



June 30, 2010

**FEDERAL EXPRESS**

Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
Two Gateway Center  
Newark, New Jersey 07102

**RE: IN THE MATTER OF THE ESTABLISHMENT OF  
A UNIVERSAL SERVICE FUND PURSUANT TO  
SECTION 12 OF THE ELECTRIC DISCOUNT AND  
ENERGY COMPETITION ACT OF 1999  
BPU DOCKET NO. EX00020091**

**NEW JERSEY NATURAL GAS COMPANY  
2010/2011 ANNUAL COMPLIANCE FILING FOR  
THE UNIVERSAL SERVICE FUND PROGRAM FACTOR  
WITHIN THE SOCIETAL BENEFITS CHARGE RATE  
BPU DOCKET NO. ER1006 \_\_\_\_\_**

Dear Ms. Izzo:

Please accept for filing in the Universal Service Fund ("USF") proceeding captioned above an original and 10 copies of the 2010/2011 USF/Lifeline Compliance Filing ("Compliance Filing") submitted by New Jersey Natural Gas Company ("NJNG" or the "Company"). Pursuant to Orders of the New Jersey Board of Public Utilities ("Board") dated April 30, 2003, July 16, 2003, and June 22, 2005, an annual compliance filing for prospective USF rates is required on or before July 1<sup>st</sup> of each year.

In order to streamline the Board's review of the required Compliance Filings from each New Jersey electric and natural gas company (collectively, the "Utilities"), the Utilities agreed to jointly submit one primary document containing the detailed rationale and supporting documentation for joint recommendations regarding the statewide USF/Lifeline rates. That information has been provided within the compliance filing of Public Service Electric and Gas Company ("PSE&G") ("Joint Compliance Filing"). The individual companies then submit abbreviated Compliance Filings supporting their individual positions and relying on the overall submission and positions included within the PSE&G filing.

Therefore, NJNG accepts and relies on the 2010/2011 rate calculation template submitted by PSE&G for natural gas, including the requested statewide after-tax USF/Lifeline natural gas recovery rate of \$0.0196 per therm. This rate, resulting in an after-tax increase of \$0.0004 per therm (from the current recovery rate of \$0.0192 per therm), represents an increase of 0.03 percent on the average monthly bill for a residential heating customer, as shown on

Exhibit A attached hereto. Proposed tariff sheets are attached hereto as Exhibit B. A proposed public notice is attached hereto as Exhibit C.

In the June 21, 2010 Order in Docket No. EO09090771, the Board granted approval for NJNG to include for recovery within this Compliance Filing the Company's USF-related deferred administrative costs of \$20,644 through September 30, 2009. Within the Joint Compliance Filing, the utilities request full recovery of their deferred administrative costs in 2010/2011 USF rates and Lifeline rates in the month following Board approval of such rates from funds disbursed to the utilities by the USF Trust Fund clearinghouse maintained by the New Jersey State Department of Treasury. The Board also granted approval to the utilities to defer and seek recovery of future administrative costs within certain categories of appropriate costs beginning with this Compliance Filing. Accordingly, Attachment A of the compliance filing submitted by PSE&G includes NJNG's deferred administrative costs of \$20,644 through September 30, 2009, as well as deferred costs beginning October 1, 2009.

NJNG requests that the Board accept its Compliance filing in conjunction with the Joint Compliance Filing submitted by PSE&G and issue an Order granting the following relief:

1. Approval of a new statewide after-tax natural gas USF/Lifeline recovery rate of \$0.0196 per therm (an after-tax increase of \$0.0004 per therm to the current statewide natural gas USF/Lifeline rate of \$0.0192 per therm) for natural gas service effective October 1, 2010; and
2. Authority to recover the deferred administrative costs approved by the Board in the June 21, 2010 Order and to include those costs in rates.

Kindly acknowledge receipt of this Compliance Filing by date-stamping the enclosed copy of this letter and returning the same in the stamped, self-addressed envelope. Copies are being provided electronically to all individuals listed on the attached service list.

If you have any questions regarding this filing, I can be reached at (732) 919-8025.

