

**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 CONSERVATION )  
INCENTIVE PROGRAM (CIP) FACTORS )  
FOR F/Y 2014 )  
-----

BPU DOCKET NO. GR1305 \_\_\_\_\_  
OAL DOCKET NO. \_\_\_\_\_

**I N D E X**

## INDEX

- Case Summary
- Petition
- Exhibit A
  - BGSS Over/ Underrecovery Schedules
  - (Seven Months Actual through April 2013 and Five Months Projected through September 2013)<sup>1</sup>
- Exhibit B
  - BGSS Over/ Underrecovery Schedules
  - (Projected Period – October 2013 through September 2014)
- Exhibit C
  - CIP Recovery Schedules
- Exhibit D
  - Calculation of Revised Balancing Rate
- Exhibit E
  - Impact of Proposed Rates on Typical Customers and Calculation of Overall BGSS Rate
- Exhibit F
  - Proposed Tariff Pages
- Testimony:
  - Jayana S. Shah
  - Director - Gas Supply, NJNG Energy Services
  
  - Tina M. Trebino
  - Manager - Regulatory Affairs
  
  - Anne-Marie Peracchio
  - Director - Conservation and Clean Energy Policy

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for the NJNG fiscal year (FY) 2013 and FY2014 (October 1-September 30). Actual BGSS schedules for FY2012 and projected BGSS schedules for FY2015 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 CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR F/Y 2014

FILING DATE: May 29, 2013  
EFFECTIVE DATE: October 1, 2013

#### BASIS FOR REQUEST:

##### BASIC GAS SUPPLY SERVICE (“BGSS”)

1. On May 24, 2013, New Jersey Natural Gas Company (the “Company”) submitted notification to the New Jersey Board of Public Utilities (“Board”) and the New Jersey Division of Rate Counsel (“Rate Counsel”) in BPU Docket Nos. GR12060472 and GX01050304 of its intent to decrease its Periodic BGSS price from the current pre-tax level of \$0.6244 per therm to \$0.5660 per therm effective June 1, 2013. This factor results in an effective pre-tax adjustment clause decrease of \$0.0584 per therm of gas sales (an after-tax adjustment clause decrease of \$0.0625 per therm), representing a 5.2 percent decrease for a residential heating customer using 100 therms per month. Within this proceeding, the Company proposes to maintain the pre-tax Periodic BGSS billing factor for sales customers of \$0.5660 per therm.
2. While the Company has not yet made any determination of the need for additional BGSS price adjustments, the Company may seek to increase the BGSS price up to a maximum of 5 percent of the total residential bill on December 1, 2013 and/or February 1, 2014 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 \$0.0839 per therm to \$0.0807 per therm. This factor results in an effective pre-tax decrease of \$0.0032 per therm of gas sales effective October 1, 2013 (an after-tax decrease of \$0.0035 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, 2013. 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	\$0.0152	\$0.0049	(\$0.03)
Group II	Residential Heat	\$0.0352	\$0.0240	(\$4.99)
Group III	General Service - Small	\$0.0850	\$0.0581	(\$0.89)
Group IV	General Service - Large	\$0.0681	\$0.0568	<u>(\$1.52)</u>
Total				(\$7.44)

IMPACT TO CUSTOMERS

The proposed October 1, 2013 CIP changes result in a 1.0 percent decrease to the total bill of an average residential heating sales customer (Group II), a 0.8 percent decrease for an average residential non-heat sales customer (Group I), a 2.0 percent decrease for an average sales customer in Group III and a 0.9 percent decrease for an average Group IV sales customer.

The June 1, 2013 BGSS decrease and proposed CIP decrease for October 1, 2013 result in an overall combined decrease of \$7.37 for a residential heating customer using 100 therms per month or 6.1 percent.

**PETITION OF**

**NEW JERSEY NATURAL GAS COMPANY FOR THE  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS) AND  
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS  
FOR F/Y 2014**

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

<b>IN THE MATTER OF THE PETITION OF</b>	)	
<b>NEW JERSEY NATURAL GAS COMPANY</b>	)	<b>BPU DOCKET NO. GR1305_____</b>
<b>FOR THE ANNUAL REVIEW AND</b>	)	
<b>REVISION OF ITS BASIC GAS SUPPLY</b>	)	<b>PETITION</b>
<b>SERVICE (BGSS) AND CONSERVATION</b>	)	
<b>INCENTIVE PROGRAM (CIP) FACTORS</b>	)	
<b>FOR F/Y 2014</b>	)	

**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 (the “BPU” or “Board”) in BPU Docket No. GX01050304<sup>1</sup>, 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 maintain the BGSS price applicable to residential and certain small commercial customers (“Periodic BGSS”) that the Company will implement effective June 1, 2013.<sup>2</sup> 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

---

<sup>1</sup> 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 November 1 and January 1 each year to take effect on December 1 and February 1 respectively. Pursuant to the same order, BGSS is priced on a monthly basis for large commercial and industrial customers.

<sup>2</sup> On May 24, 2013, New Jersey Natural Gas Company (the “Company”) submitted notification to the Board and the New Jersey Division of Rate Counsel in BPU Docket Nos. GR12060472 and GX01050304 of its intent to



Conservation Incentive Program (“CIP”) for the period from October 1, 2012 through September 30, 2013 and approve the Company’s related request to decrease its CIP recovery rates for Group I Residential Non-Heat customers, Group II Residential 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, Senior Vice President, Regulatory 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 natural gas 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.

---

decrease its BGSS rate effective June 1, 2013 from the current level of \$0.6681 per therm to \$0.6056 per therm inclusive of sales tax.

4. On May 24, 2013, NJNG submitted notification to the Board and Rate Counsel in BPU Docket Nos. GR12060472 and GX01050304 of its intent to decrease its BGSS price applicable to residential and small commercial customers, effective June 1, 2013, from its current level of \$0.6681 per therm to \$0.6056 per therm, inclusive of sales tax. The price decrease, pursuant to the terms of the Generic BGSS Order, results in a 5.2 percent decrease for a residential heating customer using 100 therms per month. Based on the information provided herein, the Company proposes to maintain the June 1, 2013 BGSS price of \$0.6056 per therm.

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 nineteen (19) months of actual BGSS data for the period October 1, 2011 through April 30, 2013, and projected data for the twenty-nine (29) month period May 1, 2013 through September 30, 2015.

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 \$0.0035 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 Orders, 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 Orders.

9. Based on actual data for the period October 1, 2012 through April 30, 2013, and projected data for the period May 1, 2013 through September 30, 2013, the CIP calculations for fiscal year 2013, including projected prior fiscal period over or underrecovery balances, result in the following recovery amounts: 1) a margin deficiency of approximately \$0.01 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$10.0 million

for Group II Residential Heat customers; 3) a margin deficiency of approximately \$1.8 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$7.1 million for Group IV General Service – Large customers.

10. The testimony of Tina M. Trebino and Exhibit C within this filing demonstrate that NJNG is entitled to full recovery of such balances based on the Tests approved in the CIP Orders. Pursuant to the terms of the CIP Orders, the Company is proposing an effective date of October 1, 2013 for the following after-tax CIP rates which, as compared to existing charges, result in the following decreases per therm:

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ per therm</u>	<u>Existing Charge per therm</u>	<u>Decrease per therm</u>
Group I	Residential Non-Heat	\$0.0049	\$0.0152	(\$0.0103)
Group II	Residential Heat	\$0.0240	\$0.0352	(\$0.0112)
Group III	General Service - Small	\$0.0581	\$0.0850	(\$0.0269)
Group IV	General Service - Large	\$0.0568	\$0.0681	(\$0.0113)

11. The proposed October 1, 2013 CIP changes result in a 0.8 percent decrease for an average residential non-heat sales customer (Group I), a \$1.12 or 1.0 percent decrease to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 2.0 percent decrease for an average sales customer in Group III and a 0.9 percent decrease for an average Group IV sales customer. The June 1, 2013 BGSS decrease and proposed CIP decrease result in an overall combined decrease of \$7.37 for a residential heating customer using 100 therms per month or 6.1 percent.

12. This filing is supported by and includes the testimonies of Jayana S. Shah-Director, Gas Supply, NJNG Energy Services; Tina M. Trebino-Manager, Regulatory Affairs; and Anne-Marie Perachio-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, 2013, using actual data for the period from October 1, 2012 through April 30, 2013 and projected data

for the period from May 1, 2013 through September 30, 2013.<sup>3</sup> Actual BGSS schedules for fiscal year (FY) 2012 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, 2013 through September 30, 2014, using projected data for the entire period.<sup>4</sup> Projected BGSS schedules for FY2015 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

13. 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 Rate Counsel, 140 East Front Street, Trenton, New Jersey.

---

<sup>3</sup> The projected data includes the May 8, 2013 NYMEX settlement prices as requested by BPU Staff.

<sup>4</sup> Id.

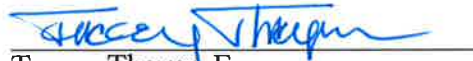
WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS reconciliation filing;
2. Approving the Company's request to maintain the June 1, 2013 Periodic BGSS price applicable to residential and small commercial customers effective October 1, 2013;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2013;
4. Approving the requested CIP rate decreases effective October 1, 2013; 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: May 29, 2013

**EXHIBIT A**  
**Seven Months Actual through April 2013 and**  
**Five Months Projected through September 2013<sup>1</sup>**

**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
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

---

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2013 and FY2014. Actual BGSS schedules for FY2012 and projected BGSS schedules for FY2015 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 2013**  
**\$(000)**

**SCHEDULE 1**

	<b>ACTUAL ESTIMATE</b>												
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period <sup>1</sup>	7,053	7,288	6,146	5,513	3,952	5,416	7,595	4,041	2,311	1,658	986	470	7,053
2. Net Cost Appl. To BGSS Sales (Sch 2a)	13,504	33,993	43,938	56,402	55,341	50,093	18,789	11,228	8,448	8,631	8,602	8,570	317,539
3. BGSS Recoveries (Sch 2b)	(11,487)	(31,625)	(40,511)	(51,973)	(48,586)	(43,474)	(19,417)	(10,367)	(6,648)	(6,749)	(6,601)	(6,584)	(284,023)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	2,017	2,368	3,426	4,429	6,755	6,619	(628)	861	1,800	1,883	2,001	1,986	33,516
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	(1)	0	0	0	0	0	0	0	(1)
6. Sayreville (Sch.4b)	0	0	0	0	0	0	0	(5)	(5)	(5)	(5)	(5)	(26)
7. Forked River (Sch.4c)	(2)	(0)	0	0	(5)	0	(0)	(5)	(5)	(5)	(5)	(5)	(32)
8. Transportation(Sch.4d)	(146)	(123)	(144)	(126)	(138)	(132)	(109)	(128)	(124)	(128)	(128)	(124)	(1,548)
9. FRM Program (Sch 4i)	0	0	0	112	67	0	0	0	0	0	0	0	179
10. Storage Incentive (Sch.4k)	833	91	73	30	28	82	225	0	0	0	0	0	1,362
11. Off-System Sales (Sch.4e)	(356)	(281)	(542)	(2,106)	(1,672)	(492)	(302)	(113)	(156)	(156)	(142)	(113)	(6,431)
12. Capacity Rel. (Sch.4f)	(1,573)	(1,770)	(1,809)	(1,809)	(1,655)	(1,809)	(1,767)	(1,821)	(1,769)	(1,821)	(1,821)	(1,769)	(21,194)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	(246)	0	0	0	0	0	0	(246)
14. Balancing and Penalty (Sch.4g)	(467)	(1,257)	(1,571)	(2,020)	(1,814)	(1,732)	(864)	(434)	(303)	(313)	(312)	(303)	(11,389)
15. Ocean Peaking Power (Sch.4h)	(73)	(169)	(67)	(71)	(101)	(112)	(109)	(83)	(92)	(127)	(103)	(92)	(1,198)
16. Total Debits and Credits (L.5 through L.15)	(1,783)	(3,510)	(4,060)	(5,989)	(5,291)	(4,440)	(2,926)	(2,590)	(2,453)	(2,555)	(2,517)	(2,410)	(40,524)
17. Under/(Over) Recov.Gas Costs. End of Period (L.s.1,4,&16)	7,288	6,146	5,513	3,952	5,416	7,595	4,041	2,311	1,658	986	470	46	46

<sup>1</sup> Adjustments to opening balance are captured on Schedule 5.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES**  
**BGSS YEAR 2013**  
**\$(000) & (000)THERMS**

**SCHEDULE 2a**

	ACTUAL ESTIMATE												TOTAL
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	
<b>COST OF GAS-CURRENT PERIOD</b>													
Total Gas Costs <sup>1</sup>	17,876	41,447	57,538	72,777	70,946	60,149	20,804	12,338	10,618	10,797	10,411	9,282	394,983
<b>REDUCTIONS TO COST OF GAS</b>													
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Interruptible (Sch. 4a)	0	0	0	0	22	0	0	0	0	0	0	0	22
Sayreville (Sch. 4b)	0	0	0	0	0	0	0	48	45	47	47	46	233
Forked Rv. (Sch. 4c)	14	4	0	0	57	0	1	45	42	44	44	43	294
Off System Sales (Sch. 4e)	6,199	7,890	15,720	18,485	17,457	12,168	3,909	3,159	4,165	4,218	3,860	2,704	99,933
Capacity Release (Sch. 4f)	(1,851)	(2,083)	(2,128)	(2,128)	(1,947)	(2,128)	(2,079)	(2,143)	(2,081)	(2,143)	(2,143)	(2,081)	(24,934)
Storage Incentive Sales	1,633						173						1,806
Company Use Gas	11	9	8	18	17	15	10						90
Total Reductions	4,373	7,453	13,600	16,375	15,605	10,056	2,015	1,110	2,170	2,166	1,808	711	77,444
Net Cost Appl. To BGSS Sales (Sch. 1, L. 2)	13,504	33,993	43,938	56,402	55,341	50,093	18,789	11,228	8,448	8,631	8,602	8,570	317,539

**SCHEDULE 2b**

BGSS Sales	18,728	50,922	64,950	83,828	78,608	70,088	30,995	16,479	11,528	11,682	11,413	11,390	460,608
A/C Sales													
Monthly BGSS Sales	2,672	5,727	7,091	8,823	8,533	7,741	3,737	2,391	1,683	1,737	1,737	1,686	170
FEED	20	24	20	19	16	18	23	26	25	26	26	25	271
Periodic BGSS Sales	16,035	45,171	57,839	74,985	70,059	62,328	27,235	14,028	9,782	9,885	9,620	9,640	406,608
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.5660	0.5660	0.5660	0.5660	
A/C Rate	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.4885	0.4885	0.4885	0.4885	0.4885	
Monthly BGSS Rate	0.5484	0.5954	0.6188	0.5830	0.5664	0.5875	0.6426	0.6609	0.6428	0.6482	0.6510	0.6513	
FEED Rate	0.4361	0.4361	0.4361	0.4476	0.5183	0.4693	0.4362	0.4362	0.4362	0.4362	0.4362	0.4362	
Recoveries:													
Periodic BGSS	10,012	28,205	36,115	46,821	43,745	38,918	17,005	8,759	5,537	5,595	5,445	5,456	251,613
A/C	0	0	0	0	0	0	0	16	18	16	14	18	83
Monthly BGSS	1,465	3,410	4,388	5,144	4,833	4,548	2,402	1,580	1,082	1,126	1,131	1,098	32,207
FEED	9	11	9	8	8	8	10	11	11	11	11	11	120
Total BGSS Recovery (Sch. 1, L. 3)	11,487	31,625	40,511	51,973	48,586	43,474	19,417	10,367	6,648	6,749	6,601	6,584	284,023

<sup>1</sup> 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  
ESTIMATED THERM SALES  
BGSS YEAR 2013  
(000)THERMS

SCHEDULE 3

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL
	ACTUAL ESTIMATE												
Residential BGSS Sales	15,341	42,705	54,427	70,942	65,345	58,736	26,284	13,379	9,398	9,489	9,224	9,257	384,526
Residential Air Conditioning									4	4	3	3	20
Total Residential Sales	15,341	42,705	54,427	70,942	65,345	58,736	26,284	13,384	9,403	9,493	9,227	9,260	384,546
C&I Monthly BGSS Sales	2,672	5,727	7,091	8,823	8,533	7,741	3,737	2,391	1,683	1,737	1,737	1,686	53,559
C&I Periodic BGSS Sales	695	2,465	3,412	4,044	4,714	3,593	950	650	384	396	396	384	22,082
Air Conditioning								28	32	30	27	34	150
FEED	20	24	20	19	16	18	23	26	25	26	26	25	271
Total Commercial & Industrial Sales	3,387	8,217	10,523	12,886	13,264	11,352	4,710	3,095	2,125	2,189	2,186	2,130	76,062
Total Firm Sales	18,728	50,922	64,950	83,828	78,608	70,088	30,995	16,479	11,528	11,682	11,413	11,390	460,608
Interruptible IGS (Sch. 4a)	0	0	0	0	17	0	0	0	0	0	0	0	17
Sayreville (Sch. 4b)	0	0	0	0	0	0	0	108	105	108	108	105	533
Forked River(Sch. 4c)	37	9	0	0	97	0	3	101	98	101	101	98	646
Off System Sales(Sch. 4e)	18,952	21,008	39,745	48,206	47,190	32,813	9,583	7,078	9,732	9,732	8,847	6,195	259,079
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	18,989	21,017	39,745	48,206	47,304	32,813	9,586	7,287	9,934	9,941	9,056	6,398	260,275
Total Sales	37,716	71,939	104,695	132,033	125,912	102,901	40,581	23,766	21,462	21,623	20,469	17,787	720,883
Firm Transportation	5,044	10,580	12,830	16,310	14,323	13,853	7,536	4,614	3,604	3,676	3,657	3,546	99,575
Residential Transportation	1,852	5,442	7,142	9,437	8,832	8,162	3,858	1,824	1,009	1,036	1,031	1,005	50,429
Interruptible Transportation	2,970	2,512	2,950	2,589	2,867	2,708	2,663	2,605	2,521	2,605	2,605	2,521	32,016
Ocean Peaking Power	401	4,252	174	73	730	1,968	1,857	1,222	2,760	6,120	3,889	1,632	25,077
Total Transportation	10,268	22,786	23,097	28,408	26,752	26,691	15,815	10,065	9,893	13,437	11,181	8,704	207,097
Total Mtherms	47,984	94,725	127,791	160,441	152,664	129,592	56,395	33,831	31,355	35,060	31,650	26,491	927,980

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES**  
**AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION**  
**BGSS YEAR 2013**  
**\$(000) & (000)THERMS**

**SCHEDULE 4a**

	ACTUAL ESTIMATE												TOTAL
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	
<b>INTERRUPTIBLE SALES</b>													
Interruptible & IGS Revenues	0	0	0	0	26	0	0	0	0	0	0	0	26
Less Tefa-Sls tax	0	0	0	0	(2)	0	0	0	0	0	0	0	(2)
Less BPU/RC Assessment	0	0	0	0	(0)	0	0	0	0	0	0	0	(0)
Net Revenue	0	0	0	0	24	0	0	0	0	0	0	0	24
Interr. Sales (Sch.3)	0	0	0	0	17	0	0	0	0	0	0	0	17
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					1.26291								n/a
Cost of Gas (Sch. 2a)	0	0	0	0	22	0	0	0	0	0	0	0	22
Gross Margin	0	0	0	0	2	0	0	0	0	0	0	0	2
Total Credit (Sch.1, L.5)	0	0	0	0	1	0	0	0	0	0	0	0	1

**SCHEDULE 4b**

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL
<b>SAYREVILLE</b>													
Revenue	0	0	0	0	0	0	0	54	50	52	53	51	260
Less BPU/RC Assessment	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	0	0	0	0	0	0	0	54	50	52	52	51	259
Therm Sales (Sch. 3)	0	0	0	0	0	0	0	108	105	108	108	105	533
Rate per therm								0.44636	0.42794	0.43345	0.43630	0.43651	n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	48	45	47	47	46	233
Total Credit (Sch.1, L.6)	0	0	0	0	0	0	0	5	5	5	5	5	26

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM**  
**SALES TO FORKED RIVER ELECTRIC GENERATION, & TRANSPORT FOR OTHERS**  
**BGSS YEAR 2013**  
**\$(000) & (000)THERMS**

**SCHEDULE 4c**

	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL
	<b>ACTUAL ESTIMATE</b>												
<b>FORKED RIVER</b>													
Revenue	16	4	0	0	62	0	2	50	47	49	49	48	327
Less BPU/RC Assessment	(0)	(0)	0	0	(0)	0	(0)	(0)	(0)	(0)	(0)	(0)	(1)
<b>Net Revenue</b>	<b>16</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>62</b>	<b>0</b>	<b>2</b>	<b>50</b>	<b>47</b>	<b>49</b>	<b>49</b>	<b>48</b>	<b>326</b>
Therm Sales (Sch. 3)	37	9	0	0	97	0	3	101	98	101	101	98	646
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	0.36211	0.41176		1.02	0.57602	1.02	0.44608	0.43760	0.41955	0.42495	0.42775	0.42796	n/a
Cost of Gas (Sch.2a)	14	4	0	0	57	0	1	45	42	44	44	43	294
Total Credit (Sch.1, L.7)	2	0	0	0	5	0	0	5	5	5	5	5	32

**SCHEDULE 4d**

**Interruptible Transportation & IT switch to Firm**

Revenue	434	370	431	380	416	395	358	357	345	361	361	349	4,558
Less BPU/RC Assessment and RA	(114)	(100)	(113)	(102)	(111)	(106)	(101)	(80)	(77)	(80)	(80)	(77)	(1,141)
Less NJ Clean Energy, USF & EE	(144)	(121)	(143)	(125)	(139)	(131)	(124)	(125)	(121)	(130)	(130)	(126)	(1,557)
Less IT Cogen/Tefa & Sls tax	(31)	(26)	(31)	(26)	(28)	(27)	(24)	(24)	(23)	(24)	(24)	(23)	(312)
<b>Gross Margin</b>	<b>146</b>	<b>123</b>	<b>144</b>	<b>126</b>	<b>138</b>	<b>132</b>	<b>109</b>	<b>128</b>	<b>124</b>	<b>128</b>	<b>128</b>	<b>124</b>	<b>1,548</b>
Customer Sharing @ 100%, cash-outs @ 100%													
Total Credit (Sch.1, L.8)	146	123	144	126	138	132	109	128	124	128	128	124	1,548

**SCHEDULE 4i**

**FRM Program**

FRM Program - Gain (Loss)	0	0	0	746	447	0	0	0	0	0	0	0	1,193
NJNG Sharing @ 15% (Sch.1, L.9)	0	0	0	112	67	0	0	0	0	0	0	0	179

**SCHEDULE 4j**

**Storage Incentive**

Storage Gain (Loss)	4,165	455	366	150	140	411	1,124	0	0	0	0	0	6,811
NJNG Sharing @ 20% (Sch.1, L.10)	833	91	73	30	28	82	225	0	0	0	0	0	1,362

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED**  
**FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER**  
**BGSS YEAR 2013**  
**\$(000) & (000)THERMS**

