# ANNUAL REPORT

OF

NEW JERSEY NATURAL GAS COMPANY

**NAME OF RESPONDENT**

1415 WYCKOFF ROAD, P.O. BOX 1464, WALL, N.J. 07719

**ADDRESS OF RESPONDENT**

**TO THE**

**STATE OF NEW JERSEY**
**BOARD OF PUBLIC UTILITIES**
**44 SOUTH CLINTON AVENUE, 9TH FLOOR**
**POST OFFICE BOX 350**
**TRENTON, NEW JERSEY 07102**

**FOR THE YEAR ENDED DECEMBER 31,** 2011

**Name of Officer in charge of correspondence**
**with the Board regarding this report** WILLIAM G. FOLEY, TREASURER

**Official Title** TREASURER **Office Address** 1415 WYCKOFF ROAD
WALL, NJ 07719

**Name and Address of Registered Agent** ____________________

____________________

State of New Jersey
Board of Public Utilities
Two Gateway Center
Newark, New Jersey 07102

## IDENTIFICATION

| 01 Exact Legal Name of Respondent | 02 Year of Report |
|---|---|
| New Jersey Natural Gas Company | Dec. 31, 2011 |

03 Previous Name and Date of Change (If name changed during year)

N/A

04 Address of Principal Office at End of Year (Street, City, State, Zip Code)

1415 Wyckoff Road, P.O. Box 1464, Wall, NJ 07719

05 Web Address of the Company

www.njliving.com

| 06 Name of Contact Person | 07 Title of Contact Person |
|---|---|
| William G. Foley | Treasurer |

08 Address of Contact Person ( Street, City, State, Zip Code)

1415 Wyckoff Road, P.O. Box 1464, Wall, NJ 07719

| 09 Telephone of Contact Person (Including Area Code) | 10 Fax Number of Contact Person |
|---|---|
| (732) 938-1491 | (732) 919-1224 |

11 E-Mail Address of Contact Person:

WFoley@njresources.com

12 This Original Report is due on March 31, 2012; It is filed on April 30, 2012

13 This is a Resubmission Report. Date Filed on (Month, Date, Year)

## CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have read this New Jersey Board of Public Utilities ("Board") Annual Financial Report which is prescribed by the Federal Energy Regulatory Commission ("FERC") and adopted by the Board. Based on my knowledge this report does not contain any untrue statement of material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances such statements were made, not misleading with respect to the period covered by this report.

Based on my knowledge the financial statements, and other financial information (Comparative Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, Statement of Cash Flows, Statement of Accumulated Comprehensive Income and Hedging Activities, and Notes to the Financial Statements) included in this report conform in all material respects with the FERC's Uniform System of Accounts, as of, and for, the periods presented in this report.

I am responsible for establishing and maintaining internal accounting controls as defined by the FERC. I have designed such internal accounting controls to ensure that material information relating to the respondent and its subsidiaries, to the extent that the respondent has subsidiaries, is made known to me by others within those entities, particularly during the period in which this report is being prepared. I have evaluated the effectiveness of internal accounting controls as of a date within 90 days prior to the period in which this report (evaluation date). I have presented in this report my conclusions about the effectiveness of the internal accounting controls based on my evaluation as of the evaluation date.

I have disclosed, based on my most recent evaluation, to the respondent's auditors and the audit committee or persons performing similar functions, to the extent that respondent has an audit committee or persons performing similar functions, that all significant deficiencies in the design or operation of internal accounting control which could adversely affect the respondent's ability to record, process, summarize and report financial data and have identified for the respondent's auditors any material weaknesses in disclosure controls and procedures and any fraud, whether or not material, that involves management or other employees who have a significant role in the respondent's internal accounting controls.

I have indicated in this report whether or not there were significant changes in internal accounting control and procedures or in other factors that could significantly affect internal accounting controls and procedures subsequent to the date of my most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

In addition, I have examined the remaining schedules contained in this report; to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respect to the Uniform System of Accounts.

| | |
|---|---|
| 15 Name: WILLIAM G. FOLEY | 16 Title: TREASURER |
| 17 Signature: | 18 Date Signed: 4/11/2012 |

| Name of Respondent: | This Report is:<br>[ ] An Original<br>[ ] A Resubmission | Annual Report for the Year ended December 31, 2011 |
|---|---|---|

# LIST OF SCHEDULES ( Gas Utility )

Enter in Remarks column the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Please do not omit pages where the responses are none", "not applicable" or "NA".

| Name of Respondent: | This Report is: [ ] An Original [ ] A Resubmission | Annual Report for the Year ended December 31, 2011 |
|---|---|---|

## LIST OF SCHEDULES ( Gas Utility )

Enter in Remarks column the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Please do not omit pages where the responses are none", "not applicable" or "NA".

| Line # | Title of Schedule | Reference Page No. | Revised on | Remarks |
|---|---|---|---|---|
| | **BALANCE SHEET SUPPORTING SCHEDULES: ASSETS AND OTHER DEBITS: (Continued)** | | | |
| 32 | Advances for Gas Prior to Initial Deliveries or Commission Certification | 229 | Ed.12-87 | |
| 33 | Prepayments (Acct. 165) | 230a | Ed.12-96 | |
| 34 | Extraordinary Property Losses (Acct. 182.1) | 230b | Ed.12-96 | |
| 35 | Unrecovered Plant & Regulatory Study Costs (182.2) | 230c | Ed.12-96 | |
| 36 | Preliminary Survey and Investigation Charges | 231 | Ed.12-88 | |
| 37 | Other Regulatory Assets ( Acct. 182.3) | 232 | Rev 12 - 07 | |
| 38 | Miscellaneous Deferred Debits (Acct. 186) | 233 | Ed.12-96 | |
| 39 | Accumulated Deferred Income Taxes (Acct. 190) | 234 - 235 | Rev 12 - 07 | |
| | **BALANCE SHEET SUPPORTING SCHEDULES: LIABILITIES AND OTHER CREDITS:** | | | |
| 40 | Capital Stock (Acct. 201 and 204) | 250-251 | Ed.12-96 | |
| 41 | Capital Stock: Subscribed, Liability for Conversion, Premium on and Installments Received on Capital Stock | 252 | Ed.12-96 | |
| 42 | Other Paid-In Capital (Acct. 208-211 inc.) | 253 | Ed.12-96 | |
| 43 | Discount On Capital Stock (Acct. 213) | 254 | Ed.12-96 | |
| 44 | Capital Stock Expense (Acct. 214) | 254 | Ed.12-96 | |
| 45 | Securities Issued/Assumed & Refunded/Retired | 255.1 | Ed.12-96 | |
| 46 | Long-Term Debt (Acct. 221, 222, 223 & 224) | 256-257 | Ed.12-96 | |
| 47 | Unamortized Debt Expense, Premium and Discount on Long-Term Debt | 258-259 | Ed.12-96 | |
| 48 | Unamortized Loss and Gain on Reacquired Debt | 260 | Ed.12-96 | |
| 49 | Reconciliation of Reported Net Income With Taxable Income For Federal Income Taxes | 261 | Ed.12-96 | |
| 50 | Taxes Accrued, Prepaid and Charged During the Year - Distribution of Taxes Charged | 262a-263b | Rev. 12 - 07 | |
| 51 | Investment Tax Credits Generated and Utilized | 264-265 | Ed.12-88/12-89 | |
| 52 | Accumulated Deferred Investment Tax Credits | 266-267 | Ed.12-88/12-89 | |
| 53 | Miscellaneous Current and Accrued Liabilities | 268 | Ed.12-96 | |
| 54 | Other Deferred Credits (Acct. 253 ) | 269 | Ed.12-96 | |
| 55 | Undelivered Gas Obligations Under Sales Agreements | 270-271 | Ed.12-86/12-89 | |
| | Accumulated Deferred Income Taxes: | | | |
| 56 | Accelerated Amortization Property (Acct. 281) | 272-273 | Ed.12-89 | |
| 57 | Other Property ( Acct. 282 ) | 274-275 | Rev. 12 - 07 | |
| 58 | Other | 276-277 | Rev. 12 - 07 | |
| 59 | Other Regulatory Liabilities (Acct. 254 ) | 278 | Rev. 12 - 07 | |
| 60 | Monthly Quantity & Revenue Data by Rate Schedule | 299 - 299a.1 | New 12 - 08 | |

| Name of Respondent: | This Report is: [ ] An Original [ ] A Resubmission | Annual Report for the Year ended December 31,2011 |
|---|---|---|

## LIST OF SCHEDULES ( Gas Utility )

Enter in Remarks column the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Please do not omit pages where the responses are none", "not applicable" or "NA".

| Line # | Title of Schedule | Reference Page No. | Revised on | Remarks |
|---|---|---|---|---|
| | **INCOME ACCOUNT SUPPORTING SCHEDULES:** | | | |
| 61 | Gas Operating Revenues (Acct. 400 ) | 300-301<br>301A-301B | Rev. 12 - 07<br>Ed.12-96&3-98 | |
| | Revenues from Transportation of Gas of Others Thru: | | | |
| 62 | - Gathering Facilities ( Acct. 489.1 ) | 302-303 | Ed.12-96 | |
| 63 | - Transmission Facilities (Acct. 489.2) | 304-305 | Ed.12-96 | |
| 64 | Revenues from Storing Gas of Others(Acct.489.4) | 306-307 | Ed.12-96 | |
| 65 | Other Gas Revenues ( Acct. 495 ) | 308 | Ed.12-96 | |
| 66 | Sales for Resale Natural Gas ( Acct. 483 ) | 310-311 | Ed.12-88 | |
| 67 | Revenues from Transportation of Gas of Others: - Natural Gas ( Acct. 489 ) | 312-313 | Ed.12-88 | |
| 68 | Discounted and Negotiated Rate Services | 313 | New 12 - 07 | |
| 69 | Sales of Products Extracted from Natural Gas(490) | 315 | Ed.12-86 | |
| 70 | Revenues from Natural Gas Processed by Others(491) | 315 | Ed.12-86 | |
| 71 | Gas Operation and Maintenance Expenses | 316-325 | Ed.12-89/12-96 | |
| 72 | Exploration and Development Expenses | 326 | Ed.12-88 | |
| 73 | Abandoned Lease ( Acct. 797 ) | 326 | Ed.12-88 | |
| 74 | Gas Purchases (Acct 800 through 805.1) | 327-327A | Ed.12-89/12-96 | |
| 75 | Exchange and Imbalance Transactions | 328 | Ed.12-96 | |
| 76 | Exchange Gas Transactions ( Acct. 806 ) | 329-329B | Ed.12-88 | |
| 77 | Summary of Gas Account | G329C | BPU Schedule | |
| 78 | Gas Used In Utility Operations | 331 | Ed.12-96 | |
| 79 | Transmission & Compression of Gas by Others | 332 | Ed.12-96 | |
| 80 | Other Gas Supply Expenses ( Acct. 813 ) | 334 | Ed.12-96 | |
| 81 | Miscellaneous General Expenses (Acct. 930.2) | 335 | Ed.12-96 | |
| 82 | Depreciation, Depletion & Amortization of Gas Plant | 336-338 | Ed.12-96 | |
| 83 | Income from Utility Plant Leased to Others | 339 | Ed.12-86 | |
| 84 | Particulars Concerning Certain Income Deductions and Interest Charges Account | 340 | Ed.12-96 | |
| 85 | Distribution Type Sales By States | 341-342 | Ed.12-88 | |
| 86 | Residential & Commercial Space Heating Customers | 343 | Ed.12-88 | |
| 87 | Interruptible, Off Peak, and Firm Sales to Distribution System Industrial Customers | 343 | Ed.12-88 | |
| 88 | Field and Main Line Industrial Sales of Natural Gas | 344-347 | Ed.12-87/12-89 | |
| 89 | Number of Gas Department Employees | 348 | Ed.12-88 | |

| Name of Respondent: | This Report is:<br>[ ] An Original<br>[ ] A Resubmission | Annual Report for the Year ended December 31, 2011 |
|---|---|---|

## LIST OF SCHEDULES ( Gas Utility )

Enter in Remarks column the terms "none", "not applicable", or "NA" as appropriate, where no information or amounts have been reported for certain pages. Please do not omit pages where the responses are none", "not applicable" or "NA".

| Line # | Title of Schedule | Reference Page No. | Revised on | Remarks |
|---|---|---|---|---|
| | COMMON SECTION: | | | |
| 90 | Regulatory Commission Expenses ( Acct. 928 ) | 350-351 | Ed.12-96 | |
| 91 | Employee Pensions and Benefits (Acct. 926) | 352 | New 12 - 07 | |
| 92 | Research, Development & Demonstration Activities | 352-353 | Ed.12-87/12-89 | |
| 93 | Distribution of Salaries And Wages | 354-355 | Ed.12-96 Rev. | |
| 94 | Charges for Outside Professional & Consultative Svc. | 357 | Ed.12-96 Rev. | |
| 95 | Transactions with Associated (Affiliated) Companies | 358 | New 12 - 07 | |
| | GAS PLANT STATISTICAL DATA | | | |
| 96 | Natural Gas Reserves And Land Acreage | 500-501 | Ed.12-89 | |
| 97 | Changes in Estimated Natural Gas Reserves | 503 | Ed.12-89 | |
| 98 | Changes in Estimated Hydrocarbon Reserves and Costs, and Net Relizable Value | 504-505 | Ed.12-87/12-88 | |
| 99 | Natural Gas Production & Gathering Statistics | 506 | Ed.12-88 | |
| 100 | Products Extraction Operations-Natural Gas | 507 | Ed.12-88 | |
| 101 | Compressor Stations | 508-509 | Rev 12 - 07 | |
| 102 | Gas and Oil Wells | 510 | Ed.12-87 | |
| 103 | Field and Storage Lines | 511 | Ed.12-87 | |
| 104 | Gas Storage Projects | 512-513 | Ed.12-96 | |
| 105 | Transmission Lines | 514 | Ed.12-96 | |
| 106 | Liquefied Petroleum Gas Operations | 516-517 | Ed.12-86/12-89 | |
| 107 | Transmission System Peak Deliveries | 518 | Ed.12-96 | |
| 108 | Auxiliary Peaking Facilities | 519 | Ed.12-96 | |
| 109 | Gas Account - Natural Gas | 520 | Rev 01 - 11 | |
| 110 | Shipper Supplied Gas for the current quarter | 521a-M1to 521d-M3 | Rev 02 - 11 | |
| 111 | System Maps | 522.1 | Ed.12-96 | |
| 112 | System Load Statistics | 523 | Ed. 2-97 | |
| 113 | Distribution Mains | 524 | - | |
| 114 | Services / Meters | 525 | Ed.12-96 | |
| 115 | Footnote Reference | 551 | Ed.12-96 | |
| 116 | Footnote Text | 552 | Ed.12-96 | |
| 117 | Index | Index 1 To Index 4 | Ed.12-96 | |
| | Stockholders' Reports:<br>Check Appropriate Box)<br>[ ] Four Copies will be submitted.<br>[ ] No Annual Report to Stockholder is prepared. | | | |

Next Page Is 101

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## GENERAL INFORMATION

1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.

Glenn Lockwood, Executive Vice President & Chief Financial Officer
1415 Wyckoff Road, P.O. Box 1464
Wall, NJ 07719

2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.

Incorporated under the laws of the State of New Jersey, March 14, 1922 under Acts Concerning Corporation, To Wit, Chapter 26, Laws of 1881 and Chapter 127 of the Laws of 1897.

3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver trustee, (b) date of such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.

Not applicable

4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.

Respondent distributes and transports natural gas in the State of New Jersey.
Respondent also participates in capacity management and off-system sales programs to wholesale customers.

5. Have you engaged as the principal accountant to audit your financial statements an accountant who is not the principal accountant for your previous year's certified financial statements?

(1) [ ] Yes...Enter the date when such independent accountant was initially engaged: ______________
(2) [X] No

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## CONTROL OVER RESPONDENT

1. Report in column (a) the names of all corporations, partnerships, business trusts, and similar organizations that directly, indirectly, or jointly held control (see page 103 for definition of control) over the respondent at the end of the year. If control is in a holding company organization, report in a footnote the chain of organization.

2. If control is held by trustees, state in a footnote the names of trustees, the names of beneficiaries for whom the trust is maintained, and the purpose of the trust.

3. In column (b) designate type of control over the respondent. Report an "M" if the company is the main parent of controlling company having ultimate control over the respondent. Otherwise, report a "D" for direct, an "I" for indirect, or "j" for joint control.

| Line No. | Company Name | Type of Control | State of Incorporation | Percent Voting Stock Owned |
|---|---|---|---|---|
| | (a) | (b) | (c) | (d) |
| 1 | New Jersey Natural Gas Company is a subsidiary of New Jersey Resources Corporation ("Resources"). | | New Jersey | 100.000% |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | [X] An Original<br>[ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

## DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.
2. Direct control is that which is exercised without interposition of an intermediary.
3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direst control.
4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

| Line No. | Name of Company Controlled (a) | Type of Control (b) | Kind of Business (c) | Percent Voting Stock Owned (d) | Footnote Reference (e) |
|---|---|---|---|---|---|
| 1 | None | | | | |
| 2 | | | | | |
| 3 | | | | | |
| 4 | | | | | |
| 5 | | | | | |

| NAME OF RESPONDENT<br><br>**NEW JERSEY NATURAL GAS COMPANY** | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## OFFICERS

1. Report below the name, title and salary for each executive officer whose salary is $50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy-making functions.

2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and date the change in incumbency was made.

3. Utilities which are required to file the same data with the Securities and Exchange Commission, may substitute a copy of item 4 of Regulation S-K (identified as this page). The substituted page(s) should be the same size as this page.

| Line No. | Title<br>*(a)* | Name of Officer<br>*(b)* | Salary for Year<br>*(c)* |
|---|---|---|---|
| 1 | Chairman of the Board & CEO | Laurence M. Downes | (a) |
| 2 | Executive VP & Chief Operating Officer | Kathleen T. Ellis | |
| 3 | Senior VP & General Counsel | Mariellen Dugan | (a) |
| 4 | Corporate Secretary | Rhonda M. Figueroa | (a) |
| 5 | Treasurer | William Foley | (a) |
| 6 | VP, Customer Services | Kathleen F. Kerr | |
| 7 | VP - Energy Delivery | Craig A. Lynch | |
| 8 | VP, Marketing | Thomas J. Massaro, Jr. | |
| 9 | VP - Regulatory & External Affairs | Mark R. Sperduto | |
| 10 | Chief of Staff | Linda B. Kellner | (a) |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | (a) Salary paid by either NJ Resources Corp. or | | |
| 19 | NJR Service Corp. | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x]<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## DIRECTORS

1. Report below the information called for concerning each director of the respondent who held office at any time during the year. Include in column (a), abbreviated titles of the directors who are officers of the respondent.

2. Designate members of the Executive Committee by an asterisk and the Chairman of the Executive Committee by a double asterisk.

| Name (and Title) of Director<br>(a) | Principal Business Address<br>(b) | No. of Directors Meetings During Yr.<br>(c) | Fees During Year<br>(d) |
|---|---|---|---|
| Laurence M. Downes *<br>President and CEO | New Jersey Resourcs Corp.<br>1415 Wyckoff Road<br>Wall, NJ 07719 | 6 | |
| Lawrence R. Codey ** | 100 Flyway Drive<br>Kiawah Island, SC 29455 | 6 | $7,500 |
| Donald L. Correll | 746 Wooded Trail<br>Franklin Lakes, NJ 07417 | 6 | $7,500 |
| Alfred C. Koeppe *<br>(Lead Director) | 141 Glimmer Glass Circle<br>Manasquan, NJ 08736 | 6 | $12,500 |
| Robert B. Evans | 100 College Street<br>Minden, LA 71055 | 6 | $7,500 |

Blank Page
[Next page is 107]

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## SECURITY HOLDERS AND VOTING POWERS

1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stock holders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust etc.), duration of trust and principal holders of beneficiary interests in the trust. If the Company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.
2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.
3. If any class of issue of security has any special privileges in the election of directors, trustees or managers or in the determination of corporate action by any method, explain briefly in a footnote.
4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants or rights were issued on a prorata basis.

| 1. Give date of the latest closing of the stock book prior to end of year, and, state in a footnote, the purpose of such closing: | 2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy | 3. Give the date and place of such meeting: |
|---|---|---|
| **Not Applicable** | Total: 3,214,923<br>By Proxy: 0 | January 26, 2011<br>by written consent of sole member |

| Line No. | Name (title) and Address of Security Holder (a) | VOTING SECURITIES Number of votes as of (date): Total Votes (b) | Common Stock (c) | Preferred Stock (d) | Other (e) |
|---|---|---|---|---|---|
| 4 | TOTAL votes of all voting securities | 3,214,923 | 3,214,923 | | |
| 5 | TOTAL number of security holders | | | | |
| 6 | TOTAL votes of security holders listed below | 3,214,923 | 3,214,923 | | |
| 7 | NEW JERSEY RESOURCES CORPORATION | 3,214,923 | 3,214,923 | | |
| 8 | 1415 Wyckoff Road | | | | |
| 9 | Wall, NJ 07719 | | | | |
| 10 | | | | | |
| 11 | | | | | |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | | | | | |
| 26 | | | | | |

Footnotes:

Item 1 Security Holders in trust - NONE

Item 2 Voting rights for securities other than stock - NONE

Item 3 Securities with special privileges - NONE

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## IMPORTANT CHANGES DURING THE QUARTER/YEAR

Give details concerning the matters indicated below. Make the statements explicit and precise, and number then in accordance with the inquiries. Answer each inquiry. Enter "none" or "not applicable" where applicable. If the answer is given elsewhere in the report, refer to the schedule in which it appears.

1. Changes in and important additions to franchise rights: Describe the actual consideration and state from whom the franchise rights were acquired. If the franchise rights were acquired without the payment of consideration, state that fact.
2. Acquisition of ownership in other companies by reorganization, merger or consolidation with other companies: Give names of companies involved, particulars concerning the transactions, name of the Commission authorizing the transaction, and reference to Commission authorization.
3. Purchase or sale of any operating unit or system: Briefly describe the property, and the related transactions, and cite Commission authorization, if any was required. Give date journal entries called for by Uniform System of Accounts were submitted to the Commission.
4. Important leaseholds (other than leaseholds for natural gas lands) that have been acquired or given, assigned or surrendered: Give effective dates, lengths of terms, names of parties, rents, and other conditions. State name of Commission authorizing lease and give reference to such authorization.
5. Important extension or reduction of transmission or distribution system: State territory added or relinquished and date operations began or ceased and cite Commission authorization, if any was required. State also the approximate number of customers added or lost and approximate annual revenues of each class of service. Each natural gas company must also state major new continuing sources of gas made available to it from purchases, development, purchase contract or otherwise, giving location and approximate total gas volumes available, period of contracts, and other parties to any such arrangements, etc.
6. Obligations incurred or assumed by respondent as a guarantor for the performance by another of any agreement or obligation, including ordinary commercial paper maturing on demand or not later than one year after date of issue: State on behalf of whom the obligation was assumed and amount of the obligation. Cite Commission authorization if any was required.
7. Changes in articles of incorporation or amendments to charter: Explain the nature and purpose of such changes or amendments
8. State the estimated annual effect and nature of any important wage scale changes during the year.
9. State briefly the status of any materially important legal proceedings pending at the end of the year, and the results of any such proceedings culminated during the year.
10. Describe briefly any materially important transactions of the respondent not disclosed elsewhere in this report in which an officer, director, security holder, voting trustee, associated company or known associate of any of these persons was a party or in which any such person had a material interest.
11. Estimated increase or decrease in annual revenues caused by important rate changes: State effective date and approximate amount of increase or decrease for each revenue classification. State the number of customers affected.

