash outflows, inflation rates, credit-adjusted risk-free rates and consideration of potential outcomes where settlement of the ARO can be conditioned upon events. In the latter case, the Company develops possible retirement scenarios and assigns probabilities based on management's reasonable judgment and knowledge of industry practice. Accordingly, ARO are subject to change.

The following is an analysis of the change in the Company's ARO for the fiscal years ended September 30:

(Thousands)		Balance at October 1	Accretion	Additions	Change in assumptions	Retirements		Balance at period end
2023								
NJNG	**$**	**49,874**	**2,693**	**155**	**4,089**	**(1,526)**	**$**	**55,285**
NJRCEV	**$**	**5,161**	**213**	**1,334**	**—**	**—**	**$**	**6,708**
2022								
NJNG	$	41,611	2,052	161	7,339	(1,289)	$	49,874
NJRCEV	$	4,694	186	281	—	—	$	5,161

Accretion for the next five years, for the fiscal years ended September 30, is estimated to be as follows:

(Thousands)		2024	2025	2026	2027	2028		Total
Estimated Accretion	**$**	**3,114**	**3,268**	**3,429**	**3,597**	**3,781**	**$**	**17,189**

Accumulated Other Comprehensive Income

The following table presents the changes in the components of accumulated other comprehensive income, net of related tax effects, as of September 30: effects:

(Thousands)	*(Thousands)*	Cash Flow Hedges	Postemployment Benefit Obligation	Total	*(Thousands)*	Cash Flow Hedges	Postemployment Benefit Obligation	Total
Balance at September 30, 2020		$ (10,397)	$ (33,918)	$ (44,315)				
Other comprehensive income, net of tax								
Other comprehensive income, before reclassifications, net of tax of $0, $(1,618) and $(1,618), respectively		—	5,494	5,494				
Amounts reclassified from accumulated other comprehensive income, net of tax of $(350), $(957) and $(1,307), respectively		1,021	3,272 *(1)*	4,293				

Net current-period other comprehensive income, net of tax of $(350), $(2,575) and $(2,925), respectively		1,021	8,766		9,787					
Balance at September 30, 2021		$ (9,376)	$ (25,152)		$ (34,528)					
Balance as of September 30, 2021						Balance as of September 30, 2021	$ (9,376)	$ (25,152)		$ (34,528)
Other comprehensive income, net of tax	Other comprehensive income, net of tax					Other comprehensive income, net of tax				
Other comprehensive income, before reclassifications, net of tax of $0, $(7,727) and $(7,727), respectively	Other comprehensive income, before reclassifications, net of tax of $0, $(7,727) and $(7,727), respectively	**—**	**25,580**		**25,580**	Other comprehensive income, before reclassifications, net of tax of $0, $(7,727) and $(7,727), respectively	—	25,580		25,580
Amounts reclassified from accumulated other comprehensive income, net of tax of $(317), $(930) and $(1,247), respectively	Amounts reclassified from accumulated other comprehensive income, net of tax of $(317), $(930) and $(1,247), respectively	**1,054**	**3,068**	*(1)*	**4,122**	Amounts reclassified from accumulated other comprehensive income, net of tax of $(317), $(930) and $(1,247), respectively	1,054	3,068	*(1)*	4,122
Net current-period other comprehensive income, net of tax of $(317), $(8,657) and $(8,974), respectively	Net current-period other comprehensive income, net of tax of $(317), $(8,657) and $(8,974), respectively	**1,054**	**28,648**		**29,702**	Net current-period other comprehensive income, net of tax of $(317), $(8,657) and $(8,974), respectively	1,054	28,648		29,702
Balance at September 30, 2022		**$ (8,322)**	**$ 3,496**		**$ (4,826)**					
Balance as of September 30, 2022						Balance as of September 30, 2022	$ (8,322)	$ 3,496		$ (4,826)
Other comprehensive income, net of tax						Other comprehensive income, net of tax				
Other comprehensive income, before reclassifications, net of tax of $0, $1,922 and $1,922, respectively						Other comprehensive income, before reclassifications, net of tax of $0, $1,922 and $1,922, respectively	**—**	**(6,350)**		**(6,350)**
Amounts reclassified from accumulated other comprehensive income, net of tax of $(317), $(49) and $(366), respectively						Amounts reclassified from accumulated other comprehensive income, net of tax of $(317), $(49) and $(366), respectively	**1,053**	**164**	*(1)*	**1,217**

Net current-period other comprehensive income, net of tax of $(317), $1,873 and $1,556, respectively	Net current-period other comprehensive income, net of tax of $(317), $1,873 and $1,556, respectively		1,053		(6,186)		(5,133)
Balance as of September 30, 2023	**Balance as of September 30, 2023**	**$**	**(7,269)**	**$**	**(2,690)**	**$**	**(9,959)**

(1) Included in the computation of net periodic pension cost, a component of operations and maintenance expense on the Consolidated Statements of Operations. For more details, see *Note 11.* *Employee Benefit Plans.* *Plans*.

Foreign Currency Transactions

The market area of Energy Services ES includes Canadian delivery points and, as a result, Energy Services ES incurs certain natural gas commodity costs and demand fees denominated in Canadian dollars. Gains or losses that occur as a result of these foreign currency transactions are reported as a component of natural gas purchases on the Consolidated Statements of Operations. Gains and losses recognized for the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, are considered immaterial.

Reclassification

Recently Adopted Updates

Certain prior period amounts have been reclassified to conform to the Accounting Standards Codification

Income Taxes

In December 2019, the FASB issued ASU No. 2019-12, an amendment to ASC 740, *Income Taxes*, which simplifies the accounting for current period presentation. Deferred income taxes and changes the accounting for certain income tax transactions, among postemployment employee benefit assets previously classified within other minor improvements. The Company adopted this guidance on October 1, 2021, and applied it on a prospective basis. The amendments in this update were either not applicable, currently applied, or did not have a material impact noncurrent assets on the Company's financial position, results of operations, cash flows or disclosures upon adoption. Consolidated Balance Sheets have been reclassified to their own category.

Investments - Equity Securities, Investments - Equity Method and Joint Ventures and Derivatives and Hedging

In January 2020, the FASB issued ASU No. 2020-01, an amendment to ASC 321, *Investments - Equity Securities,* ASC 323*, Investments - Equity Method and Joint Ventures,* and ASC 815*, Derivatives and Hedging,* which clarifies the interactions between the three ASU topics. The update requires an entity to evaluate observable transactions that necessitate applying or discontinuing the equity method of accounting when applying the measurement alternative in Topic 321. This evaluation occurs prior to applying or upon ceasing the equity method. The update also states that when applying paragraph 815-10-15-141(a) for forward contracts and purchased options, an entity is not required to assess whether the underlying securities will be accounted for under the equity method in accordance with Topic 323 or fair value method under Topic 825 upon settlement or exercise. The Company adopted this guidance on October 1, 2021, and applied it on a prospective basis. There was no material impact on the Company's financial position, results of operations, cash flows or disclosures upon adoption.

Other

In October 2020, the FASB issued ASU No. 2020-10, *Codification Improvements*, which clarifies application of various provisions in the ASC by amending and adding new headings, cross-referencing to other guidance, and refining or correcting terminology. It also improves the consistency by amending the ASC to include all disclosure guidance in the appropriate section. The Company adopted this guidance on October 1, 2021, and applied it on a prospective basis. There was no material impact on the Company's financial position, results of operations, cash flows or disclosures upon adoption.

Other Recent Recently Adopted Updates to the Accounting Standards Codification

Debt and Other

In August 2020, the FASB issued ASU No. 2020-06, an amendment to ASC 470, *Debt*, and ASC 815, *Derivatives and Hedging*, which changes the accounting for convertible instruments by reducing the number of acceptable accounting models to three models, including the embedded derivative, substantial premium and traditional no-proceeds-allocated no proceeds allocated models. The Company adopted this guidance is effective for the Company beginning on October 1, 2022, and the Company can elect to apply it on either a modified or a full retrospective basis. . The Company does not currently have convertible debt instruments, and thus does not expect the amendments to have an as a result there was no impact on its financial position, results of operations, cash flows and disclosures upon adoption.

In May 2021, the FASB issued ASU No. 2021-04, an amendment to ASC 470, *Debt*, ASC 260, *Earnings per Share*, ASC 718, *Stock Compensation*, and ASC 815, *Derivatives and Hedging.* The update impacts equity-classified written call options that remain equity-classified after a modification or exchange. The Company adopted this guidance is effective for the Company beginning on October 1, 2022, and will be applied on a prospective basis. The As the Company does not currently have equity-classified written call options, and thus does not expect the amendments to have an there was no impact on its financial position, results of operations, cash flows and disclosures upon adoption.

Leases

In July 2021, the FASB issued ASU No. 2021-05, an amendment to ASC 842, *Leases*, which requires a lessor to classify a lease with entirely or partially variable payments that do not depend on an index or rate as an operating lease if another classification, including sales-type or direct financing, would trigger a loss at the lease commencement date. The Company adopted this guidance is effective for the Company beginning on October 1, 2022, and the Company has elected to apply it on a prospective basis. The Company expects the amendments to currently does not have an immaterial any leases that meet this criteria, and as such there was no impact on its financial position, results of operations, cash flows and disclosures upon adoption.

Other Recent Updates to the Accounting Standards Codification

Business Combinations

In October 2021, the FASB issued ASU No. 2021-08, an amendment to ASC 805, *Business Combinations*, which requires that an acquirer recognize and measure contract assets and contract liabilities acquired in a business combination in accordance with Topic 606, *Revenue from Contracts with Customers*. The guidance is effective for the Company beginning October 1, 2023, and the Company will be applied apply the updated guidance on a prospective basis to new acquisitions following the date of adoption. The Company is currently evaluating the amendments to understand the impact on its financial position, results of operations, cash flows and disclosures upon adoption.

In August 2023, the FASB issued ASU No. 2023-05, an amendment to ASC 805, *Business Combinations*, which addresses how a joint venture should recognize contributions received upon its formation. Joint ventures must account for initial assets and liabilities received at fair value on the date the joint venture is formed. The guidance is effective for the Company for joint ventures formed beginning January 1, 2025, and the Company can elect to apply it either prospectively or retrospectively back to a joint venture's formation date provided adequate information is available. Early adoption is permitted. This amendment would only impact the Company upon adoption if, in the future, it entered into an applicable transaction.

Derivatives and Hedging

In March 2022, the FASB issued ASU No. 2022-01, an amendment to ASC 815, *Derivatives and Hedging*, which addresses fair value hedge accounting of interest rate risk for portfolios of financial assets. This update further clarifies guidance previously released in ASU 2017-12, which established the "last-of-layer" method, and this update renames that method as the "portfolio layer" method. The guidance is effective for the Company beginning October 1, 2023, and the transition method can be on a prospective basis for a multiple-layer hedging strategy or a modified retrospective basis for a portfolio layer method. The As the Company does not currently apply hedge accounting to any of its risk management activities, and thus does not expect the amendment to will have an no impact on its financial position, results of operations, cash flows and disclosures upon adoption.

Financial Instruments

In March 2022, the FASB issued ASU No. 2022-02, an amendment to ASC 326, *Financial Instruments - Credit Instruments-Credit Losses*, which eliminates the accounting guidance for creditors in troubled debt restructuring. It also aligns conflicting disclosure requirement guidance in ASC 326 by requiring disclosure of current-period gross write-offs by year of origination. The amendment also adds new disclosures for creditors with loan refinancing and restructuring for borrowers experiencing financial difficulty. The guidance is effective for the Company beginning October 1, 2023, and the Company can elect to apply it on either on a modified retrospective or prospective basis. At this time, the Company has not experienced a troubled debt restructuring, and thus does not expect therefore the amendments to will have an no impact on its financial position, results of operations, and cash flows upon adoption. The Company is currently evaluating the amendments to understand the impact on its and disclosures upon adoption.

Fair Value Measurement

In June 2022, the FASB issued ASU No. 2022-03, an amendment to ASC 820, *Fair Value Measurement.* The amendment clarifies the fair value principles when measuring the fair value of an equity security subject to a contractual sale restriction. The guidance is effective for the Company on October 1, 2024, its first fiscal year beginning after December 15, 2023, and will be applied on a prospective basis, if applicable. basis. At this time, the Company does not have equity securities subject to contractual sale restrictions, and therefore these amendments this amendment would only impact the Company upon adoption if, in the future, it entered into such transactions.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Leases

In March 2023, the FASB issued ASU No. 2023-01, an amendment to ASC 842, *Leases,* which applies to arrangements between related parties under common control. This update requires that all entities with common control arrangements classify and account for these leases on the same basis as an arrangement with an unrelated party. If the lessee in these types of arrangements continues to control the use of the underlying asset through a lease, the leasehold improvements are to be amortized over the improvements' useful life to the common control group, regardless of the lease term. The guidance is effective for the Company on October 1, 2024, and the Company can elect to apply it either on a prospective basis or retrospectively beginning October 1, 2019, representing the date which the Company adopted ASC 842. The Company is currently evaluating the amendment to understand the impact on its financial position, results of operations, cash flows and disclosures upon adoption.

3. REVENUE

Revenue is recognized when a performance obligation is satisfied by transferring control of a product or service to a customer. Revenue is measured based on consideration specified in a contract with a customer using the output method of progress. The Company elected to apply the invoice practical expedient for recognizing revenue, whereby the amounts invoiced to customers represent the value to the customer and the Company's performance completion as of the invoice date. Therefore the Company does not disclose related unsatisfied performance obligations. The Company also elected the practical expedient to exclude from the transaction price all sales taxes that are assessed by a governmental authority and therefore presents sales tax net in operating revenues on the Consolidated Statements of Operations.

Below is a listing of performance obligations that arise from contracts with customers, along with details on the satisfaction of each performance obligation, the significant payment terms and the nature of the goods and services being transferred, by reporting segment and other business operations:

Revenue Recognized Over Time:

Segment/ Operations	Performance Obligation	Description
Natural Gas Distribution NJNG	Natural gas utility sales	NJNG's performance obligation is to provide natural gas to residential, commercial and industrial customers as demanded, based on regulated tariff rates, which are established by the BPU. Revenues from the sale of natural gas are recognized in the period that natural gas is delivered and consumed by customers, including an estimate for quantities consumed but not billed during the period. Payment is due each month for the previous month's deliveries. Natural gas sales to individual customers are based on meter readings, which are performed on a systematic basis throughout the billing period. The unbilled revenue estimates are based on estimated customer usage by customer type, weather effects and the most current tariff rates. NJNG is entitled to be compensated for performance completed until service is terminated. Customers may elect to purchase the natural gas commodity from NJNG or may contract separately to purchase natural gas directly from third-party suppliers. As NJNG is acting as an agent on behalf of the third-party supplier, revenue is recorded for the delivery of natural gas to the customer.
Clean Energy Ventures CEV	Commercial solar electricity	Clean Energy Ventures CEV operates wholly-owned solar projects that recognize revenue as electricity is generated and transferred to the customer. The performance obligation is to provide electricity to the customer in accordance with contract terms or the interconnection agreement and is satisfied upon transfer of electricity generated. Revenue is recognized as invoiced and the payment is due each month for the previous month's month's services.

Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Revenue Recognized Over Time (continued):

Segment/ Operations	Performance Obligation	Description
Clean Energy Ventures CEV	Residential solar electricity	Clean Energy Ventures CEV provides access to residential rooftop and ground-mount solar equipment to customers who then pay the Company a monthly fee. The performance obligation is to provide electricity to the customer based on generation from the underlying residential solar asset and is satisfied upon transfer of electricity generated. Revenue is derived from the contract terms and is recognized as invoiced, with the payment due each month for the previous month's month's services.

Clean Energy Ventures Revenue Recognized Over Time (continued):

Segment/ Operations	Transition renewable Performance Obligation	Description
CEV	Renewable energy certificates	Clean Energy Ventures generates Certain CEV projects generate TRECs which are and SREC IIs under the established Administratively Determined Incentive Program. A TREC or SREC II is created for every MWh of electricity produced by a solar generator. The performance obligation of Clean Energy Ventures CEV is to generate electricity electricity. TRECs and TRECs, which SREC IIs under the Administratively Determined Incentive Program are purchased monthly by a REC Administrator. Revenue is recognized upon generation.
Energy Services ES	Natural gas services	The performance obligation of Energy Services ES is to provide the customer transportation, storage and asset management services on an as-needed basis. Energy Services ES generates revenue through management fees, demand charges, reservation fees and transportation charges centered around the buying and selling of the natural gas commodity, representing one series of distinct performance obligations. Revenue is recognized based upon the underlying natural gas quantities physically delivered and the customer obtaining control. Energy Services ES invoices customers in line with the terms of the contract and based on the services provided. Payment is due upon receipt of the invoice. For temporary releases of pipeline capacity, revenue is recognized on a straight-line basis over the agreed upon term.
Storage and Transportation S&T	Natural gas services	The performance obligation of Storage and Transportation S&T is to provide the customer with storage and transportation services. Storage and Transportation S&T generates revenues from firm storage contracts and transportation contracts, injection and withdrawal at the storage facility and the delivery of natural gas to customers. Revenue is recognized over time as customers receive the benefits of its service as it is performed on their behalf using an output method based on actual deliveries. Demand fees are recognized as revenue over the term of the related agreement.
Home Services and Other HSO	Service contracts	Home Services enters into service contracts with homeowners to provide maintenance and replacement services of applicable heating, cooling or ventilation equipment. NJR Retail enters into warranty contracts with homeowners for various appliances. All services provided relate to a distinct performance obligation which is to provide services for the specific equipment over the term of the contract. Revenue is recognized on a straight-line basis over the term of the contract and payment is due upon receipt of the invoice.
Revenue Recognized at a Point in Time:		
Energy Services ES	Natural gas services	For a permanent release of pipeline capacity, the performance obligation of Energy Services ES is the release of the pipeline capacity associated with certain natural gas transportation contracts and the transfer of the underlying contractual rights to the counterparty. Revenue is recognized upon the transfer of the underlying contractual rights.
Storage and Transportation S&T	Natural gas services	The performance obligation of Storage and Transportation S&T is to provide the customer with storage and transportation services. Storage and Transportation S&T generates revenues from usage fees and hub services for the use of storage space, injection and withdrawal from the storage facility. Hub services include park and loan transactions and wheeling. Usage fees and hub services revenues are recognized as services are performed.
Home Services and Other HSO	Installations	Home Services installs appliances, including but not limited to, furnaces, air conditioning units, boilers and generators for customers. The distinct performance obligation is the installation of the contracted appliance, which is satisfied at the point in time the item is installed. The transaction price for each installation differs accordingly. Revenue is recognized at a point in time upon completion of the installation, which is when the customer is billed.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Disaggregated revenues from contracts with customers by product line and by reporting segment and other business operations during fiscal 2023, 2022 2021 and 2020 2021 are as follows:

(Thousands)	Natural Gas Distribution	Clean Energy Ventures	Energy Services	Storage and Transportation	Home Services and Other	Total
2022						
Natural gas utility sales (1)	$ 951,626	—	—	—	—	$ 951,626
Natural gas services	—	—	83,801	67,735	—	151,536
Service contracts	—	—	—	—	33,932	33,932
Installations and maintenance	—	—	—	—	22,250	22,250
Renewable energy certificates	—	5,487	—	—	—	5,487
Electricity sales	—	38,317	—	—	—	38,317
Eliminations (1)	(1,350)	—	—	(2,449)	(364)	(4,163)
Revenues from contracts with customers	950,276	43,804	83,801	65,286	55,818	1,198,985
Alternative revenue programs (3)	11,259	—	—	—	—	11,259
Derivative instruments	165,882	84,476	(4) 1,445,471	—	—	1,695,829
Eliminations (2)	—	—	(94)	—	—	(94)
Revenues out of scope	177,141	84,476	1,445,377	—	—	1,706,994
Total operating revenues	$ 1,127,417	128,280	1,529,178	65,286	55,818	$2,905,979
2021						
2023						
Natural gas utility sales (1)	$ 694,635	—	—	—	—	$ 694,635
Natural gas services	—	—	26,933	51,020	—	77,953
Service contracts	—	—	—	—	33,250	33,250
Installations and maintenance	—	—	—	—	18,979	18,979
Renewable energy certificates	—	4,571	—	—	—	4,571
Electricity sales	—	25,270	—	—	—	25,270
Eliminations (2)	—	—	—	(1,768)	(785)	(2,553)
Revenues from contracts with customers	694,635	29,841	26,933	49,252	51,444	852,105
Alternative revenue programs (3)	(7,282)	—	—	—	—	(7,282)
Derivative instruments	44,443	65,434	(4) 1,201,487	—	—	1,311,364
Eliminations (2)	—	—	426	—	—	426
Revenues out of scope	37,161	65,434	1,201,913	—	—	1,304,508
Total operating revenues	$ 731,796	95,275	1,228,846	49,252	51,444	$2,156,613

(Thousands)	NJNG	CEV	ES	S&T	HSO	Tot
2023						
Natural gas utility sales (1)	$ 845,392	—	—	—	—	$ 845
Natural gas services	—	—	76,975	92,859	—	169
Service contracts	—	—	—	—	35,210	35
Installations and maintenance	—	—	—	—	22,428	22
Renewable energy certificates	—	12,636	—	—	—	12
Electricity sales	—	31,733	—	—	—	31
Eliminations (2)	(1,349)	—	—	(4,159)	(205)	(5
Revenues from contracts with customers	844,043	44,369	76,975	88,700	57,433	1,111
Alternative revenue programs (3)	27,257	—	—	—	—	27
Derivative instruments	139,984	79,762	(4) 614,641	—	—	834
Eliminations (2)	—	—	(10,170)	—	—	(10
Revenues out of scope	167,241	79,762	604,471	—	—	851
Total operating revenues	$1,011,284	124,131	681,446	88,700	57,433	$1,962

2020

2022	2022							
Natural gas utility sales (1)	Natural gas utility sales (1)	$ 951,626	—	—	—	—	$ 951
Natural gas services	Natural gas services	—	—	83,801	67,735	—	151
Service contracts	Service contracts	—	—	—	—	33,932	33
Installations and maintenance	Installations and maintenance	—	—	—	—	22,250	22
Renewable energy certificates	Renewable energy certificates	—	5,487	—	—	—	5
Electricity sales	Electricity sales	—	38,317	—	—	—	38
Eliminations (2)	Eliminations (2)	(1,350)	—	—	(2,449)	(364)	(4
Revenues from contracts with customers	Revenues from contracts with customers	950,276	43,804	83,801	65,286	55,818	1,198
Alternative revenue programs (3)	Alternative revenue programs (3)	11,259	—	—	—	—	11
Derivative instruments	Derivative instruments	165,882	84,476	(4) 1,445,471	—	—	1,695
Eliminations (2)	Eliminations (2)	—	—	(94)	—	—	
Revenues out of scope	Revenues out of scope	177,141	84,476	1,445,377	—	—	1,706
Total operating revenues	Total operating revenues	$1,127,417	128,280	1,529,178	65,286	55,818	$2,905

2021								2021						
Natural gas utility sales	Natural gas utility sales	$ 695,858	—	—	—	—	695,858	Natural gas utility sales	$ 694,635	—	—	—	—	694
Natural gas services	Natural gas services	—	—	24,511	44,728	—	69,239	Natural gas services	—	—	26,933	51,020	—	77
Service contracts	Service contracts	—	—	—	—	32,455	32,455	Service contracts	—	—	—	—	33,250	33
Installations and maintenance	Installations and maintenance	—	—	—	—	18,562	18,562	Installations and maintenance	—	—	—	—	18,979	18
Renewable energy certificates	Renewable energy certificates	—	1,384	—	—	—	1,384	Renewable energy certificates	—	4,571	—	—	—	4
Electricity sales	Electricity sales	—	20,099	—	—	—	20,099	Electricity sales	—	25,270	—	—	—	25
Eliminations (2)	Eliminations (2)	—	—	—	(2,713)	(1,207)	(3,920)	Eliminations (2)	—	—	—	(1,768)	(785)	(2
Revenues from contracts with customers	Revenues from contracts with customers	695,858	21,483	24,511	42,015	49,810	833,677	Revenues from contracts with customers	694,635	29,841	26,933	49,252	51,444	852
Alternative revenue programs (3)	Alternative revenue programs (3)	15,750	—	—	—	—	15,750	Alternative revenue programs (3)	(7,282)	—	—	—	—	(7

Derivative instruments	Derivative instruments	18,315	81,134	(4) 1,005,908	—	—	1,105,357	Derivative instruments	44,443	65,434	(4) 1,201,487	—	—	1,311
Eliminations (2)	Eliminations (2)	—	—	(1,116)	—	—	(1,116)	Eliminations (2)	—	—	426	—	—	
Revenues out of scope	Revenues out of scope	34,065	81,134	1,004,792	—	—	1,119,991	Revenues out of scope	37,161	65,434	1,201,913	—	—	1,304
Total operating revenues	Total operating revenues	$ 729,923	102,617	1,029,303	42,015	49,810	1,953,668	Total operating revenues	$ 731,796	95,275	1,228,846	49,252	51,444	2,156

(1) Includes building rent related to the Wall headquarters, which is eliminated in consolidation.

(2) Consists of transactions between subsidiaries that are eliminated in consolidation.

(3) Includes CIP revenue.

(4) Includes SREC revenue.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Disaggregated revenues from contracts with customers by customer type and by reporting segment and other business operations during the fiscal years ended September 30, are as follows:

(Thousands)	*(Thousands)*	**Natural Gas Distribution**	**Clean Energy Ventures**	**Energy Services**	**Storage and Transportation**	**Home Services and Other**	**Total**	*(Thousands)*	**NJNG**	**CEV**	**ES**	**S&T**	**HSO**	**Total**
2023								**2023**						
Residential								Residential	**$ 621,663**	**13,668**	**—**	**—**	**57,091**	**$ 692,422**
Commercial and industrial								Commercial and industrial	**136,011**	**30,701**	**76,975**	**88,700**	**342**	**332,729**
Firm transportation								Firm transportation	**77,722**	**—**	**—**	**—**	**—**	**77,722**
Interruptible, off-tariff and other								Interruptible, off-tariff and other	**8,647**	**—**	**—**	**—**	**—**	**8,647**
Revenues out of scope								Revenues out of scope	**167,241**	**79,762**	**604,471**	**—**	**—**	**851,474**
Total operating revenues								Total operating revenues	**$1,011,284**	**124,131**	**681,446**	**88,700**	**57,433**	**$1,962,994**
2022	**2022**							2022						
Residential	Residential	**$ 586,678**	**12,579**	**—**	**—**	**55,629**	**$ 654,886**	Residential	$ 586,678	12,579	—	—	55,629	$ 654,886
Commercial and industrial	Commercial and industrial	**265,970**	**31,225**	**83,801**	**65,286**	**189**	**446,471**	Commercial and industrial	265,970	31,225	83,801	65,286	189	446,471
Firm transportation	Firm transportation	**92,531**	**—**	**—**	**—**	**—**	**92,531**	Firm transportation	92,531	—	—	—	—	92,531
Interruptible and off-tariff		**5,097**	**—**	**—**	**—**	**—**	**5,097**							
Interruptible, off-tariff and other								Interruptible, off-tariff and other	5,097	—	—	—	—	5,097
Revenues out of scope	Revenues out of scope	**177,141**	**84,476**	**1,445,377**	**—**	**—**	**1,706,994**	Revenues out of scope	177,141	84,476	1,445,377	—	—	1,706,994

Total operating revenues	Total operating revenues	**$ 1,127,417**	**128,280**	**1,529,178**	**65,286**	**55,818**	**$2,905,979**
2021	2021						
Residential	Residential	$ 487,018	11,319	—	—	50,689	$ 549,026
Commercial and industrial	Commercial and industrial	124,519	18,522	26,933	49,252	755	219,981
Firm transportation	Firm transportation	79,256	—	—	—	—	79,256
Interruptible and off-tariff		3,842	—	—	—	—	3,842
Interruptible, off-tariff and other							
Revenues out of scope	Revenues out of scope	37,161	65,434	1,201,913	—	—	1,304,508
Total operating revenues	Total operating revenues	$ 731,796	95,275	1,228,846	49,252	51,444	$2,156,613
2020							
Residential		$ 490,233	10,233	—	—	48,867	$ 549,333
Commercial and industrial		129,946	11,250	24,511	42,015	943	208,665
Firm transportation		69,357	—	—	—	—	69,357
Interruptible and off-tariff		6,322	—	—	—	—	6,322
Revenues out of scope		34,065	81,134	1,004,792	—	—	1,119,991
Total operating revenues		$ 729,923	102,617	1,029,303	42,015	49,810	$1,953,668

Total operating revenues	$1,127,417	128,280	1,529,178	65,286	55,818	$2,905,979
2021						
Residential	$ 487,018	11,319	—	—	50,689	$ 549,026
Commercial and industrial	124,519	18,522	26,933	49,252	755	219,981
Firm transportation	79,256	—	—	—	—	79,256
Interruptible, off-tariff and other	3,842	—	—	—	—	3,842
Revenues out of scope	37,161	65,434	1,201,913	—	—	1,304,508
Total operating revenues	$ 731,796	95,275	1,228,846	49,252	51,444	$2,156,613

Customer Accounts Receivable/Credit Balances and Deposits

The timing of revenue recognition, customer billings and cash collections resulting in accounts receivables, billed and unbilled, and customers' credit balances and deposits on the Consolidated Balance Sheets are as follows:

		Customer Accounts Receivable		Customers' Credit Balances and Deposits
(Thousands)	*(Thousands)*	**Billed**	**Unbilled**	**Deposits**
Balance as of September 30, 2020		$ 134,173	$ 9,226	$ 25,934
Increase		78,665	1,125	6,652
Balance as of September 30, 2021	Balance as of September 30, 2021	212,838	10,351	32,586
Increase	Increase	**9,459**	**3,418**	**660**
Balance as of September 30, 2022	Balance as of September 30, 2022	**$ 222,297**	**$ 13,769**	**$ 33,246**
(Decrease) increase				
Balance as of September 30, 2023				

	Customer Accounts Receivable		Customers'Credit
(Thousands)	**Billed**	**Unbilled**	**Balances and Deposits**
Balance as of September 30, 2021	$ 212,838	$ 10,351	$ 32,586
Increase	9,459	3,418	660
Balance as of September 30, 2022	222,297	13,769	33,246
(Decrease) increase	**(124,757)**	**5,331**	**11,664**
Balance as of September 30, 2023	**$ 97,540**	**$ 19,100**	**$ 44,910**

The following table provides information about receivables, which are included within accounts receivable, billed and unbilled, and customers' credit balances and deposits, respectively, on the Consolidated Balance Sheets as of September 30:

(Thousands)	Natural Gas Distribution	Clean Energy Ventures	Energy Services	Storage and Transportation	Home Services and Other	Total
2022						
Customer accounts receivable						
Billed	**$ 78,508**	**5,566**	**129,199**	**7,012**	**2,012**	**$ 222,297**
Unbilled	**10,814**	**2,955**	**—**	**—**	**—**	**13,769**
Customers' credit balances and deposits	**(33,246)**	**—**	**—**	**—**	**—**	**(33,246)**
Total	**$ 56,076**	**8,521**	**129,199**	**7,012**	**2,012**	**$ 202,820**
2021						
Customer accounts receivable						
Billed	$ 54,514	5,534	147,087	3,956	1,747	$ 212,838
Unbilled	8,427	1,924	—	—	—	10,351
Customers' credit balances and deposits	(32,586)	—	—	—	—	(32,586)
Total	$ 30,355	7,458	147,087	3,956	1,747	$ 190,603

(Thousands)	NJNG	CEV	ES	S&T	HSO	Total
2023						
Customer accounts receivable						
Billed	**$ 55,234**	**9,962**	**23,716**	**6,577**	**2,051**	**$97,540**
Unbilled	**10,784**	**8,316**	**—**	**—**	**—**	**19,100**
Customers' credit balances and deposits	**(44,898)**	**—**	**—**	**(12)**	**—**	**(44,910)**
Total	**$ 21,120**	**18,278**	**23,716**	**6,565**	**2,051**	**$71,730**
2022						
Customer accounts receivable						
Billed	$ 78,508	5,566	129,199	7,012	2,012	$222,297
Unbilled	10,814	2,955	—	—	—	13,769
Customers' credit balances and deposits	(33,246)	—	—	—	—	(33,246)
Total	$ 56,076	8,521	129,199	7,012	2,012	$202,820

4. REGULATION

The EDECA is the legal framework for New Jersey's public utility and wholesale energy landscape. NJNG is required, pursuant to a written order by the BPU under EDECA, to open its residential markets to competition from third-party natural gas suppliers. Customers can choose the supplier of their natural gas commodity in NJNG's service territory.

