



New Jersey
Natural Gas

June 1, 2009

VIA FEDERAL EXPRESS

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

Re: NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS),
ITS CONSERVATION INCENTIVE PROGRAM (CIP)
FACTORS AND FOR MODIFICATION TO ITS
WEATHER NORMALIZATION CLAUSE (WNC) FACTOR
FOR F/Y 2010
BPU DOCKET NO. GR0906 _____

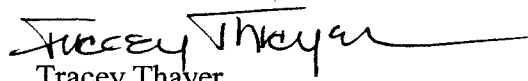
Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Basic Gas Supply Service (BGSS), its Conservation Incentive Program (CIP) and for Modification to its Weather Normalization Clause (WNC) Factor for F/Y 2010. Included in this filing are the testimonies of Joseph P. Shields, Tina M. Sinks, and Anne-Marie Peracchio in support of this petition.

Copies of the petition, including the supporting exhibits and testimony, are also being served upon the Department of the Public Advocate, Division of Rate Counsel.

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

Very truly yours,


Tracey Thayer
Director, Regulatory Affairs Counsel

Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS),
ITS CONSERVATION INCENTIVE PROGRAM (CIP)
AND FOR MODIFICATION TO ITS
WEATHER NORMALIZATION CLAUSE (WNC) FACTOR
FOR F/Y 2010
DOCKET NO. GR0906 _____**

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**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS),
ITS CONSERVATION INCENTIVE PROGRAM (CIP)
AND FOR MODIFICATION TO ITS
WEATHER NORMALIZATION CLAUSE (WNC) FACTOR
FOR F/Y 2010
DOCKET NO. GR0906 _____**

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06/01/09

**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) BPU DOCKET NO. GR0906 _____
REVISION OF ITS BASIC GAS SUPPLY) OAL DOCKET NO. _____
SERVICE (BGSS), ITS CONSERVATION)
INCENTIVE PROGRAM (CIP) FACTORS)
AND FOR MODIFICATION TO ITS)
WEATHER NORMALIZATION CLAUSE)
(WNC) FACTOR FOR F/Y 2010)

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 - Joseph P. Shields
 - Senior Vice President - Energy Services

 - Tina M. Sinks
 - Manager - Regulatory Affairs

 - Anne-Marie Peracchio
 - Director – Conservation and Affordability

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2009 and FY2010. Actual BGSS schedules for FY2007 and FY2008 and projected BGSS schedules for FY2011 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), ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS AND FOR MODIFICATION TO ITS WEATHER NORMALIZATION CLAUSE (WNC) FACTOR FOR F/Y 2010

FILING DATE: June 1, 2009
EFFECTIVE DATE: October 1, 2009

BASIS FOR REQUEST:

BASIC GAS SUPPLY SERVICE (BGSS)

1. New Jersey Natural Gas Company (the Company) proposes to decrease its pre-tax periodic Basic Gas Supply Service (BGSS) billing factor for sales customers from its current pre-tax level of \$1.1000 per therm to \$0.8500 per therm. This factor results in an effective pre-tax adjustment clause decrease of \$0.2500 per therm of gas sales effective October 1, 2009 (an after-tax adjustment clause decrease of \$0.2675 per therm), representing a 15.7 percent price decrease for a residential heating customer using 100 therms per month. The projected changes in after-tax gas cost recoveries are as follows:

BGSS Decrease (\$121.8 Million)

2. While the Company has not yet made any determination of the need for additional BGSS price adjustments, the Company may also seek to increase the price for BGSS service up to a maximum of 5 percent of the total residential bill on December 1, 2009 and/or February 1, 2010 pursuant to the Order in BPU Docket No. GX01050304 ("Generic BGSS Order"). If such an increase is required, the Company would 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 increase its pre-tax Balancing Charge from its current pre-tax level of \$0.0712 per therm to \$0.0737 per therm. This factor results in an effective pre-tax increase of \$0.0025 per therm of gas sales effective October 1, 2009 (an after-tax increase of \$0.0027 per therm). All Balancing Charge revenues from transportation customers are credited to BGSS. For sales 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 Order 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, 2009. 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 per therm</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	(\$0.0265)	\$0.0435	\$0.2
Group II	Residential Heat	\$0.0378	\$0.0079	(\$13.0)
Group III	General Service - Small	\$0.0424	\$0.0184	(\$0.8)
Group IV	General Service - Large	\$0.0424	\$0.0260	<u>(\$2.0)</u>
Total				(\$15.6)

