



June 1, 2011

VIA FEDERAL EXPRESS

Ms. Kristi Izzo, Secretary
New Jersey Board of Public Utilities, Suite 801
Two Gateway Center
Newark, NJ 07102

Re: IN THE MATTER OF NEW JERSEY
NATURAL GAS COMPANY'S
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS)
AND REVIEW AND REVISION OF ITS
CONSERVATION INCENTIVE PROGRAM (CIP)
FACTORS FOR F/Y 2012
BPU DOCKET NO. GR1106 _____

Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Review and Revision of its Conservation Incentive Program (CIP) for F/Y 2012. Included in this filing are the testimonies of Jayana S. Shah, Tina M. Sinks, and Anne-Marie Peracchio in support of this petition.

Copies of the petition, including the supporting exhibits and testimony, are also being served upon the New Jersey Division of Rate Counsel.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope.

Very truly yours,

A handwritten signature in blue ink, appearing to read 'Tracey Thayer', is written over a horizontal line.

Tracey Thayer
Director, Regulatory Affairs Counsel

Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2012
DOCKET NO. GR1106 _____**

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**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2012
DOCKET NO. GR1106 _____**

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5/25/11

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND
REVISION OF ITS BASIC GAS SUPPLY
SERVICE (BGSS) AND REVIEW AND
REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2012

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 - Jayana S. Shah
Manager - Gas Supply
 - Tina M. Sinks
Manager - Regulatory Affairs
 - Anne-Marie Peracchio
Director - Conservation and Clean Energy Policy

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2011 and FY2012. Actual BGSS schedules for FY2009 and FY2010 and projected BGSS schedules for FY2013 will be included in Workpapers to be filed under separate cover.

C A S E S U M M A R Y

CASE SUMMARY

NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND REVIEW AND REVISION OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR F/Y 2012

FILING DATE: June 1, 2011
EFFECTIVE DATE: October 1, 2011

BASIS FOR REQUEST:

BASIC GAS SUPPLY SERVICE ("BGSS")

1. New Jersey Natural Gas Company (the "Company") proposes to decrease its pre-tax periodic Basic Gas Supply Service ("BGSS") billing factor for sales customers from its current pre-tax level of \$0.7800 per therm to \$0.6650 per therm. This factor results in an effective pre-tax adjustment clause decrease of \$0.1150 per therm of gas sales effective October 1, 2011 (an after-tax adjustment clause decrease of \$0.1230 per therm), representing a 9.1 percent price decrease for a residential heating customer using 100 therms per month. The projected change in after-tax gas cost recoveries is as follows:

BGSS Decrease	(\$55.2 Million)
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2. While the Company has not yet made any determination of the need for additional BGSS price adjustments, the Company may also seek to increase the price for BGSS service up to a maximum of 5 percent of the total residential bill on December 1, 2011 and/or February 1, 2012 pursuant to the Order in BPU Docket No. GX01050304 ("Generic BGSS Order"). If such an increase is required, the Company will provide notice to the Board and Rate Counsel of its election to adjust its BGSS rates upward as is required by the Generic BGSS Order. Additionally, pursuant to the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or rate credits at any time upon five days notice and the filing of supporting documentation to the Board and to Rate Counsel.
3. The Company proposes to decrease its pre-tax Balancing Charge from its current pre-tax level of \$0.0828 per therm to \$0.0789 per therm. This factor results in an effective pre-tax decrease of \$0.0039 per therm of gas sales effective October 1, 2011 (an after-tax decrease of \$0.0042 per therm). All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

CONSERVATION INCENTIVE PROGRAM ("CIP")

With this filing and pursuant to the December 12, 2006 and January 21, 2010 Orders in BPU Docket No. GR05121020 ("CIP Order"), the Company proposes to modify its after-tax CIP recovery rates as a component of delivery rates effective October 1, 2011. The existing rates, proposed rates and projected change in after-tax CIP recoveries for each CIP Group are:

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Proposed Charge per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	(\$0.0033)	\$0.0255	\$0.09
Group II	Residential Heat	\$0.0179	\$0.0066	(\$5.06)
Group III	General Service - Small	\$0.0339	\$0.0464	\$0.41
Group IV	General Service - Large	\$0.0278	\$0.0391	<u>\$1.54</u>
Total				(\$3.02)

IMPACT TO CUSTOMERS

The combination of the proposed October 1, 2011 BGSS and CIP changes results in a 9.9 percent decrease to the total bill of an average residential heating sales customer (Group II), a 6.0 percent decrease for an average residential non-heat sales customer (Group I) and a 7.4 percent decrease for an average sales customer in Group III. The CIP change results in a 0.9 percent increase for an average Group IV customer. Group IV sales customers are not affected by the BGSS request because they are subject to monthly market pricing for their natural gas supply.

PETITION OF

NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2012

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	BPU DOCKET NO. GR1106_____
FOR THE ANNUAL REVIEW AND)	
REVISION OF ITS BASIC GAS SUPPLY)	PETITION
SERVICE (BGSS) AND REVIEW AND)	
REVISION OF ITS CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS)	
FOR F/Y 2012		

**TO: THE HONORABLE COMMISSIONERS OF
THE NEW JERSEY BOARD OF PUBLIC UTILITIES**

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued on January 17, 2002 by the New Jersey Board of Public Utilities (“BPU” or the “Board”) in BPU Docket No. GX01050304¹, and the applicable provisions of N.J.S.A. 48:2-21, New Jersey Natural Gas Company (“NJNG” or the “Company”) hereby requests the Board to accept the Company’s annual reconciliation filing for its Basic Gas Supply Service (“BGSS”), and approve the Company’s related request to decrease the BGSS price applicable to residential and certain small commercial customers. NJNG also hereby requests that the Board approve, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in a BPU Order in Docket No. GR07110889 dated October 3, 2008 (“Base Case Order”), a decrease to its balancing charge to reflect updated costs. Additionally, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in BPU Orders in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the Conservation Incentive Program (“CIP”) for the period from October 1, 2010 through September 30, 2011 and approve the Company’s related request to decrease its CIP recovery rate

¹ The referenced BGSS Order contemplates that annual BGSS reconciliation filings are made by natural gas companies by June 1 of each year, with proposed BGSS price adjustments to be effective October 1 of each year, and authorizes two additional self-implementing rates adjustments (subject to limits) upon notice to the Board on

for Group II Residential Heat customers and to increase its CIP recovery rates for Group I Residential Non-Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers.

1. NJNG is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the distribution and transportation of natural gas subject to the jurisdiction of the Board. The Company's principal business office is located at 1415 Wyckoff Road, Wall Township, New Jersey 07719.

2. Communications and correspondence relating to this filing should be sent to:

Mark R. Sperduto, Vice President, Regulatory & External Affairs
Tracey Thayer, Esq., Director, Regulatory Affairs Counsel
New Jersey Natural Gas Company
1415 Wyckoff Road, P.O. Box 1464
Wall, N.J. 07719
(732) 938-1214 (Sperduto)
(732) 919-8025 (Thayer)
(732) 938-2620 (fax)

3. As required by the referenced Generic BGSS Order, the instant filing includes a reconciliation of actual versus estimated costs and revenues from the last Board approved rate change for commodity, storage and interstate transportation costs, including the costs and results of natural gas supplies set by hedges; projected rates supported by projected volumes, revenues, and commodity, transportation, storage and transaction costs, including the cost of natural gas supplies set by hedges; deferred balances and the timeframe over which such balances and related rates are to be collected or returned; a written explanation of the circumstances that caused any deferred balances to be accrued; and a written explanation of any significant activities or trends which may affect costs for the prospective period. This filing also includes testimony, schedules, and data that, in addition to the materials required by the Generic BGSS Order, are responsive to and consistent with the recommended minimum filing requirements (MFRs) for annual BGSS filings. Additional information related to the MFRs will be provided within Workpapers to be filed shortly.

4. Based on the information provided herein, the Company proposes an overall decrease to the BGSS price applicable to residential and small commercial customers, effective October 1, 2011, of \$0.1230 per therm, after tax, which would reflect a decrease of \$12.30 or approximately 9.1 percent for a residential heating customer using 100 therms per month.

5. The costs and recoveries associated with the BGSS price will have no net impact on NJNG's base revenues or return on investment, and will not change NJNG's income or rate of return.

6. NJNG is providing thirty-one (31) months of actual BGSS data for the period October 1, 2008 through April 30, 2011, and projected data for the twenty-nine (29) month period May 1, 2011 through September 30, 2013.

7. As approved by the Board in the Base Case Order, NJNG is authorized to adjust its balancing charge in the annual BGSS filing to reflect updated costs. The Company is proposing to decrease its after-tax balancing charge by \$0.0042 per therm. All Balancing Charge revenues from transportation customers are credited to BGSS. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

8. Pursuant to the CIP Order, the CIP provides for a rate adjustment related to changes in average use per customer when compared to a pre-established benchmark. Additionally, any recoveries sought by the Company must meet the Basic Gas Supply Service Savings Test and Earnings Test ("Tests") established in the CIP Order.

9. Based on actual data for the period October 1, 2010 through April 30, 2011, and projected data for the period May 1, 2011 through September 30, 2011, the CIP calculations for fiscal year 2011, including projected prior fiscal period over or underrecovery balances result in the following recovery amounts: 1) a margin deficiency of approximately \$0.076 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$2.8 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$1.4 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$5.0 million for Group IV General Service – Large customers.

10. The testimony of Tina M. Sinks and Exhibit C within this filing demonstrate that NJNG is entitled to full recovery of such balances based on the Tests established in the CIP Order. Pursuant to the terms of the CIP Order, the Company is proposing an effective date of October 1, 2011 for the following after-tax CIP rates which, as compared to existing charges, result in the following increase or (decrease) per therm:

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ per therm</u>	<u>Existing Charge (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	\$0.0255	(\$0.0033)	\$0.0288
Group II	Residential Heat	\$0.0066	\$0.0179	(\$0.0113)
Group III	General Service - Small	\$0.0464	\$0.0339	\$0.0125
Group IV	General Service - Large	\$0.0391	\$0.0278	\$0.0113

11. The combination of the proposed October 1, 2011 BGSS and CIP changes results in a \$13.43 or 9.9 percent decrease to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 6.0 percent decrease for an average residential non-heat sales customer (Group I) and a 7.4 percent decrease for an average sales customer in Group III. The CIP change results in a 0.9 percent increase for an average Group IV customer. Group IV sales customers are not affected by this BGSS request because they are subject to monthly market pricing for their natural gas supply.

12. This filing is supported by and includes the testimonies of Jayana S. Shah-Manager, Gas Supply; Tina M. Sinks-Manager, Regulatory Affairs; and Anne-Marie Peracchio-Director, Conservation and Clean Energy Policy. Additionally, annexed hereto and made a part of this Petition are the following exhibits and schedules:

Exhibit A BGSS schedules for the twelve (12) month period ending September 30, 2011, using actual data for the period from October 1, 2010 through April 30, 2011 and projected data for the period from May 1, 2011 through September 30, 2011. Actual BGSS schedules for fiscal year (FY) 2009

and FY2010 will be included in Workpapers to be filed shortly under separate cover.

Exhibit B BGSS schedules for the twelve (12) month period from October 1, 2011 through September 30, 2012, using projected data for the entire period. Projected BGSS schedules for FY2013 will be included in Workpapers to be filed shortly under separate cover.

Exhibit C CIP Schedules

Exhibit D Calculation of Balancing Charge

Exhibit E Impact of Proposed Rate Changes along with a summary of all the adjustments and appropriate balances contained in Exhibits A and B as necessary to compute the proposed BGSS price.

Exhibit F Proposed tariff pages for Petitioner's Tariff Gas Service, BPU No. 8-Gas

Exhibit G Proposed Form of Notice of Public Hearing,


14. NJNG has served notice and a copy of this filing, together with a copy of the annexed exhibits and schedules and NJNG's supporting testimonies being filed herewith, upon the New Jersey Division of Rate Counsel, 31 Clinton Street, Newark, New Jersey.

WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS reconciliation filing;
2. Approving the Company's request to decrease the Periodic BGSS price applicable to residential and small commercial customers effective October 1, 2011;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2011;
4. Approving the requested CIP rate changes effective October 1, 2011; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By: 
Tracey Thayer, Esq.
Attorney for New Jersey Natural Gas Company

Dated: June 1, 2011

EXHIBIT A
Seven Months Actual through April 2011 and
Five Months Projected through September 2011¹

INDEX OF SCHEDULES:

- 1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
- 3. Total Therm Sales
- 4a. Interruptible Sales
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. Interruptible Transportation
- 4e. Income Sharing Derived from Off System Sales
- 4f. Income Sharing Derived from Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. Ocean Peaking Power
- 4i. Financial Risk Management (FRM) Program
- 4k. Storage Incentive
- 5. Supplier Refunds and Miscellaneous Adjustments
- 6. Computation of Interest

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2011 and FY2012. Actual BGSS schedules for FY2009 and FY2010 and projected BGSS schedules for FY2013 will be included in Workpapers to be filed under separate cover.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS
BGSS YEAR 2011
\$ (000)

SCHEDULE 1

	ACTUAL												ESTIMATE	
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	TOTAL	
1. Under/(Over) Recovered Gas Costs Beg. of Period ¹	36,485	34,888	31,179	24,751	17,565	11,424	8,176	4,106	1,823	183	(1,477)	(3,075)	36,485	
2. Net Cost Appl. To BGSS Sales (Sch 2a)	16,629	34,660	74,695	85,398	62,304	49,783	23,559	13,133	9,430	9,614	9,473	9,452	398,130	
3. BGSS Recoveries (Sch 2b)	(16,036)	(34,564)	(73,779)	(81,882)	(60,209)	(48,459)	(25,557)	(13,634)	(9,390)	(9,536)	(9,335)	(9,305)	(391,688)	
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	593	96	916	3,516	2,094	1,323	(1,999)	(501)	40	79	138	147	6,442	
Adjustments														
5. Interruptible (Sch.4a)	(2)	0	0	0	0	0	0	0	0	0	0	0	0	(2)
6. Sayreville (Sch.4b)	0	(5)	0	0	0	0	0	(9)	(9)	(9)	(9)	(9)	(50)	
7. Forked River (Sch.4c)	(0)	(8)	(5)	0	(0)	(0)	0	(10)	(10)	(10)	(10)	(10)	(64)	
8. Transportation (Sch.4d)	(146)	(138)	(158)	(119)	(140)	(138)	(140)	(132)	(128)	(132)	(132)	(128)	(1,632)	
9. FRM Program (Sch.4i)	145	19	28	0	0	0	0	0	0	0	0	0	192	
10. Storage Incentive (Sch.4k)	0	681	0	31	0	53	212	0	0	0	0	0	977	
11. Off-System Sales (Sch.4e)	(853)	(2,252)	(4,247)	(8,018)	(5,931)	(2,315)	(446)	(85)	(113)	(113)	(113)	(28)	(24,516)	
12. Capacity Rel. (Sch.4f)	(794)	(1,143)	(1,206)	(926)	(840)	(930)	(1,015)	(1,112)	(1,082)	(1,112)	(1,112)	(1,082)	(12,355)	
13. Supplier Ref. and Misc. Adj. (Sch.5)	0	0	0	1	0	0	0	0	0	0	0	0	1	
14. Balancing and Penalty (Sch.4g)	(473)	(875)	(1,671)	(1,604)	(1,258)	(1,174)	(620)	(360)	(253)	(261)	(260)	(253)	(9,061)	
15. Ocean Peaking Power (Sch.4h)	(67)	(83)	(86)	(66)	(66)	(65)	(64)	(74)	(85)	(100)	(99)	(77)	(932)	
16. Total Debits and Credits (L.5 through L.15)	(2,190)	(3,805)	(7,344)	(10,701)	(8,236)	(4,570)	(2,072)	(1,783)	(1,680)	(1,738)	(1,736)	(1,587)	(47,443)	
17. Under/(Over) Recov. Gas Costs, End of Period (L's.1,4,&16)	34,888	31,179	24,751	17,565	11,424	8,176	4,106	1,823	183	(1,477)	(3,075)	(4,515)	(4,515)	

¹ Adjustments to opening balance are captured on Schedule 5.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2011
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SCHEDULE 2a

COST OF GAS-CURRENT PERIOD	ACTUAL												TOTAL
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	
Total Gas Costs ¹	35,163	47,752	90,418	109,794	86,388	66,744	33,981	15,100	14,903	14,260	13,082	9,634	537,219
REDUCTIONS TO COST OF GAS													
Interruptible (Sch. 4a)	24	0	0	0	0	0	0	0	0	0	0	0	24
Sayreville (Sch. 4b)	0	48	0	0	0	0	0	88	82	86	87	85	476
Forked Rv. (Sch. 4c)	0	75	203	0	1	4	0	98	92	97	98	95	763
Off System Sales (Sch. 4e)	19,433	14,303	16,927	25,461	25,051	18,037	11,605	3,089	6,572	5,771	4,733	1,275	152,256
Capacity Release (Sch. 4f)	(934)	(1,344)	(1,419)	(1,090)	(989)	(1,094)	(1,194)	(1,308)	(1,273)	(1,308)	(1,308)	(1,273)	(14,535)
Company Use Gas	10	10	12	25	21	16	11	11	16	11	16	11	104
Total Reductions	18,534	13,092	15,723	24,396	24,084	16,962	10,422	1,967	5,473	4,646	3,609	182	139,089
Net Cost Appl. To BGSS Sales (Sch. 1, L. 2)	16,629	34,660	74,695	85,398	62,304	49,783	23,559	13,133	9,430	9,614	9,473	9,452	398,130

SCHEDULE 2b

GAS COST RECOVERIES													
BGSS Sales	21,196	45,938	96,235	106,748	78,401	63,672	33,374	17,895	12,383	12,563	12,292	12,241	512,935
A/C Sales	3,026	5,731	10,983	11,289	8,393	7,185	3,838	2,885	2,106	2,173	2,173	2,107	164
Monthly BGSS Sales	18,170	40,207	85,252	95,458	70,008	56,487	29,536	14,978	10,241	10,357	10,091	10,097	450,883
BGSS Sales less Monthly and A/C													
Recovery Rate \$ per Therm:	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	
Periodic BGSS Rate	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.7800	0.5041	0.5041	0.5041	0.5041	0.5041	
A/C Rate	0.6160	0.5589	0.6631	0.6577	0.6676	0.6123	0.6564	0.6707	0.6570	0.6630	0.6674	0.6696	
Monthly BGSS Rate													
Recoveries:													
Periodic BGSS	14,172	31,362	66,497	74,458	54,606	44,060	23,038	11,683	7,988	8,079	7,871	7,876	351,689
A/C	0	0	0	0	0	0	0	16	18	16	14	19	83
Monthly BGSS	1,864	3,203	7,283	7,425	5,603	4,399	2,519	1,935	1,384	1,441	1,451	1,411	39,916
Total BGSS Recovery (Sch. 1, L. 3)	16,036	34,564	73,779	81,882	60,209	48,459	25,557	13,634	9,990	9,536	9,335	9,305	391,688

¹ Total Gas Costs equals the sum of Total Allocated Costs on Schedule 2c and the non-production Company Use Gas. The non-production Company Use Gas is included in Total Gas Costs and removed in the Reduction to Gas Costs on Schedule 2a for no impact to the BGSS.

NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2011

SCHEDULE 2c

	ACTUAL												ESTIMATE	
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11		
Mdth														
Beginning of Month Storage Balance	24,681	25,481	24,477	17,996	11,256	7,527	4,266	7,504	10,994	14,469	17,959	21,449		
Commodity Purchases	8,219	8,132	6,649	8,411	9,008	7,800	9,246	5,985	6,187	6,030	5,772	4,897		
Sub-total of Available Supplies	32,900	33,613	31,126	26,406	20,264	15,327	13,512	13,488	17,181	20,499	23,731	26,346		
A														
Less volumes with assigned cost allocations														
Off System Sales, Electric Gen, Interr. Sales, Other	5,210	4,476	3,358	4,269	4,902	4,717	2,862	689	1,462	1,274	1,042	306		
A/C Sales	0	0	0	0	0	0	0	0	4	3	3	4		
Monthly BGSS Sales	303	573	1,098	1,129	839	719	384	288	211	217	217	211		
Sub-total of Assigned Cost Allocations	5,512	5,049	4,456	5,398	5,741	5,435	3,046	980	1,677	1,494	1,262	521		
B														
Allocation WACOG Volume	27,387	28,564	26,670	21,008	14,522	9,892	10,467	12,508	15,504	19,005	22,469	25,825		
C = A - B														
\$000														
Beginning of Month Storage Balance	145,878	153,429	147,606	109,781	69,574	46,790	20,045	36,289	53,793	71,371	89,262	107,335		
Commodity Purchases	35,221	38,792	34,119	28,736	21,083	11,862	12,354	13,333	17,887	23,114	28,328	33,620		
Demand Charges	8,303	8,317	8,247	8,576	8,624	8,548	8,010	7,913	8,003	7,978	7,978	8,003		
Sub-total of Available Supplies	227,375	229,467	228,923	200,426	145,019	99,127	83,551	86,780	109,388	131,851	154,037	173,857		
D														
Less volumes with assigned cost allocations														
Off System Sales, Electric Gen, Interr. Sales, Other	19,458	14,427	17,129	25,461	25,052	18,040	11,605	3,275	6,746	5,954	4,917	1,455		
A/C Sales	0	0	0	0	0	0	0	0	16	16	14	19		
Monthly BGSS Sales	1,864	3,203	7,283	7,425	5,603	4,399	2,519	1,935	1,364	1,441	1,451	1,411		
Sub-total of Assigned cost allocations	21,322	17,629	24,412	32,886	30,655	22,440	14,124	5,226	8,148	7,411	6,382	2,884		
E														
Allocation WACOG Costs	206,052	211,838	204,511	167,540	114,364	76,687	69,427	81,554	101,240	124,439	147,655	170,973		
F = D - E														
\$ available for allocation														
G = F / C														
\$/dth WACOG														
Mdth														
Periodic BGSS Sales	1,817	4,021	8,525	9,546	7,001	5,649	2,954	1,498	1,024	1,036	1,009	1,010		
CoUse & UFG	21	40	81	95	74	64	38	17	10	10	11	10		
Periodic BGSS Sales & CoUse & UFG	1,838	4,060	8,606	9,641	7,074	5,713	2,992	1,514	1,034	1,046	1,020	1,020		
H														
\$000														
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume) I = G * H	13,831	30,113	65,994	76,883	55,712	44,289	19,846	9,874	6,755	6,849	6,700	6,750		
I allocated cost														
Plus assigned cost allocations														
Off System Sales, Electric Gen, Interr. Sales, Other	19,458	14,427	17,129	25,461	25,052	18,040	11,605	3,275	6,746	5,954	4,917	1,455		
A/C Sales	0	0	0	0	0	0	0	0	16	16	14	19		
Monthly BGSS Sales	1,864	3,203	7,283	7,425	5,603	4,399	2,519	1,935	1,364	1,441	1,451	1,411		
Sub-total of Assigned cost allocations	21,322	17,629	24,412	32,886	30,655	22,440	14,124	5,226	8,148	7,411	6,382	2,884		
J														
Total Allocated Costs (Sch 2a Total Gas Costs)	35,154	47,742	90,406	105,769	86,367	66,729	33,970	15,100	14,903	14,260	13,082	9,634		
K = I + J														
L														
End of Month Storage Balance	153,429	147,606	109,781	69,574	46,790	20,045	36,249	53,793	71,371	89,262	107,335	125,205		
Total Allocated Costs & Storage Balances	188,583	195,348	200,187	179,343	133,157	86,773	70,219	68,893	86,273	103,522	120,417	134,839		
M = K + L														
N = D - M														
Current Month WACOG Inventory Activity	38,792	34,119	28,736	21,083	11,862	12,364	13,333	17,887	23,114	28,328	33,620	39,018		

NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2011
(000)THERMS

SCHEDULE 3

	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	TOTAL
Residential BGSS Sales	17,503	38,519	80,659	89,766	65,852	53,300	28,060	14,276	9,834	9,937	9,671	9,690	427,068
Residential Air Conditioning													
Total Residential Sales	17,503	38,519	80,659	89,766	65,852	53,300	28,060	14,282	9,839	9,941	9,674	9,694	427,088
C&I Monthly BGSS Sales	3,026	5,731	10,983	11,289	8,393	7,185	3,838	2,885	2,106	2,173	2,173	2,107	61,888
C&I Periodic BGSS Sales	667	1,688	4,593	5,693	4,156	3,187	1,476	702	407	420	420	407	23,815
Air Conditioning													
Total Commercial & Industrial Sales	3,693	7,419	15,576	16,982	12,549	10,372	5,314	3,613	2,544	2,622	2,618	2,547	85,848
Total Firm Sales	21,196	45,938	96,235	106,748	78,401	63,672	33,374	17,895	12,383	12,563	12,292	12,241	512,935
Interruptible IGS (Sch. 4a)	42	0	0	0	0	0	0	0	0	0	0	0	42
Sayreville (Sch. 4b)	0	109	0	0	0	0	0	184	178	184	184	178	1,019
Forked River (Sch. 4c)	1	170	109	0	1	7	0	203	196	203	203	196	1,289
Off System Sales (Sch. 4e)	52,055	44,479	33,472	42,694	49,019	47,159	26,620	6,500	14,250	12,350	10,030	2,690	341,319
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	52,098	44,758	33,581	42,694	49,020	47,166	26,620	6,887	14,625	12,737	10,417	3,065	343,668
Total Sales	73,294	90,696	129,816	149,441	127,421	110,839	59,994	24,782	27,007	25,300	22,709	15,305	856,603
Firm Transportation	5,729	9,736	17,347	15,886	12,402	11,768	6,526	4,735	3,715	3,620	3,507	3,399	98,372
Residential Transportation	819	2,007	4,447	5,227	4,142	3,738	2,038	951	597	610	605	593	25,774
Interruptible Transportation	2,981	2,814	3,227	2,443	2,869	2,832	2,868	2,692	2,605	2,692	2,692	2,605	33,319
Ocean Peaking Power	170	814	455	56	63	60	113	689	2,105	3,592	3,469	842	12,429
Total Transportation	9,699	15,371	25,476	23,612	19,477	18,399	11,545	9,067	9,022	10,514	10,273	7,438	169,894
Total Mtherms	82,992	106,067	155,292	173,053	146,898	129,237	71,539	33,849	36,029	35,814	32,982	22,744	1,026,497

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES
AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION
BGSS YEAR 2011
\$(000) & (000)THERMS

SCHEDULE 4a

INTERRUPTIBLE SALES	ACTUAL												ESTIMATE		TOTAL
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11			
Interruptible & IGS Revenues	33	0	0	0	0	0	0	0	0	0	0	0	0	0	33
Less Tera-Sis tax	(3)	0	0	0	0	0	0	0	0	0	0	0	0	0	(3)
Less BPU/RC Assessment	(0)	0	0	0	0	0	0	0	0	0	0	0	0	0	(0)
Net Revenue	30	0	0	0	0	0	0	0	0	0	0	0	0	0	30
Interr. Sales (Sch. 3)	42	0	0	0	0	0	0	0	0	0	0	0	0	0	42
Loss Factor (2%)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Rate per therm	0.57587														n/a
Cost of Gas (Sch. 2a)	24	0	0	0	0	0	0	0	0	0	0	0	0	0	24
Total Credit (Sch. 1, L.5)	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2