Respectfully submitted,



Tracey Thayer, Esq.  
Director, Regulatory Affairs Counsel

C: Service List (electronically)

**In the Matter of the Establishment of a Universal Service Fund  
Pursuant to Section 12 of the Electric Discount and Energy Competition Act of 1999  
Docket Nos. EX00020091 and ER1006 \_\_\_\_\_**

**SERVICE LIST**

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**New Jersey Natural Gas Company**  
**Net impact of Proposed Rate Changes for Residential Heat Customers**  
**BPU Docket No. EX00020091**  
**USF Year 2010/11**

	(\$/therm)		
	Current	10/1/2010	Change
Pre-tax USF Factor	\$0.0179	\$0.0183	\$0.0004
After-tax USF Factor	\$0.0192	\$0.0196	\$0.0004

**Impact on Residential Heating Customers**

<b>Current Prices</b>			Monthly	1000 therm annual bill
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery	100	\$0.5011	\$50.11	\$501.10
BGSS	100	\$0.8039	\$80.39	\$803.90
	Total	<u>\$1.3050</u>	<u>\$138.75</u>	<u>\$1,404.00</u>
<b>Intended USF price change- 10/1/10</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery	100	\$0.5015	\$50.15	\$501.50
BGSS	100	\$0.8039	\$80.39	\$803.90
	Total	<u>\$1.3054</u>	<u>\$138.79</u>	<u>\$1,404.40</u>
			\$0.04	\$0.40
			0.03%	0.03%

**Projected Annual Revenue**

Projected SBC annual therms 676,592 (000s)

**Projected Annual Pre-tax Revenue**

	Current Rates \$million	Proposed Rates \$million	Change \$million
<b>IMPACT</b>	\$12.1	\$12.4	\$0.3

**Projected Annual Post-tax Revenue**

	Current Rates \$million	Proposed Rates \$million	Change \$million
<b>IMPACT</b>	\$13.0	\$13.3	\$0.3

**EXHIBIT B**

**PROPOSED TARIFF SHEETS**

**SERVICE CLASSIFICATION - RS**

**RESIDENTIAL SERVICE**

**AVAILABILITY**

This service is available to any residential Customer in the territory served by the Company using gas for any domestic purpose. This rate is applicable to individually-metered apartments and to rooming and boarding houses where the number of rental bedrooms is not more than twice the number of bedrooms used by the Customer.

Gas delivered under this schedule may not be used for other than domestic purposes except when such use is incidental to domestic use.

**CHARACTER OF SERVICE**

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$8.25

**Delivery Charge:**

**Residential Heating**

Delivery Charge per therm \$0.50110.5015

**Residential Non-Heating**

Delivery Charge per therm \$0.53660.5370

**BGSS Charge:**

BGSS Charge per therm for Sales Customers See "Rate Summaries" at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

Date of Issue: ~~April 29, 2010~~  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~<sup>May</sup> 1, 2010

**SERVICE CLASSIFICATION – DGR****DISTRIBUTED GENERATION SERVICE - RESIDENTIAL****AVAILABILITY**

This service is available to any residential customer using distributed generation technologies including, but not limited to, microturbines and fuel cells to generate electricity for domestic purposes.

**CHARACTER OF SERVICE**

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

**MONTHLY RATES****Customer Charge:**

Customer Charge per meter per month \$8.25

**Delivery Charge:**

November - April \$0.~~37340~~.3738

May - October \$0.31640.~~3168~~

**BGSS Charge:**

BGSS Charge per therm for Sales Customers See "Rate Summaries" at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge. Where service is taken for less than one month, the minimum charge will be prorated.

**BALANCING CHARGE ADJUSTMENTS**

The Balancing Charge is included in the Delivery Charge and is subject to adjustment in the Company's annual BGSS proceeding. All revenues derived from this Charge will be credited to the BGSS. See Rider "A" for the current Balancing Charge.

Date of Issue: ~~April 29, 2010~~  
 Issued by: Mark R. Sperduto, Vice President  
 Wall, NJ 07719

Effective for service rendered on  
 and after ~~October~~May 1, 2010

**SERVICE CLASSIFICATION – GSS**

**GENERAL SERVICE - SMALL**

**AVAILABILITY**

This service is available to any Customer in the entire territory served by the Company who uses less than 5,000 therms annually and uses gas for all purposes other than residential service and interruptible service. Where the Customer uses the Cooling, Air Conditioning and Pool Heating service (“CAC”), the Company will, upon application by the Customer, meter the space heating and CAC use separately. Street Lighting Service also will be supplied under this schedule.