	ACTUAL ESTIMATE												TOTAL
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	
<b>OFF-SYSTEM SALES</b>													
Revenues	6,617	8,221	16,357	20,963	19,424	12,746	4,265	3,292	4,348	4,401	4,027	2,838	107,499
Net Revenue	6,617	8,221	16,357	20,963	19,424	12,746	4,265	3,292	4,348	4,401	4,027	2,838	107,499
Therm sales	18,952	21,008	39,745	48,206	47,190	32,813	9,583	7,078	9,732	9,732	8,847	6,195	259,079
Rate per therm COG	0.327	0.376	0.396	0.383	0.370	0.371	0.408	0.446	0.428	0.433	0.436	0.437	
Cost of Gas (Sch. 2a)	6,199	7,890	15,720	18,485	17,457	12,168	3,909	3,159	4,165	4,218	3,860	2,704	99,933
Net Margin	419	331	638	2,477	1,967	578	356	133	183	183	167	133	7,566
Customer sharing @ 85% (Sch.1,L.11)	356	281	542	2,106	1,672	492	302	113	156	156	142	113	6,431
NJNG Sharing @ 15%	63	50	96	372	295	87	53	20	28	28	25	20	1,135
Total Credit = Cost of Gas plus sharings	6,554	8,171	16,262	20,591	19,129	12,660	4,212	3,272	4,320	4,374	4,002	2,818	106,364

**SCHEDULE 4f**

<b>CAPACITY RELEASE</b>	
Revenue	1,851
Customer Sharing @ 85% (Sch.1,L.12)	1,573

**BALANCING CREDITS & PENALTY CHARGES**

Current Month MBR Penalty Charges	0	0	0	0	0	3	0	0	0	0	0	0	3
Current Month Balancing Charges	467	1,257	1,571	2,020	1,814	1,729	864	434	303	313	312	303	11,386
Total Credit (Sch.1,L.14)	467	1,257	1,571	2,020	1,814	1,732	864	434	303	313	312	303	11,389

**OCEAN PEAKING POWER**

Therm Sales (Sch. 3)	401	4,252	174	73	730	1,968	1,857	1,222	2,760	6,120	3,889	1,632	25,077
Revenue	78	181	72	76	108	120	117	89	98	136	111	98	1,285
Less Sales Tax	(5)	(12)	(5)	(5)	(7)	(8)	(8)	(6)	(6)	(9)	(7)	(6)	(84)
Less BP/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
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	73	169	67	71	101	112	109	83	92	127	103	92	1,198
Customer Sharing @ 100%	73	169	67	71	101	112	109	83	92	127	103	92	1,198
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.15)	73	169	67	71	101	112	109	83	92	127	103	92	1,198

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND**  
**MISCELLANEOUS ADJUSTMENTS**  
**BGSS YEAR 2013**  
**\$(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		
OCT 2012	0	0
NOV 2012	0	0
DEC 2012	0	0
JAN 2013	0	0
FEB 2013	0	0
MAR 2013	246	246
APR 2013	0	0
MAY 2013	0	0
JUN 2013	0	0
JUL 2013	0	0
AUG 2013	0	0
SEP 2013	0	0

T O T A L S

246

**NEW JERSEY NATURAL GAS COMPANY  
BGSS YEAR 2013**

**COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES**

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
SEP 2012	7,053			7.76%
OCT 2012	7,288	7,170	0.6467%	46
NOV 2012	6,146	6,717	0.6467%	43
DEC 2012	5,513	5,830	0.6467%	38
JAN 2013	3,952	4,733	0.6467%	31
FEB 2013	5,416	4,684	0.6467%	30
MAR 2013	7,595	6,505	0.6467%	42
APR 2013	4,041	5,818	0.6467%	38
MAY 2013	2,311	3,176	0.6467%	21
JUN 2013	1,658	1,985	0.6467%	13
JUL 2013	986	1,322	0.6467%	9
AUG 2013	470	728	0.6467%	5
SEP 2013	46	258	0.6467%	2
				<u>318</u>
<b>TOTAL</b>			<b>INTEREST TO BE CREDITED TO CUSTOMER</b>	<u><u>0</u></u>

**EXHIBIT B**  
**Projected October 2013 - September 2014<sup>1</sup>**

**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
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

---

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2013 and FY2014. Actual BGSS schedules for FY2012 and projected BGSS schedules for FY2015 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 2014**  
**\$(000)**

**SCHEDULE 1**

<b>ESTIMATE</b>	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period <sup>1</sup>	46	(893)	(2,156)	(3,237)	(3,628)	(1,332)	3,048	2,741	2,420	2,218	2,006	1,846	46
2. Net Cost Appl. To BGSS Sales (Sch 2a)	14,570	28,215	48,807	60,042	52,635	44,871	21,536	11,592	8,644	8,827	8,691	8,646	317,075
3. BGSS Recoveries (Sch 2b)	(12,755)	(26,352)	(45,768)	(55,560)	(46,372)	(37,061)	(19,378)	(9,734)	(6,786)	(6,890)	(6,740)	(6,721)	(280,117)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	1,815	1,862	3,039	4,482	6,263	7,809	2,158	1,859	1,858	1,937	1,950	1,926	36,958
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	(0)	(0)	(0)	(0)	(0)	(0)	(5)	(5)	(5)	(5)	(5)	(5)	(34)
7. Forked River (Sch.4c)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(5)	(5)	(5)	(5)	(5)	(37)
8. Transportation(Sch.4d)	(137)	(132)	(137)	(137)	(124)	(137)	(125)	(128)	(124)	(128)	(128)	(124)	(1,559)
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)	(113)	(113)	(425)	(850)	(425)	(113)	(113)	(113)	(156)	(156)	(142)	(113)	(2,833)
12. Capacity Rel. (Sch.4f)	(1,819)	(1,700)	(1,740)	(1,740)	(1,620)	(1,740)	(1,387)	(1,427)	(1,387)	(1,427)	(1,427)	(1,387)	(18,800)
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)	(580)	(1,074)	(1,742)	(2,077)	(1,725)	(1,361)	(763)	(418)	(292)	(301)	(300)	(291)	(10,925)
15. Ocean Peaking Power (Sch.4h)	(103)	(104)	(75)	(67)	(73)	(76)	(67)	(83)	(92)	(127)	(103)	(92)	(1,060)
16. Total Debits and Credits (L.5 through L.15)	(2,754)	(3,125)	(4,121)	(4,872)	(3,968)	(3,429)	(2,465)	(2,180)	(2,060)	(2,149)	(2,111)	(2,017)	(35,249)
17. Under/(Over) Recov. Gas Costs, End of Period (L's.1,4,&16)	(893)	(2,156)	(3,237)	(3,628)	(1,332)	3,048	2,741	2,420	2,218	2,006	1,846	1,754	1,754

<sup>1</sup> Adjustments to opening balance are captured on Schedule 5.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

**SCHEDULE 2a**

	<b>ESTIMATE</b>												
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
<b>COST OF GAS-CURRENT PERIOD</b>													
Total Gas Costs <sup>1</sup>	15,094	30,019	53,235	71,177	57,292	46,392	23,118	13,129	11,428	11,603	11,089	9,895	353,471
<b>REDUCTIONS TO COST OF GAS</b>													
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	4	4	4	4	4	4	46	48	46	48	49	47	307
Forked Rv.(Sch. 4c)	11	11	12	12	11	12	43	45	44	45	46	44	334
Off System Sales (Sch.4e)	2,650	3,789	6,460	13,166	6,548	3,553	3,125	3,123	4,326	4,360	3,984	2,789	57,873
Capacity Release (Sch. 4f)	(2,140)	(2,000)	(2,047)	(2,047)	(1,906)	(2,047)	(1,632)	(1,679)	(1,632)	(1,679)	(1,679)	(1,632)	(22,118)
Total Reductions	524	1,804	4,428	11,135	4,657	1,522	1,582	1,537	2,785	2,775	2,399	1,248	36,396
Net Cost Appl. To BGSS Sales (Sch.1.,L.2)	14,570	28,215	48,807	60,042	52,635	44,871	21,536	11,592	8,644	8,827	8,691	8,646	317,075

**GAS COST RECOVERIES**

	<b>SCHEDULE 2b</b>												
BGSS Sales	22,023	45,571	78,999	95,823	79,996	63,986	33,570	16,827	11,731	11,894	11,621	11,597	483,637
A/C Sales								33	37	33	29	38	170
Monthly BGSS Sales	3,427	5,967	9,226	10,751	9,075	7,429	4,353	2,498	1,723	1,783	1,783	1,731	59,745
FEED	26	25	59	59	57	59	59	59	59	59	59	59	640
Periodic BGSS Sales	18,570	39,578	69,714	85,012	70,864	56,497	29,159	14,237	9,913	10,018	9,750	9,770	423,082
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660
A/C Rate	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.5660	0.4558	0.4558	0.4558	0.4558	0.4558	0.4558
Monthly BGSS Rate	0.6515	0.6603	0.6810	0.6898	0.6873	0.6807	0.6541	0.6539	0.6572	0.6606	0.6628	0.6627	0.6627
FEED Rate	0.4362	0.4362	0.4544	0.4544	0.4552	0.4544	0.4547	0.4544	0.4547	0.4544	0.4544	0.4547	0.4547
Recoveries:													
Periodic BGSS	10,511	22,401	39,458	48,117	40,109	31,977	16,504	8,058	5,611	5,670	5,518	5,530	239,464
A/C	0	0	0	0	0	0	0	15	17	15	13	17	77
Monthly BGSS	2,233	3,940	6,283	7,416	6,237	5,057	2,847	1,634	1,132	1,178	1,182	1,147	40,285
FEED	11	11	27	27	26	27	27	27	27	27	27	27	290
Total BGSS Recovery (Sch. 1, L. 3)	12,755	26,352	45,768	55,560	46,372	37,061	19,378	9,734	6,786	6,890	6,740	6,721	280,117

<sup>1</sup> 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  
ESTIMATED THERM SALES  
BGSS YEAR 2014  
(000)THERMS

SCHEDULE 3

ESTIMATE	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
Residential BGSS Sales	17,529	37,266	65,359	79,655	66,435	53,100	27,732	13,571	9,519	9,613	9,345	9,378	398,501
Residential Air Conditioning								5	4	4	3	3	20
Total Residential Sales	17,529	37,266	65,359	79,655	66,435	53,100	27,732	13,577	9,524	9,616	9,348	9,381	398,520
C&I Monthly BGSS Sales	3,427	5,967	9,226	10,751	9,075	7,429	4,353	2,498	1,723	1,783	1,783	1,731	59,745
C&I Periodic BGSS Sales	1,041	2,313	4,355	5,357	4,430	3,397	1,427	666	393	405	405	392	24,581
Air Conditioning								28	32	30	27	34	150
FEED	26	25	59	59	57	59	59	59	59	59	59	59	640
Total Commercial & Industrial Sales	4,494	8,305	13,640	16,167	13,561	10,886	5,839	3,251	2,207	2,277	2,273	2,216	85,117
Total Firm Sales	22,023	45,571	78,999	95,823	79,996	63,986	33,570	16,827	11,731	11,894	11,621	11,597	483,637
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	8	8	8	8	8	8	105	108	105	108	108	105	687
Forked River(Sch. 4c)	25	24	25	25	22	25	98	101	98	101	101	98	744
Off System Sales(Sch. 4e)	6,038	8,463	13,745	27,491	13,745	7,566	7,078	7,078	9,732	9,732	8,847	6,195	125,708
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	6,071	8,495	13,778	27,524	13,775	7,599	7,280	7,287	9,934	9,941	9,056	6,398	127,139
Total Sales	28,094	54,066	92,777	123,346	93,771	71,584	40,851	24,114	21,665	21,835	20,677	17,995	610,776
Firm Transportation	5,904	9,778	14,746	17,086	14,496	11,791	7,132	4,614	3,687	3,759	3,740	3,629	100,362
Residential Transportation	2,432	4,892	8,514	10,373	8,518	6,566	3,543	1,624	1,009	1,036	1,031	1,005	50,543
Interruptible Transportation	2,756	2,667	2,756	2,756	2,490	2,756	2,521	2,605	2,521	2,605	2,605	2,521	31,559
Ocean Peaking Power	1,622	1,648	243	77	197	526	162	1,222	2,760	6,120	3,889	1,632	20,097
Total Transportation	12,714	18,985	26,259	30,293	25,700	21,640	13,358	10,065	9,976	13,520	11,264	8,787	202,561
Total Mtherms	40,808	73,051	119,037	153,639	119,472	93,224	54,209	34,179	31,641	35,355	31,941	26,781	813,337

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES**  
**AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

**SCHEDULE 4a**

ESTIMATE	SCHEDULE 4a												TOTAL
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	
INTERRUPTIBLE SALES													
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Tefa-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													1.020 n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	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													
Revenue	4	4	4	4	4	4	4	51	53	52	54	52	342
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	4	4	4	4	4	4	4	51	53	52	54	52	341
Therm Sales (Sch. 3)	8	8	8	8	8	8	8	105	108	105	108	105	687
Rate per therm	0.43884	0.44773	0.46997	0.47893	0.47637	0.46965	0.44149	0.44128	0.44456	0.44805	0.45027	0.45017	n/a
Cost of Gas (Sch. 2a)	4	4	4	4	4	4	4	46	48	46	48	49	307
Total Credit (Sch.1, L.6)	0	0	0	0	0	0	0	5	5	5	5	5	34



**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED**  
**FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

	<b>SCHEDULE 4e</b>												<b>TOTAL</b>	
	<b>ESTIMATE</b>	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14		Sep-14
<b>OFF-SYSTEM SALES</b>														
Revenues	2,783	3,923	6,960	14,166	7,048	3,687	3,258	3,256	4,510	4,544	4,150	2,922	61,206	
Net Revenue	2,783	3,923	6,960	14,166	7,048	3,687	3,258	3,256	4,510	4,544	4,150	2,922	61,206	
Therm sales	6,038	8,463	13,745	27,491	13,745	7,566	7,078	7,078	9,732	9,732	8,847	6,195	125,708	
Rate per therm COG	0.439	0.448	0.470	0.479	0.476	0.470	0.441	0.441	0.445	0.448	0.450	0.450		
Cost of Gas (Sch. 2a)	2,650	3,789	6,460	13,166	6,548	3,553	3,125	3,123	4,326	4,360	3,984	2,789	57,873	
Net Margin	133	133	500	1,000	500	133	133	133	183	183	167	133	3,333	
Customer sharing @ 85% (Sch.1,L 11)	113	113	425	850	425	113	113	113	156	156	142	113	2,833	
NJNG Sharing @ 15%	20	20	75	150	75	20	20	20	28	28	25	20	500	
Total Credit = Cost of Gas plus sharings	2,763	3,903	6,885	14,016	6,973	3,667	3,238	3,236	4,482	4,516	4,125	2,902	60,706	
<b>CAPACITY RELEASE</b>														
Revenue	2,140	2,000	2,047	2,047	1,906	2,047	1,632	1,679	1,632	1,679	1,679	1,632	22,118	
Customer Sharing @ 85% (Sch.1.,L 12)	1,819	1,700	1,740	1,740	1,620	1,740	1,387	1,427	1,387	1,427	1,427	1,387	18,800	
<b>BALANCING CREDITS &amp; PENALTY CHARGES</b>														
Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	
Current Month Balancing Charges	580	1,074	1,742	2,077	1,725	1,361	763	418	292	301	300	291	10,925	
Total Credit (Sch.1.,L 14)	580	1,074	1,742	2,077	1,725	1,361	763	418	292	301	300	291	10,925	
<b>OCEAN PEAKING POWER</b>														
Therm Sales (Sch. 3)	1,622	1,648	243	77	197	526	162	1,222	2,760	6,120	3,889	1,632	20,097	
Revenue	111	111	81	71	78	81	71	89	98	136	111	98	1,138	
Less Sales Tax	(7)	(7)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(9)	(7)	(6)	(74)	
Less BP/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)	
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	103	104	75	67	73	76	67	83	92	127	103	92	1,060	
Customer Sharing @ 100%	103	104	75	67	73	76	67	83	92	127	103	92	1,060	
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Credit (Sch.1., L.15)	103	104	75	67	73	76	67	83	92	127	103	92	1,060	

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND**  
**MISCELLANEOUS ADJUSTMENTS**  
**BGSS YEAR 2014**  
**\$(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		
OCT 2013	0	0
NOV 2013	0	0
DEC 2013	0	0
JAN 2014	0	0
FEB 2014	0	0
MAR 2014	0	0
APR 2014	0	0
MAY 2014	0	0
JUN 2014	0	0
JUL 2014	0	0
AUG 2014	0	0
SEP 2014	0	0

TOTALS

\_\_\_\_\_  
 .  
 \_\_\_\_\_



**NEW JERSEY NATURAL GAS COMPANY**  
**BGSS YEAR 2014**  
**COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES**

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
SEP 2013	46			7.76%
OCT 2013	(893)	(424)	0.6467%	(3)
NOV 2013	(2,156)	(1,524)	0.6467%	(10)
DEC 2013	(3,237)	(2,696)	0.6467%	(17)
JAN 2014	(3,628)	(3,432)	0.6467%	(22)
FEB 2014	(1,332)	(2,480)	0.6467%	(16)
MAR 2014	3,048	858	0.6467%	6
APR 2014	2,741	2,895	0.6467%	19
MAY 2014	2,420	2,580	0.6467%	17
JUN 2014	2,218	2,319	0.6467%	15
JUL 2014	2,006	2,112	0.6467%	14
AUG 2014	1,846	1,926	0.6467%	12
SEP 2014	1,754	1,800	0.6467%	12
TOTAL				<u>27</u>
				<u>0</u>

INTEREST TO BE CREDITED TO CUSTOMER

**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  
FY2013

Customer Class (a)	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. <sup>2</sup> (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor <sup>4</sup>	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
<b>Residential Non-Heating</b>									
October	a	222,112	17,422	12.8	19.6	(6.9)	(119,338)	\$0.3058	(\$36,494)
November	a	211,993	14,804	14.3	24.4	(10.1)	(149,223)	\$0.3058	(\$45,633)
December	a	352,487	16,269	21.7	21.1	0.6	9,273	\$0.3058	\$2,836
January	a	414,790	16,851	24.6	22.0	2.6	44,150	\$0.3058	\$13,501
February	a	341,047	16,562	20.6	17.5	3.1	51,177	\$0.3058	\$15,650
March	a	343,671	16,379	21.0	17.3	3.7	60,274	\$0.3058	\$18,432
April	a	249,006	16,340	15.2	7.6	7.6	124,835	\$0.3058	\$38,175
May	e	193,165	16,929	11.4	8.3	3.1	52,648	\$0.3058	\$16,100
June	e	300,652	17,514	17.2	12.7	4.5	78,286	\$0.3163	\$24,762
July	e	334,993	17,629	19.0	19.4	(0.4)	(7,052)	\$0.3163	(\$2,230)
August	e	303,663	17,633	17.2	17.6	(0.4)	(6,700)	\$0.3163	(\$2,119)
September	e	349,904	17,494	20.0	19.4	0.6	10,496	\$0.3163	\$3,320
Total		<u>3,617,483</u>		<u>215.0</u>	<u>206.9</u>		148,826		\$46,299

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit) \$ (46,299)  
Prior Period (Over) / Under Recovery<sup>3</sup> \$ 60,638

Total Deficiency/(Credit) \$ 14,339

Projected Residential Non-Heating Throughput for Recovery Period 3,135,234

Pre-tax CIP Charge/(Credit) \$ 0.0046  
BPU/RC Assessment Factor 1.002360

CIP Charge/(Credit) including assessments \$ 0.0046  
7% Sales Tax \$ 0.0003

**Proposed After-tax CIP Charge/(Credit) per Therm \$ 0.0049**

Current After-tax CIP Charge/(Credit) per Therm \$ 0.0152

Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm \$ (0.0103)

<sup>1</sup> Per Exhibit C, Schedule 1, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 1, Page 3

<sup>4</sup> The margin factor has been increased effective June 1, 2013 to reflect the base rates agreed to by Board Staff, Rate Counsel and the Company in a stipulation in BPU Docket No. GR12111035 which is currently pending BPU approval.

New Jersey Natural Gas Company  
 Customers and Therms

Group I: RS non-heat

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13
<u>Customers</u>												
RS non-heat sales	16,262	13,632	14,998	15,525	15,214	15,017	14,944	15,567	16,152	16,267	16,271	16,132
RS non-heat transport	1,159	1,172	1,271	1,326	1,348	1,362	1,395	1,362	1,362	1,362	1,362	1,362
<b>Total Customers</b>	<b>17,422</b>	<b>14,804</b>	<b>16,269</b>	<b>16,851</b>	<b>16,562</b>	<b>16,379</b>	<b>16,340</b>	<b>16,929</b>	<b>17,514</b>	<b>17,629</b>	<b>17,633</b>	<b>17,494</b>
<u>Volumes</u>												
RS non-heat sales	199,322	191,270	306,912	376,092	301,982	304,882	218,652	173,194	280,934	314,231	282,857	329,898
RS non-heat transport	22,791	20,723	45,575	38,698	39,065	38,789	30,353	19,971	19,719	20,762	20,806	20,006
<b>Total Volumes</b>	<b>222,112</b>	<b>211,993</b>	<b>352,487</b>	<b>414,790</b>	<b>341,047</b>	<b>343,671</b>	<b>249,006</b>	<b>193,165</b>	<b>300,652</b>	<b>334,993</b>	<b>303,663</b>	<b>349,904</b>

3,280,225  
 337,258  
 3,617,483

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP I - RS NON-HEAT**  
**FY2013**

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13	TOTAL
Beginning Under/(Over) Recovery \$	112,763	108,852	105,842	100,837	94,947	90,104	85,224	81,688	78,945	74,676	69,919	65,607	112,763
Therm Sales	222,112	211,993	352,487	414,790	341,047	343,671	249,006	193,165	300,652	334,993	303,663	349,904	3,617,483
Pre-tax Recovery Rate per Therm	0.0176	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142	0.0142
Recovery \$	3,911	3,010	5,005	5,890	4,843	4,880	3,536	2,743	4,269	4,757	4,312	4,969	52,125
Ending Under/(Over) Recovery \$	108,852	105,842	100,837	94,947	90,104	85,224	81,688	78,945	74,676	69,919	65,607	60,638	60,638

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group II: Residential Heat  
FY2013

Customer Class (a)	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. <sup>2</sup> (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor <sup>4</sup>	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
<b>Residential Heating</b>									
October	a	16,970,387	448,438	37.8	51.0	(13.2)	(5,901,440)	\$0.3058	(\$1,804,660)
November	a	47,935,462	422,907	113.4	97.4	16.0	6,745,364	\$0.3058	\$2,062,732
December	a	61,216,686	441,596	138.6	168.3	(29.7)	(13,102,157)	\$0.3058	(\$4,006,640)
January	a	79,963,694	447,531	178.7	190.4	(11.7)	(5,245,069)	\$0.3058	(\$1,603,942)
February	a	73,835,452	446,845	165.2	166.3	(1.1)	(473,656)	\$0.3058	(\$144,844)
March	a	66,553,942	446,105	149.2	136.9	12.3	5,482,625	\$0.3058	\$1,676,587
April	a	29,893,797	445,573	67.1	77.6	(10.5)	(4,682,976)	\$0.3058	(\$1,432,054)
May	e	14,815,041	445,875	33.2	41.2	(8.0)	(3,553,620)	\$0.3058	(\$1,086,697)
June	e	10,110,767	446,042	22.7	25.4	(2.7)	(1,217,693)	\$0.3163	(\$385,156)
July	e	10,193,592	446,352	22.8	24.1	(1.3)	(562,403)	\$0.3163	(\$177,888)
August	e	9,953,543	446,756	22.3	23.6	(1.3)	(589,717)	\$0.3163	(\$186,528)
September	e	9,915,195	447,148	22.2	26.1	(3.9)	(1,757,290)	\$0.3163	(\$555,831)
Total		<u>431,357,558</u>		<u>973.2</u>	<u>1,028.3</u>		(24,858,033)		(\$7,644,921)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ 7,644,921
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ 2,308,299
Total Deficiency/(Credit)	\$ 9,953,220
Projected Residential Heating Throughput for Recovery Period	445,927,699
Pre-tax CIP Charge/(Credit)	\$ 0.0223
BPU/RC Assessment Factor	<u>1.002360</u>
CIP Charge/(Credit) including assessments	\$ 0.0224
7% Sales Tax	<u>\$ 0.0016</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ 0.0240</b>
Current After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0352</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.0112)</u>

<sup>1</sup> Per Exhibit C, Schedule 2, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 2, Page 3

<sup>4</sup> The margin factor has been increased effective June 1, 2013 to reflect the base rates agreed to by Board Staff, Rate Counsel and the Company in a stipulation in BPU Docket No. GR12111035 which is currently pending BPU approval.