As required by EDECA, NJNG's rates are segregated into two primary components: the commodity portion, which represents the wholesale cost of natural gas, including the cost for interstate pipeline capacity to transport the natural gas to NJNG's service territory; and the delivery portion, which represents the transportation of the commodity portion through NJNG's natural gas distribution system to the end-use customer. NJNG does not earn Utility Gross Margin on the commodity portion of its natural gas sales. NJNG earns Utility Gross Margin through the delivery of natural gas to its customers, regardless of whether it or a third-party supplier provides the wholesale natural gas commodity.

Under EDECA, the BPU is required to audit the state's energy utilities every two years. The primary purpose of the audit is to ensure that utilities and their affiliates offering unregulated retail services do not have an unfair competitive advantage over nonaffiliated providers of similar retail services. A combined competitive services and management audit of NJNG commenced in on August 1, 2013. A draft management audit report was accepted by the BPU on July 23, 2014, for public comment. To date, NJNG has implemented all audit recommendations with the approval of BPU staff and is waiting for final BPU approval.

NJNG is subject to cost-based regulation; therefore, it is permitted to recover authorized operating expenses and earn a reasonable return on its utility capital investments based on the BPU’s approval. The impact of the ratemaking process and decisions authorized by the BPU allows NJNG to capitalize or defer certain costs that are expected to be recovered from its customers as regulatory assets, and to recognize certain obligations representing amounts that are probable future expenditures as regulatory liabilities in accordance with accounting guidance applicable to regulated operations.

NJNG’s recovery of costs is facilitated through its base rates, BGSS and other regulatory tariff riders. NJNG is required to make filings to the BPU for review of its BGSS, CIP and other programs and related rates. Annual rate changes are typically requested to be effective at the beginning of the following fiscal year. The current base rates include a weighted average cost of capital of 6.84 percent 6.84% and a return on common equity of 9.6 percent. 9.6%. All rate and program changes are subject to proper notification and BPU review and approval. In addition, NJNG is permitted to implement certain BGSS rate changes on a provisional basis with proper notification to the BPU.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Regulatory assets and liabilities included on the Consolidated Balance Sheets for NJNG are comprised of the following, as of September 30:

(Thousands)	*(Thousands)*		**2022**		2021	*(Thousands)*		**2023**		2022
Regulatory assets-current	Regulatory assets-current					Regulatory assets-current				
New Jersey Clean Energy Program	New Jersey Clean Energy Program	**$**	**15,697**	$	16,308	New Jersey Clean Energy Program	**$**	**15,804**	$	15,697
Conservation Incentive Program	Conservation Incentive Program		**23,099**		11,839	Conservation Incentive Program		**50,356**		23,099
Derivatives at fair value, net						Derivatives at fair value, net		**6,017**		—
Other current regulatory assets	Other current regulatory assets		**1,290**		1,554	Other current regulatory assets		**1,410**		1,290
Total current regulatory assets	Total current regulatory assets	**$**	**40,086**	$	29,701	Total current regulatory assets	**$**	**73,587**	$	40,086
Regulatory assets-noncurrent	Regulatory assets-noncurrent					Regulatory assets-noncurrent				
Environmental remediation costs:	Environmental remediation costs:					Environmental remediation costs:				
Expended, net of recoveries	Expended, net of recoveries	**$**	**66,149**	$	58,483	Expended, net of recoveries	**$**	**66,298**	$	66,149
Liability for future expenditures	Liability for future expenditures		**127,070**		135,012	Liability for future expenditures		**169,390**		127,070
Deferred income taxes	Deferred income taxes		**40,520**		39,694	Deferred income taxes		**41,667**		40,520
SAVEGREEN	SAVEGREEN		**52,690**		32,941	SAVEGREEN		**83,589**		52,690
Postemployment and other benefit costs	Postemployment and other benefit costs		**56,021**		117,194	Postemployment and other benefit costs		**55,274**		56,021
Deferred storm damage costs	Deferred storm damage costs		**2,172**		4,343	Deferred storm damage costs		**—**		2,172
Cost of removal	Cost of removal		**104,850**		99,238	Cost of removal		**112,362**		104,850
Other noncurrent regulatory assets	Other noncurrent regulatory assets		**45,828**		32,695	Other noncurrent regulatory assets		**51,019**		45,828
Total noncurrent regulatory assets	Total noncurrent regulatory assets	**$**	**495,300**	$	519,600	Total noncurrent regulatory assets	**$**	**579,599**	$	495,300
Regulatory liability-current	Regulatory liability-current					Regulatory liability-current				
Overrecovered natural gas costs	Overrecovered natural gas costs	**$**	**17,807**	$	5,510	Overrecovered natural gas costs	**$**	**30,637**	$	17,807

Derivatives at fair value, net	Derivatives at fair value, net		**7,972**		22,497	Derivatives at fair value, net		**—**		7,972
Total current regulatory liabilities	Total current regulatory liabilities	**$**	**25,779**	$	28,007	Total current regulatory liabilities	**$**	**30,637**	$	25,779
Regulatory liabilities-noncurrent	Regulatory liabilities-noncurrent					Regulatory liabilities-noncurrent				
Tax Act impact *(1)*	Tax Act impact *(1)*	**$**	**185,367**	$	190,386	Tax Act impact *(1)*	**$**	**180,347**	$	185,367
Derivatives at fair value, net	Derivatives at fair value, net		**116**		1,166	Derivatives at fair value, net		**—**		116
Other noncurrent regulatory liabilities	Other noncurrent regulatory liabilities		**151**		336	Other noncurrent regulatory liabilities		**111**		151
Total noncurrent regulatory liabilities	Total noncurrent regulatory liabilities	**$**	**185,634**	$	191,888	Total noncurrent regulatory liabilities	**$**	**180,458**	$	185,634

(1) Reflects the re-measurement and subsequent amortization of NJNG's net deferred tax liabilities as a result of the change in federal tax rates enacted in the Tax Act. The Tax Act is an Act to Provide for Reconciliation Pursuant to Titles II and V of the Concurrent Resolution on the Budget for Fiscal Year 2018, previously known as The Tax Cuts and Jobs Act of 2017.

Other noncurrent regulatory assets include deferred pandemic costs of approximately $3.9M and $6.9M as of September 30, 2023 and 2022, respectively, primarily related to a portion of bad debt associated with customer accounts receivable resulting from the impacts of the COVID-19 pandemic. These costs are eligible for future regulatory recovery. On January 5, 2023, NJNG advised the BPU that it will cease deferring COVID-19 costs as of December 31, 2022, and will seek recovery of its regulatory asset balance in its next base rate proceeding.

Regulatory assets and liabilities included on the Consolidated Balance Sheets for Adelphia Gateway are comprised of the following, as of September 30:

(Thousands)	*(Thousands)*		**2022**		2021	*(Thousands)*		**2023**		2022
Total current regulatory assets		**$**	**—**	$	417					
Total noncurrent regulatory assets	Total noncurrent regulatory assets	**$**	**5,366**	$	2,499	Total noncurrent regulatory assets	**$**	**5,231**	$	5,366
Total current regulatory liabilities	Total current regulatory liabilities		**5,311**		—	Total current regulatory liabilities	**$**	**1,650**	$	5,311
Total noncurrent regulatory liabilities		**$**	**—**	$	1,163					

The assets are comprised primarily of the tax benefit associated with the equity component of AFUDC and the liability consists primarily of scheduling penalties. Recovery of regulatory assets is subject to FERC approval.

New Jersey Clean Energy Program

The NJCEP is a statewide program that encourages energy efficiency and renewable energy. Funding amounts are determined by the BPU's Office of Clean Energy and all New Jersey utilities are required to share in the annual funding obligation. The current NJCEP program is for the State of New Jersey's fiscal year ending June 2023. 2024. NJNG recovers the costs associated with its portion of the NJCEP obligation through its NJCEP rider, with interest.

Conservation Incentive Program

The CIP permits NJNG to recover Utility Gross Margin variations related to customer usage resulting from customer conservation efforts and mitigates the impact of weather on its margin. Such Utility Gross Margin variations are recovered in the year following the end of the CIP usage year, without interest, and are subject to additional conditions, including an earnings test, a revenue test and an evaluation of BGSS-related savings. This program has no expiration date.

Part II Derivatives

 Derivatives are utilized by NJNG to manage the price risk associated with its natural gas purchasing activities and to participate in certain BGSS incentive programs. The gains and losses associated with NJNG's derivatives are recoverable through its BGSS, as noted above, without interest. See *Note 5. Derivative Instruments*.

Environmental Remediation Costs

NJNG is responsible for the cleanup of certain former gas manufacturing facilities. Actual expenditures are recovered from customers, with interest, over seven-year rolling periods, through a RAC rate rider. Recovery for NJNG's estimated future liability will be requested and/or recovered when actual expenditures are incurred. See *Note 15. 14. Commitments and Contingent Liabilities.*

Derivatives

Derivatives are utilized by NJNG to manage the price risk associated with its natural gas purchasing activities and to participate in certain BGSS incentive programs. The gains and losses associated with NJNG's derivatives are recoverable through its BGSS, as noted above, without interest. See Note 5. Derivative Instruments.

Deferred Income Taxes

Upon adoption of a 1993 provision of ASC 740, *Income Taxes*, NJNG recognized a transition adjustment and corresponding regulatory asset representing the difference between NJNG's existing deferred tax amounts compared with the deferred tax amounts calculated in accordance with the change in method prescribed by ASC 740. NJNG recovers the regulatory asset associated with these tax impacts through future base rates, without interest.

SAVEGREEN

NJNG administers certain programs that supplement the state's NJCEP and that allow NJNG to promote clean energy to its residential and commercial customers, as described further below. NJNG will recover related expenditures and a weighted average cost of capital on the unamortized balance through a tariff rider, with interest, as approved by the BPU, over a two- to 10-year period depending upon the specific program incentive.

Postemployment and Other Benefit Costs

Postemployment and Other Benefit Costs represents NJNG's underfunded postemployment benefit obligations, as well as a fiscal 2010 tax charge resulting from a change in the deductibility of federal subsidies associated with Medicare Part D, both of which are deferred as regulatory assets and are recoverable, without interest, in base rates. The BPU approved the recovery of the tax charge through NJNG's base rates effective October 2016 over a seven-year amortization period. See *Note 11. Employee Benefit Plans*.

Deferred Storm Damage Costs

Portions of NJNG's distribution system incurred significant damage as a result of Post-Tropical Cyclone Sandy in October 2012. NJNG deferred the uninsured incremental O&M costs associated with its restoration efforts, which were approved for recovery by the BPU through NJNG's base rates, without interest, effective October 2016 over a seven-year amortization period.

Cost of Removal

NJNG accrues and collects for cost of removal in base rates on its utility property, without interest. These costs are recorded in accumulated depreciation for regulatory reporting purposes, and actual costs of removal, without interest, will be recovered in subsequent rates, pursuant to the BPU order. Consistent with GAAP, amounts recorded within accumulated depreciation for regulatory accounting purposes are reclassified out of accumulated depreciation to either a regulatory asset or a regulatory liability depending on whether actual cost of removal is still subject to collection or amounts overcollected will be refunded back to customers.

Other Regulatory Assets

Other regulatory assets consist primarily of deferred costs associated with certain components of NJNG's SBC, as discussed further in the regulatory proceedings section, and NJNG's compliance with federal and state-mandated PIM provisions. NJNG's related costs to maintain the operational integrity of its distribution and transmission main are recoverable, without interest, subject to BPU review and approval. As of September 30, 2022, NJNG recorded $635,000 of PIM in other regulatory assets, which is being recovered through base rates over a seven-year amortization period effective October 2016.

Overrecovered Natural Gas Costs

NJNG recovers its cost of natural gas through the BGSS rate component of its customers' bills. NJNG's cost of natural gas includes the purchased cost of the natural gas commodity, fees paid to pipelines and storage facilities, adjustments as a result of BGSS incentive programs and hedging transactions. Overrecovered natural gas costs represent a regulatory liability that generally occurs when NJNG's BGSS rates are higher than actual costs and requests approval to be returned returns to customers, including interest when applicable, in accordance with NJNG's approved BGSS tariff. Conversely, underrecovered natural gas costs generally occur during periods when NJNG's BGSS rates are lower than actual costs, in which case NJNG records a regulatory asset and requests amounts to be recovered from customers in the future.

The following is a description of certain regulatory proceedings during fiscal 2021 2022 and 2022: 2023:

On November 17, 2021, November 2021, the BPU issued an order adopting a stipulation of settlement approving a $79.0 million $79.0M increase to base rates, effective December 1, 2021. The increase includes an overall rate of return on rate base of 6.84 percent, 6.84%, return on common equity of 9.6 percent, 9.6%, a common equity ratio of 54.0 percent 54.0% and a depreciation rate of 2.78 percent. 2.78%.

BGSS and CIP

BGSS rates are normally revised on an annual basis. In addition, to manage the fluctuations in wholesale natural gas costs, NJNG has the ability to make two interim filings during each fiscal year to increase residential and small commercial customer BGSS rates on a self-implementing and provisional basis. NJNG is also permitted to refund or credit back a portion of the commodity costs to customers at any time given five days' notice when the natural gas commodity costs decrease in comparison to amounts projected or to amounts previously collected from customers. Concurrent with the annual BGSS filing, NJNG files for an annual review of its CIP. NJNG's annual BGSS and CIP filings are summarized as follows:

- In November 2020, NJNG notified the BPU of its intent to provide BGSS bill credits to residential and small commercial sales customers effective December 1, 2020 to December 31, 2020. In December 2020, NJNG notified the BPU of the extension of the BGSS bill credits through January 2021. The actual bill credits given to customers totaled $20.6 million, $19.3 million $20.6M, $19.3M net of tax.

- 2021 BGSS/CIP filing — In May 2021, NJNG submitted to the BPU the annual petition to modify its BGSS, balancing charge and CIP rates. On November 17, 2021, In November 2021, the BPU approved a $2.9 million $2.9M increase to the annual revenues credited to BGSS and a $13.0 million $13.0M annual increase related to its balancing charge, as well as changes to CIP rates, which will result in a $6.3 million $6.3M decrease to the annual recovery, effective December 1, 2021.

- On November 17, 2021, In November 2021, the BPU approved, on a preliminary basis, NJNG's annual petition to modify its BGSS, balancing charge and CIP rates for residential and small commercial customers. The rate changes resulted in a $2.9 million $2.9M increase to the annual revenues credited to BGSS and a $13.0 million $13.0M annual increase related to its balancing charge, as well as changes to CIP rates, which resulted in a $6.3 million $6.3M annual recovery decrease, effective December 1, 2021, and was approved on a final basis on May 4, 2022. in May 2022.

- On November 19, 2021, In November 2021, NJNG submitted notification of its intent to self-implement an increase to its BGSS rate which results in an approximate $24.2 million $24.2M increase to annual revenues credited to BGSS, effective December 1, 2021.

- 2022 BGSS/CIP filing — On June 1, 2022, In June 2022, NJNG submitted its annual petition to modify its BGSS, balancing charge and CIP rates for residential and small commercial customers. On September 7, 2022, In September 2022, the BPU approved, on a preliminary basis, an $81.9 million $81.9M increase to the annual revenues credited to BGSS and a $9.0 million $9.0M annual increase related to its balancing charge, as well as a $10.2 million $10.2M increase to CIP rates, effective October 1, 2022, which was approved on a final basis on April 12, 2023.

- On February 22, 2023, NJNG advised the BPU of a bill credit and a reduction to the BGSS rate for residential and small commercial customers, which reduced recoveries by approximately $29.9M, effective March 1, 2023, and was approved on a final basis by the BPU on April 12, 2023. Bill credits provided to customers from March 2023 through May 2023, totaled approximately $32.4M.

- 2023 BGSS/CIP filing — On June 1, 2023, NJNG filed its annual petition to modify its BGSS, balancing charge and CIP rates for residential and small business customers. This includes a $38.6M decrease to the annual revenues credited to BGSS, a $7.4M annual decrease related to its balancing charge and a $27.5M increase to CIP rates, effective October 1, 2023. On September 18, 2023, the BPU approved, on a provisional basis, the filed BGSS and balancing charge changes and a $27.0M increase to CIP rates, based on updated information since the initial filing.

BGSS Incentive Programs

NJNG is eligible to receive financial incentives for reducing BGSS costs through a series of Utility Gross Margin-sharing programs that include off-system sales, capacity release and storage incentive programs. The Company is permitted to annually propose a process to evaluate and discuss alternative incentive programs, should performance of the existing incentives or market conditions warrant re-evaluation.

Energy Efficiency Programs

SAVEGREEN conducts home energy audits and provides various grants, incentives and financing alternatives, which are designed to encourage the installation of high efficiency heating and cooling equipment and other upgrades to promote energy efficiency to its residential and commercial customers while stimulating state and local economies through the creation of jobs. Depending on the specific initiative or approval, NJNG recovers costs associated with the programs over a three- to 10-year period through a tariff rider mechanism. In March 2021, the BPU approved a three-year SAVEGREEN program that included $126.1 million $126.1M of direct investment, $109.4 million $109.4M in financing options and $23.4 million $23.4M in operation and maintenance expenses, which resulted in a $15.6 million annual recovery increase, effective July 1, 2021. expenses.

SAVEGREEN investments and costs are filed with the BPU on an annual basis. NJNG's annual EE filings are summarized as follows:

- 2020 EE filing — In May 2020, NJNG filed a petition with the BPU to minimally decrease its EE recovery rate. Throughout the course of the proceeding, the Company updated the filing for additional actual information. Based on the updated information, the BPU approved the request to maintain its existing rate, which results in an annual recovery of approximately $11.4 million, $11.4M, effective November 1, 2020.

- 2021 EE filing — In June 2021, NJNG submitted its annual cost recovery filing for the SAVEGREEN programs established from 2010 through 2018. On January 26, 2022, In January 2022, the BPU approved the stipulation to resolve the current EE annual cost recovery filing, which increases annual recoveries by $2.2 million, $2.2M, effective February 1, 2022.

- 2022 EE filing — On June 1, 2022, In June 2022, NJNG submitted its annual cost recovery filing for the SAVEGREEN programs established from 2010 through the present. On September 28, 2022, In September 2022, the BPU approved the filing, which decreases annual recoveries by $3.5 million, $3.5M, effective October 1, 2022.

- 2023 EE filing — On June 1, 2023, NJNG submitted its annual EE filing with the BPU for the recovery of SAVEGREEN costs, proposing an increase in annual recoveries of approximately $10.7M. On September 27, 2023, the BPU approved an increase to the EE rate increasing annual recoveries by $9.0M based on updated information since the initial filing, effective October 1, 2023

Societal Benefits Charge

The SBC is comprised of three primary riders that allow NJNG to recover costs associated with USF, which is a permanent statewide program for all natural gas and electric utilities for the benefit of income-eligible customers, MGP remediation and the NJCEP. NJNG has submitted the following filings to the BPU, which include a report of program expenditures incurred each program year:

- 2020 SBC filing — In April 2021, the BPU approved a stipulation resolving NJNG's annual SBC application requesting to recover remediation expenses, including an increase in the RAC of approximately $1.3 million $1.3M annually and an increase to the NJCEP factor, which resulted in an annual increase of approximately $6.0 million, $6.0M, effective May 1, 2021.

- 2021 USF filing — In June 2021, NJNG filed its annual USF compliance filing proposing an annual increase to the statewide USF rate of approximately $4.9 million. $4.9M. In September 2021, the BPU approved the increase, effective October 1, 2021.

- 2021 SBC filing — On March 23, 2022, In March 2022, the BPU approved NJNG's NJNG's annual filing to increase the RAC by $600,000 $0.6M and decrease the NJCEP by $2.9 million, $2.9M, effective April 1, 2022.

- 2022 USF filing — On June 27, 2022, In June 2022, NJNG filed its annual USF compliance filing proposing a decrease to the statewide USF rate. On August 25, 2022, In August 2022, an additional update was submitted on behalf of all NJ utilities with actual information through July 31, 2022. On September 28, 2022, In September 2022, the BPU approved a decrease based on the August update, which resulted in an annual decrease of approximately $1.6 million, $1.6M, effective October 1, 2022.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

- 2022 SBC filing — On September 13, 2022, In September 2022, NJNG submitted its annual SBC filing to the BPU requesting approval of RAC expenditures through June 30, 2022, as well as an increase to the RAC annual recoveries of $3.8 million $3.8M and an increase to the NJCEP annual recoveries of $2.2 million, $2.2M, with a proposed effective date of April 1, 2023. On April 12, 2023, the BPU approved on a final basis an increase to the RAC annual recoveries of $3.7M and a decrease to the NJCEP annual recoveries of $0.9M, effective May 1, 2023.

- 2023 USF filing — On June 28, 2023, NJNG submitted its annual USF filing to the BPU requesting an increase to the statewide USF rate, which will result in a $0.7M increase to annual recoveries. The BPU approved this matter on September 27, 2023, effective October 1, 2023.

- 2023 SBC filing — On September 11, 2023, NJNG submitted its annual SBC filing to the BPU requesting approval of RAC expenditures through June 2023, as well as an increase to the RAC annual recoveries of $2.4M and an increase to the NJCEP annual recoveries of $5.0M, which would be effective April 1, 2024.

Infrastructure Programs

NJNG has significant annual capital expenditures associated with the management of its natural gas distribution and transmission system, including new utility plant for customer growth and its associated PIM and infrastructure programs. NJNG continues to implement BPU-approved infrastructure projects that are designed to enhance the reliability of NJNG's natural gas distribution system, including SAFE and NJ RISE.

SAFE/NJ RISE

The SAFE program replaced portions of NJNG's natural gas distribution unprotected steel, cast iron infrastructure and associated services to improve the safety and reliability of the natural gas distribution system. SAFE I was approved to invest up to $130.0 million, $130.0M, exclusive of AFUDC, over a four-year period. SAFE II was approved to invest up to $200.0 million, $200.0M, excluding AFUDC, over a five-year period. NJNG recovered approximately $157.5 million $157.5M through annual rate filings, with the remainder recovered through subsequent rate cases. As a condition of approval of the program, NJNG was required to file a base rate case no later than November 2019 and satisfied this requirement with its March 29, 2019 base rate case filing.

NJ RISE consisted of six capital investment projects estimated to cost $102.5 million $102.5M over a five-year period, excluding AFUDC, for natural gas distribution storm-hardening and mitigation projects, along with incremental depreciation expense. NJ RISE includes a weighted average cost of capital that ranges from 6.74 percent 6.74% to 6.9 percent 6.9% and a return on equity of 9.75 percent. 9.75%. Requests for recovery of future NJ RISE capital costs occurred in conjunction with SAFE II.

In March 2021, NJNG filed a petition with the BPU requesting the final base rate increase for the recovery associated with NJ RISE and SAFE II capital investments cost of approximately $3.4 million $3.4M made through June 30, 2021. In June 2021, this filing was consolidated with the 2021 base rate case. In November 2021, the BPU issued an order for the consolidated matter which included approval for the final increase for the NJ RISE and SAFE II programs of $269,000. $0.3M. With this approval, the BPU filings with respect to NJ RISE and SAFE II are complete.

Infrastructure Investment Program

In February 2019, NJNG filed a petition with the BPU seeking authority to implement a five-year IIP. The IIP consists of two components, transmission and distribution investments and information technology replacement and enhancements. The total investment for the IIP is approximately $507.0 million. $507.0M. Upon approval from the BPU, investments will be recovered through annual filings to adjust base rates. In October 2020, the BPU approved the Company's transmission and distribution component of the IIP for $150.0 million $150.0M over five years, effective November 1, 2020. The recovery of information technology replacement and enhancements that was included in the original IIP filing will be included as part of base rate filings as projects are placed in service. On March 31, 2022, In March 2022, NJNG filed its first rate recovery request for its BPU-approved IIP with capital expenditures estimated through June 30, 2022, including AFUDC. On July 13, 2022, In July 2022, NJNG filed its update with actual capital expenditures of $28.9 million $28.9M through June 30, 2022. On September 7, 2022, In September 2022, the BPU approved the rate increase resulting in a $3.2 million $3.2M revenue increase, effective October 1, 2022.

Other Filings On March 30, 2023, NJNG submitted its annual IIP filing to the BPU requesting a rate increase for estimated capital expenditures of $31.4M through June 30, 2023. This filing was updated on July 28, 2023, with actual expenses of approximately $28.2M through June 30, 2023. The BPU approved this filing on September 27, 2023, which resulted in a $3.2M revenue increase, effective October 1, 2023.

In July 2020, the BPU issued an order which authorized New Jersey utilities to create a regulatory asset by deferring incremental COVID-19 related costs and required a related quarterly report be filed for the COVID-19-related costs and savings incurred. Utilities were to file a petition by the later of December 31, 2021, or within 60 days of the close of the regulatory asset period, and rate recovery can be addressed in the filing or the utility may request consideration be deferred to a future rate case. Any potential rate recovery, and the appropriate period of recovery, would be addressed through that filing, or may have requested a deferral of rate recovery for a future base rate case. In September 2021, the BPU extended the filing date to December 31, 2022, or within 60 days of the close of the regulatory asset period.

On August 17, 2022, the BPU approved NJNG's petition seeking authority to issue up to $500 million in Medium Term Notes over a 3-year period.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

5. DERIVATIVE INSTRUMENTS

The Company is subject primarily to commodity price risk due to fluctuations in the market price of natural gas, SRECs and electricity. To manage this risk, the Company enters into a variety of derivative instruments including, but not limited to, futures contracts, physical forward contracts, financial options and swaps to economically hedge the commodity price risk associated with its existing and anticipated commitments to purchase and sell natural gas, SRECs and electricity. In addition, the Company is exposed to foreign currency and interest rate risk and may utilize foreign currency derivatives to hedge Canadian dollar-denominated natural gas purchases and/or sales and interest rate derivatives to reduce exposure to fluctuations in interest rates. All of these types of contracts are accounted for as derivatives, unless the Company elects NPNS, which is done on a contract-by-contract election. Accordingly, all of the financial and certain of the Company's physical derivative instruments are recorded at fair value on the Consolidated Balance Sheets. For a more detailed discussion of the Company's fair value measurement policies and level disclosures associated with the Company's derivative instruments, see *Note 6. Fair Value*.

Energy Services

Energy Services ES chooses not to designate its financial commodity and physical forward commodity derivatives as accounting hedges or to elect NPNS. The changes in the fair value of these derivatives are recorded as a component of natural gas purchases or operating revenues, as appropriate for Energy Services, ES, on the Consolidated Statements of Operations as unrealized gains or losses. For Energy Services ES at settlement, realized gains and losses on all financial derivative instruments are recognized as a component of natural gas purchases, and realized gains and losses on all physical derivatives follow the presentation of the related unrealized gains and losses as a component of either natural gas purchases or operating revenues.

Energy Services ES also enters into natural gas transactions in Canada and, consequently, is exposed to fluctuations in the value of Canadian currency relative to the U.S. dollar. Energy Services ES may utilize foreign currency derivatives to lock in the exchange rates associated with natural gas transactions denominated in Canadian currency. The derivatives may include currency forwards, futures or swaps and are accounted for as derivatives. These derivatives are typically used to hedge demand fee payments on pipeline capacity, storage and natural gas purchase agreements.

As a result of Energy Services ES entering into transactions to borrow natural gas, commonly referred to as "park and loans," an embedded derivative is recognized relating to differences between the fair value of the amount borrowed and the fair value of the amount that will ultimately be repaid, based on changes in the forward price for natural gas prices at the borrowed location over the contract term. This embedded derivative is accounted for as a forward sale in the month in which the repayment of the borrowed natural gas is expected to occur and is considered a derivative transaction that is recorded at fair value on the Consolidated Balance Sheets, with changes in value recognized in current-period earnings.

Expected production of SRECs is hedged through the use of forward and futures contracts. All contracts require the Company to physically deliver SRECs through the transfer of certificates as per contractual settlement schedules. Energy Services ES recognizes changes in the fair value of these derivatives as a component of operating revenues. Upon settlement of the contract, the related revenue is recognized when the SREC is transferred to the counterparty.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Natural Gas Distribution

Changes in fair value of NJNG's financial commodity derivatives are recorded as a component of regulatory assets or liabilities on the Consolidated Balance Sheets. The Company elects NPNS accounting treatment on all physical commodity contracts that NJNG entered into on or before December 31, 2015, and accounts for these contracts on an accrual basis. Accordingly, physical natural gas purchases are recognized in regulatory assets or liabilities on the Consolidated Balance Sheets when the contract settles and the natural gas is delivered. The average cost of natural gas is charged to expense in the current period earnings based on the BGSS factor times the therm sales. Effective for contracts executed on or after January 1, 2016, NJNG no longer elects NPNS accounting treatment on a portfolio basis. However, since NPNS is a contract-by-contract election, where it makes sense to do so, NJNG can and may elect to treat certain contracts as normal. Because NJNG recovers these amounts through future BGSS rates as increases or decreases to the cost of natural gas in NJNG's tariff for natural gas service, the changes in fair value of these contracts are deferred as a component of regulatory assets or liabilities on the Consolidated Balance Sheets.

Clean Energy Ventures

The Company elects NPNS accounting treatment on PPA contracts executed by Clean Energy Ventures CEV that meet the definition of a derivative and accounts for the contract on an accrual basis. Accordingly, electricity sales are recognized in revenues throughout the term of the PPA as electricity is delivered. NPNS is a contract-by-contract election and where it makes sense to do so, the Company can and may elect to treat certain contracts as normal.

Fair Value of Derivatives

The following table presents the fair value of the Company's derivative assets and liabilities recognized on the Consolidated Balance Sheets as of September 30:

(Thousands)	(Thousands)	Balance Sheet Location	Derivatives at Fair Value 2022 Assets	2022 Liabilities	2021 Assets	2021 Liabilities
Derivatives not designated as hedging instruments:	**Derivatives not designated as hedging instruments:**					
Natural Gas Distribution:						
NJNG:						
Physical commodity contracts	Physical commodity contracts	Derivatives - current	**$ 252**	**$ 11**	$ 36	$ 16
Financial commodity contracts	Financial commodity contracts	Derivatives - current	**85**	**6,281**	2,046	13
Energy Services:						
ES:						
Physical commodity contracts	Physical commodity contracts	Derivatives - current	**9,857**	**17,051**	2,818	24,592
		Derivatives - noncurrent	**376**	**13,561**	333	13,237
Financial commodity contracts	Financial commodity contracts	Derivatives - current	**14,423**	**26,488**	30,226	62,521
		Derivatives - noncurrent	**6,009**	**630**	3,068	260
Foreign currency contracts	Foreign currency contracts	Derivatives - current	**18**	**17**	125	3
		Derivatives - noncurrent	**—**	**—**	2	—
Total fair value of derivatives	**Total fair value of derivatives**		**$ 31,020**	**$ 64,039**	$ 38,654	$ 100,642

(Thousands)	Balance Sheet Location	Derivatives at Fair Value 2023 Assets	2023 Liabilities	2022 Assets	2022 Liabilities
Derivatives not designated as hedging instruments:					
NJNG:					
Physical commodity contracts	Derivatives - current	**$ 43**	**$ 488**	$ 252	$ 11
Financial commodity contracts	Derivatives - current	**6,110**	**20**	85	6,281
ES:					
Physical commodity contracts	Derivatives - current	**6,209**	**12,757**	9,857	17,051
	Derivatives - noncurrent	**802**	**7,870**	376	13,561
Financial commodity contracts	Derivatives - current	**18,393**	**2,880**	14,423	26,488
	Derivatives - noncurrent	**762**	**97**	6,009	630
Foreign currency contracts	Derivatives - current	**—**	**—**	18	17
Total fair value of derivatives		**$ 32,319**	**$ 24,112**	$ 31,020	$ 64,039

Offsetting of Derivatives

The Company transacts under master netting arrangements or equivalent agreements that allow it to offset derivative assets and liabilities with the same counterparty. However, the Company's policy is to present its derivative assets and liabilities on a gross basis at the contract level unit of account on the Consolidated Balance Sheets.