New Jersey Natural Gas Company, for the purposes of this report, is referred to as "the Company".

1. Franchises
   Pine Beach, South Toms River and Ocean Gate were all filed with the BPU on 11/16/2010.
   and we received BPU Orders approving those renewals on 3/9/2011. Berkeley was filed on 1/19/2011 with a BPU Order on 4/27/2011.

2, 3, 4, 6, 7, 9 and 10 None

5. a) See pages 514 and 524 for details of all transmission and distribution system activity for the year.
   b) See pages 300-301 for details of revenues and volumes by class of service.

8. On December 7, 2011, the Company reached an agreement with its union, IBEW Local 1820, on a new collective bargaining agreement which will be in place for five years, beginning December 8, 2011. This agreement provides for, among other things, annual wage increases of 2.75, 3.0, 3.0, 3.0, and 3.25 percent annual impact, effective December 8. 2011, 2012, 2013, 2014 and 2015, respectively.

 3/23/2012 11:53 AM

# IMPORTANT CHANGES DURING THE YEAR

LEGAL AND REGULATORY PROCEEDINGS

STATE-General

New Jersey Natural Gas Company (the Company) is subject to the jurisdiction of the New Jersey Board of Public Utilities (BPU) with respect to a wide range of matters, such as rates, the issuance of securities, the adequacy of service, the manner of keeping its accounts and records, the sufficiency of natural gas supply, pipeline safety and the sale or encumbrance of its properties.

The Electric Discount and Energy Competition Act (EDECA) is the legal framework for New Jersey's public utility and wholesale energy landscape. The Company 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 the Company's service territory.

As required by EDECA, the Company'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 gas to the Company's service territory, and the delivery portion, which represents the transportation of the commodity portion through the Company's gas distribution system to the end-use customer. The Company does not earn utility gross margin on the commodity portion of its natural gas sales. The Company 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 unfair competitive advantage over nonaffiliated providers of similar retail services. A combined competitive services and management audit of the Company commenced in November 2006, and a final report on findings and recommendations was approved by the BPU on January 28, 2009. As of September 30, 2011, all recommendations have been implemented by the Company and a completion letter was received from the BPU on October 24, 2011 that finalized the audit.

The Company is subject to cost-based regulation, therefore, it is permitted to recover authorized operating expenses and earn a reasonable return on its utility investment based on the BPU's approval, in accordance with accounting guidance applicable to regulated operations. The impact of the ratemaking process and decisions authorized by the BPU allows the Company 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.

As recovery of regulatory assets is subject to BPU approval, if there are any changes in regulatory positions that indicate recovery is not probable, the related cost would be charged to income in the period of such determination.

Regulatory assets and liabilities included on the Balance Sheets as of September 30, are comprised of the following:

| *(Thousands)* | **2011** | 2010 |
|---|---|---|
| Regulatory assets-current | | |
| Underrecovered gas costs | $ — | $ 36,485 |
| Conservation Incentive Program | **9,178** | 14,960 |
| Derivatives, net | **8,452** | |
| Other | — | 21 |
| Total current | **$ 17,630** | $ 51,466 |
| Regulatory assets-noncurrent | | |
| Environmental remediation costs | | |
| Expended, net of recoveries | **$ 75,646** | $ 75,707 |
| Liability for future expenditures | **182,900** | 201,600 |
| Deferred income and other taxes | **10,879** | 13,860 |
| Derivatives, net | — | 16,497 |

## IMPORTANT CHANGES DURING THE YEAR

| | | |
|---|---|---|
| Energy Efficiency Program | 11,906 | 3,958 |
| New Jersey Clean Energy Program | 20,144 | 30,935 |
| Postemployment and other benefit costs | 123,827 | 106,225 |
| Other | 8,883 | 5,819 |
| Total noncurrent | $ 434,185 | $ 454,601 |
| Regulatory liability-current | | |
| Overrecovered gas costs | $ 4,633 | $ — |
| Total current | $ 4,633 | $ — |
| Regulatory liabilities-noncurrent | | |
| Cost of removal obligation | $ 59,752 | $ 57,648 |
| Other | 85 | — |
| Total noncurrent | $ 59,837 | $ 57,648 |

The Company's recovery of costs is facilitated through its base rates, BGSS and other regulatory riders. The Company is required to make an annual filing to the BPU by June 1 of each year for review of its BGSS, Conservation Incentive Program (CIP) and various other programs and related rates. Annual rate changes are requested to be effective at the beginning of the following fiscal year. In addition, the Company is also permitted to request approval of certain rate or program changes on an interim basis. All rate and program changes are subject to proper notification, and BPU review and approval.

**Gas Costs**

The Company recovers its cost of gas through the BGSS rate component of its customers' bills. The Company's cost of gas includes the purchased cost of the natural gas commodity, fees paid to pipelines and storage facilities, adjustments as a result of incentive programs, and hedging transactions. Under-recovered gas costs represent a regulatory asset that generally occurs during periods when the Company's BGSS rates are lower than actual costs and requests amounts to be recovered from customers in the future. Conversely, over-recovered gas costs represent a regulatory liability that generally occurs when the Company's BGSS rates are higher than actual costs and requests approval to returned to customers including interest, when applicable, in accordance with the Company's approved tariff.

**Conservation Incentive Program**

The CIP is designed to decouple the link between customer usage and the Company's utility gross margin to allow the Company to encourage its customers to conserve energy. In addition to permitting the Company to recover utility gross margin variations related to customer usage, the CIP replaced the Company's previous weather normalization mechanism allowing the Company to mitigate the impact of weather on its gross 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 and an evaluation of BGSS related savings.

**Derivatives**

Derivatives are utilized by the Company 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 the Company's derivatives are recoverable through its BGSS, as noted above, without interest.

**Environmental Remediation Costs Recovery**

The Company is responsible for the cleanup of certain former gas manufacturing facilities. Actual expenditures are recovered, with interest, over seven year rolling periods, through a RA rate rider. Recovery for the Company's estimated future liability will be requested when actual expenditures are incurred. See Note 10. Commitments and Contingent Liabilities.

## IMPORTANT CHANGES DURING THE YEAR

**Deferred Income Taxes**

In 1993, the Company adopted the provisions of ASC 740, Income Taxes, which changed the method used to determine deferred tax assets and liabilities. Upon adoption, the Company recognized a transition adjustment and corresponding regulatory asset representing the difference between the Company's existing deferred tax amounts compared with the deferred tax amounts calculated in accordance with the change in method prescribed by ASC 740. The Company recovers the regulatory asset associated with these tax impacts through future base rates, without interest.

**New Jersey Clean Energy Program (NJCEP)**

The NJCEP is a statewide program that encourages energy efficiency and renewable energy. Funding amounts are determined by the BPU and all New Jersey utilities are required to share in the funding obligation. The Company recovers the costs associated with its NJCEP obligation, including interest, through its Societal Benefits Clause (SBC) rate rider.

**Energy Efficiency Program (EE)**

The Company administers certain programs that supplement the states' NJCEP and that allows the Company to promote clean energy to its residential and commercial customers, as described further below. The Company will recover related expenditures and a weighted average cost of capital through an EE rate rider, as approved by the BPU, over a four to ten year period depending upon the initiative.

**Postemployment and Other Benefit Costs**

Represents the Company's underfunded postemployment benefit obligations that the Company began recognizing in fiscal 2006, and revalues each year, as a result of changes in the accounting provisions of ASC 715, Compensation and Benefits, as well as a fiscal 2010 tax charge resulting from a change in the deductibility of federal subsidies associated with Medicare D, both of which are deferred as regulatory assets and are recoverable, without interest, in base rates. See Note 7. Employee Benefit Plans.

**Other Regulatory Assets**

Other regulatory assets consists primarily of deferred costs associated with certain components of the Company's SBC, as discussed further below, and the Company's compliance with federal and state mandated pipeline integrity management (PIM) provisions. The Company's related costs to maintain the operational integrity of its distribution and transmission main are recoverable, subject to BPU review and approval, in its next base rate case. The Company is limited to recording a regulatory asset that does not exceed $700,000 per year. In addition, to the extent that project costs are lower than the approved PIM annual expense of $1.4 million, the Company will record a regulatory liability that will be refundable as a credit to customers' gas costs when the net cumulative liability exceeds $1 million.

**Cost of Removal Obligation**

The Company accrues and collects for cost of removal in base rates. A regulatory liability represents collections in excess of actual expenditures, which the Company will return to customers over approximately 48 years, through a reduction in the depreciation expense component of the Company's base rates, as approved by the BPU in the Company's last base rate case.

**The following is a description of regulatory proceedings during fiscal 2010 and 2011:**

**BGSS and CIP**

BGSS rates are normally revised on an annual basis. In addition, to manage the fluctuations in wholesale natural gas costs, the Company has the ability to make two interim filings during the fiscal year period to adjust residential and small commercial customer BGSS rates on a self-implementing and provisional basis. The Company 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. During fiscal 2010, the Company provided refunds and bill credits of approximately $110.4 million to the Company's residential and small commercial customers due to a decline in the wholesale price of natural gas. Commodity prices have since stabilized, therefore, there were no refunds or rate adjustments during fiscal 2011

## IMPORTANT CHANGES DURING THE YEAR

Concurrent with the annual BGSS filing, the Company also files for an annual review of its CIP. The CIP was initially approved as a three-year program through September 2009. During fiscal 2010 the BPU approved an extension of the program through September 30, 2013. The Company's annual BGSS and CIP filings are summarized as follows:

- June 2009 BGSS/CIP filing - In June 2010, the BPU issued their final order approving the Company's BGSS rate reduction of 17.2 percent for the average residential heating customer for fiscal 2010 and the Company's recovery of $6.9 million of CIP rates representing amounts accrued and estimated through September 2009.
- June 2010 BGSS/CIP filing - The BPU approved the Company's request to reduce rates for a 3.5 percent decrease for the average residential heating customer related to the BGSS rate effective September 16, 2010. This offsets the Company's request for an increase in the CIP recovery rate, approved by the BPU effective October 1, 2010, allowing for a total annual recovery of $12.1 million representing CIP amounts accrued and estimated through September 30, 2010. The BPU issued their final order approving this filing in April 2011.
- June 2011 BGSS/CIP filing - The Company proposed to reduce BGSS rates 9.1 percent for the average residential heating customer as a result of cost control and natural gas purchasing strategies, as well as lower natural gas prices. In addition, the Company requested approval to modify its CIP recovery rates resulting in a decrease to the total annual recovery of $3 million. The proposed CIP rates result in an increase to all classes except residential heat, which represents a decrease. In September 2011, the BPU approved the changes effective October 1, 2011, on a provisional basis.

On November 17, 2011, the Company notified the BPU that it will provide bill credits of approximately $71.2 million to the Company's residential and small commercial customers as a result of the decline in the wholesale price of natural gas and a change in the methodology used to develop estimates of unaccounted-for gas. This refund to customers is currently classified as customers' credit balances and deposits on the Company's Balance Sheets.

**BGSS Incentive Programs**

The Company 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, storage incentive and Financial Risk Management (FRM) programs. In August 2011, the BPU approved an extension of the Company's BGSS incentive programs for four years through October 31, 2015, maintaining the existing margin-sharing percentages. This agreement also permits the Company to annually propose a process to evaluate and discuss alternative incentive programs, should performance of the existing incentives or market conditions warrant re-evaluation.

**Accelerated Infrastructure Programs (AIP)**

The Company has significant annual capital expenditures associated with the management of its natural gas distribution and transmission system and its associated pipeline integrity.

During fiscal 2009, the Company implemented its AIP, commencing construction on fourteen infrastructure projects at a BPU approved cost of $70.8 million (AIP I). AIP was initially approved by the BPU as a two-year program, to enhance the reliability of the Company's gas distribution system and to support economic development and job growth in New Jersey. During fiscal 2011, the BPU approved an extension to the Company's AIP, allowing for additional capital investments of $60.2 million (AIP II) to be made through October 31, 2012. The Company defers the costs associated with the AIP projects, including the Company's weighted cost of capital, and upon regulatory approval recovers these investments through its base rates. Annual filings include the following:

- June 2010 AIP filing - The Company requested approval of its AIP expenditures for capital improvements during the period from August 2009 through August 31, 2010, which was approved by the BPU in September 2010, permitting an increase of $4.2 million in base rate revenue, including an overall weighted average cost of capital of 7.76 percent, effective October 1, 2010.

## IMPORTANT CHANGES DURING THE YEAR

- June 2011 AIP filing - The Company filed for AIP base rate cost recovery, which represented an increase of $4.7 million to $8.9 million annually, related to AIP I and AIP II infrastructure investments installed in the Company's distribution and transmission systems. A settlement was reached and approved by the BPU effective October 1, 2011. The rate changes included a weighted average cost of capital of 7.12 percent for AIP II. The existing weighted average cost of capital for AIP I remained the same. An additional filing will be submitted in October 2012, requesting base rate changes to be effective in January 1, 2013.

**Energy Efficiency Programs (EE)**

The Company commenced its EE programs during fiscal 2009, allowing it to promote energy efficiency to its residential and commercial customers while stimulating state and local economies through the creation of jobs. The BPU initially approved program expenditures and recovery of approximately $21.1 million over a four year-period, to facilitate home energy audits and to provide financing alternatives including rebates and other incentives designed to encourage the installation of high efficiency heating and cooling equipment. In September 2010, the Company received BPU approval for recovery of an additional $9.6 million in energy efficiency investments, effective January 1, 2011, to be recovered over a five to ten-year period, depending on the rebate or financing initiative. The approval allowed for an extension of certain existing initiatives, as well as new or expanded funding incentives for commercial customers. In January 2011, the Company notified the BPU that its proposed solar incentive component was withdrawn. On July 15, 2011, the Company filed a separate EE petition to extend its current EE Programs through December 31, 2012. As of September 30, 2011, the Company has spent a total of $26.1 million related to these initiatives. The EE Program investments and costs are filed with the BPU on an annual basis and include the following:

- June 2010 EE filing - The Company requested that the existing EE Rider rate be maintained in anticipation of the its planned request for BPU approval of additional program expenditures, as noted above.

- June 2011 EE filing - The Company requested that the existing EE rate remain the same through an amended filing on July 15, 2011.

**Societal Benefits Clause (SBC)**

The SBC is comprised of three primary riders that allow the Company 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, manufactured gas plant (MGP) remediation, and the NJCEP. The Company has submitted the following filings to the BPU, which includes a report of program expenditures incurred each program year:

- June 2010 SBC filing - The Company filed an application to maintain the existing MGP factor and NJCEP rate. In November 2011, the Company, the BPU and Rate Counsel executed a stipulation agreeing to maintain the existing MGP and NJCEP rates. In addition, natural gas utilities in the State of New Jersey collectively filed with the BPU to increase the statewide USF rate to be effective October 1, 2010. Effective November 1, 2010, the BPU approved the recovery of the USF program year budget, resulting in an overall increase to the average monthly bill of a residential heating customer by 0.03percent, and the recovery of deferred USF administrative costs.

- June 2011 USF filing - The Company filed for a 0.1 percent decrease in the annual USF recovery rate, which was approved by the BPU, effective November 1, 2011.

**Other Regulatory Initiatives**

On June 16, 2011, the Company submitted a filing with the BPU seeking authority to invest up to $15 million to build compressed natural gas vehicle refueling stations in Monmouth, Ocean and Morris counties. If approved, the Company would begin construction of the stations and complete them by no later than December 31, 2012. The Company would submit a cost recovery filing to the BPU in October 2012, requesting a base rate change to be effective in early 2013. Proceeds from the delivery of the associated natural gas, along with any available federal and state incentives, are proposed to be credited back to customers to help offset the cost of this investment.

# IMPORTANT CHANGES DURING THE YEAR

**Legal Proceedings**

**Manufactured Gas Plant Remediation**

The Company is responsible for the remedial cleanup of five manufactured gas plant (MGP) sites, dating back to gas operations in the late 1800s and early 1900s that contain contaminated residues from former gas manufacturing operations. The Company is currently involved in administrative proceedings with the New Jersey Department of Environmental Protection (NJDEP), as well as 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 Administrative Consent Orders or Memoranda of Agreement with the NJDEP.

The Company may, subject to BPU approval, recover its remediation expenditures, including carrying costs, over rolling seven-year periods pursuant to a RA approved by the BPU. In April 2010, the BPU approved the recovery of the remediation expenditures incurred through September 30, 2008, increasing the expected annual recovery from $17.7 million to approximately $20 million. As of September 30, 2011, $75.6 million of previously incurred remediation costs, net of recoveries from customers and insurance proceeds, are included in regulatory assets on the Balance Sheets.

In September 2011, the Company updated an environmental review of the MGP sites, including a review of potential liability for investigation and remedial action. The Company estimated at the time of the review that total future expenditures to remediate and monitor the five 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 $161.5 million to $278.5 million. The Company's estimate of these liabilities is based upon known facts, existing technology and enacted laws and regulations in place when the review was completed. However, the Company expects actual costs to differ from these estimates. Where it is probable that costs will be incurred, and the information is sufficient to establish a range of possible liability, the Company accrues the best estimated amount in the range. If no point within the range is more likely than the other, it is the Company's policy to accrue the lower end of the range. Accordingly, the Company has recorded an MGP remediation liability and a corresponding regulatory asset of $182.9 million on the Balance Sheets, based on the best estimate. The actual costs to be incurred by the Company 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.

The Company will continue to seek recovery of MGP-related costs through the RA. 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. However, because recovery of such costs is subject to BPU approval, there can be no assurance as to the ultimate recovery through the RA or the impact on the Company's results of operations, financial position or cash flows, which could be material.

General

The Company is party to various other claims, legal actions and complaints arising in the ordinary course of business. In the Company's opinion, the ultimate disposition of these matters will not have a material effect on its financial condition, results of operations or cash flows.

| New Jersey Natural Gas Company | This Report is:<br>☑ An Original<br>☐ A Resubmission | Date of Report (Mo, Da, Yr)<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## IMPORTANT CHANGES DURING THE YEAR

**EFFECT ON ANNUAL REVENUES CAUSED BY IMPORTANT RATE CHANGES**

NJNG's Operating revenues decreased by $105.3 million, or 12 percent for the calendar year ended December 31, 2011, as compared with the calendar year ended December 31, 2010, primarily as a result of:

- a decrease in Operating revenue related to firm sales, as a result an decrease in the average BGSS rate per therm
- a decrease in Operating revenue related to off-system sales due to reduction in volumes of natural gas sold as a result in the utilization of NJNG's transport capacity for capacity release volumes
- a decrease in Operating revenue due to lower therm usage primarily to customer conservation and weather being warmer than the prior year
- a decrease in Operating related to off system sales as a result of lower average sales prices due to change in the wholesale price of natural gas

**Blank Page**
**[Next page is 110]**

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) ☒ An Original<br>(2) ☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

| Line No. | Title of Account<br>(a) | Reference Page number<br>(b) | Balance at End of Current Year (in dollars)<br>(c) | Balance at End of Previous Year (in dollars)<br>(d) |
|---|---|---|---|---|
| 1 | UTILITY PLANT | | | |
| 2 | Utility Plant (101-106, 114) | 200 - 201 | 1,512,645,960 | 1,455,326,717 |
| 3 | Construction Work in Progress (107) | 200 - 201 | 99,595,038 | 92,382,898 |
| 4 | TOTAL Utility Plant (Total of lines 2 and3) | 200 - 201 | 1,612,240,998 | 1,547,709,615 |
| 5 | (Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115) | | (461,406,808) | (473,517,556) |
| 6 | Net Utility Plant (Total of line 4 less 5) | | 1,150,834,190 | 1,074,192,059 |
| 7 | Nuclear fuel (120. 1 thru 120.4 and 120.6) | | | |
| 8 | (Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5) | | | |
| 9 | Nuclear Fuel (Total of line 7 less 8) | | | |
| 10 | Net Utility Plant (Total of lines 6 and 9) | | 1,150,834,190 | 1,074,192,059 |
| 11 | Utility Plant Adjustments (116) | 122 | | |
| 12 | Gas stored-Based Gas (117.1) | 220 | | |
| 13 | System Balancing Gas (117.2) | 220 | | |
| 14 | Gas Stored in Reservoirs and pipelines - Noncurrent (117.3) | 220 | | |
| 15 | Gas Owned to System Gas (117.4) | 220 | | |
| 16 | **OTHER PROPERTY AND INVESTMENTS** | | | |
| 17 | Nonutility Property (121) | | | |
| 18 | (Less) Accum. Provision for Depreciation and Amortization (122) | | | |
| 19 | Investments in Associated Companies (123) | 222-223 | | |
| 20 | Investments in Subsidiary Companies (123.1) | 224 - 225 | 432 | 432 |
| 21 | (For Cost of Account 123.1 See Footnote Page 224, line 40) | | | |
| 22 | Noncurrent Portion of Allowances | | | |
| 23 | Other Investments (124) | 222 - 223 | | |
| 24 | Special Funds (125) | | | |
| 25 | Depreciation Fund (126) | | | |
| 26 | Amortization Fund - Federal (127) | | | |
| 27 | Other Special Funds (128) | | | |
| 28 | Long-Term Portion of Derivative Assets (175) | | | |
| 29 | Long-Term Portion of Derivative Assets - Hedges (176) | | | |
| 30 | Total Other Property and Investments (Total of lines 17-20,22-29) | | 432 | 432 |
| 31 | **CURRENT AND ACCRUED ASSETS** | | | |
| 32 | Cash (131) | | 1,985,961 | 2,601,538 |
| 33 | Special Deposits (132-134) | | 397,753 | 435,259 |
| 34 | Working Funds (135) | | 34,150 | 34,150 |
| 145 | | | | |
| 35 | Temporary Cash Investments (136) | 222 - 223 | | |
| 36 | Notes Receivable (141) | | | |
| 151 | | | | |
| 37 | Customer Accounts Receivable (142) | | 66,097,802 | 17,214,478 |
| 38 | Other Accounts Receivable (143) | | 2,105,568 | 3,151,728 |
| 39 | (Less) Accum. Provision for Uncollectible Accounts - Credit (144) | | (4,473,237) | (3,440,428) |
| 40 | Notes Receivable from Associated Companies (146) | | | |
| 41 | Accounts Receivable From Associated Companies (146) | | | |
| 42 | Fuel Stock (151) | | | |
| 43 | Fuel Stock Expenses Undistributed (152) | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) ☒ An Original<br>(2) ☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)

| Line No. | Title of Account<br>(a) | Reference Page number<br>(b) | Balance at End of Current Year (in dollars)<br>(c) | Balance at End of Previous Year (in dollars)<br>(d) |
|---|---|---|---|---|
| 44 | Residual (Elec) and Extracted Products (Gas) (153) | | | |
| 45 | Plant Materials and Operating Supplies (154) | | 6,285,890 | 4,386,967 |
| 46 | Merchandise (155) | | - | - |
| 47 | Other Materials and Supplies (156) | | 98,527 | 83,349 |
| 48 | Nuclear Material Held for Sale (157) | | | |
| 49 | Allowances (158.1 and 158.2) | | | |
| 50 | (Less) Noncurrent Portion of Allowances | | | |
| 51 | Stores Expense Undistributed (163) | | | |
| 52 | Gas Stored Underground-Current (164.1) | 220 | $ 125,737,040 | $ 129,523,227 |
| 53 | Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3) | 220 | 9,256,911 | 8,993,917 |
| 54 | Prepayments (165) | 230 | 5,445,025 | 4,591,859 |
| 55 | Advances for Gas (166 thru 167) | | | |
| 56 | Interest and Dividends Receivable (171) | | | |
| 57 | Rents Receivable (172) | | | |
| 58 | Accrued Utility Revenues (173) | | 33,334,650 | 79,726,459 |
| 59 | Miscellaneous Current and Accrued Assets (174) | | | |
| 60 | Derivative Instrument Assets (175) | | 2,668,919 | 11,424,310 |
| 61 | (Less) Long-Term Portion of Derivative Instrument Assets (175) | | - | - |
| 62 | Derivative Instrument Assets Hedges (176) | | 30,774,380 | 27,322,398 |
| 63 | (Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176) | | | |
| 64 | TOTAL Current and Accrued Assets (Total of lines 32 thru 63) | | 279,749,339 | 286,049,211 |
| 65 | **DEFERRED DEBITS** | | | |
| 66 | Unamortized Debt Expenses (181) | 258-259 | 7,810,801 | 6,984,511 |
| 67 | Extraordinary Property Losses (182.1) | 230 | | |
| 68 | Unrecovered Plant and Regulatory Study Costs (182.2) | 230 | | |
| 69 | Other Regulatory Assets (182.3) | 232 | 410,250,023 | 415,238,818 |
| 70 | Preliminary Survey and Investigation Charges (Electric)(183) | | | |
| 71 | Preliminary Survey and Investigation Charges (Gas)(183.2) | | | |
| 72 | Clearing Accounts (184) | | | |
| 73 | Temporary Facilities (185) | | | |
| 74 | Miscellaneous Deferred Debits (186) | 233 | 1,266,783 | 1,227,239 |
| 75 | Deferred Losses from Disposition of Utility (187) | | | |
| 76 | Research, Development, and Demonstration Expend. (188) | | | |
| 77 | Unamortized Losses on Reacquired Debt (189) | | | |
| 78 | Accumulated Deferred Income Taxes (190) | 234 - 235 | - | 2,319,289 |
| 79 | Unrecovered Purchased Gas Costs (191) | | (31,078,225) | 24,750,600 |
| 80 | TOTAL Deferred Debits (Total of lines 66 thru 79) | | 388,249,382 | 450,520,457 |
| 81 | TOTAL Assets and Other Debits (Total of lines 10-15,30,64, and 80) | | $ 1,818,833,343 | $ 1,810,762,159 |