**CHARACTER OF SERVICE**

Firm gas service where Customer may either purchase gas supply from the Company’s Rider “A” for Basic Gas Supply Service (“BGSS”) or from a Marketer or Broker.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$25.00

**Delivery Charge:**

Delivery Charge per therm \$0.46230.4627

**BGSS Charge:**

BGSS Charge per therm for Sales Customers See “Rate Summaries” at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

Where service is taken for less than one month, the minimum charge will be prorated.

**BALANCING CHARGE ADJUSTMENTS**

The Balancing Charge is included in the Delivery Charge and is subject to adjustment in the Company's annual BGSS proceeding. All revenues derived from this Charge will be credited to the BGSS. See Rider “A” for the current Balancing Charge.

Date of Issue: April 29, 2010  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October May 1, 2010

NEW JERSEY NATURAL GAS COMPANY

~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 59

BPU No. 8 - Gas

Superseding ~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

AVAILABILITY

This service is available to any Customer in the entire territory served by the Company who uses greater than or equal to 5,000 therms annually and uses gas for all purposes other than residential service and interruptible service. Where the Customer uses the Cooling, Air Conditioning and Pool Heating service ("CAC") under Special Provision 1 applicable to customers purchasing gas supply under Rider "A", the Company will, upon application by the Customer, meter the space heating and CAC use separately.

CHARACTER OF SERVICE

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to HMAD \$1.50

Delivery Charge:

Delivery Charge per therm \$0.41170.4121

BGSS Charge:

BGSS Charge per therm for Sales Customers See "Rate Summaries" at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge and the Demand Charge.

Where service is taken for less than one month, the minimum charge will be prorated.

Date of Issue: April 29, 2010  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October May 1, 2010

**SERVICE CLASSIFICATION - FT****FIRM TRANSPORTATION SERVICE****AVAILABILITY**

This service is available to any customer who would otherwise qualify for service under Service Classifications GSS, GSL, FC, IS, or NGV. The Customer must provide to the Company's satisfaction, a firm gas supply having marketable title of gas with firm transportation capacity to the Company's distribution system.

**MONTHLY RATES****Customer Charge:**

Customer Charge per meter per month \$50.00

**Demand Charge:**

Demand Charge per therm applied to MDQ \$1.37

**Delivery Charge:**

Delivery Charge per therm for High Load Factor ("HLF") customers ~~\$0.20370~~.2041

Delivery Charge per therm for Low Load Factor ("LLF") customers ~~\$0.23550~~.2359

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge and the Demand Charge.

Where service is taken for less than one month, the minimum charge will be prorated.

**DETERMINATION OF LOAD FACTOR****1. Calculation of Load Factor**

Each Customer's load factor will be equal to the result of dividing the total annual usage by the highest single month's usage times twelve (12). The formula to be used is:

$$\text{Load Factor} = \frac{\text{Total Annual Use}}{\text{Highest Month's Use} \times 12}$$

Date of Issue: ~~April 29, 2010~~  
 Issued by: Mark R. Sperduto, Vice President  
 Wall, NJ 07719

Effective for service rendered on  
 and after ~~October~~ May 1, 2010

**SERVICE CLASSIFICATION - DGC**

**DISTRIBUTED GENERATION SERVICE - COMMERCIAL**

**AVAILABILITY**

This service is available to any commercial customer using distributed generation technologies including, but not limited to, microturbines and fuel cells.

**CONDITIONS PRECEDENT**

If the Customer is served by a Marketer or Broker, the Marketer or Broker assumes the responsibility for all delivery requirements. The Customer also must have clear and marketable title of gas with firm transportation capacity to the Company's distribution systems. If the Company so requests, the Customer must provide such proof. The Customer is responsible for payment of any costs if additional facilities, exclusive of metering facilities, are necessary to provide service. The Company reserves the right to limit new customers served under this service, if it determines that service expansion is detrimental to existing firm customers. The Customer must demonstrate that qualifying electric generation equipment has been installed at its location.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$40.00

**Demand Charge:**

Demand Charge per therm applied to PBQ \$0.60

**Delivery Charge:**

November - April \$0.27440.2748

May - October \$0.24160.2420

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the sum of the Customer Charge and the Demand Charge.