SAYREVILLE

SCHEDULE 4b

SAYREVILLE															SCHEDULE 4b									
Revenue		0	54	0	0	0	0	0	0	97	91	95	96	94	527									
Less BPU/RC Assessment		0	(0)	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(1)									
Net Revenue		0	54	0	0	0	0	0	0	97	91	95	96	93	526									
Therm Sales (Sch. 3)		0	109	0	0	0	0	0	0	184	178	184	184	178	1,019									
Rate per therm			0.44324							0.47529	0.46118	0.46732	0.47184	0.47411	n/a									
Cost of Gas (Sch. 2a)		0	48	0	0	0	0	0	0	88	82	86	87	85	476									
Total Credit (Sch. 1, L.6)		0	5	0	0	0	0	0	0	9	9	9	9	9	50									

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM
SALES TO FORKED RIVER ELECTRIC GENERATION, & TRANSPORT FOR OTHERS
BGSS YEAR 2011
\$(000) & (000)THERMS

SCHEDULE 4c														ACTUAL		ESTIMATE										
FORKED RIVER														Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	TOTAL
Revenue	0	84	208	0	1	4	0	109	102	107	108	105	829													
Less BPU/RC Assessment	(0)	(0)	(0)	0	(0)	(0)	0	(0)	(0)	(0)	(0)	(0)	(1)													
Net Revenue	0	84	208	0	1	4	0	108	102	107	108	105	827													
Therm Sales (Sch. 3)	1	170	109	0	1	7	0	203	196	203	203	196	1,289													
Loss Factor (2%)	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02													
Rate per therm	0.41176	0.43559	1.82180		0.98039	0.53378		0.47529	0.46118	0.46732	0.47184	0.47411	n/a													
Cost of Gas (Sch 2a)	0	75	203	0	1	4	0	98	92	97	98	95	763													
Total Credit (Sch 1, L.7)	0	8	5	0	0	0	0	10	10	10	10	10	64													

SCHEDULE 4d														
Interruptible Transportation & IT switch to Firm														
Revenue	437	415	473	363	423	417	423	373	361	373	373	361	361	4,794
Less BPU/RC Assessment and RA	(112)	(109)	(122)	(98)	(111)	(109)	(111)	(82)	(80)	(82)	(82)	(80)	(80)	(1,177)
Less NJ Clean Energy, USF & EE	(147)	(139)	(159)	(120)	(141)	(139)	(141)	(132)	(128)	(132)	(132)	(128)	(128)	(1,637)
Less IT Cogen/Tefa & Sis tax	(32)	(30)	(35)	(27)	(31)	(30)	(31)	(27)	(26)	(27)	(27)	(26)	(26)	(349)
Gross Margin	146	138	158	119	140	138	140	132	128	132	132	128	128	1,632
Total Credit (Sch.1, L.8)	146	138	158	119	140	138	140	132	128	132	132	128	128	1,632

SCHEDULE 4i															
FRM Program															
	966	125	187	0	0	0	0	0	0	0	0	0	0	0	1,278
FRM Program - Gain (Loss)	966	125	187	0	0	0	0	0	0	0	0	0	0	0	1,278
NJNG Sharing @ 15% (Sch.1, L.9)	145	19	28	0	0	0	0	0	0	0	0	0	0	0	192

Storage Incentive	SCHEDULE 4k												
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	
Storage Gain (Loss)	0	3,404	0	154	0	267	1,062	0	0	0	0	0	4,887
NJNG Sharing @ 20% (Sch.1, L.10)	0	681	0	31	0	53	212	0	0	0	0	0	977

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED
FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER
BGSS YEAR 2011
\$(000) & (000)THERMS

OFF-SYSTEM SALES	SCHEDULE 4e												TOTAL
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	
Revenues	20,437	16,952	21,923	34,894	32,028	20,760	12,130	3,189	6,705	5,905	4,866	1,309	181,099
Net Revenue	20,437	16,952	21,923	34,894	32,028	20,760	12,130	3,189	6,705	5,905	4,866	1,309	181,099
Therm sales	52,055	44,479	33,472	42,694	49,019	47,159	26,620	6,500	14,250	12,350	10,030	2,690	341,319
Rate per therm COG	0.373	0.322	0.506	0.596	0.511	0.382	0.436	0.475	0.461	0.467	0.472	0.474	
Cost of Gas (Sch. 2a)	19,433	14,303	16,927	25,461	25,051	18,037	11,605	3,089	6,572	5,771	4,733	1,275	152,256
Net Margin	1,004	2,650	4,996	9,434	6,978	2,724	525	100	133	133	133	33	28,843
Customer sharing @ 85% (Sch.1,L.11)	853	2,252	4,247	8,018	5,931	2,315	446	85	113	113	113	28	24,516
NJNG Sharing @ 15%	151	397	749	1,415	1,047	409	79	15	20	20	20	5	4,326
Total Credit = Cost of Gas plus sharings	20,287	16,555	21,173	33,479	30,982	20,352	12,051	3,174	6,685	5,885	4,846	1,304	176,773

SCHEDULE 4f

CAPACITY RELEASE													
Revenue	934	1,344	1,419	1,090	989	1,094	1,194	1,308	1,273	1,308	1,308	1,273	14,535
Customer Sharing @ 85% (Sch.1,L.12)	794	1,143	1,206	926	840	930	1,015	1,112	1,082	1,112	1,112	1,082	12,355

SCHEDULE 4g

BALANCING CREDITS & PENALTY CHARGES													
Current Month MBR Penalty Charges	0	0	0	0	13	0	0	0	0	0	0	0	13
Current Month Balancing Charges	473	875	1,671	1,604	1,245	1,174	620	360	253	261	260	253	9,048
Total Credit (Sch.1,L.14)	473	875	1,671	1,604	1,258	1,174	620	360	253	261	260	253	9,061

SCHEDULE 4h

OCEAN PEAKING POWER													
Therm Sales (Sch. 3)	170	814	455	56	63	60	113	689	2,105	3,592	3,469	842	12,429
Revenue	86	158	131	75	70	70	68	80	91	108	106	83	1,126
Less Sales Tax	(6)	(10)	(9)	(5)	(5)	(5)	(4)	(5)	(6)	(7)	(7)	(5)	(74)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(2)
Less USF	(3)	(15)	(8)	(1)	0	0	0	0	0	0	0	0	(27)
Less RA, NJ Clean Energy, EE	(10)	(50)	(28)	(3)	0	0	0	0	0	0	0	0	(92)
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	67	83	86	66	66	65	64	74	85	100	99	77	932
Customer Sharing @ 100%	67	83	86	66	66	65	64	74	85	100	99	77	932
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1,L.15)	67	83	86	66	66	65	64	74	85	100	99	77	932

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2011
\$(000)

SCHEDULE 5

(Sch 1, LINE 13)		
Opening balance BGSS Interest, Sch 6	0	0
Adjustments to BGSS opening balance are captured on Schedule 1	0	0
OCT 2010		
NOV 2010	0	0
DEC 2010	0	0
JAN 2011	(1)	(1)
FEB 2011	0	0
MAR 2011	0	0
APR 2011	0	0
MAY 2011	0	0
JUN 2011	0	0
JUL 2011	0	0
AUG 2011	0	0
SEP 2011	0	0
TOTALS		(1)

NEW JERSEY NATURAL GAS COMPANY					
BGSS YEAR 2011					
COMPUTATION OF INTEREST ON UNDER(OVER) RECOVERED BALANCES					
DATE	COMBINED BALANCE	AVERAGE BALANCE \$(000)	ANNUAL RATE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
SEP 2010	36,485				7.76%
OCT 2010	34,888	35,687		0.00647	231
NOV 2010	31,179	33,034		0.00647	214
DEC 2010	24,751	27,965		0.00647	181
JAN 2011	17,565	21,158		0.00647	137
FEB 2011	11,424	14,494		0.00647	94
MAR 2011	8,176	9,800		0.00647	63
APR 2011	4,106	6,141		0.00647	40
MAY 2011	1,823	2,964		0.00647	19
JUN 2011	183	1,003		0.00647	6
JUL 2011	(1,477)	(647)		0.00647	(4)
AUG 2011	(3,075)	(2,276)		0.00647	(15)
SEP 2011	(4,515)	(3,795)		0.00647	(25)
					<u>941</u>
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER				<u><u>0</u></u>

EXHIBIT B
Projected October 2011 - September 2012¹

INDEX OF SCHEDULES:

1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
3. Total Therm Sales
- 4a. Interruptible Sales
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. Interruptible Transportation
- 4e. Income Sharing Derived from Off System Sales
- 4f. Income Sharing Derived from Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. Ocean Peaking Power
- 4i. Financial Risk Management (FRM) Program
- 4k. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2011 and FY2012. Actual BGSS schedules for FY2009 and FY2010 and projected BGSS schedules for FY2013 will be included in Workpapers to be filed under separate cover.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER(OVER) RECOVERED GAS COSTS
BGSS YEAR 2012
\$ (000)

SCHEDULE 1

	ESTIMATE												TOTAL
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
1. Under/(Over) Recovered Gas Costs Beg. of Period ¹	(4,515)	(4,646)	(5,507)	(5,018)	(2,295)	3,050	8,831	7,209	6,582	6,267	6,005	5,789	(4,515)
2. Net Cost Appl. To BGSS Sales (Sch 2a)	17,476	34,348	60,522	74,791	67,612	55,417	24,625	13,527	9,946	10,208	10,076	10,026	388,575
3. BGSS Recoveries (Sch 2b)	(15,812)	(31,751)	(55,636)	(67,316)	(58,037)	(45,870)	(24,076)	(12,181)	(8,429)	(8,565)	(8,390)	(8,350)	(344,413)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	1,663	2,597	4,887	7,475	9,576	9,547	549	1,346	1,517	1,642	1,686	1,676	44,162
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	(2)	(2)	(2)	(2)	(2)	(2)	(9)	(9)	(9)	(9)	(9)	(9)	(68)
7. Forked River (Sch.4c)	(4)	(4)	(4)	(4)	(4)	(4)	(10)	(10)	(10)	(10)	(10)	(10)	(84)
8. Transportation(Sch.4d)	(134)	(130)	(134)	(134)	(121)	(134)	(128)	(132)	(128)	(132)	(132)	(128)	(1,568)
9. FRM Program (Sch.4i)	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Storage Incentive (Sch.4k)	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Off-System Sales (Sch.4e)	(57)	(1,121)	(1,495)	(1,637)	(1,426)	(1,155)	(57)	(57)	(57)	(57)	(57)	(57)	(7,232)
12. Capacity Rel. (Sch.4f)	(1,060)	(1,304)	(1,347)	(1,347)	(1,260)	(1,347)	(1,304)	(1,347)	(1,304)	(1,347)	(1,347)	(1,304)	(15,620)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Balancing and Penalty (Sch.4g)	(465)	(822)	(1,328)	(1,559)	(1,351)	(1,056)	(597)	(342)	(241)	(248)	(248)	(241)	(8,497)
15. Ocean Peaking Power (Sch.4h)	(71)	(76)	(86)	(68)	(67)	(67)	(67)	(74)	(85)	(100)	(99)	(77)	(838)
16. Total Debits and Credits (L.5 through L.15)	(1,794)	(3,458)	(4,398)	(4,752)	(4,231)	(3,766)	(2,171)	(1,972)	(1,833)	(1,904)	(1,903)	(1,825)	(34,007)
17. Under/(Over) Recov. Gas Costs, End of Period (L's 1,4 & 16)	(4,646)	(5,507)	(5,018)	(2,295)	3,050	8,831	7,209	6,582	6,267	6,005	5,789	5,639	5,639

¹ Adjustments to opening balance are captured on Schedule 5.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2012
\$(000) & (000)THERMS

SCHEDULE 2a

COST OF GAS-CURRENT PERIOD	ESTIMATE												TOTAL
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
Total Gas Costs ¹	24,090	51,249	81,227	98,361	92,612	79,295	31,330	20,497	16,759	17,328	17,242	16,976	546,964
REDUCTIONS TO COST OF GAS													
Interruptible (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	24	24	26	27	24	27	91	95	92	96	97	94	717
Forked Rv (Sch. 4c)	39	39	43	44	40	43	102	106	104	108	109	105	881
Off System Sales (Sch. 4e)	7,798	18,372	22,220	25,084	26,418	25,392	8,046	8,354	8,151	8,501	8,545	8,285	175,168
Capacity Release (Sch. 4f)	(1,248)	(1,534)	(1,585)	(1,585)	(1,483)	(1,585)	(1,534)	(1,585)	(1,534)	(1,585)	(1,585)	(1,534)	(18,377)
Total Reductions	6,614	16,902	20,704	23,570	24,999	23,877	6,705	6,970	6,813	7,120	7,165	6,950	158,389
Net Cost Appl. To BGSS Sales (Sch. 1, L. 2)	17,476	34,348	60,522	74,791	67,612	55,417	24,625	13,527	9,946	10,208	10,076	10,026	388,575

GAS COST RECOVERIES

SCHEDULE 2b

BGSS Sales	23,688	47,440	82,830	100,076	86,278	68,235	35,876	18,108	12,512	12,695	12,422	12,367	512,526
A/C Sales													
Monthly BGSS Sales	3,826	6,174	9,367	10,715	9,433	7,727	4,693	2,927	2,133	2,202	2,202	2,135	63,536
BGSS Sales less Monthly and A/C	19,862	41,266	73,463	89,361	76,844	60,508	31,183	15,149	10,343	10,461	10,191	10,196	448,926
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	
A/C Rate	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	0.6650	
Monthly BGSS Rate	0.6807	0.6979	0.7241	0.7364	0.7352	0.7289	0.7116	0.7140	0.7181	0.7228	0.7254	0.7264	
Recoveries:													
Periodic BGSS	13,208	27,442	48,853	59,425	51,101	40,238	20,736	10,074	6,878	6,957	6,777	6,780	298,469
A/C	0	0	0	0	0	0	0	0	0	0	0	0	88
Monthly BGSS	2,604	4,309	6,783	7,891	6,935	5,632	3,340	2,090	1,532	1,591	1,598	1,551	45,856
Total BGSS Recovery (Sch. 1, L. 3)	15,812	31,751	55,636	67,316	58,037	45,870	24,076	12,181	8,429	8,565	8,390	8,350	344,413

¹ Total Gas Costs equals the sum of Total Allocated Costs on Schedule 2c and the non-production Company Use Gas. The non-production Company Use Gas is included in Total Gas Costs and removed in the Reduction to Gas Costs on Schedule 2a for no impact to the BGSS.

NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2012

ESTIMATE												
SCHEDULE 2c												
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12
Mdth												
Beginning of Month Storage Balance	24,806	25,666	23,904	17,822	10,938	4,673	488	3,695	7,454	11,094	14,853	18,612
Commodity Purchases	4,892	6,733	6,511	7,879	7,366	7,496	8,439	7,253	6,514	6,706	6,678	6,499
Sub-total of Available Supplies	29,697	32,399	30,414	25,701	18,303	12,168	8,926	10,948	13,968	17,800	21,531	25,111
A												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr: Sales, Other	1,641	3,710	4,241	4,674	4,932	4,800	1,612	1,666	1,612	1,666	1,666	1,612
A/C Sales	0	0	0	0	0	0	0	0	3	3	3	4
Monthly BGSS Sales	383	617	937	1,072	943	773	469	293	213	220	220	213
Sub-total of Assigned Cost Allocations	2,023	4,328	5,178	5,746	5,875	5,573	2,082	1,962	1,829	1,890	1,889	1,830
B												
Allocation WACOG Volume	27,674	28,071	25,236	19,955	12,428	6,595	6,845	8,986	12,139	15,910	19,642	23,281
C = A - B												
volume available for allocation												
\$000												
Beginning of Month Storage Balance	125,205	131,673	122,872	92,380	57,048	25,656	4,860	21,235	41,013	60,359	80,515	100,773
Beginning of Month WACOG Inventory	39,018	42,396	40,624	32,974	22,177	10,009	(1,012)	1,935	6,847	12,486	18,020	23,572
Commodity Purchases	25,896	32,839	35,295	44,474	41,232	39,752	43,267	37,850	34,358	35,681	35,714	34,825
Demand Charges	8,039	7,838	7,790	7,757	7,818	7,726	7,385	7,337	7,385	7,337	7,337	7,385
Sub-total of Available Supplies	198,158	214,746	206,582	177,587	128,276	83,143	54,500	68,357	89,604	115,863	141,587	166,556
D												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr: Sales, Other	7,862	18,436	22,290	25,155	26,482	25,462	8,239	8,555	8,347	8,706	8,750	8,484
A/C Sales	0	0	0	0	0	0	0	0	17	17	15	20
Monthly BGSS Sales	2,604	4,309	6,783	7,891	6,935	5,632	3,340	2,090	1,532	1,591	1,598	1,551
Sub-total of Assigned cost allocations	10,466	22,745	29,072	33,046	33,417	31,095	11,579	10,662	9,898	10,314	10,363	10,054
E												
Allocation WACOG Costs	187,693	192,001	177,509	144,541	94,859	52,048	42,921	57,695	79,706	105,549	131,224	156,501
F = D - E												
\$ available for allocation												
\$/dth WACOG	6,7822	6,8398	7,0338	7,2434	7,6326	7,8918	6,2708	6,4206	6,5663	6,6341	6,6809	6,7222
Mdth												
Periodic BGSS Sales	1,986	4,127	7,346	8,936	7,684	6,051	3,118	1,515	1,034	1,046	1,019	1,020
CoUse & UFG	23	41	69	81	71	57	31	17	11	11	10	10
Periodic BGSS Sales & CoUse & UFG	2,009	4,167	7,415	9,017	7,755	6,108	3,150	1,532	1,045	1,057	1,030	1,030
H												
volume to be allocated												
\$000												
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume I = G * H	13,624	28,505	52,155	65,315	59,194	48,200	19,751	9,835	6,862	7,014	6,879	6,922
allocated cost												
Plus assigned cost allocations												
Off System Sales, Electric Gen, Interr: Sales, Other	7,862	18,436	22,290	25,155	26,482	25,462	8,239	8,555	8,347	8,706	8,750	8,484
A/C Sales	0	0	0	0	0	0	0	0	17	17	15	20
Monthly BGSS Sales	2,604	4,309	6,783	7,891	6,935	5,632	3,340	2,090	1,532	1,591	1,598	1,551
Sub-total of Assigned cost allocations	10,466	22,745	29,072	33,046	33,417	31,095	11,579	10,662	9,898	10,314	10,363	10,054
J												
Total Allocated Costs (Sch 2a Total Gas Costs)	24,090	51,249	81,227	98,361	92,612	79,295	31,330	20,497	16,759	17,328	17,242	16,976
L												
End of Month Storage Balance	131,673	122,872	92,380	57,048	25,656	4,860	21,235	41,013	60,359	80,515	100,773	120,424
M = K+L	155,762	174,122	173,607	155,409	118,267	84,155	52,565	61,510	77,118	97,843	118,015	137,400
N = D - M												
Current Month WACOG Inventory Activity	42,396	40,624	32,974	22,177	10,009	(1,012)	1,935	6,847	12,486	18,020	23,572	29,155

NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2012
(000)THERMS

SCHEDULE 3

ESTIMATE	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
Residential BGSS Sales	18,743	38,855	68,882	83,799	72,051	56,864	29,653	14,432	9,928	10,033	9,764	9,781	422,786
Residential Air Conditioning													20
Total Residential Sales	18,743	38,855	68,882	83,799	72,051	56,864	29,653	14,438	9,932	10,037	9,767	9,785	422,805
C&I Monthly BGSS Sales	3,826	6,174	9,367	10,715	9,433	7,727	4,693	2,927	2,133	2,202	2,202	2,135	63,536
C&I Periodic BGSS Sales	1,118	2,411	4,581	5,562	4,794	3,644	1,529	716	415	428	427	415	26,040
Air Conditioning													145
Total Commercial & Industrial Sales	4,944	8,585	13,948	16,277	14,227	11,371	6,223	3,670	2,580	2,658	2,655	2,583	89,720
Total Firm Sales	23,688	47,440	82,830	100,076	86,278	68,235	35,876	18,108	12,512	12,695	12,422	12,367	512,526
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	50	49	50	50	45	50	178	184	178	184	184	178	1,383
Forked River (Sch. 4c)	80	77	80	80	72	80	196	203	196	203	203	196	1,666
Off System Sales (Sch. 4e)	16,275	36,979	42,283	46,613	49,201	47,873	15,750	16,275	15,750	16,275	16,275	15,750	335,300
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	16,405	37,105	42,413	46,743	49,319	48,004	16,125	16,662	16,125	16,662	16,662	16,125	338,349
Total Sales	40,093	84,545	125,243	146,819	135,596	116,239	52,001	34,770	28,636	29,357	29,084	28,492	850,875
Firm Transportation	5,445	8,719	13,200	15,363	13,743	11,207	7,128	4,796	3,782	3,677	3,563	3,455	94,079
Residential Transportation	1,373	2,675	4,696	5,647	4,832	3,684	1,984	951	597	610	605	593	28,256
Interruptible Transportation	2,727	2,639	2,727	2,727	2,463	2,727	2,605	2,692	2,605	2,692	2,692	2,605	31,899
Ocean Peaking Power	340	541	454	104	81	173	177	689	2,105	3,592	3,469	842	12,568
Total Transportation	9,886	14,574	21,076	23,841	21,119	17,791	11,904	9,129	9,089	10,571	10,329	7,495	166,802
Total Mtherms	49,978	99,119	146,320	170,660	156,715	134,029	63,905	43,899	37,725	39,927	39,413	35,987	1,017,677

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES
AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION
BGSS YEAR 2012
\$(000) & (000)THERMS

SCHEDULE 4a													
ESTIMATE													
INTERRUPTIBLE SALES	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Teta-Sis tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less BPU/RC Assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Interr. Sales (Sch.3)	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss Factor (2%)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Rate per therm													n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
SAYREVILLE													
SCHEDULE 4b													
Revenue	27	27	29	30	27	29	100	104	101	106	106	103	787
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	27	27	29	30	27	29	100	104	101	105	106	103	786
Therm Sales (Sch. 3)	50	49	50	50	45	50	178	184	178	184	184	178	1,383
Rate per therm	0.47917	0.49683	0.52551	0.53814	0.53694	0.53041	0.51083	0.51331	0.51751	0.52235	0.52505	0.52602	n/a
Cost of Gas (Sch. 2a)	24	24	26	27	24	27	91	95	92	96	97	94	717
Total Credit (Sch.1, L.6)	2	2	2	2	2	2	9	9	9	9	9	9	68

[illegible]

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED
FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER
BGSS YEAR 2012
\$(000) & (000)THERMS

OFF-SYSTEM SALES	ESTIMATE												TOTAL
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	
Revenues	7,865	19,691	23,980	27,010	28,096	26,752	8,112	8,421	8,217	8,568	8,612	8,351	183,676
Net Revenue	7,865	19,691	23,980	27,010	28,096	26,752	8,112	8,421	8,217	8,568	8,612	8,351	183,676
Therm sales Rate per therm COG	16,275 0.479	36,979 0.497	42,283 0.526	46,613 0.538	49,201 0.537	47,873 0.530	15,750 0.511	16,275 0.513	15,750 0.518	16,275 0.522	16,275 0.525	15,750 0.526	335,300
Cost of Gas (Sch. 2a)	7,798	18,372	22,220	25,084	26,418	25,392	8,046	8,354	8,151	8,501	8,545	8,285	175,168
Net Margin	67	1,319	1,759	1,926	1,678	1,359	67	67	67	67	67	67	8,508
Customer sharing @ 85% (Sch. 1, L. 11)	57	1,121	1,495	1,637	1,426	1,155	57	57	57	57	57	57	7,232
NJNG Sharing @ 15%	10	198	264	289	252	204	10	10	10	10	10	10	1,276
Total Credit = Cost of Gas plus sharings	7,855	19,493	23,716	26,721	27,845	26,548	8,102	8,411	8,207	8,558	8,602	8,341	182,400

CAPACITY RELEASE

SCHEDULE 4f

Revenue	1,248	1,534	1,585	1,585	1,483	1,585	1,534	1,585	1,534	1,585	1,585	1,534	18,377
Customer Sharing @ 85% (Sch. 1, L. 12)	1,060	1,304	1,347	1,347	1,260	1,347	1,304	1,347	1,304	1,347	1,347	1,304	15,620

BALANCING CREDITS & PENALTY CHARGES

SCHEDULE 4g

Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Month Balancing Charges	465	822	1,328	1,559	1,351	1,056	597	342	241	248	248	241	8,497
Total Credit (Sch. 1, L. 14)	465	822	1,328	1,559	1,351	1,056	597	342	241	248	248	241	8,497

OCEAN PEAKING POWER

SCHEDULE 4h

Therm Sales (Sch. 3)	340	541	454	104	81	173	177	689	2,105	3,592	3,469	842	12,568
Revenue	76	82	93	73	72	72	72	80	91	108	106	83	1,005
Less Sales Tax	(5)	(5)	(6)	(5)	(5)	(5)	(5)	(5)	(6)	(7)	(7)	(5)	(66)
Less BPURC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(2)
Less USF	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA, NJ Clean Energy, EE	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	71	76	86	68	67	67	67	74	85	100	99	77	938
Customer Sharing @ 100%	71	76	86	68	67	67	67	74	85	100	99	77	938
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch. 1, L. 15)	71	76	86	68	67	67	67	74	85	100	99	77	938

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2012
\$(000)

SCHEDULE 5

(Sch 1, LINE 13)		
Operating balance BGSS Interest Sch 6	0	0
Adjustments to BGSS operating balance are captured on Schedule 1		
OCT 2011	0	0
NOV 2011	0	0
DEC 2011	0	0
JAN 2012	0	0
FEB 2012	0	0
MAR 2012	0	0
APR 2012	0	0
MAY 2012	0	0
JUN 2012	0	0
JUL 2012	0	0
AUG 2012	0	0
SEP 2012	0	0
TOTALS		0

NEW JERSEY NATURAL GAS COMPANY					
BGSS YEAR 2012					
COMPUTATION OF INTEREST ON UNDER(OVER) RECOVERED BALANCES					
DATE	COMBINED BALANCE	\$ (000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE	
SEP 2011	(4,515)			7.76%	
OCT 2011	(4,646)	(4,580)	0.00647	(30)	
NOV 2011	(5,507)	(5,076)	0.00647	(33)	
DEC 2011	(5,018)	(5,262)	0.00647	(34)	
JAN 2012	(2,295)	(3,656)	0.00647	(24)	
FEB 2012	3,050	378	0.00647	2	
MAR 2012	8,831	5,940	0.00647	38	
APR 2012	7,209	8,020	0.00647	52	
MAY 2012	6,582	6,896	0.00647	45	
JUN 2012	6,267	6,425	0.00647	42	
JUL 2012	6,005	6,136	0.00647	40	
AUG 2012	5,789	5,897	0.00647	38	
SEP 2012	5,639	5,714	0.00647	37	
				173	
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER				0