3/23/2012 11:35 AM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

| Line No. | Title of Account<br>(a) | Reference Page number<br>(b) | Current Year End of Year Balance<br>(c) | Prior Year End Balance 12/31<br>(d) |
|---|---|---|---|---|
| 1 | PROPRIETARY CAPITAL | | | |
| 2 | Common Stock Issued (201) | 250 - 251 | $ 16,074,615 | $ 16,074,615 |
| 3 | Preferred Stock Issued (204) | 250 - 251 | - | - |
| 4 | Capital Stock Subscribed (202, 205) | 252 | | |
| 5 | Stock Liability for Conversion (203 , 206) | 252 | | |
| 6 | Premium on Capital Stock (207) | 252 | 11,269,176 | 11,269,176 |
| 7 | Other Paid-in Capital (208 - 211) | 253 | 351,753,056 | 351,753,056 |
| 8 | Installments Received on Capital Stock (212) | 252 | | |
| 9 | (Less) Discount on Capital Stock (213) | 254 | | |
| 10 | (Less) Capital Stock Expense (214) | 254 | | |
| 11 | Retained Earnings ((215, 215. 1, 216) | 118-119 | | |
| 12 | Unappropriated Undistributed Subsidiary Earnings (216.1) | 118-119 | 279,143,783 | 251,354,919 |
| 13 | (Less) Reacquired Capital Stock (217) | 250-251 | | |
| 14 | Accumulated Other Comprehensive Income (219) | 118-119;117A&B | - | - |
| 15 | TOTAL Proprietary Capital (Total of lines 2 thru 14) | | 658,240,630 | 630,451,766 |
| 16 | LONG TERM DEBT | | | |
| 17 | Bonds (221) | 256-257 | 269,845,000 | 269,845,000 |
| 18 | (Less) Reacquired Bonds (222) | 256-257 | | |
| 19 | Advances from Associated Companies (223) | 256-257 | | |
| 20 | Other Long Term Debt (224) | 256-257 | 60,000,000 | 60,000,000 |
| 21 | Unamortized Premium on Long Term Debt (225) | 258-259 | | |
| 22 | (Less) Unamortized Discount on Long Term Debt Dr. (226) | 258-259 | | |
| 23 | (Less) Current Portion of Long Term Debt | | - | - |
| 24 | TOTAL Long Term Debt (Total of lines 16 thru 22) | | 329,845,000 | 329,845,000 |
| 25 | OTHER NONCURRENT LIABILITIES | | | |
| 26 | Obligations Under Capital Leases - Noncurrent (227) | | 51,704,976 | 52,604,808 |
| 27 | FAS 109 | | (10,878,312) | (13,859,787) |
| 28 | Accumulated Provision for Property Insurance (228.1) | | - | - |
| 29 | Accumulated Provision for Injuries and Damages (228.2) | | 305,000 | 1,305,000 |
| 30 | Accumulated Provision for Pensions and Benefits (228.3) | | 1,556,805 | 1,417,967 |
| 31 | Accumulated Miscellaneous Operating Provisions (228.4) | | - | - |
| 32 | Accumulated Provision for Rate Refunds (229) | | - | - |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS (CONTINUED

| Line No. | Title of Account | Reference Page number | Current Year End of Year Balance | Prior Year End Balance12/31 |
|---|---|---|---|---|
| | (a) | (b) | (c) | (d) |
| 33 | Long-Term Portion of Derivative Instrument Liabilities | | $ - | $ - |
| 34 | Long-Term Portion of Derivative Instrument Liabilities - Hedges | | | - |
| 35 | Asset Retirement Obligations (230) | | 27,125,356 | 26,131,347 |
| 36 | TOTAL Other Noncurrent Liabilities (Total of lines 26 thru 34) | | 69,813,825 | 67,599,335 |
| 37 | CURRENT AND ACCRUED LIABILITIES | | | |
| 38 | Current Portion of Long Term Debt | | - | - |
| 39 | Notes Payable (231) | | 74,700,000 | 57,000,000 |
| 40 | Accounts Payable (232) | | 86,041,542 | 95,980,888 |
| 41 | Notes Payable to Associated Companies (233) | | | |
| 42 | Accounts Payable to Associated Companies (234) | | 2,663,948 | 2,122,467 |
| 43 | Customer Deposits (235) | | 7,020,763 | 6,344,304 |
| 44 | Taxes Accrued (236) | 262-263 | (10,424,090) | 10,751,837 |
| 45 | Interest Accrued (237) | | 4,460,218 | 4,439,617 |
| 46 | Dividends Declared (238) | | 15,744,230 | 14,867,191 |
| 47 | Matured Long - Term Debt (239) | | | |
| 48 | Matured Interest (240) | | - | - |
| 49 | Tax Collections Payable (241) | 268 | 11,233 | 76,962 |
| 50 | Miscellaneous Current and Accrued Liabilities (242) | 268 | 37,860,989 | 42,238,469 |
| 51 | Obligations Under Capital Leases - Current (243) | | 8,182,242 | 12,059,557 |
| 52 | Derivative Instrument Liabilities (244) | | 2,668,918 | 11,424,310 |
| 53 | (Less) Long Term Portion of Derivative Instrument Liabilities | | - | - |
| 54 | Derivative Instrument Liabilities-Hedges (245) | | | |
| 55 | (Less) Long Term Portion of Derivative Instrument Liabilities-Hedges | | | |
| 56 | TOTAL Current and Accrued Liabilities (Total of lines 37 thru 54) | | 228,929,993 | 257,305,602 |
| 57 | DEFERRED CREDITS | | | |
| 58 | Customer Advances for Construction (252) | | 2,271,127 | 2,600,680 |
| 59 | Accumulated Deferred Investment Tax Credits (255) | | 2,793,214 | 2,942,004 |
| 60 | Deferred Gains from Disposition of Utility Plant (256) | | | |
| 61 | Other Deferred Credits (253) | 269 | 48,560,862 | 40,314,156 |
| 62 | Other Regulatory Liabilities (254) | 278 | 182,900,000 | 201,600,000 |
| 63 | Unamortized Gain on Reacquired Debt (257) | 260 | - | - |
| 64 | Accumulated Deferred Income Taxes - Accelerated Amortization (281) | | - | - |
| 65 | Accumulated Deferred Income Taxes - Other Property (282) | 275 | 207,430,212 | 191,068,569 |
| 66 | Accumulated Deferred Income Taxes - Other (283) | 277 | 88,048,480 | 87,035,047 |
| 67 | TOTAL Deferred Credits (Total of lines 57 thru 65) | | 532,003,895 | 525,560,456 |
| 68 | TOTAL Liabilities and Other Credits (Total of lines 15,24,36,56 and 67) | | $ 1,818,833,343 | $ 1,810,762,159 |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year/Period of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [X] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## STATEMENT OF INCOME FOR THE YEAR

1. Enter in column (e) the operations for the reporting quarter and in column (f) the balance for the same three month period for the prior year. Do not report annual amounts in these columns.
2. Report in column (g) the year to date amounts for electric utility function; in column (I) the year to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the current year quarter/annual.
3. Report in column (h) the year to date amounts for electric utility function; in column (j) the year to date amounts for gas utility and in (l) the quarter to date amounts for other utility function for the prior year quarter.
4. If additional columns are needed place them in a footnote.

| Line No. | Title of Account<br>(a) | Reference Page number<br>(b) | TOTAL Current Year to Date Balance<br>(c) | TOTAL Prior Year to Date Balance<br>(d) | Current Three Months Ended Quarterly Only No Fourth Quarter<br>(e) | Prior Three Months Ended Quarterly Only No Fourth Quarter<br>(e) |
|---|---|---|---|---|---|---|
| 1 | UTILITY OPERATING INCOME | | | | | |
| 2 | Gas Operating Revenues (400) | 300-301 | $ 885,552,818 | $ 989,364,937 | | |
| 3 | Operating Expenses | | | | | |
| 4 | Operation Expenses (401) | 317-325 | 659,459,154 | 768,302,916 | | |
| 5 | Maintenance Expenses (402) | 317-325 | 10,212,770 | 9,076,999 | | |
| 6 | Depreciation Expense (403) | 336-338 | 33,549,495 | 32,027,237 | | |
| 7 | Depreciation Expense for Asset Retirement Costs (403.1) | 336-338 | - | - | | |
| 8 | Amortization and Depletion of Utility Plant (404-405) | 336-338 | | | | |
| 9 | Amortization of Utility Plant Acu. Adjustment (406) | | | | | |
| 10 | Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1) | | | | | |
| 11 | Amortization of Conversion Expenses (407.2) | | | | | |
| 12 | Regulatory Debits (407.3) | | | | | |
| 13 | (Less) Regulatory Credits (407.4) | 262-263 | | | | |
| 14 | Taxes Other than Income Taxes (408.1) | 262-263 | 55,692,590 | 56,847,436 | | |
| 15 | Income Taxes - Federal (409.1) | 262-263 | 11,649,875 | 12,896,285 | | |
| 16 | Income Taxes-Other (409.1) | 262-263 | 6,996,409 | 3,377,954 | | |
| 17 | Provision of Deferred Federal Income Taxes (410.1) | | 21,835,321 | 19,176,641 | | |
| | Provision of Deferred State Income Taxes (410.1) | | 1,013,423 | 2,235,625 | | |
| 18 | (Less) Provision for Deferred Income Taxes-Credit (411.1) | | | | | |
| 19 | Investment Tax Credit Adjustment-Net (411.4) | 261B | (321,708) | (321,708) | | |
| 20 | (Less) Gains from Disposition of Utility Plant (411.6) | | | | | |
| 21 | Losses from Disposition of Utility Plant (411.7) | | | | | |
| 22 | (Less) Gains from Disposition of Allowances (411.8) | | | | | |
| 23 | Losses from Disposition of Allowances ((411.9) | | | | | |
| 24 | Accretion Expense (411.10) | | | | | |
| 25 | Total Utility Operating Expenses (Total of lines 4 thru 24) | | $ 800,087,329 | $ 903,619,385 | | |
| 26 | Net Utility Operating Income (Total of lines 2 less 25) (Carry forward to page 116, line 27) | | $ 85,465,489 | $ 85,745,552 | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year/Period of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF INCOME (CONTINUED)

Total Cu Total Prior Year to Date Balance

| Line No. | Elec. Utility Current Year to Date (in dollars)<br>(f) | Elec. Utility Previous Year to Date (in dollars)<br>(g) | Gas Utility Current Year to Date (in dollars)<br>(h) | Gas Utility Previous Year to Date (in dollars)<br>(i) | Other Utility Current Year to Date (in dollars)<br>(j) | Other Utility Previous Year to Date (in dollars)<br>(j) |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | $ 885,552,818 | $ 989,364,937 | | |
| 3 | | | | | | |
| 4 | | | 659,459,154 | 768,302,916 | | |
| 5 | | | 10,212,770 | 9,076,999 | | |
| 6 | | | 33,549,495 | 32,027,237 | | |
| 7 | | | - | - | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | 55,692,590 | 56,847,436 | | |
| 15 | | | 11,649,875 | 12,896,285 | | |
| 16 | | | 6,996,409 | 3,377,954 | | |
| 17 | | | 21,835,321 | 19,176,641 | | |
| | | | 1,013,423 | 2,235,625 | | |
| 18 | | | | | | |
| 19 | | | (321,708) | (321,708) | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | $ 800,087,329 | $ 903,619,385 | | |
| 26 | | | $ 85,465,489 | $ 85,745,552 | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year/Period of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF INCOME (Continued)

| Line No. | 2. Report in column (g) the year to date amounts for electric utility function; in column (I) the year to date amounts for gas utility, and in (k) the quarter to date amounts for other utility function for the current year quarter/annual.<br>3. Report in column (h) the year to date amounts for electric utility | Reference Page number<br>(b) | Total Current Year to Date Balances<br>(c) | Total Prior Year to Date Balances | Current Three Months Ended Quarterly Only No Fourth Quarter | Prior Three Months Ended Quarterly Only No Fourth Quarter<br>(d) |
|---|---|---|---|---|---|---|
| 27 | Net Utility Operating Income (Carried forward from page 114) | | 85,465,489 | 85,745,552 | $ - | $ - |
| 28 | OTHER INCOME AND DEDUCTIONS | | | | | |
| 29 | Other Income | | | | | |
| 30 | Nonutility Operating Income | | | | | |
| 31 | Revenues from Merchandising, Jobbing and Contract Work (415) | | | | - | - |
| 32 | (Less) Costs and Expenses of Merchandising, Job & Contract Work (416) | | | | - | - |
| 33 | Revenues from Nonutility Operations (417) | | 1,023,030 | 1,406,710 | - | - |
| 34 | (Less) Expenses of Nonutility Operations (417.1) | | | | - | - |
| 35 | Nonoperating Rental Income (418) | | | | | |
| 36 | Equity in Earnings of Subsidiary Companies (418.1) | | | | | |
| 37 | Interest and Dividend Income (419) | | 2,221,079 | 2,153,459 | - | - |
| 38 | Allowance for Other Funds Used During Construction (419.1) | | | | | |
| 39 | Miscellaneous Nonoperating Income (421) | | 129,961 | 161,872 | - | - |
| 40 | Gain on Disposition of Property (412.1) | | | | | |
| 41 | TOTAL Other Income (Total of lines 31 thru 40) | | 3,374,070 | 3,722,041 | - | - |
| 42 | Other Income Deductions | | | | | |
| 43 | Loss on Disposition of Property (421.2) | | | | | |
| 44 | Miscellaneous Amortization (425) | | | | | |
| 45 | Donations (426.1) | 340 | (1,160,463) | (778,807) | - | - |
| 46 | Life Insurance (426.2) | 340 | | | - | - |
| 47 | Penalties (426.2) | | | | | |
| 48 | Expenditures for Certain Civic. Political and Related Activities (426.4) | | | | | |
| 49 | Other Deductions (426.5) | | | | - | - |
| 50 | TOTAL Other Income Deductions (Total of lines 43-49) | | (1,160,463) | (778,807) | - | - |
| 51 | Taxes Applic. to Other Income and Deductions | | | | | |
| 52 | Taxes Other than Income Taxes (408.2) | | | | | |
| 53 | Income Taxes-Federal (409.2) | 261A&B | (115,378) | (947,202) | | |
| 54 | Income Taxes-Other - State (409.2) | | (28,449) | (261,944) | | |
| 55 | Provision for Deferred Income Taxes (410.2) | | | | - | - |
| 56 | (Less) Provision for Deferred Income Taxes-Credit (411.2) | | | | - | - |
| 57 | Investment Taxes Credit Adjustments - Net (411.5) | | | | | |
| 58 | (Less) Investment Tax credits (420) | | | | - | - |
| 59 | Total Taxes on Other Income and Deductions (Total of lines 52-58) | | (143,827) | (1,209,146) | - | - |
| 60 | Net Other Income and Deductions (Total of lines 41,50,59) | | 2,069,780 | 1,734,088 | | |
| 61 | INTEREST CHARGES | | | | | - |
| 62 | Interest on Long Term Debt (427) | | 13,959,332 | 15,372,493 | | |
| 63 | Amortization of Debt Disc. and Expense (428) | 258-259 | 433,492 | 463,377 | | |
| 64 | Amortization of Loss on Reacquired Debt (428.1) | | | | - | - |
| 65 | (Less) Amortization of Premium on Debt-Credit (429) | | | | - | - |
| 66 | (Less) Amortization of Gain on Reacquired Debt-Credit (429.1) | | | | - | - |
| 67 | Interest on Debt to Associated Companies (430) | | | | - | - |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [x] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year/Period of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF INCOME (Continued)

| Line No. | Title of Account<br><br>(a) | Reference Page number<br><br>(b) | Total Current Year to Date Balance<br><br>(c) | Total Prior Year to Date Balance<br><br>© | Current Three Months Ended Quarterly Only No Fourth Quarter<br><br>(d) | Prior Three Months Ended Quarterly Only No Fourth Quarter<br><br>(e) |
|---|---|---|---|---|---|---|
| 68 | Other Interest Expense (431) | | 1,232,216 | 1,408,944 | | |
| 69 | (Less) Allowance for Borrowed Funds Used During Construction-Credit (432) | | (1,029,207) | (861,925) | | |
| 70 | Net Interest Charges (Total of lines 62 thru 69) | | 14,595,833 | 16,382,889 | | |
| 71 | Income Before Extraordinary Items (Total of lines 27,60 and 70) | | 72,939,436 | 71,096,751 | | |
| 72 | EXTRAORDINARY ITEMS | | | | | |
| 73 | Extraordinary Income (434) | | | | | |
| 74 | (Less) Extraordinary Deductions ((435) | | | | | |
| 75 | Net Extraordinary Items (Total of line 73 less line 74) | | | | | |
| 76 | Income Taxes - Federal and Other (409.3) (Tax Benefit of Stock) | | 0 | 0 | | |
| 77 | Extraordinary Items after Taxes (Total of line 75 less line 76) | | | | | |
| 78 | Net Income (Total of lines 71 and 77) | | 72,939,436 | 71,096,751 | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME AND HEDGING ACTIVITIES

1 Report in columns ( b ) ( c ) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate

2 Report in columns (f) and (g) the amounts of other categories of other cash flow hedges

3 For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote

| Line No. | Item<br>(a) | Unrealized Gains and losses on available-for-sale securities<br>(b) | Minimum Pension liability Adjustment (net amount)<br>(c) | Foreign Currency Hedges<br>(d) | Other Adjustments<br>(e) |
|---|---|---|---|---|---|
| 1 | Balance of Account 219 at beginning of Preceding Year | | 0 | 0 | 0 |
| 2 | Preceding Year Reclassification from Account 219 to Net Income | | 0 | | |
| 3 | Preceding Year Changes in Fair Value | | 0 | | |
| 4 | Total (lines 2 and 3) | 0 | 0 | 0 | 0 |
| 5 | Balance of Account 219 at End of Preceding Year/Beginning of Current Year | 0 | 0 | 0 | 0 |
| 6 | Current Year Relcassification from Account 219 to Net Income | | | | |
| 7 | Current Year Changes in Fair Vlaue | | 0 | | |
| 8 | Total (lines 6 and 7) | 0 | 0 | 0 | 0 |
| 9 | Balance of Account 219 at End of Current Year | 0 | 0 | 0 | 0 |
| | | | | | |

| | | | |
|---|---|---|---|
| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |

## STATEMENT OF ACCUMULATED COMPREHENSIVE INCOME AND HEDGING ACTIVITIES(continued)

| Line No. | Other Cash Flow Hedges: Interest Cap<br>(f) | Other Cash Flow Hedges (Specify)<br>(g) | Totals for each category of items recorded in Account 219<br>(h) | Net Income (Carried Forward from page 116, Line72)<br>(i) | Total Comprehensive Income<br>(j) |
|---|---|---|---|---|---|
| 5 | 0 | 0 | 0 | [redacted] | [redacted] |
| 6 | | | 0 | [redacted] | [redacted] |
| 7 | 0 | | 0 | [redacted] | [redacted] |
| 8 | 0 | 0 | 0 | | |
| 9 | 0 | 0 | 0 | [redacted] | [redacted] |
| 6 | | | 0 | [redacted] | [redacted] |
| 7 | 0 | | 0 | [redacted] | [redacted] |
| 8 | 0 | 0 | 0 | | |
| 9 | 0 | 0 | 0 | [redacted] | [redacted] |
| | | | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) ☒ An Original<br>(2) ☐ A Resubmission | Date of Report<br>April 30, 2012 | Year/Period of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF RETAINED EARNINGS