Date of Issue: April 29, 2010  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~<sup>May</sup> 1, 2010

**SERVICE CLASSIFICATION - FC**

**FIRM COGENERATION**

**AVAILABILITY**

This service is applicable to commercial and industrial Customers using gas for the sequential production of electrical and/or mechanical energy and useful thermal energy from the same fuel source as defined in Section 201 of The Public Utility Regulatory Policies Act (PURPA) of 1978.

The Customer must 1) certify that the cogeneration facility is approved by FERC as a "Qualifying Facility"; 2) sign a Service Agreement; and 3) be in compliance with the terms of N.J.S.A. 54:30A-50 to receive service under this classification.

**CHARACTER OF SERVICE**

Firm gas sales or transportation service.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$49.49

**Demand Charge:**

Demand Charge per therm applied to MDQ \$1.00

**Delivery Charge:**

Delivery Charge per therm \$0.~~29760~~.2980

**BGSS Charge:**

BGSS Charge per therm for Sales Customers See "Rate Summaries" at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

Date of Issue: April 29, 2010  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October~~May~~ 1, 2010

**SERVICE CLASSIFICATION - IS**

**INTERRUPTIBLE SERVICE**

**AVAILABILITY**

This service is applicable to Commercial and Industrial Customers whose minimum connected load is not less than 150 therms per hour and who sign a service agreement, providing gas is used only at locations where the Company has 1) adequate distribution facilities and 2) an adequate supply of natural gas. Customers will be required to specify that they have alternate fuel facilities installed in operating condition with an adequate fuel supply, as discussed in Special Provision 1.

**CHARACTER OF SERVICE**

Interruptible gas sales and transportation service.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$575.00

**Delivery Charge:**

**Customers with Alternate Fuel**

Delivery Charge per therm \$0.13970.1401

**Customers without Alternate Fuel**

Delivery Charge per therm \$0.38140.3818

**BGSS Charge:**

BGSS Charge per therm for Sales Customers See "Rate Summaries" at the end of this Tariff

These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge applicable shall be the Customer Charge. Where service is taken for less than one month, the minimum charge will be prorated.

Date of Issue: ~~April 29, 2010~~  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~May 1, 2010

**RIDER "H"**

**UNIVERSAL SERVICE FUND – USF**

**AVAILABILITY**

Applicable to the following service classifications:

RS	Residential Service	ED	Economic Development
DGR	Distributed Generation Residential	FC	Firm Cogeneration
GSS	General Service - Small	NGV	Natural Gas Vehicle
GSL	General Service - Large	IS	Interruptible Service
FT	Firm Transportation	IGS	Incremental Gas Service
DGC	Distributed Generation Commercial		

The Universal Service Fund (“USF”) is a fund established by the New Jersey Board Public Utilities (“NJBP”) to provide affordable access for electric and natural gas service to all residential customers in the State. The Electric Discount and Energy Competition Act mandated the establishment of the USF in New Jersey.

Revenues collected through this rider are used to fund the State’s percentage of income payment plan (“PIPP”) for qualified low-income customers and the Lifeline Credit program, a special program for qualified low-income elderly and disable citizens. The PIPP is administered by the State of New Jersey’s Department of Community Affairs. LifelineBoth programs are is administered by the New Jersey State Department of Health and Senior Services. The USF program Year is intended to run from October 1<sup>st</sup> to September 30<sup>th</sup> of each year.

*Date of Issue:* ~~October 6, 2008~~  
*Issued by:* **Mark R. Sperduto, Vice President**  
**Wall, NJ 07719**

*Effective for service rendered on*  
*and after October 13, 2010*

RIDER "H"

UNIVERSAL SERVICE FUND – USF

DETERMINATION OF THE USF

On an annual basis, the NJBPU shall consider the following: estimated USF benefits for upcoming USF program Year; estimated administrative expenses; the projected current year under/over recovery position, and annual forecasted volumes in order to establish a USF rate for the upcoming USF program year. This state wide rate shall be adjusted for all applicable taxes and assessments and shall be provided to all utilities to be included in their annual SBC filings for notice and public hearing purposes.