EXHIBIT C
CONSERVATION INCENTIVE PROGRAM (CIP) SCHEDULES

INDEX OF SCHEDULES:

1. Results and Calculation of Rate for Group I Residential Non-Heat
2. Results and Calculation of Rate for Group II Residential Heat
3. Results and Calculation of Rate for Group III General Service - Small
4. Results and Calculation of Rate for Group IV General Service - Large
5. Weather Related Margin Deficiency
6. BGSS Savings Test
7. ROE Test

New Jersey Natural Gas Company
Conservation Incentive Program
Group I: Residential Non-Heat
FY2011

Customer Class	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust.	Baseline Use / Cust. ²	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)
		Total Class	Number of				
		Therms	Customers				
(a)		(b)	(c)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>Residential Non-Heating</u>							
October	a	362,207	18,302	19.8	19.6	0.2	3,477
November	a	331,298	17,853	18.6	24.4	(5.8)	(104,261)
December	a	443,420	17,681	25.1	21.1	4.0	70,371
January	a	419,859	17,629	23.8	22.0	1.8	32,085
February	a	307,580	17,601	17.5	17.5	(0.0)	(528)
March	a	275,681	17,551	15.7	17.3	(1.6)	(27,907)
April	a	170,152	17,572	9.7	7.6	2.1	36,549
May	e	196,045	17,914	10.9	8.3	2.6	47,294
June	e	303,234	18,565	16.3	12.7	3.6	67,393
July	e	336,422	18,606	18.1	19.4	(1.3)	(24,561)
August	e	304,464	18,546	16.4	17.6	(1.2)	(21,885)
September	e	350,533	18,390	19.1	19.4	(0.3)	(6,253)
Total		3,800,895		210.9	206.9		71,774

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$ 0.2981
Margin Deficiency/ (Credit)	\$ (21,396)
Prior Period (Over) / Under Recovery ³	\$ 96,936
Total Deficiency/(Credit)	\$ 75,541
Projected Residential Non-Heating Throughput for Recovery Period	3,169,526
Pre-tax CIP Charge/(Credit)	\$ 0.0238
BPU/RC Assessment Factor	1.001827
CIP Charge/(Credit) including assessments	\$ 0.0238
7% Sales Tax	\$ 0.0017
Proposed After-tax CIP Charge/(Credit) per Therm	\$ 0.0255
Current After-tax CIP Charge/(Credit) per Therm	\$ (0.0033)
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ 0.0288

¹ Per Exhibit C, Schedule 1, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 1, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group I: RS non-heat

	Actual <u>Oct-10</u>	Actual <u>Nov-10</u>	Actual <u>Dec-10</u>	Actual <u>Jan-11</u>	Actual <u>Feb-11</u>	Actual <u>Mar-11</u>	Actual <u>Apr-11</u>	Estimate <u>May-11</u>	Estimate <u>Jun-11</u>	Estimate <u>Jul-11</u>	Estimate <u>Aug-11</u>	Estimate <u>Sep-11</u>	
<u>Customers</u>													
RS non-heat sales	17,713	17,220	17,038	16,965	16,916	16,854	16,876	17,217	17,868	17,909	17,849	17,693	
RS non-heat transport	590	633	644	664	685	698	696	698	698	698	698	698	
Total Customers	18,302	17,853	17,681	17,629	17,601	17,551	17,572	17,914	18,565	18,606	18,546	18,390	
<u>Volumes</u>													
RS non-heat sales	350,948	314,744	418,766	399,214	291,661	258,535	159,820	186,210	293,524	326,098	294,096	340,629	3,634,245
RS non-heat transport	11,259	16,554	24,654	20,645	15,919	17,146	10,332	9,835	9,710	10,324	10,367	9,904	166,649
Total Volumes	362,207	331,298	443,420	419,859	307,580	275,681	170,152	196,045	303,234	336,422	304,464	350,533	3,800,895

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP I - RS NON-HEAT
FY2011

	<u>Actual Oct-10</u>	<u>Actual Nov-10</u>	<u>Actual Dec-10</u>	<u>Actual Jan-11</u>	<u>Actual Feb-11</u>	<u>Actual Mar-11</u>	<u>Actual Apr-11</u>	<u>Estimate May-11</u>	<u>Estimate Jun-11</u>	<u>Estimate Jul-11</u>	<u>Estimate Aug-11</u>	<u>Estimate Sep-11</u>	<u>TOTAL</u>
Beginning Under/(Over) Recovery \$	85,154	86,276	87,304	88,678	89,980	90,933	91,788	92,315	92,923	93,863	94,906	95,850	85,154
Therm Sales	362,207	331,298	443,420	419,859	307,580	275,681	170,152	196,045	303,234	336,422	304,464	350,533	3,800,895
Pre-tax Recovery Rate per Therm	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	(0.0031)	
Recovery \$	(1,123)	(1,027)	(1,375)	(1,302)	(953)	(855)	(527)	(608)	(940)	(1,043)	(944)	(1,087)	(11,783)
Ending Under/(Over) Recovery \$	86,276	87,304	88,678	89,980	90,933	91,788	92,315	92,923	93,863	94,906	95,850	96,936	96,936

New Jersey Natural Gas Company
Conservation Incentive Program
Group II: Residential Heat
FY2011

<u>Customer Class</u> (a)	<u>Actual/ Estimate</u>	<u>Actual per Books¹</u>		<u>Actual Avg. Use / Cust.</u> (d) = (b) / (c)	<u>Baseline Use / Cust.²</u> (e)	<u>Difference</u> (f) = (d) - (e)	<u>Aggregate Therm Impact</u> (g) = (f) * (c)
		<u>Total Class Therms</u> (b)	<u>Number of Customers</u> (c)				
<u>Residential Heating</u>							
October	a	17,959,225	438,058	41.0	51.0	(10.0)	(4,380,578)
November	a	40,194,543	439,052	91.6	97.4	(5.9)	(2,568,456)
December	a	84,662,684	440,065	192.4	168.3	24.1	10,601,173
January	a	94,572,780	440,652	214.6	190.4	24.2	10,672,595
February	a	69,686,780	440,974	158.0	166.3	(8.3)	(3,646,857)
March	a	56,763,165	441,245	128.6	136.9	(8.3)	(3,644,687)
April	a	29,928,332	441,514	67.8	77.6	(9.8)	(4,331,248)
May	e	15,036,996	441,582	34.1	41.2	(7.2)	(3,157,314)
June	e	10,132,035	441,779	22.9	25.4	(2.5)	(1,091,195)
July	e	10,214,584	442,031	23.1	24.1	(1.0)	(437,611)
August	e	9,973,833	442,395	22.6	23.6	(1.1)	(464,515)
September	e	9,935,771	442,830	22.4	26.1	(3.7)	(1,620,759)
Total		449,060,729		1,019.1	1,028.3		(4,069,451)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$ 0.2981
Margin Deficiency/ (Credit)	\$ 1,213,103
Prior Period (Over) / Under Recovery ³	\$ 1,579,034
Total Deficiency/(Credit)	\$ 2,792,137
Projected Residential Heating Throughput for Recovery Period	447,891,632
Pre-tax CIP Charge/(Credit)	\$ 0.0062
BPU/RC Assessment Factor	1.001827
CIP Charge/(Credit) including assessments	\$ 0.0062
7% Sales Tax	\$ 0.0004
Proposed After-tax CIP Charge/(Credit) per Therm	\$ 0.0066
Current After-tax CIP Charge/(Credit) per Therm	\$ 0.0179
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ (0.0113)

¹ Per Exhibit C, Schedule 2, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 2, Page 3

**New Jersey Natural Gas Company
Customers and Therms**

Group II: RS heat

	<u>Actual Oct-10</u>	<u>Actual Nov-10</u>	<u>Actual Dec-10</u>	<u>Actual Jan-11</u>	<u>Actual Feb-11</u>	<u>Actual Mar-11</u>	<u>Actual Apr-11</u>	<u>Estimate May-11</u>	<u>Estimate Jun-11</u>	<u>Estimate Jul-11</u>	<u>Estimate Aug-11</u>	<u>Estimate Sep-11</u>	
<u>Customers</u>													
RS heat sales	419,722	418,852	417,930	416,834	414,952	413,583	413,100	413,920	414,117	414,369	414,733	415,168	
RS heat transport	18,336	20,200	22,136	23,818	26,023	27,663	28,413	27,663	27,663	27,663	27,663	27,663	
Total Customers	438,058	439,052	440,065	440,652	440,974	441,245	441,514	441,582	441,779	442,031	442,395	442,830	
<u>Volumes</u>													
RS heat sales	17,151,923	38,204,237	80,240,363	89,366,607	65,560,431	53,041,879	27,900,268	14,095,453	9,545,128	9,614,746	9,379,411	9,352,898	423,453,344
RS heat transport	807,302	1,990,306	4,422,321	5,206,173	4,126,349	3,721,286	2,028,064	941,543	586,906	599,839	594,422	582,873	25,607,385
Total Volumes	17,959,225	40,194,543	84,662,684	94,572,780	69,686,780	56,763,165	29,928,332	15,036,996	10,132,035	10,214,584	9,973,833	9,935,771	449,060,729

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP II - RS HEAT
FY2011

	<u>Actual</u> <u>Oct-10</u>	<u>Actual</u> <u>Nov-10</u>	<u>Actual</u> <u>Dec-10</u>	<u>Actual</u> <u>Jan-11</u>	<u>Actual</u> <u>Feb-11</u>	<u>Actual</u> <u>Mar-11</u>	<u>Actual</u> <u>Apr-11</u>	<u>Estimate</u> <u>May-11</u>	<u>Estimate</u> <u>Jun-11</u>	<u>Estimate</u> <u>Jul-11</u>	<u>Estimate</u> <u>Aug-11</u>	<u>Estimate</u> <u>Sep-11</u>	TOTAL
Beginning Under/(Over) Recovery \$	9,078,348	8,778,429	8,107,180	6,693,313	5,113,948	3,950,179	3,002,234	2,502,431	2,251,313	2,082,108	1,911,524	1,744,961	9,078,348
Therm Sales	17,959,225	40,194,543	84,662,684	94,572,780	69,686,780	56,763,165	29,928,332	15,036,996	10,132,035	10,214,584	9,973,833	9,935,771	449,060,729
Pre-tax Recovery Rate per Therm	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	0.0167	
Recovery \$	299,919	671,249	1,413,867	1,579,365	1,163,769	947,945	499,803	251,118	169,205	170,584	166,563	165,927	7,499,314
Ending Under/(Over) Recovery \$	8,778,429	8,107,180	6,693,313	5,113,948	3,950,179	3,002,234	2,502,431	2,251,313	2,082,108	1,911,524	1,744,961	1,579,034	1,579,034

New Jersey Natural Gas Company
Conservation Incentive Program
Group III: General Service Small
FY2011

Customer Class	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust.	Baseline Use / Cust. ²	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)
		Total Class Therms	Number of Customers				
(a)		(b)	(c)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>General Service Small</u>							
October	a	906,292	25,562	35.5	79.6	(44.2)	(1,128,580)
November	a	2,193,144	26,181	83.8	99.9	(16.1)	(422,292)
December	a	5,771,491	26,641	216.6	214.1	2.5	67,668
January	a	7,147,331	26,869	266.0	254.6	11.4	306,311
February	a	5,264,097	26,965	195.2	235.2	(40.0)	(1,078,064)
March	a	4,066,239	26,904	151.1	187.6	(36.5)	(980,920)
April	a	1,927,047	26,718	72.1	96.8	(24.7)	(659,130)
May	e	927,451	26,344	35.2	47.2	(12.0)	(316,132)
June	e	555,331	26,044	21.3	24.9	(3.6)	(93,239)
July	e	573,231	25,893	22.1	27.4	(5.3)	(136,199)
August	e	572,874	25,776	22.2	38.0	(15.8)	(406,751)
September	e	555,152	25,808	21.5	14.7	6.8	175,755
Total		30,459,680		1,142.7	1,320.0		(4,671,573)
Margin Revenue Factor / Therm Per Tariff Sheet No. 179							\$ 0.2555
Margin Deficiency/ (Credit)							\$ 1,193,587
Prior Period (Over) / Under Recovery ³							\$ 237,498
Total Deficiency/(Credit)							\$ 1,431,085
Projected Commercial Throughput for Recovery Period							33,047,277
Pre-tax CIP Charge/(Credit)							\$ 0.0433
BPU/RC Assessment Factor							1.001827
CIP Charge/(Credit) including assessments							\$ 0.0434
7% Sales Tax							\$ 0.0030
Proposed After-tax CIP Charge/(Credit) per Therm							\$ 0.0464
Current After-tax CIP Charge/(Credit) per Therm							\$ 0.0339
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm							\$ 0.0125

¹ Per Exhibit C, Schedule 3, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 3, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group III: GSS

	Actual <u>Oct-10</u>	Actual <u>Nov-10</u>	Actual <u>Dec-10</u>	Actual <u>Jan-11</u>	Actual <u>Feb-11</u>	Actual <u>Mar-11</u>	Actual <u>Apr-11</u>	Estimate <u>May-11</u>	Estimate <u>Jun-11</u>	Estimate <u>Jul-11</u>	Estimate <u>Aug-11</u>	Estimate <u>Sep-11</u>	
<u>Customers</u>													
GSS Sales	21,506	21,953	22,325	22,260	22,245	22,150	22,010	21,624	21,324	21,173	21,056	21,088	
GSS A/C	42	37	36	35	34	34	36						
GSS Transport	4,015	4,190	4,280	4,574	4,687	4,720	4,672	4,720	4,720	4,720	4,720	4,720	
Total Customers	25,562	26,181	26,641	26,869	26,965	26,904	26,718	26,344	26,044	25,893	25,776	25,808	
<u>Volumes</u>													
GSS Sales	652,984	1,685,581	4,586,221	5,684,012	4,150,967	3,182,055	1,477,243	701,798	406,849	419,800	419,443	406,669	23,773,622
GSS A/C	13,503	2,040	6,773	8,267	4,753	4,471	(1,868)						37,939
GSS Transport	239,805	505,523	1,178,497	1,455,052	1,108,377	879,713	451,672	225,652	148,482	153,432	153,432	148,482	6,648,119
Total Volumes	906,292	2,193,144	5,771,491	7,147,331	5,264,097	4,066,239	1,927,047	927,451	555,331	573,231	572,874	555,152	30,459,680

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP III - GENERAL SERVICE SMALL
FY2011

	<u>Actual Oct-10</u>	<u>Actual Nov-10</u>	<u>Actual Dec-10</u>	<u>Actual Jan-11</u>	<u>Actual Feb-11</u>	<u>Actual Mar-11</u>	<u>Actual Apr-11</u>	<u>Estimate May-11</u>	<u>Estimate Jun-11</u>	<u>Estimate Jul-11</u>	<u>Estimate Aug-11</u>	<u>Estimate Sep-11</u>	TOTAL
Beginning Under/(Over) Recovery \$	1,203,070	1,174,341	1,104,818	921,862	695,291	528,420	399,520	338,432	309,032	291,428	273,257	255,097	1,203,070
Therm Sales	906,292	2,193,144	5,771,491	7,147,331	5,264,097	4,066,239	1,927,047	927,451	555,331	573,231	572,874	555,152	30,459,680
Pre-tax Recovery Rate per Therm	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	0.0317	
Recovery \$	28,729	69,523	182,956	226,570	166,872	128,900	61,087	29,400	17,604	18,171	18,160	17,598	965,572
Ending Under/(Over) Recovery \$	1,174,341	1,104,818	921,862	695,291	528,420	399,520	338,432	309,032	291,428	273,257	255,097	237,498	237,498

New Jersey Natural Gas Company
Conservation Incentive Program
Group IV: General Service Large
FY2011

Customer Class	Actual/ Estimate	Actual per Books ¹		Large Customer Adjustment	Adjusted Number of Customers	Actual Avg. Use / Cust. ²	Baseline Use / Cust.	Difference	Aggregate Therm Impact
		Total Class Therms	Number of Customers						
(a)		(b)	(c1)	(c2)	(c) = (c1) + (c2)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>General Service Large</u>									
October	a	7,674,356	8,749	76	8,825	869.7	1,059.1	(189.5)	(1,671,826)
November	a	13,790,002	8,818	76	8,894	1,550.4	2,026.2	(475.8)	(4,231,651)
December	a	25,535,227	8,867	69	8,936	2,857.6	2,591.6	266.0	2,377,191
January	a	23,977,038	8,894	70	8,964	2,675.0	3,012.6	(337.6)	(3,026,440)
February	a	18,178,030	8,903	70	8,973	2,025.9	2,687.9	(662.0)	(5,940,349)
March	a	16,750,637	8,899	70	8,969	1,867.6	2,090.8	(223.2)	(2,001,699)
April	a	8,761,469	8,883	70	8,953	978.7	1,251.1	(272.5)	(2,439,128)
May	e	6,051,927	8,808	70	8,878	681.7	803.7	(122.0)	(1,083,292)
June	e	4,415,184	8,782	70	8,852	498.8	564.1	(65.3)	(578,212)
July	e	4,559,484	8,773	70	8,843	515.6	541.0	(25.4)	(224,612)
August	e	4,559,797	8,774	79	8,853	515.1	485.2	29.9	264,350
September	e	4,416,101	8,785	89	8,874	497.7	631.3	(133.7)	(1,186,009)
Total		<u>138,669,253</u>				<u>15,533.6</u>	<u>17,744.6</u>		(19,741,676)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$	0.2009
Margin Deficiency/ (Credit)	\$	3,966,103
Prior Period (Over) / Under Recovery ³	\$	<u>986,642</u>
Total Deficiency/(Credit)	\$	4,952,745
Projected Commercial Throughput for Recovery Period		135,960,429
Pre-tax CIP Charge/(Credit)	\$	0.0364
BPU/RC Assessment Factor		<u>1.001827</u>
CIP Charge/(Credit) including assessments	\$	0.0365
7% Sales Tax	\$	<u>0.0026</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0391
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0278</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0113</u>

¹ Per Exhibit C, Schedule 4, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 4, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group IV: GSL

	Actual <u>Oct-10</u>	Actual <u>Nov-10</u>	Actual <u>Dec-10</u>	Actual <u>Jan-11</u>	Actual <u>Feb-11</u>	Actual <u>Mar-11</u>	Actual <u>Apr-11</u>	Estimate <u>May-11</u>	Estimate <u>Jun-11</u>	Estimate <u>Jul-11</u>	Estimate <u>Aug-11</u>	Estimate <u>Sep-11</u>	
<u>Customers</u>													
GSL Sales	5,031	5,073	5,146	5,082	5,026	5,035	5,048	4,970	4,944	4,935	4,936	4,947	
GSL A/C	26	26	27	27	26	26	26						
GSL Transport	3,692	3,719	3,693	3,785	3,851	3,838	3,808	3,838	3,838	3,838	3,838	3,838	
Total Customers	8,749	8,818	8,867	8,894	8,903	8,899	8,883	8,808	8,782	8,773	8,774	8,785	
<u>Volumes</u>													
GSL Sales	2,997,533	5,671,813	10,888,780	11,229,417	8,355,154	7,150,758	3,751,848	2,884,548	2,105,819	2,173,139	2,173,453	2,106,735	61,488,997
GSL A/C	28,337	58,770	93,957	59,819	37,635	34,319	17,282						330,119
GSL Transport	4,648,486	8,059,419	14,552,490	12,687,802	9,785,241	9,565,560	4,992,339	3,167,379	2,309,366	2,386,345	2,386,345	2,309,366	76,850,137
Total Volumes	7,674,356	13,790,002	25,535,227	23,977,038	18,178,030	16,750,637	8,761,469	6,051,927	4,415,184	4,559,484	4,559,797	4,416,101	138,669,253

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP IV - GENERAL SERVICE LARGE
FY2011

	<u>Actual Oct-10</u>	<u>Actual Nov-10</u>	<u>Actual Dec-10</u>	<u>Actual Jan-11</u>	<u>Actual Feb-11</u>	<u>Actual Mar-11</u>	<u>Actual Apr-11</u>	<u>Estimate May-11</u>	<u>Estimate Jun-11</u>	<u>Estimate Jul-11</u>	<u>Estimate Aug-11</u>	<u>Estimate Sep-11</u>	TOTAL
Beginning Under/(Over) Recovery \$	4,593,837	4,394,304	4,035,764	3,371,848	2,748,445	2,275,816	1,840,300	1,610,707	1,453,357	1,338,562	1,220,015	1,101,460	4,593,837
Therm Sales	7,674,356	13,790,002	25,535,227	23,977,038	18,178,030	16,750,637	8,830,494	6,051,927	4,415,184	4,559,484	4,559,797	4,416,101	138,738,278
Pre-tax Recovery Rate per Therm	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	0.0260	
Recovery \$	199,533	358,540	663,916	623,403	472,629	435,517	229,593	157,350	114,795	118,547	118,555	114,819	3,607,195
Ending Under/(Over) Recovery \$	4,394,304	4,035,764	3,371,848	2,748,445	2,275,816	1,840,300	1,610,707	1,453,357	1,338,562	1,220,015	1,101,460	986,642	986,642

**New Jersey Natural Gas Company
Conservation Incentive Program
Weather Normalization Calculation for the 2010-11 Winter Period**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	Group II RS/RT Heat CONSUMPTION FACTOR ¹	TOTAL THERMS	Group III GSS CONSUMPTION FACTOR ¹	TOTAL THERMS	Group IV GSL CONSUMPTION FACTOR ¹	TOTAL THERMS	TOTAL WNC Margin
Oct-10	a	291	226	(65)	47,501	(3,087,565)	4,405	(286,325)	13,070	(849,550)	
Nov-10	a	534	522	(12)	62,849	(754,188)	4,224	(50,688)	16,930	(203,160)	
Dec-10	a	857	1,015	158	72,822	11,505,876	6,086	961,588	18,299	2,891,242	
Jan-11	a	963	1,082	119	77,499	9,222,381	6,879	818,601	19,152	2,279,088	
Feb-11	a	854	763	(91)	71,612	(6,516,692)	6,918	(629,538)	17,801	(1,619,891)	
Mar-11	a	702	665	(37)	69,254	(2,562,398)	6,235	(230,695)	17,305	(640,285)	
Apr-11	a	393	307	(86)	66,260	(5,698,360)	4,667	(401,362)	14,840	(1,276,240)	
May-11	e	150	153	3	53,528	160,584	4,010	12,030	13,831	41,493	
		<u>4,744</u>	<u>4,733</u>	<u>(11)</u>		2,269,638		193,611		622,697	
					MARGIN FACTOR ²	<u>\$0.2981</u>		<u>\$0.2555</u>		<u>\$0.2009</u>	
					Margin Impact due to Weather Variances	<u>\$676,579</u>		<u>\$49,468</u>		<u>\$125,100</u>	<u>\$851,147</u>

¹ Degree Days and Consumption factors are per Tariff Sheet No. 169 approved in BPU Docket No. GR07110889.

² Per Tariff Sheet No. 179

NOTE: The Weather Normalization Clause is currently suspended. This schedule is only provided for the purpose of calculating the weather related component of the usage variance of the CIP clause.

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2011**

GR1106_____

Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period

Recurring initial savings identified¹	\$5,531,561
Additional Savings²	\$217,305
Additional Savings³	<u>\$7,336,500</u>
Total BGSS Savings Available for CIP comparison	<u>\$13,085,366</u>

NOTE: Pursuant to the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

¹ Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

² As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

³ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth.

New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2011
GR1106_____
Summary

Group I	Per Exhibit C, Schedule 1	(\$21,396) a
Group II	Per Exhibit C, Schedule 2	\$1,213,103 b
Group III	Per Exhibit C, Schedule 3	\$1,193,587 c
Group IV	Per Exhibit C, Schedule 4	<u>\$3,966,103</u> d
CIP Calculation for current period		\$6,351,397 e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>(\$851,147)</u> f
CIP Value subject to BGSS test-current year		\$7,202,544 g=e-f
Prior Year Carry-over CIP Value	Per Exhibit C, Schedule 6, Page 4 of 4	<u>\$1,369,125</u> h
Total CIP Value subject to BGSS savings comparison		\$8,571,668 i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 4	\$13,085,366 j
Non-weather CIP Value to be recovered in current year		\$8,571,668 k= full value of i if j>i k=j, if j<i
Total CIP value subject to recovery for current year		\$7,720,522 l=f+k
CIP Carry-over value to next year		\$0 m=i-j, if i>j m=0, if i<j

NOTE: Pursuant to the CIP Stipulation, if BGSS savings (j) are greater than the CIP value subject to the BGSS test (i), there is no BGSS Carryover.

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2010
GR1106_____**

Calculation of BGSS Savings for October 2010 through September 2011 Recovery Period

Recurring initial savings identified¹	<u>\$5,516,447</u>
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Total BGSS Savings Available for CIP comparison	<u>\$5,516,447</u>
--	---------------------------

NOTE: Pursuant to the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

¹ Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2010
Final Results
Summary**

Group I	Per Exhibit C, Schedule 1	\$79,253	a
Group II	Per Exhibit C, Schedule 2	\$9,846,927	b
Group III	Per Exhibit C, Schedule 3	\$1,186,532	c
Group IV	Per Exhibit C, Schedule 4	<u>\$4,804,901</u>	d
CIP Calculation for current period		\$15,917,613	e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>\$9,032,041</u>	f
CIP Value subject to BGSS test-current year		\$6,885,572	g=e-f
Prior Year Carry-over CIP Value		<u>\$0</u>	h
Note: This will only exist if the conservation experienced in the prior year was greater than the BGSS value available for comparison.			
Total CIP Value subject to BGSS savings comparison		\$6,885,572	i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 4	\$5,516,447	j
Non-weather CIP Value to be recovered in current year		\$5,516,447	k= full value of i if j>i k=j, if j<i
Total CIP value subject to recovery for current year		\$14,548,488	l=f+k
CIP Carry-over value to next year		\$1,369,125	m=i-j, if i>j m=0, if i<j

NOTE: Pursuant to the CIP Stipulation, if BGSS savings (j) are greater than the CIP value subject to the BGSS test (i), there is no BGSS Carryover.

**NEW JERSEY NATURAL GAS COMPANY
CONSERVATION INCENTIVE PROGRAM
EARNINGS TEST
OCTOBER 1, 2010 THROUGH SEPTEMBER 30, 2011
SIX MONTH ACTUAL, SIX MONTH ESTIMATE**

BPU DOCKET No. GR1106_____

	(000's)
Net Income	\$71,185
Less:	
Net earnings from margin sharing, net of tax	4,820
Other income, net of tax	1,942
Net Income - Earnings Test	\$64,423
Average Thirteen Month Common Equity	645,865
Actual Rate of Return on Common Equity	9.97%

EXHIBIT D

CALCULATION OF REVISED BALANCING RATE

FOR F/Y 2012

**New Jersey Natural Gas Company
Calculation of Balancing Charge**

\$000

Balancing Charge related to Inventory¹

12 month Average inventory balance (TETCO storages and LNG)	\$42,359
Rate of Return	<u>11.44%</u>
Storage Carrying Costs	\$4,846
% of Peak Related to Balancing	<u>55%</u>
Balancing	\$2,661
Annual Firm Therms (excluding FT) (000)	<u>624,513</u>
Pre-tax Balancing Rate	\$0.0043

Balancing Charge related to Demand Charges²

Pipeline Demand Charges	\$109,512
Adjustments (BGSS Incentive Credits)	<u>(\$22,853)</u>
Total	\$86,659
% of Peak Related to Balancing	<u>53.4%</u>
Balancing	\$46,278
Annual Firm Therms (000)	<u>620,217</u>
Pre-tax Balancing Rate	\$0.0746

Total Balancing Charge

Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0746</u>

Total Pre-tax Balancing Rate	\$0.0789
------------------------------	----------

Total After-tax Balancing Rate	\$0.0844
---------------------------------------	-----------------

Current After-tax Balancing Rate	<u>\$0.0886</u>
----------------------------------	-----------------

Increase/(Decrease) to After-tax Balancing Rate	(\$0.0042)
---	------------

Calculation of % of Peak Related to Balancing

	000 therms
Peak Day Therms	8,382
Average Therms on a January Day	<u>3,906</u>
Balancing Therms	4,476
% of Peak	53.4%

¹ In accordance with the Board's October 3, 2008 Order in BPU Docket no. GR07110889, the Balancing Charge related to Inventory is not updated on an annual basis.