WEATHER NORMALIZATION CLAUSE (WNC)

Pursuant to the CIP Order, the Company proposes to decrease its after-tax WNC billing factor from its current level of \$0.0015 per therm to \$0.0001 per therm.

PETITION OF

**NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS),
ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
AND FOR MODIFICATION TO ITS
WEATHER NORMALIZATION CLAUSE (WNC) FACTOR
FOR F/Y 2010**

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

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	BPU DOCKET NO. GR0906_____
FOR THE ANNUAL REVIEW AND)	
REVISION OF ITS BASIC GAS SUPPLY)	PETITION
SERVICE (BGSS), REVIEW AND)	
REVISION OF ITS CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS)	
AND FOR MODIFICATION TO ITS)	
WEATHER NORMALIZATION CLAUSE)	
(WNC) FACTOR FOR F/Y 2010)	

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

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued by the New Jersey Board of Public Utilities (“BPU” or the “Board”) in BPU Docket No. GX01050304¹, and the applicable provisions of N.J.S.A. 48:2-21, New Jersey Natural Gas Company (“NJNG” or the “Company”) hereby requests the Board to accept the Company’s annual reconciliation filing for its Basic Gas Supply Service (“BGSS”), and approve the Company’s related request to decrease the BGSS price applicable to residential and certain small commercial customers. Additionally, NJNG hereby requests that the Board approve, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in BPU Docket No. GR05121020 (“CIP Order”), the Company’s filing related to the Conservation Incentive Program (“CIP”) for the period from October 1, 2008 through September 30, 2009 and an adjustment to the Weather Normalization Clause (“WNC”) recovery rate. The Company is

¹ The referenced BGSS Order contemplates that annual BGSS reconciliation filings are made by natural gas companies by June 1 of each year, with proposed BGSS price adjustments to be effective October 1 of each year, and authorizes two additional self-implementing rates adjustments (subject to limits) upon notice to the Board on November 1 and January 1 each year to take effect on December 1 and February 1 respectively. Pursuant to the same order, BGSS service for large commercial and industrial customers is priced on a monthly basis.

proposing to increase its CIP recovery rate for Group I Residential Non-Heat customers and to decrease its CIP recovery rates for Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers. The Company is also proposing to decrease the WNC factor in order to target recovery of the estimated September 30, 2009 remaining margin deficiency from the 2005-2006 Winter Period over the twelve month period ended September 30, 2010.

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

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

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

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

the recommended minimum filing requirements (MFR's) for annual BGSS filings. Additional information related to the MFR's will be provided within Workpapers to be filed shortly.

4. Based on the information provided herein, the Company proposes an overall decrease to the BGSS price applicable to residential and small commercial customers, effective October 1, 2009, of \$0.2675 per therm, after tax, which would reflect a decrease of approximately 15.7 percent for a residential heating customer using 100 therms per month.

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

6. NJNG is providing thirty-one (31) months of actual BGSS data for the period October 1, 2006 through April 30, 2009, and projected data for the twenty-nine (29) month period May 1, 2009 through September 30, 2011.

7. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("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 increase its after-tax balancing charge by \$0.0027 per therm. All Balancing Charge revenues from transportation customers are credited to BGSS. For sales customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

8. Pursuant to the CIP Order, the CIP permits NJNG to encourage customers to conserve energy without incurring a financial penalty related to decreased sales volumes, and provides for a rate adjustment related to changes in average use per customer when compared to a pre-established benchmark. Additionally, any recoveries sought by the Company must meet the Basic Gas Supply Service Savings Test and Earnings Test ("Tests") established in the CIP Order.