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first Account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items, in that order.
5. Show dividends for each class and series of capital stock

| Line No. | Item (a) | Contra Primary Account Affected (b) | Year to Date Balance (c) | Previous Year to Date Balance (d) |
|---|---|---|---|---|
| | ~~UNAPPROPRIATED RETAINED EARNINGS~~ | | | |
| 1 | Balance-Beginning of Period | | 251,354,919 | $ 223,459,051 |
| 2 | Changes (Identify by prescribed retained earnings accounts) | | | |
| 3 | Adjustments to Retained Earnings (Account 439) (FIN 48 Tax Adjustment) | | | |
| 4 | Balance Transferred from Income | | 72,939,436 | 71,096,751 |
| 5 | Tax Benefit of Stock | | 366,931 | (266,351) |
| 6 | Adjustments to Retained Earnings See details on lines 25 & 26 below | | - | - |
| 7 | Appropriations of Retained Earnings (Account 436) | | | |
| 8 | | | | |
| 9 | Dividends Declared- Preferred Stock (Account 437) | | | |
| 10 | | | | |
| 11 | Dividends Declared Common Stock (Account 438) | | (45,517,503) | (42,934,532) |
| 12 | (Less) Dividends paid | | - | - |
| 13 | Transfers from Account 216.1, Unappropriated Undistributed Subsidiary Earnings | | - | - |
| 14 | Balance End of Period (Total of lines 1,4,5,6,8,10,11 and 13) | | 279,143,783 | 251,354,919 |
| 15 | APPROPRIATED RETAINED EARNINGS (Account 215) | | | |
| 16 | TOTAL Appropriated Retained Earnings (Account 215) (footnote details) | | - | - |
| 17 | APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account | | | |
| 18 | TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account | | | |
| 19 | TOTAL Appropriated Retained Earnings (Accounts 215,215.1) Total of lines | | | |
| 20 | TOTAL Retained Earnings (Accounts 215, 215.1, 216) Total of lines 14 and 1 | | | |
| 21 | UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216, 1) & OCI (Account 219) | | 279,143,783 | 251,354,919 |
| | Report only on an annual Basis no Quarterly | | | |
| 22 | Balance-Beginning of Year (Debit or Credit) | | 251,354,919 | 223,459,051 |
| 23 | Equity in Earnings for Year (Credit) (Account 418.1) | | 72,939,436 | 71,096,751 |
| 24 | (Less) Dividends Received (Debit) | | (45,517,503) | (42,934,532) |
| 25 | Adjustments to Retained Earnings (Account 439) (FIN 48 Tax Adjustment) | | - | - |
| 26 | Other Changes (Other Comprehensive Income - Page 117A) | | - | - |
| 27 | Tax Benefit of Stock | | 366,931 | (266,351) |
| 28 | Balance End of Year | | 279,143,783 | 251,354,919 |

Footnotes to items above; line references shown:



4/3/2012 1:58 PM

Blank Page
[Next page is 120]

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year/Period of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF CASH FLOWS

1. Information about noncash investing and financing activities should be provided on page 122. Provide also on page 122 a reconciliation between "Cash and Cash Equivalents at "End of Year" with related amounts on the balance sheet.
2. Under "Other" specify significant amounts and group others.
3. Operating Activities Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show on page 122 the amounts of interest paid (net of amounts capitalized) and income taxes paid.

| Line No. | DESCRIPTION (See instructions for Explanation of Codes)<br>(a) | Current Year Amount<br>(b) | Previous Year Amount<br>(c) |
|---|---|---|---|
| 1 | Net Cash Flow from Operating Activities | | |
| 2 | Net Income (line 72(c) on page 116) | $ 72,939,436 | $ 71,096,751 |
| 3 | Noncash Charges (Credits) to Income: | | |
| 4 | Depreciation and Depletion | 33,549,495 | 32,027,237 |
| 5 | Amortization of (Specify) | | |
| 5.01 | Deferred Rate Case Items | 301,453 | 301,453 |
| 5.02 | Other | (28,217,041) | (838,191) |
| 6 | Deferred Income Taxes (Net) | 19,694,365 | 29,030,397 |
| 7 | Investment Tax Credit Adjustments (Net) | (148,790) | (148,516) |
| 8 | Net (Increase) Decrease in Receivables | (412,546) | 6,253,569 |
| 9 | Net (Increase) Decrease in Inventory | 1,609,092 | 5,802,586 |
| 10 | Net Increase (Decrease) in Allowances Inventory | | |
| 11 | Net Increase (Decrease) in Payables and Accrued Expenses | (31,160,401) | 24,936,414 |
| 12 | Net Increase (Decrease) in Other Regulatory Assets (see footnote 1) | (14,012,658) | (15,191,292) |
| 13 | Net (Increase) Decrease in Regulatory Liabilities (see footnote 1) | 994,009 | 681,166 |
| 14 | (Less) Allowance for Other Funds Used During Construction | | |
| 15 | (Less ) Undistributed Earnings from Subsidiary Companies | | |
| 16 | Other: Other Working Capital Changes | (3,701,021) | 12,651,489 |
| 16.01 | Customer Advances for Construction | (329,553) | 964,092 |
| 16.02 | Other , Net (see footnote 1, 2 and 3) | (2,068,687) | 2,085,930 |
| 17 | Net Cash Provided by (Used in) Operating Activities | | |
| 18 | (Totals of lines 2 thru 16) | 49,037,153 | 169,653,086 |
| 19 | | | |
| 20 | Cash Flows from Investment Activities: | | |
| 21 | Construction and Acquisition of Plant (including land): | | |
| 22 | Gross Additions to Utility Plant (Less Nuclear Fuel) | (57,319,244) | (51,073,322) |
| 23 | Gross Additions to Capital Leases (see footnote 2) | | |
| 24 | Gross Additions to Common Utility Plant | | |
| 25 | Gross Additions to Nonutility Plant | | |
| 26 | (Less) Allowance for Other Funds Used During Construction | | |
| 27 | Other: Cost of Removal | (10,062,330) | (8,623,661) |
| 27.01 | Net (Increase)/Decrease in Construction Work in Progress | (7,212,140) | (49,829,992) |
| 27.02 | | | |
| 28 | Cash Outflows for Plant (Total of lines 22 thru 27.) | (74,593,714) | (109,526,975) |
| 29 | | | |
| 30 | Acquisition of Other Noncurrent Assets (d) Deferred Debits & Gas Costs (see footnote 1) | 55,828,825 | (38,602,288) |
| 31 | Proceeds from Disposal of Noncurrent Assets (d) | | |
| 32 | | | |
| 33 | Investments in and Advances to Assoc. and Subsidiary Companies | | |
| 34 | Contributions and Advances from Assoc. and Subsidiary Companies | | |
| 35 | Disposition of Investments in (and Advances to) | | |
| 36 | Associated and Subsidiary Companies | | |
| 37 | | | |
| 38 | Purchase of Investment Securities (a) | | |
| 39 | Proceeds from Sales of Investment Securities (a) | | |

1. Regulatory Assets & Regulatory Liabilities were reclassified from other net line 16.02 and deferred debits line 30.
2. Other net line 16.02 was increased by the Capital Lease of meters line 56.
3. Other net line 16.02 was reduced by the Broker Margin accounts line 47.

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## STATEMENT OF CASH FLOWS (Continued)

4. Investing Activities: Include at Other (Lines 27) net cash outflow to acquire other companies. Provide a reconcilliation of assets acquired with liabilities assumed on page 122. Do not include on this statement the dollar amount of leases capitalized per U.S. A. General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost on page 122.

5. Codes Used:
(a) Net Proceeds or payments.
(b) Bonds, Debentures, and other long-term debt.
(c) Include Commercial paper
(d) Identify separate such items as investments fixed assets, intangible, etc.
6. Enter on page 122 clarifications and explanations.
7. At lines 5, 16, 27, 47, 56, 58, and 65, add rows as necessary to report all data. Number the extra rows in sequence, 5.01, 5.02, etc.

| Line No. | DESCRIPTION (See instructions for Explanation of Codes)<br>(a) | Current Year Amount<br>(b) | Previous Year Amount<br>(c) |
|---|---|---|---|
| 40 | Loans Made or Purchased | | |
| 41 | Collection on Loans | | |
| 42 | | | |
| 43 | Net (Increase) Decrease in Receivable | | |
| 44 | Net (Increase) Decrease in Inventory | | |
| 45 | Net (Increase) Decrease in Allowances Held for Speculation | | |
| 46 | Net (Increase) Decrease in Payables and Accrued Expenses | | |
| 47 | Other: (Increase) Decrease in broker margin accounts | (3,451,983) | (17,095,867) |
| 47.01 | | | |
| 47.02 | | | |
| 48 | Net Cash Provided by (Used in) Investing Activities | | |
| 49 | (Total of lines 28 thru 47) | (22,216,872) | (165,225,130) |
| 50 | | | |
| 51 | Cash Flows from Financing Activities: | | |
| 52 | Proceeds from Issuance of: | | |
| 53 | Long-Term Debt (b) | - | - |
| 54 | Preferred Stock | | |
| 55 | Common Stock | | |
| 56 | Other: Capital Meter Lease | 6,438,491 | 5,821,514 |
| 56.01 | Contributions from Parent | 366,931 | (266,351) |
| 57 | Net Increase (Decrease) in short-term Debt (c) | - | - |
| 58 | Other: | | |
| 58.01 | | | |
| 58.02 | | | |
| 59 | Cash Provided by Outside Sources (Total of lines 53 thru 58) | 6,805,422 | 5,555,163 |
| 60 | | | |
| 61 | Payments for Retirements of: | | |
| 62 | Long-Term Debt (b) | 17,700,000 | 37,000,000 |
| 63 | Preferred Stock | | |
| 64 | Common Stock | | |
| 65 | Other: Capital Leases | (7,338,322) | (11,783,592) |
| 65.01 | | | |
| 66 | | | |
| 67 | | | |
| 68 | Dividends on Preferred Stock | - | - |
| 69 | Dividends on Common Stock | (44,640,464) | (42,214,934) |
| 70 | Net Cash Used in Financing Activities | | |
| 71 | Total of Lines 59 thru 69 | (27,473,364) | (11,443,363) |
| 72 | | | |
| 73 | Net Increase (Decrease) in Cash and Cash Equivalents | | |
| 74 | Total of Lines 18, 49 and 71 | (653,083) | (7,015,407) |
| 75 | | | |
| 76 | Cash and Cash Equivalents at Beginning of Year | 3,070,947 | 10,086,354 |
| 77 | | | |
| 78 | Cash and Cash Equivalents at End of Year | $ 2,417,864 | $ 3,070,947 |

| Name of Respondent<br>**New Jersey Natural Gas Company** | This Report is:<br>☑ An Original<br>☐ A Resubmission | Date of Report (Mo, Da, Yr)<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## NOTES TO FINANCIAL STATEMENTS

1. Provide important disclosures regarding the Balance Sheet, Statement of Income for the Year, Statement of Retained Earnings for the Year, and Statement of Cash Flow, or any account thereof. Classify the disclosures according to each financial statement, providing a subheading for each statement except where a disclosure is applicable to more than one statement. The disclosures must be on the same subject matters and in the same level of detail that would be required if the respondent issued general purpose financial statements to the public or shareholders.
2. Furnish details as to any significant contingent assets or liabilities existing at year end, and briefly explain any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or a claim for refund of income taxes of a material amount initiated by the utility. Also, briefly explain any dividends in arrears on cumulative preferred stock.
3. Furnish details on the respondent's pension plans, post-retirement benefits other than pension (PBOP) plans, and post-employment benefit plans as required by Instruction no. 1 and, in addition, disclose for each individual plan the current year's cash contributions. Furnish details on the accounting for the plans and any changes in the method of accounting for them. Include details on the accounting for transition obligations or assets, gains or losses, the amounts deferred and the expected recovery periods. Also, disclose any current year's plan or trust curtailments, terminations, transfers, or reversions of assets.
4. Where Account 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Explain concisely any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. Disclose details on any significant financial changes during the reporting year to the respondent or the respondent's consolidated group that directly affect the respondent's gas pipeline operations, including: sales, transfers or mergers of affiliates, investments in new partnerships, sales of gas pipeline facilities or the sale of ownership interests in the gas pipeline to limited partnerships, investments in related industries (i.e. production, gathering) major pipeline investments, acquisitions by the parent corporation(s), and distributions of capital.
7. Explain concisely unsettled rate proceedings where a contingency exists such that the company may need to refund a material amount to the utility's customers of that the utility may receive a material refund with respect to power or gas purchases. State for each year affected the gross revenues or costs to which the contingency relates and the tax effects and explain the major factors that affect the rights of the utility to retain such revenues or to recover amounts paid with respect to power and gas purchases.
8. Explain concisely significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and summarize the adjustments made to balance sheet, income, and expense accounts.
9. Explain concisely only those significant changes in accounting methods made during the year which had an effect on net income, including, the basis of allocations and apportionments from those used in the preceding year. Also give the approximate dollar effect of such changes.
10. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
11. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recent completed year in such items as; accounting principles and practices; estimates inherent in the preparation of the financial statements, status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However, where material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year-end may not have occurred.
12. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

**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.

The Company maintains its accounts in accordance with the Federal Energy Regulatory Commission (FERC) Uniform System of Accounts as prescribed by the BPU and in accordance with the Regulated Operations Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As a result of the impact of the ratemaking process and regulatory actions of the BPU, the Company is required to recognize the economic effects of rate regulation. Accordingly, the Company capitalizes or defers certain costs that are expected to be recovered from its customers as regulatory assets and recognizes certain obligations representing probable future expenditures as regulatory liabilities in the Balance Sheets.

**Gas in Storage**

Gas in storage is reflected at average cost in the Balance Sheets, and represents natural gas and liquefied natural gas that will be utilized in the ordinary course of business. The Company had 23.1 billion cubic feet (Bcf) and 24.7 Bcf of gas in storage as of September 30, 2011 and 2010, respectively.

**Demand Fees**

For the purpose of securing adequate storage and pipeline capacity, the Company enters into storage and pipeline capacity contracts, which require the payment of certain demand charges to maintain the ability to access such natural gas storage or pipeline capacity, during a fixed time period, which generally ranges from one to five years. Demand charges are based on established rates as regulated by FERC. These demand charges represent commitments to pay storage providers or pipeline companies for the right to store and transport natural gas utilizing their respective assets. Demand fees of $98.9 million and $98.6 million for fiscal years ended September 30, 2011 and 2010, respectively, which are net of fees received for capacity release, are included in its weighted average cost of gas. The demand charges are expensed as a component of gas purchases in the Statements of Operations based on Basic Gas Supply Service (BGSS) sales and recovered as part of its wholesale gas commodity component of its BGSS tariff.

## NOTES TO FINANCIAL STATEMENTS

**Derivative Instruments**

Derivative instruments associated with natural gas commodity contracts are recorded in accordance with the Derivatives and Hedging Topic of the ASC, under which the Company records the fair value of derivatives, held as assets and liabilities. The Company's derivatives used to economically hedge its natural gas purchasing activities 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 in the Balance Sheets.

~~The Company has not designated any derivatives as fair value hedges as of December 2011.~~

Fair values of exchange-traded instruments, including futures, swaps and certain options, are based on actively quoted market prices. Fair values are subject to change in the near term and reflect management's best estimate based on various factors. In establishing the fair value of commodity contracts that do not have quoted prices, such as physical contracts, and over-the-counter options and swaps, and certain embedded derivatives, management uses available market data and pricing models to estimate fair values. Estimating fair values of instruments that do not have quoted market prices requires management's judgment in determining amounts, which 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.

**Revenues**

Revenues from the sale of natural gas to customers of the Company are recognized in the period that gas is delivered and consumed by customers, including an estimate for unbilled revenue.

In determining the amount of revenue from sales to natural gas customers by the Company, certain assumptions are used to develop estimates of unaccounted-for gas. Unaccounted-for gas occurs for a number of reasons including leakage or other actual losses, discrepancies due to meter inaccuracies, variations of temperature and/or pressure, and other variants. The estimating factors may change from time to time as a result of improvements in the quality and/or the timeliness of certain metering and billing information.

The Company 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 is estimated, and the Company recognizes unbilled revenues related to these amounts. The unbilled revenue estimates are based on monthly send-out amounts, estimated customer usage by customer type, weather effects, unaccounted-for gas and the most current tariff rates.

**Gas Purchases**

The Company's tariff includes a component for BGSS, which is designed to allow the Company to recover the cost of natural gas through rates charged to its customers and is normally revised on an annual basis. As part of computing its BGSS rate, the Company projects its cost of natural gas, net of supplier refunds, the impact of hedging activities and credits from nonfirm sales and transportation activities, and recovers or refunds the difference, if any, of such projected costs compared with those included in current rates. Any underrecoveries or overrecoveries are either refunded to customers or deferred and, subject to BPU approval, reflected in the BGSS rates in subsequent years.

**Income Taxes**

The Company computes income taxes using the 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.

Investment tax credits (ITCs) have been deferred and are being amortized as a reduction to the tax provision over the average lives of the related equipment in accordance with regulatory treatment.

**Capitalized and Deferred Interest**

Included in the Balance Sheets are capitalized amounts associated with the debt and equity components of the Company's allowance for funds used during construction (AFUDC), which are recorded in utility plant. The Company's base rates include the ability for the Company to recover the cost of debt associated with AFUDC and construction work in progress (CWIP). An incremental cost of equity is also recoverable during periods when the Company's short-term debt balances are lower than its construction work in progress.

## NOTES TO FINANCIAL STATEMENTS

**Statements of Cash Flows**

For purposes of reporting cash flows, all temporary investments with original maturities of three months or less are considered cash equivalents.

**Property Plant and Equipment**

Regulated property, plant and equipment are stated at original cost. Costs include direct labor, materials and third-party construction contractor costs, AFUDC and certain indirect costs related to equipment and employees engaged in construction. Upon retirement, the cost of depreciable regulated 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 financial statement purposes and using rates based on the estimated average lives of the various classes of depreciable property for the Company. The composite rate of depreciation used was 2.39 percent of average depreciable property in fiscal 2011 and 2.24 percent in fiscal 2010.

**Impairment of Long-Lived Assets**

The Company reviews the carrying amount of an asset for possible impairment whenever events or changes in circumstances indicate that such amount may not be recoverable. For the Calendar Year no impairment was identified.

Customer Accounts Receivable and Allowance for Doubtful Accounts

The Company's receivables consist of natural gas sales and transportation services billed to residential, commercial, industrial and other customers. The Company evaluates its accounts receivable and, to the extent customer account balances are outstanding for more than thirty days, establishes an allowance for doubtful accounts. The allowance is based on a combination of factors including historical collection experience and trends, aging of receivables, general economic conditions in the company's distribution or sales territories, and customer specific information. Customer accounts are written-off once they are deemed uncollectible.

**Asset Retirement Obligations (ARO)**

The Company recognizes a liability for its AROs based on the fair value of the liability when incurred, which is generally upon acquisition, construction, development and/or through the normal operation of the asset. Concurrently, the Company also capitalizes an asset retirement cost by increasing the carrying amount of the related asset by the same amount as the liability. In periods subsequent to the initial measurement, the Company is required to recognize changes in the liability resulting from the passage of time (accretion) or due to revisions to either timing or the amount of the originally estimated cash flows to settle the ARO.

**Pension and Postemployment Plans**

The Company has two noncontributory defined pension plans covering substantially all 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 (ERISA) of 1974, 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 made no contribution in fiscal 2011 and contributed $2.4 million in aggregate to the plans in fiscal 2010.

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 $6.5 million and $4.8 million in aggregate to these plans in fiscal 2011 and 2010, respectively.

## NOTES TO FINANCIAL STATEMENTS

**Recent Updates to the Accounting Standards Codification (ASC)**

**Fair Value**

In May 2011, the FASB issued an amendment to ASC Topic 820, Fair Value Measurements and Disclosures, clarifying certain guidance to ensure that U.S. generally accepted accounting principles (U.S. GAAP) and International Financial Reporting Standards (IFRS) have the same fair value meaning, measurements and disclosure requirements. The amended guidance will become effective for interim and annual periods beginning after December 15, 2011. The Company has determined that the new guidance will have no impact on its financial position, results of operations or cash flows upon adoption.

**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 monthly basis, the Company evaluates its estimates, including those related to the calculation of the fair value of derivative instruments, unbilled revenues, allowance for doubtful accounts, provisions for depreciation and amortization, regulatory assets and liabilities, income taxes, pensions and other postemployment benefits, contingencies related to environmental matters and litigation and asset retirement obligations, which are evaluated on an annual basis. The Company bases its 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.

The Company has legal, regulatory and environmental proceedings during the normal course of business which 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 estimated, in which case it is the Company's policy to accrue the full amount of such estimate. 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.

**Subsequent Events**

To the best of our knowledge and belief, no material events have occurred subsequent to September 30, 2011, but before December 21, 2011, the date the financial statements were available to be issued that require consideration as adjustments to or disclosures in the aforementioned financial statements

**First Mortgage Bonds**

The Company's mortgage secures its First Mortgage Bonds and represents a lien on substantially all of its property, including natural gas supply contracts. Certain indentures supplemental to the mortgage include restrictions as to cash dividends and other distributions on the Company's common stock that apply as long as certain series of First Mortgage Bonds are outstanding. Under the most restrictive provision, $288 million of the Company's retained earnings were available for such purposes at September 30, 2011.

Through September 7, 2011, the Company was obligated with respect to several loan agreements securing six series of variable rate bonds issued by the New Jersey Economic Development Authority (NJEDA) totaling $97 million. These bonds were commonly referred to as auction-rate securities (ARS) and had an interest rate reset every seven or thirty-five days, depending upon the applicable series. On those dates, an auction was held for the purposes of determining the interest rate of the securities. The interest rates associated with the Company's variable-rate debt were based on the rates of the related ARS. Through their subsequent redemption, all of the auctions surrounding the ARS had failed, resulting in those bonds bearing interest at their maximum rates, as defined as the lesser of (i) 175 percent of thirty-day London inter-bank offered rate (LIBOR) or (ii) 10 to 12 percent per annum, as applicable to such series of ARS. While the failure of the ARS auctions did not signify or constitute a default on the Company, the ARS did impact the Company's borrowing costs of the variable-rate debt.

On August 29, 2011, due to the lack of liquidity in the market for ARS, and the resulting exposure of the Company to the LIBOR-based maximum rate, the Company completed a refunding of the ARS, whereby the NJEDA issued three series of Variable Rate Demand Notes (VDRN) with a total principal amount of $97 million and maturity dates ranging from September 2027 to August 2041. The proceeds from the issuance of the VRDN were used to refund the entire $97 million principal amount of ARS, which were retired upon redemption. The First Mortgage Bonds were canceled upon the redemption of the EDA ARS and the corresponding loan agreements were terminated and replaced with a new loan agreement securing the payment of principal and interest on the VRDNs by the Company. Costs associated with the issuance of the VRDNs, as well as remaining unamortized debt costs associated with the ARS, will be amortized over the life of the VRDNs in accordance with ASC 980, Regulated Operations, therefore, there was no impact to income upon extinguishment of the ARS.

The rates on these types of investments are generally correlated with the Securities Industry and Financial Markets Association (SIFMA) Municipal Swap Index and will initially accrue interest at a daily rate, with a maximum rate of 12 percent per annum. As of September 30, 2011, the interest rate on these securities was 0.16 percent.

| Name of Respondent<br>**New Jersey Natural Gas Company** | This Report is:<br>☑ An Original<br>☐ A Resubmission | Date of Report (Mo, Da, Yr)<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## NOTES TO FINANCIAL STATEMENTS

VRDNs are sold to investors on a daily basis with the interest rate set by the remarketing agent. In the case where the remarketing agent is unable to sell the VRDNs to an investor on a given day, the Company would be required to repurchase the EDA Bonds. Therefore, in conjunction with the issuance of the EDA Bonds, the Company entered into a $100 million four-year credit facility, which expires on August 31, 2015, to provide liquidity support in the event of a failed remarketing of the EDA Bonds and to ensure payment of principal and interest. There would be no increase in debt if this were to occur.

On October 1, 2010, upon maturity, the Company redeemed its $20 million, 6.88 percent Series CC First Mortgage bonds.

Sale-Leasebacks

The Company's master lease agreement for its headquarters building has a twenty-five and a half-year term that expires in June 2021, with two five-year renewal options. The present value of the agreement's minimum lease payments is reflected as both a capital lease asset and a capital lease obligation, which are included in utility plant and long-term debt, respectively, on the Balance Sheets.