The following table summarizes the reported gross amounts, the amounts that the Company has the right to offset but elects not to, financial collateral and the net amounts the Company could present on the Consolidated Balance Sheets but elects not to.

(Thousands)	Amounts Presented on Balance Sheets (1)	Offsetting Derivative Instruments (2)	Financial Collateral Received/Pledged (3)	Net Amounts (4)
As of September 30, 2022:				
Derivative assets:				
Energy Services				
Physical commodity contracts	**$ 10,233**	**$ (404)**	**$ (200)**	**$ 9,629**
Financial commodity contracts	**20,432**	**(12,198)**	**—**	**8,234**
Foreign currency contracts	**18**	**(17)**	**—**	**1**
Total Energy Services	**$ 30,683**	**$ (12,619)**	**$ (200)**	**$ 17,864**
Natural Gas Distribution				
Physical commodity contracts	**$ 252**	**$ —**	**$ —**	**$ 252**
Financial commodity contracts	**85**	**(85)**	**—**	**—**
Total Natural Gas Distribution	**$ 337**	**$ (85)**	**$ —**	**$ 252**
Derivative liabilities:				
Energy Services				
Physical commodity contracts	**$ 30,612**	**$ (404)**	**$ —**	**$ 30,208**
Financial commodity contracts	**27,118**	**(12,198)**	**—**	**14,920**
Foreign currency contracts	**17**	**(17)**		**—**
Total Energy Services	**$ 57,747**	**$ (12,619)**	**$ —**	**$ 45,128**
Natural Gas Distribution				
Physical commodity contracts	**$ 11**	**$ —**	**$ —**	**$ 11**
Financial commodity contracts	**6,281**	**(85)**	**—**	**6,196**
Total Natural Gas Distribution	**$ 6,292**	**$ (85)**	**$ —**	**$ 6,207**
As of September 30, 2021:				
Derivative assets:				
Energy Services				
Physical commodity contracts	$ 3,151	$ (894)	$ (700)	$ 1,557
Financial commodity contracts	33,294	(33,294)	20,532	20,532
Foreign currency contracts	127	(3)	—	124
Total Energy Services	$ 36,572	$ (34,191)	$ 19,832	$ 22,213
Natural Gas Distribution				
Physical commodity contracts	$ 36	$ (8)	$ —	$ 28
Financial commodity contracts	2,046	(13)	—	2,033
Total Natural Gas Distribution	$ 2,082	$ (21)	$ —	$ 2,061
Derivative liabilities:				
Energy Services				
Physical commodity contracts	$ 37,829	$ (894)	$ —	$ 36,935
Financial commodity contracts	62,781	(33,294)	—	29,487
Foreign currency contracts	3	(3)	—	—
Total Energy Services	$ 100,613	$ (34,191)	$ —	$ 66,422
Natural Gas Distribution				
Physical commodity contracts	$ 16	$ (8)	$ —	$ 8
Financial commodity contracts	13	(13)	—	—
Total Natural Gas Distribution	$ 29	$ (21)	$ —	$ 8

	Asset Derivatives				Liability Derivatives			
(Thousands)	Fair Value (1)	Amounts Offset (2)	Collateral Received/Pledged (3)	Net Value (4)	Fair Value (1)	Amounts Offset (2)	Collateral Received/Pledged (3)	Net Value (4)
As of September 30, 2023								
ES Contracts								

Physical commodity	**$ 7,011**	**(1,236)**	**— $**	**5,775**	**$ 20,627**	**(1,236)**	**(9,728) $**	**9,663**
Financial commodity	**19,155**	**(2,977)**	**(16,178)**	**—**	**2,977**	**(2,977)**	**—**	**—**
Total ES	**$ 26,166**	**(4,213)**	**(16,178) $**	**5,775**	**$ 23,604**	**(4,213)**	**(9,728) $**	**9,663**
NJNG Contracts								
Physical commodity	**$ 43**	**(3)**	**— $**	**40**	**$ 488**	**(3)**	**— $**	**485**
Financial commodity	**6,110**	**(20)**	**—**	**6,090**	**20**	**(20)**	**—**	**—**
Total NJNG	**$ 6,153**	**(23)**	**— $**	**6,130**	**$ 508**	**(23)**	**— $**	**485**
As of September 30, 2022								
ES Contracts								
Physical commodity	$ 10,233	(404)	(200) $	9,629	$ 30,612	(404)	— $	30,208
Financial commodity	20,432	(12,198)	—	8,234	27,118	(12,198)	—	14,920
Foreign currency	18	(17)	—	1	17	(17)	—	—
Total ES	$ 30,683	(12,619)	(200) $	17,864	$ 57,747	(12,619)	— $	45,128
NJNG Contracts								
Physical commodity	$ 252	—	— $	252	$ 11	—	— $	11
Financial commodity	85	(85)	—	—	6,281	(85)	—	6,196
Total NJNG	$ 337	(85)	— $	252	$ 6,292	(85)	— $	6,207

(1) Derivative assets and liabilities are presented on a gross basis on the balance sheets Consolidated Balance Sheets, as the Company does not elect balance sheet offsetting under ASC 210-20.

(2) Includes transactions with NAESB netting election, transactions held by FCMs with net margining and transactions with ISDA netting.

(3) Financial collateral includes cash balances at FCMs, as well as cash received from or pledged to other counterparties.

(4) Net amounts represent presentation of derivative assets and liabilities if the Company were to elect balance sheet offsetting under ASC 210-20.

Energy Services ES utilizes financial derivatives to economically hedge the gross margin associated with the purchase of physical natural gas to be used for storage injection and its subsequent sale at a later date. The gains or (losses) on the financial transactions that are economic hedges of the cost of the purchased natural gas are recognized prior to the gains or (losses) on the physical transaction, which are recognized in earnings when the natural gas is delivered. Therefore, mismatches between the timing of the recognition of realized gains or (losses) on the financial derivative instruments and gains or (losses) associated with the actual sale of the natural gas that is being economically hedged, along with fair value changes in derivative instruments, creates volatility in the results of Energy Services, ES, although the Company's intended economic results relating to the entire transaction are unaffected.

The following table presents the effect of derivative instruments recognized on the Consolidated Statements of Operations as of September 30:

(Thousands)	*(Thousands)*	**Location of gain (loss) recognized in income on derivatives**	**Amount of gain (loss) recognized in income on derivatives**			*(Thousands)*	**Location of gain (loss) recognized in income on derivatives**	**Amount of gain (loss) recognized in income on derivatives**		
Derivatives not designated as hedging instruments:	Derivatives not designated as hedging instruments:		**2022**	2021	2020	Derivatives not designated as hedging instruments:		**2023**	2022	2021
Energy Services:										
ES:						ES:				

Physical commodity contracts	Physical commodity contracts	Operating revenues	$ **(8,569)**	$ 30,011	$ 1,163	Physical commodity contracts	Operating revenues	$ **33,610**	$ (8,569)	$ 30,011
Physical commodity contracts	Physical commodity contracts	Natural gas purchases	**3,580**	1,052	(3,366)	Physical commodity contracts	Natural gas purchases	**(6,846)**	3,580	1,052
Financial commodity contracts	Financial commodity contracts	Natural gas purchases	**14,403**	(43,997)	58,949	Financial commodity contracts	Natural gas purchases	**80,406**	14,403	(43,997)
Foreign currency contracts	Foreign currency contracts	Natural gas purchases	**(14)**	238	(41)	Foreign currency contracts	Natural gas purchases	**—**	(14)	238
Total unrealized and realized gains (losses)			$ **9,400**	$ (12,696)	$ 56,705					
Total unrealized and realized gain (loss)						Total unrealized and realized gain (loss)		$ **107,170**	$ 9,400	$ (12,696)

NJNG's derivative contracts are part of the Company's risk management activities that relate to its natural gas purchases and BGSS incentive programs. At settlement, the resulting gains and/or losses are payable to or recoverable from utility customers and are deferred in regulatory assets or liabilities resulting in no impact to earnings.

The following table reflects the gains and/or (losses) associated with NJNG's derivative instruments as of September 30:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Natural Gas Distribution:								
NJNG:					NJNG:			
Physical commodity contracts	Physical commodity contracts	$ **7,116**	$ 2,174	$ 2,077	Physical commodity contracts	$ **(34,241)**	$ 7,116	$ 2,174
Financial commodity contracts	Financial commodity contracts	**32,868**	32,725	(3,903)	Financial commodity contracts	**(50,130)**	32,868	32,725
Total unrealized and realized gains (losses)		$ **39,984**	$ 34,899	$ (1,826)				
Total unrealized and realized (loss) gain					Total unrealized and realized (loss) gain	$ **(84,371)**	$ 39,984	$ 34,899

During fiscal 2020, NJR entered into treasury lock transactions to fix the benchmark treasury rate associated with debt issuances that were finalized in 2020. NJR designates its treasury lock contracts as cash flow hedges; therefore, changes in fair value of the effective portion of the hedges are recorded in OCI and upon settlement of the contracts, realized gains and (losses) are reclassified from OCI to interest expense on the Consolidated Statements of Operations ratable over the term of the associated debt. Pre-tax losses of $1.4 million $1.4M were reclassified during both fiscal 2022 2023 and 2021. 2022.

The following table reflects the effect of derivative instruments designated as cash flow hedges in OCI as of September 30:

(Thousands)	**Amount of pre-tax gain (loss) recognized in OCI on derivatives**		**Location of gain (loss) reclassified from OCI into income**	**Amount of pre-tax gain (loss) reclassified from OCI into income**	
Derivatives in cash flow hedging relationships:	**2022**	2021		**2022**	2021
Interest rate contracts	$ **—**	$ —	Interest expense	$ **(1,371)**	$ (1,371)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

NJNG and Energy Services ES had the following outstanding long (short) derivatives as of September 30:

	Transaction Type	Volume (Bcf) 2022	2021
Natural Gas Distribution	Futures	**30.5**	22.2
	Physical Commodity	**6.8**	7.6
Energy Services	Futures	**(0.7)**	(13.4)
	Swaps	**—**	(0.3)
	Physical Commodity	**2.7**	0.6

	Natural Gas Distribution		Energy Services	
Volumes (Bcf)	**Futures**	**Physical Commodity**	**Futures**	**Physical Commodity**
2023	**32.1**	**12.1**	**(6.9)**	**0.2**
2022	30.5	6.8	(0.7)	2.7

Not included in the above table are Energy Services' net 1.3M and 1.2M SRECs that were open as of September 30, 2023 and 2022, respectively, and the notional amount of foreign currency transactions of approximately $(1,000) and $(123,000) and 1.2 million and 1.4 million SRECs that for the periods were open as of September 30, 2022 and 2021, respectively. immaterial.

Broker Margin

Futures exchanges have contract-specific margin requirements that require the posting of cash or cash equivalents relating to traded contracts. Margin requirements consist of initial margin that is posted upon the initiation of a position, maintenance margin that is usually expressed as a percent of initial margin and variation margin that fluctuates based on the daily marked-to-market relative to maintenance margin requirements. The Company maintains separate broker margin accounts for Natural Gas Distribution NJNG and Energy Services. ES.

The balances as of September 30, by reporting segment, are as follows:

(Thousands)	Balance Sheet Location		2022		2021
Natural Gas Distribution	Restricted broker margin accounts - current assets	**$**	**26,138**	$	2,790
Energy Services	Restricted broker margin accounts - current assets	**$**	**68,123**	$	70,050

(Thousands)	Balance Sheet Location		2023		2022
NJNG	Restricted broker margin accounts - current assets	**$**	**5,915**	$	26,138
ES	Restricted broker margin accounts - current assets	**$**	**14,881**	$	68,123
	Restricted broker margin accounts - current liabilities	**$**	**8,029**	$	—

Wholesale Credit Risk

NJNG, Energy Services, Clean Energy Ventures ES, CEV and Storage and Transportation S&T are exposed to credit risk as a result of their sales/wholesale marketing activities. As a result of the inherent volatility in the prices of natural gas commodities, derivatives and SRECs, the market value of contractual positions with individual counterparties could exceed established credit limits or collateral provided by those counterparties. If a counterparty fails to perform the obligations under its contract, then the Company could sustain a loss.

The Company monitors and manages the credit risk of its wholesale operations through credit policies and procedures that management believes reduce overall credit risk. These policies include a review and evaluation of current and prospective counterparties' financial statements and/or credit ratings, daily monitoring of counterparties' credit limits and exposure, daily communication with traders regarding credit status and the use of credit mitigation measures, such as collateral requirements and netting agreements. Examples of collateral include letters of credit and cash received for either prepayment or margin deposit. Collateral may be requested due to the Company's election not to extend credit or because exposure exceeds defined thresholds. Most of the Company's wholesale marketing contracts contain standard netting provisions. These contracts include those governed by ISDA and the NAESB. The netting provisions refer to payment netting, whereby receivables and payables with the same counterparty are offset and the resulting net amount is paid to the party to which it is due.

Internally-rated exposure applies to counterparties that are not rated by Fitch or Moody's. In these cases, the counterparty's or guarantor's financial statements are reviewed, and similar methodologies and ratios used by Fitch and/or Moody's are applied to arrive at a substitute rating. Gross credit exposure is defined as the unrealized fair value of physical and financial derivative commodity contracts, plus any outstanding wholesale receivable for the value of natural gas delivered and/or financial derivative commodity contract that has settled for which payment has not yet been received.

The following is a summary of gross credit exposures grouped by investment and noninvestment grade counterparties, as of September 30, 2022 September 30, 2023. The amounts presented below have not been reduced by any collateral received or netting and exclude accounts receivable for NJNG retail natural gas sales and services and Clean Energy Ventures CEV residential solar installations.

(Thousands)	Gross Credit Exposure
Investment grade	$ 182,138 119,229
Noninvestment grade	30,105 4,775
Internally-rated investment grade	17,113 20,343
Internally-rated noninvestment grade	45,591 20,153
Total	$ 274,947 164,500

Conversely, certain of NJNG's and Energy Services' ES's derivative instruments are linked to agreements containing provisions that would require cash collateral payments from the Company if certain events occur. These provisions vary based upon the terms in individual counterparty agreements and can result in cash payments if NJNG's credit rating were to fall below its current level. Specifically, most, but not all, of these additional payments will be triggered if NJNG's debt is downgraded by the major credit agencies, regardless of investment grade status. In addition, some of these agreements include threshold amounts that would result in additional collateral payments if the values of derivative liabilities were to exceed the maximum values provided for in relevant counterparty agreements. Other provisions include payment features that are not specifically linked to ratings, but are based on certain financial metrics.

Collateral amounts associated with any of these conditions are determined based on a sliding scale and are contingent upon the degree to which the Company's credit rating and/or financial metrics deteriorate, and the extent to which liability amounts exceed applicable threshold limits. There was approximately $161,000 $0.1M and $0.2M of derivative instruments with credit-risk-related contingent features that were in a liability position for which collateral is required as of September 30, 2022. September 30, 2023 and 2022, respectively. These amounts differ from the respective net derivative liabilities reflected on the Consolidated Balance Sheets because the agreements also include clauses, commonly known as "Rights of Offset," that would permit the Company to offset its derivative assets against its derivative liabilities for determining additional collateral to be posted, as previously discussed.

6. FAIR VALUE

Fair Value of Assets and Liabilities

The fair value of cash and cash equivalents, accounts receivable, current loan receivables, loans receivable, accounts payable, commercial paper and borrowings under revolving credit facilities are estimated to equal their carrying amounts due to the short maturity of those instruments. Non-current loans receivable are recorded based on what the Company expects to receive, which approximates fair value, in other noncurrent assets on the Consolidated Balance Sheets. The Company regularly evaluates the credit quality and collection profile of its customers to approximate fair value.

As of September 30, the estimated fair value of long-term debt, including current maturities, excluding finance leases, natural gas meter sale leasebacks, debt issuance costs and solar asset financing obligations, sale leasebacks, is as follows *(1)*:

(Thousands)	*(Thousands)*		**2022**		2021	*(Thousands)*		**2023**		2022
NJNG *(2) (3)*	NJNG *(2) (3)*					NJNG *(2) (3)*				
Carrying value	Carrying value	**$**	**1,292,845**	$	1,092,845	Carrying value	**$**	**1,467,845**	$	1,292,845

Fair market value	Fair market value	$	**979,388**	$	1,188,261	Fair market value	**$**	**1,097,088**	$	979,388
NJR (4)	NJR (4)					NJR (4)				
Carrying value	Carrying value	$	**1,070,000**	$	1,010,000	Carrying value	**$**	**1,120,000**	$	1,070,000
Fair market value	Fair market value	$	**966,968**	$	1,100,283	Fair market value	**$**	**1,009,448**	$	966,968

(1) See *Note 9. Debt* for a reconciliation to long-term and short-term debt.

(2) Excludes finance leases the sale leasebacks of $30.3 million natural gas meters of $31.4M and $20.1 million $30.3M as of September 30, 2022 September 30, 2023 and September 30, 2021, 2022, respectively. The fair value of certain sale leasebacks of natural gas meters amounted to $20.9M and $15.7M as of September 30, 2023 and 2022, respectively.

(3) Excludes NJNG''s NJNG's debt issuance costs of $9.5 million $9.8M and $9.1 million $9.5M as of September 30, 2022 September 30, 2023 and September 30, 2021 September 30, 2022, respectively.

(4) Excludes NJR's debt issuance costs of $3.8 million $3.7M and $3.3 million $3.8M as of September 30, 2022 September 30, 2023 and September 30, 2021 September 30, 2022, respectively.

Clean Energy Ventures CEV enters into transactions to sell certain commercial solar assets and lease the assets back for a term specified in the lease. These transactions are considered financing obligations for accounting purposes and are recorded within long-term debt on the Consolidated Balance Sheets. The estimated fair value of solar asset financing obligations as of September 30, 2022 September 30, 2023 and 2021 2022 was $124.1 million $268.1M and $132.5 million, $124.1M, respectively.

The Company utilizes a discounted cash flow method to determine the fair value of its debt. Inputs include observable municipal and corporate yields, as appropriate for the maturity of the specific issue and the Company's credit rating. As of September 30, 2022 September 30, 2023, the Company discloses its debt within Level 2 of the fair value hierarchy.

Fair Value Hierarchy

The Company applies fair value measurement guidance to its financial assets and liabilities, as appropriate, which include financial derivatives and physical commodity contracts qualifying as derivatives, investments in equity securities and other financial assets and liabilities. In addition, authoritative accounting literature prescribes the use of a fair value hierarchy that prioritizes the inputs-to-valuation techniques used to measure fair value based on the source of the data used to develop the price inputs.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities and the lowest priority to inputs that are based on unobservable market data and includes the following:

Fair Value Hierarchy	Description of Fair Value Level	Fair Value Technique
Level 1	Unadjusted quoted prices for identical assets or liabilities in active markets	The Company's Level 1 assets and liabilities include exchange-traded natural gas futures and options contracts, listed equities and money market funds. Exchange-traded futures and options contracts include all energy contracts traded on the NYMEX, CME and ICE that the Company refers to internally as basis swaps, fixed swaps, futures and financial options that are cleared through an FCM.
Level 2	Other significant observable inputs, such as interest rates or price data, including both commodity and basis pricing that is observed either directly or indirectly from publications or pricing services	The Company's Level 2 assets and liabilities include over-the-counter physical forward commodity contracts and swap contracts, SREC forward sales or derivatives that are initially valued using observable quotes and are subsequently adjusted to include time value, credit risk or estimated transport pricing components for which no basis price is available. Level 2 financial derivatives consist of transactions with non-FCM counterparties (basis swaps, fixed swaps and/or options). Inputs are verifiable and do not require significant management judgment. For some physical commodity contracts, the Company utilizes transportation tariff rates that are publicly available and that it considers to be observable inputs that are equivalent to market data received from an independent source. There are no significant judgments or adjustments applied to the transportation tariff inputs and no market perspective is required. Even if the transportation tariff input were considered to be a "model," it would still be considered to be a Level 2 input as the data is: • widely accepted and public; • non-proprietary and sourced from an independent third party; and • observable and published. These additional adjustments are generally not considered to be significant to the ultimate recognized values.
Level 3	Inputs derived from a significant amount of unobservable market data	Level 1 Unadjusted quoted prices for identical assets or liabilities in active markets. The Company's Level 1 assets and liabilities include exchange-traded natural gas futures and options contracts, listed equities and money market funds. Exchange-traded futures and options contracts include all energy contracts traded on the NYMEX, CME and ICE that the Company refers to internally as basis swaps, fixed swaps, futures and financial options that are cleared through an FCM. Level 2 Other significant observable inputs, such as interest rates or price data, including both commodity and basis pricing that is observed either directly or indirectly from publications or pricing services. The Company's Level 2 assets and liabilities include over-the-counter physical forward commodity contracts and swap contracts, SREC forward sales or derivatives that are initially valued using observable quotes and are subsequently adjusted to include time value, credit risk or estimated transport pricing components for which no basis price is available. Level 2 financial derivatives consist of transactions with non-FCM counterparties (basis swaps, fixed swaps and/or options). Inputs are verifiable and do not require significant management judgment. For some physical commodity contracts, the Company utilizes transportation tariff rates that are publicly available and that it considers to be observable inputs that are equivalent to market data received from an independent source. There are no significant judgments or adjustments applied to the transportation tariff inputs and no market perspective is required. Even if the transportation tariff input were considered to be a "model," it would still be considered to be a Level 2 input as the data is: • widely accepted and public; • non-proprietary and sourced from an independent third party; and • observable and published. These additional adjustments are generally not considered to be significant to the ultimate recognized values. Level 3 Inputs derived from a significant amount of unobservable market data. These include the Company's best estimate of fair value and are derived primarily through the use of internal valuation methodologies.

Financial derivative portfolios of NJNG and Energy Services ES consist mainly of futures, options and swaps. The Company primarily uses the market approach, and its policy is to use actively quoted market prices when available. The principal market for its derivative transactions is the natural gas wholesale market; therefore, the primary sources for its price inputs are CME, NYMEX and ICE. Energy Services ES uses Platts and Natural Gas Exchange for Canadian delivery points. However, Energy Services ES also engages in transactions that result in transporting natural gas to delivery points for which there is no actively quoted market price. In most instances, the transportation cost to the final delivery location is not significant to the overall valuation. If required, Energy Services' ES's policy is to use the best information available to determine fair value based on internal pricing models, which would include estimates extrapolated from broker quotes or other pricing services.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The Company also has other financial assets that include listed equities, mutual funds and money market funds for which there are active exchange quotes available. When the Company determines fair values, measurements are adjusted, as needed, for credit risk associated with its counterparties, as well as its own credit risk. The Company determines these adjustments by using historical default probabilities that correspond to the applicable S&P issuer ratings, while also taking into consideration collateral and netting arrangements that serve to mitigate risk.

Assets and liabilities measured at fair value on a recurring basis are summarized as follows:

(Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
As of September 30, 2022:				
Assets				
Physical commodity contracts	**$ —**	**$ 10,485**	**$ —**	**$ 10,485**
Financial commodity contracts	**20,517**	**—**	**—**	**20,517**
Financial commodity contracts - foreign exchange	**—**	**18**	**—**	**18**
Money market funds	**59**	**—**	**—**	**59**
Other	**1,884**	**—**	**—**	**1,884**
Total assets at fair value	**$ 22,460**	**$ 10,503**	**$ —**	**$ 32,963**
Liabilities				
Physical commodity contracts	**$ —**	**$ 30,623**	**$ —**	**$ 30,623**
Financial commodity contracts	**33,231**	**168**	**—**	**33,399**
Financial commodity contracts - foreign exchange	**—**	**17**	**—**	**17**
Total liabilities at fair value	**$ 33,231**	**$ 30,808**	**$ —**	**$ 64,039**
As of September 30, 2021:				
Assets				
Physical commodity contracts	$ —	$ 3,187	$ —	$ 3,187
Financial commodity contracts	35,340	—	—	35,340
Financial commodity contracts - foreign exchange	—	127	—	127
Money market funds	41	—	—	41
Other	1,815	—	—	1,815
Total assets at fair value	$ 37,196	$ 3,314	$ —	$ 40,510
Liabilities				
Physical commodity contracts	$ —	$ 37,845	$ —	$ 37,845
Financial commodity contracts	62,188	606	—	62,794
Financial commodity contracts - foreign exchange	—	3	—	3
Total liabilities at fair value	$ 62,188	$ 38,454	$ —	$ 100,642

7. INVESTMENTS IN EQUITY INVESTEES

As of September 30, the Company's investments in equity method investees includes the following:

(Thousands)	**2022**	2021
Steckman Ridge *(1)*	**$ 106,571**	$ 109,050
PennEast	**—**	5,479
Total	**$ 106,571**	$ 114,529

(1) Includes loans with a total outstanding principal balance of $70.4 million for both fiscal 2022 and 2021, which accrue interest at a variable rate that resets quarterly and are due October 1, 2023.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Assets and liabilities measured at fair value on a recurring basis are summarized as follows:

(Thousands)		Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total
As of September 30, 2023								
Assets								
Physical commodity contracts	**$**	**—**	**$**	**7,054**	**$**	**—**	**$**	**7,054**
Financial commodity contracts		**25,265**		**—**		**—**		**25,265**
Money market funds		**145**		**—**		**—**		**145**
Other		**2,641**		**—**		**—**		**2,641**
Total assets at fair value	**$**	**28,051**	**$**	**7,054**	**$**	**—**	**$**	**35,105**
Liabilities								
Physical commodity contracts	**$**	**—**	**$**	**21,115**	**$**	**—**	**$**	**21,115**
Financial commodity contracts		**2,997**		**—**		**—**		**2,997**
Total liabilities at fair value	**$**	**2,997**	**$**	**21,115**	**$**	**—**	**$**	**24,112**
As of September 30, 2022								
Assets								
Physical commodity contracts	$	—	$	10,485	$	—	$	10,485
Financial commodity contracts		20,517		—		—		20,517
Financial commodity contracts - foreign exchange		—		18		—		18
Money market funds		59		—		—		59
Other		1,884		—		—		1,884
Total assets at fair value	$	22,460	$	10,503	$	—	$	32,963
Liabilities								
Physical commodity contracts	$	—	$	30,623	$	—	$	30,623
Financial commodity contracts		33,231		168		—		33,399
Financial commodity contracts - foreign exchange		—		17		—		17
Total liabilities at fair value	$	33,231	$	30,808	$	—	$	64,039

7. INVESTMENTS IN EQUITY INVESTEES

Steckman Ridge

The Company holds a 50 percent 50% equity method investment in Steckman Ridge, a jointly owned and controlled natural gas storage facility located in Bedford County, Pennsylvania. The Company's investment in Steckman Ridge was $104.1M and $106.6M as of September 30, 2023 and 2022, respectively, which includes loans with a total outstanding principal balance of $70.4M for both September 30, 2023 and 2022. On October 1, 2023, we entered into an Amended and Restated Loan Agreement with Steckman Ridge to extend the existing loan agreement for an additional five years and moved from London Interbank Offered Rate to SOFR. These loans accrue interest at a variable rate that resets quarterly and are now due October 1, 2027.

NJNG and Energy Services ES have entered into storage and park and loan agreements with Steckman Ridge. See *Note 18. 16. Related Party Transactions* for more information on these intercompany transactions.

PennEast

The Company, through its subsidiary NJR Midstream Company, is a 20 percent 20% investor in PennEast, a partnership whose purpose was to construct and operate a 120-mile natural gas pipeline that would have extended from northeast Pennsylvania to western New Jersey.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

During the third quarter of fiscal 2021, the Company recognized an other-than-temporary impairment charge of $92.0 million, $92.0M, or approximately $74.5 million, $74.5M, net of income taxes, which represents represented the best estimate of the salvage value of the remaining assets of the project. Other-than-temporary impairments are project and was recorded in equity in earnings (losses) of affiliates in the Consolidated Statements of Operations.

In September 2021, the PennEast partnership determined that this project is was no longer supported, and all further development has ceased. On December 16, 2021, the FERC dismissed PennEast's pending applications. The order vacates the certificate authorization for the PennEast pipeline project in light of PennEast's response to FERC staff's November 23, 2021 request for a status update, in which PennEast informed the FERC it is no longer developing the project.

During fiscal In March 2022, the PennEast board of managers approved cash distributions to members of the partnership following the sale of certain project-related assets and refunds of interconnection fees received from interstate pipelines. The return of capital received by the Company which from March 2022 through September 2022 totaled $11.0 million, $11.0M and reduced the remaining carrying value of its equity method investment in PennEast to zero in the Consolidated Balance Sheet, Sheets, with the excess recorded in equity in earnings (loss) of affiliates in the Consolidated Statements of Operations. The Company received additional return of capital of $0.3M during fiscal 2023, which is recognized in equity in earnings of affiliates in the Consolidated Statements of Operations.

The following is the summarized financial information for Steckman Ridge and PennEast for fiscal years ended September 30:

(Thousands)		**2022**		2021		2020
Steckman Ridge						
Operating revenues	**$**	**19,812**	$	21,847	$	28,814
Gross profit	**$**	**11,349**	$	13,350	$	20,537
Income from continuing operations	**$**	**8,686**	$	11,483	$	16,926
Net income	**$**	**8,686**	$	11,483	$	16,926
Net income attributable to NJR	**$**	**4,343**	$	5,741	$	8,463
Current assets	**$**	**28,609**	$	14,786		
Noncurrent assets	**$**	**198,052**	$	202,670		
Current liabilities	**$**	**23,618**	$	9,738		
Noncurrent liabilities	**$**	**140,810**	$	140,810		
PennEast						
Operating revenues	**$**	**—**	$	—	$	—
Gross profit	**$**	**—**	$	—	$	—
Income from continuing operations	**$**	**(3,778)**	$	(406,305)	$	34,376
Net (loss) income	**$**	**(3,778)**	$	(406,305)	$	34,376
Net (loss) income attributable to NJR	**$**	**(756)**	$	(81,261)	$	6,875
Current assets	**$**	**1,801**	$	822		
Noncurrent assets	**$**	**—**	$	44,998		
Current liabilities	**$**	**82**	$	248		
Noncurrent liabilities	**$**	**500**	$	500		

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

(Thousands)		**2023**		2022		2021
Steckman Ridge						
Operating revenues	**$**	**22,659**	$	19,812	$	21,847
Gross profit	**$**	**13,385**	$	11,349	$	13,350
Income from continuing operations	**$**	**5,769**	$	8,686	$	11,483
Net income	**$**	**5,769**	$	8,686	$	11,483
Net income attributable to NJR	**$**	**2,884**	$	4,343	$	5,741

Current assets	$ **12,724**	$ 28,609	
Noncurrent assets	$ **193,779**	$ 198,052	
Current liabilities	$ **148,577**	$ 23,618	
Noncurrent liabilities	$ **—**	$ 140,810	
PennEast			
Operating revenues	$ **—**	$ —	$ —
Gross profit	$ **—**	$ —	$ —
Loss from continuing operations	$ **(9,543)**	$ (3,778)	$ (406,305)
Net loss	$ **(9,543)**	$ (3,778)	$ (406,305)
Net loss attributable to NJR	$ **(1,909)**	$ (756)	$ (81,261)
Current assets	$ **1,481**	$ 1,801	
Noncurrent assets	$ **—**	$ —	
Current liabilities	$ **127**	$ 82	
Noncurrent liabilities	$ **—**	$ 500	

8. EARNINGS PER SHARE

The following table presents the calculation of the Company's basic and diluted earnings per share for the fiscal years ended September 30:

(Thousands, except per share amounts)	*(Thousands, except per share amounts)*	**2022**	2021	2020	*(Thousands, except per share amounts)*	**2023**	2022	2021
Net income, as reported	Net income, as reported	$ **274,922**	$ 117,890	$ 163,007	Net income, as reported	$ **264,724**	$ 274,922	$ 117,890
Basic earnings per share	Basic earnings per share				Basic earnings per share			
Weighted average shares of common stock outstanding-basic	Weighted average shares of common stock outstanding-basic	**96,100**	96,227	94,798	Weighted average shares of common stock outstanding-basic	**97,028**	96,100	96,227
Basic earnings per common share	Basic earnings per common share	**$2.86**	$1.23	$1.72	Basic earnings per common share	**$2.73**	$2.86	$1.23
Diluted earnings per share	Diluted earnings per share				Diluted earnings per share			
Weighted average shares of common stock outstanding-basic	Weighted average shares of common stock outstanding-basic	**96,100**	96,227	94,798	Weighted average shares of common stock outstanding-basic	**97,028**	96,100	96,227
Incremental shares *(1)*	Incremental shares *(1)*	**388**	333	305	Incremental shares *(1)*	**599**	388	333
Weighted average shares of common stock outstanding-diluted	Weighted average shares of common stock outstanding-diluted	**96,488**	96,560	95,103	Weighted average shares of common stock outstanding-diluted	**97,627**	96,488	96,560
Diluted earnings per common share *(2)*	Diluted earnings per common share *(2)*	**$2.85**	$1.22	$1.71	Diluted earnings per common share *(2)*	**$2.71**	$2.85	$1.22

(1) Incremental shares consist primarily of unvested stock awards and performance units.