9. Based on actual data for the period October 1, 2008 through April 30, 2009, and projected data for the period May 1, 2009 through September 30, 2009, the CIP calculations for fiscal year 2009 including projected prior fiscal period over or underrecovery

balances result in the following recovery amounts: 1) a margin deficiency of approximately \$0.1 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$3.2 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$0.6 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$3.0 million for Group IV General Service – Large customers.

10. The testimony and related supporting exhibits within this filing demonstrate that NJNG is entitled to full recovery of such balances since the Tests have been met. Pursuant to the terms of the CIP Order, the Company is proposing an effective date of October 1, 2009 for the following after-tax CIP rates which are a component of the customers' delivery prices:

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge per therm</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	(\$0.0265)	\$0.0435	\$0.0700
Group II	Residential Heat	\$0.0378	\$0.0079	(\$0.0299)
Group III	General Service - Small	\$0.0424	\$0.0184	(\$0.0240)
Group IV	General Service - Large	\$0.0424	\$0.0260	(\$0.0164)

11. Based upon actual volumes for October 2008 through April 2009 and projected volumes for May 2009 through September 2009, the Company estimates it will not fully recover the WNC margin deficiency from the 2005-2006 Winter Period by September 30, 2009. The Company proposes in this filing to decrease the after-tax WNC factor of \$0.0015 per therm to \$0.0001 per therm effective October 1, 2009 to recover the remaining balance over the following twelve month period ending September 30, 2009.

12. The combination of the proposed BGSS, CIP and WNC changes results in a 17.6 percent decrease to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 10.5 percent decrease for an average residential non-heat sales customer (Group I) and a 16.1 percent decrease for sales customers in Group III. The CIP and WNC changes results in a 1.6 percent decrease for Group IV customers. Group IV sales customers are not affected by this BGSS request because they are subject to monthly market pricing for their natural gas supply.

13. This filing is supported by and includes the testimonies of Joseph P. Shields-Senior Vice President, NJNG Energy Services, Tina M. Sinks-Manager, Regulatory Affairs, and Anne-Marie Peracchio-Director, Conservation and Affordability. 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, using actual data for the period from October 1, 2008 through April 30, 2009 and projected data for the period from May 1, 2009 through September 30, 2009. Actual BGSS schedules for fiscal year (FY) 2007 and FY2008 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, 2009 through September 30, 2010, using projected data for the entire period. Projected BGSS schedules for FY2011 will be included in Workpapers to be filed shortly under separate cover.

Exhibit C CIP Recovery Schedules

Exhibit D Calculation of WNC Recovery Rate

Exhibit E Calculation of Balancing Charge

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

Exhibit H Proposed Form of Notice of Public Hearing.

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

WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS reconciliation filing;
2. Approving the Company's request to decrease the Periodic BGSS price applicable to residential and certain small commercial customers;
3. Approving the Company's request to increase its Balancing Charge;
4. Approve the requested CIP and WNC rate changes effective October 1, 2009; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

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

Dated: June 1, 2009

EXHIBIT A
Seven Months Actual through April 2009 and
Five Months Projected through September 2009¹

INDEX OF SCHEDULES:

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

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2008 and FY2009. Actual BGSS schedules for FY2006 and FY2007 and projected BGSS schedules for FY2010 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 2009
\$(000)