² The Balancing Charge related to Demand Charges has been updated to reflect costs included this filing.

EXHIBIT E

**IMPACT OF RATE CHANGES ON TYPICAL CUSTOMERS
AND COMPUTATION OF BGSS PRICE**

FOR F/Y 2012

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1106
F/Y 2012

(\$/therm)

Price Impact for Group I - Residential Non-Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.7800	\$0.8346	\$0.6650	\$0.7116	(\$0.1150)	(\$0.1230)
CIP	Delivery Price	<u>(0.0031)</u>	<u>(0.0033)</u>	<u>0.0238</u>	<u>0.0255</u>	<u>0.0269</u>	<u>0.0288</u>
NET IMPACT		<u>\$0.7769</u>	<u>\$0.8313</u>	<u>\$0.6888</u>	<u>\$0.7371</u>	<u>(\$0.0881)</u>	<u>(\$0.0942)</u>

Price Impact for Group II - Residential Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.7800	\$0.8346	\$0.6650	\$0.7116	(\$0.1150)	(\$0.1230)
CIP	Delivery Price	<u>0.0167</u>	<u>0.0179</u>	<u>0.0062</u>	<u>0.0066</u>	<u>(0.0105)</u>	<u>(0.0113)</u>
NET IMPACT		<u>\$0.7967</u>	<u>\$0.8525</u>	<u>\$0.6712</u>	<u>\$0.7182</u>	<u>(\$0.1255)</u>	<u>(\$0.1343)</u>

Price Impact for Group III - General Service Small Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.7800	\$0.8346	\$0.6650	\$0.7116	(\$0.1150)	(\$0.1230)
CIP	Delivery Price	<u>0.0317</u>	<u>0.0339</u>	<u>0.0434</u>	<u>0.0464</u>	<u>0.0117</u>	<u>0.0125</u>
NET IMPACT		<u>\$0.8117</u>	<u>\$0.8685</u>	<u>\$0.7084</u>	<u>\$0.7580</u>	<u>(\$0.1033)</u>	<u>(\$0.1105)</u>

Price Impact for Group IV - General Service Large Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	<u>0.0260</u>	<u>0.0278</u>	<u>0.0365</u>	<u>0.0391</u>	<u>0.0105</u>	<u>0.0113</u>
NET IMPACT		<u>\$0.0260</u>	<u>\$0.0278</u>	<u>\$0.0365</u>	<u>\$0.0391</u>	<u>\$0.0105</u>	<u>\$0.0113</u>

Projected Annual Post-tax BGSS, CIP, and WNC revenue

BGSS projected annual therms	448,826 (000s)
CIP Group I projected annual therms	3,170 (000s)
CIP Group II projected annual therms	447,892 (000s)
CIP Group III projected annual therms	33,047 (000s)
CIP Group IV projected annual therms	135,960 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$374.6	\$319.4	(\$55.21)
CIP Group I	(\$0.0)	\$0.08	\$0.09
CIP Group II	\$8.0	\$3.0	(\$5.06)
CIP Group III	\$1.1	\$1.5	\$0.41
CIP Group IV	<u>\$3.8</u>	<u>\$5.3</u>	<u>\$1.54</u>
IMPACT	<u>\$387.5</u>	<u>\$329.3</u>	<u>(\$58.23)</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1106
F/Y 2012

	Current			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.7800	\$0.7800	\$0.7800	\$0.6650	\$0.6650	\$0.6650
After-tax Periodic BGSS	\$0.8346	\$0.8346	\$0.8346	\$0.7116	\$0.7116	\$0.7116
Less: Balancing	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>
BGSS Price To Compare	<u>\$0.7460</u>	<u>\$0.7460</u>	<u>\$0.7460</u>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.6272</u>

Impact on Residential Non-Heating Customers				
25 therm bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5069	\$12.67	
BGSS		\$0.7460	\$18.65	
Total		<u>\$1.2529</u>	<u>\$39.57</u>	
Proposed prices- effective 10/1/11				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5315	\$13.29	
BGSS		\$0.6272	\$15.68	
Total		<u>\$1.1587</u>	<u>\$37.22</u>	
Decrease			(\$2.36)	
Decrease as a percent			(6.0%)	
Impact on Residential Heating Customers				
100 therm bill 1000 therm annual bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5281	\$52.81	\$528.10
BGSS		\$0.7460	\$74.60	\$746.00
Total		<u>\$1.2741</u>	<u>\$135.66</u>	<u>\$1,373.10</u>
Proposed prices- effective 10/1/11				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5126	\$51.26	\$512.60
BGSS		\$0.6272	\$62.72	\$627.20
Total		<u>\$1.1398</u>	<u>\$122.23</u>	<u>\$1,238.80</u>
Decrease			(\$13.43)	(\$134.30)
Decrease as a percent			(9.9%)	(9.8%)
Impact on Commercial GSS Customers				
100 therm bill				
Current Prices				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4965	\$49.65	
BGSS		\$0.7460	\$74.60	
Total		<u>\$1.2425</u>	<u>\$149.25</u>	
Proposed prices- effective 10/1/11				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5048	\$50.48	
BGSS		\$0.6272	\$62.72	
Total		<u>\$1.1320</u>	<u>\$138.20</u>	
Decrease			(\$11.05)	
Decrease as a percent			(7.4%)	
Impact on Commercial GSL Customers				
1200 therm bill				
Current Prices				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4299	\$515.88	
BGSS (May 2011)		\$0.6304	\$756.48	
Total		<u>\$1.0603</u>	<u>\$1,487.86</u>	
Proposed prices- effective 10/1/11				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4370	\$524.40	
BGSS (May 2011)		\$0.6346	\$761.52	
Total		<u>\$1.0716</u>	<u>\$1,501.42</u>	
Increase			\$13.56	
Increase as a percent			0.9%	

NEW JERSEY NATURAL GAS COMPANY
SUMMARY OF PERIODIC BGSS COMPONENTS
BPU DOCKET NO GR1106_____

October 1, 2011
through
September 30, 2012
\$000

ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/11

(Exhibit B, Schedule 1)

(\$4,515) A

ESTIMATED NET COSTS APPLICABLE TO BGSS

(Exhibit B, Schedule 2a)

\$388,575 B

ESTIMATED ADJUSTMENTS

Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$68)
Forked River (Sch.4c)	(\$84)
Transportation(Sch.4d)	(\$1,568)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4k)	\$0
Off-System Sales (Sch.4e)	(\$7,232)
Capacity Rel. (Sch.4f)	(\$15,620)
Supplier Ref. and Miscellaneous Adj. (Sch.5)	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$8,497)
Ocean Peaking Power (Sch. 4h)	(\$938)

TOTAL ADJUSTMENTS

(\$34,007) C

ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2012

(Exhibit B Schedule 1)

\$5,639 D

A/C Sales Recovery

\$88

Monthly BGSS Sales Recovery

\$45,856

ESTIMATED OTHER RECOVERY

\$45,944 E

(Exhibit B Schedule 2b)

ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED

(Exhibit B Schedule 2b)

\$298,469 A+B+C-D-E=F

BGSS Sales

512,526

A/C Sales {May - Sep}

164

Monthly BGSS Sales

63,536

ESTIMATED PERIODIC BGSS THERM SALES

448,826 G

(Exhibit B Schedule 2b)

PRE-TAX PERIODIC BGSS FACTOR PER THERM FOR FY2012

\$0.6650 F/G=H

EXHIBIT F

PROPOSED TARIFF SHEETS

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Tenth/Ninth~~ Revised Sheet No. 51
Superseding ~~Ninth/Eighth~~ Revised Sheet No. 51

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 \$~~0.51260~~.5281

Residential Non-Heating

Delivery Charge per therm \$~~0.53150~~.5069

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: ~~December 10, 2010~~
Issued by: Mark R. Sperduto, Vice President
2011
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~January 1,

Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR1106 ~~10060382~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~*Eighth*~~~~*Seventh*~~ Revised Sheet No. 54
Superseding ~~*Seventh*~~~~*Sixth*~~ Revised Sheet No. 54

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 \$~~0.379~~~~10.3833~~

May - October \$~~0.322~~~~10.3263~~

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: ~~October 22, 2010~~
Issued by: Mark R. Sperduto, Vice President
201~~10~~
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~~~November~~ 1,

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Tenth~~^{Ninth} Revised Sheet No. 56
Superseding ~~Ninth~~^{Eighth} Revised Sheet No. 56

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 \$~~0.50480~~⁴⁹⁶⁵

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: ~~December 10, 2010~~
Issued by: Mark R. Spurduto, Vice President
2011
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~^{January} 1,

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Tenth/Ninth~~ Revised Sheet No. 59
Superseding ~~Ninth/Eighth~~ 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 \$~~0.43700~~~~4299~~

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.

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2011
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~~~January~~ 1,

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Ninth~~^{Eighth} Revised Sheet No. 65
~~Superseding Eighth~~^{Seventh} Revised Sheet No. 65

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 \$~~0.28200~~²⁸⁶²

May - October \$~~0.24920~~²⁵³⁴

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.

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BPU No. 8 - Gas

~~Eighth~~~~Seventh~~ Revised Sheet No. 71
Superseding ~~Seventh~~~~Sixth~~ Revised Sheet No. 71

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 ~~\$0.30330~~ \$0.3075

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.

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NEW JERSEY NATURAL GAS COMPANY

Thirty-~~Fourth~~^{Third} Revised Sheet No. 155

BPU No. 8 - Gas

Superseding Thirty-~~Third~~^{Second} Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$ 0.71160 ^{0.8346} per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$ 0.08440 ^{0.0886} per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>	<u>APPLICATION</u>
GSL, FC and ED sales customers using 5,000 therms or greater annually	Included in the Basic Gas Supply Charge

<u>Effective Date</u>	<u>Charge Per Therm</u>
May 1, 2010	\$0.6807
June 1, 2010	\$0.6677
July 1, 2010	\$0.7307
August 1, 2010	\$0.7355
September 1, 2010	\$0.6095
October 1, 2010	\$0.6602
November 1, 2010	\$0.5991
December 1, 2010	\$0.7107
January 1, 2011	\$0.7049
February 1, 2011	\$0.7155
March 1, 2011	\$0.6563
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190

¹ For billing purposes, the Periodic BGSS and Monthly BGSS charges are adjusted for Balancing Charges as presented in the Rate Summaries at the end of this Tariff.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Seventh~~~~Sixth~~ Revised Sheet No. 156
Superseding ~~Sixth~~~~Fifth~~ Revised Sheet No. 156

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

BGSS SAVINGS COMPONENT RELATED TO THE CONSERVATION INCENTIVE PROGRAM (CIP)
IN RIDER "T"

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$ 0.02739-0442) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective January 1, 2009 through February 28, 2009	(\$0.1996) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective March 1, 2009 through March 31, 2009	(\$0.2510) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective February 1, 2010 through March 31, 2010	(\$0.2745) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective April 1, 2010 through April 30, 2010	(\$0.6572) per therm

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Third~~~~Second~~ Revised Sheet No. 182
Superseding ~~Second~~~~First~~ Revised Sheet No. 182

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

The currently effective CIP factor by Customer Class Group are as follows:

Group I (RS non-heating):	(\$0.02550.0033)
Group II (RS heating):	\$0.00660.0179
Group III (GSS, ED using less than 5,000 therms annually):	\$0.04640.0339
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.03910.0278

For the recovery of the October 20~~1009~~ through September 201~~10~~ CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas *Tenth/Ninth Revised Sheet No. 252*
Superseding Ninth/Eighth Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2981	0.2981	
TEFA		0.0167	0.0167	Rider B
SUT		<u>0.0220</u>	<u>0.0220</u>	Rider B
After-tax Base Rate		0.3368	0.3368	
WNC		0.0000	0.0000	Rider D
CIP		<u>0.00660.0</u> <u>479</u>	<u>0.00660.0179</u>	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	<u>0.35610.3</u> <u>674</u>	<u>0.35610.3674</u>	
Balancing Charge	b	<u>0.08440.0</u> <u>886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.51260.5</u> <u>281</u>	<u>0.51260.5281</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	<u>0.71160.8</u> <u>346</u>	x	Rider A
Less: Balancing	f	<u>0.08440.0</u> <u>886</u>	x	
BGS	e-f=g	<u>0.62720.7</u> <u>460</u>	x	

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Ninth~~^{Eighth} Revised Sheet No. 253
Superseding ~~Eighth~~^{Seventh} Revised Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2981	0.2981	
TEFA		0.0167	0.0167	Rider B
SUT		<u>0.0220</u>	<u>0.0220</u>	Rider B
After-tax Base Rate		0.3368	0.3368	
CIP		<u>0.0255(0.0033)</u>	<u>0.0255(0.0033)</u>	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	<u>0.37500.3462</u>	<u>0.37500.3462</u>	
Balancing Charge	b	<u>0.08440.0886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.53150.5069</u>	<u>0.53150.5069</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	<u>0.71160.8346</u>	x	Rider A
Less: Balancing	f	<u>0.08440.0886</u>	x	
BGS	e-f=g	<u>0.62720.7</u>	x	

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Ninth~~Eighth~~ Revised Sheet No. 253
Superseding ~~Eighth~~~~Seventh~~ Revised Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

460

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Ninth~~^{Eighth} Revised Sheet No. 254
Superseding ~~Eighth~~^{Seventh} Revised Sheet No. 254

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<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	<u>0.08440.0886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.37910.3833</u>	<u>0.32210.3263</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	<u>0.71160.8346</u>	<u>0.71160.8346</u>	Rider A
Less: Balancing	f	<u>0.08440.0886</u>	<u>0.08440.0886</u>	
BGS	e-f=g	<u>0.62720.7460</u>	<u>0.62720.7460</u>	

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas ~~Tenth/Ninth~~ Revised Sheet No. 255
Superseding ~~Ninth/Eighth~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2555	0.2555	
TEFA		0.0148	0.0148	Rider B
SUT		<u>0.0189</u>	<u>0.0189</u>	Rider B
After-tax Base Rate		0.2892	0.2892	
WNC		0.0000	0.0000	Rider D
CIP		<u>0.04640.0</u> <u>339</u>	<u>0.04640.0339</u>	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	<u>0.34830.3</u> <u>358</u>	<u>0.34830.3358</u>	
Balancing Charge	b	<u>0.08440.0</u> <u>886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.50480.4</u> <u>965</u>	<u>0.50480.4965</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	<u>0.71160.8</u> <u>346</u>	x	Rider A
Less: Balancing	f	<u>0.08440.0</u> <u>886</u>	x	
BGS	e-f=g	<u>0.62720.7</u> <u>460</u>	x	

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BPU No. 8 - Gas

~~Tenth/Ninth~~ Revised Sheet No. 255
Superseding ~~Ninth/Eighth~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas *~~Fortieth~~~~Thirty-Ninth~~ Revised Sheet No. 256*
Superseding ~~Thirty-Ninth~~~~Eight~~ Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2009	0.2009	
TEFA		0.0128	0.0128	Rider B
SUT		<u>0.0150</u>	<u>0.0150</u>	Rider B
After-tax Base Rate		0.2287	0.2287	
WNC		0.0000	0.0000	Rider D
CIP		<u>0.0391</u> 0.0 278	<u>0.0391</u> 0.0278	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	<u>0.2805</u> 0.2 692	<u>0.2805</u> 0.2692	
Balancing Charge	b	<u>0.0844</u> 0.0 886	<u>0.0844</u> 0.0886	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.4370</u> 0.4 299	<u>0.4370</u> 0.4299	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.7190	X	Rider A
Less: Balancing	f	<u>0.0844</u> 0.0 886	X	
BGS	e-f=g	<u>0.6346</u> 0.6 304	X	

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fortieth~~~~Thirty-Ninth~~ Revised Sheet No. 256
~~Superseding Thirty-Ninth~~~~Eight~~ Revised Sheet No. 256

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Ninth~~^{Eighth} Revised Sheet No. 258
Superseding ~~Eighth~~^{Seventh} 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>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0901	0.0595	
TEFA		0.0153	0.0153	
SUT		<u>0.0074</u>	<u>0.0052</u>	Rider B
After-tax Base Rate		0.1128	0.0800	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.1255	0.0927	
Balancing Charge	b	<u>0.08440.0886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.28200.2862</u>	<u>0.24920.2534</u>	

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.

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NEW JERSEY NATURAL GAS COMPANY

Thirty-~~Eighth~~^{Seventh} Revised Sheet No. 259
Superseding Thirty-~~Seventh~~^{Sixth} 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>
<u>Customer Charge</u>				
Customer Charge per meter per month		49.49	49.49	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<u>Delivery Charge ("DEL") per therm</u>				
<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
Total Transport Rate	a	0.1468	0.1468	
Balancing Charge	b	<u>0.08440.0886</u>	<u>0.08440.0886</u>	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>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.30330.3075</u>	<u>0.30330.3075</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.7190	X	Rider A
Less: Balancing	f	<u>0.08440.0886</u>	X	
BGS	e-f=g	<u>0.63460.6304</u>	X	

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: April 28, 2011
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October~~May~~ 1, 2011

EXHIBIT G

**NEW JERSEY NATURAL GAS COMPANY
NOTICE OF PROPOSED CHANGE IN PRICES
AND PUBLIC HEARING**

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS

Docket No. GR1106_____

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2011, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2011–2012 Basic Gas Supply Service (“BGSS”) petition pursuant to the “Order Approving BGSS Price Structure” issued by the New Jersey Board of Public Utilities (“Board”) on January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”). At that time, NJNG also filed for Board approval of proposed price changes related to the Conservation Incentive Program (“CIP”) and the Balancing Charge. Pursuant to its filing, NJNG requested that the Board permit NJNG to adjust its BGSS and CIP factors effective October 1, 2011. The impact of the BGSS rate change for a residential heating customer using an average of 100 therms per month would be a **decrease of \$12.30 per month, or (9.1) percent** as a result of the proposed BGSS rate, and a **decrease of \$1.13 per month or (0.8) percent** as a result of the proposed CIP rate. The combined impact of these price changes would result in an overall **decrease of \$13.43 or (9.9) percent** per month on a 100 therm residential bill.

Additionally, NJNG requested that the Board permit NJNG to decrease its Balancing Charge applicable to transportation customers receiving their natural gas supply from a third party supplier by \$0.0042 per therm effective October 1, 2011. The impact of the Balancing Charge decrease for a residential heating transportation customer transporting an average of 100 therms per month would be a decrease of \$0.42 per month, or (0.3) percent. All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For sales customers, there is no impact from the Balancing Charge change since the Balancing Charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”

The effect of the Company’s request for the price adjustments to be effective October 1, 2011, on typical residential, general service - small, and general service - large natural gas bills is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Bill Impact			% Impact		
		Bill as of May 1, 2011	Proposed Bill as of October 1, 2011	BGSS	CIP	Net Increase/ (Decrease)	BGSS	CIP	Net Increase/ (Decrease)
Residential Heat Sales	100	\$135.66	\$122.23	(\$12.30)	(\$1.13)	(\$13.43)	(9.1%)	(0.8%)	(9.9%)
Residential Non-Heat Sales	25	\$39.57	\$37.22	(\$3.08)	\$0.72	(\$2.36)	(7.8%)	1.8%	(6.0%)
General Service - Small	100	\$149.25	\$138.20	(\$12.30)	\$1.25	(\$11.05)	(8.2%)	0.8%	(7.4%)
General Service - Large	1200	\$1,487.86	\$1,501.42	\$0.00	\$13.56	\$13.56	0.0%	0.9%	0.9%

TAKE FURTHER NOTICE that future changes in NJNG’s price for BGSS service may also occur if NJNG elects to adjust its BGSS rates upward by filing timely notice with the Board Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”), pursuant to the Generic BGSS Order. Any such self-implementing increase will be limited to a maximum of 5 percent of the total residential bill, effective December 1, 2011, and to a maximum of 5 percent of the total residential bill, effective February 1, 2012. Further, these self-implementing increases will be provisional and subject to true-up in connection with the annual BGSS filing. Pursuant to the Generic BGSS Order, NJNG is permitted to decrease its BGSS rate at any time upon five days notice and the filing of supporting documentation with the Board of Public Utilities and Rate Counsel.

If both of the above mentioned self-implementing adjustments were to be put into place, the effect on typical residential and general service - small natural gas bills, as of the requested effective dates, is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of October 1, 2011	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$122.23	\$134.76	\$12.53	10.25%
Residential Non-Heat Sales	25	\$37.22	\$40.35	\$3.13	8.42%
General Service - Small	100	\$138.20	\$150.73	\$12.53	9.07%

The Board has the statutory authority to establish the BGSS, CIP and Balancing charges at levels it finds just and reasonable. Therefore, the Board may establish the BGSS, CIP and Balancing charges at levels other than those proposed by NJNG. NJNG's natural gas costs addressed in this petition will remain subject to audit by the Board, and Board approval shall not preclude or prohibit the Board from taking any such actions deemed appropriate as a result of any such audit.

PLEASE TAKE NOTICE that public hearings on the petition have been scheduled at the following dates, times and places:

July x, 2011 at 3:30 and 5:30 p.m.
Rockaway Township Municipal Building
Conference Room
65 Mt. Hope Road
Rockaway, NJ 07866

July x, 2011 at 3:30 and 5:30 p.m.
Freehold Township Municipal Building
Conference Room
One Municipal Plaza, Schank Road
Freehold, NJ 07728-3099

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 rate changes. 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 to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, Two Gateway Center, Suite 801, Newark, New Jersey 07102. Copies of NJNG's June 1, 2011, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102.

Tracey Thayer, Esq.
New Jersey Natural Gas

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

JAYANA S. SHAH

MANAGER - GAS SUPPLY

NJNG ENERGY SERVICES

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND REVIEW AND REVISION
OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR
F/Y 2012
BPU DOCKET NO. GR1106_____**
Direct Testimony of Jayana S. Shah

I. Background and Purpose

Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.

A. My name is Jayana S. Shah. I am the Manager, Gas Supply for New Jersey Natural Gas Company (the “Company” or “NJNG”). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719.

Q. PLEASE DESCRIBE YOUR EDUCATION, YOUR BUSINESS EXPERIENCE, AND YOUR RESPONSIBILITIES WITH RESPECT TO THIS PROCEEDING.

A. I received a Bachelor of Science degree in Biology with a Chemistry Minor from the University of Houston in 1999. Upon graduation I was employed by Engage Energy in Houston, Texas as a gas settlements specialist and within a year moved into a risk analyst position. My responsibilities as a risk analyst at Engage Energy included reviewing all transactions and reporting profit and loss. When Engage Energy subsequently merged with El Paso Merchant Energy (“El Paso”), I was employed by El Paso as a risk analyst with additional responsibilities, including confirming financial transactions with brokers and validating trader’s marks with third party sources. My position at El Paso also provided me with the opportunity to learn about other commodities, including natural gas liquids, crude oil,

1 emission credits, weather derivatives, and currency. I moved to New Jersey
2 in 2003 and was employed by Morgan Stanley in New York for two years as
3 an associate controller responsible for financial reporting for their capital
4 structure arbitrage book and securitized products book.

5 I joined New Jersey Resources (“NJR”) in June 2005 as a trading
6 analyst for NJR Energy Services (“NJRES”), an unregulated affiliate of the
7 Company. My responsibilities there included supporting the trading group
8 with trade and price analysis, working with the Vice President to manage the
9 NJRES portfolio, and creating efficiencies by working with the software
10 programmers and accounting/risk management group.

11 I was promoted to the position of Manager, Gas Supply for NJNG in
12 May 2009. In that capacity I oversee the NJNG Energy Services staff for
13 daily, monthly, and seasonal optimization of NJNG’s supply portfolio in
14 order to provide the lowest overall cost for the Company’s Basic Gas Supply
15 Service (“BGSS”) customers. I also oversee the Company’s BGSS hedging
16 and incentive programs that provide price stability and cost savings for
17 BGSS customers.

18 **Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?**

19 **A.** Consistent with the New Jersey Board of Public Utilities (“BPU” or the
20 “Board”) Order dated January 17, 2002 in Docket No. GX01050304
21 (“Generic BGSS Order”), the purpose of this testimony is to:

- 22 • discuss current conditions in natural gas markets that may affect the
23 Company’s BGSS pricing;

- 1 • describe and detail how the Company actively manages and optimizes its
2 gas supply and capacity portfolio on a daily, monthly and seasonal basis
3 throughout the year to provide reliable service to customers at a
4 reasonable cost, including steps it has taken to hedge its projected BGSS
5 winter period sales requirements; and
- 6 • provide the basis for and a narrative explanation of the significant drivers
7 of the annual BGSS rate which the Company is proposing through this
8 proceeding to be effective October 1, 2011. I am also sponsoring a
9 number of exhibits that provide the requisite detail and support for the
10 projected gas costs and forecasted sales in this case consistent with the
11 annual Minimum Filing Requirements (“MFRs”) that were established in
12 the Generic BGSS Order.