Blank Page
[Next page is 200]

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION

| Line No. | Item<br>(a) | TOTAL<br>(b) |
|---|---|---|
| 1 | UTILITY PLANT | |
| 2 | In Service | |
| 3 | Plant in Service (Classified) | $ 1,419,541,281 |
| 4 | Property Under Capital Leases | 87,838,069 |
| 5 | Plant Purchased or Sold | |
| 6 | ARO Fixed Asset | 5,266,610 |
| 7 | Experimental Plant Unclassified | |
| 8 | TOTAL Utility Plant (Total of Lines 3 thru 7) | 1,512,645,960 |
| 9 | Leased to Others | |
| 10 | Held for Future Use | |
| 11 | Construction Work in Progress | 99,595,038 |
| 12 | Acquisition Adjustments | |
| 13 | TOTAL Utility Plant (Total of lines 8 thru 12) | 1,612,240,998 |
| 14 | Accumulated Provision for Depreciation, Amortization, & Depletion | (461,406,808) |
| 15 | Net Utility Plant (Total of Lines 13 and 14) | $ 1,150,834,190 |
| 16 | DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION | |
| 17 | In Service: | |
| 18 | Depreciation | $ 441,753,546 |
| 19 | Amortization and Depletion of Producing Natural Gas Land and Land Rights | |
| 20 | Amortization of Underground Storage Land and Land Rights | |
| 21 | Amortization of Other Utility Plant | 19,653,262 |
| 22 | TOTAL in service (Total of lines 18 thru 21) | 461,406,808 |
| 23 | Leased to Others | |
| 24 | Depreciation | |
| 25 | Amortization and Depletion | |
| 26 | TOTAL Leased to Others (Total of lines 24 and 25) | |
| 27 | Held for future Use | |
| 28 | Depreciation | |
| 29 | Amortization | |
| 30 | TOTAL Held for Future Use (Total of Lines 28 and 29) | |
| 31 | Abandonment of Leases (Natural Gas) | |
| 32 | Amortization of Plant Acquisition Adjustment | |
| 33 | TOTAL Accum. Provisions (Should agree with line 14 above) (Total of lines 22, 26, 30, 31 , and 32) | $ 461,406,808 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION (Continued)

| Electric (c) | Gas (d) | Other (Specify) (e) | Common (f) | Line No. |
|---|---|---|---|---|
| [redacted] | | | | 1 |
| | | | | 2 |
| | $ 1,419,541,281 | | | 3 |
| | 87,838,069 | | | 4 |
| | | | | 5 |
| | 5,266,610 | | | 6 |
| | | | | 7 |
| | 1,512,645,960 | | | 8 |
| | | | | 9 |
| | | | | 10 |
| | 99,595,038 | | | 11 |
| | | | | 12 |
| | 1,612,240,998 | | | 13 |
| | (461,406,808) | | | 14 |
| | $ 1,150,834,190 | | | 15 |
| [redacted] | | | | 16 |
| | | | | 17 |
| | $ 441,753,546 | | | 18 |
| [redacted] | | | | 19 |
| | | | | 20 |
| | 19,653,262 | | | 21 |
| | 461,406,808 | | | 22 |
| [redacted] | | | | 23 |
| | | | | 24 |
| | | | | 25 |
| | | | | 26 |
| [redacted] | | | | 27 |
| | | | | 28 |
| | | | | 29 |
| | | | | 30 |
| [redacted] | | | | 31 |
| | | | | 32 |
| | $ 461,406,808 | | | 33 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106)

1. Report below the original cost of gas plant in service according to the prescribed accounts.
2. In addition to Account 101, Gas Plant in Service (Classified), this page and the next include account 102, Gas Plant Purchased or Sold, Account 103, Experimental Gas Plant Unclassified and Account 106, Completed Construction Not Classified-Gas.
3. Include in column (c) and (d), as appropriate corrections of additions and retirements for the current or preceding year.
4. Enclose in parenthesis credit adjustments of plant accounts to indicate the negative effect of such accounts.
5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary , and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),

| Line No. | Account<br>(a) | Balance at Beginning of Year<br>(b) | Additions<br>(c) |
|---|---|---|---|
| 1 | INTANGIBLE PLANT | | |
| 2 | 301 Organization | $ 14,004 | |
| 3 | 302 Franchises and Consents | 8,016 | |
| 4 | 303 Miscellaneous Intangible Plant | | |
| 5 | TOTAL Intangible Plant (Enter Total of Lines 2 thru 4) | 22,020 | |
| 6 | PRODUCTION PLANT | | |
| 7 | Natural Gas Production and Gathering Plant | | |
| 8 | 325.1 Producing Land | 3,593 | |
| 9 | 325.2 Producing Leaseholds | - | |
| 10 | 325.3 Gas Rights | | |
| 11 | 325.4 Rights-Of-Way | - | |
| 12 | 325.5 Other Land and Land Rights | | |
| 13 | 326 Gas Well Structure | | |
| 14 | 327 Field Compressor Station Structure | | |
| 15 | 328 Fields Measuring and Regulating Station Equipment | | |
| 16 | 329 Other Structures | | |
| 17 | 330 Producing Gas Wells - Well Construction | | |
| 18 | 331 Producing Gas Wells - Well Equipment | | |
| 19 | 332 Field Lines | | |
| 20 | 333 Field Compressor Station Equipment | | |
| 21 | 334 Field Measuring and Regulating Station Equipment | | |
| 22 | 335 Drilling and Cleaning Equipment | | |
| 23 | 336 Purification Equipment | | |
| 24 | 337 Other Equipment | | |
| 25 | 338 Unsuccessful Exploration and Development Costs | | |
| 26 | TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25) | $ 3,593 | |
| 27 | PRODUCTS EXTRACTION PLANT | | |
| 28 | 340 Land and Land Rights | | |
| 29 | 341 Structures and Improvements | | |
| 30 | 342 Extraction and Refining Equipment | | |
| 31 | 343 Pipe Lines | | |
| 32 | 344 Extracted Products Storage Equipment | | |
| 33 | 345 Compressor Equipment | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

including the reversals of the prior years tentative account distribution of these amounts. Careful observance of the above instructions and the texts of Account 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.

6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits to primary account classifications.

7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.

8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform system of Accounts, give date of such filing.

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|---|---|---|---|---|
| [redacted] | | | | 1 |
| | | | $ 14,004 | 2 |
| | | | 8,016 | 3 |
| | | | | 4 |
| | | | 22,020 | 5 |
| [redacted] | | | | 6 |
| | | | | 7 |
| | | | 3,593 | 8 |
| | | | - | 9 |
| | | | | 10 |
| | | | - | 11 |
| | | | | 12 |
| | | | | 13 |
| | | | | 14 |
| | | | | 15 |
| | | | | 16 |
| | | | | 17 |
| | | | | 18 |
| | | | | 19 |
| | | | | 20 |
| | | | | 21 |
| | | | | 22 |
| | | | | 23 |
| | | | | 24 |
| | | | | 25 |
| $ - | | | $ 3,593 | 26 |
| [redacted] | | | | 27 |
| | | | | 28 |
| | | | | 29 |
| | | | | 30 |
| | | | | 31 |
| | | | | 32 |
| | | | | 33 |





3/23/2012 12:43 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

| Line No. | Account<br>(a) | Balance at Beginning of Year<br>(b) | Additions<br>(c) |
|---|---|---|---|
| 34 | 346 Gas Measuring and Regulating Equipment | | |
| 35 | 347 Other Equipment | | |
| 36 | TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35) | | |
| 37 | TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36) | 3,593 | |
| 38 | Manufactured Gas Production Plant (Submit Supplementary Statement) | | |
| 39 | TOTAL Production Plant (Enter Total of lines 37 and 38) | 3,593 | |
| 40 | NATURAL GAS STORAGE AND PROCESSING PLANT | | |
| 41 | Underground Storage Plant | | |
| 42 | 350.1 Land | | |
| 43 | 350.2 Rights-of-Way | | |
| 44 | 351 Structures and Improvement | | |
| 45 | 352 Wells | | |
| 46 | 352.1 Storage Leaseholds and Rights | | |
| 47 | 352.2 Reservoirs | | |
| 48 | 352.3 Non-Recoverable Natural Gas | | |
| 49 | 353 Lines | | |
| 50 | 354 Compressor Station Equipment | | |
| 51 | 355 Measuring and Regulating Equipment | | |
| 52 | 356 Purification Equipment | | |
| 53 | 357 Other Equipment | | |
| 54 | TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53) | | |
| 55 | Other Storage Plant | | |
| 56 | 360 Land and Land Rights | $ 281,917 | |
| 57 | 361 Structures and Improvements | 3,149,247 | $ - |
| 58 | 362 Gas Holders | 10,331,809 | - |
| 59 | 363 Purification Equipment | - | |
| 60 | 363.1 Liquefaction Equipment | - | |
| 61 | 363.2 Vaporizing Equipment | 13,498,935 | 212,278 |
| 62 | 363.3 Compressor Equipment | 3,433,327 | - |
| 63 | 363.4 Measuring and Regulating Equipment | 5,631,394 | - |
| 64 | 363.5 Other Equipment | 5,778,470 | 20,966 |
| 65 | TOTAL Other Storage Plant (Enter Total of lines 56 thru 64) | 42,105,099 | 233,244 |
| 66 | Base Load Liquefied Natural Gas Terminaling and Processing Plant | | |
| 67 | 364.1 Land and Land Rights | | |
| 68 | 364.2 Structure and Improvements | | |
| 69 | 364.3 LNG Processing Terminal Equipment | | |
| 70 | 364.4 LNG Transportation Equipment | | |
| 71 | 364.5 Measuring and Regulating Equipment | | |
| 72 | 364.6 Compressor Station Equipment | | |
| 73 | 364.7 Communication Equipment | | |
| 74 | 364.8 Other Equipment | | |
| 75 | TOTAL Base load Liquefied Nat'l Gas, Terminaling and Processing Plant (lines 67 thru 74) | | - |
| 76 | TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75) | 42,105,099 | 233,244 |
| 77 | TRANSMISSION PLANT | | |
| 78 | 365.1 Land and Land Rights | 502,289 | |
| 79 | 365.2 Rights-of-Way | 4,568,368 | - |
| 80 | 366 Structures and Improvements | 918,473 | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

| Retirements<br>(d) | Adjustment<br>(e) | Transfer<br>(f) | Balance at<br>End of Year<br>(g) | Line No. |
|---|---|---|---|---|
| | | | | 34 |
| | | | | 35 |
| | | | | 36 |
| - | | | 3,593 | 37 |
| | | | | 38 |
| - | | | 3,593 | 39 |
| [redacted] | | | | 40 |
| | | | | 41 |
| | | | | 42 |
| | | | | 43 |
| | | | | 44 |
| | | | | 45 |
| | | | | 46 |
| | | | | 47 |
| | | | | 48 |
| | | | | 49 |
| | | | | 50 |
| | | | | 51 |
| | | | | 52 |
| | | | | 53 |
| | | | | 54 |
| [redacted] | | | | 55 |
| | | | $ 281,917 | 56 |
| - | - | | 3,149,247 | 57 |
| - | - | | 10,331,809 | 58 |
| - | - | | - | 59 |
| - | - | | - | 60 |
| - | - | | 13,711,213 | 61 |
| - | - | | 3,433,327 | 62 |
| - | - | | 5,631,394 | 63 |
| - | - | | 5,799,436 | 64 |
| - | | | 42,338,343 | 65 |
| [redacted] | | | | 66 |
| | | | | 67 |
| | | | | 68 |
| | | | | 69 |
| | | | | 70 |
| | | | | 71 |
| | | | | 72 |
| | | | | 73 |
| | | | | 74 |
| | | | | 75 |
| - | | | 42,338,343 | 76 |
| [redacted] | | | | 77 |
| | | | 502,289 | 78 |
| | | | 4,568,368 | 79 |
| | | | 918,473 | 80 |





3/23/2012 12:43 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

| Line No. | | Account<br>(a) | Balance at Beginning of Year<br>(b) | Additions<br>(c) |
|---|---|---|---|---|
| 3 | 367 | Mains | 149,124,503 | 11,281,050 |
| 82 | 368 | Compressor Station Equipment | | - |
| 83 | 369 | Measuring and Regulating Station Equipment | 31,099,646 | 3,526,044 |
| 84 | 370 | Communication Equipment | | - |
| 85 | 371 | Other Equipment | | - |
| 86 | | TOTAL Transmission Plant (Enter Totals of lines 78 thru 85) | 186,213,279 | 14,807,094 |
| 87 | | DISTRIBUTION PLANT | | |
| 88 | 374 | Land and Land Rights | 2,122,009 | 29,807 |
| 89 | 375 | Structures and Improvements | 15,269,427 | 163,251 |
| 90 | 376 | Mains | 525,900,859 | 44,135,887 |
| 91 | 377 | Compressor Station Equipment | - | - |
| 92 | 378 | Measuring and Regulating Station Equipment - General | 20,153,567 | 767,835 |
| 93 | 379 | Measuring and Regulating Station Equipment - City Gate | - | - |
| 94 | 380 | Services | 433,506,237 | 15,845,455 |
| 95 | 381 | Meters | 46,412,585 | 2,208,800 |
| 96 | 382 | Meter Installations | 2,482,444 | - |
| 97 | 383 | House Regulators | 4,204,641 | - |
| 98 | 384 | House Regulator Installations | 421,841 | - |
| 99 | 385 | Industrial Measuring and Regulating Station Equipment | 1,276,841 | - |
| 100 | 386 | Other Property on Customer's Premises | - | - |
| 101 | 387 | Other Equipment | 261,942 | - |
| 102 | | TOTAL Distribution Plant (Enter Total of lines 88 thru 101) | 1,052,012,393 | 63,151,035 |
| 103 | | GENERAL PLANT | | |
| 104 | 389 | Land and Land Rights | 15,707 | |
| 105 | 390 | Structures and Improvements | 4,919,204 | 324,405 |
| 106 | 391 | Office Furniture and Equipment | 51,470,629 | 6,262,871 |
| 107 | 392 | Transportation Equipment | 555,820 | 1,558,088 |
| 108 | 393 | Stores Equipment | 304,578 | - |
| 109 | 394 | Tools, Shop, and Garage Equipment | 7,843,333 | 584,211 |
| 110 | 395 | Laboratory Equipment | 260,256 | - |
| 111 | 396 | Power Operated Equipment | 338,869 | - |
| 112 | 397 | Communication Equipment | 2,130,150 | - |
| 113 | 398 | Miscellaneous Equipment | - | - |
| 114 | | Subtotal (Enter Total of lines 104 thru 113) | 67,838,546 | 8,729,575 |
| 115 | 399 | Other Tangible Property | - | |
| 116 | | TOTAL General Plant (Enter Total of lines 114 thru 115) | 67,838,546 | 8,729,575 |
| 117 | | TOTAL (Accounts 101 and 106) | 1,348,194,930 | 86,920,948 |
| 118 | | Gas Plant Purchased (See Instruction 8) | 0 | |
| 119 | | *(Less)* Gas Plant Sold (See Instruction 8) | 0 | |
| 120 | | Experimental Gas Plant Unclassified | | (A) |
| 121 | | TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120) | $ 1,348,194,930 | $ 86,920,948 |

Note (A):

| | |
|---|---|
| Transfers from CWIP to UPIS | $ 86,920,948 |
| Other Additions, Net | |
| | $86,920,948 |





3/23/2012 12:43 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)

| Retirements (d) | Adjustments (e) | Transfers (f) | Balance at End of Year (g) | Line No. |
|---|---|---|---|---|
| 172,275 | - | | 160,233,278 | 81 |
| - | - | | | 82 |
| 51,346 | - | | 34,574,344 | 83 |
| - | - | | | 84 |
| - | - | | | 85 |
| 223,621 | - | - | 200,796,752 | 86 |
| [redacted] | | | | 87 |
| - | - | | 2,151,816 | 88 |
| - | - | | 15,432,678 | 89 |
| 360,789 | - | | 569,675,957 | 90 |
| - | - | | - | 91 |
| 196,851 | - | | 20,724,551 | 92 |
| - | - | | - | 93 |
| 872,790 | - | | 448,478,902 | 94 |
| 173,263 | - | 15,310,153 | 63,758,275 | 95 |
| - | - | | 2,482,444 | 96 |
| - | - | | 4,204,641 | 97 |
| - | - | | 421,841 | 98 |
| - | - | | 1,276,841 | 99 |
| - | - | | - | 100 |
| - | - | | 261,942 | 101 |
| 1,603,693 | - | 15,310,153 | 1,128,869,888 | 102 |
| [redacted] | | | | 103 |
| - | - | | 15,707 | 104 |
| - | - | | 5,243,609 | 105 |
| 26,850,820 | - | | 30,882,680 | 106 |
| 388,414 | - | | 1,725,494 | 107 |
| - | - | | 304,578 | 108 |
| 1,818,202 | - | | 6,609,342 | 109 |
| - | - | | 260,256 | 110 |
| - | - | | 338,869 | 111 |
| - | - | | 2,130,150 | 112 |
| - | - | | - | 113 |
| 29,057,436 | - | - | 47,510,685 | 114 |
| | | | - | 115 |
| 29,057,436 | - | - | 47,510,685 | 116 |
| 30,884,750 | - | 15,310,153 | 1,419,541,281 | 117 |
| [redacted] | | | - | 118 |
| | | | - | 119 |
| | | | | 120 |
| 30,884,750 | $ - | $ 15,310,153 | $ 1,419,541,281 | 121 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## Gas Property and Capacity Leased from Others

1. Report below the information called for concerning gas property and capacity leased from others for gas operations.
2. For all leases in which the average annual lease payment over the initial term of the lease exceeds $500,000, describe in column ( c ), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column ( b ).

| Line No. | Name of Lessor (a) | (b) | Description of Lease [c] | Lease Payment for Current Year ( d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | NOT APPLICABLE | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | Total | | | |
| | | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

1. For all leases in which the average lease income over the initial term of the lease exceeds $500,000 provide in column ( c), a description of each facility or leased capacity that is classified as gas plant in service, and is leased to others for gas operations.
2. In column ( d) provide the lease payments received from others.
3. Designate associated companies with an asterisk in column ( b).

| Line No. | Name of Lessor<br>(a) | (b) | Description of Lease<br>[c] | Lease Payment for Current Year<br>( d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | **NOT APPLICABLE** | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | Total | | | |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [x] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## Gas Plant Held for Future Use (Account 105)

1. Report separately each property held for future use at end of the year having an original cost of $1,000,000 or more. Group other items of property held for future use.
2. For property having an original cost of $1,000.000 or more previously used in utility operations, now held for future use, give in column ( a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.

| Line No. | Description and Location of Property (a) | Date Originally Included In this Account (b) | Date Expected to be Used in Utility Service ( c) | Balance at End of Year ( d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | **NOT APPLICABLE** | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | **Total** | | | |
| | | | | |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [X] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## PRODUCTION PROPERTIES HELD FOR FUTURE USE (Account 105.1)

1. Report separately each property held for future use at end of the year having an original cost of $250,000 or more. Group other items of property held for future use.
2. For property having an original cost of $250,000 or more previously used in utility operations, now held for future use, give in column ( a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105,1.

| Line No. | Description and Location of Property (a) | Date Originally Included in this Account (b) | Date Expected to be Used in Utility Service ( c) | Balance at End of Year ( d) |
|---|---|---|---|---|
| 1 | Natural Gas Lands, Leaseholds, and Gas Rights Held for Future Utility Use (Per Pages 500-501) | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | NOT APPLICABLE | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | | | | |
| 43 | | | | |
| 44 | | | | |
| 45 | | | | |
| 46 | Total | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)

1 Report below descriptions and balances at end of year of projects in process of construction (Account 107)
2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (See Account 107 of the Uniform System of Accounts)
3. Minor Projects (Less than $1,000,000) may be grouped.

| Line No. | Description of Project<br>(a) | Construction Work in Progress - Gas<br>(Account 107)<br>(b) | Estimated Additional Cost of Project<br>(c) |
|---|---|---|---|
| 1 | | | |
| 2 | Approximately 325 projects less than $1,000,000 | $ 55,398,208 | $ 18,281,409 |
| 3 | | | |
| 4 | 6190-8203 Toms River Loop | 15,969,355 | |
| 5 | | | |
| 6 | 6190-8208 Lakewood Sta - Clearstream | 1,809,336 | |
| 7 | | | |
| 8 | 6190-8214 Thatcher Line | 8,217,823 | |
| 9 | | | |
| 10 | 6190-8215 Hanover Line | 18,200,316 | |
| 11 | | | |
| 12 | 6190-8226 Rt 527 / Rt 537 main | 1,525,762 | |
| 13 | | | |
| 14 | 6190-8227 Western Freehold regulator station | 1,101,092 | |
| 15 | | | |
| 16 | 6190-8426 Holmdel Line replacement | 3,043,703 | |
| 17 | | | |
| 18 | 6190-8427 Purchase vehicles | 1,000,644 | |
| 19 | | | |
| 20 | 6190-8431 Purchase diesel trucks | 1,099,723 | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | | $ 99,595,038 | $ 18,281,409 |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [X] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## CONSTRUCTION OVERHEADS-GAS

1. List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management or supervision fees capitalized should be shown as separate items.
2. On page 218 furnish information concerning construction overheads.
3. A respondent should not report "none" to this page if no overhead apportionments are made, but rather should explain on page 218 the accounting procedures employed and the amounts of engineering, supervision and administrative costs, etc., which are directly charged to construction.
4. Enter on this page engineering, supervision, administrative, and allowance for funds used during construction, etc., which are first assigned to a blanket work order and then prorated to construction jobs.

| Line No. | Description of Overhead<br>(a) | Total Amount Charged for the Year<br>(b) | Total Cost of Construction to Which Overheads Were Charged (Exclusive of Overhead Charges)<br>(c) |
|---|---|---|---|
| 1 | | | |
| 2 | **Engineering:** | | |
| 3 | Labor | 6,756,520 | |
| 4 | Other | 2,434,173 | |
| 5 | **AFUDC** | 2,841,040 | |
| 6 | **Stores - Labor and Other** | 1,558,526 | |
| 7 | | | |
| 8 | **Total Cost of Construction to which Overheads were Charged:** | | 86,920,948 |
| 9 | | | |
| 10 | | | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | | | |
| 16 | | | |
| 17 | | | |
| 18 | | | |
| 19 | | | |
| 20 | | | |
| 21 | | | |
| 22 | | | |
| 23 | | | |
| 24 | | | |
| 25 | | | |
| 26 | | | |
| 27 | | | |
| 28 | | | |
| 29 | | | |
| 30 | | | |
| 31 | | | |
| 32 | | | |
| 33 | | | |
| 34 | | | |
| 35 | | | |
| 36 | | | |
| 37 | | | |
| 38 | | | |
| 39 | | | |
| 40 | | | |
| 41 | | | |
| 42 | | | |
| 43 | | | |
| 44 | | | |
| 45 | | | |
| 46 | Total | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>*April 30*, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead explain: (a) the nature and extent of work, etc. , the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.

2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts.

3. Where a net-of tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.

Overheads

(a) The nature and extent of work that the overhead charges are intended to cover are supervisory and administrative costs relating to preparing construction documents and overseeing construction work in addition to ordering and maintaining construction materials.