SCHEDULE 1

	ACTUAL												ESTIMATE
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	27,994	28,456	21,082	2,977	(9,382)	(15,079)	(13,870)	(28,990)	(27,475)	(16,710)	(16,272)	(15,948)	27,994
2. Net Cost Appl. To BGSS Sales (Sch 2a)	29,506	54,367	74,170	98,356	73,187	63,344	25,393	21,853	25,173	15,421	15,232	15,381	511,383
3. BGSS Recoveries (Sch 2b)	(29,510)	(59,096)	(87,927)	(101,684)	(70,605)	(57,248)	(38,848)	(18,589)	(12,597)	(12,835)	(12,758)	(12,805)	(514,500)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	(4)	(4,730)	(13,757)	(3,328)	2,582	6,096	(13,456)	3,264	12,577	2,586	2,475	2,576	(3,118)
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	(0)	0	0	0	0	0	(0)
6. Sayreville (Sch.4b)	(2)	0	0	0	0	0	0	(25)	(24)	(25)	(25)	(24)	(124)
7. Forked River (Sch.4c)	(0)	(0)	(0)	(1)	(1)	(1)	0	(24)	(23)	(24)	(24)	(23)	(121)
8. Transportation(Sch.4d)	(135)	(118)	(111)	(157)	(121)	(125)	(115)	(110)	(107)	(106)	(106)	(107)	(1,419)
9. FRM Program (Sch 4i)	645	259	499	0	82	261	0	0	0	0	0	0	1,746
10. Storage Incentive (Sch.4k)	1,163	0	0	0	0	301	291	126	0	0	0	0	1,881
11. Off-System Sales (Sch.4e)	(411)	(1,214)	(2,891)	(6,807)	(6,583)	(3,645)	(259)	(340)	(383)	(680)	(680)	(340)	(24,232)
12. Capacity Rel. (Sch.4f)	(236)	(883)	(924)	(918)	(824)	(914)	(1,094)	(1,079)	(1,045)	(1,079)	(1,079)	(1,045)	(11,119)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Balancing Credits and Penalty Charges (Sch.	(490)	(624)	(856)	(1,075)	(766)	(696)	(419)	(218)	(162)	(168)	(168)	(162)	(5,805)
15. Ocean Peaking Power (Sch.4h)	(68)	(65)	(66)	(72)	(66)	(68)	(70)	(79)	(66)	(68)	(69)	(73)	(829)
16. Total Debits and Credits (L.5 through L.15)	466	(2,644)	(4,349)	(9,031)	(8,279)	(4,887)	(1,665)	(1,749)	(1,811)	(2,149)	(2,150)	(1,775)	(40,023)
17. Under/(Over) Recov. Gas Costs. End of Period (L's.1,4,&16)	28,456	21,082	2,977	(9,382)	(15,079)	(13,870)	(28,990)	(27,475)	(16,710)	(16,272)	(15,948)	(15,146)	(15,146)