The Company shall calculate carrying costs on any under-or over-recovered USF balances based upon the two-year constant maturity Treasury rate, as published in the Federal Reserve Statistical Release on the first day of each month, or the closest day thereafter on which rates are published, plus sixty (60) basis points; provided, however, that this interest rate does not exceed the overall rate of return as authorized by the Board. The interest rate shall be reset each month. The carrying cost calculation shall be based on the net of tax beginning and end average monthly balance. The carrying costs shall accrue on a monthly basis and shall be rolled into the USF balance at the end of each USF year.

The USF shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU:

Lifeline	<u>\$0.00570.0054</u>
PIPP	<u>\$0.01350.0142</u>
USF Billing Factor	<u>\$0.01920.0196</u>

In accordance with P.L. 1997, c. 162, as amended by P.L. 2006, c. 44, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax ("SUT"), and when billed to customer exempt from this tax, as set forth in Rider "B", shall be reduced by the amount of such tax included therein.

Date of Issue: ~~October 7, 2009~~  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October 12, 201009

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixth Fifth~~ Revised Sheet No. 253  
Superseding ~~Fifth Fourth~~ Revised Sheet No. 253

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2913	0.2913	
TEFA		0.0167	0.0167	Rider B
SUT		<u>0.0216</u>	<u>0.0216</u>	Rider B
After-tax Base Rate		0.3296	0.3296	
CIP		0.0435	0.0435	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.3858	0.3858	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<del>0.01920.0</del> <u>196</u>	<del>0.01920.0196</del>	Rider H
<i>Total SBC</i>	c	<del>0.07190.0</del> <u>723</u>	<del>0.07190.0723</del>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.53660.5</del> <u>370</u>	<del>0.53660.5370</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.8828	x	Rider A
Less: Balancing	f	<u>0.0789</u>	x	
<b>BGS</b>	e+f=g	<u>0.8039</u>	x	

With the exception of the Customer Charge, these rates are on a per-therm basis.

Customer Charge, DEL rate and BGS rate are presented on customer bills.

**Date of Issue:** ~~April 29, 2010~~  
**Issued by:** Mark R. Sperduto, Vice President  
Wall, NJ 07719

**Effective for service rendered on  
and after October ~~May~~ 1, 2010**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Sixth Fifth Revised Sheet No. 254  
Superseding Fifth Fourth Revised Sheet No. 254**

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0167	0.0167	
SUT		<u>0.0137</u>	<u>0.0100</u>	Rider B
After-tax Base Rate		0.2099	0.1529	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.2226	0.1656	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<del>0.0192</del> 0.0196	<del>0.0192</del> 0.0196	Rider H
<i>Total SBC</i>	c	<del>0.0719</del> 0.0723	<del>0.0719</del> 0.0723	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3734</u></b> 0.3738	<b><u>0.3164</u></b> 0.3168	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.8828	0.8828	Rider A
Less: Balancing	f	<u>0.0789</u>	<u>0.0789</u>	
<b>BGS</b>	e+f=g	<b><u>0.8039</u></b>	<b><u>0.8039</u></b>	

With the exception of the Customer Charge, these rates are on a per-therm basis.

Customer Charge, DEL rate and BGS rate are presented on customer bills.

**Date of Issue:** ~~April 29, 2010~~  
**Issued by:** **Mark R. Sperduto, Vice President**  
**Wall, NJ 07719**

**Effective for service rendered on  
and after October ~~May~~ 1, 2010**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Sixth*~~Fifth~~ Revised Sheet No. 255  
Superseding ~~Fifth~~~~Fourth~~ Revised Sheet No. 255

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Small (GSS)**

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		25.00	25.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2472	0.2472	
TEFA		0.0148	0.0148	Rider B
SUT		<u>0.0183</u>	<u>0.0183</u>	Rider B
After-tax Base Rate		0.2803	0.2803	
WNC		0.0001	0.0001	Rider D
CIP		0.0184	0.0184	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3115</i>	<i>0.3115</i>	
<i>Balancing Charge</i>	b	<i>0.0789</i>	<i>0.0789</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.01920.0</u>	<u>0.01920.0196</u>	Rider H
		<u>196</u>		
<i>Total SBC</i>	c	<i><u>0.07190.0</u></i>	<i><u>0.07190.0723</u></i>	
		<u>723</u>		
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.46230.4</u></b>	<b><u>0.46230.4627</u></b>	
		<u>627</u>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.8828	x	Rider A
Less: Balancing	f	<u>0.0789</u>	x	
<b>BGS</b>	e+f=g	<b><u>0.8039</u></b>	x	

With the exception of the Customer Charge, these rates are on a per-therm basis.