13 **Q. HOW IS THE BALANCE OF YOUR TESTIMONY ORGANIZED?**

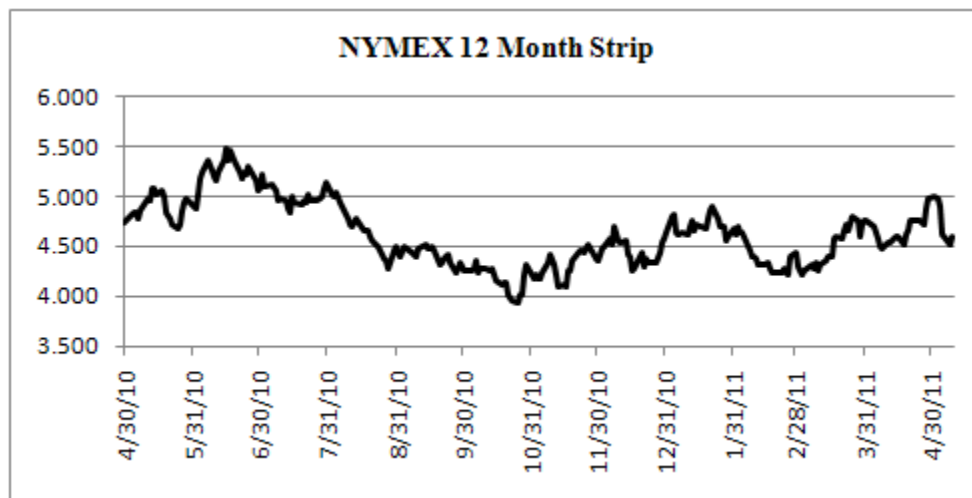
- 14 A. The balance of my testimony is organized as follows:
15 Section II: Current Market Conditions and Market Developments
16 Section III: CIP BGSS Savings Transactions
17 Section IV: Optimization Strategy
18 Section V: Periodic BGSS Pricing for October 1, 2011
19 Section VI: MFR Supporting Data and Information
20 Section VII: Conclusion
21

II. Current Market Conditions and Market Developments

A. Current Market Conditions

Q. PLEASE DESCRIBE CURRENT CONDITIONS IN THE NATURAL GAS MARKET AFFECTING NJNG'S BGSS PRICING.

A. The 12 month natural gas New York Mercantile Exchange ("NYMEX") strip price (the average of the monthly futures prices for a 12 month period) for the period ending May 10, 2011 demonstrates the volatile nature of the current natural gas market. As shown in the chart below, since NJNG's BGSS filing last year, the NYMEX strip has averaged approximately \$4.62 per dekatherm ("dth") with a high of \$5.48 per dth on June 15, 2010 to a low of \$3.93 on October 25, 2010, with daily price swings as high as 28 cents per dth. The 12 month NYMEX strip settled at \$4.593 per dth on May 10, 2011, which is the date used for the underlying gas cost assumption where applicable for this year's BGSS filing.



1
2 **B. New Pipeline Expansion Projects**

3 **Q. IS THE COMPANY EVALUATING AND CONSIDERING**
4 **POTENTIAL NEW GAS SUPPLY OPTIONS AS PART OF ANY**
5 **RECENTLY PROPOSED INTERSTATE PIPELINE EXPANSION**
6 **PROJECTS?**

7 A. Yes. The Company is actively monitoring and evaluating the potential
8 benefits of several new pipeline expansion projects that have recently been
9 proposed to serve Northeast markets primarily in light of the potential for
10 increases in Marcellus Shale production. Specifically, major pipeline
11 expansions have recently been proposed by Tennessee Gas Pipeline
12 Company, Transcontinental Gas Pipeline Company, LLC, Texas Eastern
13 Transmission, LP, Algonquin Gas Transmission, LLC, Iroquois Gas
14 Transmission System, L.P., and Millennium Pipeline Company, LLC. These
15 projects are expected to accommodate deliveries of up to 3.8 Bcf of new
16 supplies from non-Gulf Coast sources into the Northeast market area which,
17 in turn, could potentially change the pricing dynamics in the Northeast
18 market to the benefit of NJNG and its customers.

19
20 **III. Conservation Incentive Program (“CIP”) Savings Transactions**

21 **Q. HAS THE COMPANY ENTERED INTO ANY NEW CAPACITY**
22 **TRANSACTIONS APPLICABLE TO CIP BGSS SAVINGS ?**

23 A. Yes. Under terms approved by the Board in Orders dated December 12,
24 2006 and January 21, 2010 in Docket No. GR05121020 in the CIP, NJNG is
25 permitted to recover from customers non-weather related revenue losses,

1 limited to the level of BGSS gas cost savings achieved. Categories of
2 potential BGSS gas cost savings include, among other things, reductions in
3 fixed capacity costs through the reduction in firm capacity on a long term
4 basis. In a letter dated March 22, 2011, NJNG notified Board Staff and Rate
5 Counsel of a reduction to fixed capacity costs since NJNG did not renew
6 30,000 dth per day of firm transportation capacity on Texas Eastern
7 Transmission, L.P. that is expiring on October 31, 2011. The demand cost
8 savings associated with this reduction in capacity will begin November 2011
9 and will be \$7,336,500 for the 2011-2012 CIP year based on the daily
10 demand rate of \$0.73 per dth. Thereafter, the annual demand cost savings
11 will be \$7,993,500.

12 **Q. ARE ANY PIPELINE RATE CASES EXPECTED TO IMPACT THE**
13 **STATUS OF ANY PREVIOUS CIP BGSS SAVINGS**
14 **TRANSACTIONS?**

15 A. Yes. The proposed rate changes in the pending Tennessee Gas Pipeline
16 General Section 4 rate case filed on November 30, 2010 (RP11-1566-000)
17 could alter the net economics of the Tennessee capacity release of 10,728
18 dth per day included in NJNG's Exhibit E of the January 20, 2010 CIP
19 Order. The proposed rates for the affected capacity are lower than the
20 current tariff rates. If FERC accepts the proposed rates in a final order,
21 annual CIP BGSS savings would decrease by approximately \$409,000 for
22 CIP year 2011-2012 and \$286,300 for CIP year 2012-2013.

1 **Q. HAVE ANY CHANGES IN PIPELINE CAPACITY CONTRACTS**
2 **IMPACTED THE STATUS OF ANY PREVIOUS CIP BGSS SAVINGS**
3 **TRANSACTIONS?**

4 A. Yes. NJNG's Exhibit E of the January 20, 2010 CIP Order included CIP
5 BGSS savings related to 11,000 dth per day of Tennessee Gas Pipeline
6 capacity through March 31, 2013. The capacity was from Z5 East Aurora to
7 Tennessee Z4 Browns Run and was due for expiration on March 31, 2011.
8 NJNG extended the contract for a new term between April 1, 2011 and
9 January 8, 2012, at which time it will be terminated. The contract
10 termination will now provide BGSS savings beyond March 31, 2013 due to
11 the reduction in firm capacity on a long term basis. The value of the
12 reduction in fixed capacity costs are subject to change as a result of
13 Tennessee's pending rate case mentioned previously.

14
15
16
17 **IV. Optimization Strategy**

18 **Q. HOW IS NJNG'S GAS SUPPLY TEAM ORGANIZED AND**
19 **POSITIONED TO OPTIMIZE THE COMPANY'S GAS SUPPLY AND**
20 **CAPACITY PORTFOLIO TO BEST SERVE BGSS CUSTOMERS'**
21 **NEEDS?**

22 A. NJNG has put together an experienced gas supply team, including members
23 of Gas Supply (Energy Services) and Gas Control (Energy Delivery), that
24 holds regular monthly supply operations setup meetings and regular daily
25 morning planning and afternoon recap meetings to discuss the operational

1 strategy that will best serve customer needs considering the current market,
2 weather, and other gas supply operations issues. NJNG's gas supply team
3 also routinely meets with NJNG's Engineering and Operations personnel
4 throughout the year in order to coordinate system operations with both
5 winter and summer supply operations. Weather conditions, system
6 limitations and requirements, market prices, storage status, pipeline
7 constraints, market opportunities, and other demand/supply issues are
8 continuously reviewed and analyzed each day by the gas supply team in
9 order to ensure the optimal use of NJNG's portfolio of contract assets,
10 including gas supply, transportation, and storage.

11 **Q. PLEASE DESCRIBE THE APPROACH THE COMPANY HAS**
12 **TAKEN IN THE PAST YEAR TO IMPLEMENT ITS**
13 **OPTIMIZATION STRATEGY.**

14 A. As previously noted, NJNG's gas supply team reviews the Company's gas
15 supply, transportation, and storage portfolio to optimize the value of the
16 assets and to generate credits for our customers. A fundamental part of the
17 Company's strategy in that regard is to maintain sufficient flexibility to be
18 prepared to react to changes in customer requirements and changes in market
19 conditions. That approach provides the most reliable and economic gas
20 supply for our customers.

21 To that end, NJNG's gas supply team meets *on a daily basis* to
22 identify the Company's actual needs at the city gate and to determine
23 whether there is any capacity that will not be necessary to meet customer
24 requirements on that gas day. The gas supply team then finds either off-

1 system sales or capacity release opportunities to generate a value from such
2 available capacity. *On a monthly basis*, the gas supply team meets and
3 discusses the system's average, maximum, and minimum load requirements
4 based on historical usage and weather patterns. Following the monthly
5 meeting, the NJNG trading team secures supply for the city gate and works
6 to optimize the value of any capacity, through off-system sales or capacity
7 release, that will not be needed to meet the Company's average city gate
8 requirements that month. Similarly, *on a seasonal basis*, the gas supply
9 team meets with Gas Control and Engineering to discuss seasonal system
10 requirements. Therefore, in each set up scenario – whether daily, monthly or
11 seasonal – the gas supply team's goal is to optimize the use and value of the
12 Company's gas supply, transportation and storage assets to secure savings
13 for the Company's BGSS customers, while also maintaining city gate
14 reliability.

15 **Q. PLEASE DESCRIBE ANY RECENT CHANGES MADE TO THE**
16 **NJNG CAPACITY PORTFOLIO.**

17 A. NJNG restructured a 40,000 dth per day Dominion Transmission contract
18 that expires on October 31, 2011 by updating the renewal term,
19 receipt/delivery points, and volume. The original contract was for 40,000
20 dths/day from receipt meter Loudon to delivery meter PL-1 Chambersburg.
21 The restructured contract is for 20,000 dths/day with 5,000 dths/day from
22 Lebanon to Oakford, 10,000 dths/day from Oakford to Chambersburg East
23 Coast, 4,000 dths/day from Loudon to PL-1 Chambersburg, and 1,000
24 dths/day from Loudon to Oakford. The new term covers the November 1,

1 2011 to March, 31, 2013 period with right of first refusal (“ROFR”) rights.
2 The changes in delivery points provide for greater flexibility in managing
3 Dominion storage withdrawals and also coincide with receipt points on
4 existing Texas Eastern Transmission transport capacity. The changes in the
5 receipt/delivery points of the contract also reflect the supply shift from Cove
6 Point LNG to the Marcellus Region.

7 NJNG also restructured a 10,894 dth per day transportation capacity
8 contract on Tennessee Gas Pipeline. The receipt point for that contract was
9 changed to reflect the supply shift from Canadian supply at Niagara to
10 Marcellus Production and to provide a firm path for Stagecoach storage
11 withdrawals. The contract was changed from Tennessee Zone 5 - 200 leg
12 Niagara receipt to Tennessee Zone 4 - 300 leg Northern Storage receipt. The
13 contract currently expires on January 31, 2013. The change in demand cost
14 for the remaining term of the contract is estimated to be an increase of
15 approximately \$72,000 based on the current maximum tariff rate and the
16 proposed rates in Tennessee Gas Pipeline’s rate case that are effective June
17 1, 2011 on a provisional basis, subject to refund. The change in receipt
18 meter will also eliminate the extended receipt service (“ERS”) charge
19 previously paid to transport Stagecoach Storage or Marcellus Production to
20 NJNG’s city gate.

21 **Q. HOW ARE MARCELLUS SHALE SUPPLIES AND MARKET AREA**
22 **STORAGES BENEFITING THE BGSS CUSTOMERS?**

23 A. Marcellus Shale is a natural gas supply formation extending from Ohio and
24 West Virginia northeast into Pennsylvania and southern New York. The

1 Marcellus Shale production has provided significant supplies this past BGSS
2 period and is expected to continue as a major supply source for the coming
3 BGSS period as well. Marcellus Shale production provides supply diversity
4 and price competition by providing market area alternatives to the traditional
5 Gulf Coast supplies and provides supply reliability requiring delivery via
6 short-haul pipeline transportation capacity.

7 The market area storage capacity contracted by NJNG provides an
8 economically efficient means for NJNG to manage its weather-sensitive
9 load. Specifically, the Company's storage entitlements make it possible for
10 NJNG to buy economically-priced gas at non-peak times, inject such gas
11 into storage, and then withdraw such gas in periods of high demand in lieu
12 of purchasing typically more-expensive flowing supplies. Such storage
13 enables NJNG to manage its intra-day load by moving gas in or out of
14 storage throughout the year.

15 Based on a projected winter period send-out of approximately 34.1
16 Bcf, the Company anticipates that the storage capacity will allow NJNG to
17 hedge up to 77 percent of its Periodic BGSS winter needs with storage
18 capacity/supply. By doing so, the Company will not be exposed to the
19 volatility in the daily winter cash market for the volumes the Company is
20 able to hedge.

21 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW**
22 **TO HELP MAINTAIN PRICE STABILITY FOR THE UPCOMING**
23 **2011-2012 WINTER HEATING SEASON?**

1 A. In the normal course of the gas procurement function, NJNG's gas supply
2 team has already hedged approximately 67 percent of the projected winter
3 period send-out of approximately 34.1 Bcf with the 23 Bcf of fixed price
4 storage prices as part of the Storage Incentive ("SI") program positions in
5 place for this summer's injections. Another 10 percent of the normal
6 weather winter heating season requirements will be hedged by the end of the
7 2011 summer through the use of the fixed priced storage inventory that is
8 not part of the SI program.

9
10 **V. Periodic BGSS Pricing for October 2011**

11 **Q. WHAT PERIODIC BGSS PRICING CHANGES DOES THE**
12 **COMPANY PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1,**
13 **2011?**

14 A. Through this filing, NJNG is proposing to decrease its pre-tax Periodic
15 BGSS recovery price, effective October 1, 2011, from \$7.80 per dth to \$6.65
16 per dth, an approximate 9.1 percent decrease to the overall bill of an average
17 residential heating customer.

18 **Q. HOW ARE GAS COSTS ACCOUNTED FOR IN THE PROJECTED**
19 **BGSS YEAR?**

20 A. The Company is utilizing a Weighted Average Cost of Gas ("WACOG")
21 accounting methodology for allocating gas costs to the BGSS on a monthly
22 basis. The weighted average of all available supplies, including all storage
23 inventory balances, all purchase and associated hedging costs, and all
24 demand and pipeline delivery charges less all direct allocations are applied
25 to the BGSS cost schedule based upon the Periodic BGSS sales volumes on

1 a monthly basis. All costs not allocated each month are carried as an
2 inventory balance.

3 **Q. HOW ARE BGSS INCENTIVES AND MARGIN CREDITS**
4 **INCLUDED IN THE CALCULATION OF THE BGSS PRICE?**

5 A. Over the years, the collaborative efforts of the Board Staff, Rate Counsel and
6 the New Jersey local gas distribution companies have resulted in the
7 establishment of utility-specific BGSS incentive programs that have
8 mitigated both the impacts of commodity prices and the volatility in the
9 natural gas market for natural gas customers. On April 1, 2011, NJNG filed
10 for approval of a five-year extension of its current margin-sharing incentive
11 programs through October 31, 2016. The BGSS forecast in this filing
12 includes the BGSS incentives in Exhibits A and B as if they continue
13 through the 2012 BGSS period with their current Board-approved sharing
14 formulas. The Company's current BGSS incentive programs include the Off
15 System Sales ("OSS") and Capacity Release ("CR") programs, the Financial
16 Risk Management ("FRM") program, and the Storage Incentive ("SI")
17 program.

18 The margins generated from Interruptible Sales, Interruptible
19 Transport, Ocean Peaking Power transport, and the Sayreville and Forked
20 River electric generation sales are included as 100% credits to the BGSS
21 customers.

22 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET**
23 **VOLATILITY VERSUS THE CURRENT BGSS PRICING?**

1 A. If approved by the Board, the requested pre-tax Periodic BGSS rate of \$6.65
2 per dth continuing through the 2012 BGSS year would result in a BGSS
3 under-recovery of approximately \$5.6 million per Exhibit B, Schedule 1 at
4 current market conditions. However, a \$1 per dth drop in the NYMEX
5 futures prices would cause an approximate \$25.9 million change to the
6 September 30, 2012 balance, resulting in an over-recovered position of
7 approximately \$20.3 million. Conversely, a \$25.9 million change to the
8 September 30, 2012 balance from a \$1 per dth rise in the NYMEX futures
9 prices would result in an under-recovered position of approximately \$31.5
10 million.

11 The Generic BGSS pricing mechanism permits the Company to: (a)
12 self-implement two additional rate increases of up to 5 percent each,
13 effective December 1 and February 1 each year if necessary after 30 days
14 prior notice to the BPU Staff and Rate Counsel; or (b) implement a decrease
15 to its BGSS rate, a refund or bill credit at any time during the year upon five
16 days notice to BPU Staff and Rate Counsel. This pricing flexibility provides
17 a valuable safety net to mitigate potential rate shock to customers and helps
18 ensure that the Company's gas cost under-recoveries do not become
19 excessive during periods of market price increases. For example, if the
20 Company were to elect to implement the 5 percent increase effective
21 December 1, 2011, an additional \$22 million in BGSS recovery would be
22 generated. If, instead, the Company were to elect to implement the 5 percent
23 increase effective February 1, 2012, an additional \$13 million in BGSS
24 recovery would be generated in order to offset any under-recovery resulting

1 from a rise in market pricing. If the Company were to elect to implement
2 both 5 percent increases effective December 1, 2011 and February 1, 2012,
3 an additional \$36 million in BGSS recovery would be generated in order to
4 offset any under-recovery resulting from a rise in market pricing.

5 As market conditions change, NJNG will continue to manage the
6 hedged positions and storage dispatch to minimize BGSS costs. The
7 Company will continue to consider the utilization of bill credits, refunds and
8 the self-implementing BGSS price adjustments to manage the projected
9 September 2012 over/under recovery balance.
10

11 **VI. MFR Supporting Data and Information**

12 **Q. ARE YOU SPONSORING ANY EXHIBITS THAT ADDRESS THE**
13 **MINIMUM FILING REQUIREMENTS (“MFRs”) FOR ANNUAL**
14 **BGSS FILINGS?**

15 A. Yes. I am sponsoring Exhibit Nos. JSS-1 through JSS-4 (and related
16 workpapers) that provide MFR supporting data and information as required
17 by the Board pursuant to the Generic BGSS Order.

18 **Q. HAS NJNG ENTERED INTO ANY GAS SUPPLY TRANSACTIONS**
19 **WITH AN AFFILIATE WITHIN THE PAST YEAR?**

20 A. Yes. In a September 3, 2010 letter to BPU Staff and Rate Counsel, NJNG
21 provided notice that it had entered into a pre-arranged release of 159,790 dth
22 per day of Texas Eastern firm transportation capacity to NJRES at market-
23 based rates set annually, plus \$0.03 per dth and a related agreement whereby
24 NJNG has the right and option to call upon NJRES to deliver gas supplies to

1 NJNG at volumes up to 100 percent of the released TETCO capacity, on a
2 monthly and daily basis at an indexed market price. These agreements are
3 effective November 1, 2010 through October 31, 2014 and the release is
4 included in Schedule 4f, Capacity Release, of Exhibits A and B, attached to
5 this filing.

6 The Company also executed a release of 15,000 dth per day of firm
7 Texas Eastern firm transportation capacity, effective November 18, 2009
8 through October 31, 2010, to NJRES through posting and bidding
9 procedures in which NJRES was the winning bidder. This release is
10 included in Schedule 4f, Capacity Release, of Exhibit A.

11 Pursuant to the January 21, 2010 Order in the CIP extension
12 proceeding, NJNG released various amounts of firm transportation capacity
13 on the Iroquois Gas Transmission, Tennessee Gas Pipeline, Dominion
14 Transmission, Texas Eastern Transmission, and Transcontinental Gas
15 Pipeline systems to NJRES and can purchase commodity from them. In
16 addition, the Company released Stagecoach Storage capacity to NJRES and
17 the Company can buy the storage quantities at a ratable injection WACOG
18 price. Details regarding these CIP-related releases were included in Exhibit
19 E of the Stipulation for the CIP extension. These releases are not included in
20 Schedule 4f, Capacity Release, of Exhibits A and B; instead, the resulting
21 demand charge reductions are included in the net demand charges in
22 Schedule 2c of Exhibits A and B.

23

24

25

VII. Conclusion

Q. PLEASE SUMMARIZE YOUR BGSS TESTIMONY.

A. NJNG's gas supply team was able to optimize the value of the Company's gas supply, transportation and storage portfolio, hedge its gas costs, mitigate the impact of high gas prices and provide its BGSS customers with reliable services and price stability during a year of natural gas pricing volatility. The Company will continue to focus on the mitigation of price volatility through successful gas cost management activities, including the successful optimization of storage injections, by hedging gas costs, and by engaging in off-system sales and capacity release transactions during periods when that capacity is not required to serve core customers.

The Company will also continue to monitor developments relating to the potential for increased Marcellus Shale production, and market-area storage opportunities in order to provide both supply reliability and price stability to its BGSS customers.

NJNG is requesting approval of the proposed pre-tax Periodic BGSS rate of \$6.65 per dth to be effective October 1, 2011. The Company will continue to consider utilization of bill credits, refunds and the self-implementing price adjustments to manage its projected September 2012 over/under recovery balance.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

JSS Exhibits

- | | |
|----------------------------|---|
| Exhibit JSS-1, schedule 1: | Projected gas supplies by month to meet demand requirements |
| Exhibit JSS-1, schedule 2: | Projected cost of gas for the forecast period |
| Exhibit JSS-2: | Dates of service interruptions, the service categories affected, the number of customers affected, and whether each interruption was operational or economic in nature. |
| Exhibit JSS-3: | The five highest demand days for each of the last three years |
| Exhibit JSS-4: | Summary of the major FERC proceedings in which NJNG has participated that would affect the cost or service NJNG receives from its pipeline suppliers |

NEW JERSEY NATURAL GAS COMPANY
DEMAND AND SUPPLY SUMMARY

Exhibit JSS-1
Schedule 1

Mdth	Sales Demand	CoUse & UFG	Storage Injections	Required	Purchases	Withdrawals	LNG	Customer Gas	Sendout
May-11	3,385	17	3,433	6,834	5,911	0	17	906	6,834
Jun-11	3,603	11	3,420	7,033	6,113	0	18	902	7,033
Jul-11	3,581	11	3,432	7,024	5,956	0	17	1,051	7,024
Aug-11	3,298	10	3,433	6,742	5,698	0	17	1,027	6,742
Sep-11	2,274	10	3,300	5,585	4,823	0	18	744	5,585
Oct-11	4,998	22	803	5,823	4,817	0	18	988	5,823
Nov-11	9,912	41	0	9,953	6,734	1,746	16	1,458	9,953
Dec-11	14,632	68	0	14,700	6,511	6,004	78	2,107	14,700
Jan-12	17,066	81	0	17,147	7,879	6,634	250	2,384	17,147
Feb-12	15,672	71	0	15,742	7,366	6,188	77	2,111	15,742
Mar-12	13,403	57	0	13,460	7,496	4,168	17	1,779	13,460
Apr-12	6,390	31	3,224	9,646	8,439	0	17	1,190	9,646
May-12	4,390	17	3,684	8,091	7,162	0	17	912	8,091
Jun-12	3,773	11	3,565	7,349	6,422	0	18	908	7,349
Jul-12	3,993	11	3,684	7,688	6,615	0	17	1,056	7,688
Aug-12	3,941	11	3,684	7,636	6,587	0	17	1,033	7,636
Sep-12	3,599	11	3,565	7,175	6,407	0	18	750	7,175

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1
Schedule 2
Page 1 of 3

	Algonquin	Columbia	Tennessee	Transco	TETCO FT	TET-TIME2	TE X127	NJRES Call	NJRES Storage	Dominion	IRQ-Winter	Hedged	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	\$000	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth
May-11	0	0	330	122	872	2,855	1,042	0	0	0	0	0	0	689	0	(3,433)	0	17	2,495
Jun-11	0	0	320	118	771	2,522	920	0	0	0	0	0	0	1,463	0	(3,420)	0	18	2,711
Jul-11	0	0	330	122	773	2,532	924	0	0	0	0	0	0	1,274	0	(3,432)	0	17	2,541
Aug-11	0	0	330	122	769	2,516	918	0	0	0	0	0	0	1,042	0	(3,433)	0	17	2,282
Sep-11	0	0	320	118	746	2,442	891	0	0	0	0	0	0	307	0	(3,300)	0	18	1,541
Oct-11	93	74	330	122	468	1,530	558	0	0	0	0	0	0	1,641	0	(803)	0	18	4,032
Nov-11	90	72	0	118	394	1,291	471	194	115	180	98	0	0	3,711	0	0	1,746	16	8,496
Dec-11	205	155	0	122	91	300	109	200	368	558	161	0	0	4,242	0	0	6,004	78	12,593
Jan-12	305	260	0	122	141	463	169	351	466	756	170	0	1	4,674	0	0	6,634	250	14,763
Feb-12	191	145	0	114	99	325	118	187	407	696	151	0	0	4,932	0	0	6,188	77	13,631
Mar-12	112	74	0	122	286	935	341	200	275	248	102	0	0	4,801	0	0	4,168	17	11,681
Apr-12	108	72	320	118	917	3,000	1,095	0	0	240	0	0	0	2,570	0	(3,224)	0	17	5,232
May-12	0	0	330	122	923	3,018	1,101	0	0	0	0	0	0	1,667	0	(3,684)	0	17	3,494
Jun-12	0	0	320	118	800	2,617	955	0	0	0	0	0	0	1,613	0	(3,565)	0	18	2,875
Jul-12	0	0	330	122	822	2,691	982	0	0	0	0	0	0	1,667	0	(3,684)	0	17	2,947
Aug-12	0	0	330	122	817	2,674	976	0	0	0	0	0	0	1,667	0	(3,684)	0	17	2,919
Sep-12	0	0	320	118	797	2,608	952	0	0	0	0	0	0	1,613	0	(3,565)	0	18	2,860

	Algonquin	Columbia	Tennessee	Transco	TETCO FT	TET-TIME2	TE X127	NJRES Call	NJRES Storage	Dominion	IRQ-Winter	Hedged	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
May-11	0	0	1,596	566	4,146	13,265	4,926	0	0	0	0	1,298	0	2,745	7,913	(16,979)	0	179	19,655
Jun-11	0	0	1,480	532	3,555	11,375	4,218	0	0	0	0	1,945	0	5,888	8,003	(17,053)	0	189	20,130
Jul-11	0	0	1,559	557	3,614	11,570	4,295	0	0	0	0	1,980	0	5,095	7,978	(17,353)	0	179	19,474
Aug-11	0	0	1,574	562	3,630	11,606	4,308	0	0	0	0	2,009	0	4,058	7,978	(17,531)	0	179	18,374
Sep-11	0	0	1,530	547	3,536	11,318	4,199	0	0	0	0	2,008	0	1,038	8,003	(17,337)	0	189	15,032
Oct-11	454	363	1,598	571	2,244	7,166	2,660	0	0	0	0	2,122	0	7,982	8,039	(5,911)	0	180	27,468
Nov-11	455	364	0	573	1,956	6,266	2,326	997	547	929	509	0	0	17,655	7,838	0	8,902	160	49,477
Dec-11	1,099	828	0	619	480	1,585	572	1,222	1,748	3,042	871	0	0	22,329	7,790	0	30,611	781	73,577
Jan-12	1,678	1,421	0	634	761	2,502	906	2,280	2,215	4,222	937	0	5	25,918	7,757	0	33,823	2,504	87,564
Feb-12	1,051	791	0	592	533	1,753	632	1,217	1,932	3,877	831	0	0	27,097	7,818	0	31,549	771	80,443
Mar-12	605	401	0	625	1,519	4,984	1,800	1,145	1,305	1,365	555	0	0	24,824	7,726	0	21,251	170	68,274
Apr-12	562	374	1,648	589	4,683	14,965	5,561	0	0	1,273	0	0	0	13,611	7,385	(16,545)	0	170	34,277
May-12	0	0	1,711	611	4,740	15,127	5,622	0	0	0	0	0	0	9,107	7,337	(19,017)	0	170	25,408
Jun-12	0	0	1,669	596	4,139	13,223	4,914	0	0	0	0	0	0	8,881	7,385	(18,591)	0	180	22,397
Jul-12	0	0	1,741	622	4,295	13,723	5,103	0	0	0	0	0	0	9,258	7,337	(19,387)	0	170	22,863
Aug-12	0	0	1,750	625	4,291	13,705	5,098	0	0	0	0	0	0	9,303	7,337	(19,487)	0	170	22,793
Sep-12	0	0	1,697	606	4,191	13,391	4,979	0	0	0	0	0	0	9,019	7,385	(18,889)	0	180	22,559