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2009
(000)/THERMS

SCHEDULE 2a

	ACTUAL											ESTIMATE	
COST OF GAS-CURRENT PERIOD	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	TOTAL
Natural Gas-Commodity	49,956	51,627	58,475	56,625	38,774	36,239	50,100	59,980	59,491	51,083	41,694	41,799	595,842
Natural Gas-Demand	5,833	7,227	7,298	7,311	7,445	7,317	7,291	6,960	7,000	6,960	6,960	7,000	84,600
Storage-Withdrawals	1,436	12,065	27,665	55,283	47,600	39,842	900	0	0	0	0	0	184,790
Storage-Injections	(14,266)	(904)	(1,327)	409	(168)	(1,120)	(30,266)	(35,045)	(28,050)	(28,515)	(18,992)	(19,266)	(177,511)
Liq. Natural Gas (LNG)	236	366	1,761	1,541	1,116	1,697	585	239	253	239	239	253	8,526
Total Gas Costs	43,194	70,380	93,872	121,167	94,767	83,976	28,611	32,133	38,694	29,766	29,901	29,786	696,248
REDUCTIONS TO COST OF GAS													
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	2	0	0	0	0	0	2
Sayreville (Sch. 4b)	27	0	0	0	0	0	0	191	244	258	263	259	1,242
Forked Rv.(Sch. 4c)	8	1	3	15	14	12	0	183	233	247	252	247	1,216
Off System Sales (Sch.4e)	13,920	17,045	20,760	23,851	22,512	21,664	4,493	11,176	14,273	15,110	15,423	15,128	195,356
Capacity Release (Sch. 4f)	(277)	(1,038)	(1,087)	(1,080)	(969)	(1,075)	(1,287)	(1,270)	(1,230)	(1,270)	(1,270)	(1,230)	(13,081)
Company Use Gas	10	5	27	25	23	31	9						130
Total Reductions	13,688	16,014	19,703	22,812	21,580	20,632	3,218	10,280	13,521	14,345	14,669	14,404	184,865
Net Cost Appl.To BGSS Sales	29,506	54,367	74,170	98,356	73,187	63,344	25,393	21,853	25,173	15,421	15,232	15,381	511,383
GAS COST RECOVERIES													
SCHEDULE 2b													
BGSS Sales	27,529	55,474	81,805	112,604	79,921	68,516	37,668	18,192	12,212	12,468	12,360	12,364	531,113
A/C Sales								49	42	108	67	58	324
Monthly BGSS Sales	4,206	7,898	10,650	13,705	9,213	7,958	4,797	2,432	1,783	1,833	1,841	1,785	68,101
BGSS Sales less Monthly and A/C	23,323	47,577	71,155	98,899	70,707	60,557	32,871	15,711	10,387	10,528	10,452	10,522	462,688
Recovery Rate \$ per Therm:	10/3/08			Bill Credit	Bill Credit	Bill Credit							
Periodic BGSS Rate	1.0919	1.1000	1.1000	0.9135	0.9135	0.8654	1.1000	1.1000	1.1000	1.1000	1.1000	1.1000	
A/C Rate	1.0919	1.1000	1.1000	0.9135	0.9135	0.8654	1.1000	0.4397	0.4397	0.4397	0.4397	0.4397	
Monthly BGSS Rate	0.9612	0.8562	0.9067	0.8274	0.6527	0.6084	0.5608	0.5283	0.6464	0.6584	0.6687	0.6756	
Recoveries:													
Periodic BGSS	25,467	52,334	78,270	90,344	64,591	52,406	36,158	17,282	11,425	11,581	11,497	11,574	462,931
A/C	0	0	0	0	0	0	0	22	18	47	29	25	142
Monthly BGSS	4,042	6,762	9,656	11,340	6,014	4,842	2,690	1,285	1,153	1,207	1,231	1,206	51,427
Total BGSS Recovery (Sch. 1, L. 3))	29,510	59,096	87,927	101,684	70,605	57,248	38,848	18,589	12,597	12,835	12,758	12,805	514,500

**NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2009
(000)THERMS**

SCHEDULE 3

	ACTUAL											ESTIMATE	
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	TOTAL
Residential BGSS Sales	21,955	44,776	66,537	92,114	65,633	56,375	30,750	14,825	9,851	9,979	9,901	9,988	432,683
Residential Air Conditioning								9	2	1	2	2	15
Total Residential Sales	21,955	44,776	66,537	92,114	65,633	56,375	30,750	14,833	9,854	9,979	9,903	9,990	432,698
C&I Monthly BGSS Sales	4,206	7,898	10,650	13,705	9,213	7,958	4,797	2,432	1,783	1,833	1,841	1,785	68,101
C&I Periodic BGSS Sales Air Conditioning	1,368	2,801	4,618	6,785	5,074	4,183	2,121	887	535	549	550	534	30,005
Total Commercial & Industrial Sales	5,574	10,699	15,268	20,490	14,288	12,141	6,919	3,359	2,358	2,489	2,457	2,374	98,415
Total Firm Sales	27,529	55,474	81,805	112,604	79,921	68,516	37,668	18,192	12,212	12,468	12,360	12,364	531,113
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	2	0	0	0	0	0	2
Sayreville (Sch. 4b)	35	0	0	0	0	0	0	503	487	503	503	487	2,518
Forked River(Sch. 4c)	10	2	3	18	25	23	0	472	457	472	472	457	2,410
Off System Sales(Sch. 4e)	19,312	25,160	32,190	39,963	50,224	55,578	12,376	29,450	28,500	29,450	29,450	28,500	380,153
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	19,356	25,161	32,193	39,981	50,249	55,601	12,378	30,425	29,444	30,425	30,425	29,444	385,082
Total Sales	46,885	80,636	113,998	152,585	130,170	124,116	50,046	48,617	41,656	42,893	42,785	41,808	916,196
Firm Transportation	6,332	8,466	11,315	13,855	10,038	9,181	5,973	3,647	2,940	2,995	2,944	2,864	80,550
Residential Transportation	637	1,302	1,927	2,606	1,891	1,640	933	421	252	261	261	253	12,385
Interruptible Transportation	3,133	2,553	2,276	1,976	2,622	2,541	2,350	3,037	2,976	2,937	2,937	2,976	32,315
Ocean Peaking Power	227	106	123	109	68	204	309	1,706	1,708	2,292	2,797	1,077	10,726
Total Transportation	10,329	12,427	15,641	18,547	14,620	13,566	9,564	8,811	7,876	8,485	8,939	7,170	135,976
Total Mtherms	57,214	93,063	129,639	171,132	144,789	137,682	59,610	57,429	49,532	51,379	51,725	48,978	1,052,172