(b) The applicable portion of payroll and the general expense of engineers, operating supervisors and other personnel related to construction projects are charged to an "Overhead Clearing Account"

(c) The overhead is distributed monthly based on the proportion of monthly expenditures each project has incurred in relation to total expenditures

(d, e) The overhead rates have been applied uniformly to all types of construction in the past twelve months

(f) The overhead is indirectly assigned to the applicable projects

Accounting for funds used during construction

The Company accrues AFUDC on all work orders with a construction period greater than one month, using its monthly short-term debt rate. As of 10/1/07 This amount includes a cost of Equity component as well.

1. Components of Formula (Derived from actual book balances and actual cost rates):

| Title<br>(a) | Amount<br>(b) | Capitalization Ratio<br>(Percent) (c) | Cost Rate Percentage<br>(d) |
|---|---|---|---|
| [1] Average Short-Term Debt | 23,450,000 | | |
| [2]. Short-Term Interest | | | 2.90% |
| 3. Long-Term Debt | 377,777,560 | N/A | 5.44% |
| 4. Preferred Stock | N/A | N/A | |
| 5. Common Equity | 655,669,750 | N/A | 10.30% |
| 6. Total Capitalization | | | |
| 7. Average Construction Work in Progress Balance | 96,652,000 | | |

| | |
|---|---|
| 2. Gross Rate for Borrowed Funds s(S/W)+d((D/(D+P+C))(1-(S/W)) | 5.33% |
| 3. Rate for Other Funds (1-(S/W))(p(P/(D+P+C))+c((C/(D+P+C))) | 10.30% |
| 4. Weighed Average Rate Actually Used for the Year | 1/11 - 12/11 |
| a. Rate for Borrowed Funds | 5.33% |
| b. Rate for Other Funds | 10.30% |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT ( ACCOUNT 108)

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, page 204-209, column (d), excluding retirements of nondepreciable property.
3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a : significant amount of plant retired at year end which has not been recorded and /or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under s sinking fund or similar method of depreciation accounting.
5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence. e.g., 7.01. 7.02. etc.

| Line No. | Item(a) | Total (c+d+e) (b) | Gas Plant in Service (c) | Gas Plant Held for Future Use (d) | Gas Plant Leased to Others(e) |
|---|---|---|---|---|---|
| | **Section A. BALANCES AND CHANGES DURING YEAR** | | | | |
| 1 | Balance Beginning of Year | $ 473,517,556 | $ 473,517,556 | | |
| 2 | Depreciation Provisions for Year, charged to | | | | |
| 3 | (403) Depreciation Expense | 35,198,506 | 35,198,506 | | |
| | Add 403, 1 | - | - | | |
| 4 | (413) Expense of Gas Plant Lease to Others | | | | |
| 5 | Transportation Expenses - Clearing | | | | |
| 6 | Other Clearing Accounts | (6,381,222) | (6,381,222) | | |
| 7 | Other Clearing (Specify): (Footnote details): | | | | |
| 7.01 | | | | | |
| 8 | TOTAL Deprec. Prov. for Year (Total of lines 3 thru 8) | 28,817,283 | 28,817,283 | | |
| 9 | Net Charges for Plant Retired: | | | | |
| 10 | Book Cost of Plant Retired | (30,884,751) | (30,884,751) | | |
| 11 | Cost of Removal | (10,062,330) | (10,062,330) | | |
| 12 | Salvage (Credit) | 19,050 | 19,050 | | |
| 13 | TOTAL Net Changes for Plant Ret (Total of lines 10 thru 14) | (40,928,031) | (40,928,031) | | |
| 14 | Other Debit or Credit Items( FAS 143) | - | | | |
| 14.01 | Book Cost of Asset Retirement Costs | | | | |
| 15 | Balance End of Year (Total of lines 1,10,15,16, and 18) | $ 461,406,808 | $ 461,406,808 | | |
| | **Selection B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS** | | | | |
| 16 | Productions - manufactured Gas | | | | |
| 17 | Production and Gathering - Natural Gas | $ 55,050 | $ 55,050 | | |
| 18 | Products Extraction - Natural Gas | | | | |
| 19 | Underground Gas Storage | | | | |
| 20 | Other Storage Plant | 25,257,888 | 25,257,888 | | |
| 21 | Base Load LNG Terminaling and Processing Plant | | | | |
| 22 | Transmission | 44,495,221 | 44,495,221 | | |
| 23 | Distribution | 367,819,305 | 367,819,305 | | |
| 24 | General | 23,779,343 | 23,779,343 | | |
| 25 | TOTAL (Total of lines 16 thru 24) | $ 461,406,808 | $ 461,406,808 | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4 , 164.1, 164.2, AND 164.3)

1. If during the year adjustments were made to the stored gas inventory reported in column (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustments, the Dth and dollar amount of adjustment, and account charged or credited.

2. Report in column (a) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recoverable in the plant accounts
3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e. fixed asset method or inventory method).

| | Description (a) | (Account 117.1) (b) | (Account 117.2) (c) | Noncurrent (Account 117.3) (d) | (Account 117.4) (e) | Current (Account 164.1) (f) | LNG (Account 164.2) (g) | LNG (Account 164.3) (h) | Total (i) |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Balance at Beginning of Year | | | | | $ 129,523,227 | $ 8,993,917 | | |
| 2 | Gas Delivered to Storage | | | | | 107,472,067 | 6,096,888 | | |
| 3 | Gas Withdrawn from Storage | | | | | 111,258,254 | 5,833,893 | | |
| 4 | Other Debits and Credits | | | | | | | | |
| 5 | Balance at End of Year | | | | | $ 125,737,040 | $ 9,256,911 | | |
| 6 | Dth | | | | | 20,673,886 | 946,990 | | |
| 7 | Amount per Dth | | | | | 6.08192575 | 9.77508725 | | |

| Pipelines | DTH | |
|---|---|---|
| GSS | 1,309,169 | 300069 |
| GSS | 3,248,783 | 600031 |
| GSS | 377,207 | 300119 |
| GSS | 2,273,083 | 300120 |
| SS | 1,958,545 | 412004 |
| SS-1 | 3,546,075 | 400188 |
| SS-2 | 723,339 | 1003970 |
| CYNOG | 2,051,584 | NJ_SC00296FS |
| ANR | 2,312,009 | 112493 |
| STECKMAN | 2,675,451 | 920029 |
| Pipeline OBA's | 198,641 | |
| | 20,673,886 | |

| LNG | |
|---|---|
| Stafford | 90,013 |
| Howell | 807,608 |
| | 897,621 |
| BTU Factor X | 1.055 |
| | 946,990 |

tem 3
3as delivered to and withdrawn from storage is valued at an average cost.

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [x] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## NONUTILITY PROPERTY (Account 121)

1. Give a brief description and state the location of nonutility property included in Account 121.
2. Designate with an asterisk any property which is leased to another company. State name of lessee and whether lessee is an associated company.
3. Furnish particulars (details) concerning sales, purchases, or transfers of Nonutility Property during the year.
4. List separately all property previously devoted to public service and give date of transfer to Account 121, *Nonutility Property*. These items are separate and distinct from those allowed to be grouped under instruction No. 5.
5. Minor items (5% of the Balance at the End of the Year, for Account 121) may be grouped.
6. Natural gas companies which have oil property should report such property by State, classified as to (a) oil lands and land rights, (b) oil wells, and (c) other oil property. Gasoline plants and other plants for the recovery of products from natural gas are classifiable as gas plant and should be reported as such and not shown as *Nonutility Property*.

| Line No. | Description and Location<br>(a) | Balance at Beginning of Year<br>(b) | Purchases, Sales, Transfers, etc.<br>(c) | Balance at End of Year<br>(d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | **NOT APPLICABLE** | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |

## ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF NONUTILITY PROPERTY (Account 122)

Report below the information called for concerning depreciation and amortization of nonutility property.

| Line No. | Item<br>(a) | Amount<br>(b) |
|---|---|---|
| 1 | Balance, Beginning of Year | |
| 2 | Accounts for Year, Charged to | |
| 3 | (417) Income from Nonutility Operations | |
| 4 | (418) Nonoperating Rental Income | |
| 5 | Other Accounts *(Specify):* | |
| 6 | | |
| 7 | Total Accruals for Year *(Enter Total of lines 3 thru 6)* | |
| 8 | Net Charges for Plant Retired | |
| 9 | Book Cost of Plant Retired | |
| 10 | Cost of Removal | |
| 11 | Salvage (Credit) | |
| 12 | Total Net Charges (Enter Total of Lines 9 thru 11) | |
| 13 | Other Debit or Credit Items (Describe): | |
| 14 | | |
| 15 | Balance, End of Year *(Enter Total of Lines 1, 7, 12, and 14)* | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## INVESTMENTS (ACCOUNT 123, 124, AND 136)

1. Report below investments in accounts 123, Investments in Associated Companies, 124, Other Investments, and 136, Temporary Cash Investments.
2. Provide a subheading for each account and list there-under the information called for:
(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in account 124, Other investments state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, Temporary Cash Investments, also may be grouped by classes.
(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Account 145 and 146. With respect to each advance, show whether the advance is a note or open account.

| Line No. | Description of Investment<br>(a) | *<br>(b) | Book Cost at Beginning of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.<br>(c) | Purchases or Additions During Year<br>(d) |
|---|---|---|---|---|
| 1 | Not Applicable | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

Please Note: There were no investments in the Accounts 123, 124 or 136 during the calendar year.

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)

List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.

3. Designate with an asterisk in column (b) any securities notes or accounts that were pledged, and in a footnote state the mane of pledges and purpose of the pledge.

4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and the security acquired, designate such fact in a footnote and cite commission, date of authorization, and case or docket number.

5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.

6. In column (I) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost and the selling price thereof, not including any dividend or interest adjustment incredible in column (h)

| Sales or Other Dispositions during Year<br>(e) | Principal Amount of No. of Shares at End of Year<br>(f) | Book Cost at Beginning of Year (if book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference).<br>(g) | Revenues for Year<br>(h) | Gain or Loss for Investment Disposed of<br>(i) | Line No. |
|---|---|---|---|---|---|
| | | | | | 1 |
| | | | | | 2 |
| | | | | | 3 |
| | | | | | 4 |
| | | | | | 5 |
| | | | | | 6 |
| | | | | | 7 |
| | | | | | 8 |
| | | | | | 9 |
| | | | | | 10 |
| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| | | | | | 15 |
| | | | | | 16 |
| | | | | | 17 |
| | | | | | 18 |
| | | | | | 19 |
| | | | | | 20 |
| | | | | | 21 |
| | | | | | 22 |
| | | | | | 23 |
| | | | | | 24 |
| | | | | | 25 |
| | | | | | 26 |
| | | | | | 27 |
| | | | | | 28 |
| | | | | | 29 |
| | | | | | 30 |
| | | | | | 31 |
| | | | | | 32 |
| | | | | | 33 |
| | | | | | 34 |
| | | | | | 35 |
| | | | | | 36 |
| | | | | | 37 |
| | | | | | 38 |
| | | | | | 39 |
| | | | | | 40 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)

1. Report below investments in Account 123.1, Investments in Subsidiary Companies.
2. Provide a subheading for each company and list thereunder the information called for below. Subtotal by company and give a total in columns (e), (f), (g) and (h).
(a) Investments in Securities -List and describe each security owned. For bonds give also principal amount, date of issue, maturity and interest rate
(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance, show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.
3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.

| Line No. | Description of Investment<br>(a) | Date Acquired<br>(b) | Date of Maturity<br>(c) | Amount of Investment at Beginning of Year<br>(d) |
|---|---|---|---|---|
| 1 | Boundary Gas, Inc. | 10/14/1980 | | $ 349 |
| 2 | Alberta Northeast, Inc. | 1/31/1987 | | 83 |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | Total Cost of Account 123.1 $432.00 | | Total | $ 432 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1) (Continued)

4. Designate in a footnote, any securities, notes, or accounts that were pledged, and state the name of pledge and purpose of the pledge.
5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of commission, date of authorization, and case or docket number
6. Report in column (f) interest and dividend revenues from investments including such revenues form securities disposed of during the year.
7. In column (h) report each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment for the other amount at which carried in the books of account if different from cost), and the selling price thereof , not including interest adjustments includible in column (f)
8. Report on Line 40, column (a) the total cost of Account 123.1.

| Equity in Subsidiary Earnings for the Year (e) | Revenues for Year (f) | Amount of Investment at End of Year (g) | Gain or Loss for Investment Disposed of (h) | Line No. |
|---|---|---|---|---|
| | | $ 349 | | 1 |
| | | 83 | | 2 |
| | | | | 3 |
| | | | | 4 |
| | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| | | | | 10 |
| | | | | 11 |
| | | | | 12 |
| | | | | 13 |
| | | | | 14 |
| | | | | 15 |
| | | | | 16 |
| | | | | 17 |
| | | | | 18 |
| | | | | 19 |
| | | | | 20 |
| | | | | 21 |
| | | | | 22 |
| | | | | 23 |
| | | | | 24 |
| | | | | 25 |
| | | | | 26 |
| | | | | 27 |
| | | | | 28 |
| | | | | 29 |
| | | | | 30 |
| | | | | 31 |
| | | | | 32 |
| | | | | 33 |
| | | | | 34 |
| | | | | 35 |
| | | | | 36 |
| | | | | 37 |
| | | | | 38 |
| | | | | 39 |
| | | $ 432 | - | 40 |

| Name of Respondent | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [x] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS

1. Report below the information called for concerning gas prepayments as defined in the text of Account 165, Prepayments. (Report advances on page 229.)
2. If any prepayment at beginning of year (or incurred during year) was cancelled, forfeited, or applied to another purpose, state in a footnote gas volume and dollar amount, period when such prepayment was incurred, and accounting disposition of prepayment amount. Give a concise explanation of circumstances causing forfeiture or other disposition of the prepayment.

| Line No. | Name of Vendor (Designate associated companies with an asterisk) (a) | Seller FERC Rate Schedule No. (b) | BALANCE BEGINNING OF YEAR: Mcf (14.73 psia AT 60°f) (c) | BALANCE BEGINNING OF YEAR: Amount (d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | NOT APPLICABLE | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |
| 41 | | | | |
| 42 | Total | | | |

| Name of Respondent | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [x] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## GAS PREPAYMENTS UNDER PURCHASE AGREEMENTS (continued)

3. If for any reason a take or pay situation is in controversy, list in the columns below the amount of those prepayment claims which have not been paid, together with footnote notation that the amount is in controversy ( and any explanation the respondent chooses to make).

4. If any prepayment was determined other than by reference to amounts per Mcf or demand-commodity factors, furnish in a footnote a concise explanation of basis of computation.

| BALANCE END OF YEAR | | | PREPAYMENTS IN CURRENT YEAR | | | |
|---|---|---|---|---|---|---|
| Mcf (14.73 psia at 60°f) (e) | Amount (f) | Cents Per Mcf (g) | Mcf (14.73 psia at 60°f) ((h) | Percent of Year's required take (i) | Make-up Period expiration date j)) | Line No. |
| | | | | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| | | | | | | 9 |
| | NOT APPLICABLE | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | | | | | 26 |
| | | | | | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | | | | | 40 |
| | | | | | | 41 |
| | | | | | | 42 |

| Name of Respondent<br>New Jersey Natural Gas Company | This Report is:<br>(1) [x] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## ADVANCES FOR GAS PRIOR TO INITIAL DELIVERIES OR COMMISSION CERTIFICATION
(Accounts 124, 166, and 167)

1. Report below the information called for concerning all advances for gas, as defined in the text of Account 166, Advances for *Gas Exploration, Development and Production*, and 167, Other Advances for Gas, whether reported in Accounts 166, 167, or reclassified to account 124, Other investments. List Account 124 items first.

2. In column (a), give the date the advance was made, the payee (designate associated companies with an asterisk) a brief statement of the purpose, (exploration, development, production, general loan, etc.) and the estimated date of repayment. Do not use the tem indefinite in reporting estimated date of repayment. If advances are made to a payee in connection with different projects with different arrangements for repayments, use separate lines for reporting; otherwise all advances may be grouped by payee, subject to the requirements of instruction 3 below.

3. If the beginning balance shown in column (c) does not agree with the prior year's ending balance, column (g), provide a detailed explanation in a footnote. Show all Advances made during the year in column (d) and all repayments of other credits in column (e). Report amounts shown in column (e) separately by account, as reported in column (f).

| Line No. | Date of Advance, Payee, Purpose and Estimated Date of Repayment<br>(a) | Account Number (124, 166 or 167)<br>(b) | Balance at Beginning of Year<br>(c) | Advances During Year<br>(d) | Repayments or Other Credits During Year<br>(e) | Accounts Charged<br>(f) | Balance at End of Year<br>(g) |
|---|---|---|---|---|---|---|---|
| 1 | | | | | | | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | NOT APPLICABLE | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | | | | | | | |
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | | | | | | | |
| 37 | | | | | | | |
| 38 | | | | | | | |
| 39 | | | | | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## PREPAYMENTS (ACCOUNT 165)

1. Report below the particulars (details) on each prepayment.

| Line No. | NATURE OF PREPAYMENT | Balance at End of Year (in dollars) (b) |
|---|---|---|
| 1 | Prepaid Insurance Auto, EDP, General Liability, Property, Health | $ 2,436,667 |
| 2 | Prepaid Rents Computer Leases | 672,963 |
| 3 | Commerical Paper ($2481);Prepaid Commitment Fees (1,147,808) | 1,150,289 |
| 4 | Miscellaneous Prepayments; Association Dues; Postage; Meter Leasing , Auto Lease | 1,185,106 |
| 5 | | |
| 6 | TOTAL | $ 5,445,025 |

| Line No. | Description of Extraordinary Loss (Include the date of loss, the date of Commission Authorization to use account 182.1 and period of amortization ((mo, yr, to mo, yr) Add rows as necessary to report all data. (a) | Balance at the Beginning of Year (b) | Total Amount of Loss (c) | Losses Recognized During Year (d) | WRITTEN OFF DURING YEAR | | Balance at End of Year (g) |
|---|---|---|---|---|---|---|---|
| | | | | | Account Charged (e) | Amount . (f) | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | TOTAL | | | | | | |

## UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)

| Line No. | Description of Unrecovered Plant and regulatory Study Costs (Include in the description of costs, the date of commission authorization to use Account 182.2 and period of amortization (mo, yr to mo, yr) Add rows as necessary to report all data. Number rows in sequence beginning with the next row after the last row number used for extraordinary property losses. | Balance at Beginning of Year (b) | Total Amount of Charges (c) | Costs Recognized During Year (d) | WRITTEN OFF DURING YEAR | | Balance at End of Year (g) |
|---|---|---|---|---|---|---|---|
| | | | | | Account Charged (e) | Amount . (f) | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | TOTAL | | | | | | |

| Name of Respondent<br>New Jersey Natural Gas Company | This Report is:<br>(1) [x] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec 31, 2011 |
|---|---|---|---|

## PRELIMINARY SURVEY AND INVESTIGATION CHARGES (Account 183)

1. Report below particulars (details) concerning the cost of plans, surveys, and investigations made for the purpose of determining the feasibility of projects under contemplation.
2. For gas companies, report separately amounts included in Account 183.1, *Preliminary Natural Gas Survey and investigation Charges*, and Account 183.2, Other *Preliminary Survey and Investigation Charges.*
3. Minor items (less than $250,000) may be grouped by classes.

| Line No. | Description and Purpose of Project (a) | Balance at Beginning of Year (b) | Debits (c) | CREDITS Account Charged (d) | CREDITS Amount (e) | Balance at End of Year (f) |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | NOT APPLICABLE | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | TOTAL | | | | | |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year Ending |
|---|---|---|---|
| New Jersey Natural Gas Company | [x] An Original<br>[ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

# OTHER REGULATORY ASSETS (ACCOUNT 182.3)

1. Report below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182 3 or amounts less than $250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

| Line No. | Description and Purpose of Other Regulatory Assets | Balance at Beginning of Year | Debits | WRITTEN OFF DURING YEAR | | Balance at End of Year |
|---|---|---|---|---|---|---|
| | | | | Account Charged | Amount | |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | Rate Case Expenditures | $ 435,818 | $ - | | $ 157,680 | $ 278,138 |
| 2 | Management Audit Expenditures | 454,519 | - | | 103,668 | 350,851 |
| 3 | Clean Energy Program (a) | 12,888,372 | 13,656,730 | 908 | 11,244,528 | 15,300,574 |
| 4 | Post Retirement Benefits | 835,448 | | 926 | 301,453 | 533,995 |
| 5 | Remediation Expenditures | 74,232,117 | 15,804,613 | 735 | 19,894,824 | 70,141,906 |
| 6 | Projected Remediation Expenditures (b) | 201,600,000 | - | | 18,700,000 | 182,900,000 |
| 7 | Transp Education/Implementation | - | - | 905 | - | - |
| 8 | State Consumer Education | - | - | 903 | - | - |
| 9 | Universal Service Fund | 774,907 | - | 905 | 212,867 | 562,040 |
| 10 | Lifeline | (596,384) | 195,863 | 905 | - | (400,521) |
| 11 | Conservation Program | 774,648 | 410,874 | 905 | - | 1,185,522 |
| 12 | | | | | | |
| 13 | FAS 158 - Pension/OPEB | 105,321,310 | 17,242,412 | | 1,060,741 | 121,502,981 |
| 14 | Pipeline Integrity Deferred Costs | 1,148,028 | 670,282 | | - | 1,818,310 |
| 15 | Energy Efficent Program | 6,285,714 | 9,173,441 | | 1,195,039 | 14,264,116 |
| 16 | CIP - Current Year | 7,752 | 13,813,080 | | - | 13,820,832 |
| 17 | WNC, CIP - Prior Year | 11,076,569 | - | | 23,085,290 | (12,008,721) |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | (a) Amortization pursuant to Clean Energy factor described | | | | | |
| 23 | on page 108d. | | | | | |
| 24 | | | | | | |
| 25 | (b) This amount refers to total future estimated expenditures to | | | | | |
| 26 | remediate and monitor MGP sites. | | | | | |
| 27 | This amount also appears as a regulatory liability on page 278. | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | TOTAL | $ 415,238,818 | $ 70,967,295 | | $ 75,956,090 | $ 410,250,023 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30*, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)

1. Report below the details called for concerning miscellaneous deferred debits.
2. For any deferred debit being amortized, show period of amortization in column (a)
3. Minor items (less than $250,000) may be grouped by classes.

| Line No. | Description of Miscellaneous Deferred Debits | Balance at Beginning of Year | Debits | CREDITS | | Balance at End of Year |
|---|---|---|---|---|---|---|
| | | | | Account charged | Amount | |
| | (a) | (b) | (c) | (d) | (e) | (f) |
| 1 | | | | | | |
| 2 | Cash Surrender Value - Supplementary Life Ins | $ 849,217 | $ 25,575 | 182 | - | 874,792 |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | Miscellaneous & Billing Work in Progress | 378,022 | [redacted] | | | 391,991 |
| 40 | TOTAL | $ 1,227,239 | | | | $ 1,266,783 |

Blank Page
[Next page is 234]