New Jersey Natural Gas Company  
 Customers and Therms

Group II: RS heat

**Customers**

RS heat sales  
 RS heat transport

**Total Customers**

Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Estimate	Estimate	Estimate	Estimate	
Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	
405,004	378,669	395,232	399,513	398,105	396,453	395,066	396,223	396,390	396,700	397,104	397,496	396,390	396,700	397,104	397,496	396,390	396,700	397,104
43,434	44,237	46,365	48,019	48,740	49,651	50,507	49,651	49,651	49,651	49,651	49,651	49,651	49,651	49,651	49,651	49,651	49,651	49,651
448,438	422,907	441,596	447,531	446,845	446,105	445,573	445,875	446,042	446,352	446,756	447,148	446,042	446,352	446,756	447,148	446,042	446,352	446,756

**Volumes**

RS heat sales  
 RS heat transport

**Total Volumes**

15,141,432	42,514,099	54,120,289	70,565,627	65,042,575	58,430,841	26,065,805	13,210,887	9,121,805	9,178,295	8,943,664	8,930,266	9,121,805	9,178,295	8,943,664	8,930,266	9,121,805	9,178,295	8,943,664	8,930,266
1,828,956	5,421,362	7,096,397	9,398,067	8,792,877	8,123,100	3,827,992	1,604,154	988,962	1,015,296	1,009,880	984,929	988,962	1,015,296	1,009,880	984,929	988,962	1,015,296	1,009,880	984,929
16,970,387	47,935,462	61,216,686	79,963,694	73,835,452	66,553,942	29,893,797	14,815,041	10,110,767	10,193,592	9,953,543	9,915,195	10,110,767	10,193,592	9,953,543	9,915,195	10,110,767	10,193,592	9,953,543	9,915,195

Exhibit C  
 Schedule 2  
 Page 3 of 3

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP II - RS HEAT**  
**FY2013**

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13	TOTAL
Beginning Under/(Over) Recovery \$	16,339,182	15,941,637	14,364,560	12,350,531	9,719,726	7,290,540	5,100,915	4,117,409	3,629,994	3,297,350	2,961,981	2,634,509	16,339,182
Therm Sales	16,970,387	47,935,462	61,216,686	79,963,694	73,835,452	66,553,942	29,893,797	14,815,041	10,110,767	10,193,592	9,953,543	9,915,195	431,357,558
Pre-tax Recovery Rate per Therm	0.0234	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329	0.0329
Recovery \$	397,545	1,577,077	2,014,029	2,630,806	2,429,186	2,189,625	983,506	487,415	332,644	335,369	327,472	326,210	14,030,883
Ending Under/(Over) Recovery \$	15,941,637	14,364,560	12,350,531	9,719,726	7,290,540	5,100,915	4,117,409	3,629,994	3,297,350	2,961,981	2,634,509	2,308,299	2,308,299



New Jersey Natural Gas Company  
Conservation Incentive Program  
Group III: General Service Small  
FY2013

Customer Class (a)	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. <sup>2</sup> (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor <sup>4</sup>	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
<u>General Service Small</u>									
October	a	959,148	25,608	37.5	79.6	(42.2)	(1,079,386)	\$0.2649	(\$285,929)
November	a	3,314,339	25,524	129.9	99.9	30.0	764,458	\$0.2649	\$202,505
December	a	4,487,215	26,506	169.3	214.1	(44.8)	(1,187,745)	\$0.2649	(\$314,634)
January	a	5,550,155	26,910	206.3	254.6	(48.4)	(1,301,097)	\$0.2649	(\$344,660)
February	a	6,149,880	27,052	227.3	235.2	(7.9)	(212,626)	\$0.2649	(\$56,325)
March	a	4,882,236	27,069	180.4	187.6	(7.2)	(195,982)	\$0.2649	(\$51,916)
April	a	1,471,629	26,886	54.7	96.8	(42.1)	(1,130,836)	\$0.2649	(\$299,558)
May	e	912,569	26,338	34.7	47.2	(12.6)	(330,545)	\$0.2649	(\$87,561)
June	e	557,050	26,046	21.4	24.9	(3.5)	(91,422)	\$0.2778	(\$25,397)
July	e	575,006	25,899	22.2	27.4	(5.2)	(134,676)	\$0.2778	(\$37,413)
August	e	574,600	25,783	22.3	38.0	(15.7)	(405,055)	\$0.2778	(\$112,524)
September	e	556,638	25,811	21.6	14.7	6.9	177,323	\$0.2778	\$49,260
Total		<u>29,990,466</u>		<u>1,127.4</u>	<u>1,320.0</u>		(5,127,589)		(\$1,364,153)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ 1,364,153
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ 430,185
Total Deficiency/(Credit)	\$ 1,794,337
Projected Commercial Throughput for Recovery Period	33,109,837
Pre-tax CIP Charge/(Credit)	\$ 0.0542
BPU/RC Assessment Factor	<u>1.002360</u>
CIP Charge/(Credit) including assessments	\$ 0.0543
7% Sales Tax	\$ <u>0.0038</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ 0.0581</b>
Current After-tax CIP Charge/(Credit) per Therm	\$ <u>0.0850</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ <u>(0.0269)</u>

<sup>1</sup> Per Exhibit C, Schedule 3, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 3, Page 3

<sup>4</sup> The margin factor has been increased effective June 1, 2013 to reflect the base rates agreed to by Board Staff, Rate Counsel and the Company in a stipulation in BPU Docket No. GR12111035 which is currently pending BPU approval.

New Jersey Natural Gas Company  
 Customers and Therms

Group III: GSS

Customers

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13
GSS Sales	20,195	20,045	20,839	21,096	21,205	21,200	21,002	20,611	20,319	20,172	20,056	20,084
GSS A/C	38	28	33	34	33	33	38					
GSS Transport	5,375	5,451	5,634	5,780	5,813	5,836	5,846	5,727	5,727	5,727	5,727	5,727
<b>Total Customers</b>	<b>25,608</b>	<b>25,524</b>	<b>26,506</b>	<b>26,910</b>	<b>27,052</b>	<b>27,069</b>	<b>26,886</b>	<b>26,338</b>	<b>26,046</b>	<b>25,899</b>	<b>25,783</b>	<b>25,811</b>

Volumes

GSS Sales	688,007	2,461,719	3,409,739	4,037,979	4,710,253	3,587,450	948,706	649,577	383,717	395,896	395,490	383,306
GSS A/C	6,260	3,489	1,649	5,362	3,807	4,961	1,350					
GSS Transport	264,881	849,130	1,075,827	1,506,813	1,435,820	1,289,825	521,573	262,992	173,332	179,110	179,110	173,332
<b>Total Volumes</b>	<b>959,148</b>	<b>3,314,339</b>	<b>4,487,215</b>	<b>5,550,155</b>	<b>6,149,880</b>	<b>4,882,236</b>	<b>1,471,629</b>	<b>912,569</b>	<b>557,050</b>	<b>575,006</b>	<b>574,600</b>	<b>556,638</b>

**Total Volumes**

22,051,839  
 26,879  
 7,911,748  
 29,990,466

Exhibit C  
 Schedule 3  
 Page 3 of 3

NEW JERSEY NATURAL GAS COMPANY  
 STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE  
 GROUP III - GENERAL SERVICE SMALL  
 FY2013

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13	TOTAL
Beginning Under/(Over) Recovery \$	2,799,175	2,735,271	2,472,113	2,115,828	1,675,146	1,186,845	799,196	682,348	609,890	565,660	520,005	474,382	2,799,175
Therm Sales	959,148	3,314,339	4,487,215	5,550,155	6,149,880	4,882,236	1,471,629	912,569	557,050	575,006	574,600	556,638	29,990,466
Pre-tax Recovery Rate per Therm	0.0666	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794	0.0794
Recovery \$	63,904	263,158	356,285	440,682	488,300	387,650	116,847	72,458	44,230	45,656	45,623	44,197	2,368,991
Ending Under/(Over) Recovery \$	2,735,271	2,472,113	2,115,828	1,675,146	1,186,845	799,196	682,348	609,890	565,660	520,005	474,382	430,185	430,185

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group IV: General Service Large  
FY2013

Customer Class	Actual/ Estimate (a)	Actual per Books <sup>1</sup>		Large Customer Adjustment (c2)	Adjusted Number of Customers (c) = (c1) + (c2)	Actual Avg. Use / Cust. <sup>2</sup> (d) = (b) / (c)	Baseline Use / Cust. (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor <sup>4</sup>	Margin Variance
		Total Class Therms (b)	Number of Customers (c1)								
<b>General Service Large</b>											
October	a	6,536,359	8,940	171	9,111	717.4	1,059.1	(341.7)	(3,112,772)	\$0.2080	(\$647,457)
November	a	14,025,836	8,877	171	9,048	1,550.2	2,026.2	(476.0)	(4,306,250)	\$0.2080	(\$895,700)
December	a	17,593,271	9,070	174	9,244	1,903.1	2,591.6	(688.5)	(6,364,602)	\$0.2080	(\$1,323,837)
January	a	21,893,614	9,118	175	9,293	2,355.9	3,012.6	(656.7)	(6,103,242)	\$0.2080	(\$1,269,474)
February	a	19,854,608	9,112	173	9,285	2,138.4	2,687.9	(549.5)	(5,102,462)	\$0.2080	(\$1,061,312)
March	a	18,871,127	9,099	173	9,272	2,035.2	2,090.8	(55.6)	(515,545)	\$0.2080	(\$107,233)
April	a	9,658,339	9,037	87	9,124	1,058.6	1,251.1	(192.5)	(1,756,206)	\$0.2080	(\$365,291)
May	e	5,658,684	8,931	88	9,019	627.4	803.7	(176.3)	(1,590,209)	\$0.2080	(\$330,763)
June	e	4,043,801	8,896	88	8,984	450.1	564.1	(114.0)	(1,024,310)	\$0.2179	(\$223,197)
July	e	4,178,251	8,878	90	8,968	465.9	541.0	(75.1)	(673,616)	\$0.2179	(\$146,781)
August	e	4,178,793	8,866	95	8,961	466.3	485.2	(18.9)	(169,281)	\$0.2179	(\$36,886)
September	e	4,046,572	8,880	103	8,983	450.5	631.3	(180.9)	(1,624,646)	\$0.2179	(\$354,010)
<b>Total</b>		<u>130,539,256</u>				<u>14,219.0</u>	<u>17,744.6</u>		(32,343,142)		(\$6,761,943)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ 6,761,943
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ 372,034
Total Deficiency/(Credit)	\$ 7,133,977
Projected Commercial Throughput for Recovery Period	134,662,514
Pre-tax CIP Charge/(Credit)	\$ 0.0530
BPU/RC Assessment Factor	<u>1.002360</u>
CIP Charge/(Credit) including assessments	\$ 0.0531
7% Sales Tax	\$ <u>0.0037</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ 0.0568</b>
Current After-tax CIP Charge/(Credit) per Therm	\$ <u>0.0681</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ <u>(0.0113)</u>

<sup>1</sup> Per Exhibit C, Schedule 4, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 4, Page 3

<sup>4</sup> The margin factor has been increased effective June 1, 2013 to reflect the base rates agreed to by Board Staff, Rate Counsel and the Company in a stipulation in BPU Docket No. GR12111035 which is currently pending BPU approval.

New Jersey Natural Gas Company  
Customers and Therms

Group IV: GSL

Customers

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13
GSL Sales	4,925	4,856	4,982	5,012	5,014	4,994	4,936	4,918	4,883	4,865	4,853	4,867
GSL A/C	21	20	20	20	20	20	20					
GSL Transport	3,994	4,000	4,069	4,086	4,078	4,086	4,081	4,014	4,014	4,014	4,014	4,014
<b>Total Customers</b>	<b>8,940</b>	<b>8,877</b>	<b>9,070</b>	<b>9,118</b>	<b>9,112</b>	<b>9,099</b>	<b>9,037</b>	<b>8,931</b>	<b>8,896</b>	<b>8,878</b>	<b>8,866</b>	<b>8,880</b>

Volumes

GSL Sales	2,651,870	5,637,462	7,044,967	8,736,870	8,423,252	7,652,773	3,701,986	2,371,513	1,613,123	1,666,550	1,667,092	1,615,894
GSL A/C	13,733	23,220	27,558	32,330	75,493	60,209	42,443					
GSL Transport	3,870,756	8,365,154	10,520,746	13,124,415	11,355,862	11,158,145	5,913,911	3,287,170	2,430,678	2,511,701	2,511,701	2,430,678
<b>Total Volumes</b>	<b>6,536,359</b>	<b>14,025,836</b>	<b>17,593,271</b>	<b>21,893,614</b>	<b>19,854,608</b>	<b>18,871,127</b>	<b>9,658,339</b>	<b>5,658,684</b>	<b>4,043,801</b>	<b>4,178,251</b>	<b>4,178,793</b>	<b>4,046,572</b>

Exhibit C  
 Schedule 4  
 Page 3 of 3

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP IV - GENERAL SERVICE LARGE**  
**FY2013**

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Estimate May-13	Estimate Jun-13	Estimate Jul-13	Estimate Aug-13	Estimate Sep-13	TOTAL
Beginning Under/(Over) Recovery \$	8,611,476	8,258,618	7,366,575	6,247,643	4,855,209	3,592,456	2,392,252	1,777,982	1,418,090	1,160,904	895,167	629,396	8,611,476
Therm Sales	6,536,359	14,025,856	17,593,271	21,893,614	19,854,608	18,871,127	9,658,339	5,658,684	4,043,801	4,178,251	4,178,793	4,046,572	130,539,256
Pre-tax Recovery Rate per Therm	0.0540	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636	0.0636
Recovery \$	352,858	892,043	1,118,932	1,392,434	1,262,753	1,200,204	614,270	359,892	257,186	265,737	265,771	257,362	8,239,442
Ending Under/(Over) Recovery \$	8,258,618	7,366,575	6,247,643	4,855,209	3,592,456	2,392,252	1,777,982	1,418,090	1,160,904	895,167	629,396	372,034	372,034

New Jersey Natural Gas Company  
Conservation Incentive Program  
Weather Normalization Calculation for the 2012-13 Winter Period

**Group II  
RS/RT Heat**

	DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-12	a	291	212	(79)	47,501	423,958	0.1120	448,438	50,244	(3,969,256)	\$0.3058 (\$1,213,799)
Nov-12	a	534	657	123	62,849	425,205	0.1478	422,907	62,509	7,688,649	\$0.3058 \$2,351,189
Dec-12	a	857	698	(159)	72,822	426,251	0.1708	441,596	75,444	(11,995,546)	\$0.3058 (\$3,668,238)
Jan-13	a	963	902	(61)	77,499	426,848	0.1816	447,531	81,254	(4,956,509)	\$0.3058 (\$1,515,700)
Feb-13	a	854	844	(10)	71,612	427,359	0.1676	446,845	74,877	(748,772)	\$0.3058 (\$228,975)
Mar-13	a	702	767	65	69,254	427,621	0.1620	446,105	72,247	4,696,084	\$0.3058 \$1,436,063
Apr-13	a	393	365	(28)	66,260	427,749	0.1549	445,573	69,021	(1,932,590)	\$0.3058 (\$590,986)
May-13	e	150	147	(3)	53,528	421,996	0.1268	445,875	56,557	(169,671)	\$0.3058 (\$51,885)
<b>TOTAL</b>		<b>4,744</b>	<b>4,592</b>	<b>(152)</b>						<b>(11,387,610)</b>	<b>(\$3,482,331)</b>

**Group III  
GSS**

	DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-12	a	291	212	(79)	4,405	26,621	0.1655	25,608	4,237	(334,755)	\$0.2649 (\$88,677)
Nov-12	a	534	657	123	4,224	27,067	0.1561	25,524	3,983	489,943	\$0.2649 \$129,786
Dec-12	a	857	698	(159)	6,086	27,373	0.2223	26,506	5,893	(937,033)	\$0.2649 (\$248,220)
Jan-13	a	963	902	(61)	6,879	27,524	0.2499	26,910	6,726	(410,258)	\$0.2649 (\$108,677)
Feb-13	a	854	844	(10)	6,918	27,652	0.2502	27,052	6,768	(67,678)	\$0.2649 (\$17,928)
Mar-13	a	702	767	65	6,235	27,628	0.2257	27,069	6,109	397,080	\$0.2649 \$105,186
Apr-13	a	393	365	(28)	4,667	27,502	0.1697	26,886	4,563	(127,750)	\$0.2649 (\$33,841)
May-13	e	150	147	(3)	4,010	27,001	0.1485	26,338	3,912	(11,735)	\$0.2649 (\$3,109)
<b>TOTAL</b>		<b>4,744</b>	<b>4,592</b>	<b>(152)</b>						<b>(1,002,187)</b>	<b>(\$265,479)</b>

**Group IV  
GSL**

	DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-12	a	291	212	(79)	13,070	7,162	1.8249	9,111	16,626	(1,313,474)	\$0.2080 (\$273,203)
Nov-12	a	534	657	123	16,930	7,248	2.3357	9,048	21,133	2,599,308	\$0.2080 \$540,656
Dec-12	a	857	698	(159)	18,299	7,351	2.4893	9,244	23,012	(3,658,928)	\$0.2080 (\$761,057)
Jan-13	a	963	902	(61)	19,152	7,359	2.6027	9,293	24,187	(1,475,413)	\$0.2080 (\$306,886)
Feb-13	a	854	844	(10)	17,801	7,339	2.4255	9,285	22,521	(225,211)	\$0.2080 (\$46,844)
Mar-13	a	702	767	65	17,305	7,395	2.3402	9,272	21,699	1,410,460	\$0.2080 \$293,376
Apr-13	a	393	365	(28)	14,840	7,362	2.0158	9,124	18,392	(514,967)	\$0.2080 (\$107,113)
May-13	e	150	147	(3)	13,831	7,234	1.9119	9,019	17,245	(51,734)	\$0.2080 (\$10,761)
<b>TOTAL</b>		<b>4,744</b>	<b>4,592</b>	<b>(152)</b>						<b>(3,229,958)</b>	<b>(\$671,831)</b>

**Total  
All Groups**

	TOTAL THERMS	MARGIN IMPACT	
Oct-12	a	(5,617,486)	(\$1,575,678)
Nov-12	a	10,777,900	\$3,021,631
Dec-12	a	(16,591,507)	(\$4,677,515)
Jan-13	a	(6,842,179)	(\$1,931,263)
Feb-13	a	(1,041,661)	(\$293,746)
Mar-13	a	6,503,624	\$1,834,625
Apr-13	a	(2,575,307)	(\$731,940)
May-13	e	(233,139)	(\$65,754)
<b>TOTAL</b>		<b>(15,619,755)</b>	<b>(\$4,419,642)</b>

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

<sup>2</sup> 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, 2013**

GR1305\_\_\_\_\_

**Calculation of BGSS Savings for October 2013 through September 2014 Recovery Period**

<b>Recurring initial savings identified<sup>1</sup></b>	\$2,799,799
<b>Savings from extension of recurring initial savings<sup>2</sup></b>	\$1,418,276
<b>Additional Savings<sup>3</sup></b>	\$217,305
<b>Additional Savings<sup>4</sup></b>	\$7,993,500
<b>Additional Savings<sup>5</sup></b>	<u>\$1,032,957</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<u>\$13,461,838</u>

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307. **Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.**

<sup>2</sup> The release agreements identified as recurring initial savings in footnote 1 were set to expire on March 31, 2013. The Company has extended these agreements through March 31, 2014. **Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.**

<sup>3</sup> 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. **Refer to Exhibit C to this Petition, Schedule 6, p. 7.**

<sup>4</sup> NJNG has generated additional BGSS savings for CIP purposes by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. **Refer to Exhibit C to this Petition, Schedule 6, p. 6.**

<sup>5</sup> NJNG has generated additional BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. **Refer to Exhibit C to this Petition, Schedule 6, p. 7.**



**New Jersey Natural Gas Company  
 Conservation Incentive Program Filing  
 Year ended September 30, 2013  
 GR1305\_\_\_\_\_  
 Summary**

Group I	Per Exhibit C, Schedule 1	(\$46,299) a
Group II	Per Exhibit C, Schedule 2	\$7,644,921 b
Group III	Per Exhibit C, Schedule 3	\$1,364,153 c
Group IV	Per Exhibit C, Schedule 4	<u>\$6,761,943</u> d
CIP Calculation for current period		\$15,724,718 e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>\$4,419,642</u> f
CIP Value subject to BGSS test-current year		\$11,305,076 g=e-f
Prior Year Carry-over CIP Value	Per Exhibit C, Schedule 6, Page 4 of 8	<u>\$0</u> h
Total CIP Value subject to BGSS savings comparison		\$11,305,076 i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 8	\$13,461,838 j
Non-weather CIP Value to be recovered in current year		\$11,305,076 k= full value of i if j>i k=j, if j<i
<b>Total CIP value subject to recovery for current year</b>		<b>\$15,724,718 l=f+k</b>
CIP Carry-over value to next year		\$0 m=i-j, if i>j m=0, if i<j

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2012**

**Calculation of BGSS Savings for October 2012 through September 2013 Recovery Period**

<b>Recurring initial savings identified<sup>1</sup></b>	\$4,218,075
<b>Savings from extension of recurring initial savings<sup>2</sup></b>	\$1,426,069
<b>Additional Savings<sup>3</sup></b>	\$217,305
<b>Additional Savings<sup>4</sup></b>	\$7,993,500
<b>Additional Savings<sup>5</sup></b>	<u>\$1,032,957</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<u>\$14,887,907</u>

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307. **Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.**

<sup>2</sup> The release agreements identified as recurring initial savings in footnote 1 were set to expire on March 31, 2013. The Company has extended these agreements through March 31, 2014 adding \$1,426,069 to BGSS Savings for October 2012 through September 2013 CIP year. **Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.**

<sup>3</sup> 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

<sup>4</sup> 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. **Refer to Exhibit C to this Petition, Schedule 6, p. 6.**

<sup>5</sup> As discussed in the testimony of Tina M. Trebino in BPU Docket No. GR12060742, NJNG has generated additional BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. **Refer to Exhibit C to this Petition, Schedule 6, p. 7.**

**New Jersey Natural Gas Company  
 Conservation Incentive Program Filing  
 Year ended September 30, 2012**

**Summary**

Group I	\$165,892	a
Group II	\$31,421,041	b
Group III	\$3,453,328	c
Group IV	<u>\$9,948,453</u>	d
CIP Calculation for current period	\$44,988,714	e=a+b+c+d
Weather Related Value of CIP	<u>\$30,243,340</u>	f
CIP Value subject to BGSS test-current year	\$14,745,374	g=e-f
Prior Year Carry-over CIP Value	<u>\$0</u>	h
Total CIP Value subject to BGSS savings comparison	\$14,745,374	i=g-h
BGSS Savings	\$14,887,907	j
Non-weather CIP Value to be recovered in current year	\$14,745,374	k= full value of i if j>i k=j, if j<i
<b>Total CIP value subject to recovery for current year</b>	\$44,988,714	l=f+k
CIP Carry-over value to next year	\$0	m=i-j, if i>j m=0, if i<j

**New Jersey Natural Gas  
CIP BGSS Savings**

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 Stipulation in BPU Docket No. GR05121020 approved by the BPU on January 21, 2010. The capacity releases described below are being released to NJRES.