(2) There were anti-dilutive shares of 74,000 excluded from units, which are calculated using the calculation of diluted earnings per share related to the equity forward sale agreement for fiscal 2020. There were no anti-dilutive shares excluded from the calculation of diluted earnings per share for fiscal 2022 and 2021.treasury stock method.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

9. DEBT

NJNG and NJR finance working capital requirements and capital expenditures through various short-term debt and long-term financing arrangements, including a commercial paper program and committed unsecured credit facilities.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Long-term Debt

The following table presents the long-term debt of the Company as of September 30:

(Thousands)			**2022**	2021
NJNG				
First mortgage bonds:		Maturity date:		
3.00%	Series OO	August 1, 2041	**46,500**	46,500
3.15%	Series PP	April 15, 2028	**50,000**	50,000
3.58%	Series QQ	March 13, 2024	**70,000**	70,000
4.61%	Series RR	March 13, 2044	**55,000**	55,000
2.82%	Series SS	April 15, 2025	**50,000**	50,000
3.66%	Series TT	April 15, 2045	**100,000**	100,000
3.63%	Series UU	June 21, 2046	**125,000**	125,000
4.01%	Series VV	May 11, 2048	**125,000**	125,000
3.50%	Series WW	April 1, 2042	**10,300**	10,300
3.38%	Series XX	April 1, 2038	**10,500**	10,500
2.45%	Series YY	April 1, 2059	**15,000**	15,000
3.76%	Series ZZ	July 17, 2049	**100,000**	100,000
3.86%	Series AAA	July 17, 2059	**85,000**	85,000
2.75%	Series BBB	August 1, 2039	**9,545**	9,545
3.00%	Series CCC	August 1, 2043	**41,000**	41,000
3.13%	Series DDD	June 30, 2050	**50,000**	50,000
3.13%	Series EEE	July 23, 2050	**50,000**	50,000
3.33%	Series FFF	July 23, 2060	**25,000**	25,000
2.87%	Series GGG	September 1, 2050	**25,000**	25,000
2.97%	Series HHH	September 1, 2060	**50,000**	50,000
2.97%	Series III	October 28, 2051	**50,000**	—
3.07%	Series JJJ	October 28, 2061	**50,000**	—
4.37%	Series LLL	May 27, 2037	**50,000**	—
4.71%	Series MMM	May 27, 2052	**50,000**	—
Finance lease obligation-meters		Various dates	**30,290**	20,135
Less: Debt issuance costs			**(9,528)**	(9,093)
Less: Current maturities of long-term debt			**(6,538)**	(5,393)
Total NJNG long-term debt			**1,307,069**	1,098,494

NJR				
3.25%	Unsecured senior notes	September 17, 2022	**—**	50,000
3.20%	Unsecured senior notes	August 18, 2023	**50,000**	50,000
3.48%	Unsecured senior notes	November 7, 2024	**100,000**	100,000
3.54%	Unsecured senior notes	August 18, 2026	**100,000**	100,000
3.96%	Unsecured senior notes	June 8, 2028	**100,000**	100,000
3.29%	Unsecured senior notes	July 17, 2029	**150,000**	150,000
3.60%	Unsecured senior notes	July 23, 2032	**130,000**	130,000
3.50%	Unsecured senior notes	July 23, 2030	**130,000**	130,000
3.25%	Unsecured senior notes	September 1, 2033	**80,000**	80,000
3.13%	Unsecured senior notes	September 1, 2031	**120,000**	120,000
4.38%	Unsecured senior notes	June 23, 2027	**110,000**	—
3.64%	Unsecured senior notes	September 19, 2034	**50,000**	—
Less: Debt issuance costs			**(3,753)**	(3,269)
Less: Current maturities of long-term debt			**(50,000)**	(50,000)
Total NJR long-term debt			**1,066,247**	956,731
Clean Energy Ventures				
Solar asset financing obligation		Various dates	**130,618**	124,387
Less: Current maturities of long-term debt			**(18,532)**	(17,448)
Total Clean Energy Ventures long-term debt			**112,086**	106,939
Total long-term debt			**$ 2,485,402**	$ 2,162,164

(Thousands)			**2023**	2022
NJNG				
First mortgage bonds:		Maturity date:		
Series OO	3.00%	August 1, 2041	**46,500**	46,500
Series PP	3.15%	April 15, 2028	**50,000**	50,000
Series QQ	3.58%	March 13, 2024	**70,000**	70,000
Series RR	4.61%	March 13, 2044	**55,000**	55,000
Series SS	2.82%	April 15, 2025	**50,000**	50,000
Series TT	3.66%	April 15, 2045	**100,000**	100,000
Series UU	3.63%	June 21, 2046	**125,000**	125,000
Series VV	4.01%	May 11, 2048	**125,000**	125,000
Series WW	3.50%	April 1, 2042	**10,300**	10,300
Series XX	3.38%	April 1, 2038	**10,500**	10,500
Series YY	2.45%	April 1, 2059	**15,000**	15,000
Series ZZ	3.76%	July 17, 2049	**100,000**	100,000
Series AAA	3.86%	July 17, 2059	**85,000**	85,000
Series BBB	2.75%	August 1, 2039	**9,545**	9,545
Series CCC	3.00%	August 1, 2043	**41,000**	41,000
Series DDD	3.13%	June 30, 2050	**50,000**	50,000
Series EEE	3.13%	July 23, 2050	**50,000**	50,000
Series FFF	3.33%	July 23, 2060	**25,000**	25,000
Series GGG	2.87%	September 1, 2050	**25,000**	25,000
Series HHH	2.97%	September 1, 2060	**50,000**	50,000
Series III	2.97%	October 28, 2051	**50,000**	50,000
Series JJJ	3.07%	October 28, 2061	**50,000**	50,000
Series LLL	4.37%	May 27, 2037	**50,000**	50,000
Series MMM	4.71%	May 27, 2052	**50,000**	50,000
Series NNN	5.47%	October 24, 2052	**125,000**	—
Series OOO	5.56%	September 28, 2033	**50,000**	—

Meter financing obligation		Various dates	**31,352**	30,290
Less: Debt issuance costs			**(9,770)**	(9,528)
Less: Current maturities of long-term debt			**(78,477)**	(6,538)
Total NJNG long-term debt			**1,410,950**	1,307,069
NJR				
Unsecured senior notes	3.20%	August 18, 2023	**—**	50,000
Unsecured senior notes	3.48%	November 7, 2024	**100,000**	100,000
Unsecured senior notes	3.54%	August 18, 2026	**100,000**	100,000
Unsecured senior notes	3.96%	June 8, 2028	**100,000**	100,000
Unsecured senior notes	3.29%	July 17, 2029	**150,000**	150,000
Unsecured senior notes	3.60%	July 23, 2032	**130,000**	130,000
Unsecured senior notes	3.50%	July 23, 2030	**130,000**	130,000
Unsecured senior notes	3.25%	September 1, 2033	**80,000**	80,000
Unsecured senior notes	3.13%	September 1, 2031	**120,000**	120,000
Unsecured senior notes	4.38%	June 23, 2027	**110,000**	110,000
Unsecured senior notes	3.64%	September 19, 2034	**50,000**	50,000
Unsecured senior notes	6.14%	December 15, 2032	**50,000**	—
Less: Debt issuance costs			**(3,656)**	(3,753)
Less: Current maturities of long-term debt			**—**	(50,000)
Total NJR long-term debt			**1,116,344**	1,066,247
CEV				
Solar asset financing obligation		Various dates	**278,401**	130,618
Less: Current maturities of long-term debt			**(37,678)**	(18,532)
Total CEV long-term debt			**240,723**	112,086
Total long-term debt			**$ 2,768,017**	$ 2,485,402

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Annual long-term debt redemption requirements, excluding finance leases, meter financing obligations, debt issuance costs and solar asset financing obligations, as of September 30, are as follows:

(Thousands)	NJR	NJNG
2023	$ 50,000	$ —
2024	$ —	$ 70,000
2025	$ 100,000	$ 50,000
2026	$ 100,000	$ —
2027	$ 110,000	$ —
Thereafter	$ 760,000	$ 1,172,845

(Thousands)	2024	2025	2026	2027	2028	Thereafter
NJR	$ —	$ 100,000	$ 100,000	$ 110,000	$ 100,000	$ 710,000
NJNG	$ 70,000	$ 50,000	$ —	$ —	$ 50,000	$ 1,297,845

NJR

On June 23, 2022 October 24, 2022, NJR entered into a Note Purchase Agreement, which closed on December 15, 2022, under which NJR issued $110 million, Series 2022A $50M, senior notes at a fixed rate of 4.38 percent, 6.14%, maturing in 2027. On September 16, 2022, NJR entered into another Note Purchase Agreement under which NJR issued $50 million, Series C senior notes at a fixed rate of 3.64 percent, maturing in 2034. 2032. The senior notes are unsecured and guaranteed by certain unregulated subsidiaries of NJR.

NJNG

First Mortgage Bonds

NJNG and Trustee entered into the Mortgage Indenture, dated September 1, 2014, which secures all of the outstanding FMBs issued by NJNG. The Mortgage Indenture provides a direct first mortgage lien upon substantially all of the operating properties and franchises of NJNG (other than excepted property, such as cash on hand, choses-in-action, securities, rent, natural gas meters and certain materials, supplies, appliances and vehicles), subject only to certain permitted encumbrances. The Mortgage Indenture contains provisions subjecting after-acquired property (other than excepted property and subject to pre-existing liens, if any, at the time of acquisition) to the lien thereof.

NJNG's Mortgage Indenture does not restrict NJNG's ability to pay dividends. New Jersey Administrative Code 14:4-4.7 states that a public utility cannot issue dividends, without regulatory approval, if its equity-to-total-capitalization ratio falls below 30 percent. 30%. As of September 30, 2022 September 30, 2023, NJNG's equity-to-total-capitalization ratio is 53.7 percent 54.4% and NJNG has the capacity to issue up to $1.3 billion $1.4B of FMB under the terms of the Mortgage Indenture.

On October 28, 2021 October 24, 2022, NJNG entered into a Note Purchase Agreement under which it sold $125M of its senior notes at an interest rate of 5.47%, maturing in 2052.

On September 28, 2023, NJNG entered into a Note Purchase Agreement for $100 million $100M aggregate principal amount of its senior notes consisting of which $50 million were issued at an interest rate $50M of 2.97 percent, maturing in 2051, and $50 million were issued at an interest rate of 3.07 percent, maturing in 2061.

On May 27, 2022, NJNG entered into a Note Purchase Agreement for $100 million of its 5.56% senior notes due September 28, 2033, which closed on September 28, 2023, and $50M of which $50 million were issued at an interest rate of 4.37 percent, maturing in 2037, and $50 million were issued at an interest rate of 4.71 percent, maturing in 2052.

On October 24, 2022, NJNG entered into a Note Purchase Agreement for $125 million of its 5.85% senior notes at an interest rate of 5.47 percent, maturing in 2052. due October 30, 2053, which closed on October 30, 2023.

The senior notes are secured by an equal principal amount of NJNG's FMBs issued under NJNG's Mortgage Indenture.

Sale Leasebacks

NJNG received $17.3 million $8.4M and $17.3M during fiscal 2023 and 2022, respectively, in connection with the sale leaseback of its natural gas meters, with terms ranging from seven to 11 10 years. NJNG records a finance lease liability These transactions are treated as financing obligations that is are paid over the term of the lease arrangement and NJNG has the option to purchase the meters back at fair value upon expiration of the lease. lease expiration. During fiscal 2022, NJNG exercised an early purchase options option with respect to certain outstanding meter leases by making a final principal payments payment of $1.1 million and $1.2 million $1.1M for fiscal 2022 and 2021, respectively. 2022. There were no natural gas meter sale leasebacks recorded early purchase options exercised during fiscal 2021. 2023.

Contractual commitments for meter financing obligation payments, which include the most likely outcome of cash payments to the lessor, as of the fiscal years ended September 30, are as follows:

(Thousands)	2024	2025	2026	2027	2028	Thereafter	Subtotal
Lease Payments	$ 9,362	7,479	6,407	4,083	4,715	1,676	$ 33,722
Less: Interest component							(2,370)
Total							$ 31,352

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Contractual commitments for finance lease payments, as of the fiscal years ended September 30, are as follows:

(Thousands)	Lease Payments
2023	$ 7,252
2024	7,909
2025	6,026
2026	4,955
2027	2,630

Thereafter		3,262
Subtotal		32,034
Less: Interest component		(1,744)
Total	$	30,290

Clean Energy Ventures

Clean Energy Ventures CEV enters into transactions to sell the commercial solar assets concurrent with agreements to lease the assets back over a period of five to 15 years. These transactions are treated as financing obligations for accounting purposes and are typically secured by the renewable energy facility asset and its future cash flows from SREC, TRECs RECs and energy sales. ITCs and other tax benefits associated with these solar projects are transferred to the buyer, if applicable; however, the lease payments are structured so that Clean Energy Ventures CEV is compensated for the transfer of the related tax incentives. Clean Energy Ventures CEV continues to operate the solar assets, including related expenses, and retain the revenue generated from SRECs, TRECs RECs and energy sales, and has the option to renew the lease or repurchase the assets sold at the end of the lease term. Clean Energy Ventures CEV received proceeds of $24.1 million $167.8M and $17.7 million $24.1M during fiscal 2022 2023 and 2021, 2022, respectively, in connection with the sale leaseback of commercial solar assets. The proceeds received were recognized as a financing obligation on the Consolidated Balance Sheets.

Contractual commitments for the solar asset financing obligation payments, as of the fiscal years ended September 30, are as follows:

(Thousands)		Lease Payments
2023	$	15,755
2024		43,000
2025		39,629
2026		2,841
2027		5,352
Thereafter		16,442
Subtotal		123,019
Less: Interest component		(11,443)
Total	$	111,576

(Thousands)		**2024**	**2025**	**2026**	**2027**	**2028**	**Thereafter**		**Subtotal**
Lease Payments	$	54,033	50,663	13,875	16,385	26,392	87,881	$	249,229
Less: Interest component									(42,942)
Total								$	206,287

Credit Facilities and Short-term Debt

On February 8, 2022 February 7, 2023, NJR entered into a NJR's 364-day $150 million $150M term loan credit agreement, with an interest rate based on SOFR plus 0.85 percent, which expires on February 7, 2023. that was entered into in February 2022, expired. The Company had $50M that was borrowed $50 million on February 9, 2022 and $100 million $100M that was borrowed on February 14, 2022. , which was paid in full at expiration of the term loan agreement.

A summary of The following table summarizes NJR's credit facility and NJNG's commercial paper program and credit facility as of September 30, are as follows: 30:

(Thousands)		**2022**		2021	**Expiration Dates**
NJR					
Bank revolving credit facilities (1)	**$**	**650,000**	$	500,000	September 2027
Notes outstanding at end of period	**$**	**200,150**	$	219,100	
Weighted average interest rate at end of period		**3.97 %**		1.05 %	
Amount available at end of period (2)	**$**	**440,177**	$	270,312	
Bank term loan credit agreement	**$**	**150,000**	$	—	February 2023
Loans outstanding at end of period	**$**	**150,000**	$	—	

Weighted average interest rate at end of period		**3.81 %**		— %	
Amount available at end of period	**$**	**—**	$	—	
NJNG					
Bank revolving credit facilities (3)	**$**	**250,000**	$	250,000	September 2027
Commercial paper outstanding at end of period	**$**	**73,800**	$	158,200	
Weighted average interest rate at end of period		**3.34 %**		.17 %	
Amount available at end of period (4)	**$**	**175,469**	$	91,069	

		At end of period			
(Thousands)	**Total borrowing capacity**	**Loans outstanding**	**Weighted average interest rate**	**Remaining borrowing capacity**	**Expiration dates**
2023					
NJR					
Bank revolving credit facilities (1)	**$ 650,000**	**$ 217,300**	**6.53 %**	**$ 426,967** (2)	**Sep 2027**
NJNG					
Bank revolving credit facilities (3)	**$ 250,000**	**$ 34,800**	**5.48 %**	**$ 214,469** (4)	**Sep 2027**
2022					
NJR					
Bank revolving credit facilities (1)	$ 650,000	$ 200,150	3.97 %	$ 440,177 (2)	Sep 2027
Bank term loan credit agreement	$ 150,000	$ 150,000	3.81 %	$ —	Feb 2023
NJNG					
Bank revolving credit facilities (3)	$ 250,000	$ 73,800	3.34 %	$ 175,469 (4)	Sep 2027

(1) Committed credit facilities, which require commitment fees of 0.10 percent 0.10% on the unused amounts.

(2) Letters of credit outstanding total $9.7 million $5.7M and $10.6 million $9.7M as of September 30, 2022 September 30, 2023 and September 30, 2021 September 30, 2022, respectively, which reduces amount available by the same amount.

(3) Committed credit facilities, which require commitment fees of 0.075 percent 0.075% on the unused amounts.

(4) Letters of credit outstanding total $731,000 $0.7M as of both September 30, 2022 September 30, 2023 and 2021, 2022, which reduces amount available by the same amount.

Amounts available under credit facilities are reduced by bank or commercial paper borrowings, as applicable, and any outstanding letters of credit. Neither NJNG nor the results of its operations are obligated or pledged to support the NJR credit or debt shelf facilities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

NJR

During fiscal 2021, On August 30, 2022, NJR entered into a First Amendment to NJR's Second Amended and Restated Credit Agreement governing a $500 million $650M NJR Credit Facility which was to expire on September 2, 2026 with a maturity date of September 2, 2027. The NJR Credit Facility is subject to two mutual options for a one-year extension beyond that date and includes an accordion feature, which allows NJR, in the absence of a default or event of default, to increase from time to time, with the existing or new lenders, the revolving credit commitments under the NJR Credit Facility in increments of $50 million up to a maximum of $250 million. $50M, with the total revolving credit commitments not exceeding $750M. The NJR Credit Facility also permits the borrowing of revolving loans and swingline loans, as well as a $75 million $75M sublimit for the issuance of letters of credit. On August 30, 2022, NJR amended the Second Amended and Restated Credit Agreement to $650 million and extended the maturity date of the facility to September 2, 2027. The amendment also increased the swingline to $70 million from $60 million and moved to SOFR as the benchmark rate, replacing the existing LIBOR. Certain of NJR's unregulated subsidiaries have guaranteed all of NJR's obligations under the NJR Credit Facility. The credit facility is used primarily to finance its share repurchases, to satisfy Energy Services' ES's short-term liquidity needs and to finance, on an initial basis, unregulated investments.

As of September 30, 2022 September 30, 2023, NJR had seven letters of credit outstanding totaling $9.7 million $5.7M on behalf of Energy Services ES and Clean Energy Ventures. CEV. These letters of credit reduce the amount available under NJR's committed credit facility by the same amount. NJR does not anticipate that these letters of credit will be drawn upon by the counterparties, and they will be renewed as necessary.

Energy Services' ES's letters of credit are used for margin requirements for natural gas transactions, collateral and security deposit for retail natural gas sales, and they expire on dates ranging from September 2023 2024 to December 2023. 2024.

Neither NJNG nor the results of its operations are obligated or pledged to support the NJR credit or debt shelf facilities.

Page 109

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

NJNG

During fiscal 2021, On August 30, 2022, NJNG entered into a amended the Second Amended and Restated Credit Agreement governing a $250 million, $250M NJNG Credit Facility which was to expire on September 2, 2026 with a maturity date of September 2, 2027. The NJNG Credit Facility is subject to two mutual options for a one-year extension beyond that date and permits the borrowing of revolving loans and swingline loans, as well as a $30 million sublimit for the issuance of letters of credit. The NJNG Credit Facility also includes an accordion feature, which would allow allows NJNG, in the absence of a default or event of default, to increase from time to time, with the existing or new lenders, the revolving credit commitments under the NJNG Credit Facility in minimum increments of $50 million $50M up to a maximum of $100 million.

On August 30, 2022, $100M. The NJNG amended Credit Facility also permits the Second Amended borrowing of revolving loans and Restated Credit Agreement to extend swingline loans, as well as a $30M sublimit for the maturity date issuance of the facility to September 2, 2027, and moved to SOFR as the benchmark rate, replacing the existing LIBOR. letters of credit.

As of September 30, 2022 September 30, 2023, NJNG has two letters of credit outstanding for 731,000, $0.7M, which reduced the amount available under the NJNG Credit Facility by the same amount. NJNG does not anticipate that these letters of credit will be drawn upon by the counterparties.

10. STOCK-BASED COMPENSATION

In January 2017, the NJR 2017 Stock Award and Incentive Plan replaced the NJR 2007 Stock Award and Incentive Plan. Shares have been issued in the form of performance share units, restricted stock units, deferred retention stock units and unrestricted common stock to non-employee directors. As of September 30, 2022 September 30, 2023, 2,918,487 2,774,527 shares remain available for future issuance.

The following table summarizes all stock-based compensation expense recognized during the following fiscal years:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Stock-based compensation expense:	Stock-based compensation expense:				Stock-based compensation expense:			
Performance share awards	Performance share awards	**$ 4,131**	$ 3,856	$ 1,943	Performance share awards	**$ 4,882**	$ 4,131	$ 3,856
Restricted and non-restricted stock	Restricted and non-restricted stock	**3,189**	3,193	2,868	Restricted and non-restricted stock	**3,647**	3,189	3,193
Deferred retention stock	Deferred retention stock	**7,507**	100	1,725	Deferred retention stock	**6,187**	7,507	100
Compensation expense included in operation and maintenance expense	Compensation expense included in operation and maintenance expense	**14,827**	7,149	6,536	Compensation expense included in operation and maintenance expense	**14,716**	14,827	7,149
Income tax benefit *(1)*	Income tax benefit *(1)*	**(3,624)**	(1,613)	(1,900)	Income tax benefit *(1)*	**(3,563)**	(3,624)	(1,613)
Total, net of tax	Total, net of tax	**$ 11,203**	$ 5,536	$ 4,636	Total, net of tax	**$ 11,153**	$ 11,203	$ 5,536

(1) Excludes additional tax (expense) benefit related to delivered shares of $(144,000), $(159,000) $(0.6)M, $(0.1)M and $647,000 $(0.2)M as of September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively.

Page 106

New Jersey Resources Corporation

Part II

Performance Share Units

In fiscal 2023, the Company granted to certain officers 39,614 performance shares, which are market condition awards that vest on September 30, 2025, subject to the Company meeting certain conditions. In fiscal 2023, the Company also granted to certain officers 73,047 performance shares, of which 42,449 vest on September 30, 2025 and 30,598 vest annually over a three-year period beginning in September 2023, both of which are subject to the Company meeting certain performance conditions.

In fiscal 2022, the Company granted to certain officers 44,965 performance shares, which are market condition awards that vest on September 30, 2024, subject to the Company meeting certain conditions. In fiscal 2022, the Company also granted to certain officers 73,561 performance shares, of which 44,596 vest on September 30, 2024 and 28,965 vest annually over a three-year period beginning in September 2022, both of which are subject to the Company meeting certain performance conditions.

In fiscal 2021, the Company granted to certain officers 46,813 performance shares, which are market condition awards that vest vested on September 30, 2023, subject to the Company meeting certain conditions. In fiscal 2021, the Company also granted to certain officers 70,138 performance shares, of which 44,156 vest on vested in September 30, 2023 and 25,982 vest annually over a three-year period beginning in September 2021, both of which are subject to the Company meeting certain performance conditions.

In fiscal 2020, the Company granted to certain officers 33,123 performance shares, which are market condition awards that vested on September 30, 2022, subject to the Company meeting certain conditions. In fiscal 2020, the Company also granted to certain officers 48,941 performance shares, of which 30,473 vested in September 30, 2022 and 18,468 vest annually over a three-year period beginning in September 2020, both of which were subject to the Company meeting certain performance conditions. The vesting of these awards are shown in the table below.

There is approximately $4.4 million $5.2M of deferred compensation related to unvested performance shares that is expected to be recognized over the weighted average period of 1.7 years.

The following table summarizes the performance share activity under the stock award and incentive plans for the past three fiscal years:

		Shares (1)	Weighted Average Grant Date Fair Value	Total Fair Value of Vested Shares (in Thousands)		Shares (1)	Weighted Average Grant Date Fair Value	Total Fair Value of Vested Shares (in Thousands)
Non-vested and outstanding at September 30, 2019		130,509	$46.53	—				
Non-vested and outstanding at September 30, 2020					Non-vested and outstanding at September 30, 2020	155,731	$44.22	—
Granted	Granted	82,064	$40.61	—	Granted	116,951	$33.34	—
Vested (2)	Vested (2)	(55,025)	$44.27	$ 2,083	Vested (2)	(54,918)	$44.64	$ 1,673
Cancelled/forfeited	Cancelled/forfeited	(1,817)	$44.38	—	Cancelled/forfeited	(51,673)	$45.32	—
Non-vested and outstanding at September 30, 2020		155,731	$44.22	—				
Non-vested and outstanding at September 30, 2021					Non-vested and outstanding at September 30, 2021	166,091	$36.08	—
Granted	Granted	116,951	$33.34	—	Granted	118,526	$38.84	—
Vested (3)	Vested (3)	(54,918)	$44.64	$ 1,673	Vested (3)	(76,708)	$39.57	$ 2,765
Cancelled/forfeited	Cancelled/forfeited	(51,673)	$45.32	—	Cancelled/forfeited	(15,788)	$37.33	—
Non-vested and outstanding at September 30, 2021		166,091	$36.08	—				
Non-vested and outstanding at September 30, 2022					Non-vested and outstanding at September 30, 2022	192,121	$36.29	—
Granted	Granted	**118,526**	**$38.84**	—	Granted	**112,661**	**$46.00**	—
Vested (4)	Vested (4)	**(76,708)**	**$39.57**	**$ 2,765**	Vested (4)	**(105,197)**	**$35.07**	**$ 4,126**
Cancelled/forfeited	Cancelled/forfeited	**(15,788)**	**$37.33**	**—**	Cancelled/forfeited	**(9,330)**	**$38.64**	**—**

Non-vested and outstanding at September 30, 2022	**192,121**	**$36.29**	**—**				
Non-vested and outstanding at September 30, 2023				**Non-vested and outstanding at September 30, 2023**	**190,255**	**$42.60**	**—**

(1) The number of common shares issued related to certain performance shares may range from zero to 150 percent 150% of the number of shares shown in the table above based on the Company's achievement of performance goals.

(2) As certified by the Company's Leadership and Compensation Committee on November 9, 2020, there were no common shares earned related to TSR performance, the number of common shares earned related to NFE performance was 114 percent or 28,513 shares, and the number of common shares earned related to Performance Based Restricted Stock was 100 percent or 11,139 shares. Each award earned excludes accumulated dividends. The number represented on this line is the target number of 100 percent.

(3) As certified by the Company's Leadership and Compensation Committee on November 10, 2021, there were no common shares earned related to TSR performance, the number of common shares earned related to NFE performance was 93 percent 93% or 31,116 shares, and the number of common shares earned related to Performance Based Restricted Stock was 100 percent 100% or 25,982 shares. Each award earned excludes accumulated dividends. The number represented on this line is the target number of 100 percent. 100%.

(4) (3) As certified by the Company's Leadership and Compensation Committee on November 9, 2022, the number of common shares earned related to TSR performance was 112 percent 112% or 30,472 shares, the number of common shares earned related to NFE performance was 105 percent 105% or 26,282 shares, and the number of common shares earned related to Performance Based Restricted Stock was 100 percent 100% or 28,965 shares. Each award earned excludes accumulated dividends. The number represented on this line is the target number of 100 percent. 100%.

(4) As certified by the Company's Leadership and Compensation Committee on November 15, 2023, the number of common shares earned related to TSR performance was 150% or 59,192 shares, the number of common shares earned related to NFE performance was 150% or 55,832 shares, and the number of common shares earned related to Performance Based Restricted Stock was 100% or 30,598 shares. Each award earned excludes accumulated dividends. The number represented on this line is the target number of 100%.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The Company measures compensation expense related to performance shares based on the fair value of these awards at their date of grant. In accordance with ASC 718, *Compensation - Stock Compensation*, compensation expense for market condition grants are recognized for awards granted, and are not adjusted based on actual achievement of the performance goals. The Company estimated the fair value of these grants on the date of grant using a lattice model. Performance condition grants are initially fair valued at the Company's stock price on the grant date and are subsequently adjusted for actual achievement of the performance goals.