Customer Charge, DEL rate and BGS rate are presented on customer bills.

**Date of Issue:** ~~April 29, 2010~~  
**Issued by:** *Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on*  
*and after October~~May~~ 1, 2010*

**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Fifth-Fourth Revised Sheet No. 256*

*Superseding Twenty-Fourth-Third Revised Sheet No. 256*

**BPU No. 8 - Gas**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Large (GSL)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1948	0.1948	
TEFA		0.0128	0.0128	Rider B
SUT		<u>0.0145</u>	<u>0.0145</u>	Rider B
After-tax Base Rate		0.2221	0.2221	
WNC		0.0001	0.0001	Rider D
CIP		0.0260	0.0260	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2609</i>	<i>0.2609</i>	
<i>Balancing Charge</i>	b	<i>0.0789</i>	<i>0.0789</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<del>0.0192</del> 0.0196	<del>0.0192</del> 0.0196	Rider H
		<u>196</u>		
<i>Total SBC</i>	c	<del>0.0719</del> 0.0723	<del>0.0719</del> 0.0723	
		<u>723</u>		
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.41170.4</u></b>	<b><u>0.41170.4121</u></b>	
		<u>121</u>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.6677	X	Rider A
Less: Balancing	f	<u>0.0789</u>	X	
<b>BGS</b>	e+f=g	<b><u>0.5888</u></b>	X	

**Date of Issue:** *May 27, 2010*  
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 2010  
 Wall, NJ 07719

*Effective for service rendered on  
 and after October June 1,*

**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 256*

*Superseding Twenty-~~Fourth~~<sup>Third</sup> Revised Sheet No. 256*

**BPU No. 8 - Gas**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

With the exception of the Customer Charge and Demand charges, these rates are on a per-therm basis.

Customer, Demand, DEL, and BGSS charges are presented on customer bills.

**Date of Issue:** *May 27, 2010*  
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*Wall, NJ 07719*

*Effective for service rendered on  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 257  
Superseding ~~Fourth~~<sup>Third</sup> Revised Sheet No. 257

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**FIRM TRANSPORTATION (FT)**

		<u>HLF</u>	<u>LLF</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		50.00	50.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to MDQ		1.37	1.37	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1028	0.1325	
TEFA		0.0085	0.0085	Rider B
SUT		<u>0.0078</u>	<u>0.0099</u>	Rider B
After-tax Base Rate		0.1191	0.1509	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<u>0.1318</u>	<u>0.1636</u>	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u><del>0.0192</del>0.019</u>	<u><del>0.0192</del>0.01</u>	Rider H
		<u>6</u>	<u>96</u>	
<i>Total SBC</i>	b	<u><del>0.0719</del>0.072</u>	<u><del>0.0719</del>0.07</u>	
		<u>3</u>	<u>23</u>	
<b>Delivery Charge (DEL)</b>	a+b=c	<u><del>0.2037</del>0.204</u>	<u><del>0.2355</del>0.23</u>	
		<u>1</u>	<u>59</u>	

With the exception of the Customer Charge and Demand charges, these rates are on a per-therm basis.

Customer, Demand, DEL, and BGSS charges are presented on customer bills.

*Date of Issue:* ~~April 29, 2010~~  
*Issued by:* Mark R. Spurduto, Vice President  
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*Effective for service rendered on  
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**NEW JERSEY NATURAL GAS COMPANY**

BPU No. 8 - Gas

~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 258  
Superseding ~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 258

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Commercial Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0883	0.0577	
TEFA		0.0153	0.0153	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1109	0.0781	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1236</i>	<i>0.0908</i>	
<i>Balancing Charge</i>	b	<i>0.0789</i>	<i>0.0789</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0719</u></i>	<i><u>0.0723</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.2744</u></b>	<b><u>0.2416</u></b>	

With the exception of the Customer Charge and Demand Charge, these rates are on a per-therm basis.

Customer Charge, Demand Charge, and DEL rate are presented on customer bills.