*The total values for each transaction have been separated into three categories as described below:*

Recurring Initial Savings Identified - Savings identified in the January 14, 2010 Stipulation in BPU Docket No. GR05121020 revised for the impact of the Tennessee Rate Case in Section III.  
Savings From Extension - Savings from the extension of various releases included in the Recurring Initial Savings Identified.  
Additional Savings - Savings identified for new transactions since the January 21, 2010 approval.

**I. Waddington to South Commack Iroquois Capacity**

*NJNG has permanently released 15,000 dth of Iroquois capacity from Waddington to South Commack.* This release is at maximum rates. (Contract 570.01)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654	\$ 2,001,654	\$ -	\$ -
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2013-2014	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -

**II. Transco Capacity**

A. NJNG released 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	5,000	\$ 0.11870	\$ 162,026	\$ 162,026	\$ -	\$ -
2010-2011	365	5,000	\$ 0.11870	\$ 216,628	\$ 216,628	\$ -	\$ -
2011-2012	366	5,000	\$ 0.11870	\$ 217,221	\$ 217,221	\$ -	\$ -
2012-2013	365	5,000	\$ 0.11870	\$ 216,628	\$ 108,017	\$ 108,611	\$ -
2013-2014	182	5,000	\$ 0.11870	\$ 108,017	\$ -	\$ 108,017	\$ -

B. NJNG released 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	3,250	\$ 0.11870	\$ 105,317	\$ 105,317	\$ -	\$ -
2010-2011	365	3,250	\$ 0.11870	\$ 140,808	\$ 140,808	\$ -	\$ -
2011-2012	366	3,250	\$ 0.11870	\$ 141,194	\$ 141,194	\$ -	\$ -
2012-2013	365	3,250	\$ 0.11870	\$ 140,808	\$ 70,211	\$ 70,597	\$ -
2013-2014	182	3,250	\$ 0.11870	\$ 70,211	\$ -	\$ 70,211	\$ -

C. NJNG released 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,350	\$ 0.11870	\$ 335,393	\$ 335,393	\$ -	\$ -
2010-2011	365	10,350	\$ 0.11870	\$ 448,419	\$ 448,419	\$ -	\$ -
2011-2012	366	10,350	\$ 0.11870	\$ 449,647	\$ 449,647	\$ -	\$ -
2012-2013	365	10,350	\$ 0.11870	\$ 448,419	\$ 223,595	\$ 224,824	\$ -
2013-2014	182	10,350	\$ 0.11870	\$ 223,595	\$ -	\$ 223,595	\$ -

**III. Tennessee Capacity**

A. NJNG released 11,000 dth of Tennessee capacity from Tennessee Z5 East Aurora to Tennessee Z4 Browns Run. This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 64306). **UPDATE: Contract was terminated January 8, 2012. Savings continue at Tennessee rate case approved rates.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	11,000	\$ 0.019726	\$ 59,237	\$ 59,237	\$ -	\$ -
2010-2011	365	11,000	\$ 0.019726	\$ 79,200	\$ 79,200	\$ -	\$ -
2011-2012	366	11,000	\$ 0.150816	\$ 607,184	\$ 607,184	\$ -	\$ -
2012-2013	365	11,000	\$ 0.200153	\$ 803,614	\$ 803,614	\$ -	\$ -
2013-2014	365	11,000	\$ 0.200153	\$ 803,614	\$ 803,614	\$ -	\$ -

B. NJNG released 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307, subsequently updated to 92050 and currently 92392). **UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates. Release has been extended through March 31, 2014.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,728	\$ 0.278795	\$ 816,518	\$ 816,518	\$ -	\$ -
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681	\$ 1,091,681	\$ -	\$ -
2011-2012	366	10,728	\$ 0.170539	\$ 669,614	\$ 669,614	\$ -	\$ -
2012-2013	365	10,728	\$ 0.126404	\$ 494,964	\$ 246,804	\$ 248,160	\$ -
2013-2014	182	10,728	\$ 0.126404	\$ 246,804	\$ -	\$ 246,804	\$ -

**IV. Texas Eastern Capacity**

A. NJNG released 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060) **UPDATE: Release has been extended through March 31, 2014 at a fixed rate.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,000	\$ 0.167770	\$ 458,012	\$ 458,012	\$ -	\$ -
2010-2011	365	10,000	\$ 0.167770	\$ 612,361	\$ 612,361	\$ -	\$ -
2011-2012	366	10,000	\$ 0.167770	\$ 614,038	\$ 614,038	\$ -	\$ -
2012-2013	365	10,000	\$ 0.167770	\$ 612,361	\$ 305,341	\$ 307,019	\$ -
2013-2014	182	10,000	\$ 0.167770	\$ 305,341	\$ -	\$ 305,341	\$ -

B. As approved by the BPU on May 23, 2012 in Docket No. GR11060331, NJNG has generated additional BGSS savings of \$7.99 million by not renewing 30,000 dth per day of TETCO capacity from STX to M3 at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011. (Contract 897960)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500	\$ -	\$ -	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500	\$ -	\$ -	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500	\$ -	\$ -	\$ 7,993,500

**V. Dominion Gas Capacity**

A. NJNG released 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034) *UPDATE: Release has been extended through March 31, 2014.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	20,000	\$ 0.127557	\$ 696,461	\$ 696,461	\$ -	\$ -
2010-2011	365	20,000	\$ 0.127557	\$ 931,166	\$ 931,166	\$ -	\$ -
2011-2012	366	20,000	\$ 0.127557	\$ 933,717	\$ 933,717	\$ -	\$ -
2012-2013	365	20,000	\$ 0.127557	\$ 931,166	\$ 464,307	\$ 466,859	\$ -
2013-2014	182	20,000	\$ 0.127557	\$ 464,307	\$ -	\$ 464,307	\$ -

B. As approved by the BPU on April 27, 2011 in BPU Docket No. GR10060382 and , 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. (Contract 700045)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2011-2012				\$ 217,305	\$ -	\$ -	\$ 217,305
2012-2013				\$ 217,305	\$ -	\$ -	\$ 217,305
2013-2014				\$ 217,305	\$ -	\$ -	\$ 217,305

C. As filed in BPU Docket No. GR1206\_\_\_\_, NJNG has generated additional BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. (Contract 200447)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2012-2013	365	20,000	\$ 0.141501	\$ 1,032,957	\$ -	\$ -	\$ 1,032,957
2013-2014	365	20,000	\$ 0.141501	\$ 1,032,957	\$ -	\$ -	\$ 1,032,957

**VI. Total of all Savings by Year**

CIP Recovery Year	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010 <sup>1</sup>	\$ 8,058,378	\$ 8,058,378	\$ -	\$ -
2010-2011	\$ 5,516,447	\$ 5,516,447	\$ -	\$ -
2011-2012	\$ 13,188,074	\$ 5,634,269	\$ -	\$ 7,553,805
2012-2013	\$ 14,887,907	\$ 4,218,075	\$ 1,426,069	\$ 9,243,762
2013-2014	\$ 13,461,838	\$ 2,799,799	\$ 1,418,276	\$ 9,243,762

<sup>1</sup> The BGSS savings for the 2009-2010 CIP year includes \$655,230 for one month of the value of Texas Eastern STX-M3 capacity and \$2,774,000 for the annual value of the release of 20,000 dth of Iroquois capacity, both of which were part of the BGSS savings identified in the September 30, 2006 CIP Stipulation.

**VII. Agreement with NJRES (UPDATE: Agreement has been extended through March 31, 2014.)**

A. NJNG and NJRES entered into the following transactions for NJNG's right to call on physical supply at no additional fixed cost. The estimated annual value of the peak day physical call options is \$300,000.

(1) NJNG and NJRES entered into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.

(2) NJNG and NJRES entered into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in *Gas Daily*.

B. NJNG and NJRES entered into an agreement where NJNG will release its Central New York Oil and Gas (Stagecoach Storage) with a total storage capacity of 1,630,990 to NJRES for the period from January 1, 2010 to March 31, 2013. NJNG initially transferred the gas in storage to NJRES at NJNG's weighted average cost of gas (WACOG) price at January 1, 2010. NJRES will manage the storage and provide delivery to NJNG at NJNG's request at the WACOG price. The WACOG will be reset each October 31st based on the balance at the prior March 31 and ratable injections for April through October at the first of the month index for the Tennessee 500 leg as reported in *Inside FERC* plus applicable FT transport charges.

**NEW JERSEY NATURAL GAS COMPANY  
CONSERVATION INCENTIVE PROGRAM  
EARNINGS TEST  
OCTOBER 1, 2012 THROUGH SEPTEMBER 30, 2013  
SIX MONTH ACTUAL, SIX MONTH ESTIMATE**

**BPU DOCKET No. GR1305\_\_\_\_\_**

	(000's)
<b>Net Income</b>	\$73,308
<b>Less:</b>	
<b>Net earnings from margin sharing, net of tax</b>	4,141
<b>Other income, net of tax</b>	1,412
<b>Net Income - Earnings Test</b>	<b>\$67,755</b>
<b>Average Thirteen Month Common Equity</b>	<b>697,424</b>
<b>Actual Rate of Return on Common Equity</b>	<b>9.72%</b>



**EXHIBIT D**

**CALCULATION OF REVISED BALANCING CHARGE**

**FOR F/Y 2014**

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

	\$000
<b><u>Balancing Charge related to Inventory<sup>1</sup></u></b>	
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 Charge	\$0.0043
<b><u>Balancing Charge related to Demand Charges<sup>2</sup></u></b>	
Pipeline Demand Charges	\$110,471
Adjustments (BGSS Incentive Credits)	<u>(\$21,634)</u>
Total	\$88,837
% of Peak Related to Balancing	<u>53.4%</u>
Balancing	\$47,440
Annual Firm Therms (000)	<u>620,845</u>
Pre-tax Balancing Charge	\$0.0764
<b><u>Total Balancing Charge</u></b>	
Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0764</u>
Total Pre-tax Balancing Charge	\$0.0807
<b>Total After-tax Balancing Charge</b>	<b>\$0.0863</b>
Current After-tax Balancing Charge	<u>\$0.0898</u>
Increase/(Decrease) to After-tax Balancing Charge	(\$0.0035)
<b><u>Calculation of % of Peak Related to Balancing</u></b>	
	000 therms
Peak Day Therms	8,530
Average Therms on a January Day	<u>3,975</u>
Balancing Therms	4,555
% of Peak	53.4%

<sup>1</sup> 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.

<sup>2</sup> 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 2014**

New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR1305  
FY 2014

(\$/therm)

**Price Impact for Group I - Residential Non-Heating Customers**

	Component of	Current <sup>1</sup>		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0142	0.0152	0.0046	0.0049	(0.0096)	(0.0103)
<b>NET IMPACT</b>		<u>\$0.5802</u>	<u>\$0.6208</u>	<u>\$0.5706</u>	<u>\$0.6105</u>	<u>(\$0.0096)</u>	<u>(\$0.0103)</u>

**Price Impact for Group II - Residential Heating Customers**

	Component of	Current <sup>1</sup>		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0329	0.0352	0.0224	0.0240	(0.0105)	(0.0112)
<b>NET IMPACT</b>		<u>\$0.5989</u>	<u>\$0.6408</u>	<u>\$0.5884</u>	<u>\$0.6296</u>	<u>(\$0.0105)</u>	<u>(\$0.0112)</u>

**Price Impact for Group III - General Service Small Customers**

	Component of	Current <sup>1</sup>		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0794	0.0850	0.0543	0.0581	(0.0251)	(0.0269)
<b>NET IMPACT</b>		<u>\$0.6454</u>	<u>\$0.6906</u>	<u>\$0.6203</u>	<u>\$0.6637</u>	<u>(\$0.0251)</u>	<u>(\$0.0269)</u>

**Price Impact for Group IV - General Service Large Customers**

	Component of	Current <sup>1</sup>		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	0.0636	0.0681	0.0531	0.0568	(0.0105)	(0.0113)
<b>NET IMPACT</b>		<u>\$0.0636</u>	<u>\$0.0681</u>	<u>\$0.0531</u>	<u>\$0.0568</u>	<u>(\$0.0105)</u>	<u>(\$0.0113)</u>

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

BGSS projected annual therms	423,082 (000s)
CIP Group I projected annual therms	3,135 (000s)
CIP Group II projected annual therms	445,928 (000s)
CIP Group III projected annual therms	33,110 (000s)
CIP Group IV projected annual therms	134,663 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$256.2	\$256.2	\$0.00
CIP Group I	\$0.0	\$0.02	(\$0.03)
CIP Group II	\$15.7	\$10.7	(\$4.99)
CIP Group III	\$2.8	\$1.9	(\$0.89)
CIP Group IV	<u>\$9.2</u>	<u>\$7.6</u>	<u>(\$1.52)</u>
<b>IMPACT</b>	<u>\$283.9</u>	<u>\$276.5</u>	<u>(\$7.44)</u>

<sup>1</sup> BGSS rate to be implemented effective June 1, 2013 per the Company's May 24, 2013 notification letter in BPU in Docket Nos. GR12060742 and GX01050304.

New Jersey Natural Gas Company  
Net Impact of Proposed Rate Changes  
BPU Docket No. GR1305  
F/Y 2014

(\$/therm)

	Current <sup>1</sup>			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.5660	\$0.5660	\$0.5660	\$0.5660	\$0.5660	\$0.5660
After-tax Periodic BGSS	\$0.6056	\$0.6056	\$0.6056	\$0.6056	\$0.6056	\$0.6056
Less: Balancing	<u>(\$0.0898)</u>	<u>(\$0.0898)</u>	<u>(\$0.0898)</u>	<u>(\$0.0863)</u>	<u>(\$0.0863)</u>	<u>(\$0.0863)</u>
BGSS Price To Compare	<u>\$0.5158</u>	<u>\$0.5158</u>	<u>\$0.5158</u>	<u>\$0.5193</u>	<u>\$0.5193</u>	<u>\$0.5193</u>

<u>Impact on Residential Non-Heating Customers</u>				
25 therm bill				
<b>Current Prices</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5250	\$13.13	
BGSS		\$0.5158	\$12.90	
Total		<u>\$1.0408</u>	<u>\$34.28</u>	
<b>Proposed prices- effective 10/1/13</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5112	\$12.78	
BGSS		\$0.5193	\$12.98	
Total		<u>\$1.0305</u>	<u>\$34.01</u>	
<b>Decrease</b>			(\$0.26)	
<b>Decrease as a percent</b>			(0.8%)	
<u>Impact on Residential Heating Customers</u>				
1000 therm annual bill				
<b>Current Prices</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5450	\$54.50	\$545.00
BGSS		\$0.5158	\$51.58	\$515.80
Total		<u>\$1.0608</u>	<u>\$114.33</u>	<u>\$1,159.80</u>
<b>Proposed prices- effective 10/1/13</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5303	\$53.03	\$530.30
BGSS		\$0.5193	\$51.93	\$519.30
Total		<u>\$1.0496</u>	<u>\$113.21</u>	<u>\$1,148.60</u>
<b>Increase</b>			(\$1.12)	(\$11.20)
<b>Increase as a percent</b>			(1.0%)	(1.0%)
<u>Impact on Commercial GSS Customers</u>				
100 therm bill				
<b>Current Prices</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5500	\$55.00	
BGSS		\$0.5158	\$51.58	
Total		<u>\$1.0658</u>	<u>\$131.58</u>	
<b>Proposed prices- effective 10/1/13</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5196	\$51.96	
BGSS		\$0.5193	\$51.93	
Total		<u>\$1.0389</u>	<u>\$128.89</u>	
<b>Increase</b>			(\$2.69)	
<b>Increase as a percent</b>			(2.0%)	
<u>Impact on Commercial GSL Customers</u>				
1200 therm bill				
<b>Current Prices</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4711	\$565.32	
BGSS (May 2013)		\$0.6191	\$742.92	
Total		<u>\$1.0902</u>	<u>\$1,523.74</u>	
<b>Proposed prices- effective 10/1/13</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4563	\$547.56	
BGSS (May 2013)		\$0.6226	\$747.12	
Total		<u>\$1.0789</u>	<u>\$1,510.18</u>	
<b>Increase</b>			(\$13.56)	
<b>Increase as a percent</b>			(0.9%)	

<sup>1</sup> BGSS rate to be implemented effective June 1, 2013 per the Company's May 24, 2013 notification letter in BPU in Docket Nos. GR12060742 and GX01050304.

**NEW JERSEY NATURAL GAS COMPANY  
SUMMARY OF PERIODIC BGSS COMPONENTS  
BPU DOCKET NO GR1305\_\_\_\_\_**

October 1, 2013  
through  
September 30, 2014  
\$000

**ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/13**

(Exhibit B, Schedule 1)

\$46 A

**ESTIMATED NET COSTS APPLICABLE TO BGSS**

(Exhibit B, Schedule 2a)

\$317,075 B

**ESTIMATED ADJUSTMENTS**

Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$34)
Forked River (Sch.4c)	(\$37)
Transportation(Sch.4d)	(\$1,559)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4k)	\$0
Off-System Sales (Sch.4e)	(\$2,833)
Capacity Rel. (Sch.4f )	(\$18,800)
Supplier Ref. and Miscellaneous Adj. (Sch.5 )	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$10,925)
Ocean Peaking Power (Sch. 4h)	(\$1,060)

**TOTAL ADJUSTMENTS**

(\$35,249) C

**ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2014**

(Exhibit B Schedule 1)

\$1,754 D

A/C Sales Recovery	\$77
Monthly BGSS Sales Recovery	\$40,285
FEED	\$290

**ESTIMATED OTHER RECOVERY**

(Exhibit B Schedule 2b)

\$40,653 E

**ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED**

(Exhibit B Schedule 2b)

\$239,464 A+B+C-D-E=F

BGSS Sales	483,637
A/C Sales {May - Sep}	170
Monthly BGSS Sales	59,745
FEED	640

**ESTIMATED PERIODIC BGSS THERM SALES**

(Exhibit B Schedule 2b)

423,082 G

**PRE-TAX PERIODIC BGSS FACTOR PER THERM FOR FY2013**

\$0.5660 F/G=H

**EXHIBIT F**

**PROPOSED TARIFF SHEETS**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 51  
Superseding ~~Fifteenth~~~~Fourteenth~~ 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 ~~\$0.54500~~0.5303

**Residential Non-Heating**

Delivery Charge per therm ~~\$0.52500~~0.5112

**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 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2013  
Wall, NJ 07719

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



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 54  
Superseding ~~Thirteenth~~~~Twelfth~~ 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 ~~\$0.37470~~.3712

May - October ~~\$0.31760~~.3141

**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 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2013  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 56  
Superseding ~~Fifteenth~~~~Fourteenth~~ 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 \$~~0.55000~~.5196

**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 21, 2012~~  
**Issued by:** Mark R. Sperduto, ~~Senior~~ Vice President  
2013  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 59  
Superseding ~~Fifteenth~~~~Fourteenth~~ 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 ~~\$0.47110.4563~~

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

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

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

**Date of Issue:** ~~December 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
~~October~~January 1, 2013  
Wall, NJ 07719

**Effective for service rendered on  
and after**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 65  
Superseding ~~Fifteenth~~~~Fourteenth~~ 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**

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<b><u>Customer Charge:</u></b>		
Customer Charge per meter per month	\$40.00	\$40.00
<b><u>Demand Charge:</u></b>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<b><u>Delivery Charge per therm:</u></b>		
November - April	<del>\$0.2805</del> <u>0.2770</u>	\$0.1907
May - October	<del>\$0.2478</del> <u>0.2443</u>	\$0.1580

The Delivery Charges for DGC-Balancing above include the Balancing Charge as reflected in Rider "A" of this Tariff for customers whose Marketer or Broker deliver gas on their behalf pursuant to paragraph (1) under Minimum Daily Delivery Volumes section of this Service Classification. For DGC-FT customers whose Marketer or Broker deliver gas on their behalf pursuant to paragraph (2) under Minimum Daily Delivery Volumes section of this Service Classification, the DGC-FT Delivery Charges above exclude the Balancing Charge reflected in Rider "A" 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 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2013  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Twelfth~~~~Eleventh~~ Revised Sheet No. 71  
Superseding ~~Eleventh~~~~Tenth~~ 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 ~~\$0.30770~~.3042

**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: ~~October 9, 2012~~  
Issued by: Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October 12, 201~~3~~2

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

Sixty-~~Third~~~~Second~~ Revised Sheet No. 155  
Superseding Sixty-~~Second~~~~First~~ Revised Sheet No. 155

**RIDER "A"**

**BASIC GAS SUPPLY SERVICE - BGSS(Continued)**

**PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>**

<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	\$0.6056 per therm

**BALANCING CHARGE**

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, DGC, ED	Included in the Delivery Charge	<del>\$0.0898</del> <u>0.0863</u> per therm

**MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>**

<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, 2012	\$0.4684
June 1, 2012	\$0.5127
July 1, 2012	\$0.5515
August 1, 2012	\$0.5769
September 1, 2012	\$0.5347
October 1, 2012	\$0.5881
November 1, 2012	\$0.6385
December 1, 2012	\$0.6636
January 1, 2013	\$0.6252
February 1, 2013	\$0.6073
March 1, 2013	\$0.6300
April 1, 2013	\$0.6892
May 1, 2013	\$0.7089

<sup>1</sup> 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.

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on and after** ~~October~~June 1, 2013

**NEW JERSEY NATURAL GAS COMPANY**

~~Twelfth~~~~Eleventh~~ Revised Sheet No. 156

BPU No. 8 - Gas

Superseding ~~Eleventh~~~~Tenth~~ 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"**

<b><u>CLASS</u></b>	<b><u>APPLICATION</u></b>	<b><u>CREDIT</u></b>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$ <del>0.02990</del> <del>0.0297</del> ) per therm

**TEMPORARY BGSS RATE CREDIT ADJUSTMENT**

<b><u>CLASS</u></b>	<b><u>APPLICATION</u></b>	<b><u>CREDIT</u></b>
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
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective December 1, 2011 through February 29, 2012 and March 15, 2012 through March 31, 2012	(\$0.4419) per therm

Date of Issue: ~~October 9, 2012~~  
 Issued by: Mark R. Spurduto, Senior Vice President  
 Wall, NJ 07719

Effective for service rendered on  
 and after October ~~12~~, 201~~32~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 182  
Superseding ~~Fourth~~<sup>Third</sup> 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):	<del>\$0.01520</del> .0049
Group II (RS heating):	<del>\$0.03520</del> .0240
Group III (GSS, ED using less than 5,000 therms annually):	<del>\$0.08500</del> .0581
Group IV (GSL, ED using 5,000 therms or greater annually):	<del>\$0.06810</del> .0568

For the recovery of the October 201~~2~~<sup>1</sup> through September 201~~3~~<sup>2</sup> 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.