Restricted Stock Units

The Company granted 64,080, 54,826 67,726 and 42,478 67,726 shares of restricted stock during fiscal 2023, 2022 2021 and 2020, 2021, respectively. The shares vest annually over a three-year period beginning in October of the fiscal year in which they were granted. There is approximately $1.0 million $1.4M of deferred compensation related to unvested restricted stock shares that is expected to be recognized over the weighted average period of 1.8 years.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The following table summarizes the restricted stock activity under the stock award and incentive plans for the past three fiscal years:

		Shares	**Weighted Average Grant Date Fair Value**	**Total Fair Value of Vested Shares (in Thousands)**		**Shares**	**Weighted Average Grant Date Fair Value**	**Total Fair Value of Vested Shares (in Thousands)**
Non-vested and outstanding at September 30, 2019		58,156	$46.18	—				
Granted		42,478	$40.61	—				
Vested		(25,973)	$44.71	$ 1,073				
Cancelled/forfeited		(1,175)	$43.62	—				
Non-vested and outstanding at September 30, 2020	Non-vested and outstanding at September 30, 2020	73,486	$43.52	—	Non-vested and outstanding at September 30, 2020	73,486	$43.52	—
Granted	Granted	67,726	$33.34	—	Granted	67,726	$33.34	—

Vested	Vested	(34,000)	$44.30	$	996	Vested	(34,000)	$44.30	$	996
Cancelled/forfeited	Cancelled/forfeited	(5,591)	$36.34		—	Cancelled/forfeited	(5,591)	$36.34		—
Non-vested and outstanding at September 30, 2021	Non-vested and outstanding at September 30, 2021	101,621	$36.87		—	Non-vested and outstanding at September 30, 2021	101,621	$36.87		—
Granted	Granted	**54,826**	**$38.84**		**—**	Granted	54,826	$38.84		—
Vested	Vested	**(47,867)**	**$39.01**	**$**	**1,824**	Vested	(47,867)	$39.01	$	1,824
Cancelled/forfeited	Cancelled/forfeited	**(10,756)**	**$37.06**		**—**	Cancelled/forfeited	(10,756)	$37.06		—
Non-vested and outstanding at September 30, 2022	**Non-vested and outstanding at September 30, 2022**	**97,824**	**$36.90**		—	Non-vested and outstanding at September 30, 2022	97,824	$36.90		—
Granted						Granted	**64,080**	**$46.00**		**—**
Vested						Vested	**(48,312)**	**$40.30**	**$**	**1,910**
Cancelled/forfeited						Cancelled/forfeited	**(4,716)**	**$38.77**		**—**
Non-vested and outstanding at September 30, 2023						**Non-vested and outstanding at September 30, 2023**	**108,876**	**$41.55**		—

Deferred Retention Stock Units

Deferred retention stock awards are granted upon approval by the Board of Directors, which generally occurs subsequent to the fiscal year end. Deferred retention stock awards vest immediately when granted, with shares delivered at a future date in accordance with the terms of the underlying agreements. The expense for these awards is recognized in the fiscal year in which services are rendered. The following table summarizes the deferred retention stock award under the stock award and incentive plans for the past three fiscal years:

	Shares	Weighted Average Grant Date Fair Value		Total Fair Value of Vested Shares (in Thousands)
Outstanding at September 30, 2019	243,561	$44.67		—
Granted/Vested	42,358	$40.72		—
Delivered	(57,673)	$35.25	$	2,423

	Shares	Weighted Average Grant Date Fair Value	Total Fair Value of Vested Shares (in Thousands)

Outstanding at September 30, 2020	Outstanding at September 30, 2020	228,246	$46.32		—	Outstanding at September 30, 2020	228,246	$46.32		—
Granted/Vested	Granted/Vested	2,999	$33.34		—	Granted/Vested	2,999	$33.34		—
Delivered	Delivered	(22,389)	$45.00	$	641	Delivered	(22,389)	$45.00	$	641
Outstanding at September 30, 2021	Outstanding at September 30, 2021	208,856	$46.28		—	Outstanding at September 30, 2021	208,856	$46.28		—
Granted/Vested	Granted/Vested	**192,728**	**$38.95**		**—**	Granted/Vested	192,728	$38.95		—
Delivered	Delivered	**(163,499)**	**$47.95**	**$**	**6,167**	Delivered	(163,499)	$47.95	$	6,167
Forfeited	Forfeited	**(6,818)**	**40.33**		**—**	Forfeited	(6,818)	$40.33		—
Outstanding at September 30, 2022	**Outstanding at September 30, 2022**	**231,267**	**$39.16**		**—**	Outstanding at September 30, 2022	231,267	$39.16		—
Granted/Vested						Granted/Vested	**134,941**	**$45.85**		**—**
Delivered						Delivered	**(38,115)**	**$40.67**	**$**	**1,517**
Outstanding at September 30, 2023						**Outstanding at September 30, 2023**	**328,093**	**$41.74**		**—**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

Non-Employee Director Stock

Non-employee director compensation includes an annual equity retainer that is awarded at the time of the Company's annual meeting of shareowners. The shares vest upon the earlier of the first anniversary of the grant date or the date of the Company's next annual meeting of shareowners following the grant date and are subsequently amortized to expense over a 12-month period.

The following summarizes non-employee director share awards for the past three fiscal years:

		2022	2021	2020		**2023**	2022	2021
Shares granted	Shares granted	**30,908** (1)	34,994	27,696	Shares granted	**24,044** (1)	30,908	34,994
Weighted average grant date fair value	Weighted average grant date fair value	**$39.09**	$35.72	$42.88	Weighted average grant date fair value	**$49.58**	$39.09	$35.72

(1) Approximately $300,000 $0.3M of expense remains as of September 30, 2022 September 30, 2023, to be recognized through December 31, 2022 December 31, 2023.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

11. EMPLOYEE BENEFIT PLANS

Pension and Other Postemployment Benefit Plans

The Company has two trusteed, noncontributory defined benefit retirement plans covering eligible regular represented and non-represented employees with more than one year of service. Defined benefit plan benefits are based on years of service and average compensation during the highest 60 consecutive months of employment. The Company also provides postemployment medical and life insurance benefits to employees who meet certain eligibility requirements.

All represented employees of NJRHS hired on or after October 1, 2000, non-represented employees hired on or after October 1, 2009 and NJNG represented employees hired on or after January 1, 2012 are covered by an enhanced defined contribution plan instead of the defined benefit plan. Participation in the postemployment medical and life insurance plan was also frozen to new employees as of the same dates, with the exception of new NJRHS represented employees, for which benefits were frozen beginning April 3, 2012.

The Company maintains an unfunded nonqualified PEP that was established to provide employees with the full level of benefits as stated in the qualified plan without reductions due to various limitations imposed by the provisions of federal income tax laws and regulations. There are no plan assets in the nonqualified plan due to the nature of the plan.

The Company's funding policy for its pension plans is to contribute at least the minimum amount required by the Employee Retirement Income Security Act of 1974, as amended. In fiscal 2022 2023 and 2021, 2022, the Company had no minimum funding requirements and did not make any discretionary contributions to the pension plans. The Company does not expect to be required to make additional contributions to fund the pension plans during the next fiscal year based on current actuarial assumptions; however, funding requirements are uncertain and can depend significantly on changes in actuarial assumptions, returns on plan assets and changes in the demographics of eligible employees and covered dependents.

There are no federal requirements to pre-fund OPEB benefits. However, the Company is required to fund certain amounts due to regulatory agreements with the BPU. The Company contributed $6.1 million $4.2M and $7.2 million $6.1M in fiscal 2022 2023 and 2021, 2022, respectively, and estimates that it will contribute between $5 million $5M and $10 million $10M over each of the next five years. Additional contributions may be required based on market conditions and changes to assumptions.

The Affordable Care Act was enacted in March 2010 and created an excise tax applicable to high-cost health plans, commonly known as the Cadillac Tax. Beginning in 2022, employers who sponsor health plans that have an annual cost that exceeded an amount defined by the law pay a 40 percent tax on the excess plan costs. The 2020 federal spending package permanently eliminated the Affordable Care Act-mandated Cadillac tax on high-cost employer-sponsored health coverage. Due to the repeal, the Company's OPEB liability was revalued for these changes. The Company applied a practical expedient to remeasure the plan assets and obligations as of December 31, 2019, which was the nearest calendar month-end date. The impact of the revaluation of the OPEB liability was recorded as of January 1, 2020 and is incorporated within actuarial assumptions at September 30, 2020.

The following summarizes the changes in the funded status of the plans and the related liabilities recognized on the Consolidated Balance Sheets as of September 30:

		Pension (1)		OPEB			Pension (1)		OPEB	
(Thousands)	*(Thousands)*	**2022**	2021	**2022**	2021	*(Thousands)*	**2023**	2022	**2023**	2022
Change in Benefit Obligation	**Change in Benefit Obligation**					**Change in Benefit Obligation**				
Benefit obligation at beginning of year	Benefit obligation at beginning of year	**$ 395,547**	$ 397,164	**$ 244,674**	$ 245,862	Benefit obligation at beginning of year	**$ 290,823**	$ 395,547	**$ 173,217**	$ 244,674
Service cost	Service cost	**8,291**	8,730	**4,305**	4,844	Service cost	**5,402**	8,291	**2,471**	4,305
Interest cost	Interest cost	**9,632**	9,112	**6,355**	6,071	Interest cost	**15,174**	9,632	**9,146**	6,355
Plan participants' contributions (2)	Plan participants' contributions (2)	**59**	27	**423**	451	Plan participants' contributions (2)	**32**	59	**552**	423
Actuarial (gain)		**(109,320)**	(7,319)	**(77,775)**	(4,715)					
Actuarial (gain) loss						Actuarial (gain) loss	**(7,057)**	(109,320)	**25,363**	(77,775)
Benefits paid, net of retiree subsidies received	Benefits paid, net of retiree subsidies received	**(13,386)**	(12,167)	**(4,765)**	(7,839)	Benefits paid, net of retiree subsidies received	**(14,053)**	(13,386)	**(7,343)**	(4,765)
Benefit obligation at end of year	Benefit obligation at end of year	**$ 290,823**	$ 395,547	**$ 173,217**	$ 244,674	Benefit obligation at end of year	**$ 290,321**	$ 290,823	**$ 203,406**	$ 173,217
Change in plan assets	**Change in plan assets**					**Change in plan assets**				
Fair value of plan assets at beginning of year	Fair value of plan assets at beginning of year	**$ 355,284**	$ 307,968	**$ 114,183**	$ 96,406	Fair value of plan assets at beginning of year	**$ 284,347**	$ 355,284	**$ 99,736**	$ 114,183
Actual (loss) return on plan assets		**(58,239)**	58,874	**(15,996)**	18,144					
Actual return (loss) on plan assets						Actual return (loss) on plan assets	**27,456**	(58,239)	**9,826**	(15,996)
Employer contributions	Employer contributions	**628**	548	**6,082**	7,198	Employer contributions	**579**	628	**4,192**	6,082
Benefits paid, net of plan participants' contributions (2)	Benefits paid, net of plan participants' contributions (2)	**(13,326)**	(12,106)	**(4,533)**	(7,565)	Benefits paid, net of plan participants' contributions (2)	**(14,021)**	(13,326)	**(6,971)**	(4,533)
Fair value of plan assets at end of year	Fair value of plan assets at end of year	**$ 284,347**	$ 355,284	**$ 99,736**	$ 114,183	Fair value of plan assets at end of year	**$ 298,361**	$ 284,347	**$ 106,783**	$ 99,736
Funded status	Funded status	**$ (6,476)**	$ (40,263)	**$ (73,481)**	$ (130,491)	Funded status	**$ 8,040**	$ (6,476)	**$ (96,623)**	$ (73,481)
Amounts recognized on Consolidated Balance Sheets	**Amounts recognized on Consolidated Balance Sheets**					**Amounts recognized on Consolidated Balance Sheets**				
Postemployment employee benefit asset	Postemployment employee benefit asset					Postemployment employee benefit asset				
Noncurrent	Noncurrent	**$ 4,388**	$ —	**$ —**	$ —	Noncurrent	**$ 18,684**	$ 4,388	**$ —**	$ —

Postemployment employee benefit liability	Postemployment employee benefit liability					Postemployment employee benefit liability				
Current	Current	**$ (578)**	$ (587)	**$ (900)**	$ (900)	Current	**$ (538)**	$ (578)	**$ (4,201)**	$ (900)
Noncurrent	Noncurrent	**(10,286)**	(39,676)	**(72,581)**	(129,591)	Noncurrent	**(10,106)**	(10,286)	**(92,422)**	(72,581)
Total	Total	**$ (6,476)**	$ (40,263)	**$ (73,481)**	$ (130,491)	Total	**$ 8,040**	$ (6,476)	**$ (96,623)**	$ (73,481)

(1) Includes the Company's PEP.

(2) Employees hired prior to July 1, 1998, that were eligible to elect an additional participant contribution to enhance their benefits, and contributions made during the periods were immaterial.

The actuarial gains on the Company's pension and OPEB are due primarily to an increase in the discount rate used to measure the benefit obligation. The Company recognizes a liability for its underfunded benefit plans as required by ASC 715, *Compensation - Retirement Benefits*. The Company records the offset to regulatory assets for the portion of liability relating to NJNG and to accumulated OCI for the portion of the liability related to its unregulated operations.

The following table summarizes the amounts recognized in regulatory assets and accumulated OCI as of September 30:

		Regulatory Assets		**Accumulated Other Comprehensive Income (Loss)**			**Regulatory Assets**		**Accumulated Other Comprehensive Income (Loss)**	
(Thousands)		**Pension**	**OPEB**	**Pension**	**OPEB**	*(Thousands)*	**Pension**	**OPEB**	**Pension**	**OPEB**
Balance at September 30, 2020		$ 103,564	$ 83,301	$ 33,004	$ 13,823					
Amounts arising during the period:										
Net actuarial (gain)		(39,006)	(16,286)	(7,036)	(76)					
Amounts amortized to net periodic costs:										
Net actuarial (loss)		(8,269)	(6,846)	(3,178)	(1,064)					
Prior service (cost) credit		(102)	166	—	13					
Balance at September 30, 2021	Balance at September 30, 2021	$ 56,187	$ 60,335	$ 22,790	$ 12,696	Balance at September 30, 2021	$ 56,187	$ 60,335	$ 22,790	$ 12,696
Amounts arising during the period:	Amounts arising during the period:					Amounts arising during the period:				
Net actuarial (gain)	Net actuarial (gain)	**(14,922)**	**(35,781)**	**(14,885)**	**(18,422)**	Net actuarial (gain)	(14,922)	(35,781)	(14,885)	(18,422)
Amounts amortized to net periodic costs:	Amounts amortized to net periodic costs:					Amounts amortized to net periodic costs:				
Net actuarial (loss)	Net actuarial (loss)	**(5,843)**	**(4,577)**	**(2,902)**	**(1,107)**	Net actuarial (loss)	(5,843)	(4,577)	(2,902)	(1,107)
Prior service (cost) credit	Prior service (cost) credit	**(101)**	**133**	**—**	**11**	Prior service (cost) credit	(101)	133	—	11
Balance at September 30, 2022	**Balance at September 30, 2022**	**$ 35,321**	**$ 20,110**	**$ 5,003**	**$ (6,822)**	Balance at September 30, 2022	$ 35,321	$ 20,110	$ 5,003	$ (6,822)
Amounts arising during the period:						Amounts arising during the period:				

Net actuarial (gain) loss		Net actuarial (gain) loss	**(10,493)**	**9,936**	**(4,048)**	**12,320**
Amounts amortized to net periodic costs:		Amounts amortized to net periodic costs:				
Net actuarial (loss)		Net actuarial (loss)	**(87)**	**—**	**(213)**	**—**
Prior service (cost)		Prior service (cost)	**(103)**	**—**	**—**	**—**
Balance at September 30, 2023		**Balance at September 30, 2023**	**$ 24,638**	**$ 30,046**	**$ 742**	**$ 5,498**

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The amounts in regulatory assets and accumulated OCI not yet recognized as components of net periodic benefit cost as of September 30 are:

		Regulatory Assets				**Accumulated Other Comprehensive Income (Loss)**					**Regulatory Assets**				**Accumulated Other Comprehensive Income (Loss)**			
		Pension		**OPEB**		**Pension**		**OPEB**			**Pension**		**OPEB**		**Pension**		**OPEB**	
(Thousands)	*(Thousands)*	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	*(Thousands)*	**2023**	2022	**2023**	2022	**2023**	2022	**2023**	2022
Net actuarial loss (gain)	Net actuarial loss (gain)	**$35,157**	$55,922	**$20,110**	$60,468	**$5,003**	$22,790	**$(6,822)**	$12,707	Net actuarial loss (gain)	**$24,577**	$35,157	**$30,046**	$20,110	**$742**	$5,003	**$5,498**	$(6,82
Prior service cost (credit)		**164**	265	**—**	(133)	**—**	—	**—**	(11)									
Prior service cost										Prior service cost	**61**	164	**—**	—	**—**	—	**—**	—
Total	Total	**$35,321**	$56,187	**$20,110**	$60,335	**$5,003**	$22,790	**$(6,822)**	$12,696	Total	**$24,638**	$35,321	**$30,046**	$20,110	**$742**	$5,003	**$5,498**	$(6,82

To the extent the unrecognized amounts in accumulated OCI or regulatory assets exceed 10 percent 10% of the greater of the benefit obligation or the fair value of plan assets, an amortized amount over the average expected future working lifetime of the active plan participants is recognized. Amounts included in regulatory assets and accumulated OCI expected to be recognized as components of net periodic benefit cost in fiscal 2023 2024 are as follows:

		Regulatory Assets		**Accumulated Other Comprehensive Income (Loss)**			**Regulatory Assets**		**Accumulated Other Comprehensive Income (Loss)**	
(Thousands)	*(Thousands)*	**Pension**	**OPEB**	**Pension**	**OPEB**	*(Thousands)*	**Pension**	**OPEB**	**Pension**	**OPEB**
Net actuarial (gain) loss		**$ (36)**	**$ —**	**$ 217**	**$ —**					
Net actuarial loss (gain)						Net actuarial loss (gain)	**$ 815**	**$ 667**	**$ (12)**	**$ 661**
Prior service cost						Prior service cost	**62**	**—**	**—**	**—**
Total	Total	**$ (36)**	**$ —**	**$ 217**	**$ —**	Total	**$ 877**	**$ 667**	**$ (12)**	**$ 661**

The projected benefit and accumulated benefit obligations and the fair value of plan assets as of September 30, are as follows:

		Pension			**Pension**	
(Thousands)	*(Thousands)*	**2022**	2021	*(Thousands)*	**2023**	2022
Projected benefit obligation	Projected benefit obligation	**$ 290,823**	$ 395,547	Projected benefit obligation	**$ 290,321**	$ 290,823

Accumulated benefit obligation	Accumulated benefit obligation	**$ 265,933**	$ 353,852	Accumulated benefit obligation	**$ 267,794**	$ 265,933
Fair value of plan assets	Fair value of plan assets	**$ 284,347**	$ 355,284	Fair value of plan assets	**$ 298,361**	$ 284,347

The components of the net periodic cost for pension benefits, including the Company's PEP, and OPEB costs (principally health care and life insurance) for employees and covered dependents for fiscal years ended September 30, are as follows:

		Pension			OPEB				Pension			OPEB		
(Thousands)	*(Thousands)*	**2022**	2021	2020	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021	**2023**	2022	2021
Service cost	Service cost	**$ 8,291**	$ 8,730	$ 8,223	**$ 4,305**	$ 4,844	$ 4,854	Service cost	**$ 5,402**	$ 8,291	$ 8,730	**$ 2,471**	$ 4,305	$ 4,844
Interest cost	Interest cost	**9,632**	9,112	10,587	**6,355**	6,071	7,026	Interest cost	**15,174**	9,632	9,112	**9,146**	6,355	6,071
Expected return on plan assets	Expected return on plan assets	**(21,275)**	(20,150)	(20,579)	**(7,575)**	(6,497)	(6,510)	Expected return on plan assets	**(19,972)**	(21,275)	(20,150)	**(6,721)**	(7,575)	(6,497)
Recognized actuarial loss	Recognized actuarial loss	**8,745**	11,446	10,424	**5,684**	7,909	7,442	Recognized actuarial loss	**300**	8,745	11,446	**—**	5,684	7,909
Prior service cost (credit) amortization	Prior service cost (credit) amortization	**101**	102	102	**(144)**	(179)	(197)	Prior service cost (credit) amortization	**103**	101	102	**—**	(144)	(179)
Net periodic benefit cost recognized as expense	Net periodic benefit cost recognized as expense	**$ 5,494**	$ 9,240	$ 8,757	**$ 8,625**	$ 12,148	$ 12,615	Net periodic benefit cost recognized as expense	**$ 1,007**	$ 5,494	$ 9,240	**$ 4,896**	$ 8,625	$ 12,148

Assumptions

The weighted average assumptions used to determine the Company's benefit costs during the fiscal years below and obligations as of September 30, are as follows:

		Pension			OPEB				Pension			
		2022	2021	2020	**2022**	2021	2020		**2023**	2022	2021	**202**
Benefit costs:	**Benefit costs:**							**Benefit costs:**				
Discount rate	Discount rate	**3.10/3.07%** *(1)*	2.95/2.92% *(1)*	3.37/3.35% *(1)*	**3.24/3.17%** *(1)*	3.08/3.03% *(1)*	3.48/3.44% *(1)*	Discount rate	**5.50/5.50%** *(1)*	3.10/3.07% *(1)*	2.95/2.92% *(1)*	**5.51/5.**
Expected asset return	Expected asset return	**6.75 %**	6.75 %	7.25 %	**6.75 %**	6.75 %	7.25 %	Expected asset return	**7.00 %**	6.75 %	6.75 %	**7.00**
Compensation increase	Compensation increase	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	Compensation increase	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	**3.00/3.**
Obligations:	**Obligations:**							**Obligations:**				
Discount rate	Discount rate	**5.50/5.50%** *(1)*	3.10/3.07% *(1)*	2.95/2.92% *(1)*	**5.51/5.51%** *(1)*	3.24/3.17% *(1)*	3.08/3.03% *(1)*	Discount rate	**5.89/5.87%** *(1)*	5.50/5.50% *(1)*	3.10/3.07% *(1)*	**5.97/5.**
Compensation increase	Compensation increase	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	Compensation increase	**3.00/3.50%** *(1)*	3.00/3.50% *(1)*	3.00/3.50% *(1)*	**3.00/3.**

(1) Percentages for represented and non-represented plans, respectively.

When measuring its PBO, the Company uses an aggregate discount rate at which its obligation could be effectively settled. The Company determines a single weighted average discount rate based on a yield curve comprised of rates of return on a population of high quality debt issuances (AA- or better) whose cash flows (via coupons or maturities) match the timing and amount of its expected future benefit payments. The Company measures its service and interest costs using a disaggregated, or spot rate, approach. The Company applies the duration-specific spot rates from the full yield curve, as of the measurement date, to each year’s future benefit payments, which aligns the timing of the plans’ separate future cash flows to the corresponding spot rates on the yield curve.

Information relating to the assumed HCCTR used to determine expected OPEB benefits as of September 30, and the effect of a 1 percent 1% change in the rate, are as follows:

($ in thousands)	*($ in thousands)*	**2022**	2021	2020	*($ in thousands)*	**2023**	2022	2021
HCCTR	HCCTR	**6.6%**	6.9%	7.6%	HCCTR	**7.4%**	6.6%	6.9%
Ultimate HCCTR	Ultimate HCCTR	**4.5%**	4.5%	4.5%	Ultimate HCCTR	**4.5%**	4.5%	
Year ultimate HCCTR reached	Year ultimate HCCTR reached	**2027**	2027	2026	Year ultimate HCCTR reached	**2032**	2027	
Effect of a 1 percentage point increase in the HCCTR on:	Effect of a 1 percentage point increase in the HCCTR on:				Effect of a 1 percentage point increase in the HCCTR on:			
Year-end benefit obligation	Year-end benefit obligation	**$ 26,710**	$ 43,217	$ 49,106	Year-end benefit obligation	**$ 30,818**	$ 26,710	$ 43,217
Total service and interest cost	Total service and interest cost	**$ 2,544**	$ 2,959	$ 2,799	Total service and interest cost	**$ 2,117**	$ 2,544	$ 2,959
Effect of a 1 percentage point decrease in the HCCTR on:	Effect of a 1 percentage point decrease in the HCCTR on:				Effect of a 1 percentage point decrease in the HCCTR on:			
Year-end benefit obligation	Year-end benefit obligation	**$ (21,853)**	$ (34,669)	$ (38,844)	Year-end benefit obligation	**$ (25,283)**	$ (21,853)	$ (34,669)
Total service and interest costs	Total service and interest costs	**$ (1,966)**	$ (2,253)	$ (2,151)	Total service and interest costs	**$ (1,700)**	$ (1,966)	$ (2,253)

The Company’s investment objective is a long-term real rate of return on assets before permissible expenses that is approximately 5 percent 5% greater than the assumed rate of inflation, as measured by the consumer price index. The expected long-term rate of return is based on the asset categories in which the Company invests and the current expectations and historical performance for these categories.

The mix and targeted allocation of the pension and OPEB plans’ assets are as follows:

		2023 Target	**Assets at September 30,**			**2024 Target**	**Assets at September 30,**	
Asset Allocation	**Asset Allocation**	**Allocation**	**2022**	2021	**Asset Allocation**	**Allocation**	**2023**	2022
U.S. equity securities	U.S. equity securities	34 %	**32 %**	36 %	U.S. equity securities	34 %	**34 %**	32 %
International equity securities	International equity securities	17	**16**	17	International equity securities	17	**16**	16
Fixed income	Fixed income	33	**32**	40	Fixed income	33	**31**	32
Collective investment trusts at NAV	Collective investment trusts at NAV	16	**20**	7	Collective investment trusts at NAV	16	**19**	20
Total	Total	100 %	**100 %**	100 %	Total	100 %	**100 %**	100 %

The Company adopted the revised mortality assumptions published by the Society of Actuaries for its pension and other postemployment benefit obligations, which reflected increased life expectancies in the U.S. The adoption of the new mortality projection scale, MP-2021, and the Pri-2012 mortality study, did not materially impact the projected benefit obligation for the plans.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid during the following fiscal years:

(Thousands)	Pension	OPEB
2023	$ 14,112	$ 6,878
2024	$ 15,143	$ 7,508
2025	$ 16,150	$ 8,220
2026	$ 17,137	$ 8,938
2027	$ 18,104	$ 9,656
2028 - 2032	$ 104,614	$ 57,488

(Thousands)	2024	2025	2026	2027	2028	2029 - 2033
Pension	$ 15,227	$ 16,233	$ 17,255	$ 18,246	$ 19,219	$ 110,341
OPEB	$ 6,925	$ 7,602	$ 8,481	$ 9,337	$ 10,211	$ 63,780

The Company's OPEB plans provide prescription drug benefits that are actuarially equivalent to those provided by Medicare Part D. Therefore, under the Medicare Prescription Drug, Improvement and Modernization Act of 2003, the Company qualifies for federal subsidies.

The following estimated Estimated subsidy payments for fiscal 2024 and 2025 are expected to be paid during the following fiscal years:

(Thousands)	Estimated Subsidy Payments
2023	$ 356
2024	$ 393
2025	$ 433
2026	$ 475
2027	$ 520
2028 - 2032	$ 3,426

Pension immaterial and OPEB assets held in the master trust, measured at fair value, as of September 30, are summarized as follows:

(Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
As of September 30, 2022	**Pension**		**OPEB**	
Assets				
Money market funds	**$ —**	**$ —**	**$ 28**	**$ 28**
Registered Investment Companies:				
Equity Funds:				
Large Cap Index	**75,394**	**75,394**	**26,939**	**26,939**
Extended Market Index	**15,783**	**15,783**	**5,578**	**5,578**
International Stock	**44,846**	**44,846**	**16,106**	**16,106**
Fixed Income Funds:				
Emerging Markets	**11,074**	**11,074**	**4,026**	**4,026**
Core Fixed Income	**—**	**—**	**16,594**	**16,594**
Opportunistic Income	**—**	**—**	**3,283**	**3,283**
Ultra Short Duration	**—**	**—**	**3,296**	**3,296**

High Yield Bond Fund	**19,816**	**19,816**	**7,320**	**7,320**
Long Duration Fund	**59,084**	**59,084**	**—**	**—**
Total assets in the fair value hierarchy	**$ 225,997**	**225,997**	**$ 83,170**	**83,170**
Investments measured at net asset value				
Collective investment trusts		**58,350**		**16,566**
Total assets at fair value		**$ 284,347**		**$ 99,736**

zero thereafter.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

(Thousands)	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Total
As of September 30, 2021:	**Pension**		**OPEB**	
Assets				
Money market funds	$ —	$ —	$ 32	$ 32
Registered Investment Companies:				
Equity Funds:				
Large Cap Index	103,961	103,961	33,644	33,644
Extended Market Index	21,948	21,948	7,096	7,096
International Stock	61,286	61,286	20,063	20,063
Fixed Income Funds:				
Emerging Markets	18,291	18,291	6,001	6,001
Core Fixed Income	—	—	13,345	13,345
Opportunistic Income	—	—	8,568	8,568
Ultra Short Duration	—	—	8,536	8,536
High Yield Bond Fund	30,300	30,300	9,912	9,912
Long Duration Fund	93,849	93,849	—	—
Total assets in the fair value hierarchy	$ 329,635	329,635	$ 107,197	107,197
Investments measured at net asset value				
Collective investment trusts		25,649		6,986
Total assets at fair value		$ 355,284		$ 114,183

Pension and OPEB assets held in the master trust, measured at fair value, are summarized as follows:

	Pension		**OPEB**	
(Thousands)	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Total**
As of September 30, 2023				
Assets				
Registered Investment Companies:				
Equity Funds:				
Large Cap Index	**81,171**	**81,171**	**30,884**	**30,884**
Extended Market Index	**17,256**	**17,256**	**6,444**	**6,444**
International Stock	**48,557**	**48,557**	**17,966**	**17,966**
Fixed Income Funds:				
Emerging Markets	**11,471**	**11,471**	**4,306**	**4,306**
Core Fixed Income	**—**	**—**	**22,241**	**22,241**
High Yield Bond Fund	**20,685**	**20,685**	**7,651**	**7,651**

Long Duration Fund	**58,484**	**58,484**	**—**	**—**
Total assets in the fair value hierarchy	**$ 237,624**	**237,624**	**$ 89,492**	**89,492**
Investments measured at net asset value				
Collective investment trusts		**60,737**		**17,291**
Total assets at fair value		**$ 298,361**		**$ 106,783**
As of September 30, 2022				
Assets				
Money market funds	$ —	$ —	$ 28	$ 28
Registered Investment Companies:				
Equity Funds:				
Large Cap Index	75,394	75,394	26,939	26,939
Extended Market Index	15,783	15,783	5,578	5,578
International Stock	44,846	44,846	16,106	16,106
Fixed Income Funds:				
Emerging Markets	11,074	11,074	4,026	4,026
Core Fixed Income	—	—	16,594	16,594
Opportunistic Income	—	—	3,283	3,283
Ultra Short Duration	—	—	3,296	3,296
High Yield Bond Fund	19,816	19,816	7,320	7,320
Long Duration Fund	59,084	59,084	—	—
Total assets in the fair value hierarchy	$ 225,997	225,997	$ 83,170	83,170
Investments measured at net asset value				
Collective investment trusts		58,350		16,566
Total assets at fair value		$ 284,347		$ 99,736

The Plan had no Level 2 or Level 3 fair value measurements during fiscal 2022 2023 and 2021, 2022, and there have been no changes in valuation methodologies as of September 30, 2022 September 30, 2023. The Plan held assets that are valued using NAV as a practical expedient, which are excluded from the fair value hierarchy.

The following is a description of the valuation methodologies used for assets measured at fair value:

Asset Types	**Description of the Valuation Methodologies**
Money Market funds	Money Market funds —Represents bank balances and money market funds that are valued based on the NAV of shares hel year end.
Registered Investment Companies	Equity and fixed income funds valued at the NAV of shares held by the plan at year end as reported on the active marke which the individual securities are traded.
Collective investment trusts	The NAV for collective investment trusts is provided by the Trustee and is used as a practical expedient to estimate fair va The NAV is based on the value of the underlying assets owned by the fund less liabilities.

Registered Investment Companies — Equity and fixed income funds valued at the NAV of shares held by the plan at year end as reported on the active market on which the individual securities are traded.**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)**

Collective investment trusts — The NAV for collective investment trusts is provided by the Trustee and is used as a practical expedient to estimate fair value. The NAV is based on the value of the underlying assets owned by the fund less liabilities.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Defined Contribution Plan

The Company offers a Savings Plan to eligible employees. The Company matches 85 percent 85% of participants' contributions up to 6 percent 6% of base compensation. Represented NJRHS employees, non-represented employees hired on or after October 1, 2009, and NJNG represented employees hired on or after January 1, 2012, are eligible for an employer special contribution of between 3.5 percent 3.5% and 4.5 percent 4.5% of base compensation, depending on years of service, into the Savings Plan on their behalf. The amount expensed and contributed for the matching provision of the Savings Plan was $5.5 million $5.9M in fiscal 2023, $5.5M in fiscal 2022 $5.1 million and $5.1M in fiscal 2021 and $4.5 million in fiscal 2020. 2021. The amount contributed for the employer special contribution of the Savings Plan was $2.4 million $2.1M in fiscal 2023, $2.4M in fiscal 2022 $2.1 million and $2.1M in fiscal 2021 and $1.6 million in fiscal 2020. 2021.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

12. ASSET RETIREMENT OBLIGATIONS

The Company recognizes ARO when the legal obligation to retire an asset has been incurred and a reasonable estimate of fair value can be made. Accordingly, the Company recognizes ARO related to the costs associated with cutting and capping its main and service natural gas distribution pipelines of NJNG, which is required by New Jersey law when taking such natural gas distribution pipeline out of service. The Company also recognizes ARO related to Clean Energy Ventures' solar assets when there are decommissioning provisions in Clean Energy Ventures' lease agreements that require removal of the asset.