**NEW JERSEY NATURAL GAS COMPANY
CREDITS DERIVED FROM INTERRUPTIBLE SALES
AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION
BGSS YEAR 2009
<000> \$/THERMS**

SCHEDULE 4a

<u>INTERRUPTIBLE SERVICE - SALES</u>	SCHEDULE 4a												TOTAL
	ACTUAL						ESTIMATE						
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	
Interruptible & IGS Revenues	0	0	0	0	0	0	3	0	0	0	0	0	3
Less Tefa-Sls 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	2	0	0	0	0	0	2
Interr. Sales (Sch.3)	0	0	0	0	0	0	2	0	0	0	0	0	2
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							1.20294						n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	2	0	0	0	0	0	2
Gross Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA	0	0	0	0	0	0	(0)	0	0	0	0	0	(0)
Less NJ Clean Energy and USF	0	0	0	0	0	0	(0)	0	0	0	0	0	(0)
Total Credit (Sch.1, L.5)	0	0	0	0	0	0	0	0	0	0	0	0	0

SAYREVILLE

SCHEDULE 4b

Revenue	29	0	0	0	0	0	0	216	268	283	289	283	1,369
Less BPU/RC Assessment	(0)	0	0	0	0	0	0	(0)	(1)	(1)	(1)	(1)	(3)
Net Revenue	29	0	0	0	0	0	0	216	268	283	288	283	1,366
Therm Sales (Sch. 3)	35	0	0	0	0	0	0	503	487	503	503	487	2,518
Rate per therm	0.78921							0.37951	0.50080	0.51306	0.52371	0.53080	n/a
Cost of Gas (Sch. 2a)	27	0	0	0	0	0	0	191	244	258	263	259	1,242
Total Credit (Sch.1, L.6)	2	0	0	0	0	0	0	25	24	25	25	24	124

NEW JERSEY NATURAL GAS COMPANY
CREDITS DERIVED FROM SALES TO FORKED RIVER ELECTRIC GENERATION & TRANSPORT FOR OTHERS,
FRM AND STORAGE INCENTIVE SHARING
BGSS YEAR 2009
<000> \$/THERMS

	SCHEDULE 4c												TOTAL
	ACTUAL						ESTIMATE						
FORKED RIVER	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	
Revenue	8	1	3	16	15	13	0	207	257	271	276	271	1,340
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	0	(0)	(1)	(1)	(1)	(1)	(3)
Net Revenue	8	1	3	16	15	13	0	206	256	271	276	270	1,337
Therm Sales (Sch. 3)	10	2	3	18	25	23	0	472	457	472	472	457	2,410
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	0.76471	0.72549	0.83333	0.84372	0.54642	0.53141		0.37951	0.50080	0.51306	0.52371	0.53080	n/a
Cost of Gas (Sch.2a)	8	1	3	15	14	12	0	183	233	247	252	247	1,216
Total Credit (Sch.1, L.7)	0	0	0	1	1	1	0	24	23	24	24	23	121
INTERRUPTIBLE SERVICE - TRANSPORTATION													
	SCHEDULE 4d												
Revenue	365	316	288	316	325	323	298	320	313	309	309	313	3,796
Less BPU/RC Assessment and RA	(77)	(63)	(56)	(49)	(65)	(62)	(58)	(74)	(73)	(72)	(72)	(73)	(794)
Less NJ Clean Energy and USF	(124)	(110)	(98)	(85)	(113)	(110)	(101)	(106)	(104)	(103)	(103)	(104)	(1,260)
Less IT Cogen/Tefa & SIs tax	(29)	(25)	(23)	(25)	(27)	(26)	(24)	(29)	(29)	(29)	(29)	(29)	(324)
Gross Margin	135	118	111	157	121	125	115	110	107	106	106	107	1,419
Customer Sharing @ 100%, cash-outs @100%													
Total Credit (Sch.1, L.8)	135	118	111	157	121	125	115	110	107	106	106	107	1,419
FRM PROGRAM													
	SCHEDULE 4i												
FRM Program - Gain (Loss)	4,303	1,726	3,324	0	549	1,740	0	0	0	0	0	0	11,642
NJNG Sharing @ 15%	645	259	499	0	82	261	0	0	0	0	0	0	1,746
STORAGE INCENTIVE													
	SCHEDULE 4k												
Storage Gain (Loss)	5,817	0	0	0	0	1,505	1,453	630	0	0	0	0	9,405
NJNG Sharing @ 20% (Sch.1, L.10)	1,163	0	0	0	0	301	291	126	0	0	0	0	1,881