Date of Issue: ~~October 9, 2012~~  
Issued by: Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October 1~~2~~<sup>2</sup>, 201~~3~~<sup>2</sup>



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 252  
Superseding ~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 252

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Heating Customers**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0084	0.0084	Rider B
SUT		<u>0.0220</u>	<u>0.0220</u>	Rider B
After-tax Base Rate		0.3362	0.3362	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.0352</del> <u>0.0240</u>	<del>0.0352</del> <u>0.0240</u>	Rider I
EE		0.0127	0.0127	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<del>0.3841</del> <u>0.3729</u>	<del>0.3841</del> <u>0.3729</u>	
<i>Balancing Charge</i>	b	<del>0.0898</del> <u>0.0863</u>	<del>0.0898</del> <u>0.0863</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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.5450</del> <u>0.5303</u>	<del>0.5450</del> <u>0.5303</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	<del>0.0898</del> <u>0.0863</u>	x	
<b>BGS</b>	e-f=g	<del>0.5158</del> <u>0.5193</u>	x	

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on  
and after ~~October~~ June 1, 2013**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 252  
Superseding ~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 252**

**SUMMARY OF RESIDENTIAL 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.

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on  
and after ~~October~~June 1, 2013**

**Filed pursuant to Order of the Board of Public Utilities entered in  
Docket Nos. GR1305 ~~12060472 and GX01050304~~**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 253  
Superseding ~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 253

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0084	0.0084	Rider B
SUT		<u>0.0220</u>	<u>0.0220</u>	Rider B
After-tax Base Rate		0.3362	0.3362	
CIP		<del>0.0152</del> <u>0.0049</u>	<del>0.0152</del> <u>0.0049</u>	Rider I
EE		0.0127	0.0127	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<del>0.3641</del> <u>0.3538</u>	<del>0.3641</del> <u>0.3538</u>	
<i>Balancing Charge</i>	b	<del>0.0898</del> <u>0.0863</u>	<del>0.0898</del> <u>0.0863</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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.5250</del> <u>0.5112</u>	<del>0.5250</del> <u>0.5112</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	<del>0.0898</del> <u>0.0863</u>	x	
<b>BGS</b>	e-f=g	<del>0.5158</del> <u>0.5193</u>	x	

Date of Issue: ~~May 24, 2013~~  
Issued by: Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~June 1, 2013

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 253  
Superseding ~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 253

**SUMMARY OF RESIDENTIAL 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.

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on  
and after ~~October~~ June 1, 2013**

**Filed pursuant to Order of the Board of Public Utilities entered in  
Docket Nos. GR1305 ~~12060472 and GX01050304~~**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 254  
Superseding ~~Seventeenth~~~~Sixteenth~~ Revised Sheet No. 254

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0084	0.0084	
SUT		<u>0.0132</u>	<u>0.0094</u>	Rider B
After-tax Base Rate		0.2011	0.1440	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2138</i>	<i>0.1567</i>	
<i>Balancing Charge</i>	b	<del>0.0898</del> <u>0.0863</u>	<del>0.0898</del> <u>0.0863</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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.3747</del> <u>0.3712</u>	<del>0.3176</del> <u>0.3141</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6056	0.6056	Rider A
Less: Balancing	f	<del>0.0898</del> <u>0.0863</u>	<del>0.0898</del> <u>0.0863</u>	
<b>BGS</b>	e-f=g	<del>0.5158</del> <u>0.5193</u>	<del>0.5158</del> <u>0.5193</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.

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on and after** ~~October~~June 1, 2013

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Twentieth/Nineteenth~~ Revised Sheet No. 255  
Superseding ~~Nineteenth/Eighteenth~~ 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>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		25.00	25.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2649	0.2649	
TEFA		0.0074	0.0074	Rider B
SUT		<u>0.0191</u>	<u>0.0191</u>	Rider B
After-tax Base Rate		0.2914	0.2914	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.08500.0</del>	<del>0.08500.0581</del>	Rider I
		<del>581</del>		
EE		0.0127	0.0127	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<del>0.38910.3</del>	<del>0.38910.3622</del>	
		<del>622</del>		
<i>Balancing Charge</i>	b	<del>0.08980.0</del>	<del>0.08980.0863</del>	Rider A
		<del>863</del>		
<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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.55000.5</del>	<del>0.55000.5196</del>	
		<del>196</del>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	<del>0.08980.0</del>	x	
		<del>863</del>		
<b>BGS</b>	e-f=g	<del>0.51580.5</del>	x	
		<del>193</del>		

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on  
and after** ~~October~~ **June 1, 2013**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**~~Twentieth/Nineteenth~~ Revised Sheet No. 255  
Superseding ~~Nineteenth/Eighteenth~~ 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.

**Date of Issue:** ~~May 24, 2013~~  
**Issued by:** **Mark R. Spurduto, Senior Vice President**  
**Wall, NJ 07719**

**Effective for service rendered on  
and after ~~October~~ June 1, 2013**

**Filed pursuant to Order of the Board of Public Utilities entered in  
Docket Nos. GR1305 ~~12060472 and GX01050304~~**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Seventy-First~~~~Seventieth~~ Revised Sheet No. 256  
Superseding ~~Seventieth~~~~Sixty-Ninth~~ Revised Sheet No. 256

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Large (GSL)**

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0064	0.0064	Rider B
SUT		<u>0.0150</u>	<u>0.0150</u>	Rider B
After-tax Base Rate		0.2294	0.2294	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.0681</del> <u>0.0568</u>	<del>0.0681</del> <u>0.0568</u>	Rider I
		<u>568</u>		
EE		0.0127	0.0127	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<del>0.3102</del> <u>0.2989</u>	<del>0.3102</del> <u>0.2989</u>	
<i>Balancing Charge</i>	b	<del>0.0898</del> <u>0.0863</u>	<del>0.0898</del> <u>0.0863</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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.4711</del> <u>0.4563</u>	<del>0.4711</del> <u>0.4563</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.7089	X	Rider A
Less: Balancing	f	<del>0.0898</del> <u>0.0863</u>	X	
<b>BGS</b>	e-f=g	<del>0.6191</del> <u>0.6226</u>	X	

Date of Issue: **April 26, 2013**  
Issued by: **Mark R. Sperduto, Senior Vice President**  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~**May 1, 2013**



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Seventy-First~~~~Seventieth~~ Revised Sheet No. 256  
Superseding ~~Seventieth~~~~Sixty-Ninth~~ 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.

**Date of Issue:** ~~April 26, 2013~~  
**Issued by:** ~~Mark R. Spurduto, Senior Vice President~~  
Wall, NJ 07719

**Effective for service rendered on**  
**and after** ~~October~~~~May~~ 1, 2013

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 258  
Superseding ~~Fifteenth~~~~Fourteenth~~ Revised Sheet No. 258

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Commercial Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0922	0.0616	
TEFA		0.0077	0.0077	
SUT		<u>0.0070</u>	<u>0.0049</u>	Rider B
After-tax Base Rate		0.1069	0.0742	
EE		0.0127	0.0127	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<i>0.1196</i>	<i>0.0869</i>	
<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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0711</u></i>	<i><u>0.0711</u></i>	
<b>DGC-FT Delivery Charge (DEL)</b>	<b>a+b=c</b>	<b>0.1907</b>	<b>0.1580</b>	
Balancing Charge	b	<del>0.08980.0863</del>	<del>0.08980.0863</del>	
<b>DGC-Balancing Delivery Charge (DEL)</b>	<b>a+b+c=d</b>	<del><b>0.28050.2770</b></del>	<del><b>0.24780.2443</b></del>	

The Delivery Charges for DGC-Balancing above include the Balancing Charge as reflected in Rider "A" of this Tariff for customers whose Marketer or Broker deliver gas on their behalf pursuant to paragraph (1) under Minimum Daily Delivery Volumes section of Service Classification DGC. For DGC-FT customers whose Marketer or Broker deliver gas on their behalf pursuant to paragraph (2) under Minimum Daily Delivery Volumes section of Service Classification DGC, the DGC-FT Delivery Charges above exclude the Balancing Charge reflected in Rider "A" of this Tariff.

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

**Date of Issue:** ~~December 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2013  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixteenth~~~~Fifteenth~~ Revised Sheet No. 258  
Superseding ~~Fifteenth~~~~Fourteenth~~ Revised Sheet No. 258

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

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

**Date of Issue:** ~~December 21, 2012~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2013  
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 Nos. GR1305 ~~Filed pursuant to the Board's Secretary letter dated December 19, 2012 I/M/O the Phase Out of the  
Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Sixty-~~Seventh~~~~Sixth~~ Revised Sheet No. 259  
Superseding Sixty-~~Sixth~~~~Fifth~~ Revised Sheet No. 259

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Firm Cogeneration (FC)**

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		49.49	49.49	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1253	0.1253	
SUT		<u>0.0088</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1468</i>	<i>0.1468</i>	
<i>Balancing Charge</i>	b	<del>0.08980.0863</del>	<del>0.08980.0863</del>	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>0.0184</u>	<u>0.0184</u>	Rider H
<i>Total SBC</i>	c	<u>0.0711</u>	<u>0.0711</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.30770.3042</del>	<del>0.30770.3042</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.7089	X	Rider A
Less: Balancing	f	<del>0.08980.0863</del>	X	
<b>BGS</b>	e-f=g	<del>0.61910.622</del>	X	
		<u>6</u>		

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 26, 2013~~  
Issued by: Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~May 1, 2013

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY AND EXHIBITS OF**

**JAYANA S. SHAH**

**DIRECTOR - 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 CONSERVATION INCENTIVE  
PROGRAM (CIP) FACTORS FOR F/Y 2014  
BPU DOCKET NO. GR1305\_\_\_\_\_**

**Direct Testimony of Jayana S. Shah**

**I. Background and Purpose**

1  
2 **Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS.**

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

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

8 **A.** I received a Bachelor of Science degree in Biology with a Chemistry Minor from the  
9 University of Houston in 1999. Upon graduation I was employed by Engage Energy in  
10 Houston, Texas as a gas settlements specialist and within a year moved into a risk analyst  
11 position. My responsibilities as a risk analyst at Engage Energy included reviewing all  
12 transactions and reporting profit and loss. When Engage Energy subsequently merged  
13 with El Paso Merchant Energy (“El Paso”), I was employed by El Paso as a risk analyst  
14 with additional responsibilities, including confirming financial transactions with brokers  
15 and validating trader’s marks with third party sources. My position at El Paso also  
16 provided me with the opportunity to learn about other commodities, including natural gas  
17 liquids, crude oil, emission credits, weather derivatives, and currency. I moved to New  
18 Jersey in 2003 and was employed by Morgan Stanley in New York for two years as an  
19 associate controller responsible for financial reporting for their capital structure arbitrage  
20 book and securitized products book.

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

1 I was promoted to the position of Manager, Gas Supply for NJNG in May 2009  
2 and to Director, Gas Supply in January 2012. In that capacity I oversee the NJNG Energy  
3 Services staff for daily, monthly, and seasonal optimization of NJNG's supply portfolio  
4 in order to provide the lowest overall cost for the Company's Basic Gas Supply Service  
5 ("BGSS") customers. I also oversee the Company's BGSS hedging and incentive  
6 programs that provide price stability and cost savings for BGSS customers.

7 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS?**

8 **A.** Yes. I have testified on behalf of NJNG in numerous BGSS proceedings before the New  
9 Jersey Board of Public Utilities (the "BPU" or "Board").

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

11 **A.** Consistent with the Board Order dated January 17, 2002 in Docket No. GX01050304  
12 ("Generic BGSS Order"), the purpose of my testimony is to:

- 13 • discuss current conditions in natural gas markets that may affect the Company's  
14 BGSS pricing and BGSS incentive programs; and
- 15 • describe and detail how the Company actively manages and optimizes its gas supply  
16 and capacity portfolio on a daily, monthly and seasonal basis throughout the year to  
17 provide reliable service to customers at a reasonable cost, including steps it has taken  
18 to hedge its projected BGSS winter period sales requirements; and
- 19 • provide the basis for and a narrative explanation of the significant drivers of the  
20 BGSS rate which the Company is proposing through this proceeding to be approved  
21 and effective October 1, 2013. I am also sponsoring a number of exhibits that  
22 provide the requisite detail and support for the projected gas costs and forecasted  
23 sales in this case consistent with the annual Minimum Filing Requirements ("MFRs")  
24 that were established in the Generic BGSS Order.

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

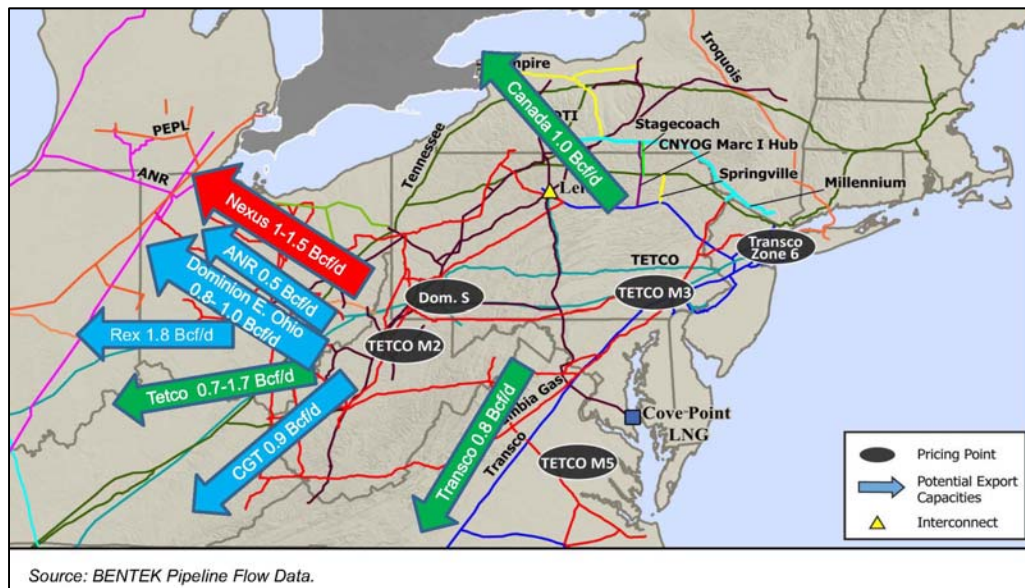
26 **A.** The balance of my testimony is organized as follows:  
27 Section II: Current Market Conditions and Impact to BGSS  
28 Section III: Optimization Strategy  
29 Section IV: Periodic BGSS Pricing for October 1, 2013  
30 Section V: MFR Supporting Data and Information

## Section VI: Conclusion

## II. Current Market Conditions and Impact to BGSS

### Q. PLEASE DESCRIBE ANY CHANGES IMPACTING AVAILABLE NATURAL GAS SUPPLIES.

A. Over the last several years, natural gas production from unconventional sources, such as shale, has fundamentally changed the gas supply and transportation infrastructure in the United States and will continue to do so. United States dry natural gas production grew by 11.3 Bcf/day, or 15%, between 2009 and 2012.<sup>1</sup> Marcellus Shale production as of May 2, 2013 was 8.3 Bcf/day<sup>2</sup>. Eight regional pipeline expansions with nearly 2 Bcf/day of capacity came online in late 2012, setting the stage for continued growth in 2013. Marcellus Shale production has begun to displace traditional gas supplies from Canada, Mid-Continent, and Gulf of Mexico and expansion projects have been announced by interstate pipelines to deliver the increasing Northeast production to these regions. Twenty-one pipeline projects are planned in the northern region in 2013 and 2014 that would provide 9 Bcf/day of new pipeline capacity.



<sup>1</sup> Bentek U.S Natural Gas Production 2013-2014 Outlook: Believe the Shale Boom.

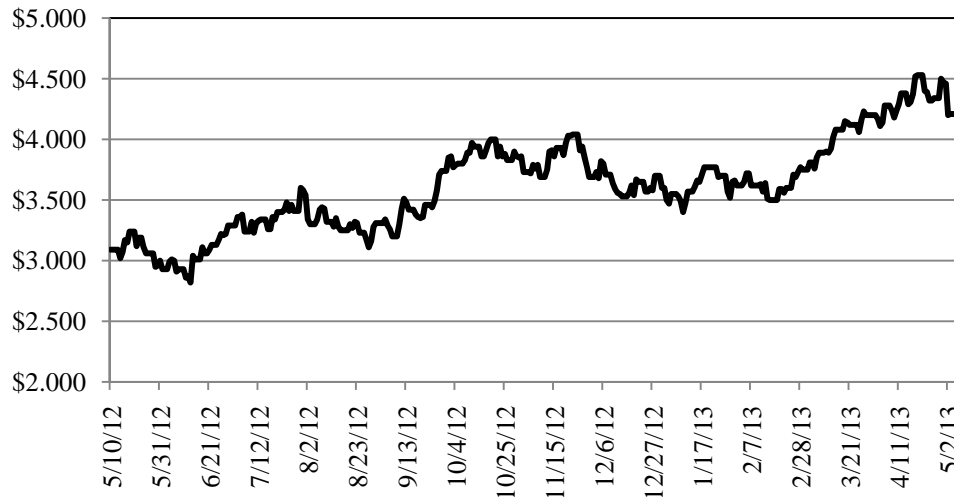
<sup>2</sup> Bentek Weekly Northeast Observer published May 2, 2013



1 **Q. HOW HAVE THE SUPPLY CHANGES AFFECTED NJNG'S BGSS PRICING**  
 2 **AND MARKET PRICES.**

3 **A.** The 12 month natural gas New York Mercantile Exchange (“NYMEX”) strip price (the  
 4 average of the monthly futures prices for a 12 month period) for the period ending May 8,  
 5 2013 demonstrates the volatile nature of the current natural gas market. As shown in the  
 6 chart below, since NJNG’s BGSS filing last year, the NYMEX strip has averaged  
 7 approximately \$3.62 per dekatherm (“dth”) with a high of \$4.53 per dth on April 19,  
 8 2013 and a low of \$2.82 on June 13, 2012, including daily settlement price swings as  
 9 high as 22 cents per dth. The 12 month NYMEX strip settled at \$4.173 per dth on May 8,  
 10 2013, which is the date requested by BPU Staff to be used for the underlying gas cost  
 11 assumption where applicable for this year’s BGSS filing.  
 12

**NYMEX 12 Month Strip**



13  
 14 Natural gas prices at Henry Hub in 2012 were down about 4 percent over 2011.  
 15 The most recent NYMEX Henry Hub forward curve shows prices below \$4.50 per dth  
 16 through December 2014. The BGSS customers have benefited from these generally  
 17 lower gas prices with BGSS price declines in the last five BGSS periods.

1 **Q. HOW ARE MARCELLUS SHALE SUPPLIES AND MARKET AREA ASSETS**  
2 **BENEFITING THE BGSS CUSTOMERS?**

3 **A.** The Marcellus Shale is a natural gas supply formation extending from Ohio and West  
4 Virginia northeast into Pennsylvania and southern New York. The Marcellus Shale  
5 production has provided significant supplies this past BGSS period and is expected to  
6 continue as a major supply source for the coming BGSS period as well. Marcellus Shale  
7 production provides supply diversity and price competition by providing market area  
8 alternatives to the traditional Gulf Coast supplies and provides supply reliability requiring  
9 delivery via short-haul pipeline transportation capacity.

10 The Company's transport and storage assets are positioned to flow supply from  
11 Marcellus Shale. The Texas Eastern Transmission ("TETCO") M2 zone runs through the  
12 Marcellus Shale and the Company has been able to buy production gas at the meter  
13 points on TETCO assets. The Tennessee Gas Pipeline ("TENN") transportation assets in  
14 the Company's portfolio also allow the receipt of Marcellus Shale production along the  
15 TENN Zone 4 300 line. Columbia Gas Transmission ("COLUM"), Transcontinental Gas  
16 Pipeline ("TRANSCO"), and Algonquin Gas Transmission ("AGT") have also been  
17 receiving gas from Marcellus Shale. The majority of the market area assets of the  
18 Company are positioned to take advantage of the natural gas produced in the Marcellus  
19 Shale.

20 **Q. HAS THE COMPANY MADE ANY CHANGES TO PIPELINE CONTRACTS**  
21 **DURING THE PAST 12 MONTHS.**

22 **A.** Yes. NJNG has long held a "Portfolio Approach" to maintaining capacity, constantly  
23 seeking to hold the most reliable and cost efficient supply mix possible. Therefore, the  
24 Company is continually seeking opportunities and alternatives for reshaping the supply  
25 portfolio to achieve the best fit for the changing market and changing customer  
26 requirements for the maximum customer benefit. Based on historic utilization, peak day  
27 requirements, the need to maintain reliable city gate supply and the goal of providing  
28 stable prices for customers, NJNG extended various transportation and storage capacity

1 contracts for one-year terms and terminated some transportation capacity contracts and a  
2 storage capacity contract. These contract changes are listed in Exhibit JSS-5.

3 **Q. HAS THE COMPANY ENTERED INTO ANY PRECEDENT AGREEMENTS**  
4 **FOR PIPELINE EXPANSION PROJECTS?**

5 **A.** Yes. Columbia Gas Transmission held a non-binding open season for its East Side  
6 Expansion Project capacity of up to 500,000 dths/day from Millennium Pipeline and  
7 Tennessee Gas Pipeline to various market area delivery points including NJNG's Mount  
8 Olive delivery meter. The open season was held from February 21, 2012 to March 13,  
9 2012 and NJNG submitted a non-binding request. In September 2012, NJNG signed a  
10 precedent agreement with Columbia Gas Transmission for 40,000 dths/day of East Side  
11 Expansion project capacity expected to be in-service by September 2015. The new  
12 receipts from TENN and Millennium provide access to lower cost supply from Marcellus  
13 Shale. This precedent agreement will provide options when other contracts in the  
14 portfolio are due for expiration/extension to reshape the NJNG portfolio to provide  
15 reliable city gate supply in the most cost effective manner. The additional capacity will  
16 provide support for the oil to gas conversions in the Northern Division. The number of  
17 potential oil conversion customers within NJNG service territory is over 72,000 and  
18 approximately 50 percent of these are located in NJNG's Morris County service territory.  
19 Additionally, the peak day study shows a need for long-term supply to maintain a 3-5%  
20 reserve for NJNG's Northern Division.

21  
22 **III. Optimization Strategy**

23 **Q. HOW IS NJNG'S GAS SUPPLY TEAM ORGANIZED AND POSITIONED TO**  
24 **OPTIMIZE THE COMPANY'S GAS SUPPLY AND CAPACITY PORTFOLIO**  
25 **TO BEST SERVE BGSS CUSTOMERS' NEEDS?**

26 **A.** NJNG has put together an experienced gas supply team, including members of Gas  
27 Supply (Energy Services) and Gas Control (Energy Delivery). This group holds regular  
28 monthly supply operations setup meetings and regular daily morning planning and  
29 afternoon recap meetings to discuss the operational strategies that will best serve

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

9 **Q. PLEASE DESCRIBE THE APPROACH THE COMPANY HAS TAKEN IN THE**  
10 **PAST YEAR TO IMPLEMENT ITS OPTIMIZATION STRATEGY.**

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

17 To that end, NJNG's Gas Supply team meets on a daily basis to identify the  
18 Company's actual gas needs at the city gate and to determine whether there is any  
19 capacity that will not be necessary to meet customer requirements on that gas day. The  
20 Gas Supply team then finds either off-system sales or capacity release opportunities to  
21 generate value from such available capacity. On a monthly basis, the Gas Supply team  
22 meets and discusses the system's average, maximum, and minimum load requirements  
23 based on historical usage and weather patterns. Following the monthly meeting, the  
24 NJNG trading team secures supply for the city gate and works to optimize the value,  
25 through off-system sales or capacity releases, of capacity that will not be needed to meet  
26 the Company's city gate requirements projected for that month. Similarly, on a seasonal  
27 basis, the Gas Supply team meets with Gas Control and Engineering to discuss seasonal  
28 system requirements. Therefore, in each set up scenario – whether daily, monthly or  
29 seasonal – the Gas Supply team's goal is to optimize the use and value of the Company's

1 gas supply, transportation and storage assets to secure savings for the Company's BGSS  
2 customers, while also maintaining city gate reliability.

3 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW TO HELP**  
4 **MAINTAIN PRICE STABILITY FOR THE UPCOMING 2013-2014 WINTER**  
5 **HEATING SEASON?**

6 **A.** In the normal course of the gas procurement function, NJNG's Gas Supply team has  
7 hedged approximately 62 percent of the projected winter period send-out of  
8 approximately 32.2 Bcf with 20 Bcf of fixed price positions as part of the Storage  
9 Incentive ("SI") program for the upcoming summer's injections. Another 7.4 percent of  
10 the normal weather winter heating season requirements will be hedged by the end of the  
11 2013 summer through the use of the fixed priced storage inventory that is not part of the  
12 SI program.