Date of Issue: April 29, 2010  
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Wall, NJ 07719

Effective for service rendered on  
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**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Fifth~~Fourth~~ Revised Sheet No. 259*

*Superseding Twenty-Fourth~~Third~~ Revised Sheet No. 259*

**BPU No. 8 - Gas**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Firm Cogeneration (FC)**

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		49.49	49.49	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1253	0.1253	
SUT		<u>0.0088</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1468</i>	<i>0.1468</i>	
<i>Balancing Charge</i>	b	<i>0.0789</i>	<i>0.0789</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u> <u>0.0196</u>	<u>0.0192</u> <u>0.0196</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0719</u><u>0.0723</u></i>	<i><u>0.0719</u><u>0.0723</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.2976</u><u>0.2980</u></b>	<b><u>0.2976</u><u>0.2980</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.6677	X	Rider A
Less: Balancing	f	<u>0.0789</u>	X	
<b>BGS</b>	e+f=g	<b><u>0.5888</u></b>	<b>X</b>	

With the exception of the Customer Charge and Demand Charge, these rates are on a per-therm basis.

Customer Charge, Demand Charge, DEL rate and BGS rate are presented on customer bills.

**Date of Issue:** ~~May 27, 2010~~  
**Issued by:** *Mark R. Sperduto, Vice President*  
 2010  
 Wall, NJ 07719

*Effective for service rendered on  
 and after October June 1,*

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twenty-Fourth*~~Third~~ Revised Sheet No. 260  
Superseding *Twenty-Third*~~Second~~ Revised Sheet No. 260

**SUMMARY OF INTERRUPTIBLE RATE COMPONENTS**

**INTERRUPTIBLE SALES AND TRANSPORTATION**

**With Alternate Fuel**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		575.00	575.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0494	0.0494	
TEFA		0.0021	0.0021	Rider B
SUT		<u>0.0036</u>	<u>0.0036</u>	Rider B
After-tax Base Rate		0.0551	0.0551	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.0678	0.0678	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.01920.0</u>	<u>0.01920.0196</u>	Rider H
		196		
<i>Total SBC</i>	b	<u>0.07190.0</u>	<u>0.07190.0723</u>	
		723		
<b>Delivery Charge (DEL)</b>	a+b=c	<u>0.13970.1</u>	<u>0.13970.1401</u>	
		401		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	d	0.6677	X	Rider A
<b>BGS</b>	d	<u>0.6677</u>	X	

With the exception of the Customer Charge, these rates are on a per-therm basis.

Customer Charge, DEL rate and BGS rate are presented on customer bills.

**Date of Issue:** ~~May 27, 2010~~  
**Issued by:** Mark R. Sperduto, Vice President  
2010  
Wall, NJ 07719

*Effective for service rendered on  
and after October~~June~~ 1,*

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twenty-Fourth Third Revised Sheet No. 261  
Superseding Twenty-Third Second Revised Sheet No. 261*

**SUMMARY OF INTERRUPTIBLE RATE COMPONENTS**

**INTERRUPTIBLE SALES AND TRANSPORTATION**

**Without Alternate Fuel**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		575.00	575.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2753	0.2753	
TEFA		0.0021	0.0021	Rider B
SUT		<u>0.0194</u>	<u>0.0194</u>	Rider B
After-tax Base Rate		0.2968	0.2968	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.3095	0.3095	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.01920.0</u>	<u>0.01920.0196</u>	Rider H
		196		
<i>Total SBC</i>	b	<u>0.07190.0</u>	<u>0.07190.0723</u>	
		723		
<b>Delivery Charge (DEL)</b>	a+b=c	<u><b>0.38140.3</b></u>	<u><b>0.38140.3818</b></u>	
		<b>818</b>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	d	0.6677	X	Rider A
<b>BGS</b>	d	<u><b>0.6677</b></u>	X	

With the exception of the Customer Charge, these rates are on a per-therm basis.

Customer Charge, DEL rate and BGS rate are presented on customer bills.