Accretion amounts associated with NJNG's ARO are recognized as part of its depreciation expense, and the corresponding regulatory asset and liability will be shown gross on the Consolidated Balance Sheets. Accretion amounts associated with Clean Energy Ventures' ARO are recognized as a component of operations and maintenance expense on the Consolidated Statements of Operations.

The following is an analysis of the change in the Company's ARO for the fiscal years ended September 30:

	2022		2021	
(Thousands)	**NJNG**	**NJRCEV**	NJNG	NJRCEV
Balance at October 1	**$ 41,611**	**$ 4,694**	$ 29,280	$ 4,444
Accretion	**2,052**	**186**	1,612	182
Additions	**161**	**281**	5,697	68
Change in assumptions	**7,339**	**—**	6,151	—
Retirements	**(1,289)**	**—**	(1,129)	—
Balance at period end	**$ 49,874**	**$ 5,161**	$ 41,611	$ 4,694

Accretion for the next five years, for the fiscal years ended September 30, is estimated to be as follows:

(Thousands)	**Estimated Accretion**
2023	$ 2,767
2024	2,900
2025	3,038
2026	3,180
2027	3,328
Total	**$ 15,213**

13. INCOME TAXES

The income tax provision from operations for the fiscal years ended September 30, consists of the following:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Current:	Current:				Current:			
Federal	Federal	**$ 4,238**	$ 651	$ (2,164)	Federal	**$ 13,393**	$ 4,238	$ 651
State	State	**2,104**	1,703	6,763	State	**7,716**	2,104	1,703
Deferred:	Deferred:				Deferred:			
Federal	Federal	**55,968**	25,030	28,817	Federal	**36,825**	55,968	25,030
State	State	**14,185**	6,224	3,400	State	**(8,381)**	14,185	6,224

Investment/production tax credits	Investment/production tax credits	**(300)**	(322)	(322)	Investment/production tax credits	**(278)**	(300)	(322)
Income tax provision	Income tax provision	**$ 76,195**	$ 33,286	$ 36,494	Income tax provision	**$ 49,275**	$ 76,195	$ 33,286

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

As of September 30, the temporary differences, which give rise to deferred tax assets (liabilities), consist of the following:

(Thousands)	*(Thousands)*	**2022**	2021	*(Thousands)*	**2023**	2022
Deferred tax assets	Deferred tax assets			Deferred tax assets		
Investment tax credits (1)	Investment tax credits (1)	**$ 212,506**	$ 225,036	Investment tax credits (1)	**$ 191,948**	$ 212,506
State net operating losses	State net operating losses	**36,950**	38,108	State net operating losses	**39,612**	36,950
Deferred revenue				Deferred revenue	**8,205**	—
Fair value of derivatives	Fair value of derivatives	**6,506**	16,333	Fair value of derivatives	**5,386**	6,506
Impairment of equity method investment	Impairment of equity method investment	**14,124**	15,395	Impairment of equity method investment	**14,004**	14,124
Postemployment benefits	Postemployment benefits	**2,751**	9,665	Postemployment benefits	**6,502**	2,751
Incentive compensation	Incentive compensation	**7,297**	6,894	Incentive compensation	**8,949**	7,297
Amortization of intangibles	Amortization of intangibles	**6,474**	6,540	Amortization of intangibles	**6,308**	6,474
Overrecovered natural gas costs	Overrecovered natural gas costs	**4,977**	1,540	Overrecovered natural gas costs	**8,564**	4,977
Allowance for doubtful accounts	Allowance for doubtful accounts	**5,761**	6,561	Allowance for doubtful accounts	**4,485**	5,761
Other	Other	**5,748**	6,140	Other	**7,636**	5,748
Total deferred tax assets	Total deferred tax assets	**303,094**	332,212	Total deferred tax assets	**301,599**	303,094
Less: Valuation allowance	Less: Valuation allowance	**(22,241)**	(23,613)	Less: Valuation allowance	**(5,747)**	(22,241)
Total deferred tax assets net of valuation allowance	Total deferred tax assets net of valuation allowance	**$ 280,853**	$ 308,599	Total deferred tax assets net of valuation allowance	**$ 295,852**	$ 280,853
Deferred tax liabilities	Deferred tax liabilities			Deferred tax liabilities		
Property-related items	Property-related items	**$ (468,115)**	$ (419,753)	Property-related items	**$ (487,294)**	$ (468,115)
Remediation costs	Remediation costs	**(18,490)**	(16,347)	Remediation costs	**(18,532)**	(18,490)
Investments in equity investees	Investments in equity investees	**(19,176)**	(21,739)	Investments in equity investees	**(28,325)**	(19,176)
Conservation incentive plan		**(6,457)**	(3,309)			
Conservation incentive program				Conservation incentive program	**(14,075)**	(6,457)
Other	Other	**(4,615)**	(6,203)	Other	**(4,670)**	(4,615)
Total deferred tax liabilities	Total deferred tax liabilities	**$ (516,853)**	$ (467,351)	Total deferred tax liabilities	**$ (552,896)**	$ (516,853)
Total net deferred tax liabilities	Total net deferred tax liabilities	**$ (236,000)**	$ (158,752)	Total net deferred tax liabilities	**$ (257,044)**	$ (236,000)

(1) Includes approximately $732,000 and $814,000 $0.7M for NJNG for both fiscal 2022 2023 and 2021, respectively, 2022, which is being amortized over the life of the related assets.

(2) See discussion of federal net operating loss utilization in the *Other Tax Items* section of this note.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

A reconciliation of the U.S. federal statutory rate to the effective rate from operations for the fiscal years ended September 30, is as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Statutory income tax expense	Statutory income tax expense	**$ 73,735**	$ 31,747	$ 41,896	Statutory income tax expense	**$ 65,940**	$ 73,735	$ 31,747
Change resulting from:	Change resulting from:				Change resulting from:			
Investment/production tax credits	Investment/production tax credits	**(300)**	(322)	(322)	Investment/production tax credits	**(278)**	(300)	(322)
Cost of removal of assets placed in service prior to 1981	Cost of removal of assets placed in service prior to 1981	**(3,533)**	(5,366)	(5,362)	Cost of removal of assets placed in service prior to 1981	**(4,758)**	(3,533)	(5,366)
AFUDC equity	AFUDC equity	**(2,361)**	(786)	(4,933)	AFUDC equity	**(1,499)**	(2,361)	(786)
State income taxes, net of federal benefit	State income taxes, net of federal benefit	**13,072**	6,124	11,965	State income taxes, net of federal benefit	**13,293**	13,072	6,124
NJ Unitary method change		**—**	—	(15,345)				
Valuation allowance	Valuation allowance	**(1,372)**	5,974	13,604	Valuation allowance	**(16,494)**	(1,372)	5,974
Tax Act - utility excess deferred income taxes amortized	Tax Act - utility excess deferred income taxes amortized	**(3,573)**	(3,573)	(3,573)	Tax Act - utility excess deferred income taxes amortized	**(3,573)**	(3,573)	(3,573)
Other	Other	**527**	(512)	(1,436)	Other	**(3,356)**	527	(512)
Income tax provision	Income tax provision	**$ 76,195**	$ 33,286	$ 36,494	Income tax provision	**$ 49,275**	$ 76,195	$ 33,286
Effective income tax rate	Effective income tax rate	**21.7 %**	22.0 %	18.3 %	Effective income tax rate	**15.7 %**	21.7 %	22.0 %

The Company and one or more of its subsidiaries files or expects to file income and/or franchise tax returns in the U.S. federal jurisdiction and in the states of Colorado, Connecticut, Delaware, Florida, Indiana, Louisiana, Maryland, Michigan, Mississippi, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Texas and Virginia. The Company neither files in, nor believes it has a filing requirement in, any foreign jurisdictions other than Canada. Due to certain available tax treaty benefits, the Company incurs no tax liability in Canada.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The Company's U.S. federal income tax returns through fiscal 2018 2019 have either been reviewed by the IRS, or the related statute of limitations has expired and all matters have been settled. U.S. federal income tax returns for periods subsequent to fiscal 2018 2019 are open to examination by the IRS. For all periods subsequent to those ended September 30, 2018 September 30, 2019, the Company's state income tax returns are statutorily open to examination in all applicable states with the exception of Colorado, New Jersey and Texas. In Colorado, New Jersey and Texas, all periods subsequent to September 30, 2017 September 30, 2018, are statutorily open to examination.

NJR evaluates its tax positions to determine the appropriate accounting and recognition of potential future obligations associated with uncertain tax positions. A tax benefit claimed, or expected to be claimed, on a tax return may be recognized only if it is more likely than not that the tax position will be upheld upon examination by the applicable taxing authority. authority and is measured based on the largest tax benefit that is more than 50% likely to be realized. Interest and penalties related to unrecognized tax benefits, if any, are recognized within income tax expense, and accrued interest and penalties are recognized within other noncurrent liabilities on the Consolidated Balance Sheets.

The Company evaluates certain tax benefits that have been recorded in the financial statements for uncertainties. During fiscal 2019, the Company concluded that a portion of tax benefits were uncertain and recorded a reserve against deferred taxes on the Consolidated Balance Sheets. During fiscal 2021, a federal tax audit was completed and, as a result, the positions that the prior tax reserves related to are considered effectively settled and the related tax reserve was released. As a result of the change in the Company's method of accounting for ITCs from the flow-through method to the deferral method, which was effective October 1, 2020, the settlement of the reserve was recorded as an adjustment to nonutility plant and equipment, at cost on the Consolidated Balance Sheets. The tax benefits related to fiscal tax years open to examination by the IRS may be subject to subsequent adjustments.

The reserve for uncertain tax benefits for the fiscal year ended September 30, is as follows:

(Thousands)	**2022**	2021
Balance at October 1,	**$** —	$ 4,930
Reversal of settled tax positions during the current fiscal period	—	(4,930)
Balance at period end	**$** —	$ —

CARES Act

On March 27, 2020, the President of the U.S. signed the CARES Act, which is aimed at providing emergency assistance and health care for individuals, families, and businesses affected by the COVID-19 pandemic and generally supporting the U.S. economy. The CARES Act among other things, includes several business tax provisions which include, but are not limited to modifications of federal net operating loss carrybacks and deductibility; changes to prior year refundable alternative minimum tax liabilities; increase of limitations on business interest deductions from 30 percent to 50 percent of earnings before interest, taxes, depreciation and amortization; technical corrections of the classification of qualified improvement property making them eligible for bonus depreciation; increase of the limits on charitable contribution deductions from 10 percent to 25 percent of adjusted taxable income; modifications of the treatment of federal loans, loan guarantees and other investments; suspension of industry specific excise taxes; deferral of the company portion of OASDI; and implementation of a refundable employee retention tax credit.

The CARES Act provides provided for the delay in the required deposit of the employer portion of the OASDI payroll tax from the date of enactment through the end of 2020. Of the taxes that the Company can defer, 50 percent 50% of the deferred taxes were required to be deposited by the end of 2021 and the remaining 50 percent 50% were required to be deposited by the end of 2022. Additionally, the CARES Act provides a refundable tax credit, the employee retention tax credit, to certain employers who are ordered by a competent governmental authority to suspend or reduce business operations due to concern about the spread of COVID-19 or suffered a significant decline in the business during a calendar quarter during 2020 compared to the same calendar quarter during the previous year.

As of September 30, 2021, the Company deferred approximately $5.1 million $5.1M related to the employer portion of the OASDI tax. During fiscal 2022, the Company made the first of two installment payments, which reduced the balance to $2.7 million as of September 30, 2022. approximately $2.7M. The second installment payment will be was made during the first quarter of fiscal 2023.

American Rescue Plan Act

On March 11, 2021, 2023, which reduced the President balance to zero as of the U.S. signed the American Rescue Plan Act of 2021, which is primarily an economic stimulus package. It also expanded the scope of Section 162(m) of the Internal Revenue Code, which imposes a $1.0 million deduction limit on compensation paid to covered employees from the top five officers, to also include the next five highest paid employees for tax years beginning after December 31, 2026 September 30, 2023.

Inflation Reduction Act

On August 16, 2022, In August 2022, the President of the U.S. signed the Inflation Reduction Act, which contains provisions addressing inflation, clean energy, healthcare and taxes beginning in 2023. The Inflation Reduction Act imposes a 15 percent 15% minimum tax rate on corporations with higher than $1 billion $1B of annual income, along with a 1 percent 1% excise tax on corporate stock repurchases. The Inflation Reduction Act raised the ITC from 26 percent 26% to 30 percent 30% through the end of 2032, dropping to 26 percent 26% for property under construction before the end of 2033 and to 22 percent 22% for property under construction before the end of 2034. The ITC expires

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

starting in 2035 unless it is renewed. There are additional opportunities to increase the credit amount for certain facilities that are placed in service after December 31, 2022. The credit amount can be increased by 10 percent 10% if certain domestic content requirements are satisfied or if the facility is located in an energy community, such as a brownfield site. ITCs are also expanded to include stand-alone energy storage projects without being integrated into a solar facility, allowing solar to claim PTCs production tax credits that are a production-based credit extending for 10 years following the placed-in-service date of the facility, and introduced introducing the concept of transferability of tax credits, providing an additional option to monetize such credits.

The Company is currently evaluating evaluated the impacts of the Inflation Reduction Act on its financial position, results of operations and cash flows. flows, noting the corporate alternative minimum tax does not impact the Company as the applicable income thresholds have not been met. Upon the repurchase of common stock through the Company's share repurchase program, the Company would be subject to the 1% excise tax.

Other Tax Items

As of September 30, 2022 September 30, 2023 and 2021, 2022, the Company has tax credit carryforwards of approximately $211.8 million $191.2M and $224.2 million, $211.8M, respectively, which each have a life of 20 years. The Company expects to utilize this entire carryforward prior to expiration, which would begin in fiscal 2035. 2036.

The impairment of the equity method investment in PennEast created net capital loss attributes totaling approximately $56.6M, which could only be utilized to offset capital gains income and carried back three years and forward five years prior to expiration. During the fourth quarter of fiscal 2023, the Company determined that the tax losses created by the impairment may qualify as an ordinary loss, rather than a capital loss. As of September 30, 2023 and 2022, the Company had a valuation allowance of approximately $5.0M and $5.1M, respectively.

As of September 30, 2023, the Company evaluated certain tax benefits recorded in the Consolidated Financial Statements and concluded that a portion of the tax benefits are uncertain at this time. As a result, the Company recorded a reserve for uncertain tax benefits. The reserve for uncertain tax benefits is as follows:

(Thousands)		**2023**		2022
Balance at October 1,	**$**	**—**	$	—
Additions based on tax positions related to the current fiscal period		**4,978**		—
Balance at September 30,	**$**	**4,978**	$	—

As of September 30, 2023, there are $5.0M of unrecognized tax benefits that if recognized would affect the annual effective tax rate. The tax benefits relate to fiscal tax years open to examination by the IRS and the state of Pennsylvania and may be subject to subsequent adjustment.

As of September 30, 2022 September 30, 2023 and 2021, 2022, the Company has state income tax net operating losses of approximately $544.4 million $631.2M and $554.6 million, $544.4M, respectively. These state net operating losses have varying carry-forward periods dictated by the state in which they were incurred; these state carry-forward periods range from seven to 20 years, with the majority expiring after 2035. 2037. The Company expects to utilize this entire carryforward, other than as described below.

The impairment of the equity method investment in PennEast created potential net capital loss attributes totaling approximately $56.6 million and $61.8 million as of September 30, 2022 and 2021, respectively, which can only be utilized to offset capital gains income and can be carried back three years and forward five years prior to expiration.

As of September 30, 2022, the Company has had a valuation allowance totaling $22.2 million comprised of approximately $17.2 million, $17.2M related to the recognition of state net operating loss carryforwards, which primarily relate to New Jersey carryforwards. As of September 30, 2023, it was determined that the realization of certain deferred tax assets was more likely than not, and thus the associated valuation allowance of approximately $5.1 million related to potential capital loss carryforwards resulting from the impairment $15.8M was no longer required. Reversal of the equity method investment valuation allowance resulted in PennEast, a corresponding income tax benefit on the Consolidated Statement of Operations. As of September 30, 2023, the remaining valuation allowance of approximately $0.7M related primarily to other state income tax attributes which the Company believes may could not be fully utilized prior to expiration. As of September 30, 2021, the Company had conclude were realizable on a valuation allowance totaling $23.6 million comprised of approximately $17.3 million, related to the recognition of state net operating loss carryforwards, which primarily relate to New Jersey and approximately $6.4 million related to potential capital loss carryforwards resulting from the impairment of the equity method investment in PennEast. more-likely-than-not basis.

The Consolidated Appropriations Act extended the 30 percent 30% ITC for solar property that is under construction on or before December 31, 2019. Projects placed in service after December 31, 2019, may also qualify for a 30 percent 30% federal ITC if five percent 5% or more of the total costs of a solar property are incurred before the end of the applicable year and there are continuous efforts to advance towards toward completion of the project, based on the IRS guidance around ITC safe harbor determination. The credit declined to 26 percent 26% for property under construction before the end of 2020. The Consolidated Appropriations Act of 2021 extended the 26 percent 26% tax credit for property under construction during 2021 and 2022. The Inflation Reduction Act raised the ITC from 26 percent 26% to 30 percent 30% through the end of 2032, as previously stated.

14. 13. LEASES

Lessee Accounting

The Company determines if an arrangement is a lease at inception based on whether the Company has the right to control the use of an identified asset, the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset. After the criteria is are satisfied, the Company accounts for these arrangements as leases in accordance with ASC 842, *Leases*. Right-of-use assets represent the Company's right to use the underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term, including payments at commencement that depend on an index or rate. Most leases in which the Company is the lessee do not have a readily determinable implicit rate, so an incremental borrowing rate, based on the information available at the lease commencement date, is utilized to determine the present value of lease payments. When a secured borrowing rate is not readily available, unsecured borrowing rates are adjusted for the effects of collateral to determine the incremental borrowing rate. The Company uses the implicit rate for agreements in which it is a lessor. The Company has not entered into any material agreements in which it is a lessor. Lease expense and lease income are recognized on a straight-line basis over the lease term for operating leases.

The Company's lease agreements primarily consist of commercial solar land leases, storage and capacity leases, equipment and real property, including land and office facilities, office equipment and the sale leaseback of its certain natural gas meters.

Certain leases contain escalation provisions for inflation metrics. The storage leases contain a variable payment component that relates to the change in the inflation metrics that are not known past the current payment period. The variable components of these lease payments are excluded from the lease payments that are used to determine the related right-of-use lease asset and liability. The variable portion of these leases are recognized as leasing expenses when they are incurred. The capacity lease payments are fully variable and based on the amount of natural gas stored in the storage caverns.

Generally, the Company's solar land lease terms are between 20 and 50 years and may include multiple options to extend the terms for an additional five to 20 years. The Company's office leases vary in duration, ranging from two to 17 years, and may or may not include extension or early purchase options. The Company's meter lease terms are between seven and ten 10 years with purchase options available prior to the end of the term. Equipment leases include general office equipment that also vary in duration, with an average term of seven eight years. The Company's storage and capacity leases have assumed terms of 50 years to coincide with the expected useful lives of the cavern assets with which the leases are associated. The Company's lease terms may include options to extend, purchase the leased asset or terminate a lease, and they are included in the lease liability calculation when it is reasonably certain that those options will be exercised. The Company has elected an accounting policy that exempts leases with an original term of one year or less from the recognition requirements of ASC 842, Leases.*Leases*.

The Company has lease agreements with lease and non-lease components and has elected the practical expedient to combine lease and non-lease components for certain classes of leases, such as office buildings, solar land leases and office equipment. Variable payments are not considered material to the Company. The Company's lease agreements do not contain any material residual value guarantees, material restrictions or material covenants. In July 2021, NJNG entered into 16-year lease agreements, as Lessor, with various NJR subsidiaries, as Lessees, for office space at the Company's headquarters in Wall, New Jersey, the effects of which are eliminated in consolidation.

The following table presents the Company's lease costs included in the Consolidated Statements of Operations for the fiscal year ended September 30:

(Thousands)	**Income Statement Location**		**2022**		2021
Operating lease cost *(1)*	Operation and maintenance	**$**	**9,702**	$	8,182
Finance lease cost					
Amortization of right-of-use assets	Depreciation and amortization		**1,769**		3,442
Interest on lease liabilities	Interest expense, net of capitalized interest		**612**		710
Total finance lease cost		**$**	**2,381**	$	4,152
Short-term lease cost	Operation and maintenance		**34**		543
Variable lease cost	Operation and maintenance		**781**		1,381
Total lease cost		**$**	**12,898**	$	14,258

(1) Net of capitalized costs.

The following table presents the Company's lease costs included in the Consolidated Statements of Operations for the fiscal year ended September 30:

(Thousands)	**Income Statement Location**		**2023**		2022		2021
Operating lease cost *(1)*	Operation and maintenance	**$**	**9,336**	$	9,702	$	8,182
Finance lease cost							
Amortization of right-of-use assets	Depreciation and amortization		**2,105**		1,769	$	3,442
Interest on lease liabilities	Interest expense, net of capitalized interest		**1,084**		612		710
Total finance lease cost		**$**	**3,189**	$	2,381		4,152
Short-term lease cost	Operation and maintenance		**—**		34		543
Variable lease cost	Operation and maintenance		**1,128**		781		1,381
Total lease cost		**$**	**13,653**	$	12,898	$	14,258

(1) Net of capitalized costs.

The following table presents supplemental cash flow information related to leases for the fiscal year ended September 30:

(Thousands)	*(Thousands)*		**2022**		2021	*(Thousands)*		**2023**		2022		2021
Cash paid for amounts included in the measurement of lease liabilities	Cash paid for amounts included in the measurement of lease liabilities					Cash paid for amounts included in the measurement of lease liabilities						
Operating cash flows for operating leases	Operating cash flows for operating leases	**$**	**7,417**	$	6,675	Operating cash flows for operating leases	**$**	**8,942**	$	7,417	$	6,675
Operating cash flows for finance leases	Operating cash flows for finance leases	**$**	**831**	$	1,167	Operating cash flows for finance leases	**$**	**1,084**	$	831	$	1,167
Financing cash flows for finance leases	Financing cash flows for finance leases	**$**	**7,145**	$	8,180	Financing cash flows for finance leases	**$**	**7,379**	$	7,145	$	8,180

Assets obtained or modified for operating lease liabilities totaled approximately $911,000 $13.2M and $46.1 million $0.9M during fiscal 2023 and 2022, and 2021, respectively.

Assets obtained or modified through other leases, including those which are finance lease liabilities leases and financing transactions for accounting purposes, totaled $17.3 million approximately $8.4M and $17.3M during fiscal 2022. There were no assets obtained or modified through finance lease liabilities during fiscal 2021. 2023 and 2022, respectively.

The following table presents the balance and classifications of the Company's right of use assets and lease liabilities included in the Consolidated Balance Sheets for the fiscal year ended September 30:

(Thousands)	*(Thousands)*	**Balance Sheet Location**		**2022**		2021	*(Thousands)*	**Balance Sheet Location**		**2023**		2022
Assets	**Assets**						**Assets**					
Noncurrent	Noncurrent						Noncurrent					
Operating lease assets	Operating lease assets	Operating lease assets	**$**	**168,520**	$	173,928	Operating lease assets	Operating lease assets	**$**	**175,740**	$	168,520
Finance lease assets	Finance lease assets	Utility plant		**21,913**		13,489	Finance lease assets	Utility plant		**28,248**		21,913
Total lease assets	Total lease assets		**$**	**190,433**	$	187,417	Total lease assets		**$**	**203,988**	$	190,433
Liabilities	**Liabilities**						**Liabilities**					
Current	Current						Current					
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities	**$**	**4,562**	$	4,300	Operating lease liabilities	Operating lease liabilities	**$**	**4,772**	$	4,562
Finance lease liabilities	Finance lease liabilities	Current maturities of long-term debt		**6,538**		5,393	Finance lease liabilities	Current maturities of long-term debt		**8,477**		6,538
Noncurrent	Noncurrent						Noncurrent					
Operating lease liabilities	Operating lease liabilities	Operating lease liabilities		**138,382**		141,363	Operating lease liabilities	Operating lease liabilities		**148,023**		138,382
Finance lease liabilities	Finance lease liabilities	Long-term debt		**23,752**		14,742	Finance lease liabilities	Long-term debt		**22,875**		23,752
Total lease liabilities	Total lease liabilities		**$**	**173,234**	$	165,798	Total lease liabilities		**$**	**184,147**	$	173,234

For operating lease assets and liabilities, the weighted average remaining lease term was 29.2 years for both September 30, 2023 and 29.6 years 2022, and the weighted average discount rate used in the valuation over the remaining lease term was 3.2 percent 3.5% and 3.2% for both September 30, 2022 September 30, 2023 and 2021. 2022, respectively.

For finance lease assets and liabilities as of September 30, 2022 September 30, 2023 and 2021, 2022, the weighted average remaining lease term was 4.0 3.3 years and 3.4 4.0 years, respectively, and the weighted average discount rate used in the valuation over the remaining lease term is 2.7 percent and 3.5 percent was 2.7% as of September 30, 2022 both September 30, 2023 and 2021, respectively.

The following table presents the Company's maturities of lease liabilities as of September 30, 2022:

(Thousands)	Operating Leases	Finance Leases
2023	$ 8,024	$ 7,252
2024	7,652	7,909
2025	7,087	6,026
2026	6,998	4,955
2027	6,972	2,630
Thereafter	190,972	3,262
Total future lease payments	227,705	32,034
Less: interest	(84,761)	(1,744)
Total lease liability	$ 142,944	$ 30,290

2022.

15. The following table presents the Company's maturities of lease liabilities as of September 30, 2023:

(Thousands)	Operating	Finance
2024	$ 7,913	$ 9,362
2025	7,875	7,479
2026	7,799	6,407
2027	7,743	4,083
2028	7,803	4,715
Thereafter	213,927	1,676
Total future payments	253,060	33,722
Less: interest	(100,265)	(2,370)
Total liability	$ 152,795	$ 31,352

14. COMMITMENTS AND CONTINGENT LIABILITIES

Cash Commitments

NJNG has entered into long-term contracts, expiring at various dates through September 2039, for the supply, transportation and storage of natural gas. These contracts include annual fixed charges of approximately $196.6 million $198.3M at current contract rates and volumes, which are recoverable through BGSS.

For the purpose of securing storage and pipeline capacity, Energy Services ES enters into storage and pipeline capacity contracts, which require the payment of certain demand charges by Energy Services ES to maintain the ability to access such natural gas storage or pipeline capacity, during a fixed time period, which generally ranges from one to 10 years. Demand charges are established by interstate storage and pipeline operators and are regulated by FERC. These demand charges represent commitments to pay storage providers or pipeline companies for the right to store and/or transport natural gas utilizing their respective assets.

Commitments as of September 30, 2022 September 30, 2023, for natural gas purchases and future demand fees for the next five fiscal year periods, are as follows:

(Thousands)	(Thousands)	2022	2023	2024	2025	2026	Thereafter
Energy Services:							
ES:							
Natural gas purchases	Natural gas purchases	$ 199,629	$ 2,355	$ —	$ —	$ —	$ —

(Thousands)	2024	2025	2026	2027	2028	Thereafter
ES:						
Natural gas purchases	$ 66,525	$ 2,498	$ —	$ —	$ —	$ —

Storage demand fees	Storage demand fees	21,160	12,607	6,450	3,797	2,208	819	Storage demand fees	16,944	8,099	6,010	4,878	3,505	6,780
Pipeline demand fees	Pipeline demand fees	56,757	44,466	32,285	31,876	23,061	20,724	Pipeline demand fees	43,755	43,271	31,749	24,234	13,719	14,457
Sub-total Energy Services		$ 277,546	$ 59,428	$ 38,735	$ 35,673	$ 25,269	$ 21,543							
Sub-total ES								Sub-total ES	$ 127,224	$ 53,868	$ 37,759	$ 29,112	$ 17,224	$ 21,237
NJNG:	NJNG:							NJNG:						
Natural gas purchases	Natural gas purchases	$ 30,730	$ —	$ —	$ —	$ —	$ —	Natural gas purchases	$ 23,952	$ —	$ —	$ —	$ —	$ —
Storage demand fees	Storage demand fees	47,513	35,345	17,370	10,268	9,546	4,775	Storage demand fees	42,469	30,673	14,975	10,163	5,084	—
Pipeline demand fees	Pipeline demand fees	149,071	120,805	138,949	127,722	124,163	1,057,942	Pipeline demand fees	155,875	155,559	134,555	128,651	113,998	966,963
Sub-total NJNG	Sub-total NJNG	$ 227,314	$ 156,150	$ 156,319	$ 137,990	$ 133,709	$ 1,062,717	Sub-total NJNG	$ 222,296	$ 186,232	$ 149,530	$ 138,814	$ 119,082	$ 966,963
Total	Total	**$ 504,860**	**$ 215,578**	**$ 195,054**	**$ 173,663**	**$ 158,978**	**$ 1,084,260**	Total	**$ 349,520**	**$ 240,100**	**$ 187,289**	**$ 167,926**	**$ 136,306**	**$ 988,200**

Certain pipeline demand fees totaling approximately $4.0 million $4.0M per year, for which Energy Services ES is the responsible party, are being paid for by the counterparty to a capacity release transaction beginning November 1, 2021 for a period of 10 years.

As of September 30, 2022 September 30, 2023, the Company's future minimum lease payments under various operating leases will not be more than $8.0 million $7.9M annually for the next five years and $191.0 million $213.9M in the aggregate for all years thereafter.

Guarantees

As of September 30, 2022 September 30, 2023, there were NJR guarantees covering approximately $261.7 million $192.3M of Energy Services' ES's natural gas purchases and demand fee commitments not yet reflected in accounts payable on the Consolidated Balance Sheets.

Legal Proceedings

Manufactured Gas Plant Remediation

NJNG is responsible for the remedial cleanup of certain former MGP sites, dating back to gas operations in the late 1800s and early 1900s, which contain contaminated residues from former gas manufacturing operations. NJNG is currently involved in administrative proceedings with the NJDEP, and is participating in various studies and investigations by outside consultants, to determine the nature and extent of any such contaminated residues and to develop appropriate programs of remedial action, where warranted, under NJDEP regulations.

New Jersey Resources Corporation
Part II

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

NJNG periodically, and at least annually, performs an environmental review of former MGP sites located in Atlantic Highlands, Berkeley, Long Branch, Manchester, Toms River, Freehold and Aberdeen, New Jersey, including a review of potential liability for investigation and remedial action. NJNG estimated at the time of the most recent review that total future expenditures at the former MGP sites for which it is responsible, including potential liabilities for natural resource damages that might be brought by the NJDEP for alleged injury to groundwater or other natural resources concerning these sites, will range from approximately $110.8 million $137.3M to $167.1 million. $201.5M. NJNG's estimate of these liabilities is based upon known facts, existing technology and enacted laws and regulations in place when the review was completed. Where it is probable that costs will be incurred, and the information is sufficient to establish a range of possible liability, NJNG accrues the most likely amount in the range. If no point within the range is more likely than the other, it is NJNG's policy to accrue the lower end of the range. Accordingly, as of September 30, 2022 September 30, 2023, NJNG recorded a MGP remediation liability and a corresponding regulatory asset of approximately $127.1 million $169.4M on the Consolidated Balance Sheets based on the most likely amount. The actual costs to be incurred by NJNG are dependent upon several factors, including final determination of remedial action, changing technologies and governmental regulations, the ultimate ability of other responsible parties to pay and insurance recoveries, if any.

In June 2019, NJNG initiated a preliminary assessment of a site in Aberdeen, New Jersey to determine prior ownership and if former MGP operations were active at the location. The preliminary assessment and site investigation activities are ongoing at the Aberdeen site. The estimated costs to complete the preliminary assessment and site investigation phase are included in the MGP remediation liability and corresponding regulatory asset on the Consolidated Balance Sheets at September 30, 2022 and 2021. NJNG will continue to gather information to determine whether the obligation exists to undertake remedial action, if any, and refine its estimate of potential costs for this site as more information becomes available.