	Algonquin	Columbia	Tennessee	Transco	TETCO FT	TET-TIME2	TE X127	NJRES Call	NJRES Storage	Dominion	IRQ-Winter	Hedged	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	
May-11			4.8308	4.6462	4.7529	4.6461	4.7251							3.9840		4.9461		10.5185	7.8771
Jun-11			4.6283	4.5088	4.6118	4.5102	4.5846							4.0249		4.9867		10.5185	7.4241
Jul-11			4.7197	4.5686	4.6732	4.5693	4.6458							3.9991		5.0555		10.5185	7.6649
Aug-11			4.7650	4.6126	4.7184	4.6129	4.6908							3.8943		5.1062		10.5185	8.0522
Sep-11			4.7877	4.6346	4.7411	4.6347	4.7133							3.3833		5.2528		10.5185	9.7565
Oct-11	4.8776	4.8780	4.8384	4.6839	4.7917	4.6834	4.7638							4.8651		7.3610		10.0151	6.8124
Nov-11	5.0569	5.0572		4.8559	4.9683	4.8536	4.9397	5.1470	4.7503	5.1594	5.1741			4.7579			5.0985	10.0151	5.8239
Dec-11	5.3721	5.3387		5.0813	5.2551	5.2841	5.2222	6.1020	4.7503	5.4515	5.4087			5.2645			5.0985	10.0151	5.8427
Jan-12	5.5009	5.4666		5.2029	5.3814	5.4044	5.3479	6.4980	4.7503	5.5823	5.5268		5.3814	5.5445			5.0985	10.0151	5.9312
Feb-12	5.4887	5.4544		5.1914	5.3694	5.3930	5.3360	6.4970	4.7503	5.5699	5.5156			5.4941			5.0985	10.0151	5.9016
Mar-12	5.4221	5.3883		5.1285	5.3041	5.3307	5.2710	5.7170	4.7503	5.5022	5.4545			5.1712			5.0985	10.0151	5.8450
Apr-12	5.1991	5.1992	5.1556	4.9922	5.1083	4.9884	5.0792			5.3047				5.2965		5.1313		10.0151	6.5516
May-12			5.1804	5.0163	5.1331	5.0123	5.1039							5.4647		5.1617		10.0151	7.2715
Jun-12			5.2225	5.0572	5.1751	5.0527	5.1457							5.5067		5.2141		10.0151	7.7913
Jul-12			5.2710	5.1043	5.2235	5.0994	5.1940							5.5551		5.2621		10.0151	7.7573
Aug-12			5.2980	5.1306	5.2505	5.1253	5.2208							5.5821		5.2891		10.0151	7.8080
Sep-12			5.3077	5.1400	5.2602	5.1347	5.2305							5.5918		5.2978		10.0151	7.8887

**New Jersey Natural Gas Company
Historical Service Interruptions
for BGSS Year 2011
(MFR#10)**

Tariff Condition	Period	Applicable Service Classes	# of cust	Reason(s)
Interruption	1/13/11	Interruptible Transportation & Interruptible Sales	40	Operational
	1/21/11 - 1/24/11	Interruptible Transportation & Interruptible Sales	40	Operational
Daily Balancing¹	1/14/11	Interruptible Transportation	40	Operational & Economic
	2/3/2011	Interruptible Transportation	40	Operational & Economic
	2/9/11 - 2/10/11	Interruptible Transportation	40	Operational & Economic

¹ Daily Balancing is a tariff provision that allows interruptible transportation customers to continue to use gas service provided that their third party supplier delivers the amount they are burning. Any usage beyond the delivery level is billed at penalty rates.

EXHIBIT JSS-3

NORTHERN DIVISION							CENTRAL DIVISION					TOTAL SENDOUT	Interruptible	Electric Generation	FIRM SENDOUT	NOAA DEGREE DAYS
Month	Day	Texas Eastern	Algonquin	Tennessee	Columbia	NORTH	Texas Eastern	Transco	NJNG LNG	CENTRAL						
Jan'11	23	31,701	12,166	35,949	9,851	89,667	382,635	41,377	75,065	499,077	588,744	10	18,968	569,766	47	
Jan'11	22	25,609	11,944	35,830	9,848	83,231	392,488	41,414	65,928	499,830	583,061	0	28,146	554,915	47	
Dec'10	14	39,023	9,493	29,607	4,949	83,072	428,441	30,009	1,026	459,476	542,548	13,157	21,122	508,269	42	
Jan'11	24	24,708	11,904	35,808	9,817	82,237	389,757	41,438	4,125	435,320	517,557	11	25,939	491,606	41	
Dec'10	16	31,070	7,981	32,738	3,956	75,745	383,996	21,938	20,698	426,632	502,377	11,450	19,233	471,694	41	
Jan'10	2	40,474	5,302	35,784	2,506	84,066	443,832	30,650	13,305	487,787	571,853	6,625	26,708	538,520	41	
Jan'10	3	44,189	5,810	35,702	2,532	88,233	405,918	30,689	36,250	472,857	561,090	7,588	214	553,288	41	
Jan'10	30	38,031	5,967	35,781	4,882	84,661	361,797	33,936	67,893	463,626	548,287	0	0	548,287	47	
Dec'09	29	38,094	7,015	37,933	2,511	85,553	369,766	49,884	41,701	461,351	546,904	7,483	0	539,421	42	
Jan'10	29	38,887	5,971	35,747	4,841	85,446	346,658	33,409	79,315	459,382	544,828	0	0	544,828	44	
Jan'09	16	37,884	13,867	35,704	9,569	97,024	463,614	33,607	33,951	531,172	628,196	0	167	628,029	53	
Jan'09	15	29,171	13,731	35,772	9,583	88,257	429,348	33,595	12,234	475,177	563,434	0	209	563,225	47	
Feb'09	5	30,466	12,881	31,782	9,695	84,824	391,355	29,127	42,183	462,665	547,489	1	0	547,488	46	
Dec'08	22	33,925	9,047	32,812	4,882	80,666	378,562	37,328	31,962	447,852	528,518	0	0	528,518	43	
Mar'09	2	30,207	12,855	35,730	5,733	84,525	328,365	35,996	77,403	441,764	526,289	2,587	0	523,702	46	

FISCAL YEAR 2011 STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES

ALGONQUIN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/19/10	RP11-1414-000	Accepted November 30, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Annual Fuel Filing
12/8/10	RP11-1605-000	January 7, 2011 Order – January 31, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Changes to Section 26 of GTC for targeted OFO backed by penalty authority
3/31/11	RP11-1943-000	Accepted April 13, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Gas Quality Compliance Filing RP07-504

ANR

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
04/29/11	RP11-2057-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Annual Cashout Surcharge Filing

COLUMBIA GAS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
11/15/10	RP11-1529-000	Accepted December 15, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Credit Annex Filing
12/20/10	RP11-1638-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Penalty Revenue Crediting Report for 2010
12/28/10	RP11-1655-000	Accepted January 25, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Annual Environmental Rate Adjustment Filing

COLUMBIA GULF

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/01/10	RP11-24-000	October 28, 2010 Order Accepting & Suspending Tariff Sections Subject to Refund and Conditions and Further Review – February 2, 2011	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to implement a new firm daily delivery point scheduling service under Rate Schedule SVS (Scheduling Variance Service).

		Order on Tariff Proposal and Consolidating Proceedings -		
10/21/10	CP11-13-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to abandon certain offshore facilities – this may come up in section 4 rate case
10/21/10	CP11-14-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to abandon certain facilities – this may come up in section 4 rate case
10/28/10	RP11-1435-000	November 30, 2010 Order Accepting and Suspending Tariff Records Subject to Refund and Establishing Hearing Procedures and a Technical Conference - February 2, 2011 Order on Tariff Proposal and Consolidating Proceedings -	Intervention, Protest, Request for Evidentiary Hearing & Maximum Statutory Suspension for NJNG – W.S. filed	General Section 4 Rate Case Filing

DTI / CNG

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/01/10	RP11-13-000	Accepted October 28, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	DTI service agreements reported as non-conforming that may materially deviate from the pro forma Form of Service Agreement in DTI's FERC Gas Tariff, including NJNG FTNN Contract 100034
11/18/10	CP11-39-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Northeast Expansion Project for 200,000 dt/day to Transco Leidy Interconnect
11/19/10	CP11-41-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to lease 150,000 dts capacity to Tennessee – Ellisburg to Craig Project - tied to CP11-30
11/23/10	CP11-42-000	March 24, 2011 Order Authorizing Change of Jurisdictional Status	Plain Vanilla Intervention for NJNG – W.S. filed	Refunctionalize TL-404 Hastings pipe from transmission to gathering
12/14/10	CP11-53-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing for authorization to amend the Certificate to reflect backhaul entitlements on their jointly owned facilities

1/10/11	RP11-1695-000	Accepted February 11, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Gas Quality Filing related to Tetco RP10-30 Gas Quality Settlement
1/14/11	RP11-1706-000	Accepted February 4, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to permit different contract quantities over the term of a Service Agreement

TRANSCO

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/29/10	CP11-18-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Mid- South Expansion Project
11/12/10	CP11-31-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Mid-Atlantic Connector Expansion Project – requesting roll-in to system-wide rates
11/18/10	CP11-38-000	December 17, 2010 Order Amending Certificate	Plain Vanilla Intervention for NJNG – W.S. filed	Amend Certificate in Leidy to Long Island Project & Increase HP at Station 207
1/20/11	RP11-1714-000	February 28, 2011 Order – April 12, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Revise provisions of Sec 7, Payments of the GT&C to include a new Sec 39 Adjustments to Prior Gas Day Scheduled Quantities and PDAs, to describe the procedures regarding the processing of requests for PPAs to gas quantities and to revise Sec 18 and 28 of the GT&C and Rate Schedule Pooling
1/28/11	RP11-1736-000	Accepted March 3, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Revise Sections 2 & 18 of GTC that address allocation of measured quantities at non-pipeline interconnects and unauthorized daily overruns
04/08/11	RP11-1984-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Revisions to Sec. 25.2 Monthly Imbalance Resolution & Sec. 35 Standards
04/14/11	RP11-2005-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to Revise Sec 2 & 18 of the GTC (allocation procedures)
04/21/11	RP11-2023-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Annual Adjustment to Rate Schedule SS-2 Storage Gas Balances

TENNESSEE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/04/10	RP11-33-000	Accepted October 25, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Tariff modifications to allow more flexibility regarding the timing of open seasons for existing capacity
10/28/10	RP95-112-029	November 15, 2010 Order Granting Motion to Amend Settlement	Intervention with Comments in Support for NJNG – W.S. filed	TGP Petition to Amend RP95-112 Settlement regarding filing obligation for FT-Lite Service
11/01/10	RP11-1484-000	December 1, 2010 Order Accepting Tariff Record	Intervention & Protest for NJNG filed Jointly with National Grid and National Fuel – Ken Maloney of Cullen & Dykman filed	Scheduled Maintenance Time Period and Notice Modification Filing
11/12/10	CP11-30-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Increase pipeline capacity by 250,000 dt/day & lease capacity from DTI (CP11-41)
11/29/10	RP11-1544-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	2010 Cashout Report
11/30/10	RP11-1566-000	Pending	Intervention, Protest, Request for Evidentiary Hearing & Maximum Statutory Suspension for NJNG – W.S. filed	General Section 4 rate case filing
12/3/10	RP11-1597-000 & CP11-44-000 & CP11-47-000	Pending	Plain Vanilla Interventions in each for NJNG – W.S. filed PLUS Comments in Support of Northeast Customer Group filed by Fred Peters	Application for Abandonment & Request for Approval of Offer of Settlement (“SAM” Facilities)
12/15/10	CP11-52-000	March 24, 2011 Order Approving Abandonment	Plain Vanilla Intervention for NJNG – W.S. filed	Abandon by Sale to Tauber Pipeline 3 supply laterals in South Texas
3/31/11	RP11-1942-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Gas Quality & Interchangeability Filing
03/31/11	CP11-161-000 & PF10-23-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Northeast Upgrade Project
04/29/11	RP11-2066-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	First Quarterly Fuel Tracker

TEXAS EASTERN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/15/10	RP11-70-000	Accepted November 4, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	TEMAX & TIME 3 Negotiated Rate Agreements (Non-Conforming)
10/22/10	RP11-1428-000	Accepted November 29, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Annual ASA Fuel Filing
10/25/10	RP11-1430-000	Accepted November 23, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Capacity Reservation Filing
10/29/10	RP11-1466-000	Accepted November 22, 2010 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Annual PCB Filing
12/14/10	CP11-53-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	Filing for authorization to amend the Certificate to reflect backhaul entitlements on their jointly owned facilities
12/20/10	CP11-56-000 & PF10-17-000	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	NY-NJ Expansion Project - Certificate Filing for 800,000 dt/day expansion into NYC
12/20/10	RP11-1632-000	Accepted Subject to Conditions January 31, 2011 Order – March 4, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Filing for Hourly Flow Flexibility at Points of Delivery
12/30/10	RP11-1669-000	Accepted January 26, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Semi-Annual EPC Filing
1/7/11	RP11-1691-000	Accepted January 28, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Storage Point MDDOs & MDROs Filing
1/21/11	RP11-1717-000 withdrawn substituted with RP11-1755-000 on 2/1/11	Pending	Plain Vanilla Intervention for NJNG – W.S. filed	RP10-30 Gas Quality Compliance Filing
1/25/11	CP11-67-000 & PF10-21-000	Pending	Plain Vanilla Interventions for NJNG - W.S. filed	TEAM 2012 Project for 190,000 dts/day Clarington, Ohio and Appalachian Area to interconnects in central and eastern Pennsylvania (\$204.5 mm)
3/7/11	RP11-1872-000	Accepted April 5, 2011 Order	Plain Vanilla Intervention for NJNG – W.S. filed	Filing to implement a new No-Notice service option under Rate Schedule FT-1

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

TINA M. SINKS

MANAGER - REGULATORY AFFAIRS

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND REVIEW AND REVISION
OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2012
BPU DOCKET NO. GR1106_____
Direct Testimony of Tina M. Sinks**

I. Introduction

Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS?

A. My name is Tina M. Sinks and I am Manager, Regulatory Affairs for New Jersey Natural Gas Company (the “Company” or “NJNG”). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719.

Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.

I received a Bachelor of Science degree in Accounting with a minor in Mathematics from the University of Richmond in 1993. Furthermore, I am a Certified Public Accountant in the Commonwealth of Virginia.

I was employed by the Virginia State Corporation Commission as an auditor within the Public Utility Accounting Department from July 1993 to May 1996.

In May 1996, I accepted a position as a Rate and Regulatory Analyst with NJNG in the Energy Services Department and held that position until January 1997 when I assumed the responsibilities as a Gas Planning Analyst, also in the Energy Services Department. In July 2002, I accepted the position of Senior Regulatory Affairs Analyst in the Regulatory Affairs Department of NJNG. In January 2007, I was promoted to my current position of Manager, Regulatory Affairs.

1
2 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF**
3 **REGULATORY AFFAIRS?**

4 A. I am responsible for preparing and supporting Company rate and tariff
5 matters submitted to the New Jersey Board of Public Utilities (the “Board”
6 or “BPU”), including the Basic Gas Supply Service (“BGSS”) and
7 Conservation Incentive Program (“CIP”) filing. I am also involved in the
8 daily operations of the Regulatory Affairs Department including rates,
9 tariffs, SEC reporting and related matters.

10 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
11 **PROCEEDINGS?**

12 A. Yes. In addition to supporting and testifying in regulatory
13 proceedings during my tenure with the Virginia State Corporation
14 Commission, I have filed testimony on behalf of NJNG in several prior
15 proceedings.

16 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
17 **PROCEEDING?**

18 A. By way of this testimony, I am supporting the following sections of
19 the filing: (1) background of previous BGSS and CIP proceeding; (2) BGSS
20 projections and proposed price to be effective October 1, 2011; (3) CIP
21 prices to be effective as of October 1, 2011; (4) Balancing Charge to be
22 effective as of October 1, 2011; (5) miscellaneous items related to the
23 Company’s last rate case proceeding; and (6) the impact to customers of the
24 proposed price changes.
25

II. Background from Prior Filings

Q. PLEASE BRIEFLY SUMMARIZE THE OUTCOME OF THE LAST GENERIC BGSS PROCEEDING.

A. As a result of the BPU Order issued January 17, 2002 following the Gas Policy Group discussions in Docket No. GX01050304, new BGSS pricing mechanisms were approved by the Board (“Generic BGSS Order”). Pursuant to the Generic BGSS Order, the Board authorized the implementation of a Periodic BGSS pricing mechanism for all New Jersey natural gas utilities that permits up to three price increases each year as described below and price decreases, rate credits, or refunds at any time during the year with five days written notice to the BPU Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”). Through this mechanism, any initial price change requested, after notice and hearing, is based on an annual BGSS filing submitted in June of each year with rates to be effective October 1 of the year filed. Two additional provisional and self-implementing price increases are permitted, if needed by the Company, on the subsequent December 1 and February 1, after thirty days prior notice to the BPU Staff and Rate Counsel. Each self-implementing increase cannot exceed a maximum of five percent of the total average residential heating customer’s bill.

Q. PLEASE SUMMARIZE THE OUTCOME OF THE COMPANY’S LAST BGSS AND CIP PROCEEDING.

A. In June 2010, NJNG filed a petition requesting that the BPU approve NJNG’s annual filing for the BGSS year of October 1, 2010 through September 30, 2011. That petition requested that the BPU approve a

1 decrease in NJNG's periodic BGSS rate of \$0.0482 per therm after-tax,
2 thereby decreasing NJNG's BGSS after-tax rate of \$0.8828 per therm to
3 \$0.8346 per therm. The petition also requested an increase to the after-tax
4 per therm balancing charge from \$0.0789 to \$0.0886. The Company also
5 requested modification of its CIP rates and the WNC rate for fiscal year
6 2011. Specifically, the petition requested that the BPU approve the
7 implementation of after-tax per therm CIP factors of (\$0.0033) for Group I
8 Residential Non-Heat customers, \$0.0179 for Group II Residential Heat
9 customers, \$0.0339 for Group III General Service – Small commercial
10 customers, and \$0.0278 for Group IV General Service – Large commercial
11 customers, effective as of October 1, 2010. The petition also requested the
12 after-tax per therm WNC factor of \$0.0001 be eliminated effective January
13 1, 2011 and that any remaining WNC over or underrecovery balance be
14 transferred as of that date to the Company's BGSS balance. In September
15 2010, the BPU approved the BGSS prices on a provisional basis effective
16 September 16, 2010, the balancing charge and CIP prices on a provisional
17 basis effective October 1, 2010, and the requested WNC modifications. The
18 net impact of the price changes to a residential heat customer using 100
19 therms per month was a 2.8 percent decrease.

20 In accordance with the September approval, the Company eliminated
21 the WNC rate as of January 1, 2011 and transferred the remaining WNC
22 balance of \$867.29 to the BGSS balance. This transfer is reflected as a
23 miscellaneous adjustment in Schedules 1 and 5 of Exhibit A to the Petition
24 of this filing.

25 The BGSS, CIP, and balancing rates were approved by the Board on a
26 final basis on April 27, 2011.

III. BGSS Projections

Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS BALANCE AS OF SEPTEMBER 30, 2011?

A. Exhibit A to the Petition, which provides the details of the Company's BGSS for the period October 1, 2010 through September 30, 2011, shows that the estimated BGSS ending balance will be approximately \$4.5 million over-recovered as of September 30, 2011.

Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS BALANCE AS OF SEPTEMBER 30, 2012?

A. Exhibit B to the Petition, which provides the details of the Company's projections for the period October 1, 2011 through September 30, 2012 based upon May 10, 2011 NYMEX pricing, where applicable, shows that the estimated BGSS ending balance will be approximately \$5.6 million under-recovered as of September 30, 2012. Should market conditions change, the Company will continue to consider utilization of the self-implementing BGSS price increases or decreases, credits or refunds.

Q. WHAT IS THE PROPOSED PERIODIC BGSS PRICE FOR THIS FILING?

A. The Company proposes to decrease the current pre-tax periodic BGSS price of \$0.7800 per therm to \$0.6650 as of October 1, 2011. If approved, the current after-tax price of \$0.8346 per therm will decrease by \$0.1230 to \$0.7116 per therm. The impact to NJNG's customers is discussed in Section VII of this testimony.

IV. Conservation Incentive Program (“CIP”)

Q. PLEASE DESCRIBE THE RATE STRUCTURE OF THE CONSERVATION INCENTIVE PROGRAM (“CIP”).

A. Approved by the Board in Docket No. GR05121020 in a December 12, 2006 Order and extended in its January 21, 2010 Order (“CIP Orders”), the CIP rate mechanism provides a rate adjustment related to changes in the average use per customer when compared to a pre-established benchmark allowing NJNG to encourage customers to conserve energy. The Testimony of Anne-Marie Peracchio within this filing describes the programs NJNG has implemented to encourage customers to conserve energy along with the results of those programs. Pursuant to the Company’s Tariff approved in the Board’s October 3, 2008 Order within the Company’s last base rate case proceeding in Docket No. GR07110889 (“Rate Case Order”), the CIP is applicable to each of the following customer groups:

- Group I – Residential Non-Heat
- Group II – Residential Heat
- Group III – General Service - Small
- Group IV – General Service - Large

Pursuant to the CIP Orders, the margin deficiency or excess for each group is calculated each month by subtracting the baseline usage per customer according to the Company’s Tariff from the actual usage per customer and multiplying the resulting therms by the number of customers and the allowed margin recovery per therm. The October 2010 through September 2011 CIP margin deficiency/excess calculations for each group, with actual data through April 2011 and projected data for the remaining five months, are included as Exhibit C, Schedules 1 through 4 to the Petition.

1 **Q. PLEASE DESCRIBE THE BGSS SAVINGS TEST AS PROVIDED**
2 **FOR IN THE CIP ORDERS.**

3 A. NJNG must achieve a level of BGSS savings greater than or equal to
4 the non-weather related reductions in usage in order to recover the full
5 margin deficiency associated with those reductions. To determine the non-
6 weather margin deficiency, the Company has calculated the weather related
7 margin deficiency on Exhibit C, Schedule 5 to the Petition in accordance
8 with the heating degree days and consumption factors included in the CIP
9 Tariff. Exhibit C, Schedule 6 to the Petition demonstrates that the estimated
10 margin related to the non-weather change in customer usage is \$8.6 million.

11 **Q. HAS THE COMPANY MET THE BGSS SAVINGS TEST CRITERIA**
12 **AS PROVIDED FOR IN THE CIP ORDERS?**

13 A. Yes. Per Exhibit E of the Stipulation approved in the January 21,
14 2010 CIP Order, NJNG released capacity which results in annual demand
15 charge savings of approximately \$5.5 million for the October 2011 through
16 September 2012 annual period. As agreed to in the 2011 Final Stipulation
17 by BPU Staff, Rate Counsel and the Company and approved by the Board
18 on April 27, 2011, NJNG has generated additional BGSS savings of
19 \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a
20 contract for 10,000 dekatherms per day of winter-season-only firm
21 transportation capacity on Dominion Transmission, Inc., that expired on
22 March 31, 2011. Additionally, on March 22, 2011, NJNG sent notification
23 to BPU Staff and Rate Counsel that nearly \$8 million of additional savings
24 was generated by not renewing a contract for 30,000 dekatherms per day of
25 firm transportation capacity on Texas Eastern Transmission, L.P., effective
26 November 1, 2011. For fiscal year 2012, \$7.3 million of this Texas Eastern
27 capacity is included as BGSS savings. The combined BGSS savings from

1 the January 2010 CIP Order, the Dominion capacity and the Texas Eastern
2 capacity total \$13.1 million for the October 2011 through September 2012
3 CIP recovery period. Since the non-weather portion of \$8.6 million is less
4 than the total BGSS savings of \$13.1 million, the Company has met the
5 BGSS savings test.

6 **Q. PLEASE DESCRIBE THE CIP RETURN ON EQUITY (“ROE”)**
7 **TEST.**

8 A. Based on the Tariff approved in the Rate Case Order, NJNG cannot
9 recover any portion of its margin deficiency that will cause the Company to
10 earn in excess of a 10.3 percent return on common equity for the annual
11 period of the CIP year. Additionally, any portion of the margin deficiency
12 which is not recoverable shall not be deferred for future recovery. Exhibit
13 C, Schedule 7 to the Petition includes the calculation of the ROE test with
14 actual data for the six months ended March 2011 and estimated data for the
15 six months ended September 2011 and shows that the estimated ROE for the
16 2010-2011 CIP year is 9.97 percent. Therefore, since the estimated ROE of
17 9.97 percent is less than the 10.3 percent ceiling, NJNG is entitled to fully
18 recover its CIP deficiency.

19 **Q. PLEASE DESCRIBE HOW CIP RATES ARE DETERMINED AND**
20 **WHAT CIP RATES THE COMPANY IS PROPOSING.**

21 A. The CIP surcharge or credit for each group is determined by dividing
22 the eligible aggregate margin deficiency or excess, adjusted for any under or
23 over recovery of prior period CIP collection, by the forecasted annual usage
24 of each group for October 2011 to September 2012. The following table
25 shows the existing after-tax rates, proposed after-tax rates and change for
26 each CIP Group:

1

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	(\$0.0033)	\$0.0255	\$0.0288
Group II	Residential Heat	\$0.0179	\$0.0066	(\$0.0113)
Group III	General Service - Small	\$0.0339	\$0.0464	\$0.0125
Group IV	General Service - Large	\$0.0278	\$0.0391	\$0.0113

2 The Company is requesting an effective date of October 1, 2011 for the
3 above proposed rates consistent with the other proposed changes in this
4 filing.

5 **V. Balancing Charge**
6 **Q. DOES THE COMPANY PROPOSE A CHANGE TO ITS**
7 **BALANCING CHARGE?**

8 A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be
9 adjusted in the Company's annual BGSS filing and is subject to review as
10 part of such filing. The calculation of the balancing rate is presented in
11 Exhibit D to the Petition and reflects updated pipeline demand charges,
12 credit adjustments and percentage of peak day volume related to balancing
13 associated with the pipeline demand portion of the balancing charge. Also,
14 in accordance with the Rate Case Order, the portion of the charge related to
15 inventory is not updated. The Company proposes decreasing its current
16 after-tax per therm balancing charge of \$0.0886 to \$0.0844. All balancing
17 revenues from transportation customers continue to be credited to the BGSS
18 as shown in Schedule 4g of Exhibits A and B. For BGSS customers, the
19 balancing charge is included as a component of the delivery charge and

1 deducted from the BGSS charge in order to provide a BGSS “Price-to-
2 Compare.”