13  
14 **IV. Periodic BGSS Pricing for October 2013**

15 **Q. WHAT PERIODIC BGSS PRICING CHANGE DOES THE COMPANY**  
16 **PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1, 2013?**

17 **A.** Through this filing, NJNG is proposing to maintain its June 1, 2013 pre-tax Periodic  
18 BGSS recovery price of \$5.66 per dth.

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

21 **A.** The Company is utilizing a Weighted Average Cost of Gas ("WACOG") accounting  
22 methodology for allocating gas costs to the BGSS on a monthly basis. The weighted  
23 average of all available supplies, including all storage inventory balances, purchase and  
24 associated hedging costs, and demand and pipeline delivery charges less direct  
25 allocations are applied to the BGSS cost schedule based upon the Periodic BGSS sales  
26 volumes on a monthly basis. All costs not allocated each month are carried forward as an  
27 inventory balance.

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

1 A. Over the years, through the efforts of Board Staff, Rate Counsel and the NJNG, BGSS  
2 incentive programs have been established that have mitigated both the impacts of  
3 commodity prices and the volatility in the natural gas market for natural gas customers.  
4 The BGSS forecast in this filing includes the NJNG BGSS incentives in Exhibits A and B  
5 projected through the 2014 BGSS period based on the current Board-approved sharing  
6 formulas. The Company's current BGSS incentive programs include the Off-System  
7 Sales ("OSS") and Capacity Release ("CR") programs, the Financial Risk Management  
8 ("FRM") program, and the SI program.

9 The margins generated from Interruptible Sales, Interruptible Transport, Ocean  
10 Peaking Power transport, and the Sayreville and Forked River electric generation sales  
11 are included as 100 percent credits to the BGSS customers.

12 **Q. HAS THE COMPANY ENTERED INTO ANY NEW TRANSACTIONS UNDER**  
13 **THE BGSS INCENTIVE PROGRAMS?**

14 A. Yes. NJNG restructured the ANR winter only (November through March) transport  
15 contract (112494) so that the associated TETCO LLFT transport contract was not  
16 required this past winter. The termination of the TETCO LLFT transport contract results  
17 in demand cost savings of approximately \$0.66 million for November 2012 through  
18 March 2013.

19 In addition to the restructuring this past winter, NJNG did not extend the ANR  
20 FSS storage contract (112493) and the corresponding winter only ANR transport contract  
21 (112494), both of which expired March 31, 2013 and result in demand and transportation  
22 cost savings. The storage contract had a maximum storage quantity of 2,977,725 dth and,  
23 as a result, annual demand costs were reduced by approximately \$2.6 million. The  
24 transport contract had a maximum daily quantity of 39,604 dth and results in annual  
25 demand cost savings of approximately \$1.2 million.

26 NJNG also entered into two transactions with a producer in the Marcellus Region.  
27 The first is a three-year capacity management transaction where NJNG receives a  
28 reservation charge for the release of TETCO transportation capacity to the producer. The  
29 second is a three-year supply management transaction for TETCO M2 production

1 beginning November 1, 2012 where NJNG receives a reservation charge for the  
2 commitment to purchase and transport supply from the producer. The annual demand  
3 cost savings for the first and second transactions are approximately \$4.1 million and \$5.5  
4 million, respectively.

5 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET VOLATILITY IN**  
6 **RELATION TO THE CURRENT BGSS PRICING?**

7 A. If approved by the Board, the requested pre-tax Periodic BGSS rate of \$5.66 per dth  
8 continuing through the 2014 BGSS year would result in a BGSS under-recovery of  
9 approximately \$1.8 million per Exhibit B, Schedule 1 at current market conditions.  
10 However, a \$1 per dth drop in the NYMEX futures prices would cause an approximate  
11 \$22.3 million change to the September 30, 2014 balance, resulting in an over-recovered  
12 position of approximately \$20.5 million. Conversely, a \$22.3 million change to the  
13 September 30, 2014 balance from a \$1 per dth rise in the NYMEX futures prices would  
14 result in an under-recovered position of approximately \$24.1 million.

15 The Generic BGSS pricing mechanism permits the Company to: (a) self-  
16 implement two additional rate increases of up to 5 percent each, effective December 1  
17 and February 1 each year if necessary after 30 days prior notice to the BPU Staff and  
18 Rate Counsel; and (b) implement a decrease to its BGSS rate, a refund or bill credit at  
19 any time during the year upon five days notice to BPU Staff and Rate Counsel. This  
20 pricing flexibility provides a valuable safety net to mitigate potential rate shock to  
21 customers and helps ensure that the Company's gas cost under-recoveries do not become  
22 excessive during periods of market price increases. Hypothetically, if the Company were  
23 to elect to implement the 5 percent increase effective December 1, 2013, an additional  
24 \$19.5 million in BGSS recovery would be generated. If, instead, the Company were to  
25 elect to implement the 5 percent increase effective February 1, 2014, an additional \$11.2  
26 million in BGSS recovery would be generated in order to offset any under-recovery  
27 resulting from a rise in market pricing. If the Company were to elect to implement both 5  
28 percent increases effective December 1, 2013 and February 1, 2014, an additional \$31.3

1 million in BGSS recovery would be generated in order to offset any under-recovery  
2 resulting from a rise in market pricing.

3 As market conditions change, NJNG will continue to manage the hedged  
4 positions and storage dispatch to minimize BGSS costs. The Company will continue to  
5 consider the utilization of bill credits, refunds and the self-implementing BGSS price  
6 adjustments to manage the projected September 2014 over/under recovery balance.

7  
8 **V. MFR Supporting Data and Information**

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

11 **A.** Yes. I am sponsoring Exhibit Nos. JSS-1 through JSS-5 (and related workpapers) that  
12 provide MFR supporting data and information as required in the Generic BGSS Order.

13 **Q. DOES NJNG HAVE ANY ONGOING GAS SUPPLY TRANSACTIONS WITH AN**  
14 **AFFILIATE?**

15 **A.** Yes. In a September 3, 2010 letter to BPU Staff and Rate Counsel, NJNG provided  
16 notice that it had entered into a pre-arranged release of 159,790 dth per day of TETCO  
17 firm transportation capacity to NJRES. These agreements are effective November 1,  
18 2010 through October 31, 2014 and the release is included in Schedule 4f, Income  
19 Sharing Derived from Capacity Release, of Exhibits A and B, attached to this filing.

20 Pursuant to the CIP Orders, NJNG released various amounts of firm  
21 transportation capacity on the Iroquois, Tennessee, Dominion, TETCO, and TRANSCO  
22 systems to NJRES and can purchase commodity from them. In addition, the Company  
23 released Stagecoach Storage capacity to NJRES and the Company can buy the storage  
24 quantities at a ratable injection WACOG price. Details regarding these CIP-related  
25 releases are included in Exhibit C, Schedule 6 to this Petition. These releases are not  
26 included in Schedule 4f, Income Sharing Derived From Capacity Release, of Exhibits A  
27 and B; instead, the resulting demand charge reductions are included in the net demand  
28 charges in Schedule 2c of Exhibits A and B.

29



**VI. Conclusion**

1  
2 **Q. PLEASE SUMMARIZE YOUR BGSS TESTIMONY.**

3 **A.** NJNG's Gas Supply team was able to optimize the value of the Company's gas supply,  
4 transportation and storage portfolio, hedge its gas costs, and provide its BGSS customers  
5 with reliable natural gas supply services. The Company will continue gas cost  
6 management activities, including the successful optimization of storage injections, by  
7 hedging gas costs and by engaging in off-system sales and capacity release transactions  
8 during periods when that capacity is not required to serve core customers. NJNG  
9 constantly monitors changing market conditions and focuses on lowering costs to provide  
10 reliable supply in the most cost effective manner.

11 NJNG is requesting approval to maintain its June 1, 2013 pre-tax Periodic BGSS  
12 rate of \$5.66 per dth. The Company will continue to consider utilization of bill credits,  
13 refunds and the self-implementing price adjustments to manage the upcoming September  
14 2014 over/under recovery balance.

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

16 **A.** Yes.

# JSS Exhibits

Exhibit JSS-1:	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
Exhibit JSS-5	Summary of transportation and storage contract changes

NEW JERSEY NATURAL GAS COMPANY  
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1  
Page 1 of 3

	Algonquin	Columbia	Tennessee	Transco	Tetco	NJRES Storage	Dominion	Hedged	FEED	PSEGE	Demand	Injections	Withdrawals	LNG	Total
	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	\$000	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth
May-13	0	0	485	122	3,680	0	1,240	0	3	0	0	(3,174)	0	17	2,373
Jun-13	0	0	470	118	3,438	0	1,200	0	3	0	0	(3,104)	0	18	2,142
Jul-13	0	0	485	122	3,415	0	1,240	0	3	0	0	(3,124)	0	17	2,158
Aug-13	0	0	485	122	1,840	0	1,240	0	3	0	0	(1,664)	0	17	2,043
Sep-13	0	0	470	118	2,591	0	1,200	0	3	0	0	(2,624)	0	18	1,775
Oct-13	93	74	485	122	3,892	0	1,240	0	3	0	0	(3,123)	0	18	2,804
Nov-13	90	72	0	118	3,263	115	180	0	3	0	0	0	1,535	16	5,392
Dec-13	205	155	0	122	2,479	368	558	0	6	0	0	0	5,278	78	9,249
Jan-14	305	260	0	122	4,299	466	756	0	6	1	0	0	5,833	250	12,298
Feb-14	151	140	0	110	2,457	407	560	0	6	0	0	0	5,440	77	9,348
Mar-14	112	74	0	122	2,618	275	248	0	6	0	0	0	3,664	17	7,136
Apr-14	108	72	470	118	3,516	0	1,200	0	6	0	0	(1,432)	0	17	4,074
May-14	0	0	485	122	4,093	0	1,240	0	6	0	0	(3,556)	0	17	2,407
Jun-14	0	0	470	118	3,793	0	1,200	0	6	0	0	(3,442)	0	18	2,163
Jul-14	0	0	485	122	3,865	0	1,240	0	6	0	0	(3,556)	0	17	2,180
Aug-14	0	0	485	122	3,750	0	1,240	0	6	0	0	(3,556)	0	17	2,064
Sep-14	0	0	470	118	3,427	0	1,200	0	6	0	0	(3,442)	0	18	1,796

NEW JERSEY NATURAL GAS COMPANY  
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1  
Page 2 of 3

	Algonquin	Columbia	Tennessee	Transco	Telco	NURES	Dominion	Hedged	FEED	PSEGE	Demand	Injections	Withdrawals	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
May-13	0	0	1,971	532	16,529	0	5,105	(2,685)	11	0	6,841	(12,005)	0	168	16,467
Jun-13	0	0	1,825	492	14,875	0	4,729	(1,557)	11	0	6,898	(11,849)	0	178	15,603
Jul-13	0	0	1,912	516	14,944	0	4,941	(1,592)	11	0	6,841	(12,065)	0	168	15,676
Aug-13	0	0	1,925	519	8,187	0	4,947	(1,435)	11	0	6,841	(5,869)	0	168	15,294
Sep-13	0	0	1,864	502	11,431	0	4,754	(1,129)	11	0	6,898	(10,392)	0	178	14,117
Oct-13	413	327	1,937	521	17,019	0	4,936	(1,556)	11	0	6,844	(12,279)	0	177	18,350
Nov-13	408	323	0	516	14,458	547	776	0	11	0	7,236	0	6,002	157	30,435
Dec-13	976	729	0	555	11,590	1,749	2,514	0	27	0	7,193	0	20,637	766	46,737
Jan-14	1,482	1,247	0	566	20,468	2,216	3,473	0	27	5	7,193	0	22,807	2,456	61,941
Feb-14	731	668	0	509	11,641	1,933	2,559	0	26	0	7,322	0	21,270	756	47,416
Mar-14	532	350	0	555	12,124	1,306	1,115	0	27	0	7,193	0	14,326	167	37,694
Apr-14	483	319	1,886	509	15,388	0	4,876	0	27	0	7,583	(6,097)	0	167	25,140
May-14	0	0	1,948	525	18,054	0	5,008	0	27	0	7,541	(15,230)	0	167	18,040
Jun-14	0	0	1,900	512	16,900	0	4,851	0	27	0	7,583	(14,817)	0	177	17,133
Jul-14	0	0	1,979	533	17,349	0	5,029	0	27	0	7,541	(15,402)	0	167	17,223
Aug-14	0	0	1,990	536	16,909	0	5,030	0	27	0	7,541	(15,453)	0	167	16,746
Sep-14	0	0	1,925	519	15,441	0	4,825	0	27	0	7,583	(14,921)	0	177	15,575

NEW JERSEY NATURAL GAS COMPANY  
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1  
Page 3 of 3

	Algonquin	Columbia	Tennessee	Transco	Telco	NURES Storage	Dominion	Hedged	FEED	PSEG	Demand	Injections	Withdrawals	LNG	Total
	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth
May-13			4.0620	4.3674	4.4915		4.1170		4.2748					9.8806	6.9395
Jun-13			3.8864	4.1748	4.3265		3.9405		4.2748			3.7824		9.8806	7.2830
Jul-13			3.9389	4.2311	4.3755		3.9850		4.2748			3.8174		9.8806	7.2633
Aug-13			3.9661	4.2589	4.4494		3.9895		4.2748			3.8619		9.8806	7.4866
Sep-13			3.9682	4.2558	4.4125		3.9615		4.2748			3.5268		9.8806	7.9544
Oct-13	4.4417	4.3820	3.9904	4.2734	4.3723		3.9810		4.2748			3.9312		9.8241	6.5435
Nov-13	4.5313	4.4867		4.3782	4.4305		4.3118		4.2748				3.9100	9.8241	5.6445
Dec-13	4.7686	4.7015		4.5579	4.6750		4.5060		4.4531				3.9100	9.8241	5.0533
Jan-14	4.8592	4.7968		4.6447	4.7614		4.5921		4.4531	4.7893			3.9100	9.8241	5.0365
Feb-14	4.8333	4.7710		4.6199	4.7377		4.5694		4.4611				3.9100	9.8241	5.0723
Mar-14	4.7653	4.6983		4.5548	4.6305		4.4949		4.4531				3.9100	9.8241	5.2823
Apr-14	4.4683	4.4287	4.0156	4.3121	4.3769		4.0635		4.4557			4.2579		9.8241	6.1703
May-14			4.0136	4.3101	4.4109		4.0390		4.4531			4.2830		9.8241	7.4939
Jun-14			4.0448	4.3421	4.4554		4.0425		4.4557			4.3048		9.8241	7.9217
Jul-14			4.0781	4.3762	4.4882		4.0555		4.4531			4.3312		9.8241	7.9018
Aug-14			4.0993	4.3979	4.5091		4.0565		4.4531			4.3455		9.8241	8.1128
Sep-14			4.0983	4.3968	4.5064		4.0205		4.4557			4.3350		9.8241	8.6714

**New Jersey Natural Gas Company  
Historical Service Interruptions  
for BGSS Year 2013  
(MFR#10)**

<b>Tariff Condition</b>	<b>Period</b>	<b>Applicable Service Classes</b>	<b># of cust</b>	<b>Reason(s)</b>
<b>Interruption</b>	1/22/13 - 1/25/13	Interruptible Transportation	40	Operational
<b>Daily Balancing<sup>1</sup></b>	1/26/13 - 1/27/13	Interruptible Transportation	40	Operational & Economic

<sup>1</sup> 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

Month	Day	CENTRAL DIVISION										TOTAL SENDOUT	Interruptible	Electric Generation	FIRM SENDOUT	NOAA DEGREE DAYS
		NORTHERN DIVISION					CENTRAL DIVISION									
		Texas Eastern	Algonquin	Tennessee	Columbia	NORTH	Texas Eastern	Transco	NJ	NG	LANG					
Jan'13	22	38,819	8,615	34,806	9,012	91,252	363,061	37,271	80,933	481,265	572,517	100	15,709	556,708	48	
Jan'13	23	40,194	9,759	34,862	8,984	93,799	359,516	37,299	79,605	476,420	570,219	269	0	569,950	48	
Jan'13	24	36,337	11,728	35,009	9,901	92,975	404,614	36,534	29,096	470,244	563,219	587	0	562,632	46	
Jan'13	25	33,048	10,930	34,925	8,130	87,033	378,682	42,524	21,779	442,985	530,018	724	0	529,294	46	
Jan'13	26	36,148	8,525	31,726	7,637	84,036	392,543	36,952	1,452	430,947	514,983	10,382	0	504,601	43	
Jan'12	3	35,779	12,073	34,964	1,996	84,812	387,186	33,459	51,692	472,337	557,148	8,575	35,632	512,941	44	
Jan'12	15	44,381	6,424	29,981	4,236	85,022	377,028	37,865	20,302	435,195	520,216	8,792	31	511,393	45	
Feb'12	12	32,825	7,041	28,847	2,554	71,267	351,643	26,529	521	378,693	449,960	11,604	0	438,356	36	
Jan'12	13	35,651	5,075	25,057	2,242	68,025	352,568	25,973	2,866	381,407	449,431	8,745	35,212	405,474	33	
Jan'12	21	45,377	4,726	23,377	2,557	76,037	350,597	20,776	1,435	372,808	448,845	10,867	0	437,978	39	
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	

**FISCAL YEAR 2013  
STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES**

**DTI/  
CNG**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/25/12	CP13-9-000	February 27, 2013 Order Granting Abandonment Authority	Plain Vanilla Intervention	Application to Abandon Gas Transportation with NSTAR of Dominion Transmission, Inc.
10/31/12	RP12-229-000	Accepted November 27, 2012 Order	Plain Vanilla Intervention	Negotiated Rate Agreements Filing w/Noble, CNX, Hess, HG & NIMO
11/01/12	CP13-13-000	Pending	Plain Vanilla Intervention	Natrium to Market Project (185,000 dts/day)
12/20/12	RP13-407-000	Accepted January 14, 2013 Order	Plain Vanilla Intervention	Negotiated Rate Agreements (CNX & Noble) & Non- Conforming SA (BP Energy) – contract quantity reduction
12/31/12	RP13-431-000	February 27, 2013 Order Accepting Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Reservation Charge Crediting Filing
01/29/13	CP13-61-000	Pending	Plain Vanilla Intervention	Request Under Blanket Authorization to abandon two wells at Oakford which storage field DTI shares with Tetco
02/11/13	CP13-77-000	Pending	Plain Vanilla Intervention	Abbreviated Application for DTI to lease storage capacity from Dominion East Ohio – Phase II Lease for 2 Bcf – tied to CP10-107



**TRANSCO**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
12/19/12	CP13-30-000	Pending	Plain Vanilla Intervention	Virginia Southside Expansion Project for 270,000 dts/day to Virginia Power Services Energy Corp. & Piedmont – cost \$275mm – in service date Sep 1, 2015
01/07/13	CP13-36-000	Pending	Plain Vanilla Intervention	Rockaway Delivery Lateral Project in NY to deliver into Nat Grid 647,000 dts/day – cost \$182.8mm
02/27/13	RP13-592-000	Accepted March 22, 2013 Order	Plain Vanilla Intervention	Eminence Negotiated Rate Filings
03/01/13	RP13-618-000	Accepted March 21, 2013 Order	Plain Vanilla Intervention	Annual Electric Power Tracker Filing
03/01/13	RP13-632-000	Accepted March 25, 2013 Order	Plain Vanilla Intervention	Annual Fuel Filing
03/27/13	RP13-723-000	Accepted April 23, 2013 Order	Plain Vanilla Intervention	SS-2 Fuel Tracking Filing
04/09/13	CP13-131-000	Pending	Plain Vanilla Intervention	Application to abandon facilities in offshore Louisiana known as SMI 49 Laterals (South Marsh Island)
04/09/13	CP13-132-000	Pending	Plain Vanilla Intervention	Application for Northeast Connector Project in NY, an expansion of existing system, for additional 100,000 dts from Station 195 to lower NY Lateral
04/12/13	RP13-792-000	Pending	Plain Vanilla Intervention	Revisions to Sec 38 of GTC to revise calculation of carrying charges under fuel retention adjustment provision (based on FERC Division of Audits)
04/24/13	RP13-814-000	Pending	Plain Vanilla Intervention	Annual SS-2 Storage Balance Adjustment Filing
04/30/13	CP13-333-000	Pending	Plain Vanilla Intervention	Application to partially abandon service to Piedmont under Rate Schedule FT

**COLUMBIA GAS**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/01/12	RP13-117-000	November 16, 2012 Order - Accepted December 28, 2012 Order	Plain Vanilla Intervention	NAESB Order 587-V 2.0 Compliance Filing
10/22/12	RP13-174-000	October 31, 2012 Order Approving Request for Waiver of Tariff Provision	Plain Vanilla Intervention	Filing for Request for Extension of Time to File Semi-Annual OTRA Filing
10/22/12	CP13-8-000 & PF12-6-000	Pending	Plain Vanilla Intervention	CP Application for Line MB Extension Project (\$132mm) – Modernization Program
11/01/12	RP13-244-000	Accepted November 29, 2012 Order	Plain Vanilla Intervention	Filing to revise Pro Forma Service Agreements
11/30/12	RP13-334-000	Accepted December 27, 2012 Order	Plain Vanilla Intervention	OTRA Adjustment Filing
12/19/12	CP13-32-000	Pending	Plain Vanilla Intervention	Notice of Request to relocate Adaline Compressor Station to Seneca Compressor Station (part of Modernization Program)
12/28/12	RP13-420-000	Accepted January 30, 2013 Order	Plain Vanilla Intervention	Annual Environmental Rate Adjustment Filing (RP95-408)
12/28/12	RP13-421-000	Pending	Plain Vanilla Intervention	Penalty Revenue Crediting Report for 2011-2012
02/15/13	RP13-571-000	Accepted April 1, 2013 Order	Plain Vanilla Intervention	Non-Conforming Agreements Filing
02/26/13	RP13-584-000	Accepted March 26, 2013 Order	Plain Vanilla Intervention	Modernization Settlement Implementation Filing
02/28/13	RP13-606-000	Pending	Plain Vanilla Intervention	LNG Settlement Filing
03/01/13	RP13-617-000	Accepted March 14, 2013 Order	Plain Vanilla Intervention	Firm to IPP Pooling Modifications Filing
03/01/13	RP13-633-000	Pending	Plain Vanilla Intervention	Operational Transactions Report Filing
03/01/13	RP13-646-000	Accepted & Suspended Subject to Refund March 28, 2013 Order -	Plain Vanilla Intervention	Annual Fuel Filing (RAM)
03/01/13	RP13-651-000	Accepted March 21, 2013 Order	Plain Vanilla Intervention	Annual EPCA Filing
03/01/13	RP13-656-000	Accepted March 21, 2013 Order	Plain Vanilla Intervention	Annual TCRA Filing
03/15/13	RP13-684-000	Accepted April 12, 2013 Order	Plain Vanilla Interventions	Non-Conforming Agreement Remediation Filing (NTS Pivotal Utility Holding)
03/15/13	CP13-104-000	Pending	Plain Vanilla Intervention	Request Under Blanket Certificate – replace 6.5 miles bare steel pipe (\$15.4mm)
03/25/13	CP13-110-000	Pending	Plain Vanilla Intervention	Request Under Blanket

				Authorization to increase the storage capacity at Lanham, Terra Alta, Terra Alta South & Coco C Storage Fields in WV.
04/01/13	RP13-767-000	Accepted April 30, 2013 Order	Plain Vanilla Intervention	Semi-Annual OTRA Filing
04/10/13	RP13-584-000	Pending	Plain Vanilla Intervention	Modernization Settlement Refund Report (RP12-1021)
04/24/13	CP13-254-000	Pending	Plain Vanilla Intervention	Request Under Blanket Authorization – replace 6.07 miles of bare steel – (\$20.2mm)
05/01/13	RP13-883-000	Pending	Plain Vanilla Intervention	Filing to clarify minimum charge for overruns
05/13/13	RP13-912-000	Pending	Plain Vanilla Intervention	Non-Conforming NTS Agreement with VPSE in order to provide “Black Start Service” required by PJM