NJNG recovers its remediation expenditures, including carrying costs, over rolling seven-year periods pursuant to a RAC approved by the BPU. On March 23, 2022, In March 2022, the BPU approved an increase in the RAC, which increased the pre-tax annual recovery from $11.1 million $11.1M to $11.7 million, $11.7M, effective April 1, 2022. On September 13, 2022 April 12, 2023, NJNG submitted its annual filing to the BPU requesting approval approved on a final basis NJNG's annual SBC filing of RAC expenditures through June 30, 2022, as well as an increase to the RAC annual recoveries of $3.8 million, $3.7M, which will increase increased the pre-tax annual recovery to $15.5 million, $15.4M, effective April 1, 2023 May 1, 2023.

As of September 30, 2022 September 30, 2023, $66.1 million $66.3M of previously incurred remediation costs, net of recoveries from customers and insurance proceeds, are included in regulatory assets on the Consolidated Balance Sheets. NJNG will continue to seek recovery of MGP-related costs through the RAC. If any future regulatory position indicates that the recovery of such costs is not probable, the related non-recoverable costs would be charged to income in the period of such determination.

General

The Company is involved, and from time to time in the future may be involved, in a number of pending and threatened judicial, regulatory and arbitration proceedings relating to matters that arise in the ordinary course of business. In view of the inherent difficulty of predicting the outcome of litigation matters, particularly when such matters are in their early stages or where the claimants seek indeterminate damages, the Company cannot state with confidence what the eventual outcome of the pending litigation will be, what the timing of the ultimate resolution of these matters will be, or what the eventual loss, fines or penalties related to each pending matter will be, if any. In accordance with applicable accounting guidance, the Company establishes accruals for litigation for those matters that present loss contingencies as to which it is both probable that a loss will be incurred and the amount of such loss can be reasonably estimated. The Company also discloses contingent matters for which there is a reasonable possibility of a loss. Based upon currently available information, the Company believes that the results of litigation that are currently pending, taken together, will not have a materially adverse effect on the Company's financial condition, results of operations or cash flows. The actual results of resolving the pending litigation matters may be substantially higher than the amounts accrued.

The foregoing statements about the Company's litigation are based upon the Company's judgments, assumptions and estimates and are necessarily subjective and uncertain. The Company has a number of threatened and pending litigation matters at various stages.

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16. COMMON STOCK EQUITY

In December 2019, the Company completed an equity offering of 6,545,454 common shares, consisting of 5,333,334 common shares issued directly by the Company and 1,212,120 common shares issuable pursuant to forward sales agreements with investment banks. The issuance of 5,333,334 common shares resulted in proceeds of approximately $212.9 million, net of issuance costs, and was reflected in shareholders' equity and as a financing activity on the statement of cash flows.

Under the forward sale agreements, a total of 1,212,120 common shares were borrowed from third parties and sold to the underwriters. Each forward sale agreement allowed the Company, at its election and prior to September 30, 2020, to physically settle the forward sale agreement by issuing common shares in exchange for net proceeds at the then-applicable forward sale price specified by the agreement, which was initially $40.0125 per share, or, alternatively, to settle the forward sale agreement in whole or in part through the delivery or receipt of shares or cash. The forward sale price was subjected to adjustment daily based on a floating interest rate factor and would decrease in respect of certain fixed amounts specified in the agreement, such as anticipated dividends.

Issuances of shares under the forward sale agreements are classified as equity transactions. Accordingly, no amounts relating to the forward sale agreements have or will be recorded in the financial statements until settlements take place. Prior to any settlements, the only impact to the financial statements is the inclusion of incremental shares within the calculation of diluted Earnings Per Share using the treasury stock method until settlement of the forward sale agreements. Under this method, the number of the Company common shares used in calculating diluted Earnings Per Share is deemed to be increased by the excess, if any, of the number of shares that would be issued upon physical settlement of the forward sale agreements less the number of shares that would be purchased by the Company in the market (based on the average market price during the same reporting period) using the proceeds receivable upon settlement (based on the adjusted forward sale price at the end of that reporting period). Share dilution occurs when the average market price of the Company's common shares is higher than the adjusted forward sale price.

On September 18, 2020, the Company amended its forward sale agreements to extend the maturity date of such forward sales agreements from September 30, 2020 to September 10, 2021. On March 3, 2021, the Company cash settled a portion of the forward sale agreement for a payout of approximately $388,000 in lieu of the issuance of 727,272 common shares. On May 26, 2021, the Company cash settled the rest of the forward sale agreements for a payout of approximately $2.4 million in lieu of the issuance of 484,848 common shares.

17. 15. REPORTING SEGMENT AND OTHER OPERATIONS DATA

The Company organizes its businesses based on a combination of factors, including its products and its regulatory environment. As a result, the Company manages its businesses through the following reporting segments and other business operations: Natural Gas Distribution NJNG consists of regulated energy and off-system, capacity and storage management operations; Clean Energy Ventures CEV consists of capital investments in clean energy projects; Energy Services ES consists of unregulated wholesale and retail energy operations; Storage and Transportation S&T consists of the Company's investments in natural gas transportation and storage facilities; the Home Services and Other HSO business operations consist of heating, cooling and water appliance sales, installations and services, other investments and general corporate activities.

Information related to the Company's various reporting segments and other business operations, as of September 30, is detailed below:

(Thousands)			
Fiscal Years Ended September 30,	**2022**	2021	2020
Operating revenues			
Natural Gas Distribution			
External customers	**$ 1,127,417**	$ 731,796	$ 729,923
Intercompany	**1,350**	—	—
Clean Energy Ventures			
External customers	**128,280**	95,275	102,617
Energy Services			
External customers *(1)*	**1,529,178**	1,228,846	1,029,303
Intercompany	**94**	(426)	1,116
Storage and Transportation			
External customers	**65,286**	49,252	42,015
Intercompany	**2,449**	1,768	2,713
Subtotal	**2,854,054**	2,106,511	1,907,687
Home Services and Other			
External customers	**55,818**	51,444	49,810
Intercompany	**364**	785	1,207
Eliminations	**(4,257)**	(2,127)	(5,036)
Total	**$ 2,905,979**	$ 2,156,613	$ 1,953,668
Depreciation and amortization			
Natural Gas Distribution	**$ 94,579**	$ 80,045	$ 71,883
Clean Energy Ventures	**21,396**	20,567	25,329
Energy Services *(2)*	**148**	111	123
Storage and Transportation	**12,302**	9,960	9,293
Subtotal	**128,425**	110,683	106,628
Home Services and Other	**824**	980	1,032
Eliminations	**—**	(276)	(292)
Total	**$ 129,249**	$ 111,387	$ 107,368

Interest income (3)			
Natural Gas Distribution	**$ 895**	$ 85	$ 538
Clean Energy Ventures	**—**	241	240
Energy Services	**16**	11	99
Storage and Transportation	**2,110**	2,243	3,510
Subtotal	**3,021**	2,580	4,387
Home Services and Other	**944**	522	8,633
Eliminations	**(1,249)**	(935)	(10,061)
Total	**$ 2,716**	$ 2,167	$ 2,959

	Segments							
(Thousands)	**NJNG**	**CEV**	**ES**	**S&T**	**Subtotal**	**HSO**	**Elims**	**Total**
2023								
Operating revenues								
External customers	**$ 1,011,284**	**124,131**	**681,446** (1)	**88,700**	**$ 1,905,561**	**57,433**	**—**	**$ 1,962,994**
Intercompany	**$ 1,349**	**—**	**10,170**	**4,159**	**$ 15,678**	**205**	**(15,883)**	**$ —**
Depreciation and amortization	**$ 102,326**	**25,320**	**221** (2)	**24,185**	**$ 152,052**	**889**	**—**	**$ 152,941**
Interest income (3)	**$ 1,713**	**—**	**1,119**	**6,957**	**$ 9,789**	**2,977**	**(3,847)**	**$ 8,919**
Interest expense, net of capitalized interest	**$ 56,595**	**28,569**	**11,400**	**25,803**	**$ 122,367**	**647**	**—**	**$ 123,014**
Income tax provision (benefit)	**$ 33,065**	**(7,683)**	**24,343**	**3,444**	**$ 53,169**	**(1,477)**	**(2,417)**	**$ 49,275**
Equity in earnings of affiliates	**$ —**	**—**	**—**	**3,126**	**$ 3,126**	**—**	**804**	**$ 3,930**
Net financial earnings	**$ 131,414**	**44,458**	**68,517**	**12,835**	**$ 257,224**	**4,758**	**(155)**	**$ 261,827**
Capital expenditures	**$ 390,394**	**107,303**	**—**	**40,916**	**$ 538,613**	**2,306**	**—**	**$ 540,919**
2022								
Operating revenues								
External customers	$ 1,127,417	128,280	1,529,178 (1)	65,286	$ 2,850,161	55,818	—	$ 2,905,979
Intercompany	$ 1,350	—	94	2,449	$ 3,893	364	(4,257)	$ —
Depreciation and amortization	$ 94,579	21,396	148 (2)	12,302	$ 128,425	824	—	$ 129,249
Interest income (3)	$ 895	—	16	2,110	$ 3,021	944	(1,249)	$ 2,716
Interest expense, net of capitalized interest	$ 46,394	21,968	4,725	12,097	$ 85,184	646	—	$ 85,830
Income tax provision	$ 40,141	11,361	21,776	1,879	$ 75,157	1,059	(21)	$ 76,195
Equity in earnings of affiliates	$ —	—	—	9,865	$ 9,865	—	(1,688)	$ 8,177
Net financial earnings (loss)	$ 140,124	39,403	39,121	22,454	$ 241,102	(781)	—	$ 240,321
Capital expenditures	$ 298,374	146,676	—	151,988	$ 597,038	1,390	—	$ 598,428
Return of capital from equity investees	$ —	—	—	(5,479)	$ (5,479)	—	—	$ (5,479)
2021								
Operating revenues								
External customers	$ 731,796	95,275	1,228,846 (1)	49,252	$ 2,105,169	51,444	—	$ 2,156,613
Intercompany	$ —	—	(426)	1,768	$ 1,342	785	(2,127)	$ —
Depreciation and amortization	$ 80,045	20,567	111 (2)	9,960	$ 110,683	980	(276)	$ 111,387
Interest income (3)	$ 85	241	11	2,243	$ 2,580	522	(935)	$ 2,167
Interest expense, net of capitalized interest	$ 36,405	22,548	2,204	13,348	$ 74,505	4,054	—	$ 78,559
Income tax provision (benefit)	$ 19,054	5,048	18,371	(10,043)	$ 32,430	(196)	1,052	$ 33,286
Equity in loss of affiliates	$ —	—	—	(81,072)	$ (81,072)	—	(2,140)	$ (83,212)
Net financial earnings (loss)	$ 107,375	16,789	71,117	13,046	$ 208,327	(826)	211	$ 207,712
Capital expenditures	$ 426,628	87,852	—	107,500	$ 621,980	2,630	—	$ 624,610
Investments in equity investees	$ —	—	—	690	$ 690	—	—	$ 690

(1) Includes sales to Canada for Energy Services, ES, which are $2.4 million, $75,000 $8.4M, $2.4M and $584,000 $0.1M in the fiscal years ended September 30, 2022 September 30, 2023, 2021 2022 and 2020, 2021, respectively.

(2) The amortization of acquired wholesale energy contracts is excluded above and is included in natural gas purchases - nonutility on the Consolidated Statements of Operations.

(3) Included in other income, net on the Consolidated Statements of Operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

(Thousands)			
Fiscal Years Ended September 30,	**2022**	2021	2020
Interest expense, net of capitalized interest			
Natural Gas Distribution	**$ 46,394**	$ 36,405	$ 30,975
Clean Energy Ventures	**21,968**	22,548	20,253
Energy Services	**4,725**	2,204	3,276
Storage and Transportation	**12,097**	13,348	13,124
Subtotal	**85,184**	74,505	67,628
Home Services and Other	**646**	4,054	10,327
Eliminations	**—**	—	(10,358)
Total	**$ 85,830**	$ 78,559	$ 67,597
Income tax provision (benefit)			
Natural Gas Distribution	**$ 40,141**	$ 19,054	$ 27,021
Clean Energy Ventures	**11,361**	5,048	11,034
Energy Services	**21,776**	18,371	(3,615)
Storage and Transportation	**1,879**	(10,043)	4,247
Subtotal	**75,157**	32,430	38,687
Home Services and Other	**1,059**	(196)	(2,478)
Eliminations	**(21)**	1,052	285
Total	**$ 76,195**	$ 33,286	$ 36,494
Equity in earnings (loss) of affiliates			
Storage and Transportation	**$ 9,865**	$ (81,072)	$ 15,903
Eliminations	**(1,688)**	(2,140)	(1,592)
Total	**$ 8,177**	$ (83,212)	$ 14,311
Net financial earnings (loss)			
Natural Gas Distribution	**$ 140,124**	$ 107,375	$ 126,902
Clean Energy Ventures	**39,403**	16,789	22,111
Energy Services	**39,121**	71,117	(7,873)
Storage and Transportation	**22,454**	13,046	18,311
Subtotal	**241,102**	208,327	159,451
Home Services and Other	**(781)**	(826)	5,784
Eliminations	**—**	211	98
Total	**$ 240,321**	$ 207,712	$ 165,333
Capital expenditures			
Natural Gas Distribution	**$ 298,374**	$ 426,628	$ 290,040
Clean Energy Ventures	**146,676**	87,852	133,841
Storage and Transportation	**151,988**	107,500	20,998
Subtotal	**597,038**	621,980	444,879
Home Services and Other	**1,390**	2,630	3,230
Total	**$ 598,428**	$ 624,610	$ 448,109
(Return of capital from) investments in equity investees			
Storage and Transportation	**$ (5,479)**	$ 690	$ 2,117
Total	**$ (5,479)**	$ 690	$ 2,117

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA (Continued)

The Company's assets at end of period for the various reporting segments and other business operations, as of September 30, are detailed below:

(Thousands)	**2022**	2021	2020
Assets at end of period:			
Natural Gas Distribution	**$ 4,030,686**	$ 3,707,461	$ 3,531,477
Clean Energy Ventures	**1,015,065**	914,788	814,277
Energy Services	**333,064**	365,423	244,836
Storage and Transportation	**999,520**	862,407	844,799
Subtotal	**6,378,335**	5,850,079	5,435,389
Home Services and Other	**159,068**	162,134	138,375
Intercompany assets *(1)*	**(275,987)**	(289,935)	(257,287)
Total	**$ 6,261,416**	$ 5,722,278	$ 5,316,477

	Segments						Intercompany	
(Thousands)	**NJNG**	**CEV**	**ES**	**S&T**	**Subtotal**	**HSO**	**Assets** *(1)*	**Total**
2023	**$ 4,414,829**	**1,128,577**	**123,775**	**1,011,959**	**$ 6,679,140**	**171,275**	**(312,919)**	**$ 6,537,496**
2022	$ 4,030,686	1,015,065	333,064	999,520	$ 6,378,335	159,068	(275,987)	$ 6,261,416
2021	$ 3,707,461	914,788	365,423	862,407	$ 5,850,079	162,134	(289,935)	$ 5,722,278

(1) Consists of transactions between subsidiaries that are eliminated and reclassified in consolidation.

The Chief Executive Officer, who uses NFE as a measure of profit or loss in measuring the results of the Company's reporting segments and other business operations, is the chief operating decision maker of the Company. A reconciliation of consolidated NFE to consolidated net income, as of September 30, is as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Net financial earnings	Net financial earnings	**$ 240,321**	$ 207,712	$ 165,333	Net financial earnings	**$ 261,827**	$ 240,321	$ 207,712
Less:	Less:				Less:			
Unrealized (gain) loss on derivative instruments and related transactions	Unrealized (gain) loss on derivative instruments and related transactions	**(59,906)**	54,203	(9,644)	Unrealized (gain) loss on derivative instruments and related transactions	**(38,081)**	(59,906)	54,203
Tax effect	Tax effect	**14,248**	(12,887)	2,296	Tax effect	**9,050**	14,248	(12,887)
Effects of economic hedging related to natural gas inventory	Effects of economic hedging related to natural gas inventory	**19,939**	(42,405)	12,690	Effects of economic hedging related to natural gas inventory	**34,699**	19,939	(42,405)
Tax effect	Tax effect	**(4,738)**	10,078	(3,016)	Tax effect	**(8,246)**	(4,738)	10,078
(Gain on) impairment of equity method investment	(Gain on) impairment of equity method investment	**(5,521)**	92,000	—	(Gain on) impairment of equity method investment	**(300)**	(5,521)	92,000
Tax effect	Tax effect	**1,377**	(11,167)	—	Tax effect	**(19)**	1,377	(11,167)
Net income	Net income	**$ 274,922**	$ 117,890	$ 163,007	Net income	**$ 264,724**	$ 274,922	$ 117,890

The Company uses derivative instruments as economic hedges of purchases and sales of physical natural gas inventory. For GAAP purposes, these derivatives are recorded at fair value and related changes in fair value are included in reported earnings. Revenues and cost of natural gas related to physical natural gas flow are recognized when the natural gas is delivered to customers. Consequently, there is a mismatch in the timing of earnings recognition between the economic hedges and physical natural gas flows. Timing differences occur in two ways:

- unrealized gains and losses on derivatives are recognized in reported earnings in periods prior to physical natural gas inventory flows; and
- unrealized gains and losses of prior periods are reclassified as realized gains and losses when derivatives are settled in the same period as physical natural gas inventory movements occur.

NFE is a measure of the earnings based on eliminating these timing differences, to effectively match the earnings effects of the economic hedges with the physical sale of natural gas, SRECs and foreign currency contracts. Consequently, to reconcile between net income and NFE, current-period unrealized gains and losses on the derivatives are excluded from NFE as a reconciling item. Realized derivative gains and losses are also included in current-period net income. However, NFE includes only realized gains and losses related to natural gas sold out of inventory, effectively matching the full earnings effects of the derivatives with realized margins on physical natural gas flows. NFE also excludes certain transactions associated with equity method investments, including impairment charges, which are non-cash charges, and return of capital in excess of the carrying value of our investment. These are considered unusual in nature and occur infrequently such that they are not indicative of the Company's performance for our its ongoing operations. Included in the tax effects are current and deferred income tax expense corresponding with the components of NFE.

18. 16. RELATED PARTY TRANSACTIONS

Effective April 1, 2020, NJNG entered into a 5-year agreement for 3 Bcf of firm storage capacity with Steckman Ridge, which expires on March 31, 2025. Under the terms of the agreement, NJNG incurs demand fees, at market rates, of approximately $9.3 million $9.3M annually, a portion of which is eliminated in consolidation. These fees are recoverable through NJNG's BGSS mechanism and are included as a component of regulatory assets.

Energy Services ES may periodically enter into storage or park and loan agreements with an affiliated FERC-jurisdictional natural gas storage facility, Steckman Ridge. As of September 30, 2022 September 30, 2023, Energy Services ES has entered into transactions with Steckman Ridge for varying terms, all of which expire by March 31, 2024.

Demand fees, net of eliminations, associated with Steckman Ridge during the fiscal years ended September 30, were as follows:

(Thousands)	*(Thousands)*	**2022**	2021	2020	*(Thousands)*	**2023**	2022	2021
Natural Gas Distribution		**$ 6,663**	$ 6,449	$ 5,900				
Energy Services		**732**	564	183				
NJNG					NJNG	**$ 6,549**	$ 6,663	$ 6,449
ES					ES	**657**	732	564
Total	Total	**$ 7,395**	$ 7,013	$ 6,083	Total	**$ 7,206**	$ 7,395	$ 7,013

The following table summarizes demand fees payable to Steckman Ridge as of September 30:

(Thousands)	*(Thousands)*	**2022**	2021	*(Thousands)*	**2023**	2022
Natural Gas Distribution		**$ 775**	$ 778			
Energy Services		**76**	83			
NJNG				NJNG	**$ 775**	$ 775
ES				ES	**84**	76
Total	Total	**$ 851**	$ 861	Total	**$ 859**	$ 851

NJNG and Energy Services have entered ES enter into various AMAs, the effects of which are eliminated in consolidation. Under the terms of these agreements, NJNG releases certain transportation and storage contracts to Energy Services. ES. As of September 30, 2022 September 30, 2023, NJNG and Energy Services ES had one AMA with an expiration date of March 31, 2023 March 31, 2024.

NJNG has entered into a 5-year transportation precedent agreement with Adelphia Gateway for committed capacity of 130,000 Dths per day in Zone South, which began on August 9, 2022.

Energy Services ES has a 5-year agreement for 3 Bcf of firm storage capacity with Leaf River, which is eliminated in consolidation and expires in March 2024.

In March 2021, NJNG and Clean Energy Ventures CEV entered into a 15-year sublease and PPA agreement related to an onsite solar array and the related energy output at the Company's headquarters in Wall, New Jersey, the effects of which are immaterial to the consolidated financial statements.

In July 2021, NJNG entered into 16-year lease agreements, as Lessor, with various NJR subsidiaries, as Lessees, for office space at the Company's headquarters in Wall, New Jersey, the effects of which are eliminated in consolidation.

In June 2022, NJNG and Clean Energy Ventures CEV entered into a 20-year sublease and PPA agreement related to an onsite solar array and the related energy output at the Company's LNG plant in Howell, New Jersey, the effects of which are immaterial to the consolidated financial statements.

NJNG entered into a 15-year transportation precedent agreement with Adelphia Gateway for committed capacity of 130,000 Dth per day in Zone North, beginning November 1, 2023; however, the agreement term will automatically be reduced to 7 years if Transco has not placed its Regional Energy Access Expansion project into service by October 31, 2030.

The intercompany profit profits for certain transactions between NJNG and Energy Services ES and NJNG and Adelphia Gateway is are not eliminated in accordance with ASC 980, *Regulated Operations.*

New Jersey Resources Corporation
Part II

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's management, including the principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this report. Based on this evaluation, the Company's principal executive officer and principal financial officer concluded that, as of end of the period covered by this report, the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting

The report of management required under this *Item 9A* is contained in *Item 8* of this Form 10-K under the caption *Management's Report on Internal Control over Financial Reporting*.

Attestation Report of Registered Public Accounting Firm

The attestation report required under this *Item 9A* is contained in *Item 8* of this 10-K under the caption *Report of Independent Registered Public Accounting Firm*.

Changes in Internal Control over Financial Reporting

We periodically review our internal controls over financial reporting as part of our efforts to ensure compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002. In addition, we routinely review our system of internal controls over financial reporting to identify potential changes to our processes and systems that may improve controls and increase efficiency, while ensuring that we maintain an effective internal controls environment. There were no changes in our internal controls over financial reporting that occurred during the quarter ended September 30, 2022 September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

ITEM 9B. OTHER INFORMATION

None During the three months ended September 30, 2023, no director or officer (as defined by Rule 16a-1(f) of the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

New Jersey Resources Corporation
Part III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required by this item, including information concerning the Board of Directors of the Company, the members of the Company's Audit Committee, the Company's Audit Committee Financial Expert, compliance with Section 16(a) of the Exchange Act and shareowner proposals, is incorporated by reference to the Company's Proxy Statement for the 2022 2024 Annual Meeting of Shareowners, which will be filed with the SEC pursuant to Regulation 14A within 120 days after September 30, 2021 September 30, 2023. The information regarding executive officers is included in this report as *Item 1* under the caption *Information About our Executive Officers* and incorporated herein by reference.

The Board of Directors has adopted the Code of Conduct, a code for all directors, officers and employees, as required by the New York Stock Exchange rules, and governing the chief executive officer and senior financial officers, in compliance with Sarbanes-Oxley and SEC regulations. Copies of the Code of Conduct are available free of charge on the Company's website at *http://investor.njresources.com* under the caption *Corporate Governance*. A printed copy of the Code of Conduct is available free of charge to any shareowner who requests it by contacting the Corporate Secretary at 1415 Wyckoff Road, Wall, New Jersey 07719. The Company will disclose any amendments to, or waivers from, a provision of the Code of Conduct that applies to the principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions that relate to any element of the Code of Conduct as defined in Item 406 of Regulation S-K by posting such information on the Company's website.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is incorporated by reference from the Registrant's Proxy Statement.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Information required by this Item is incorporated by reference from the Registrant's Proxy Statement.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Information required by this Item is incorporated by reference from the Registrant's Proxy Statement.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required by this Item is incorporated by reference from the Registrant's Proxy Statement.

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) 1. Financial Statements.

All Financial Statements of the Registrant are filed as part of this report and included in *Item 8* of *Part II* of this Form 10-K.

(a) 2. Financial Statement Schedules-See *Index to Financial Statement Schedules* in *Item 8*.

(a) 3. Exhibits-See *Exhibit Index* on page 137 129.

INDEX TO FINANCIAL STATEMENT SCHEDULES

Schedules other than those listed above are omitted because they are either not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

New Jersey Resources Corporation
Part IV

SCHEDULE II

VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED SEPTEMBER 30, 2023, 2022 2021 and 2020 2021

(Thousands) CLASSIFICATION	*(Thousands)* CLASSIFICATION	BEGINNING BALANCE	ADDITIONS CHARGED TO EXPENSE	OTHER	ENDING BALANCE	*(Thousands)* CLASSIFICATION	BEGINNING BALANCE	ADDITIONS/ (DEDUCTIONS), NET TO EXPENSE	OTHER	ENDING BALANCE
2023						**2023**				
Valuation allowance for deferred tax assets						Valuation allowance for deferred tax assets	**$ 22,241**	**(16,494)** *(1)*	**—**	**$ 5,747**
Allowance for doubtful accounts						Allowance for doubtful accounts	**$ 19,379**	**1,570**	**(9,913)** *(2)*	**$ 11,036**
2022	**2022**					2022				
Valuation allowance for deferred tax assets	Valuation allowance for deferred tax assets	**$ 23,613**	**(1,372)**	**—**	**$ 22,241**	Valuation allowance for deferred tax assets	$ 23,613	(1,372)	—	$ 22,241
Allowance for doubtful accounts	Allowance for doubtful accounts	**$ 24,652**	**2,401**	**(7,674)** *(1)*	**$ 19,379**	Allowance for doubtful accounts	$ 24,652	2,401	(7,674) *(2)*	$ 19,379
2021	2021					2021				
Valuation allowance for deferred tax assets	Valuation allowance for deferred tax assets	$ 17,639	6,355	(381)	$ 23,613	Valuation allowance for deferred tax assets	$ 17,639	6,355	(381)	$ 23,613
Allowance for doubtful accounts	Allowance for doubtful accounts	$ 7,242	18,986	(1,576) *(1)*	$ 24,652	Allowance for doubtful accounts	$ 7,242	18,986	(1,576) *(2)*	$ 24,652
2020										
Valuation allowance for deferred tax assets		$ 4,035	15,869	(2,265)	$ 17,639					
Allowance for doubtful accounts		$ 6,148	2,238	(1,144) *(1)*	$ 7,242					

(1) Includes valuation allowance release for CEV, see *Note 12. Income Taxes* for more details.

(2) Uncollectible accounts written off, less recoveries and adjustments.