3 **VI. Miscellaneous**

4 **Q. PLEASE DESCRIBE THE PIPELINE INTEGRITY MANAGEMENT**
5 **(“PIM”) REQUIREMENTS FROM THE COMPANY’S LAST RATE**
6 **CASE AS IT RELATES TO BGSS.**

7 A. Pursuant to the Rate Case Order, the Company included in base rates
8 an annual amount of \$1.4 million for Operation and Maintenance (“O&M”)
9 costs associated with PIM regulations and compliance. Effective October 1,
10 2008, the Company is to record, as either a deferred regulatory asset or
11 liability, the difference between the amount included in base rates and the
12 actual PIM O&M costs incurred. NJNG cannot charge the deferred asset for
13 greater than \$700,000 in any year. Additionally, NJNG must reflect any
14 regulatory liability in its entirety, and if the accumulated PIM deferral
15 balance results in a liability greater than \$1 million, the Company is to
16 reflect the full reduction in rates in the next annual BGSS filing as a credit to
17 gas costs. The accumulated deferral is to be tracked and reported in the
18 Company’s annual BGSS filing.

19 **Q. PLEASE EXPLAIN THE PIM RESULTS.**

20 A. As shown on Exhibit TMS-1, the Company has incurred nearly \$2.1
21 million of PIM expenses for the twelve months ended September 30, 2010
22 resulting in a deferred regulatory asset of \$699,679. Since the annual
23 deferred asset balance is less than \$700,000, the entire amount may be
24 deferred. The Company is currently projecting PIM expenses of \$2.107
25 million for the twelve month ended September 30, 2011 resulting in a
26 deferred regulatory asset of approximately \$707,000. The 2011 forecasted
27 PIM deferred asset balance slightly exceeds \$700,000 due to the Company’s

1 acceleration of the PIM program at BPU Staff's request. If the actual PIM
2 expenditures significantly exceed the maximum deferred amount of
3 \$700,000 when the year is completed, the Company may request for Board
4 Staff and Rate Counsel to recognize that due to the BPU Staff request to
5 accelerate the PIM program, the PIM maximum deferral should be evaluated
6 over the two-year period from October 2010 through September 2012.

7 **VII. Impact on Customers**

8 **Q. WHAT IS THE IMPACT TO RESIDENTIAL HEAT CUSTOMERS**
9 **AS A RESULT OF THE PROPOSED CHANGES TO BGSS, CIP AND**
10 **BALANCING RATES?**

11 A. Overall, the Company has proposed that all periodic BGSS customer
12 groups will have a decrease in their rates. The periodic BGSS decrease
13 proposed in this filing results in an overall \$12.30 or 9.1 percent decrease to
14 the total monthly 100 therm bill for a CIP Group II residential heating sales
15 customer. Additionally, the proposed Group II CIP decrease results in an
16 overall \$1.13 or 0.8 percent decrease. The net impact of the BGSS and CIP
17 decreases for a residential heating sales customer is a \$13.43 or 9.9 percent
18 decrease to the total monthly 100 therm bill. Exhibit G to the Petition and
19 Exhibit TMS-2 provide the supporting calculations. Residential heating
20 transport customers are not affected by NJNG's proposed BGSS decrease
21 and will have a 1.1 percent decrease due to the changes in the CIP and
22 Balancing rates.¹

23

¹ Percentage change assumes transport customers are receiving gas supply at NJNG's BGSS recovery rates. No decrease has been assumed in the surrogate gas supply cost for transport customers.

1
2 **Q. WHAT IS THE IMPACT TO RESIDENTIAL NON-HEAT**
3 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO**
4 **BGSS, CIP AND BALANCING RATES?**

5 A. The periodic BGSS decrease proposed in this filing results in an
6 overall 7.8 percent decrease to the total monthly 25 therm bill for a CIP
7 Group I residential non-heat sales customer. The proposed Group I CIP
8 increase results in an overall 1.8 percent increase. The net impact of the
9 BGSS decrease and CIP increase to a residential non-heat sales customer is a
10 6.0 percent decrease to the total monthly 25 therm bill. Residential non-heat
11 transport customers are not affected by NJNG's proposed BGSS decrease
12 and will have a 1.5 percent increase due to the changes in the CIP and
13 Balancing rates.¹

14 **Q. WHAT IS THE IMPACT TO CIP GROUP III GENERAL SERVICE -**
15 **SMALL CUSTOMERS AS A RESULT OF THE PROPOSED**
16 **CHANGES TO BGSS, CIP AND BALANCING RATES?**

17 A. The Periodic BGSS decrease proposed in this filing results in an
18 overall 8.2 percent decrease to the total monthly 100 therm bill for a CIP
19 Group III General Service – Small (“GSS”) customer. The proposed Group
20 III CIP increase results in an overall 0.8 percent increase. The net impact of
21 the BGSS decrease and CIP increase to a GSS sales customer is a 7.4
22 percent decrease to the total monthly 100 therm bill. GSS transport
23 customers are not affected by NJNG's proposed BGSS decrease and will
24 have a 0.5 percent increase due to the changes in the CIP and Balancing
25 rates.¹

1 **Q. WHAT IS THE IMPACT TO CIP GROUP IV GENERAL SERVICE -**
2 **LARGE CUSTOMERS AS A RESULT OF THE PROPOSED**
3 **CHANGES TO BGSS, CIP AND BALANCING RATES?**

4 A. Group IV General Service – Large (“GSL”) customers are subject to
5 Monthly BGSS pricing and are not affected by the proposed periodic BGSS
6 decrease. The proposed CIP increase results in a 0.9 percent increase for
7 CIP Group IV customers using 1,200 therms per month. GSL transport
8 customers are not affected by NJNG’s proposed BGSS decrease and will
9 have a 0.8 percent increase due to the changes in the CIP and Balancing
10 rates.¹

11 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

12 A. Yes.

**New Jersey Natural Gas Company
Pipeline Integrity Management Expenses**

Expense Type	Actual Fiscal Year 2009	Actual Fiscal Year 2010	Actual Oct 10 - Apr 11	Forecast Fiscal Year 2011	2009 Deferred PIM Expenses	(1) 2010 Deferred PIM Expenses	Estimated 2011 Deferred PIM Expenses
<i>* Labor</i>	\$407,647	\$498,428	\$281,352	\$578,838			
<i>**Non Labor</i>	\$1,415,093	\$1,601,251	\$458,769	\$1,527,769			
Total O&M	\$1,822,740	\$2,099,679	\$740,122	\$2,106,607	\$422,740	\$699,679	\$706,607

(1) In accordance with the October 3, 2008 Board Order in Docket No. GRO7110889, \$700,000 of PIM Operational and Maintenance (O&M) costs in excess of \$1.4 million can be deferred annually.

* Labor expenses include NJNG incremental labor expenses associated with the PIM plan or field activities of assessing transmission pipelines. These activities include survey, mapping and the inspection of pipelines in accordance with PIM requirements.

** Non labor expenses include external vendor and contractor expenses associated with assessing NJNG transmission pipelines in accordance with NJNG's PIM plan. In addition all material required to perform NJNG's PIM plan activities is included in these expenses. These activities include survey, mapping, inspection, and anomaly remediation in accordance with PIM requirements.

New Jersey Natural Gas Company
Basic Gas Supply Service
BPU Docket. GR1106
Impact on Residential Customers

	Current Prices	Proposed Prices October 1, 2011	Decrease	Percent Decrease
Total Variable Rate \$ per therm ¹	\$1.2741	\$1.1398	(\$0.1343)	
Total Bill 100 therms ²	\$135.66	\$122.23	(\$13.43)	(9.9%)
<u>1000 therm bill</u>				
Annual Bill ²	\$1,373.10	\$1,238.80	(\$134.30)	(9.8%)

¹ Represents the total variable per therm rate for a residential sales customer (BGSS + Delivery) on an after-tax basis

² Includes monthly customer charge of \$8.25.

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

ANNE-MARIE PERACCHIO

DIRECTOR – CONSERVATION AND CLEAN ENERGY POLICY

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND REVIEW AND REVISION
OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2012**

BPU DOCKET NO. GR1106_____

Direct Testimony of Anne-Marie Peracchio

Introduction

Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.

A. My name is Anne-Marie Peracchio and I am the Director, Conservation and Clean Energy Policy for New Jersey Natural Gas Company (“the Company” or “NJNG”). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719.

Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.

A. I received a Bachelor of Science degree in Accounting with a double major in Philosophy from the University of Scranton in 1990. I also was awarded a Masters of Business Administration from Monmouth University in May 1997. Furthermore, I am a Certified Public Accountant in the State of New York. I was employed by KPMG Peat Marwick in various positions within the Audit Department from September 1990 to June 1993.

In June 1993, I accepted a position with New Jersey Resources Corporation, the parent of NJNG, in the Internal Audit Department and held that position until February 1995 when I accepted a position as a Senior Rate Analyst in the Regulatory Affairs Department of the Company. In July 1997, I was promoted to Manager, Regulatory Affairs and in January 1999, I was promoted to Director, Regulatory Affairs. In December of 2006, I was named to the new position of Director, Conservation and Affordability. In

1 December 2009, I shifted responsibilities to serve as the Director,
2 Conservation and Clean Energy Policy.

3 **Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR,**
4 **CONSERVATION AND CLEAN ENERGY POLICY?**

5 A. I report directly to the Vice President, Marketing and Business Intelligence
6 and I am responsible for developing and ensuring implementation of the
7 Company's customer conservation programs funded by shareholders and
8 supporting the efforts of our team implementing our customer funded
9 energy-efficiency program- the SAVEGREEN Project™. I also identify
10 opportunities to help drive cultural changes within the organization to
11 support the Company's concerted focus on conservation. Most of those
12 programs fall under the Company's Conserve to Preserve® ("CTP")
13 initiative which will be discussed in more detail below. I am also involved in
14 the development of NJNG's policy positions on a number of issues,
15 including the Energy Master Plan and the National Action Plan for Energy
16 Efficiency and serve as a company representative on a number of
17 Committees and Task Forces for New Jersey's Clean Energy Program
18 ("NJCEP"), Sustainable Jersey, and the American Gas Association.

19 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
20 **PROCEEDINGS?**

21 A. Yes. I have testified on behalf of NJNG in numerous Levelized Gas
22 Adjustment proceedings, the precursor to Basic Gas Supply Service
23 ("BGSS"), and other rate related filings before the New Jersey Board of
24 Public Utilities ("BPU" or the "Board").

1 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
2 **PROCEEDING?**

3 A. By way of this testimony, I am explaining and providing support for the
4 following sections of the filing: (1) background of the Conservation
5 Incentive Program (“CIP”); (2) an overview of the NJNG’s CIP program
6 activity over the past year; (3) an update on CIP expenditures to date; and
7 (4) an update on plans for future CIP activities. The testimony of Tina M.
8 Sinks also filed within this proceeding discusses the CIP tariff mechanism,
9 recent results and proposed rates for October 1, 2011 implementation.

10 **CIP BACKGROUND**

11 **Q. PLEASE BRIEFLY SUMMARIZE THE CIP PROGRAM.**

12 A. On December 12, 2006, the BPU approved a three year CIP pilot program in
13 Docket No. GR05121020 (“CIP Order”). The CIP is designed to decouple
14 the link between customer usage and NJNG’s gross margin to allow NJNG
15 to encourage its customers to conserve energy. As such, the CIP contains a
16 tariff mechanism that addresses gross margin variations and a commitment
17 from NJNG that gas supply costs will be lowered as a result of customer
18 conservation based on the structure of the BGSS Savings Test approved in
19 the CIP Order. To meet the conservation goals, NJNG agreed to engage its
20 customers in energy-efficiency and conservation activities and to modify the
21 Company’s internal culture to focus on energy efficiency. To fulfill that
22 commitment, NJNG agreed to initiate programs to further customer
23 conservation efforts over the term and provide an initial funding amount of
24 \$2 million for such programs. In an Order dated January 21, 2010, the
25 Board approved the extension of the CIP program through September 30,
26 2013. In regard to CIP funding, under the original pilot NJNG expensed the

1 full \$2 million shareholder commitment upfront for use over the full term of
2 the CIP. As of October 2010 this shareholder funding contribution shifted to
3 an annual budget of \$575,000 to be spent on CIP programs. Any unspent
4 balance of this annual amount will be carried-over into the next CIP year.

5
6 **PROGRAM ACTIVITY**

7 **Q. IS THE COMPANY CONTINUING ANY PROGRAMS FROM THE**
8 **INITIAL PILOT PERIOD?**

9 A. Yes. The Company is continuing to promote and fund the following
10 programs:

- 11 • **Conserve to Preserve (“CTP”) Dashboard:** Our current CTP
12 Dashboard service allows residential customers to analyze their
13 bills, perform online audits, and access other energy saving tools
14 and guidelines. Attachment AMP-1 provides summary data on
15 the use of the CTP Dashboard for calendar 2010 and the first four
16 months of 2011. NJNG has less than one year left on the contract
17 with the existing vendor and, based on the success of this, intends
18 to provide a comparable service for the remaining term of the CIP.
19 The Company continues to review services available from other
20 vendors, but is hoping for further clarity on long term
21 management of the NJCEP program before reaching any decisions
22 about a potential change in providers because of the substantial
23 resource commitment and set-up fees involved. NJNG also
24 develops and distributes promotional materials for this service.
25

- 1
2 • **Conserve to Preserve Business Online.** A comprehensive online
3 resource for commercial customers, CTP Business Online features
4 industry-specific information, emerging technologies and business
5 applications in one, well-organized location. It includes links to
6 financial and technical assistance for NJCEP programs,
7 benchmarking and energy audit recommendations by sector, a
8 monthly energy newsletter and other tools. NJNG also develops
9 and distributes promotional materials for this service.
- 10 • **Community Rewards.** This is the school/not-for-profit
11 fundraising program through which community groups can raise
12 money for their organization by directly referring our customers to
13 use the CTP Dashboard. Participating groups register to drive
14 activity to the service and promote it within the community. They
15 receive \$5 for each successful referral and earn bonus incentives
16 for achieving certain thresholds. From the launch of the program
17 through the end of April 2011, this program has resulted in more
18 than 8,200 customers being referred to use the CTP Dashboard.
- 19 • **Community outreach.** These funds for these activities are used
20 in the production of pocket tip cards promoting NJNG's programs,
21 the payment of certain exhibit fees, covering expenses for the
22 Energy Hog Road Show and other customer contests. This
23 category also includes the costs associated with significant
24 outreach to communities participating in Sustainable Jersey and
25 the NJCEP Community Partners Initiative. Through our Speakers
26 Bureau program alone, we have conducted more than 63
27 presentations that directly reached nearly 4000 customers. This

1 count doesn't reflect the activity of our SAVEGREEN team which
2 has participated in an additional 260 events and presentations.
3 The Company has also reached thousands more customers through
4 participation in dozens of business expos, conferences, forums,
5 and green fairs.

- 6 • **E-tips.** The expenses related to the external service used to
7 distribute E-tips, our optional conservation e-mail newsletter, and
8 other minor promotional expenses are included here. Attachment
9 AMP-2, page 1 reflects the monthly topic for each issue, as well as
10 the relevant statistics on the messages sent. The Company
11 currently has nearly than 65,000 customers registered to receive
12 the service, compared to approximately 52,000 subscribers in May
13 2010. Attachment AMP-2, page 2 is a graph reflecting the growth
14 in the enrollment.

- 15 • **Employees/contractors as champions.** These activities include
16 the production of supporting promotional material, primarily
17 information pads to be carried by NJNG field employees and
18 contractors for distribution to targeted customers, and for some
19 employee incentive drawings. The employee incentive drawings
20 are generally for employees with direct customer contact to
21 encourage them to be stronger advocates for proactively
22 promoting energy conservation. These employees track this
23 proactive outreach and must hit certain minimum targets to be
24 eligible for inclusion in the drawing. These targets have escalated
25 over time to reach more customers and, equally as important, to
26 have this outreach become integrated into the employees' routine
27 interactions with customers. This category also includes

1 expenses for contractor forums and communications with
2 contractors through such activities as mailings and attendance at
3 conferences.

4 **Q. BEYOND THESE INITIAL PROGRAMS, WHAT ELSE HAS THE**
5 **COMPANY PURSUED AS CIP PROGRAMS FOR THIS CIP YEAR?**

6 A. The Company is excited about several new program activities including the
7 following:

- 8 • **Save Energy. Save Money. Win Prizes!** As part of an effort to
9 improve overall awareness of the energy-efficiency programs
10 (including ENERGYSTAR, NJCEP, and NJNG programs) and
11 general education about conservation for residential customers,
12 NJNG launched an on-line promotion that features more than 100
13 different questions on energy efficiency and conservation for
14 customers to answer. The promotion started on April 22, 2011 and
15 residents within our service territory can play daily during the 90
16 day period. Registrants have the opportunity to win instant prizes
17 or a monthly sweepstakes prize. Additionally, to reach customers
18 who may not have responded to our CTP messages through
19 traditional utility channels, the promotion was designed with a
20 referral feature and some community organization prizes. In just
21 the first month of activity, more than 3,000 people have
22 participated in the promotion and hundreds of community
23 organizations are represented in the promotion. Further, on
24 average, registrants are participating 2.7 times which translates to
25 exposure to approximately 40,000 questions and answers.

- 1 • **Efforts with Sustainable Jersey** With only just over 2 years of
2 history, Sustainable Jersey (“SJ”) has already demonstrated its
3 effectiveness in promoting and influencing energy efficiency.
4 More than 334 New Jersey municipalities (nearly 60%) have
5 registered to participate in their certification process and 74
6 (approximately 20%) have attained certification. The CIP program
7 included sponsorship of SJ. SJ has promoted NJCEP and NJNG
8 energy-efficiency initiatives on its Web site, through newsletters,
9 and exposure at training sessions. This year SJ is also joining us
10 for broader outreach at some of our larger community events,
11 including Ocean Fun Days and Nine Innings for Nature. The
12 largest effort with SJ is a partnership to leverage the knowledge of
13 the Environmental Defense Fund (EDF) Public Climate Corp
14 sector. This program provides top tier MBA students with basic
15 training on energy efficiency so they can serve summer
16 fellowships at public entities to help them reduce their energy
17 usage. The CIP program will fund two summer fellowships where
18 the students will identify energy-efficiency opportunities for
19 municipal facilities in Middletown and Ocean Township. More
20 importantly, these fellows will also test and improve the guidance
21 in SJ Action Plan for Energy Efficiency in order to improve the
22 information and direction available for all New Jersey
23 municipalities.
- 24 • **Partnership with Eastern Heating-Cooling Council** NJNG’s
25 experience with the SAVEGREEN project has significantly
26 improved the Company’s knowledge of contractor activity in the
27 marketplace. More than 9 out of every 10 of the high-efficiency

1 installations are performed through the stand-alone
2 WARMAdvantage channel. Further, many of the contractors
3 taking the WARMAdvantage channel are only submitting a
4 handful of rebates, which indicates that many continue to focus
5 only on standard equipment installations. In an effort to engage
6 more contractors in promoting the benefits of the whole house
7 approach to customers, NJNG recently launched a joint outreach
8 effort with Eastern Heating and Cooling Council (EHCC), the
9 official contractor outreach partner for NJCEP. As part of the
10 initial approach, NJNG will use CIP funds to pay for the first year
11 membership for contractors new to EHCC if they attend an
12 overview session addressing the whole house approach, including
13 safety concerns about such issues as “orphaned water heaters.”

- 14 • **Efforts to learn more about customer attitudes.** NJNG sought
15 customer feedback through a reply card included in our April 2011
16 bills that was geared toward learning more about customers’
17 reactions to our energy saving tips and to establish groups to draw
18 from for follow-up energy saving activities. Thousands of
19 customers responded and provided contact information. Now, key
20 metrics can be compiled and follow-up work can be performed to
21 learn how we can provide better guidance to those who are
22 interested. More importantly, NJNG hopes to learn how to
23 influence more customers to receive and follow the energy savings
24 tips.

25

26

1 **Q. HAS NJNG CONTINUED TO SEE GROWTH IN WEB SITE**
2 **TRAFFIC FOR THE CONSERVATION SECTIONS?**

3 **A.** Yes. In late 2006, NJNG's redesigned Web site was launched. More
4 information about conservation is now included, with additional links from
5 various sections of the site back to the conservation pages. Due to the
6 relaunch, the statistics are not directly comparable to the 2005 statistics but
7 from the data shown on Attachment AMP-3, it is clear that traffic to that
8 section of the site continues to increase as a result of the expanded program
9 offerings and continued promotion. Fiscal 2010 customer activity in the
10 energy-efficiency related sections of our Web site was more than nine times
11 greater than the level recorded for Fiscal 2006.

12
13 **CIP EXPENDITURE UPDATE**
14

15 **Q. DID THE COMPANY SPEND THE FULL \$2 MILLION FROM THE**
16 **ORIGINAL PILOT COMMITMENT BY SEPTEMBER 30, 2010?**

17 **A.** NJNG spent \$1,998,977 as of September 30, 2010. To meet the full \$2
18 million commitment, the remaining balance of \$1,023 will be rolled into
19 future spending. See Attachment AMP-4, page 2 of 2 for final summary of
20 expenses and carry-over calculation.

21 **Q. WHAT HAS THE COMPANY EXPENDED ON THE CIP**
22 **PROGRAMS FOR THIS FISCAL YEAR?**

23 **A.** As of May 31, 2011, NJNG has recorded expenses of approximately
24 \$265,000 for this CIP year. A summary of expenses by category is included
25 as Attachment AMP-4, page 1 of 2.
26

1
2 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$575,000**
3 **ON THE CIP PROGRAM FOR THIS FISCAL YEAR?**

4 A. No. NJNG expects there to be some minor carry-over of funding that will
5 increase the amount of program funding available in future years. As noted
6 in the next section, NJNG is launching some new programs with
7 unpredictable take rates so it is difficult to forecast exact spending levels, but
8 NJNG will meet its commitment by rolling any unspent funds into future
9 CIP years. Projected expenses for the remainder of the year are reflected on
10 Attachment AMP-4, page 1 of 2.

11
12 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

13 **Q. BEYOND THE ON-GOING CIP PROGRAMS DESCRIBED**
14 **EARLIER, DOES THE COMPANY HAVE PLANS FOR**
15 **ADDITIONAL CIP PROGRAMS?**

16 A. Yes. NJNG continues to look for new ideas for CIP programs. However,
17 the Company strives to identify new services and programs that will
18 complement existing programs administered by NJCEP and NJNG. The
19 effort to keep programs complementary sometimes presents challenges.

20 **Q. CAN YOU SHARE ANY INFORMATION ABOUT OTHER IDEAS**
21 **IN DEVELOPMENT?**

22 A. Yes. While there are many concepts under consideration, highlights of
23 some are described here:

- 24 • **Discounted on-line store.** NJNG is working to establish a co-
25 branded on-line store that will integrate with the existing NJCEP
26 lighting store hosted by Energy Federation Incorporated (EFI). This
27 co-branded website will allow us to offer discounts on other energy-
28 efficiency products (e.g., Watersense® products and insulation

1 materials) and let the customer combine those with the purchase of
2 NJCEP products. The vendor generally offers utilities a revenue
3 sharing opportunity but NJNG will pass that discount along to our
4 customers and will consider offering incremental discounts on specific
5 products.

- 6 • **Additional school program.** Since NJCEP has eliminated the
7 TEACH program, we are considering the potential to offer another
8 program for schools. This may include an incentive toward
9 participation in Schools for Energy Efficiency® (SEE), a
10 comprehensive program to help K-12 schools save energy and money
11 by changing behavior throughout the district. SEE provides a
12 systemized plan, awareness materials, training, and utility tracking for
13 immediate and sustainable savings.

- 14 • **Targeted mailing to low income customers.** NJNG can identify
15 Universal Service Fund Recipients that have not participated in the
16 NJCEP Comfort Partners program. Despite extensive outreach
17 efforts, many customers have not yet applied to participate. In an
18 effort to engage their interest and improve their focus on the
19 background materials, NJNG is considering a direct mail campaign to
20 this targeted group. It would include a letter describing the program,
21 an application, and a small conservation-related product to increase
22 the likelihood that the materials will be opened, work to establish a
23 mindset of energy savings, and hopefully start to lower the customer's
24 energy bills as soon as possible.

25 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

26 **A.** Yes.