**COLUMBIA GULF**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
11/01/12	RP13-248-000	Accepted November 29, 2012 Order	Plain Vanilla Intervention	Filing to revise Pro Forma Service Agreements
02/15/13	RP13-570-000	Accepted March 12, 2013 Order	Plain Vanilla Intervention	Non-Conforming Agreements Remediation Filing
03/01/13	RP13-665-000	Accepted & Suspended Subject to Refund March 28, 2013 Order -	Plain Vanilla Intervention	Annual Fuel Filing (TRA)
03/01/13	RP13-672-000	Accepted March 28, 2013 Order	Plain Vanilla Intervention	Name Change Filing from CGT Company to CGT LLC
03/15/13	RP13-683-000	Accepted April 17, 2013 Order	Plain Vanilla Intervention	Non-Conforming Agreement Remediation Filing (ITS-2 ATP)

**TENNESSEE**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/01/12	RP13-60-000	Accepted November 29, 2012 Order - Compliance Accepted January 17, 2013 Order	Plain Vanilla Intervention	NAESB Order 587-V 2.0 Compliance Filing
10/05/12	RP13-145-000	Accepted October 25, 2012 Order	Plain Vanilla Intervention	Bring up-to-date Compliance Rate Case Settlement (RP11- 1566) Reservation Charge Credits
10/10/12	CP13-3-000	Pending	Plain Vanilla Intervention	Application for Rose Lake Expansion Project in Northeastern Pennsylvania (230,000 dts/day market piece)
11/16/12	RP13-295-000	Accepted December 12, 2012 Order	Plain Vanilla Intervention	Filing to update outdated/unnecessary forms & streamline process for in-place storage transfers
11/30/12	RP13-344-000	Pending	Plain Vanilla Intervention	Annual Cashout Filing
12/11/12	RP13-380-000	January 7, 2013 Notice of Withdrawal	Plain Vanilla Intervention	EL Paso Marketing & Kinder Morgan Tejas requesting limited waiver of cap rel regs of Tennessee Gas Pipeline
01/08/13	CP13-37-000	Pending	Plain Vanilla Intervention	Abbreviated Application with SONAT to Amend Exchange Agreement
01/18/13	RP13-464-000	May 16, 2013 Order Accepting Tariff Language Subject to Conditions -	Joint Intervention & Protest of Northeast Customer Group on behalf of NJNG & NJRES plus Plain Vanilla Intervention for NJNG	Proposed Rich Gas Transportation Service Under Existing FT-A & IT Rate Schedules
02/07/13	RP13-545-000	March 28, 2013 Order on Interactive Customer Activities System Proposal -	Plain Vanilla Intervention	Filing for conversion of PassKey System to DART (EBB) – Proforma EP2DART
02/12/13	RP13-574-000	March 21, 2013 Order - Accepted April 18, 2013 Order	Plain Vanilla Intervention	Multiple Agency Agreements Filing
02/28/13	RP13-609-000	Accepted March 21, 2013 Order	Plain Vanilla Intervention	Annual Fuel & Electric Power Filing

**ANR PIPELINE**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/31/12	RP13-228-000	Accepted December 6, 2012 Order	Plain Vanilla Intervention	Filing of Agreement with Non-Conforming Provisions with Centra Gas Manitoba
01/18/13	CP13-54-000	Pending	Plain Vanilla Intervention	Application to abandon 11,000 HP Jena Compressor and associated mainline capacity (save on maintenance costs)
02/01/13	RP13-536-000	Accepted February 14, 2013 Order	Plain Vanilla Intervention	PXP Offshore Negotiated Rate & Lease Dedication Agreement
02/27/13	RP13-591-000	Accepted March 21, 2013 Order	Plain Vanilla Intervention	Annual Fuel & EPC Filing
02/28/13	RP13-614-000	Accepted March 28, 2013 Order	Plain Vanilla Intervention	Marshfield Reduction Phase IV Non-Conforming Service Agreements

**TEXAS EASTERN**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/01/12	RP13-20-000	Accepted October 25, 2012 Order	Plain Vanilla Intervention	TEAM 2012 Negotiated Rates Filing
10/09/12	RP13-146-000 (this is not a Tetco filing – it is under Philadelphia Energy Solutions & Sunoco)	Accepted November 5, 2012 Order	Plain Vanilla Intervention	Philadelphia Energy Solutions & Sunoco Joint Petition for Temporary Waiver of Capacity Release Regulations – for permanent release of Tetco capacity Sunoco to Philadelphia Energy Solutions
10/19/12	RP13-171-000	Accepted November 16, 2012 Order	Plain Vanilla Intervention	Annual PCB Filing
10/30/12	RP13-190-000	Accepted November 27, 2012 Order	Plain Vanilla Intervention	NJNG TIME II negotiated rate release to EQT Energy (30,000 dts/day)
10/31/12	RP13-237-000	Nov 29, 2012 Order Accepting & Suspending, to be eff Dec 1, 2012, Subject to Refund & Outcome of Technical Conference -	Plain Vanilla Intervention	Annual ASA (Fuel) Filing
11/15/12	RP13-279-000	Accepted December 11, 2012 Order	Plain Vanilla Intervention	Contracting Processes & ROFR Filing
11/29/12	RP13-324-000	Accepted December 18, 2012 Order	Plain Vanilla Intervention	DTI Non-Conforming Agreement

12/27/12	RP13-415-000	Accepted January 17, 2013 Order	Plain Vanilla Intervention	Semi-Annual EPC Filing
01/22/13	RP13-467-000	Accepted February 7, 2013 Order	Plain Vanilla Intervention	Filing to modify Exhibit B to the pro-forma SA for SS-1 to conform the number of levels of withdrawal quantities on that exhibit to the number of levels described in Section 6.3 of Rate Schedule SS-1.
01/31/13	RP13-514-000	Accepted March 1, 2013 Order	Plain Vanilla Intervention	Filing showing NAESB has granted copyright waiver for NAESB Standards to be referenced in Tetco Tariff
02/12/13	RP13-557, 558, 559, 560, & 561 -000	RP13-557 Accepted March 18, 2013 Order - RP13-558 Accepted April 30, 2013 Order - RP13-559 Accepted May 3, 2013 Order -	Plain Vanilla Intervention	5 Duke Energy Carolinas Negotiated Rate Filings – Apr to Oct 2013 thru Apr to Oct 2017
02/27/13	CP13-84-000	Pending	Plain Vanilla Intervention	TEAM 2014 Project to increase system by 600,000 dts/day from Marcellus to NY, NJ, Ohio and Mississippi w/incremental rates - cost \$520mm
03/01/13	RP13-623-000	Accepted March 20, 2013 Order	Plain Vanilla Intervention	Northeast Energy Contract Conversion FTS-5 to FT-1
03/29/13	RP13-755-000	Accepted April 25, 2013 Order	Plain Vanilla Intervention	Contracting Processes Filing (includes ROFR)
04/01/13	RP13-774-000	Accepted April 18, 2013 Order	Plain Vanilla Intervention	Filing of two NJRES FT-1 negotiated rate agreements for releases from Chesapeake Utilities Corp. (Apr-Oct 2013)
05/01/13	RP13-867-000	Pending	Plain Vanilla Intervention	Filing to modify Forms of Service Agreements (Pro-Forma)
05/13/13	RP13-911-000	Pending	Plain Vanilla Intervention	NAESB Copyright Language Filing

ALGONQUIN

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
10/05/12	RP13-138-000	Accepted October 25, 2012 Order	Plain Vanilla Intervention	Ramapo Receipt Point Changes Filing for Nat Grid & Con Ed
10/31/12	RP13-238-000	November 28, 2012 Order Accepting & Suspending, Subject to Refund, Tariff Record Subject to Conditions & Establishing Technical Conference -	Plain Vanilla Intervention	Annual Fuel Filing
11/15/12	RP13-280-000	Accepted December 11, 2012 Order	Plain Vanilla Intervention	Contracting Processes & ROFR Filing
01/24/13	RP13-473-000	Accepted February 27, 2013 Order	Plain Vanilla Intervention	Revisions to Rate Schedules AFT-1, etc. to address scheduling priority from conversion of sales and storage services
01/31/13	RP13-502-000	Accepted March 1, 2013 Order	Plain Vanilla Intervention	Filing showing NAESB has granted copyright waiver for NAESB Standards to be referenced in AGT Tariff
03/29/13	RP13-751-000	April 30, 2013 Order Accepting Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Contracting Processes Filing (includes ROFR)
05/01/13	RP13-862-000	Pending	Plain Vanilla Intervention	Filing to modify Forms of Service Agreements (Pro-Forma)
05/13/13	RP13-900-000	Pending	Plain Vanilla Intervention	NAESB Copyright Language Filing

**CNYOG**

<b><u>Filing Date</u></b>	<b><u>Docket</u></b>	<b><u>Order Date/Status</u></b>	<b><u>Type of Intervention</u></b>	<b><u>Description of Filing</u></b>
10/12/12	RP13-156-000	Accepted November 7, 2012 Order	Plain Vanilla Intervention	MARC I Hub Line Project Compliance Filing with revised tariff records/rates
10/19/12	RP13-168-000	Accepted November 7, 2012 Order	Plain Vanilla Intervention	MARC I Interim FTSA Filing
10/22/12	RP13-173-000	Accepted November 16, 2012 Order	Plain Vanilla Intervention	Amended MARC I Non- Conforming FSAs

**MILLENNIUM**

<b><u>Filing Date</u></b>	<b><u>Docket</u></b>	<b><u>Order Date/Status</u></b>	<b><u>Type of Intervention</u></b>	<b><u>Description of Filing</u></b>
10/01/12	RP13-66-000	Accepted October 25, 2012 Order	Plain Vanilla Intervention	Negotiated Rate Filing (allows reduced reservation charge if shipper moves Primary Delivery Point to Wagoner)
10/01/12	RP13-68-000	Accepted October 31, 2012 Order	Plain Vanilla Intervention	Negotiated Rate Filing (changes to Pro-Forma SA to provide flexibility in notice period)
11/01/12	CP13-14-000 & PF12-10- 000	Pending	Plain Vanilla Intervention	Application for Hancock Compressor Station Project to provide 107,500 dts/day to interconnect w/AGT (also maybe an additional 115,000 dts/day w/TCO)
02/28/13	RP13-597-000	Accepted March 19, 2013 Order	Plain Vanilla Intervention	Annual Fuel Filing (RAM)
04/02/13	RP13-778-000	Accepted April 23, 2013 Order	Plain Vanilla Intervention	Negotiated Rate & Non- Conforming Agreement Filing WPX, MMGS, & SW Energy



**NATIONAL FUEL**

<b><u>Filing Date</u></b>	<b><u>Docket</u></b>	<b><u>Order Date/Status</u></b>	<b><u>Type of Intervention</u></b>	<b><u>Description of Filing</u></b>
10/30/12	RP13-189-000	November 28, 2012 Order Accepted & Suspended, Subject to Refund & Further Commission Action, eff. April 28, 2013 or earlier in subsequent order - May 6, 2013 Order Approving Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Reservation Charge Crediting Filing
11/19/12	RP13-298-000	December 18, 2012 Order Accepting & Suspending Tariff Records, Subject to Refund and Further Commission Action, Effective May 19, 2013 or an Earlier Date in a Subsequent Order -	Plain Vanilla Intervention	Market Pooling Points Filing
11/19/12	RP13-299-000	December 19, 2012 Order Accepting & Suspending Tariff Records, Subject to Refund and Further Commission Action, Effective May 19, 2013 or an Earlier Date in a Subsequent Order -	Plain Vanilla Intervention	Storage Service Enhancements Filing

**STECKMAN RIDGE GAS STORAGE**

<b><u>Filing Date</u></b>	<b><u>Docket</u></b>	<b><u>Order Date/Status</u></b>	<b><u>Type of Intervention</u></b>	<b><u>Description of Filing</u></b>
11/15/12	RP13-282-000	Accepted December 11, 2012 Order	Plain Vanilla Intervention	Contracting Processes & ROFR Filing
01/31/13	RP13-513-000	Accepted March 1, 2013 Order	Plain Vanilla Intervention	Filing showing NAESB has granted copyright waiver for NAESB Standards to be referenced in Steckman Tariff
03/29/13	RP13-754-000	Accepted April 29, 2013 Order	Plain Vanilla Intervention	Contracting Processes Filing (includes ROFR)
05/08/13	RP13-894-000	Pending	Plain Vanilla Intervention	Modify Forms of Service Agreements
05/13/13	RP13-910-000	Pending	Plain Vanilla Intervention	NAESB Copyright Language Filing

**BEAR CREEK STORAGE COMPANY**

<b><u>Filing Date</u></b>	<b><u>Docket</u></b>	<b><u>Order Date/Status</u></b>	<b><u>Type of Intervention</u></b>	<b><u>Description of Filing</u></b>
12/21/12	CP13-34-000	Pending	Plain Vanilla Intervention for NJNG	Request Under Blanket Authorization to convert 1.2 Bcf of cushion gas to access converted capacity

## Contract Changes

Transportation capacity contracts extended for one-year terms:

Pipeline	Contract	Maximum Daily Quantity (DTH)	Extended Start Date	Extended End Date
Algonquin	510478	12,000	Jul-2013	Jun-2014
Dominion	200447	5,000	Apr-2014	Mar-2015
Dominion	200583	15,000	Apr-2014	Mar-2015
Tetco	330789	10,789	Apr-2014	Mar-2015
Tetco	331500	35,000	Apr-2014	Mar-2015
Tetco	331724	35,487	Apr-2014	Mar-2015
Tetco	331821	9,555	Apr-2014	Mar-2015
Tetco	8696	27,000	Jun-2014	May-2015
Transco	1000628	5,000	Jan-2014	Dec-2014
Transco	1000674	3,250	Jan-2014	Dec-2014
Transco	1003834	10,350	Jan-2014	Dec-2014

Storage capacity contracts extended for one-year terms:

Storage	Contract	Maximum Storage Quantity (DTH)	Extended Start Date	Extended End Date
Dominion	600031	4,353,382	Apr-2015	Mar-2016
Tetco	400188	3,973,146	May-2014	Apr-2015
Tetco	412004	2,180,010	May-2014	Apr-2015
Transco	1003970	922,185	Apr-2014	Mar-2015

Transportation capacity contracts terminated:

Pipeline	Contract	Maximum Daily Quantity (DTH)	End Date
ANR	112494	39,604	Mar-2013
Tetco	LLFT	39,434	Mar-2012

Storage capacity contract terminated:

Storage	Contract	Maximum Storage Quantity (DTH)	End Date
ANR	112493	2,977,725	Mar-2013

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY AND EXHIBITS OF**

**TINA M. TREBINO**

**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  
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS  
FOR F/Y 2014  
BPU DOCKET NO. GR1305\_\_\_\_  
Direct Testimony of Tina M. Trebino**

**I. Introduction**

1  
2 **Q. PLEASE STATE YOUR NAME, AFFILIATION AND BUSINESS ADDRESS?**

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

6 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.**

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

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

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

18 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF REGULATORY  
19 AFFAIRS?**

20 A. I am responsible for preparing and supporting Company rate and tariff matters submitted  
21 to the New Jersey Board of Public Utilities (the “Board” or “BPU”), including the Basic  
22 Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) filing. I am  
23 also involved in the daily operations of the Regulatory Affairs Department including  
24 rates, tariffs, U.S. Securities and Exchange Commission (“SEC”) reporting and related  
25 matters.

26

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS?**

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

5 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**  
6 **PROCEEDING?**

7 A. By way of this testimony, I am supporting the following sections of the filing: (1)  
8 background of previous BGSS and CIP proceedings; (2) BGSS projections and proposed  
9 price to be effective October 1, 2013; (3) CIP prices to be effective as of October 1, 2013;  
10 (4) Balancing Charge to be effective as of October 1, 2013; (5) miscellaneous items  
11 related to the Company's last rate case proceeding; and (6) the impact to customers of the  
12 proposed price changes to be effective October 1, 2013.

13

14

## **II. Background from Prior Filings**

15 **Q. PLEASE BRIEFLY SUMMARIZE THE FINAL DECISION FROM THE**  
16 **GENERIC BGSS PROCEEDING.**

17 A. As a result of the BPU Order issued January 17, 2002 following the Gas Policy Group  
18 discussions in Docket No. GX01050304, new BGSS pricing mechanisms were approved  
19 by the Board ("Generic BGSS Order"). Pursuant to the Generic BGSS Order, the Board  
20 authorized the implementation of a Periodic BGSS pricing mechanism for all New Jersey  
21 natural gas utilities that permits up to three price increases each year as described below  
22 and price decreases, rate credits, or refunds at any time during the year with five days  
23 written notice to the BPU Staff and the New Jersey Division of Rate Counsel ("Rate  
24 Counsel"). Through this mechanism, any initial price change requested, after notice and  
25 hearing, is based on an annual BGSS filing submitted in June of each year with rates to  
26 be effective October 1 of the year filed. If needed, two additional provisional and self-  
27 implementing price increases are permitted on the subsequent December 1 and February  
28 1, after thirty days prior notice to the BPU Staff and Rate Counsel. Each self-  
29 implementing increase cannot exceed a maximum of five percent of the Company's total  
30 average residential heating customer's bill.

1 **Q. PLEASE SUMMARIZE THE COMPANY'S LAST BGSS AND CIP**  
2 **PROCEEDING.**

3 **A.** On June 1, 2012, NJNG filed a petition requesting that the BPU approve NJNG's annual  
4 filing for the BGSS year of October 1, 2012 through September 30, 2013, BPU Docket  
5 No. GR12060472. That petition requested that the BPU approve the continuation of the  
6 current pre-tax periodic BGSS price of \$0.6244 per therm (\$0.7116 per therm after-tax).  
7 The petition also requested an increase to the after-tax per therm balancing charge from  
8 \$0.0844 to \$0.0889. The Company also requested modification of its CIP rates for fiscal  
9 year 2013. Specifically, the petition requested that the BPU approve the implementation  
10 of after-tax per therm CIP factors of \$0.0152 for Group I Residential Non-Heat  
11 customers, \$0.0352 for Group II Residential Heat customers, \$0.0850 for Group III  
12 General Service – Small commercial customers, and \$0.0681 for Group IV General  
13 Service – Large commercial customers, effective as of October 1, 2012. In October 2012,  
14 the BPU approved the BGSS price, the balancing charge and CIP prices on a provisional  
15 basis effective October 12, 2012.

16 The October 2012 BGSS, CIP, and balancing rates remain provisional, subject to  
17 refund with interest. A stipulation has been executed among NJNG, BPU Staff and Rate  
18 Counsel, the only parties to the proceeding (the "Parties") and it is anticipated that a  
19 Board final decision on this matter will occur prior to October 1, 2013.

20 On May 24, 2013, the Company submitted notification to the Board and Rate  
21 Counsel of its intent to decrease its BGSS price applicable to residential and small  
22 commercial customers on a self-implementing basis, effective June 1, 2013. The BGSS  
23 price will be decreased from its current pre-tax level of \$0.6244 per therm (\$0.6681 after-  
24 tax) to \$0.5660 per therm (\$0.6056 after-tax), representing a 5.2 percent decrease for a  
25 residential heating customer using 100 therms per month.

26

**III. BGSS Projections**

1  
2 **Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS**  
3 **BALANCE AS OF SEPTEMBER 30, 2013?**

4 A. Exhibit A to the Petition, which provides the details of the Company's BGSS for the  
5 period October 1, 2012 through September 30, 2013, shows that the estimated BGSS  
6 ending balance will be approximately \$46,000 under-recovered as of September 30,  
7 2013.

8 **Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS**  
9 **BALANCE AS OF SEPTEMBER 30, 2014?**

10 A. Exhibit B to the Petition, which provides the details of the Company's projections for the  
11 period October 1, 2013 through September 30, 2014 based upon May 8, 2013 NYMEX  
12 pricing, as requested by BPU Staff, where applicable, shows that the estimated BGSS  
13 ending balance will be approximately \$1.8 million under-recovered as of September 30,  
14 2014. Should market conditions change and as permitted in the Generic BGSS Order, the  
15 Company will consider utilization of the self-implementing BGSS price increases,  
16 decreases, credits or refunds.

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

18 A. Within this filing, the Company proposes to maintain the periodic after-tax BGSS price  
19 of \$0.6056 per therm that will be implemented on June 1, 2013.  
20

**IV. Conservation Incentive Program ("CIP")**

21  
22 **Q. PLEASE DESCRIBE THE RATE STRUCTURE OF THE CIP.**

23 A. The CIP rate mechanism was initially approved by the Board in Docket No.  
24 GR05121020 in a December 12, 2006 Order and extended in its January 21, 2010 Order  
25 ("CIP Orders"). The CIP rate mechanism provides a rate adjustment related to changes  
26 in the average use per customer when compared to a pre-established benchmark, allowing  
27 NJNG to encourage customers to conserve energy. The Testimony of Anne-Marie  
28 Peracchio within this filing describes the programs NJNG has implemented to encourage  
29 customers to conserve energy, along with the results of those programs. Pursuant to the  
30 Company's Tariff approved in the Board's October 3, 2008 Order within the Company's  
31 last base rate case proceeding in Docket No. GR07110889 ("Rate Case Order"), the CIP  
32



1 is applicable to each of the following customer groups:

- 2 • Group I – Residential Non-Heat
- 3 • Group II – Residential Heat
- 4 • Group III – General Service - Small
- 5 • Group IV – General Service - Large

6 Pursuant to the CIP Orders, the margin deficiency or excess for each group is  
7 calculated each month by subtracting the baseline usage per customer, according to the  
8 Company's Tariff, from the actual usage per customer and multiplying the resulting  
9 terms by the actual number of customers and the margin recovery per therm. The  
10 October 2012 through September 2013 CIP margin deficiency/excess calculations for  
11 each group, with actual data through April 2013 and projected data for the remaining five  
12 months, are included as Exhibit C, Schedules 1 through 4 to the Petition.

13 **Q. PLEASE DESCRIBE THE BGSS SAVINGS TEST.**

14 A. Pursuant to the CIP Orders, NJNG must achieve a level of BGSS savings greater than or  
15 equal to the non-weather related reductions in usage in order to recover the full margin  
16 deficiency associated with those reductions. To determine the non-weather margin  
17 deficiency, the Company has calculated the weather related margin deficiency on Exhibit  
18 C, Schedule 5 to the Petition. Fixed consumption factors per degree day included in the  
19 CIP Tariff are divided by the number of customers associated with the consumption  
20 factors to determine the fixed consumption factors per degree day per customer. The  
21 fixed consumption factors per degree day per customer are multiplied by the actual  
22 number of customers to determine the associated consumption factors per degree day.  
23 The consumption factors associated with actual customers are multiplied by the variance  
24 of the actual degree days from the degree days included in the CIP Tariff and the margin  
25 factors to determine the weather margin deficiency. The total CIP deficiency for the  
26 2012-2013 CIP year is \$15.7 million of which \$4.4 million is related to weather. Exhibit  
27 C, Schedule 6 to the Petition demonstrates that the estimated margin related to the non-  
28 weather change in customer usage is \$11.3 million.

29

1 **Q. HAS THE COMPANY MET OR EXCEEDED THE BGSS SAVINGS TEST**  
2 **CRITERIA AS PROVIDED FOR IN THE CIP ORDERS?**

3 A. Yes. The total BGSS savings are nearly \$13.5 million for the October 2013 through  
4 September 2014 CIP recovery period. Since the non-weather portion of \$11.3 million is  
5 less than the total BGSS savings of \$13.5 million, the Company has exceeded the BGSS  
6 savings test for the October 2013 through September 2014 CIP recovery period.