New Jersey Resources Corporation
Part IV

EXHIBIT INDEX

Exhibit Number	Exhibit Description
2.1	Purchase and Sale Agreement, dated as of October 27, 2017, by and between Talen Generation, LLC, and Adelphia Gateway, LLC (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, as filed on November 2, 2017)
2.2	Membership Interest Purchase Agreement, between NJR Clean Energy Ventures II Corporation and SRIV Partnership, LLC, dated as of November 21, 2018 (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, as filed on November 21, 2018)
2.3	Membership Interest Purchase Agreement, dated September 3, 2019, by and between Leaf River Energy Holdings, LLC and NJR Pipeline Company (incorporated by reference to Exhibit 2.1 to the Current Report on Form 8-K, as filed on September 5, 2019)
3.1	Restated Certificate of Incorporation of New Jersey Resources Corporation, as amended through March 3, 2015 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, as filed on January 23, 2014, and Exhibit 3.1 to the Current Report on Form 8-K, as filed on March 3, 2015)
3.2	Bylaws of New Jersey Resources Corporation, as amended and restated on July 14, 2020 July 12, 2023 (incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K, as filed on July 20, 2020 July 13, 2023)
4.1	Description of Common Stock (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed on November 22, 2019)
4.2	Specimen Common Stock Certificate (incorporated by reference to Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2013, as filed on November 25, 2013)
4.3	Amended and Restated Indenture of Mortgage, Deed of Trust and Security Agreement, dated as of September 1, 2014, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K, as filed on September 30, 2014)
4.3(a)	36th Supplemental Indenture dated as of September 1, 2014, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K, as filed on September 30, 2014)
4.3(b)	First Supplemental Indenture dated as of April 1, 2015 between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q, as filed on May 7, 2015)
4.3(c)	Second Supplemental Indenture dated as of June 1, 2016, between New Jersey Natural Gas Company and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to Form 8-K as filed on June 22, 2016)
4.3(d)	Third Supplemental Indenture, dated as of May 1, 2018, by and between New Jersey Natural Gas Company and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on May 11, 2018)
4.3(e)	Fourth Supplemental Indenture, dated as of April 1, 2019, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q, as filed on May 3, 2019)
4.3(f)	Fifth Supplemental Indenture, dated as of July 1, 2019, by and between New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K, as filed on July 17, 2019)
4.3(g)	Sixth Supplemental Indenture, dated as of August 1, 2019, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3(g) to the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed on November 22, 2019)
4.3(h)	Seventh Supplemental Indenture, dated as of June 1, 2020, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on July 2, 2020)
4.3(i)	Eighth Supplemental Indenture, dated as of July 23, 2020, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on July 23, 2020)
4.3(j)	Ninth Supplemental Indenture, dated as of September 2, 2020, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K, as filed on September 2, 2020)

Exhibit Number	Exhibit Description
4.3(k)	Tenth Supplemental Indenture, dated as of October 1, 2021, by and between New Jersey Natural Gas Company and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.3(l)	Eleventh Supplemental Indenture, dated as of May 1, 2022, by and between New Jersey Natural Gas Company and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on June 1, 2022)
4.3(m)	Twelfth Supplemental Indenture, dated as of October 1, 2022, by and between New Jersey Natural Gas Company and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K, as filed on October 28, 2022)

Exhibit Number	Exhibit Description
4.3(n)	Thirteenth Supplemental Indenture, dated as of September 1, 2023, by and between New Jersey Natural Gas Company and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on October 2, 2023)
4.3(o)	Fourteenth Supplemental Indenture, dated as of October 1, 2023, by and between New Jersey Natural Gas Company and U.S. Bank Trust Company, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on October 31, 2023)
4.4	$75,000,000 Shelf Note Purchase Agreement, dated as of June 30, 2011, between New Jersey Resources Corporation and Prudential Investment Management, Inc. (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K as filed on July 6, 2011)
4.4(a)	First Amendment to the Prudential Facility, dated as of July 25, 2014, between the Company and Prudential Investment Management, Inc. (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K as filed on November 12, 2014)
4.4(b)	Second Amendment to the Prudential Facility, dated as of September 28, 2015, between the Company and Prudential Investment Management, Inc. (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K as filed on October 2, 2015)
4.4(c)	Third Amendment to the Shelf Note Purchase Agreement dated as of June 30, 2011, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.4(d)	Fourth Amendment to the Shelf Note Purchase Agreement, among New Jersey Resources Corporation, PGIM, Inc. (formerly Prudential Investment Management, Inc.) and the Purchasers party thereto dated as of September 16, 2022 (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K as filed on September 20, 2022)
4.5	$125,000,000 Note Purchase Agreement, dated as of February 7, 2014, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.5 to the Quarterly Report on Form 10-Q, as filed on May 7, 2014)
4.6	Loan Agreement between New Jersey Economic Development Authority and New Jersey Natural Gas Company, dated as of August 1, 2011 (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2011, as filed on November 23, 2011)
4.7	First Amendment to the Loan Agreement, dated as of August 1, 2019, between NJNG and New Jersey Economic Development Authority (incorporated by reference to Exhibit 4.7 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed on November 22, 2019)
4.8	First Supplemental Indenture, dated as of August 1, 2019, between NJNG and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.8 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed on November 22, 2019)
4.9	$50,000,000 Note Purchase Agreement, dated as of February 8, 2013, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.12 to the Quarterly Report on Form 10-Q, as filed on May 3, 2013)
4.10	$150,000,000 Note Purchase Agreement, dated as of February 12, 2015, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on February 17, 2015)
4.11	Note Purchase Agreement, dated as of March 22, 2016, among New Jersey Resources Corporation and each of the Purchasers listed in Schedule A thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on March 25, 2016)
4.12	$125,000,000 Note Purchase Agreement, dated as of June 21, 2016, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on June 22, 2016)

New Jersey Resources Corporation
Part IV

Exhibit Number	Exhibit Description
4.13	$125,000,000 Note Purchase Agreement, dated as of May 11, 2018, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on May 11, 2018)

Exhibit Number	Exhibit Description
4.14	$100,000,000 Note Purchase Agreement, dated as of June 8, 2018, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on June 8, 2018)
4.15	Amended and Restated Indenture, dated as of April 1, 2019, between NJNG and New Jersey Economic Development Authority and U.S. Bank National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q, as filed on May 3, 2019)
4.16	Second Amendment to the Loan Agreement, dated as of April 1, 2019, between NJNG and New Jersey Economic Development Authority (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q, as filed on May 3, 2019)
4.17	Amended and Restated Continuing Disclosure Undertaking, dated as of April 18, 2019 (incorporated by reference to Exhibit 4.3 to the Quarterly Report on Form 10-Q, as filed on May 3, 2019)
4.18	$150,000,000 Note Purchase Agreement, dated as of July 17, 2019, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on July 17, 2019)
4.19	$185,000,000 Note Purchase Agreement, dated as of July 17, 2019, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on July 17, 2019)
4.20	Amended and Restated Continuing Disclosure Undertaking, dated as of August 22, 2019 (incorporated by reference to Exhibit 4.20 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2019, as filed on November 22, 2019)
4.21	$260,000,000 Note Purchase Agreement, dated as of May 14, 2020, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on May 18, 2020)

4.22	$125,000,000 Note Purchase Agreement, dated as of May 14, 2020, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on May 18, 2020)
4.23	$200,000,000 Note Purchase Agreement, dated as of September 1, 2020, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on September 2, 2020)
4.24	$75,000,000 Note Purchase Agreement, dated as of September 1, 2020, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on September 2, 2020)
4.25	$100,000,000 Note Purchase Agreement, dated as of October 28, 2021, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.26	First Amendment to the Note Purchase Agreement dated as of March 22, 2016, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.27	First Amendment to the Note Purchase Agreement dated as of June 8, 2018, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.5 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.28	First Amendment to the Note Purchase Agreement dated as of July 17, 2019, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.6 to the Current Report on Form 8-K, as filed on November 3, 2021)
4.29	First Amendment to the Note Purchase Agreement dated as of May 14, 2020, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.7 to the Current Report on Form 8-K, as filed on November 3, 2021)

Exhibit Number	**Exhibit Description**
4.30	First Amendment to the Note Purchase Agreement dated as of September 1, 2020, dated as of November 1, 2021 among New Jersey Resources Corporation, each Guarantor signatory thereto, and each Noteholder party thereto (incorporated by reference to Exhibit 4.8 to the Current Report on Form 8-K, as filed on November 3, 2021)

Exhibit Number	Exhibit Description
4.31	$100,000,000 Note Purchase Agreement, dated as of May 27, 2022, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on June 1, 2022)
4.32	$110,000,000 Note Purchase Agreement, dated as of June 23, 2022, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on June 27, 2022)
4.33	$125,000,000 Note Purchase Agreement, dated as of October 24, 2022, by and among New Jersey Natural Gas Company and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on October 28, 2022)
4.34	$50,000,000 Note Purchase Agreement, dated as of October 24, 2022, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K, as filed on October 28, 2022)
4.35	$100,000,000 Note Purchase Agreement, dated as of September 28, 2023, by and among New Jersey Resources Corporation and the Purchasers party thereto (incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K, as filed on October 2, 2023)
10.1*	Form of Amended and Restated Supplemental Executive Retirement Plan Agreement between the Company and Named Executive Officer (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.1(a)*	Schedule of Supplemental Executive Retirement Plan Agreements for named executive officers (incorporated by reference to Exhibit 10.1(a) to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.2	Service Agreement for Rate Schedule SS-1 by and between NJNG and Texas Eastern Transmission Company, dated as of June 21, 1995 (incorporated by reference to Exhibit 10-5B to the Annual Report on Form 10-K for the fiscal year ended September 30, 1996, as filed on December 30, 1996)
10.3*	Summary of 2023 Non-Employee Director Compensation Plan (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, as filed on September 20, 2022)
10.4*	Summary of 2022 Non-Employee Director Compensation Plan (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, as filed on September 9, 2021)
10.5*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2018 (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q, as filed on February 8, 2018)
10.6*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2018 (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q, as filed on February 8, 2018)
10.7*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Based Restricted Stock Units Agreement Fiscal Year 2018 (incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q, as filed on February 8, 2018)
10.8*	New Jersey Resources Corporation Deferred Stock Retention Award Agreement Fiscal Year 2018 (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q, as filed on February 8, 2018)
10.9*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2018 (incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q, as filed on February 8, 2018)
10.10*	The Company's 2017 Stock Award and Incentive Plan (incorporated by reference to Appendix A to the Proxy Statement for the 2017 Annual Meeting as filed on December 15, 2016)
10.11* 10.6*	New Jersey Resources Savings Equalization Plan (as amended and restated as of November 16, 2020) (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)

Exhibit Number	Exhibit Description
10.12* 10.7*	New Jersey Resources Pension Equalization Plan (as amended and restated as of November 16, 2020) (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.13*	New Jersey Resources Corporation Directors' Deferred Compensation Plan (incorporated by reference to Exhibit 10.25 to the Quarterly Report on Form 10-Q, as filed on February 6, 2009)
10.14* 10.8*	New Jersey Resources Corporation Officers' Deferred Compensation Plan (as amended and restated on November 16, 2020) (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.15* 10.9*	Amended and Restated New Jersey Resources Corporation Directors' Deferred Compensation Plan (amended and restated as of November 16, 2020) (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.16* 10.10*	Form of Amended and Restated Employment Continuation Agreement between the Company and named executive officer (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, as filed on November 18, 2019)
10.16(a) 10.10(a)*	Schedule of Employee Continuation Agreements (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.16(b) 10.10(b)*	Form of Amended and Restated Employment Continuation Agreement for officers of NJR Energy Services Company dated as of November 12, 2019 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, as filed on November 18, 2019)

Exhibit Number	Exhibit Description
10.17 10.11*	Limited Liability Company Agreement of Steckman Ridge GP, LLC, dated as of March 2, 2007 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q, as filed on May 3, 2007)
10.18 10.12*	Limited Partnership Agreement of Steckman Ridge, LP dated as of March 2, 2007 (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q, as filed on May 3, 2007)
10.19*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2019 (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q, as filed on February 6, 2019)
10.20*	New Jersey Resources Corporation Deferred Stock Retention Award Agreement Fiscal Year 2019 (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q, as filed on February 6, 2019)
10.21*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2019 (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q, as filed on February 6, 2019)
10.22*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2019 (incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q, as filed on February 6, 2019)
10.23*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Based Restricted Stock Units Agreement Fiscal Year 2019 (incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q, as filed on February 6, 2019)
10.24* 10.13*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2020 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.25* 10.14*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2020 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.26* 10.15*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2020 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.27* 10.16*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance-Based Restricted Stock Unit Agreement Fiscal Year 2020 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)
10.28* 10.17	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Deferred Retention Stock Award Agreement Fiscal Year 2020 (incorporated by reference to Exhibit 10.1 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2020, as filed on November 30, 2020)

Exhibit Number	Exhibit Description
10.29* 10.18	2017 Stock Award and Incentive Plan Form of Director Restricted Stock Units Agreement (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, as filed on January 23, 2020)
10.30* 10.19*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2021 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, as filed on November 13, 2020)
10.31* 10.20*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2021 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, as filed on November 13, 2020)
10.32* 10.21*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2021 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, as filed on November 13, 2020)
10.33* 10.22*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance-Based Restricted Stock Unit Agreement Fiscal Year 2021 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, as filed on November 13, 2020)
10.34* 10.23*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2022 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, as filed on November 15, 2021)
10.35* 10.24*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2022 (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K, as filed on November 15, 2021)
10.36* 10.25*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2022 (incorporated by reference to Exhibit 10.2 to the Current Report on Form 8-K, as filed on November 15, 2021)
10.37* 10.26*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance-Based Restricted Stock Unit Agreement Fiscal Year 2022 (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K, as filed on November 15, 2021)
10.38* 10.27*	Incentive Award Agreement, by and between New Jersey Resources Corporation and Timothy F. Shea, dated as of January 26, 2022 (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q, as filed on February 3, 2022)
10.39* 10.28*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2023 (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K, as filed on November 17, 2022)

10.40* Exhibit Number	Exhibit Description
10.29*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2023 (incorporated by reference to [Exhibit 10.1 to the Current Report on Form 8-K, as filed on November 17, 2022])
10.41* 10.30*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2023 (incorporated by reference to [Exhibit 10.2 to the Current Report on Form 8-K, as filed on November 17, 2022])
10.42* 10.31*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance-Based Restricted Stock Units Agreement Fiscal Year 2023 (incorporated by reference to [Exhibit 10.4 to the Current Report on Form 8-K, as filed on November 17, 2022])
10.32*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Restricted Stock Units Agreement Fiscal Year 2024 (incorporated by reference to [Exhibit 10.3 to the Current Report on Form 8-K, as filed on November 21, 2023])
10.33*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - Total Shareholder Return Fiscal Year 2024 (incorporated by reference to [Exhibit 10.1 to the Current Report on Form 8-K, as filed on November 21, 2023])
10.34*	New Jersey Resources Corporation 2017 Stock Award and Incentive Plan Performance Share Units Agreement - NFE Fiscal Year 2023 2024 (incorporated by reference to [Exhibit 10.2 to the Current Report on Form 8-K, as filed on November 17, 2022 November 21, 2023])
10.43 10.35*	364-Day $250,000,000 Revolving Credit Facility, dated as of April 24, 2020 by and among New Jersey Resources Corporation 2017 Stock Award and each of the Guarantors party thereto and the lenders party thereto, and PNC Bank, National Association and PNC Capital Markets LLC, SunTrust Robinson Humphrey, Inc. and TD Bank, N.A., as Joint Lead Arrangers, and Truist Bank and TB Bank, N.A., as Co- Syndication Agents Incentive Plan Restricted Stock Units Agreement Fiscal Year 2024 (incorporated by reference to [Exhibit 10.1 10.4 to the Current Report on Form 8-K, as filed on April 27, 2020 November 21, 2023])
10.44 10.36*	$500,000,000 Second Amended and Restated Credit Agreement, dated as of September 2, 2021, by and among New Jersey Resources Corporation, the guarantors thereto, the lenders party thereto, PNC Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association and Mizuho Bank, Ltd., as Syndication Agents, and U.S. Bank National Association, Bank of America, N.A., TD Bank, N.A. and The Bank of Nova Scotia, as Documentation Agents (incorporated by reference to [Exhibit 10.1 to the Current Report on Form 8-K, as filed on September 9, 2021])

Exhibit Number	Exhibit Description
10.45 10.37*	$250,000,000 Second Amended and Restated Credit Agreement dated as of September 2, 2021, by and among New Jersey Natural Gas Company, the lenders party thereto, PNC Bank, National Association, as Administrative Agent, JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association and Mizuho Bank, Ltd., as Syndication Agents, and U.S. Bank National Association, Bank of America, N.A., TD Bank, N.A., and The Bank of Nova Scotia, as Documentation Agents (incorporated by reference to [Exhibit 10.2 to the Current Report on Form 8-K, as filed on September 9, 2021])
10.46 10.38*	$150,000,000 Term Loan Credit Agreement, dated as of February 8, 2022, by and among NJR, the guarantors thereto and PNC Bank, National Association, as Lender (incorporated by reference to [Exhibit 10.1 to the Current Report on Form 8-K, as filed on February 11, 2022])
10.47 10.39*	First Amendment to Second Amended and Restated Credit Agreement, dated as of August 30, 2022, by and among NJR, the guarantors thereto, the lenders party thereto and PNC Bank, National Association, as Administrative Agent (incorporated by reference to [Exhibit 10.1 to the Current Report on Form 8-K, as filed on September 6, 2022])
10.48 10.40*	First Amendment to Second Amended and Restated Credit Agreement dated as of August 30, 2022, by and among NJNG, the lenders party thereto and PNC Bank, National Association, as Administrative Agent (incorporated by reference to [Exhibit 10.2 to the Current Report on Form 8-K, as filed on September 6, 2022])

Part IV

Exhibit Number	Exhibit Description
21.1+	Subsidiaries of the Registrant
23.1+	Consent of Independent Registered Public Accounting Firm
31.1+	Certification of the Chief Executive Officer pursuant to section 302 of the Sarbanes-Oxley Act
31.2+	Certification of the Chief Financial Officer pursuant to section 302 of the Sarbanes-Oxley Act
32.1+ †	Certification of the Chief Executive Officer pursuant to section 906 of the Sarbanes-Oxley Act
32.2+ †	Certification of the Chief Financial Officer pursuant to section 906 of the Sarbanes-Oxley Act
97+	Dodd-Frank Clawback Policy, adopted as of November 16, 2023, and effective as of October 2, 2023
101+	Interactive Data File {Annual Report on Form 10-K, for the fiscal year ended September 30, 2022 September 30, 2023, furnished in iXBRL (Inline eXtensible Business Reporting Language)}
104+	Cover Page Interactive Data File included in Exhibit 101

+ Filed herewith.

* Denotes compensatory plans or arrangements or management contracts.

† This certificate accompanies this report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by NJR for purposes of Section 18 or any other provision of the Exchange Act.

New Jersey Resources Corporation
Part IV

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NEW JERSEY RESOURCES CORPORATION

(Registrant)

Date: November 17, 2022 21, 2023

By:/s/ Roberto Bel Stephen M. Skrocki

Roberto Bel Stephen M. Skrocki

Senior Vice President and

Chief Financial Officer Corporate Controller (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant in the capacities and on the dates indicated:

November 17, 2022 21, 2023	/s/ Stephen D. Westhoven Stephen D. Westhoven President and Chief Executive Officer Director (Principal Executive Officer)	November 17, 2022 21, 2023	/s/ Roberto Bel Roberto Bel Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
November 17, 2022 21, 2023	/s/ Stephen M. Skrocki Stephen M. Skrocki Corporate Controller (Principal Accounting Officer)	November 21, 2023	/s/ Jane M. Kenny Jane M. Kenny Director
November 21, 2023	/s/ Donald L. Correll Donald L. Correll Chairman	November 17, 2022 21, 2023	/s/ Thomas C. O'Connor Thomas C. O'Connor Director
November 17, 2022 21, 2023	/s/ Gregory E. Aliff Gregory E. Aliff Director	November 17, 2022 21, 2023	/s/ Michael O'Sullivan Michael O'Sullivan Director
November 17, 2022 21, 2023	/s/ James H. DeGraffenreidt, Jr. James H. DeGraffenreidt, Jr. Director	November 17, 2022 21, 2023	/s/ Sharon C. Taylor Sharon C. Taylor Director
November 17, 2022	/s/ Robert B. Evans Robert B. Evans Director	November 17, 2022	/s/ David A. Trice David A. Trice Director
November 17, 2022 21, 2023	/s/ M. Susan Hardwick M. Susan Hardwick Director	November 17, 2022 21, 2023	/s/ George R. Zoffinger George R. Zoffinger Director
November 17, 2022 21, 2023	/s/ Jane M. Kenny Peter C. Harvey Jane M. Kenny Peter C. Harvey Director		

Page 144 136

NEW JERSEY RESOURCES CORPORATION

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANT

SUBSIDIARY	STATE OF INCORPORATION
New Jersey Natural Gas Company	New Jersey
NJR Service Corporation	New Jersey
NJR Clean Energy Ventures Corporation	New Jersey
Subsidiary:	
NJR Energy Services Company, LLC	New Jersey
NJR Clean Energy Ventures II Corporation	New Jersey
Subsidiaries:	
Bernards Solar, LLC (Limited Liability Company)	New Jersey
NJR Clean Energy Ventures III Corporation	New Jersey
Subsidiaries:	
AR Solar, LLC (Limited Liability Company)	New York
Bernards Solar, LLC (Limited Liability Company)	New Jersey
Canal Road Solar Partners, LLC (Limited Liability Company)	Delaware
Canal Canoe Brook Solar Partners, LLC (Limited Liability Company)	Delaware
CleanLight Energy, LLC (Limited Liability Company)	Delaware
CP East Hampton Solar I, LLC (Limited Liability Company)	Connecticut
CP East Hampton Solar II, LLC (Limited Liability Company)	Connecticut
Greenville Road Solar, LLC (Limited Liability Company)	Rhode Island
Howard Lane Solar, LLC (Limited Liability Company)	Rhode Island
Kokomo Solar 1, LLC (Limited Liability Company)	Delaware
Maybrook Solar, LLC (Limited Liability Company)	New York
NHV Solar, LLC (Limited Liability Company)	New Jersey
NJ Oak Solar, LLC (Limited Liability Company)	Delaware
Spartan PV 1, LLC (Limited Liability Company)	Delaware
NJR Energy Investments Corporation	New Jersey
Subsidiary:	
NJR Midstream Holdings Corporation	New Jersey
Subsidiaries:	
NJNR Pipeline Company	New Jersey
NJR Midstream Company (formerly NJR Pipeline Company)	New Jersey
Subsidiaries:	
Adelphia Gateway, LLC (Limited Liability Company)	Delaware
Leaf River Energy Center LLC (Limited Liability Company)	Delaware
Subsidiary:	
LR Finance LLC (Limited Liability Company)	Delaware
NJR Storage Holdings Company	Delaware
Subsidiary:	
NJR Steckman Ridge Storage Company	Delaware
NJR Retail Holdings Corporation	New Jersey
Subsidiaries:	
Commercial Realty and Resources Corp	New Jersey
Phoenix Fuel Management Company	New Jersey
NJR Home Services Company	New Jersey
Subsidiary:	
NJR Plumbing Services, Inc	New Jersey
NJR Retail Company	New Jersey

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements No. Statement Nos. 333-259848 and 333-268606 on Form S-3 and Registration Statement Nos. 333-164572 and No. 333-215728 on Form S-8 and Registration Statements No. 333-259848 and No. 333-235348 on Form S-3, of our reports dated November 18, 2021 November 21, 2023, relating to the consolidated financial statements of New Jersey Resources Corporation and subsidiaries and the effectiveness of New Jersey Resources Corporation and subsidiaries internal control over financial reporting appearing in this Annual Report on Form 10-K of New Jersey Resources Corporation for the year ended September 30, 2021 September 30, 2023.

/s/ Deloitte & Touche LLP

Parsippany, Morristown, New Jersey

November 17, 2022 21, 2023

EXHIBIT 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Stephen D. Westhoven, certify that:

1) I have reviewed this report on Form 10-K of New Jersey Resources Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2022 21, 2023	By:	/s/ Stephen D. Westhoven
		Stephen D. Westhoven
		President and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Roberto F. Bel, certify that:

1) I have reviewed this report on Form 10-K of New Jersey Resources Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 17, 2022 21, 2023	By:	/s/ Roberto F. Bel
		Roberto F. Bel
		Senior Vice President and Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Stephen D. Westhoven hereby certifies as follows:

(a) I am the Chief Executive Officer of New Jersey Resources Corporation (the "Company");

(b) To the best of my knowledge, this annual report on Form 10-K for the fiscal year ended September 30, 2022 September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(c) To the best of my knowledge, based upon a review of this report, the information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 17, 2022 21, 2023	By: /s/ Stephen D. Westhoven
	Stephen D. Westhoven
	President and Chief Executive Officer

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED
PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

The undersigned, Roberto F. Bel hereby certifies as follows:

(a) I am the Chief Financial Officer of New Jersey Resources Corporation (the "Company");

(b) To the best of my knowledge, this annual report on Form 10-K for the fiscal year ended September 30, 2022 September 30, 2023, fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(c) To the best of my knowledge, based upon a review of this report, the information contained in this periodic report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 17, 2022 21, 2023	By: /s/ Roberto F. Bel
	Roberto F. Bel
	Senior Vice President and Chief Financial Officer

NEW JERSEY RESOURCES CORPORATION
DODD-FRANK CLAWBACK POLICY

The Leadership Development and Compensation Committee (the "**LDCC**") of the Board of Directors (the "**Board**") of New Jersey Resources Corporation (the "**Company**") has adopted the following Dodd-Frank Clawback Policy (this "Policy"), effective as of October 2, 2023 (the "**Effective Date**"). The LDCC also has adopted a Supplemental Clawback Policy that supersedes and replaces the New Jersey Resources Corporation Compensation Recoupment Policy effective November 12, 2019 (the "**Supplemental Clawback Policy**").

1. Purpose. The purpose of this Policy is to provide for the recoupment of certain incentive compensation pursuant to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, in the manner required by Section 10D of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), Rule 10D-1 promulgated thereunder, and the Listing Standards (as defined below) (collectively, the "**Dodd-Frank Rules**").

2. Administration. This Policy shall be administered by the LDCC. Any determinations made by the LDCC shall be final and binding on all affected individuals.

3. Definitions. For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(a) "***Accounting Restatement***" shall mean an accounting restatement of the Company's financial statements due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement (i) to correct an error in previously issued financial statements that is material to the previously issued financial statements (*i.e.,* a "**Big R**" restatement), or (ii) that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (*i.e.,* a "**little r**" restatement).

(b) "***Affiliate***" shall mean each entity that directly or indirectly controls, is controlled by, or is under common control with the Company.

(c) "***Clawback Eligible Incentive Compensation***" shall mean Incentive-Based Compensation Received by a Covered Executive (i) on or after the Effective Date, (ii) after beginning service as a Covered Executive, (iii) if such individual served as a Covered Executive at any time during the performance period for such Incentive-Based Compensation (irrespective of whether such individual continued to serve as a Covered Executive upon or following the Restatement Trigger Date), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period. For the avoidance of doubt, Incentive-Based Compensation Received by a Covered Executive on or after the Effective Date could, by the terms of this Policy, include amounts approved, awarded, or granted prior to such date.

(d) "***Clawback Period***" shall mean, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Trigger Date and any transition period (that results from a change in the Company's fiscal year) within or immediately following those three completed fiscal years (except that a transition period between the last day of the Company's previous fiscal year end and the first day of its new fiscal year that comprises a period of at least nine months shall count as a completed fiscal year).

(e) "***Company Group***" shall mean the Company and its Affiliates.

(f) "***Covered Executive***" shall mean any "executive officer" of the Company as defined under the Dodd-Frank Rules and, for the avoidance of doubt, includes each individual identified as an officer of the Company in accordance with Rule 16a-1(f) under the Exchange Act.

(g) "***Erroneously Awarded Compensation***" shall mean the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-Based Compensation that otherwise would have been Received had it been determined based on the restated

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amounts, computed without regard to any taxes paid. With respect to any compensation plan or program that takes into account Incentive-Based Compensation, the amount contributed to a notional account that exceeds the amount that otherwise would have been contributed had it been determined based on the restated amount, computed without regard to any taxes paid, shall be considered Erroneously Awarded Compensation, along with earnings accrued on that notional amount.

(h) "***Exchange***" shall mean the New York Stock Exchange.

(i) "***Financial Reporting Measures***" shall mean measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall for purposes of this Policy be considered Financial Reporting Measures. For the avoidance of doubt, a measure need not be presented in the Company's financial statements or included in a filing with the U.S. Securities and Exchange Commission (the "**SEC**") in order to be considered a Financial Reporting Measure.

(j) "***Incentive-Based Compensation***" shall mean any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(k) "***Listing Standards***" shall mean Section 303A.14 of the New York Stock Exchange Listed Company Manual.

(l) "***Received***" shall mean the deemed receipt of Incentive-Based Compensation. Incentive-Based Compensation shall be deemed received for this purpose in the Company's fiscal period during which the Financial Reporting Measure specified in the applicable Incentive-Based Compensation award is attained, even if payment or grant of the Incentive-Based Compensation occurs after the end of that period.

(m) "***Restatement Trigger Date***" shall mean the earlier to occur of (i) the date the Board, a committee of the Board, or the officer(s) of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

4. Recoupment of Erroneously Awarded Compensation. Upon the occurrence of a Restatement Trigger Date, the Company shall recoup Erroneously Awarded Compensation reasonably promptly, in the manner described below. For the avoidance of doubt, the Company's obligation to recover Erroneously Awarded Compensation under this Policy is not dependent on if or when restated financial statements are filed following the Restatement Trigger Date.

(a) ***Process.*** The LDCC shall use the following process for recoupment:

(i) First, the LDCC will determine the amount of any Erroneously Awarded Compensation for each Covered Executive in connection with such Accounting Restatement. For Incentive-Based Compensation based on (or derived from) stock price or total shareholder return where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement, the amount shall be determined by the LDCC based on a reasonable estimate of the effect of the Accounting Restatement on the stock price or total shareholder return upon which the Incentive-Based Compensation was Received (in which case, the Company shall maintain documentation of such determination of that reasonable estimate and provide such documentation to the Exchange).

(ii) Second, the LDCC will provide each affected Covered Executive with a written notice stating the amount of the Erroneously Awarded Compensation, a demand for recoupment, and the means of recoupment that the Company will accept.

(b) ***Means of Recoupment.*** The LDCC shall have discretion to determine the appropriate means of recoupment of Erroneously Awarded Compensation, which may include without limitation: (i) recoupment of cash or shares of Company stock, (ii) forfeiture of unvested cash or equity awards (including those subject to service-based and/or performance-based vesting conditions), (iii) cancellation of outstanding vested cash or equity awards (including those for which service-based and/or performance-based vesting conditions have been satisfied), (iv) to the extent consistent with Section 409A of the Internal Revenue Code of 1986, as amended ("**Section 409A**"), offset of other amounts owed to the Covered Executive or forfeiture of deferred compensation, (v) reduction of future compensation, and (vi) any other remedial or recovery action permitted by law. Notwithstanding the foregoing, the Company Group makes no guarantee as to the treatment of such amounts under Section 409A, and shall have no liability with respect thereto. For the avoidance of doubt, appropriate means of recoupment pursuant to this Section 4(b) may include actions to recover from amounts approved, awarded, or granted prior to the Effective Date. Except as set forth in Section 4(d) below, in no event may the Company Group accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of a Covered Executive's obligations hereunder.

(c) ***Failure to Repay.*** To the extent that a Covered Executive fails to repay all Erroneously Awarded Compensation to the Company Group when due (as determined in accordance with Section 4(a) above), the Company shall, or shall cause one or more other members of the Company Group to, take all actions reasonable and appropriate to recoup such Erroneously Awarded Compensation from the applicable Covered Executive. The applicable Covered Executive shall be required to reimburse the Company Group for any and all expenses reasonably incurred (including legal fees) by the Company Group in recouping such Erroneously Awarded Compensation.

(d) ***Exceptions.*** Notwithstanding anything herein to the contrary, the Company shall not be required to recoup Erroneously Awarded Compensation if one of the following conditions is met and the LDCC determines that recoupment would be impracticable:

(i) The direct expense paid to a third party to assist in enforcing this Policy against a Covered Executive would exceed the amount to be recouped, after the Company has made a reasonable attempt to recoup the applicable Erroneously Awarded Compensation, documented such attempts, and provided such documentation to the Exchange;

(ii) Recoupment would violate home country law where that law was adopted prior to November 28, 2022, provided that, before determining that it would be impracticable to recoup any amount of Erroneously Awarded Compensation based on violation of home country law, the Company has obtained an opinion of home country counsel, acceptable to the Exchange, that recoupment would result in such a violation and a copy of the opinion is provided to the Exchange; or

(iii) Recoupment would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees, to fail to meet the requirements of 26 U.S.C. 401(a)(13) or 26 U.S.C. 411(a) and regulations thereunder.

5. Reporting and Disclosure. The Company shall file all disclosures with respect to this Policy in accordance with the requirements of the Dodd-Frank Rules.

6. Indemnification Prohibition. No member of the Company Group shall be permitted to indemnify any current or former Covered Executive against (i) the loss of any Erroneously Awarded Compensation that is recouped pursuant to the terms of this Policy, or (ii) any claims relating to the Company Group's enforcement of its rights under this Policy. The Company may not pay or reimburse any Covered Executive for the cost of third-party insurance purchased by a Covered Executive to fund potential recoupment obligations under this Policy.

7. **Acknowledgmen**t. Each Covered Executive will sign and return to the Company the acknowledgement form attached hereto as Exhibit A pursuant to which such Covered Executive will agree to be bound by the terms of, and comply with, this Policy. For the avoidance of doubt,

each Covered Executive will be fully bound by, and must comply with, the Policy, whether or not such Covered Executive has executed and returned such acknowledgment form to the Company.

8. **Interpretation**. The LDCC is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. The LDCC intends that this Policy be interpreted consistent with the Dodd-Frank Rules.

9. **Amendment**; **Termination**. The LDCC or the Board, as applicable, may amend or terminate this Policy at any time in its discretion, including as and when it determines that it is legally required to do so by any federal securities laws, SEC rule or the rules of any national securities exchange or national securities association on which the Company's securities are listed.

10. **Other Recoupment Rights**. The LDCC intends that this Policy be applied to the fullest extent of the law. The LDCC may require that any employment offer letter or agreement, equity award, cash incentive award, or any other agreement with a Covered Executive be conditioned on the Covered Executive's agreement to abide by the terms of this Policy. Any right of recoupment under this Policy is in addition to, and not in lieu of, any other remedies or rights of recoupment that may be available to the Company Group, whether arising under applicable law, regulation or rule, pursuant to the terms of any other policy of the Company Group, pursuant to any employment offer letter or agreement, equity award, cash incentive award, or other plan or agreement applicable to a Covered Executive, or otherwise (the "**Separate Clawback Rights**"). Notwithstanding the foregoing, there shall be no duplication of recoupment of the same Erroneously Awarded Compensation under this Policy and the Separate Clawback Rights, unless required by applicable law. To the extent both this Policy and the Supplemental Clawback Policy would require recoupment of the same Erroneously Awarded Compensation (as defined in this Policy), this Policy will govern. The Supplemental Clawback Policy continues to apply to Incentive-Based Compensation (as defined in this Policy) not covered by this Policy.

11. **Successors**. This Policy shall be binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

Exhibit A

NEW JERSEY RESOURCES CORPORATION
DODD-FRANK CLAWBACK POLICY
ACKNOWLEDGEMENT FORM

By signing below, the undersigned acknowledges and confirms that the undersigned has received and reviewed a copy of the New Jersey Resources Corporation Dodd-Frank Clawback Policy (the "***Policy***"). Capitalized terms used but not otherwise defined in this Acknowledgement Form (this "***Acknowledgement Form***") shall have the meanings ascribed to such terms in the Policy.

By signing this Acknowledgement Form, the undersigned acknowledges and agrees that the undersigned is and will continue to be subject to the Policy and that the Policy will apply both during and after the undersigned's employment with the Company Group. Further, by signing below, the undersigned agrees to abide by the terms of the Policy, including, without limitation, by returning any Erroneously Awarded Compensation to the Company Group reasonably promptly to the extent required by, and in a manner permitted by, the Policy, as determined by the LDCC of the Company's Board of Directors in its sole discretion.

Date: _____________________ Sign: _____________________________

Name: [Covered Executive]

A-1