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

# ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)

1. Report the information called for below concerning the respondent's accounting for deferred Income Taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.
3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

| Line No. | Account Subdivisions<br>(a) | Balance at Beginning of Year<br>(b) | CHANGES DURING THE YEAR<br>Amounts Debited to Account 410.0<br>(c) | CHANGES DURING THE YEAR<br>Amounts Credited to Accounts 411.1<br>(d) |
|---|---|---|---|---|
| 1 | Account 190 | | | |
| 2 | Electric | | | |
| 3 | Gas | $2,319,289 | - | 2,319,289 |
| 4 | Other (Define) | | | |
| 5 | TOTAL (Total of lines 2 thru 4) | $2,319,289 | - | 2,319,289 |
| 6 | Other (Specify) | | | |
| 6 | | | | |
| 6 | | | | |
| 7 | TOTAL Account 190 (Total of lines 5 thru 6.7) | $2,319,289 | - | 2,319,289 |
| 8 | Classification of TOTAL | | | |
| 9 | Federal Income Tax | $2,319,289 | $0 | $2,319,289 |
| 10 | State Income Tax | | | |
| 11 | Local Income Tax | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

4. If more space is needed, use separate pages as required.

5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other".

| CHANGES DURING YEAR | | ADJUSTMENTS | | | | Balances at End of Year | Line No. |
|---|---|---|---|---|---|---|---|
| Amounts Debited to Account 410.2 | Amounts Credited to Accounts 411.2 | DEBITS | | CREDITS | | | |
| | | | Amount | Acct. No. | Amount | | |
| (e) | (f) | (g) | (h) | ((1)i) | (j) | (k) | |
| | | | | | | | 1 |
| | | | | | | | 2 |
| | | | | | $ - | $ - | 3 |
| | | | | | | | 4 |
| | | | | | - | - | 5 |
| | | | | | | | 6 |
| | | | | | | | 6.01 |
| | | | | | | | 6.02 |
| | | | | | - | - | 7 |
| | | | | | | | 8 |
| | | | | | $ - | $ - | 9 |
| | | | | | | | 10 |
| | | | | | | | 11 |

Item 5

Significant Items

| | |
|---|---|
| APB 11 | $2,319,289 |
| | $2,319,289 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## CAPITAL STOCK (ACCOUNTS 201 AND 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.
2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

| Line No. | Class and Series of Stock and Name of Stock Exchange (a) | Number of Shares Authorized by Chapter (b) | Par or stated Value Per Share (c) | Call Price at End of year (d) |
|---|---|---|---|---|
| 1 | | | | |
| 2 | Account 201 | | | |
| 3 | Common Stock | 4,750,000 | $5.00 | |
| 4 | | | | |
| 5 | | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## CAPITAL STOCK (ACCOUNTS 201 AND 204) (Continued)

4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative.
5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.
6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged stating name of pledgee and purpose of pledge.

| OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent) | | HELD BY RESPONDENT | | | | |
|---|---|---|---|---|---|---|
| | | AS REQUIRED STOCK (Account 21.7) | | IN SINKING AND OTHER FUNDS | | |
| Shares (e) | Amount (f) | Shares (g) | Cost (h) | Shares (i) | Amount (j) | |
| 3,214,923 | $ 16,074,615 | | | | | 1 |
| | | | | | | 2 |
| | | | | | | 3 |
| | | | | | | 4 |
| | | | | | | 5 |
| | | | | | | 6 |
| | | | | | | 7 |
| | | | | | | 8 |
| | | | | | | 9 |
| | | | | | | 10 |
| | | | | | | 11 |
| | | | | | | 12 |
| | | | | | | 13 |
| | | | | | | 14 |
| | | | | | | 15 |
| | | | | | | 16 |
| | | | | | | 17 |
| | | | | | | 18 |
| | | | | | | 19 |
| | | | | | | 20 |
| | | | | | | 21 |
| | | | | | | 22 |
| | | | | | | 23 |
| | | | | | | 24 |
| | | | | | | 25 |
| | | | | | | 26 |
| | | | | | | 27 |
| | | | | | | 28 |
| | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | | | | | 40 |



3/23/2012 2:08 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (ACCOUNTS 202, 203, 205, 206, 207, AND 212)

1. Show for each of the above accounts the amounts applying to each class and series of capital stock.
2. For account 202, *Common Stock Subscribed,* and Account 205, *Preferred Stock Subscribed,* show the subscription price and the balance due on each class at the end of year.
3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, *Common Stock Liability for Conversion,* or Account 206, *Preferred Stock Liability for conversion,* at the end of year.
4. For Premium on Account 207, *Capital Stock,* designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.

| Line No. | Name of Account and Description of Item (a) | * (b) | Number of Shares (c) | Amount (d) |
|---|---|---|---|---|
| 1 | Account 207 - Premium on capital stock | | 3,214,923 | $ 11,269,176 |
| 2 | Common stock par value $5.00 | | | |
| 3 | | | | |
| 4 | | | | |
| 5 | Accounts 202, 203, 205, 206 and 212 | | | |
| 6 | | | | |
| 7 | | | | |
| 8 | | | | |
| 9 | | | | |
| 10 | | | | |
| 11 | | | | |
| 12 | | | | |
| 13 | | | | |
| 14 | | | | |
| 15 | | | | |
| 16 | | | | |
| 17 | | | | |
| 18 | | | | |
| 19 | | | | |
| 20 | | | | |
| 21 | | | | |
| 22 | | | | |
| 23 | | | | |
| 24 | | | | |
| 25 | | | | |
| 26 | | | | |
| 27 | | | | |
| 28 | | | | |
| 29 | | | | |
| 30 | | | | |
| 31 | | | | |
| 32 | | | | |
| 33 | | | | |
| 34 | | | | |
| 35 | | | | |
| 36 | | | | |
| 37 | | | | |
| 38 | | | | |
| 39 | | | | |
| 40 | | | | $ 11,269,176 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>☐ A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## OTHER PAID-IN CAPITAL (ACCOUNTS 208-211)

1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.
(a) *Donations Received from Stockholders* (Account 208) - State amount and briefly explain the origin and purpose of each donation.
(b) *Reduction in Par or Stated Value of Capital Stock* (Account 209) State amount and briefly explain the capital changes that gave rise to amounts reported under the caption including identification with the class and series of stock to which related.
(c) *Gain or Resale of Cancellation of Reacquired Capital Stock* (Account 210) Report balance at end of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.
(d) *Miscellaneous Paid-In Capital* (Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.

| Line No. | Item (a) | Amount (b) |
|---|---|---|
| 1 | Account 208 - Donations received from stockholders | |
| 2 | The donations represent the flow-through of funds generated from the issuance of | |
| 3 | New Jersey Resources Corporation common stock through public sales, | |
| 4 | and other contributions. | $ 351,753,056 |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | Accounts 209, 210 and 211 | - |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | $ 351,753,056 |



3/23/2012 2:09 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)

1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.

2. If any changes occurred during the year in the balances with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|---|---|---|
| 1 | | |
| 2 | None | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | TOTAL | - |

## CAPITAL STOCK EXPENSE (ACCOUNT 214)

1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.

2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expenses, and specify the account charged.

| Line No. | Class and Series of Stock (a) | Balance at End of Year (b) |
|---|---|---|
| 16 | | |
| 17 | None | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | TOTAL | - |

## SECURITIES ISSUED OR ASSUMED & SECURITIES REFUNDED OR RETIRED DURING THE YEAR

1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses and related gains or losses. Identity as to Commission authorization numbers and dates.
2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses and gain or losses relating to securities retired or refunded including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.
3. Include in the identification of each class and series of security as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value and number of shares. Give also the issuance of redemption price and name of the principal underwriting firm through which the security transactions were consummated.
4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for different accounting and state the accounting method.
5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.

NJR currently has $50 million of 6.05 percent senior unsecured notes, issued through the private placement market, maturing in September 2017.

On October 1, 2010, upon maturity, NJNG redeemed its $20 million, 6.88 percent Series CC First Mortgage bonds. As of September 30, 2011, NJNG had $172.8 million in various secured fixed-rate debt remaining, with maturities ranging from 2018 to 2040, and $60 million of 4.77 percent unsecured senior notes, maturing in March 2014.

Through September 7, 2011, NJNG was obligated with respect to several loan agreements securing six series of variable rate bonds issued by the New Jersey Economic Development Authority (NJEDA) totaling $97 million. These bonds were commonly referred to as auction-rate securities (ARS) and had an interest rate reset every seven or thirty-five days, depending upon the applicable series. On those dates, an auction was held for the purposes of determining the interest rate of the securities. The interest rates associated with NJNG's variable-rate debt were based on the rates of the related ARS. Through their subsequent redemption, all of the auctions surrounding the ARS had failed, resulting in those bonds bearing interest at their maximum rates, as defined as the lesser of (i) 175 percent of thirty-day London inter-bank offered rate (LIBOR) or (ii) 10 to 12 percent per annum, as applicable to such series of ARS. While the failure of the ARS auctions did not signify or constitute a default on NJNG, the ARS did impact NJNG's borrowing costs of the variable-rate debt. NJNG had a weighted average interest rate of 0.33 percent at June 30, 2011, and 0.35 percent prior to redemption on September 7, 2011, for the ARS.

On August 29, 2011, due to the lack of liquidity in the market for ARS, and the resulting exposure of NJNG to the LIBOR-based maximum rate, NJNG completed a refunding of the ARS, whereby the EDA issued a total of $97 million of Natural Gas Facilities Refunding Revenue Bonds (New Jersey Natural Gas Company Project) comprised of three series of bonds: the $9.5 million principal amount Series 2011A Bonds (Non-AMT) are due September 1, 2027, the $41 million principal amount Series 2011B Bonds (AMT) are due August 1, 2035 and the $46.5 million principal amount Series 2011C Bonds (AMT) are due August 1, 2041 (collectively, the EDA Bonds). The EDA Bonds are special, limited obligations of the NJEDA payable solely from payments made by NJNG pursuant to a Loan Agreement between the NJEDA and the Company (Loan Agreement), and are initially secured by the pledge of $97 million principal amount First Mortgage Bonds issued by the Company. Each series of the EDA Bonds will initially accrue interest at a daily interest rate, subject to earlier redemption or conversion to another interest rate mode. The maximum interest rate on the EDA Bonds is 12 percent per annum. NJNG's obligations under the Loan Agreement (and its corresponding obligations under the First Mortgage Bonds) match the respective principal amounts, interest rates and maturity dates of the EDA Bonds. The weighted average interest rate as of September 30, 2011, on the EDA Bonds was 0.16 percent. The interest rate on the EDA Bonds may vary based upon market conditions, and sudden increases in the interest rate could cause a change in interest expense and cash flow for NJNG in the future.

The EDA Bonds are Variable Rate Demand Notes (VRDN), which are sold to investors on a daily basis with the interest rate set by the remarketing agent. If the remarketing agent is unable to sell the VRDNs to an investor on a given day, NJNG would be required to repurchase the EDA Bonds. Concurrently with the issuance of the EDA Bonds, and in order to provide NJNG additional liquidity for its obligations under the Loan Agreement, NJNG entered into a $100 million, four-year credit facility with JPMorgan Chase Bank, N.A. (JPMC Facility), dated August 29, 2011, and expiring on August 31, 2015. The JPMC Facility is available to the Company to provide liquidity support in the event of a failed remarketing of the EDA Bonds and to ensure payment of principal and interest. Borrowings under the JPMC Facility bear interest, at the Company's option at (i) a rate per annum equal to the greater of (A) JPMorgan Chase Bank, N.A.'s prime rate, (B) the Federal Funds Open Rate, as quoted on stated electronic sources that display such rate, plus 0.50 percent, and (C) the Daily LIBOR Rate (as defined in the agreement) plus 1.00 percent, plus in the case of (A), (B), and (C), an applicable margin of up to 0.75 percent, depending upon the credit rating of NJNG from Standard & Poor's and Moody's Investors Service, Inc., or a successor nationally recognized statistical rating agency (Credit Rating), or (ii) a rate per annum equal to the Daily LIBOR Rate plus an applicable margin of 1.00 percent to 1.75 percent, depending on the Credit Rating. The commitment fee for the JPMC Facility may range from 0.075 percent to 0.20 percent, depending upon the Credit Rating. As of the closing of the JPMC Facility, the commitment fee was 0.10 percent, the applicable margin for loans described in (i) above was 0.25 percent and the applicable margin for loans described in (ii) above was 1.25 percent.

The JPMC Facility contains representations, warranties, covenants, conditions and defaults customary for transactions of this type, including but not limited to: (a) a maximum leverage ratio (consolidated total indebtedness to consolidated total capitalization as defined in the JPMC Facility), of not more than 0.65 to 1.00 at any time; (b) limitations on liens and incurrence of debt, investments, and mergers and asset dispositions, and the use of the proceeds of the JPMC Facility; (c) requirements to preserve corporate existence, and comply with laws; and (d) default provisions, including defaults for non-payment, defaults for breach of representations and warranties, defaults for insolvency, defaults for non-performance of covenants, cross-defaults and guarantor defaults. The occurrence of an event of default under the JPMC Facility could result in all loans and other obligations of NJNG becoming immediately due and payable and the JPMC Facility being terminated.

The proceeds of the EDA Bonds were used to refund the entire $97 million principal amount of ARS, which were retired upon redemption on August 31, 2011 and September 7, 2011. The loan agreements securing the payment of principal and interest on the six series of EDA ARS by NJNG were terminated and the corresponding First Mortgage Bonds were canceled upon the redemption of the EDA ARS. Costs associated with the issuance of the VRDN's, as well as remaining unamortized debt costs associated with the ARS, will be amortized over the life of the VRDN in accordance with ASC 980, *Regulated Operations*.

On May 12, 2011, NJR entered into an uncommitted $100 million private placement shelf note agreement with an insurance company that will, subject to the terms and conditions set forth therein, allow NJR to issue senior notes from time to time during a two-year period ending May 10, 2013. On June 30, 2011, NJR entered into an uncommitted $75 million private placement shelf note agreement with an insurance company that will, subject to the terms and conditions set forth therein, allow NJR to issue senior notes from time to time during a three-year period expiring June 30, 2014. The terms and conditions of the notes issued under each of the shelf note agreements (collectively, the Facilities), including interest rates and maturity dates, will be agreed upon at the time of each note issuance.

| NAME OF RESPONDENT | This Report is: | Date of Report | Year Ending |
|---|---|---|---|
| New Jersey Natural Gas Company | [x] An Original<br>[ ] A Resubmission | *April 30, 2012* | Dec. 31, 2011 |

# LONG -TERM DEBT (ACCOUNTS 221, 222, 223 AND 224)

1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, Bonds, 222, Reacquired Bonds, 223, Advances from Associated Companies, and 224, Other Long-Term Debt.
2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.
3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.
4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.

| Line No. | Class and Series of Obligation and Name of Stock Exchange (a) | | | Nominal Date of Issue (b) | Date of Maturity | Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d) |
|---|---|---|---|---|---|---|
| | Account 221-Bonds | | | | | |
| 1 | First Mortgage Bonds: | | | | | |
| 2 | | | | | | |
| 3 | Series AA | Docket | GF95030133 | 08/01/95 | 08/01/30 | - |
| 4 | Series BB | Docket | GF95030133 | 08/01/95 | 08/01/30 | - |
| 5 | Series DD | Docket | GF97070504 | 09/01/97 | 09/01/27 | - |
| 6 | Series EE | Docket | GF97100763 | 01/01/98 | 01/01/28 | - |
| 7 | Series FF | Docket | GF97100763 | 01/01/98 | 01/01/28 | - |
| 8 | Series GG | Docket | GF980020082 | 04/01/98 | 04/01/33 | - |
| 9 | Series HH | Docket | GF03030223 | 12/01/03 | 12/01/38 | 12,000,000 |
| 10 | Series II | Docket | GF05060544 | 10/01/05 | 08/01/23 | 10,300,000 |
| 11 | Series JJ | Docket | GF05060544 | 10/01/05 | 08/01/24 | 10,500,000 |
| 12 | Series KK | Docket | GF05060544 | 10/01/05 | 10/01/40 | 15,000,000 |
| 13 | Series LL | Docket | GF07050343 | 05/15/2008 | 05/15/18 | 125,000,000 |
| 14 | Series MM | Docket | GF09080702 | 09/01/11 | 09/01/27 | 9,545,000 |
| 15 | Series NN | Docket | GF09080702 | 08/01/11 | 08/01/35 | 41,000,000 |
| 16 | Series OO | Docket | GF09080702 | 08/01/11 | 08/01/41 | 46,500,000 |
| 17 | Private Placement | Docket | GF03030223 | 03/15/04 | 03/15/14 | 60,000,000 |
| 18 | Interest on capital meter lease | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 40 | | | | | | $ 329,845,000 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>☐ A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## LONG -TERM DEBT (ACCOUNTS 22, 222, 223 AND 224) (Continued)

5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.
6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.
7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.
8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total Account 427 Interest on Long-Term Debt and Account 430. Interest on Debt to Associated Companies.
9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.

| INTEREST FOR YEAR | | | HELD BY RESPONDENT | | | |
|---|---|---|---|---|---|---|
| | Rate (in %)<br>(e) | Amount<br>(f) | Reacquired Bonds (Account 222)<br>(g) | Sinking and Other Funds<br>(h) | Redemption Price Per $100 at End of Year<br>(i) | Line No. |
| | | | | | | 1 |
| | | | | | | 10 |
| Series AA | Variable | 68,838 | - | - | (1) | 11 |
| Series BB | Variable | 44,057 | - | - | (1) | 12 |
| Series DD | Variable | 37,173 | - | - | (1) | 14 |
| Series EE | Variable | 25,380 | - | - | (1) | 15 |
| Series FF | Variable | 40,051 | - | - | (1) | 16 |
| Series GG | Variable | 47,747 | - | - | (1) | 17 |
| Series HH | 5.000% | 600,000 | - | - | (1) | 18 |
| Series II | 4.500% | 463,500 | - | - | (1) | 19 |
| Series JJ | 4.600% | 483,000 | - | - | (1) | 20 |
| Series KK | 4.900% | 735,000 | - | - | (1) | 21 |
| Series LL | 5.600% | 6,999,996 | - | - | (1) | 22 |
| Series MM | Variable | 2,966 | - | - | (1) | 23 |
| Series NN | Variable | 15,996 | - | - | (1) | |
| Series OO | Variable | 18,141 | - | - | (1) | 24 |
| | | 2,854,160 | | | | 26 |
| | | 1,523,327 | | | | 27 |
| | | | | | | 28 |
| (1) Redemption provision not yet in effect. | | | | | | 29 |
| | | | | | | 30 |
| | | | | | | 31 |
| | | | | | | 32 |
| | | | | | | 33 |
| | | | | | | 34 |
| | | | | | | 35 |
| | | | | | | 36 |
| | | | | | | 37 |
| | | | | | | 38 |
| | | | | | | 39 |
| | | $ 13,959,332 | $ - | $ - | | 40 |





3/23/2012 2:11 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181, 225,226)

1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.

2. Show premium amounts by enclosing the figures in parentheses.
3. In column (b) show the principal amount of bonds or other long term debt originally issued.
4. In column (c) show the expense, premium or discount with respect to the amount at bonds or other long-term debt originally issued.

| Line No. | Designation of Long-Term Debt<br>(a) | Principal Amount of Debt Issued<br>(b) | Total Expense Premium or discount (1)<br>(c) | AMORTIZATION PERIOD Date From<br>(d) | Date To<br>(e) |
|---|---|---|---|---|---|
| 1 | First Mortgage Bonds: | | | | |
| 2 | Series AA | $ 25,000,000 | | 8/1/1995 | 8/1/2011 |
| 3 | Series BB | 16,000,000 | | 8/1/1995 | 8/1/2011 |
| | Series CC | 20,000,000 | | 10/1/1995 | 10/1/2010 |
| | Series DD | 13,500,000 | | 9/1/1997 | 8/1/2011 |
| | Series EE | 9,545,000 | | 01/01/98 | 8/1/2011 |
| | Series FF | 15,000,000 | | 01/01/98 | 8/1/2011 |
| | Series GG | 18,000,000 | | 04/01/98 | 8/1/2011 |
| 4 | Series HH | 12,000,000 | 813,334 | 01/01/04 | 12/31/2038 |
| 5 | Series II | 10,300,000 | 212,812 | 10/1/2005 | 8/1/2023 |
| 6 | Series JJ | 10,500,000 | 216,867 | 10/1/2005 | 8/1/2024 |
| 7 | Series KK | 15,000,000 | 377,982 | 10/1/2005 | 10/1/2040 |
| 8 | Series LL | 125,000,000 | 621,398 | 5/15/2008 | 5/15/2018 |
| 9 | Series MM | 9,545,000 | 822,903 | 9/1/2011 | 9/1/2027 |
| 10 | Series NN | 41,000,000 | 3,551,918 | 8/1/2011 | 8/1/1935 |
| 11 | Series OO | 46,500,000 | 4,022,148 | 8/1/2011 | 8/1/1941 |
| 12 | Series W/Y | | | | |
| 13 | EDA Auction (for bonds AA,BB,DD,EE,FF,GG) | | | various | various |
| 14 | Private Placement | 60,000,000 | 424,271 | 3/15/2004 | 3/15/2014 |
| 15 | | | | | |
| 16 | | | | | |
| 17 | | | | | |
| 18 | | | | | |
| 19 | | | | | |
| 20 | | | | | |
| 21 | | | | | |
| 22 | | | | | |
| 23 | | | | | |
| 24 | | | | | |
| 25 | Notes: | | | | |
| 26 | | | | | |
| 27 | (1) Figures include debt expense and redemption premium costs. | | | | |
| 28 | | | | | |
| 29 | | | | | |
| 30 | | | | | |
| 31 | | | | | |
| 32 | | | | | |
| 33 | | | | | |
| 34 | | | | | |





3/28/2012 3:50 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181, 225,226) (Cont.)

5. Furnish in a footnote details regarding the treatment of UNAMORTIZED debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the commission's authorization of treatment other than as specified by the Uniform System of Accounts.

6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years.