New Jersey Natural Gas
2010 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1	Apr	May	Jun	Q2	Jul	Aug	Sep	Q3	Oct	Nov	Dec	Q4	YTD
Overall Application																	
Total Unique Users *1	485	436	380	1,301	307	250	181	738	364	478	405	1,247	455	457	574	1,486	4,772
Total New Users *2	347	321	274	942	217	176	117	510	261	371	294	926	331	329	401	1,061	3,439
Total Return Users *3	155	132	119	406	98	77	67	242	108	117	118	343	131	141	195	467	1,458
Total Page Views	4,556	4,024	3,407	11,987	2,557	1,596	1,312	5,455	2,132	2,951	2,613	7,696	2,842	3,402	3,957	10,701	35,349
Residential Dashboard																	
Total Number of Users *4	478	430	371	1,279	302	243	177	722	362	478	405	1,245	455	457	573	1,485	4,731
Total New Users *5	340	315	265	920	212	169	113	494	259	371	294	924	331	329	400	1,060	3,398
Total Return Users *6	154	132	118	404	98	77	67	242	108	116	118	342	131	140	195	466	1,454
Total Number of Sessions	561	478	442	1,481	333	274	244	851	393	514	437	1,344	491	502	642	1,635	5,311
Total Number of Page Views	4,552	4,143	3,402	12,097	2,552	1,588	1,309	5,499	2,130	2,944	2,614	7,688	2,846	3,405	3,957	10,208	35,442
Avg. Time Spent in Dashboard	5	6	5	5	5	4	3	4	3	3	3	3	3	4	4	4	4
Total Customer Ids	480	430	372	1,282	300	240	176	716	358	469	381	1,208	436	418	563	1,417	4,623
Total Account Numbers	480	430	372	1,282	300	240	176	716	358	469	381	1,208	436	418	563	1,417	4,623
Total Premise Ids	480	430	372	1,282	301	240	176	717	358	469	381	1,208	436	418	563	1,417	4,624
Total L1 Completions from Dashboard *7	219	224	165	608	143	75	51	269	111	134	120	365	131	147	185	463	1,705

Residential Bill Prism																
Bill Analysis *8																
Total Number of Users	67	44	46	157	24	26	17	67	26	35	34	95	34	48	45	127
Total Number of New Users	32	29	28	89	13	15	7	35	16	21	22	59	19	32	24	75
Total Number of Return Users	44	20	22	86	12	11	10	33	10	16	12	38	15	18	22	55
Total Number of Page Views	317	170	207	694	75	96	40	211	74	134	148	356	135	180	204	519
Avg. Time Spent in Bill Analysis	3	3	3	3	2	4	1	2	1	2	2	2	3	3	2	3
Bill History																
Total Number of Users	97	78	91	266	54	50	35	139	55	69	65	189	62	86	103	251
Total Number of New Users	51	49	59	159	30	32	17	79	31	46	40	117	41	62	65	168
Total Number of Return Users	54	33	44	131	25	18	18	61	25	24	26	75	21	25	41	87
Total Number of Page Views	211	154	188	553	104	97	63	264	101	120	120	341	115	144	176	435
Avg. Time Spent in Bill History	1	2	1	1	1	1	1	1	1	0	1	1	2	1	2	2
																1

Home Energy Center																			
Home Analyzer																			
Total Number of Users	204	197	164	565	133	71	55	259	104	122	118	344	132	147	165	444	1,612		
Total Number of Return Users *9	53	44	36	133	27	15	20	62	26	33	26	85	39	33	51	123	403		
Total Number of Page Views	2,009	2,086	1,540	5,635	1,316	544	465	2,325	766	1,153	984	2,903	1,064	1,519	1,576	4,159	15,022		
New Users Completing:																			
Basic Home Profile Questions (Lvl. 1)	126	144	110	380	85	44	32	161	61	86	83	230	79	96	107	282	1,053		
Appliance Inventory (Lvl. 2)	69	87	73	229	46	27	16	89	39	49	49	137	42	56	57	155	610		
Detailed Questions on End Uses (Lvl. 3)	5	13	10	28	8	3	3	14	4	7	3	14	5	6	8	19	75		
Water Conservation Unique Users	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Users Viewing At Least One Measure																			
Number of Measures Pages viewed	46	52	34	132	32	12	10	54	16	27	24	67	29	37	41	107	360		
Avg. Time Spent in HA (min)	365	283	273	911	251	83	58	392	148	182	139	469	201	326	309	836	2,618		
Avg. Level 1 Time Spent in HA (min)	5	6	5	5	5	6	5	5	5	6	5	5	4	6	5	5	5		
	12	13	12	12	12	14	12	13	11	11	11	11	10	13	10	11	12		
Energy-Saving Calculators																			
Total Number of Users	27	34	21	82	16	10	5	31	7	12	20	39	15	21	22	58	210		
Washer	1	1	2	4	1	1	0	2	1	1	0	2	1	2	1	4	12		
Fridge	7	4	3	14	0	4	0	4	1	3	0	4	2	4	3	9	31		
Room A/C	1	1	3	5	0	1	0	1	0	0	3	3	1	0	0	1	10		
Thermo	14	24	1	39	5	21	0	7	0	3	3	6	3	4	8	15	67		
System	9	8	9	26	2	4	4	10	5	4	14	23	11	11	8	30	89		
Residential Appliance	3	4	6	13	3	1	1	5	2	2	2	6	2	4	1	7	31		
Water Heater	3	7	12	22	13	3	3	16	2	3	3	8	3	9	6	18	64		
Dryer	2	3	2	7	2	3	0	5	2	1	1	4	1	6	0	7	23		
Lighting	2	1	4	7	0	0	0	0	1	5	2	8	2	3	1	6	21		
Heat Comparison	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Energy Smart Library, Residential																			
Total Number of Users	0	0	1	1	1	2	0	3	0	2	0	2	1	2	0	3	9		
Total Number of Page Views	0	0	1	1	1	1	0	3	0	3	0	3	2	2	0	4	11		

Notes:

*An implementation of the Alara Library application (and others that do not use any form of authentication) may show traffic from users who live outside of a company's service territory.

*1 = Total unique users across all Alara customer care applications.

*2 = Total new users across all Alara customer care applications. A new user has not previously accessed any application.

*3 = Total return users across all Alara customer care applications. A return user has previously accessed at least one application. Note: A user can be both a new and a return user during a reporting period.

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*6 = Total return users accessing Dashboard. A return user has previously accessed the application.

*7 = The number of users that complete or edit a profile from the Dashboard application.

*8 = Beginning in January 2010, we began counting the Bill Analysis differently. Previously, this number included people who accessed any entry point into the Bill Analysis. This statistic now includes only customers who landed on the detail bill analysis page.

*9 = The number of users accessing the Home Energy Center this reporting period that have accessed the application previously.



New Jersey Natural Gas
2011 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1	Apr	May	Jun	Q2	Jul	Aug	Sep	Q3	Oct	Nov	Dec	Q4	YTD
Overall Application																	
Total Unique Users *1	795	655	684	2,134	556			556									2,690
Total New Users *2	585	445	490	1,520	375			375									1,895
Total Return Users *3	243	233	208	684	190			190									874
Total Page Views	6,100	5,173	4,492	15,765	3,529			3,529									19,294
Residential Dashboard																	
Total Number of Users *4	794	653	684	2,131	556			556									2,687
Total New Users *5	585	443	490	1,518	376			376									1,894
Total Return Users *6	243	232	207	682	189			189									871
Total Number of Sessions	877	718	748	2,343	595			595									2,938
Total Number of Page Views	6,090	5,172	4,495	15,757	3,532			3,532									19,289
Avg. Time Spent in Dashboard	4	5	4	4	3			3									2
Total Customer Ids	739	632	690	2,051	528			528									2,589
Total Account Numbers	739	632	690	2,051	528			528									2,589
Total Premise Ids	739	631	690	2,060	528			528									2,588
Total L1 Completions from Dashboard *7	271	250	234	755	146			146									901

Residential Bill Prism													
Bill Analysis *8													
Total Number of Users	91	69	56	216	45							0	261
Total Number of New Users	58	44	34	136	27							0	163
Total Number of Return Users	38	26	24	88	19							0	107
Total Number of Page Views	397	276	262	935	133							0	1,068
Avg. Time Spent in Bill Analysis	4	3	3	3	1							0	1
Bill History													
Total Number of Users	145	118	109	372	92							0	464
Total Number of New Users	92	83	68	243	57							0	300
Total Number of Return Users	57	36	44	137	37							0	174
Total Number of Page Views	286	212	207	705	160							0	865
Avg. Time Spent in Bill History	2	1	2	2	1							0	1

Home Energy Center												
Home Analyzer												
Total Number of Users	265	240	197	702	145	145	0	0	0	0	847	0
Total Number of Return Users *9	77	61	53	191	49	49	0	0	0	0	240	0
Total Number of Page Views	2,652	2,300	1,621	6,573	1,431	1,431	0	0	0	0	8,004	0
New Users Completing:												
Basic Home Profile Questions (Lvl. 1)	173	165	125	463	62	62	0	0	0	0	525	0
Appliance Inventory (Lvl. 2)	103	100	79	282	55	55	0	0	0	0	337	0
Detailed Questions on End Uses (Lvl. 3)	12	11	8	31	6	6	0	0	0	0	37	0
Water Conservation Unique Users	0	0	0	0	0	0	0	0	0	0	0	0
Users Viewing At Least One Measure												
Number of Measures Pages viewed	71	56	38	165	35	35	0	0	0	0	200	0
Avg. Time Spent in HA (min)	431	383	252	1,056	324	324	0	0	0	0	1,390	0
Avg. Level 1 Time Spent in HA (min)	6	5	5	5	6	6	0	0	0	0	3	0
Energy-Saving Calculators	12	11	12	12	14	14	0	0	0	0	6	0
Total Number of Users	43	36	32	111	22	22	0	0	0	0	133	0
Washer	2	6	1	9	1	1	0	0	0	0	10	0
Fridge	6	3	4	13	2	2	0	0	0	0	15	0
Room A/C	0	0	0	0	0	0	0	0	0	0	0	0
Thermo System	29	20	4	53	5	5	0	0	0	0	58	0
Residential Appliance	11	9	11	31	9	9	0	0	0	0	40	0
Water Heater	2	3	7	12	5	5	0	0	0	0	17	0
Dryer	8	3	14	25	10	10	0	0	0	0	35	0
Lighting	4	1	3	8	1	1	0	0	0	0	9	0
Heat Comparison	1	1	2	4	1	1	0	0	0	0	5	0
Energy Smart Library, Residential	0	0	0	0	0	0	0	0	0	0	0	0
Total Number of Users	1	1	1	3	2	2	0	0	0	0	5	0
Total Number of Page Views	2	2	1	5	2	2	0	0	0	0	7	0

Notes:

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*7 = The number of users that complete or edit a profile from the Dashboard application.

*8 = Beginning in January 2010, we began counting the Bill Analysis differently. Previously, this number included people who accessed any entry point into the Bill Analysis. This statistic now includes only customers who landed on the detail bill analysis page.

*9 = The number of users accessing the Home Energy Center this reporting period that have accessed the application previously.

NJNG E-tips Statistics Key Terms

Sent	The total emails sent, including bounces.										
Bounces	Emails sent, but not received by your contacts. (e.g. bad e-mail addresses/full mailboxes)										
Net Sent	Total emails sent less the number of bounces.										
Spam Reports	Number of complaints received from an email.										
Opt-outs	Contacts who moved themselves to your Do Not Mail List.										
Opt-out percent	Number of opt-outs divided by the number sent.										
Opens	Trackable emails your contacts received and viewed.										
Opened percent	Number of opened emails divided by the net sent number.										
Clicks	Contacts who clicked from an email to your website.										
Click-through percent	Number of click-throughs divided by the number opened.										
Month	Email name	Sent	Bounces	Net Sent	Spam	Opt-outs	Opt-out %	Opens	Open %	Clicks	Click %
Jan-2007	Cost Cutter Kit	18,746	1105	17,641	77	195	1.1%	5,886	33.4%	742	12.6%
Feb-2007	Home Performance with Energy Star	4,858	121	4,737	75	109	2.3%	1,628	34.4%	226	13.9%
Mar-2007	Zero Percent Financing	5,653	86	5,567	8	42	0.8%	1,634	29.4%	161	9.9%
Apr-2007	Federal Tax Incentives	7,069	148	6,921	5	56	0.8%	2,347	33.9%	376	16.0%
May-2007	NJCEP air conditioning rebates	8,456	214	8,242	9	43	0.5%	2,477	30.1%	239	9.6%
Jun-2007	Green team contest	9,489	236	9,253	3	49	0.5%	2,616	28.3%	59	2.3%
Jul-2007	Home Energy Analysis	10,322	297	10,025	21	53	0.5%	2,657	26.5%	435	16.4%
Aug-2007	Watersense	11,750	323	11,427	7	71	0.6%	3,076	26.9%	210	6.8%
Sep-2007	Energy Hog	12,579	397	12,182	10	67	0.5%	3,057	25.1%	398	13.0%
Oct-2007	Change a Light	12,462	541	11,921	7	53	0.4%	2,950	24.7%	327	11.1%
Nov-2007	High Effic. Upgrades	13,176	590	12,586	6	69	0.5%	3,118	24.8%	387	12.4%
Dec-2007	Discounted conservation kit	13,722	648	13,074	8	63	0.5%	3,039	23.2%	308	10.1%
Jan-2008	CTP Dashboard	15,615	663	14,952	12	68	0.5%	3,852	25.8%	483	12.5%
Feb-2008	Energy Guardian	16,614	753	15,861	19	75	0.5%	4,161	26.2%	910	21.9%
Mar-2008	Enhanced HPES offer	18,238	826	17,412	9	70	0.4%	4,627	26.6%	296	6.4%
Apr-2008	Kids and Conservation	20,074	962	19,112	14	99	0.5%	4,578	24.0%	186	4.1%
May-2008	NJCEP rebates	21,931	997	20,934	6	98	0.5%	7,231	34.5%	945	13.1%
Jun-2008	EE for Buying/Selling your home	23,035	1,130	21,905	47	92	0.4%	5,251	24.0%	308	5.9%
Jul-2008	Water Heating/Pools	24,192	1,108	23,084	25	83	0.4%	5,947	25.8%	479	8.1%
Aug-2008	Do-It -Yourself	25,040	1,216	23,824	25	93	0.4%	6,227	26.1%	797	12.8%
Sep-2008	Preseason maintenance	26,035	1,152	24,883	20	91	0.4%	6,601	26.5%	158	2.4%

NJNG E-tips Statistics

Key Terms

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Oct-2008	Change the World/EFI Store	27,117	1,302	25,815	15	83	0.3%	7,145	27.7%	761	10.7%
	Energy Makeover										
Nov-2008	Sweepstakes	27,680	1,308	26,372	19	84	0.3%	7,217	27.4%	1,058	14.7%
Dec-2008	Conservation Kit	28,795	1,181	27,614	12	73	0.3%	7,225	26.2%	858	11.9%
	Energy Star TVs/video games										
Jan-2009		31,213	1,513	29,700	26	96	0.3%	8,524	28.7%	703	8.2%
Feb-2009	New Federal Tax incentives	33,258	1,635	31,623	22	78	0.2%	9,984	31.6%	1,474	14.8%
Mar-2009	Revised HPES incentives	33,444	1,655	31,789	14	71	0.2%	8,382	26.4%	516	6.2%
	Spring Cleaning/NJCEP clothes washer incentives										
Apr-2009		38,935	1,984	36,951	34	115	0.3%	9,172	24.8%	354	3.9%
	Facts about CFLs/ promotion of NJCEP 's GNJR Team										
May-2009		39,073	1,694	37,379	32	105	0.3%	9,312	24.9%	549	5.9%
	Vacation energy saving tips										
Jun-2009		40,272	1,783	38,489	32	103	0.3%	9,381	24.4%	484	5.2%
Jul-2009	water heater savings	41,251	1,853	39,398	21	101	0.3%	10,247	26.0%	857	8.4%
Aug-2009	refrigerator rebates	42,296	1,964	40,332	19	118	0.3%	10,572	26.2%	411	3.9%
Sep-2009	Computer savings	44,420	2,117	42,303	23	126	0.3%	11,611	27.4%	608	5.2%
	Launch of SAVGEGREEN incentives										
Oct-2009		45,439	2,157	43,282	16	120	0.3%	12,124	28.0%	726	6.0%
	CTP Dashboard and Sustainable Jersey										
Nov-2009		46,238	2,807	43,431	23	140	0.3%	10,879	25.0%	425	3.9%

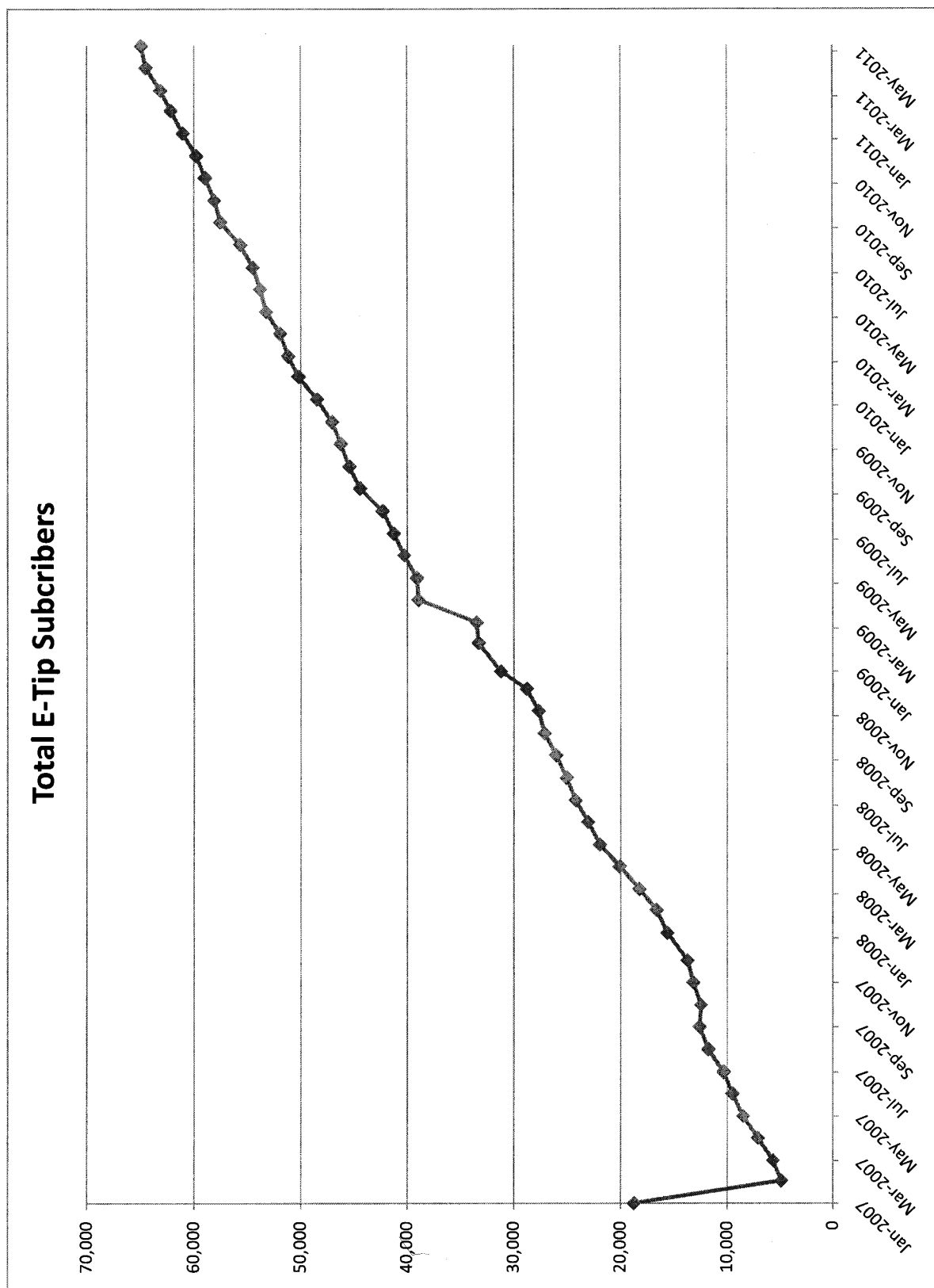
NJNG E-tips Statistics Key Terms

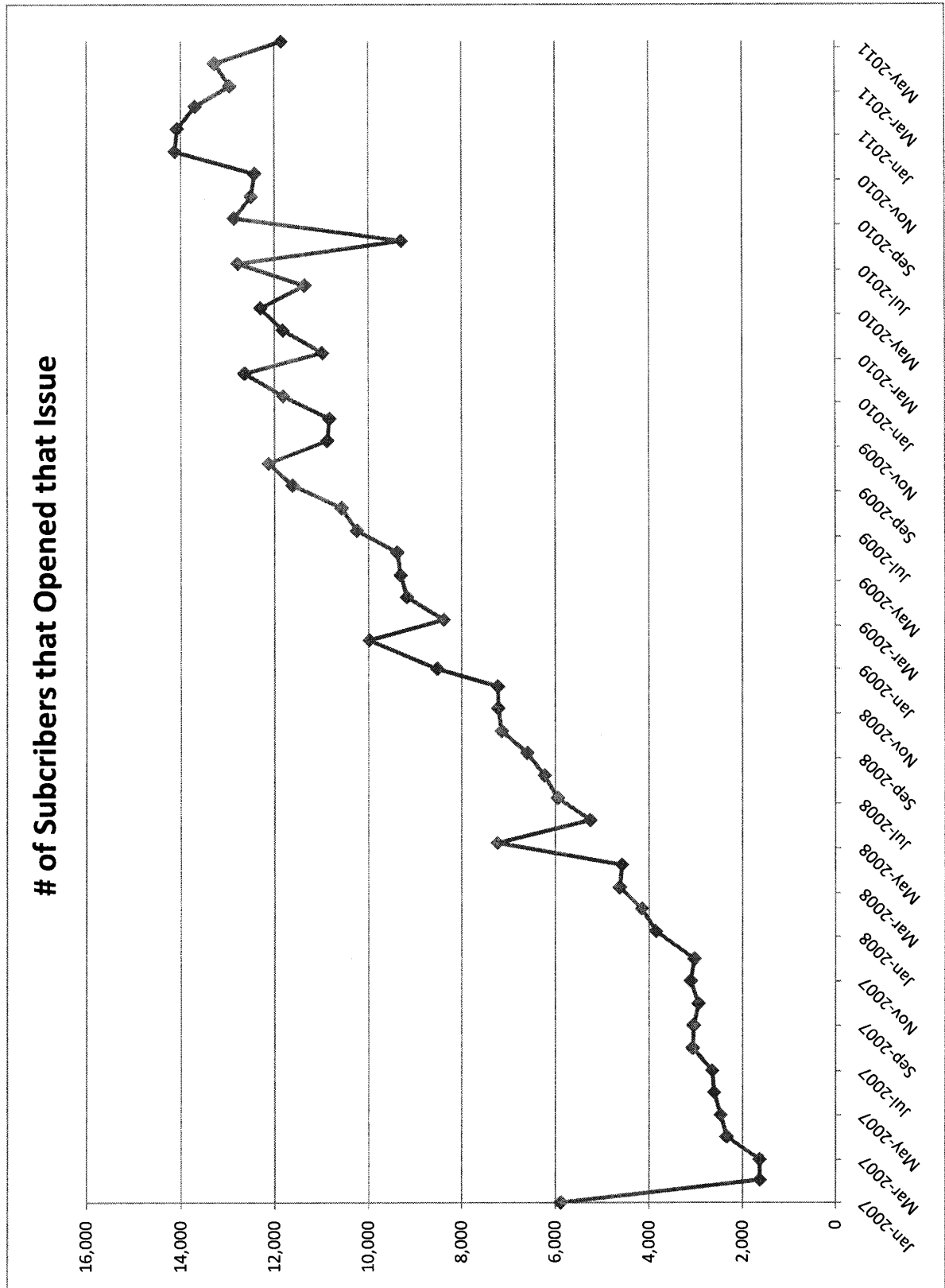
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Dec-2009	Seasons Greetings- Energy Savings	47,061	2,358	44,703	31	115	0.3%	10,835	24.2%	1,083	10.0%
Jan-2010	Safety and Savings	48,476	2,423	46,053	27	138	0.3%	11,814	25.7%	574	4.9%
Feb-2010	Federal Tax Incentives	50,195	2,543	47,652	34	116	0.2%	12,635	26.5%	2,163	17.1%
Mar-2010	Lighting Fair	51,148	2,649	48,499	30	99	0.2%	10,986	22.7%	1,313	12.0%
Apr-2010	ARRA rebates	51,926	2,669	49,257	28	93	0.2%	11,820	24.0%	1,071	9.1%
	Air conditioning - Cool Advantage and Room AC rebates	53,246	2,897	50,349	40	144	0.3%	12,298	24.4%	1,500	12.2%
	Load control. Nine Innings for Nature, Twitter	53,793	3,042	50,751	48	149	0.3%	11,361	22.4%	812	7.1%
Jun-2010	NJCEP ENERGYSTAR rebates, county fair, nine innings	54,476	3,135	51,341	37	125	0.2%	12,778	24.9%	1,323	10.4%
Jul-2010	Energy-efficient windows,SAVEGREEN	55,652	3,318	52,334	117	227	0.4%	9,291	17.8%	773	8.3%
Aug-2010	ENERGYSTAR Product finder feature, computer savings,unoccupied rooms	57,514	3,476	54,038	29	167	0.3%	12,860	23.8%	1,276	9.9%
Sep-2010	Energy savers under \$5, energy assistance days	58,077	3,596	54,481	40	137	0.3%	12,498	22.9%	1,299	10.4%
Oct-2010	energy saving gift ideas	58,957	3,648	55,309	49	139	0.3%	12,424	22.5%	2,145	17.3%

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Dec-2010	electronics inventory and phantom energy,Emison game from EPA	59,768	3,735	56,033	44	150	0.3%	14,123	25.2%	1,400	9.9%
Jan-2011	HPwES On bill repayment and incentives	61,041	3,903	57,138	46	169	0.3%	14,077	24.6%	1,137	8.1%
	New Federal Tax incentives, CTP Dashboard,										
Feb-2011	ENERGYSTAR rebates	62,179	3,987	58,192	51	181	0.3%	13,690	23.5%	1,236	9.0%
	NJCEP Lighting fair, online store and new labeling for										
Mar-2011	lights	63,134	4,054	59,080	42	134	0.2%	12,953	21.9%	1,167	9.0%
	Save Energy. Save Money.										
Apr-2011	Win Prizes!	64,491	4,320	60,171	29	146	0.2%	13,277	22.1%	1,720	13.0%
	Change the World with										
May-2011	Energy Star/Ocean Fun Days	64,914	4,474	60,440	30	138	0.2%	11,847	19.6%	899	7.6%
Total		1,755,842			5,619		436,302		41,105		

*These reports may reflect higher results from what was reported during the previous quarter due to continued customer activity.





New Jersey Natural Gas
Comparison of Website Conservation Statistics

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011- through April only
Conservation Home	6,288	2,636	1,957	4,586	4,543	2,796
Conserve to Preserve		2,199	3,090	3,552	3,560	1,407
Home Energy Saving Tips		2,482	3,726	4,783	3,858	3,465
Residential Programs		9,171	11,613	16,070	18,156	12,191
Special Offers & Rebates		6,414	11,353	17,817	15,183	11,227
Energy Saving Tips for Your Business		413	855	1,073	740	483
Commercial Programs		541	728	1,187	1,052	683
Distributed Generation		430	500	631	587	566
Renewable Energy		834	928	1,038	1,258	1,025
Energy Hog Program	843	912	937			
Kids and Conservation			897	1,541	1,139	945
SAVEGREEN Project					16,085	11,448
Total	7,131	26,032	36,584	52,278	66,161	46,236

Note: Fiscal 2010 ended the year at more than nine times the level of activity pre-CIP. Including the traffic on the SAVEGREEN Project Micro-site, the pace for 2011 is even ahead of 2010 activity.

**New Jersey Natural Gas
CIP Expense through May 31, 2011
BPU Docket No. GR1106_____**

	Quarter Ending 12/31/10	Quarter Ending 3/31/11	Expenses from 4/1 - 5/31	Estimated expenses 6/1-9/30*	Total Fiscal Year to Date
School/Children's Programs		\$5,036	\$2,857	\$15,000	\$22,893
Municipal Programs	\$25,000	\$128	\$20,000	\$5,000	\$50,128
Employees and HVAC Contractors as Champions			\$8,084	\$15,000	\$23,084
Online services and E-tips	\$24,338	\$61,691		\$38,100	\$124,129
Conservation/energy efficiency online promotion/sweepstakes		\$43,500	\$30,222		\$73,722
Online store and direct purchase of energy saving products			\$4,799	\$50,000	\$54,799
Community Rewards			\$1,285	\$1,000	\$2,285
Events and general outreach costs	\$2,000	\$9,084	\$2,307	\$15,000	\$28,391
Other low income focused outreach	\$960	\$5,247		\$65,000	\$71,207
Development work (e.g. customer feedback, EE organization memberships)		\$4,100	\$11,000	\$5,000	\$20,100
Publications and energy efficiency advertising		\$3,550		\$50,000	\$53,550
Total	\$52,298	\$132,336	\$80,554	\$259,100	\$524,288
Spent to date			\$265,188		
			Funding Commitment	\$	575,000
			Carryover (see page 2 of 2)	\$	1,023
			Estimated carryover to next year		\$51,735

*Many of these expenses are difficult to predict because of the unknown customer participation rates for new offers and new opportunities that may arise. However, any unspent funds toward the commitment will automatically be carried forward into the next program year.

New Jersey Natural Gas

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