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

8 A. The CIP ROE test is based on the Tariff approved in the Rate Case Order and NJNG  
9 cannot recover any portion of its margin deficiency that will cause the Company to earn  
10 in excess of a 10.3 percent return on common equity for the annual period of the CIP  
11 year. Additionally, any portion of the margin deficiency which is not recoverable shall  
12 not be deferred for future recovery. Exhibit C, Schedule 7 to the Petition includes the  
13 calculation of the ROE test with actual data for the six months ended March 2013 and  
14 estimated data for the six months ended September 2013. The test shows that the  
15 estimated ROE for the 2012-2013 CIP year is 9.72 percent. Therefore, since the  
16 estimated ROE of 9.72 percent is less than the 10.3 percent ceiling, NJNG is entitled to  
17 fully recover its CIP deficiency.

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

20 A. The CIP surcharge or credit for each group is determined by dividing the eligible  
21 aggregate margin deficiency or excess, adjusted for any under or over recovery of prior  
22 period CIP collection, by the forecasted annual usage of each group for October 2013 to  
23 September 2014. The following table shows the existing after-tax rates, proposed after-  
24 tax rates and resulting change for each CIP Group:

25

1

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge per therm</u>	<u>Proposed Charge per therm</u>	<u>Decrease per therm</u>
Group I	Residential Non-Heat	\$0.0152	\$0.0049	(\$0.0103)
Group II	Residential Heat	\$0.0352	\$0.0240	(\$0.0112)
Group III	General Service - Small	\$0.0850	\$0.0581	(\$0.0269)
Group IV	General Service - Large	\$0.0681	\$0.0568	(\$0.0113)

2 The Company is requesting an effective date of October 1, 2013 for the above proposed  
3 rates.

4

5

#### **V. Balancing Charge**

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

8 A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be adjusted in the  
9 Company's annual BGSS filing and is subject to review as part of such filing. The  
10 calculation of the balancing charge is presented in Exhibit D to the Petition and reflects  
11 updated pipeline demand charges, credit adjustments and percentage of peak day volume  
12 related to balancing associated with the pipeline demand portion of the balancing charge.  
13 Also, in accordance with the Rate Case Order, the portion of the charge related to  
14 inventory is not updated. The Company proposes decreasing its current after-tax per  
15 therm balancing charge of \$0.0898 to \$0.0863. All balancing revenues from  
16 transportation customers are credited to the BGSS as shown in Schedule 4g of Exhibits A  
17 and B. For BGSS customers, the balancing charge is included as a component of the  
18 delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-  
19 to-Compare."

20

**VI. Miscellaneous**

1  
2 **Q. PLEASE DESCRIBE THE PIPELINE INTEGRITY MANAGEMENT (“PIM”)**  
3 **REQUIREMENTS FROM THE COMPANY’S LAST RATE CASE AS IT**  
4 **RELATES TO BGSS.**

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

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

16 A. As shown on Exhibit TMT-1, the Company has incurred approximately \$2.1 million of  
17 PIM expenses for the twelve months ended September 30, 2012, resulting in a deferred  
18 regulatory asset of approximately \$672,000. The Company is currently projecting PIM  
19 expenses of \$1.99 million for the twelve month ended September 30, 2013 resulting in a  
20 deferred regulatory asset of approximately \$590,000. Since the annual deferred asset  
21 balances are less than \$700,000, the entire amounts are deferred.

**VII. Impact on Customers**

22  
23  
24 **Q. WHAT IS THE IMPACT TO RESIDENTIAL HEAT CUSTOMERS AS A**  
25 **RESULT OF THE PROPOSED CHANGES TO CIP AND BALANCING RATES?**

26 A. The proposed CIP rate for Group II residential heat customers results in an overall \$1.12  
27 or 1.0 percent decrease to the total monthly 100 therm bill for a residential heat sales  
28 customer. Exhibit E to the Petition provides the supporting calculations. The June 1,  
29 2013 BGSS decrease and proposed CIP decrease result in an overall combined decrease  
30 of \$7.37 for a residential heat sales customer using 100 therms per month or 6.1 percent.

1 Residential heat transportation customers will have a 1.2 percent decrease due to the  
2 changes in the CIP and balancing rates.<sup>1</sup>

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

5 A. The proposed CIP rate for Group I residential non-heat customers results in an overall  
6 decrease of 0.8 percent to the total monthly 25 therm bill for a residential non-heat sales  
7 customer. Residential non-heat transportation customers will have a 0.9 percent decrease  
8 due to the changes in the CIP and balancing rates.<sup>2</sup>

9 **Q. WHAT IS THE IMPACT TO CIP GROUP III GENERAL SERVICE - SMALL**  
10 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO CIP AND**  
11 **BALANCING RATES?**

12 A. The proposed CIP rate for Group III General Service – Small (“GSS”) customers results  
13 in an overall 2.0 percent decrease to the total monthly 100 therm bill for a GSS sales  
14 customer. GSS transportation customers will have a 2.2 percent decrease due to the  
15 changes in the CIP and balancing rates.<sup>3</sup>

16 **Q. WHAT IS THE IMPACT TO CIP GROUP IV GENERAL SERVICE - LARGE**  
17 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO CIP AND**  
18 **BALANCING RATES?**

19 A. The proposed CIP rate for Group IV General Service – Large (“GSL”) customers results  
20 in a 0.9 percent decrease for GSL sales customers using 1,200 therms per month. GSL  
21 transportation customers will have a 0.9 percent decrease due to the changes in the CIP  
22 and balancing rates.<sup>4</sup>

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

24 A. Yes.

---

<sup>1</sup> Percentage change assumes transportation customers are receiving gas supply at NJNG’s BGSS recovery rates.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

**New Jersey Natural Gas Company  
Pipeline Integrity Management ("PIM") Expenses**

Expense Type	Actual	Actual	Actual	Actual	Forecast
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
* Labor	\$407,647	\$498,428	\$511,829	\$581,689	\$499,182
**Non Labor	\$1,415,093	\$1,601,251	\$1,558,453	\$1,490,074	\$1,490,518
<b>Total O&amp;M</b>	<b>\$1,822,740</b>	<b>\$2,099,679</b>	<b>\$2,070,282</b>	<b>\$2,071,764</b>	<b>\$1,989,700</b>
	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>Estimated FY 2013</b>
<b>Deferred PIM Expenses</b>	<b>\$422,740</b>	<b>\$699,679</b>	<b>\$670,282</b>	<b>\$671,764</b>	<b>\$589,700</b>

(1) In accordance with the October 3, 2008 Board Order in Docket No. GRO7110889 ("Rate Case Order"), \$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, the costs of all material required to perform NJNG's PIM plan activities are included in these expenses. These activities include survey, mapping, inspection, and anomaly remediation in accordance with PIM requirements.

**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 2014  
BPU DOCKET NO. GR1305 \_\_\_\_\_  
Direct Testimony of Anne-Marie Peracchio**

1           **Introduction**

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

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

6   **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.**

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

12           In June 1993, I accepted a position with New Jersey Resources Corporation, the  
13   parent of NJNG, in the Internal Audit Department and held that position until February  
14   1995 when I accepted a position as a Senior Rate Analyst in the Regulatory Affairs  
15   Department of the Company. In July 1997, I was promoted to Manager, Regulatory  
16   Affairs and in January 1999, I was promoted to Director, Regulatory Affairs. In  
17   December of 2006, I was named to the new position of Director, Conservation and  
18   Affordability. In December 2009, I shifted responsibilities to serve as the Director,  
19   Conservation and Clean Energy Policy.

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

22   A. I report directly to the Vice President, Marketing and Business Intelligence and I am  
23   responsible for developing and ensuring implementation of the Company’s customer  
24   conservation programs pursuant to the Board’s approval of the Conservation Incentive  
25   Program and supporting the efforts of NJNG’s team implementing the NJNG energy  
26   efficiency program - The SAVEGREEN Project®. I also identify opportunities to help  
27   drive cultural changes within the organization to support the Company’s concerted focus  
28   on conservation. Most of those programs fall under the Company’s Conserve to



1 Preserve® (“CTP”) initiative that will be discussed in more detail below. Additionally, I  
2 have been and continue to be involved in the development of NJNG’s policy positions on  
3 a number of statewide energy-related issues, including the Energy Master Plan and the  
4 State and Local Energy Efficiency Action Network. I serve as a Company representative  
5 on a number of Committees and Task Forces for New Jersey’s Clean Energy Program  
6 (“NJCEP”), Sustainable Jersey™, and the American Gas Association (“AGA”) and am a  
7 member of the Board of Trustees for Sustainable Jersey.

8 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS?**

9 A. Yes. I have testified on behalf of NJNG in numerous Levelized Gas Adjustment  
10 proceedings, the precursor to Basic Gas Supply Service (“BGSS”), BGSS cases and other  
11 rate related filings before the New Jersey Board of Public Utilities (the “BPU” or  
12 “Board”).

13 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**  
14 **PROCEEDING?**

15 A. By way of this testimony, I explain and provide support for the following sections of the  
16 Company’s filing: (1) background of the Conservation Incentive Program (“CIP”); (2) an  
17 overview of NJNG’s CIP program activity over the past year; (3) an update on CIP  
18 expenditures to date; and (4) an update on plans for future CIP activities. The testimony  
19 of Tina M. Trebino, also filed within this proceeding, discusses the CIP tariff mechanism,  
20 recent financial results and proposed rates for the October 1, 2013 implementation.

21  
22 **CIP BACKGROUND**

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

24 A. On December 12, 2006, the BPU approved a three year CIP pilot program in Docket No.  
25 GR05121020 (“CIP Order”). The CIP is designed to decouple the link between customer  
26 usage and NJNG’s gross margin to allow NJNG to encourage its customers to conserve  
27 energy. As such, the CIP contains a tariff mechanism that addresses gross margin  
28 variations and a commitment from NJNG to actively promote customer conservation. To  
29 meet the conservation goals, NJNG agreed to engage its customers in energy efficiency  
30 and conservation activities and to modify the Company’s internal culture to focus on  
31 energy efficiency. To fulfill that commitment, NJNG agreed to initiate programs to

1 further customer conservation efforts over the first three-year term, providing an initial  
2 funding amount of \$2 million for such programs. In an Order dated January 21, 2010, the  
3 Board approved the extension of the CIP program through September 30, 2013 (“CIP  
4 Extension Order”). As of October 2010 and approved in the CIP Extension Order, the  
5 shareholder funding contribution results in an annual budget of \$575,000 to be spent by  
6 NJNG on CIP programs. Any unspent balance of this annual amount is to be carried-over  
7 into the next CIP year.  
8

### 9 **PROGRAM ACTIVITY**

#### 10 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF ON-GOING PROGRAMS THAT** 11 **CIP FUNDING SUPPORTS.**

12 A. NJNG continues to use CIP funding to support many recurring services and initiatives  
13 that are designed to engage and educate our customers on energy efficiency or energy  
14 conservation programs. Current programs include:

- 15 • **E-tips.** The expenses in this category relate to the external service used to  
16 distribute E-tips, NJNG’s optional conservation e-mail newsletter, and other  
17 minor promotional expenses. The Company currently has more than 77,000  
18 customers registered to receive the E-Tip service. Recent issues have had  
19 very strong readership metrics relative to industry standards, averaging an  
20 open rate of nearly 30% over the past six months.
- 21 • **CTP Dashboard:** The current CTP Dashboard service allows residential  
22 customers to analyze their individual natural gas bills, perform online audits,  
23 and access other energy saving tools and guidelines. NJNG also still offers  
24 the related Community Rewards program where schools and non-profit  
25 groups can raise funds by encouraging members to use this tool; however,  
26 there has not been any activity in this area during the 2013 fiscal year.
- 27 • **Conserve to Preserve Business Online.** This service provides a  
28 comprehensive online resource for commercial customers offering industry-  
29 specific information and features emerging technologies and business  
30 applications in one, well-organized location. It also provides a monthly e-

1 newsletter that NJNG uses to promote NJCEP programs and business-  
2 focused outreach events.

- 3 • **Community outreach.** The CIP funds for these activities are used in the  
4 production of materials promoting NJNG's programs, the payment of certain  
5 exhibit fees, and minor related promotional items. Through NJNG's internal  
6 Speakers Bureau program alone, we have conducted more than 50  
7 presentations that directly reached an audience of more than 3,400. This  
8 number doesn't reflect the activity of the SAVEGREEN team that has  
9 participated in an additional 81 events and presentations during this fiscal  
10 year. The Company has also reached thousands of additional customers  
11 through participation in dozens of business expos, conferences, forums, and  
12 green fairs. In addition, over the past 6 months, NJNG has been extremely  
13 active participating in Superstorm Sandy related events to ensure customers  
14 know about the NJNG and NJCEP energy-efficiency and conservation  
15 programs.
- 16 • **Employees/contractors as champions.** NJNG's experience with  
17 SAVEGREEN has significantly enhanced the Company's awareness and  
18 knowledge of contractor activity in the Company's service territory and the  
19 marketplace. This category of expenses relates to activities that contact and  
20 directly engage local contractors. Activities in this category primarily support  
21 the provision of training classes and related energy efficiency and  
22 conservation materials. NJNG has also started a similar outreach program  
23 with realtors with a focus on communications and continues to work with an  
24 external firm to seek New Jersey Real Estate Commission approval for  
25 providing a training class with continuing education credits. This CIP  
26 category also includes the production of supporting promotional materials,  
27 primarily information pads to be carried by NJNG field employees and  
28 contractors for distribution to targeted customers, and for some employee  
29 incentive drawings.
- 30 • **Customer participation activities.** NJNG has worked to engage more  
31 customers in energy-efficiency programs and provide conservation education

1 by offering prizes for participation in online contests or through social media.  
2 We have used different approaches including quizzes, matching games, and  
3 creative posts. This includes “*Save Energy. \$ave Money. Win Prizes!*” which  
4 we ran in Spring 2011 and 2012, as well as “*Love to \$ave. Love the Shore*” a  
5 current program that is wrapping up now and on-going trivia contests.

- 6 • **School Programs.** Through this funding category, NJNG sponsors the  
7 Alliance to Save Energy’s “Energy Hog” program which provides classroom  
8 and take home resources for students and also offers a free school assembly  
9 program. This category also includes expenses for annual conservation  
10 themed poster and video contests. Additionally, NJNG has several schools  
11 and municipalities participating in the *See the Light* energy awareness  
12 program. Developed by KCG Energy LLC, this behavior-based energy-  
13 efficiency solution helps schools and municipalities reduce their energy costs  
14 and carbon footprint by introducing energy-efficient best practices and  
15 instilling a culture of conservation in employees and students.
- 16 • **Discounted on-line store.** NJNG offers a co-branded on-line store integrated  
17 with the existing NJCEP lighting store hosted by Energy Federation  
18 Incorporated (“EFI”).
- 19 • **Targeted mailing to low income customers.** NJNG identifies Universal  
20 Service Fund (“USF”) recipients who have not participated in the NJCEP  
21 Comfort Partners program within our service territory. Over the past few  
22 years, NJNG has conducted direct mail campaigns in late summer to  
23 encourage eligible customers to participate in the Comfort Partners Program.

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

26 **A.** Yes. As shown on Exhibit AMP-1, Fiscal 2012 customer activity in the energy  
27 efficiency sections of our website is more than 9 times greater than the level recorded for  
28 fiscal 2006. Fiscal 2012 metrics decreased slightly in comparison to Fiscal 2011 results  
29 and NJNG attributes this slight decline to lower natural gas prices overall and milder  
30 weather. Those factors resulted in lower winter heating bills which lessen customer  
31 interest in seeking energy-efficiency solutions. To date, activity for fiscal 2013 has been

1 extremely strong. Some of this surge in website traffic is likely related to customers  
2 considering options for replacement equipment as a result of Superstorm Sandy.

3  
4 **CIP EXPENDITURE UPDATE**

5 **Q. DID THE COMPANY HAVE ANY CARRY-OVER FUNDING TO ADD TO THE**  
6 **ANNUAL PROGRAM FUNDING COMMITMENT OF \$575,000 FOR FISCAL**  
7 **2013?**

8 A. Yes. Although NJNG spent more than \$513,674 on CIP activities in fiscal 2012, the  
9 Company ended the year with a carryover balance of \$155,059 (including consideration  
10 of a prior year carryover amount of \$93,732). Accordingly, NJNG has \$730,059  
11 available for programming for fiscal 2013. See Attachment AMP-2, page 2 of 2 for the  
12 final summary of expenses and carry-over calculation for fiscal 2012.

13 **Q. WHAT HAS THE COMPANY EXPENDED ON THE CIP PROGRAMS FOR THE**  
14 **CURRENT 2013 FISCAL YEAR?**

15 A. As of May 20, 2013, NJNG has recorded expenses of approximately \$439,000 for the  
16 2013 CIP year. A summary of 2013 expenses by category is included as Attachment  
17 AMP-2, page 1 of 2.

18 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$730,059 ON THE**  
19 **CIP PROGRAM FOR THIS FISCAL YEAR?**

20 A. No. Due to the difficulty in projecting the response to programs and the timing for the  
21 launch of some new programs, NJNG expects a minor carry-over funding level that will  
22 increase the amount of program funding available for future years. Projected expenses for  
23 the remainder of the year are reflected on Attachment AMP-2, page 1 of 2.

24  
25 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

26 **Q. DOES THE COMPANY HAVE PLANS FOR ADDITIONAL CIP PROGRAMS?**

27 A. Yes. NJNG continues to explore ideas for CIP programs, striving to identify new services  
28 and programs that will complement existing programs administered by both NJCEP and  
29 NJNG.

30

1

2 **Q. CAN YOU SHARE ANY INFORMATION ABOUT OTHER IDEAS ABOUT**  
3 **TO BE LAUNCHED OR IN DEVELOPMENT?**

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

6 • **CTP Shopper's Guide:** NJNG is implementing a new online resource to  
7 facilitate customer comparison of energy-efficient products. A vendor is  
8 expanding the service to allow for comparison shopping of a Home  
9 Performance with ENERGYSTAR audit in order to eliminate on a barrier to  
10 audit participation.

11 • **Smart Programmable Thermostats:** NJNG is evaluating products and  
12 approaches to possibly offer a discount on smart programmable thermostats.  
13 This is being investigated as a potential way to address the concern that many  
14 existing programmable thermostats don't result in energy savings if they are  
15 not properly programmed for the winter heating season or the summer cooling  
16 season.

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

18 A. Yes.

**New Jersey Natural Gas**  
**Comparison of Website Conservation Statistics**

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2012 through April only
Conservation Home	6,288	2,636	1,957	4,586	4,543	5,044	4,624	2,732
Conserve to Preserve		2,199	3,090	3,552	3,560	2,158	1,584	950
Home Energy Saving Tips		2,482	3,726	4,783	3,858	4,709	3,180	2,016
Residential Programs		9,171	11,613	16,070	18,156	18,838	15,020	13,122
Special Offers & Rebates		6,414	11,353	17,817	15,183	18,088	15,666	14,440
Energy Saving Tips for Your Business		413	855	1,073	740	891	668	364
Commercial Programs		541	728	1,187	1,052	1,102	907	592
Distributed Generation		430	500	631	587	996	871	942
Renewable Energy		834	928	1,038	1,258	1,978	1,755	1,031
Energy Hog Program	843	912	937					
Kids and Conservation			897	1,541	1,139	1,506	633	1134
SAVEGREEN Project					16,085	19,344	19,069	16,752
Total	7,131	26,032	36,584	52,278	66,161	74,654	63,977	54,075

**Note: Fiscal 2012 ended the year at more than 9 times the level of activity pre-CIP. Given the significantly milder winter and the continued reduction in gas prices, the level of interest in the conservation sections would have been expected to be lower. However, the first seven months of Fiscal 2013 show some of the strongest metrics to date. While low gas prices continue, there are thousands of customers considering equipment replacement options as a result of Superstorm Sandy. NJNG has increased outreach activities about the programs offered by NJNG and NJCEP.**

**New Jersey Natural Gas  
CIP Expense through May 31, 2013  
BPU Docket No. GR1306\_\_\_\_\_**

	<u>Quarter Ending 12/31/12</u>	<u>Quarter Ending 3/31/13</u>	<u>Expenses from 4/1 - 5/20/2013</u>	<u>Estimated expenses 5/1-9/30/13*</u>	<u>Total Fiscal Year to Date</u>
1 School/Children's Programs	\$3,170	\$12,456	\$11,000		
Municipal Programs and EDF					
2 Climate Corp Program	\$25,900	\$52,860			
Employees and HVAC Contractors as Champions		\$1,250		\$10,000	
4 Online services and E-tips	\$27,900	\$28,004	\$94,067	\$35,100	
Conservation/energy efficiency online promotion/sweepstakes		\$12,200		\$75,000	
6 Online store and direct purchase of energy saving products	\$114	\$1,432		\$25,000	
7 Community Rewards					
8 Events and general outreach costs	\$14,674	\$7,370	\$40,065	\$25,000	
Other low income/senior focused outreach	\$5,666	\$16,590	\$16,510	\$43,000	
Development work (e.g. customer feedback, EE organization memberships)	\$11,000	\$5,000	\$15,435	\$5,000	
11 Publications and energy efficiency advertising		\$19,287	\$17,170	\$10,000	
<b>Total Spent to Date</b>	<b><u>\$88,425</u></b>	<b><u>\$156,448</u></b>	<b><u>\$194,247</u></b>		<b>\$439,120</b>
<b>Projected Spending for rest of FY 2013</b>				<b><u>\$228,100</u></b>	<b>\$228,100</b>
				<b>Funding Commitment \$</b>	<b>575,000</b>
				<b>Carryover from Fiscal 2012 (see page 2 of 2) \$</b>	<b>155,059</b>
				<b>Estimated carryover to next year</b>	<b><u>\$62,839</u></b>

\*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  
CIP Expense through September 30, 2012  
BPU Docket No. GR1306\_\_\_\_\_**

	Quarter Ending 12/31/11	Quarter Ending 3/31/12	Expenses from 4/1/12 - 5/31/12	Expenses from 6/1/12 - 9/30/12	Final Fiscal 2012
1 School/Children's Programs	\$37,294	\$11,441		\$10,000	\$58,735
Municipal Programs and EDF					
2 Climate Corp Program	\$30,613	\$2,140	\$26,750	\$2,900	\$62,403
Employees and HVAC Contractors					
3 as Champions	\$10,660	\$10,231	\$2,341		\$23,233
4 Online services and E-tips	\$27,900	\$24,480	\$23,100	\$44,993	\$120,473
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$74,363			\$74,363
Online store and direct purchase of					
6 energy saving products	\$6,194		\$152	\$6,725	\$13,071
7 Community Rewards		\$120		\$295	\$415
8 Events and general outreach costs	\$4,450	\$21,242	\$9,864	\$15,258	\$50,814
9 Other low income focused outreach	\$7,693	\$2,161	\$15,625	\$31,888	\$57,367
Development work (e.g. customer					
10 feedback, EE organization					
memberships)		\$12,374	\$1,000		\$13,374
Publications and energy efficiency					
11 advertising		\$700	\$3,100	\$35,626	\$39,426
<b>Total Spent to date</b>	<b><u>\$124,805</u></b>	<b><u>\$159,252</u></b>	<b><u>\$81,932</u></b>	<b><u>\$147,685</u></b>	<b><u>\$513,674</u></b>
				<b>Funding Commitment \$</b>	<b>575,000</b>
				<b>Carryover from Fiscal 2011 \$</b>	<b>93,733</b>
				<b>Final carried over to Fiscal 2013</b>	<b><u>\$155,059</u></b>