7. Explain any debits and credits other than amortization debited to Account 428. Amortization of Debt Discount and Expense, of credited to Account 429, Amortization of Premium on Debt-credit.

| Balances at beginning of Year<br>(f) | Debits During Year<br>(g) | Credits During Year<br>(h) | Balance at End of Year<br>(i) | Line No. |
|---|---|---|---|---|
| | | | | 1 |
| $ 1,162,530 | - | 1,162,530 | - | 2 |
| 200,532 | - | 200,532 | - | 3 |
| - | - | - | - | |
| 535,572 | - | 535,572 | - | |
| 349,584 | - | 349,584 | - | |
| 583,621 | - | 583,621 | - | |
| 309,782 | - | 309,782 | - | |
| 852,848 | - | 30,579 | 822,270 | 4 |
| 135,763 | - | 10,402 | 125,361 | 10 |
| 455,130 | - | 100,555 | 354,575 | 11 |
| 844,042 | - | 30,286 | 813,755 | 12 |
| 436,184 | - | 59,235 | 376,949 | 13 |
| - | 482,888 | 10,008 | 472,880 | 14 |
| - | 2,074,216 | 28,809 | 2,045,407 | 15 |
| - | 2,352,464 | 26,138 | 2,326,325 | 16 |
| 406,707 | - | 29,935 | 376,772 | 17 |
| 573,324 | 1,749,566 | 2,322,539 | 350 | 18 |
| 138,892 | - | 42,736 | 96,156 | 19 |
| | | | - | 20 |
| | | | - | 21 |
| | | | - | 22 |
| | | | - | 23 |
| | | | - | 24 |
| | | | - | 25 |
| | | | - | 26 |
| | | | - | 27 |
| | | | - | 28 |
| | | | | 29 |
| $ 6,984,512 | $ 6,659,133 | $ 5,832,843 | 7,810,801 | 30 |
| | | | | 31 |
| | | | | 32 |
| Reconciliation to Amortization Expense: | | | | 33 |
| Less: Refunded EDA Auction for Bonds (AA, BB, DD, EE-GG) Includes Amortization | | 5,329,473 | | 34 |
| Less: Series JJ 69k Debit Reclass from 12/2010 | | 69,878 | | 36 |
| | | | | 37 |
| | | | | 38 |
| Balance of A/C 428 on page 116 | | $ 433,492 | | 39 |
| | | | | 40 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>☒ An Original<br>☐ A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)

1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt. details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date is the new issue.
2. In column (c) show the principal amount of bonds or other long-term debt reacquired.
3. In column (d) show the net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform Systems of Accounts.
4. Show loss amounts by enclosing the figures in parenthesis
5. Explain in a footnote any debits an credits other than amortization debited to Account 428.1, *Amortization of Loss on reacquired Debt*, or credited to Account 429.1, Amortization of Gain on Reacquired Debt-Credit.

| Line No. | Designation of Long-Term Debt (a) | Date Reacquired (b) | Principal of Debt Reacquired (c) | Net Gain or Net Loss (d) | Balance at Beginning of Year (e) | Balance at End of Year (f) | |
|---|---|---|---|---|---|---|---|
| 1 | Account 257 | | | | $ - | $ - | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | ***NONE*** | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | | | | |
| 13 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | | | | | | | |
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | | | | | | | |
| 37 | | | | | | | |
| 38 | | | | | | | |
| 39 | | | | | | | |
| 40 | | | | | | | |



3/23/2012 2:12 PM

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## RECONCILIATION OF REPORTED NET INCOME WITH TAXABLE INCOME FOR FEDERAL INCOME TAXES

1. Report the reconciliation of reported net income for the year with taxable income used in computing Federal Income Tax accruals and show computation of such tax accruals. Include in the reconciliation, as far as practicable, the same detail as furnished on Schedule M-1 of the tax return for the year. Submit a reconciliation even through there is no taxable income for the year. Indicate clearly the nature of such amount.

2. If the utility is a member of a group that files consolidated Federal tax return, reconcile reported net income with taxable net income as if a separate return were to be filed, indicating, however, intercompany amounts to be eliminated in such a consolidated return. State names of group members, tax assigned to each group member, and basis of allocation, assignments, or sharing of the consolidated tax among the group members.

| Line No. | DETAILS<br>(a) | Amount<br>(b) |
|---|---|---|
| 1 | | |
| 2 | Net Income for the year (Page 116) | [redacted] |
| 3 | Reconciling Items for the Year | [redacted] |
| 4 | | [redacted] |
| 5 | Taxable Income Not Reported on Books | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | **See pages 261A 261 B** | [redacted] |
| 10 | | |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | Income recorded on Books not Included on Return | [redacted] |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | Deductions on Return not Charged Against Book Income | [redacted] |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | Federal Tax Net Income | |
| 28 | Show Computation of Tax | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

| | | |
|---|---|---|
| 1 NET INCOME FOR THE YEAR (PAGE 116) | | $ 72,939,436 |
| 2 RECONCILING ITEMS FOR THE YEAR | | |
| 3 FEDERAL INCOME TAXES AS PROVIDED | | 12,109,953 |
| | | 85,049,389 |
| 4 TAXABLE INCOME NOT REPORTED ON BOOKS: | | |
| | - | |
| | - | |
| | | - |
| 9 DEDUCTIONS REPORTED ON BOOKS NOT DEDUCTED FOR RETURN: | | |
| COST OF REMOVAL | (1,756,964) | |
| CIAC | (35,300) | |
| CAPITALIZED INTEREST EXPENSE | (706,137) | |
| TRAVEL & ENTERTAINMENT | 30,169 | |
| GCUA | 55,004,951 | |
| CONSTRUCTION DEPOSITS | (293,117) | |
| GENERAL ACCRUALS: INVENTORIES, BENEFITS, OTHERS | 485,275 | |
| COAL GAS ADJUSTMENTS | 4,090,211 | |
| PENSION PLAN | (35,801,174) | |
| | | 21,017,914 |
| BALANCE CARRIED FORWARD | | 106,067,303 |

| | | |
|---|---|---|
| BALANCE BROUGHT FORWARD | | 106,067,303 |
| 14 INCOME REPORTED ON BOOKS NOT INCLUDED IN RETURN: | | |
| LIFE INSURANCE ADJUSTMENT, NET | (77,661) | |
| | | (77,661) |
| 19 DEDUCTIONS ON RETURN NOT CHARGED AGAINST BOOK INCOME: | | |
| CORS PRE ACRS | (7,309,639) | |
| 401K RESTRUCTURING | (1,326,402) | |
| MEDICARE MODERNIZATION | (39,823) | |
| AFUDC EQUITY | (1,971,713) | |
| PROPERTY RELATED ADJUSTMENTS | 93,277,643 | |
| CONSERVATION PROGRAM | (12,485,559) | |
| BAD DEBT RESERVE | 1,032,809 | |
| OPEB BENEFITS | (218,765) | |
| BPU DIFFERENCES | | |
| FLOW THROUGH DEPRECIATION | 863,208 | |
| APB 23 ADJUSTMENT | (257,136) | |
| WEATHER NORMALIZATION | | |
| MISC. AUDIT ADJS; GN/LS DISPOSITIONS; ETC. | 46,168 | |
| | | 71,610,791 |
| | | 34,534,173 |
| 27 FEDERAL TAX NET INCOME | | |
| 28 COMPUTATION OF TAX:<br>TAX AT 35% | | 12,086,961 |
| INVESTMENT TAX CREDIT | (321,708) | |
| RESTRUCTURE OF 401K/ESOP | - | |
| | | (321,708) |
| CURRENT TAX PROVISION (PAGE 114) | | $ 11,765,253 (a) |

(a)

| | |
|---|---|
| Income Taxes - Federal (409.1) - Line 15, Page 114 | 11,649,875 |
| Income Taxes - Federal (409.2) - Line 53, Page 116 | 115,378 |
| Current Tax Provision | $ 11,765,253 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.
2. Include on this page, taxes paid during the year and charged directly to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both column (d) and (e). The balancing of this page is not affected by the inclusion of these taxes.
3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes charged to current year and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.
4. List the aggregate of each kind of tax in such manner that the total tax for each State and subdivision can readily be ascertained.

| Line No. | Kind of Tax (See instruction 5) | BALANCE AT BEGINNING OF YEAR | |
|---|---|---|---|
| | | Taxes Accrued | Prepaid Taxes |
| | (a) | (b) | (c) |
| 1 | Federal Income Tax - current year (26310) | $ 22,951,277 | |
| 2 | Federal Income Tax - prior year (26320) | (4,676,804) | |
| 3 | Old Age Benefits (FICA) (26430) | (33,648) | |
| 4 | Federal Unemployment Tax (FUI) (26440) | 1,065 | |
| 5 | State Unemployment Tax (SUI) (26450) | (17,143) | |
| 6 | Sales and Use Tax (26460) | 35,040 | |
| 7 | TEFA Tax Payable (26415) | (194,039) | |
| 8 | N.J. C.B.T. Tax - Current (26425) | (5,355,648) | |
| 9 | N.J. Sales Tax - Revenue (26465) | (1,958,264) | |
| 10 | FIN 48 - Current (26330) | - | |
| 11 | | | |
| 12 | | | |
| 13 | | | |
| 14 | | | |
| 15 | TOTAL | $ 10,751,837 | $ - |

### DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)

| Line No. | Electric (Account 408.1, 409.1) | Gas (Account 408.1, 409.1) | Other Utility Department (Account 408.1 , 409.1) | Other Income and Deductions (Account 408.1, 409.2) |
|---|---|---|---|---|
| | (i) | (j) | (k) | (l) |
| 1 | Federal Income Tax | $ 11,649,875 | $ - | $ 115,378 |
| 2 | Old Age Benefits (FICA) | 3,643,986 | | |
| 3 | Federal Unemployment Tax (FUI) | 34,635 | | |
| 4 | State Unemployment Tax (SUI) | 298,663 | | |
| 5 | Miscellaneous State Taxes | 30,063 | | |
| 6 | Sales and Use Tax | 111,912 | | |
| 7 | Tax Credit Transfer | (855,348) | | |
| 8 | Real Estate Tax | 487,823 | | |
| 9 | TEFA Tax | 8,307,706 | | |
| 10 | Excise Tax | 19,473 | | |
| 11 | N.J. Sales Tax Expense - Revenue | 43,613,677 | | |
| 12 | N.J. Corporate Business Tax | 6,996,409 | | $ 28,449 |
| 13 | FIN 48 - Current | | | |
| 14 | | | | |
| 15 | TOTAL | $ 74,338,874 | $ - | $ 143,827 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)

5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).
6. Enter all adjustments of the accrued and prepaid, tax account in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.
7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.
8. Show in columns (i) thru (p) how the tax accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.
9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.
10. Item under $250,000 may be grouped.

| Taxes Charged During Year (d) | Taxes Paid During Year (e) | Adjustments * (f) | BALANCE AT END OF YEAR: Tax Accrued (Account 236) (g) | BALANCE AT END OF YEAR: Prepaid Taxes (Included in Acct. 165) (h) | Line No. |
|---|---|---|---|---|---|
| $ 11,649,875 | $ 28,192,369 | $ (781,663) | $ 5,627,120 | 26310 | 1 |
| - | - | - | (4,676,804) | 26320 | 2 |
| 3,643,986 | 5,847,252 | 2,205,222 | (31,692) | 26430 | 3 |
| 34,635 | - | (33,760) | 1,940 | 26440.03188 | 4 |
| 298,663 | 445,969 | 155,796 | (8,653) | 26450 | 5 |
| 383,971 | 400,771 | - | 18,240 | 26460.NJ | 6 |
| 8,307,706 | 8,531,815 | 1,324,674 | 906,526 | 26415 | 7 |
| 7,024,858 | 8,100,900 | (229,995) | (6,661,685) | 26425 | 8 |
| 43,613,677 | 52,047,777 | 4,793,282 | (5,599,083) | 26465 | 9 |
| - | - | - | - | 26330 | 10 |
| | | | | | 11 |
| | | | | | 12 |
| | | | | | 13 |
| | | | | | 14 |
| $ 74,957,371 | $ 103,566,853 | $ 7,433,556 | $ (10,424,090) | | 15 |

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged)

| Extraordinary Items (Account 409.3) (m) | Other Utility Opn. Income (Account 408.1, 409.1) (n) | Adjustment to Ret. Earnings (Account 439) (o) | Other (p) | Line No. |
|---|---|---|---|---|
| | | | | 1 |
| | | | | 2 |
| | | | | 3 |
| | | | | 4 |
| | | | | 5 |
| | | | | 6 |
| | | | | 7 |
| | | | | 8 |
| | | | | 9 |
| | | | | 10 |
| | | | | 11 |
| | | | | 12 |
| | | | | 13 |
| | | | | 14 |
| | | | | |

* Federal Income Tax Adjustments are comprised of the net of a reclassification between current and prior year tax reserve. Remaining adjustments relate to intercompany cost allocations and timing differences.

| Name of Respondent | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) [x] An Original<br>(2) [ ] A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## INVESTMENT TAX CREDITS GENERATED AND UTILIZED

1. Prepare this page regardless of the method of accounting adopted for the investment tax credits. By footnote state the method of accounting adopted, and whether the company has consented or is required by another Commission to pass the tax credits on to customers.
2. As Indicated in column (a), show each year's activities from 1962 through the year covered by this report, identifying the data by the indicated percentages.
3. Report in columns (b) and (e) the amount of investment tax credits generated from properties acquired for use in utility operations. Report in columns (c) and (f) the amount of such generated credits utilized in computing the annual income taxes. Also explain by footnote any adjustments to columns (b) through (f) such as corrections, etc., or carry back of unused credits. Such adjustments should be carried back or forward to the applicable years.
4. Report in column (d), the weighted-average useful life of all properties used in computing the investment tax credits in column (b). Also, show in this column for the year 1971 and thereafter, the option exercised [(1) rate base treatment, (2) ratable flow through, or (3) flow through] for rate purposes in accordance with section 46 (f) of the Internal Revenue Code.
5. Show by footnote (page 551, Footnotes) any unused credits available at end of each year for carrying forward as a reduction of taxes in subsequent years.

| Line No. | Year (a) | Gas: Generated (b) | Gas: Utilized (c) | Gas: Weighted Average Life of Property (d) | Other Departments or Operations: Generated (e) | Other Departments or Operations: Utilized (f) |
|---|---|---|---|---|---|---|
| 1 | 1962-78 | | | | | |
| 2 | 3% | | | | | |
| 3 | 4% | | | | | |
| 4 | 7% | | | | | |
| 5 | 10% | | | | | |
| 6 | 11% | | | | | |
| 7 | | | | | | |
| 8 | 1979 | | | | | |
| 9 | 3% | | | | | |
| 10 | 4% | | | | | |
| 11 | 7% | | | | | |
| 12 | 10% | | | | | |
| 13 | 11% | | | | | |
| 14 | | | | | | |
| 15 | 1980 | | | | | |
| 16 | 3% | | | | | |
| 17 | 4% | | | | | |
| 18 | 7% | | | | | |
| 19 | 10% | | | | | |
| 20 | 11% | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | 1981 | | | | | |
| 24 | 3% | | | | | |
| 25 | 4% | | | | | |
| 26 | 6% | | | | | |
| 27 | 7% | | | | | |
| 28 | 10% | | | | | |
| 29 | 11% | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | 1982 | | | | | |
| 33 | 3% | | | | | |
| 34 | 4% | | | | | |
| 35 | 6% | | | | | |
| 36 | 7% | | | | | |
| 37 | 10% | | | | | |
| 38 | 11% | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |

NOT APPLICABLE

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>[ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## INVESTMENT TAX CREDITS GENERATED AND UTILIZED (Continued)

| Line No. | Year (a) | Generated (b) | Utilized (c) | Weighted Average Life of Property (d) | Generated (e) | Utilized (f) |
|---|---|---|---|---|---|---|
| 41 | 1,983 | | | | | |
| 42 | 3% | | | | | |
| 43 | 4% | | | | | |
| 44 | 6% | | | | | |
| 45 | 7% | | | | | |
| 46 | 8% | | | | | |
| 47 | 10% | NOT APPLICABLE | | | | |
| 48 | 11% | | | | | |
| 49 | | | | | | |
| 50 | | | | | | |
| 51 | 1,984 | | | | | |
| 52 | 3% | | | | | |
| 53 | 4% | | | | | |
| 54 | 6% | | | | | |
| 55 | 7% | | | | | |
| 56 | 8% | | | | | |
| 57 | 10% | | | | | |
| 58 | 11% | | | | | |
| 59 | | | | | | |
| 60 | | | | | | |
| 61 | 1,985 | | | | | |
| 62 | 3% | | | | | |
| 63 | 4% | | | | | |
| 64 | 6% | | | | | |
| 65 | 7% | | | | | |
| 66 | 8% | | | | | |
| 67 | 10% | | | | | |
| 68 | 11% | | | | | |
| 69 | | | | | | |
| 70 | | | | | | |
| 71 | 1,986 | | | | | |
| 72 | 3% | | | | | |
| 73 | 4% | | | | | |
| 74 | 6% | | | | | |
| 75 | 7% | | | | | |
| 76 | 8% | | | | | |
| 77 | 11% | | | | | |
| 78 | | | | | | |
| 79 | 1,987 | | | | | |
| 80 | 10% | | | | | |
| 81 | | | | | | |
| 82 | 1,988 | | | | | |
| 83 | 10% | | | | | |
| 84 | | | | | | |
| 85 | 1,989 | | | | | |
| 86 | 10% | | | | | |
| 87 | | | | | | |

| NAME OF RESPONDENT | This Report is: | Date of Report | Year of Report |
|---|---|---|---|
| New Jersey Natural Gas Company | (1) ☐ x An Original<br>(2) ☐ A Resubmission | April 30, 2012 | Dec. 31, 2011 |

## PRODUCTION PROPERTIES HELD FOR FUTURE USE (Account 105.1)

Report below information applicable to Account 255. When appropriate, segregate the balances and transactions by utility and nonutility operations. Explain by footnote any correction adjustments to the account balance shown in column (g). Include in column (1) the average period over which the tax credits are amortized.

| Line No. | Account Subdivisions | Balance at Beginning of Year | Deferred for Year | | Allocation to Current Year's Income | | Adjustments |
|---|---|---|---|---|---|---|---|
| | | | Account No. | Amount | Account No. | Amount | |
| | (a) | (b) | ( c) | (d) | (e) | (f) | (g) |
| 1 | Gas Utility | | | | | | |
| 2 | 3% | | | | | | |
| 3 | 4% | | | | | | |
| 4 | 7% | | | | | | |
| 5 | 10% | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | TOTAL | | | | | | |
| 9 | Other *(List separately and show 3%, 4%, 7%, 10% and TOTAL* | | | | | | |
| 10 | | | | | | | |
| 11 | | | | | | | |
| 12 | | | | NOT APPLICABLE | | | |
| 13 | | | | | | | |
| 14 | | | | | | | |
| 15 | | | | | | | |
| 16 | | | | | | | |
| 17 | | | | | | | |
| 18 | | | | | | | |
| 19 | | | | | | | |
| 20 | | | | | | | |
| 21 | | | | | | | |
| 22 | | | | | | | |
| 23 | | | | | | | |
| 24 | | | | | | | |
| 25 | | | | | | | |
| 26 | | | | | | | |
| 27 | | | | | | | |
| 28 | | | | | | | |
| 29 | | | | | | | |
| 30 | | | | | | | |
| 31 | | | | | | | |
| 32 | | | | | | | |
| 33 | | | | | | | |
| 34 | | | | | | | |
| 35 | | | | | | | |
| 36 | | | | | | | |
| 37 | | | | | | | |
| 38 | | | | | | | |
| 39 | | | | | | | |
| 40 | | | | | | | |
| 41 | | | | | | | |
| 42 | | | | | | | |
| 43 | | | | | | | |
| 44 | | | | | | | |
| 45 | | | | | | | |
| 46 | | | | | | | |
| 47 | | | | | | | |
| 48 | | | | | | | |

| Name of Respondent<br>New Jersey Natural Gas Company | This Report is:<br>(1) [X] An Original<br>(2) [ ] A Resubmission | Date of Report<br>April 30, 2012 | Year of Report<br>Dec. 31, 2011 |
|---|---|---|---|

## ACCUMULATED DEFERRED INVESTMENT TAX CREDITS (Account 255) (Continued)

| Balance at End Of Year<br>(h) | Average Period Of Allocation To Income<br>(i) | Adjustment Explanation | Line No. |
|---|---|---|---|
| | | | 1 |
| | | | 2 |
| | | | 3 |
| | | | 4 |
| | | | 5 |
| | | | 6 |
| | | | 7 |
| | | NOT APPLICABLE | 8 |
| | | | 9 |
| | | | 10 |
| | | | 11 |
| | | | 12 |
| | | | 13 |
| | | | 14 |
| | | | 15 |
| | | | 16 |
| | | | 17 |
| | | | 18 |
| | | | 19 |
| | | | 20 |
| | | | 21 |
| | | | 22 |
| | | | 23 |
| | | | 24 |
| | | | 25 |
| | | | 26 |
| | | | 27 |
| | | | 28 |
| | | | 29 |
| | | | 30 |
| | | | 31 |
| | | | 32 |
| | | | 33 |
| | | | 34 |
| | | | 35 |
| | | | 36 |
| | | | 37 |
| | | | 38 |
| | | | 39 |
| | | | 40 |
| | | | 41 |
| | | | 42 |
| | | | 43 |
| | | | 44 |
| | | | 45 |
| | | | 46 |
| | | | 47 |
| | | | 48 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[x] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)

1. Describe and report the amount of other current and accrued liabilities at the end of the year.

2. Minor items (less than $250,000) may be grouped under appropriate title.

| Line No. | Item<br>(a) | Balance at End of Year<br>(b) |
|---|---|---|
| 1 | Pension | $ 16,920,821 |
| 2 | Vacation Reserve | 2,119,396 |
| 3 | BPU Assessment | 723,355 |
| 4 | S&P Fringe Benefits | 322,392 |
| 6 | Commitment fees | 109,888 |
| 7 | Excess Pension Benefits | 985,286 |
| 8 | Clean Energy - Current | 15,300,574 |
| 9 | Tax Collections Payable | (4,828) |
| 10 | Vehicle Lease Obligation | 512,258 |
| 11 | Other | 883,080 |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
| 20 | | |
| 21 | | |
| 22 | | |
| 23 | | |
| 24 | | |
| 25 | | |
| 26 | | |
| 27 | | |
| 28 | | |
| 29 | | |
| 30 | | |
| 31 | | |
| 32 | | |
| 33 | | |
| 34 | | |
| 35 | | |
| 36 | | |
| 37 | | |
| 38 | | |
| 39 | | |
| 40 | | |
| 41 | | |
| 42 | | |
| 43 | | |
| 44 | | |
| 45 | TOTAL | $ 37,872,222 |

| NAME OF RESPONDENT<br>New Jersey Natural Gas Company | This Report is:<br>[X] An Original<br>[ ] A Resubmission | Date of Report<br>*April 30, 2012* | Year Ending<br>Dec. 31, 2011 |
|---|---|---|---|

## OTHER DEFERRED CREDITS (ACCOUNT 253)

1. Report below the details called for concerning other deferred credits.
2. For any deferred credit being amortized, show the period of amortization.
3. Minor items (less than $250,000) may be grouped by classes.

| Line No. | Description of Other Deferred Credits (a) | Balance at Beginning of Year (b) | DEBITS | | Credits (e) | Balance at End of Year (f) |
|---|---|---|---|---|---|---|
| | | | Contra Account (c) | Amount (d) | | |
| 1 | Miscellaneous | (682) | 131 | - | 787 | 105 |
| 2 | OPEB Medicare Receivable | (6,289,735) | 143 | 1,154,786 | - | (7,444,521) |
| 3 | OPEB FAS106 & FAS 158 Reserve | 46,597,386 | 131 | - | 9,407,892 | 56,005,278 |
| 4 | REG Liability PEP | 7,187 | 143 | 7,187 | - | - |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |
| 11 | | | | | | |
| 12 | | | | | | |
| 13 | | | | | | |
| 14 | | | | | | |
| 15 | | | | | | |
| 16 | | | | | | |
| 17 | | | | | | |
| 18 | | | | | | |
| 19 | | | | | | |
| 20 | | | | | | |
| 21 | | | | | | |
| 22 | | | | | | |
| 23 | | | | | | |
| 24 | | | | | | |
| 25 | | | | | | |
| 26 | | | | | | |
| 27 | | | | | | |
| 28 | | | | | | |
| 29 | | | | | | |
| 30 | | | | | | |
| 31 | | | | | | |
| 32 | | | | | | |
| 33 | | | | | | |
| 34 | | | | | | |
| 35 | | | | | | |
| 36 | | | | | | |
| 37 | | | | | | |
| 38 | | | | | | |
| 39 | | | | | | |
| 40 | | | | | | |
| 41 | | | | | | |
| 42 | | | | | | |
| 43 | | | | | | |
| 44 | | | | | | |
| 45 | TOTAL | $ 40,314,156 | | $ 1,161,973 | $ 9,408,679 | $ 48,560,862 |