Date of Issue: **May 27, 2010**  
 Issued by: **Mark R. Sperduto, Vice President**  
 2010  
 Wall, NJ 07719

*Effective for service rendered on  
and after October June 1,*

**EXHIBIT C**

**PROPOSED PUBLIC NOTICE**

**NEW JERSEY NATURAL GAS COMPANY  
NOTICE OF FILING AND PUBLIC HEARING**

**IN THE MATTER OF THE PETITION OF  
NEW JERSEY NATURAL GAS COMPANY  
TO CHANGE THE UNIVERSAL SERVICE FUND AND LIFELINE RATE  
IN THE SOCIETAL BENEFITS CHARGE**

**B.P.U. DOCKET NOS. EX00020091 AND ER1006\_\_\_\_\_**

**TO OUR CUSTOMERS:**

**PLEASE TAKE NOTICE** that, pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49, et seq., the Universal Service Fund (“USF”) program was established by the New Jersey Board of Public Utilities (“Board”), to provide funds to assist qualifying low-income individuals in paying their energy bills. Pursuant to Orders of the Board dated April 30, 2003 and July 16, 2003, the State’s electric and gas public utilities’ Societal Benefits Charge includes recovery of funding for the USF program through uniform statewide rates. The Societal Benefits Charge also includes funding for the Lifeline Program. The State of New Jersey’s Department of Community Affairs is the Administrator of the USF Program and the New Jersey Department of Health and Senior Services is the Administrator of the Lifeline programs and authorizes the disbursement of benefits to eligible customers in the respective programs.

New Jersey Natural Gas Company (“NJNG” or the “Company”) made a compliance filing with the Board on June 30, 2010, requesting to implement an increase related to the statewide USF/Lifeline program charge, as described below, to be effective on October 1, 2010. The current after-tax USF/Lifeline program charge for natural gas customers is \$0.0192 per therm. The proposed after-tax USF/Lifeline program charge will increase to \$0.0196 to recover approximately \$63.8 million for the statewide natural gas USF program and \$24.0 million for the Lifeline programs. The above request will not result in any profit to the Company. The revenues received under the proposed USF charge are designed to permit the Company to recover only its costs for the USF and Lifeline program. Actual program costs will be reconciled with the revenues received through the USF program charge in the next annual filing scheduled to be made no later than July 1, 2011.

The proposed statewide charges for natural gas customers are as follows:

<b>Universal Service/Lifeline Fund Components of Societal Benefits Charge</b>				
	<b>Present</b>	<b>Present</b> (Incl. Sales and Use Tax)	<b>Proposed</b>	<b>Proposed</b> (Incl. Sales and Use Tax)
USF- per therm	\$0.0126	\$0.0135	\$0.0133	\$0.0142
Lifeline- per therm	\$0.0053	\$0.0057	\$0.0050	\$0.0054
Total USF/Lifeline	\$0.0179	\$0.0192	\$0.0183	\$0.0196

If approved by the Board, the impact of the proposed changes in the USF/Lifeline Charge on typical natural gas bills is illustrated below:

Customer Type	Therm Level	Rates		Decrease	
		Bill as of June 1, 2010	Proposed Bill as of October 1, 2010	Amount	Percent
<b>Residential Heat Sales</b>	100	\$138.75	\$138.79	\$0.04	0.03%
<b>Residential Non-Heat Sales</b>	25	\$41.76	\$41.77	\$0.01	0.02%
<b>General Service Small</b>	100	\$151.62	\$151.66	\$0.04	0.03%
<b>General Service Large</b>	1200	\$1,416.10	\$1,416.58	\$0.48	0.03%

Based on this filing, a typical residential natural gas customer using 100 therms per month would see an increase in their monthly bill from \$138.75 to \$138.79, or \$0.04 or approximately 0.03 percent.

Any final rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of this filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons. Therefore, the above-described charges may increase or decrease based upon the Board's decision.

Copies of the Company's June 30, 2010 filing are available for inspection at the Company's Customer Service Centers or at the Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102.

The following date, time and location for a public hearing have been scheduled on the above filing so that members of the public may present their views:

August 2, 2010 at 3:30 and 5:30 P.M.  
 Rockaway Township Municipal Building  
 Conference Room  
 65 Mt. Hope Road  
 Rockaway Township, New Jersey 07866-1698

July 26, 2010 at 3:30 and 5:30 P.M.  
 Freehold Borough Municipal Building  
 Council Room, 2d Floor  
 51 W. Main Street  
 Freehold, New Jersey 07728-2195

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. **In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing.** Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the BPU by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102 or [usf.rates@bpu.state.nj.us](mailto:usf.rates@bpu.state.nj.us).

**New Jersey Natural Gas Company**  
 Tracey Thayer, Esq.