NEW JERSEY NATURAL GAS COMPANY
SHARING DERIVED FROM OFF-SYSTEM SALES & CAPACITY RELEASE,
CREDITS FROM BALANCING CHARGES & OCEAN PEAKING POWER
BGSS YEAR 2009
<000> \$/THERMS

SCHEDULE 4e

	ACTUAL												ESTIMATE
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	TOTAL
OFF-SYSTEM SALES													
Revenues	14,404	18,473	24,161	31,860	30,257	25,952	4,797	11,576	14,723	15,910	16,223	15,528	223,864
Therm sales	19,312	25,160	32,190	39,963	50,224	55,578	12,376	29,450	28,500	29,450	29,450	28,500	380,153
Rate per therm COG	0.721	0.677	0.645	0.597	0.448	0.390	0.363	0.380	0.501	0.513	0.524	0.531	
Cost of Gas (Sch. 2a)	13,920	17,045	20,760	23,851	22,512	21,664	4,493	11,176	14,273	15,110	15,423	15,128	195,356
Net Margin	484	1,428	3,401	8,009	7,745	4,288	304	400	450	800	800	400	28,508
Customer sharing @ 85% (Sch.1,L 11)	411	1,214	2,891	6,807	6,583	3,645	259	340	383	680	680	340	24,232
NJNG Sharing @ 15%	73	214	510	1,201	1,162	643	46	60	68	120	120	60	4,276
Total Credit = Cost of Gas plus sharings	14,332	18,259	23,651	30,659	29,095	25,308	4,752	11,516	14,655	15,790	16,103	15,468	219,588

CAPACITY RELEASE

SCHEDULE 4f

Revenue	277	1,038	1,087	1,080	969	1,075	1,287	1,270	1,230	1,270	1,270	1,230	13,081
Customer Sharing @ 85% (Sch.1.,L 12)	236	883	924	918	824	914	1,094	1,079	1,045	1,079	1,079	1,045	11,119

BALANCING CREDITS & PENALTY CHARGES

SCHEDULE 4g

Current Month MBR Penalty Charges	0	0	0	10	6	13	(1)	0	0	0	0	0	28
Current Month Balancing Charges	411	623	856	1,065	760	683	420	218	162	168	168	162	5,697
Current Month D2 Charges	79	0	0	0	0	0	0						80
(Sch.1.,L 14)	490	624	856	1,075	766	696	419	218	162	168	168	162	5,805

OCEAN PEAKING POWER

SCHEDULE 4h

Therm Sales (Sch. 3)	227	106	123	109	68	204	309	1,706	1,708	2,292	2,797	1,077	10,726
Revenue	88	78	79	85	76	87	98	208	195	238	276	156	1,664
Less Sales Tax	(6)	(5)	(5)	(6)	(5)	(6)	(6)	(14)	(13)	(16)	(18)	(10)	(109)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(0)	(3)
Less USF	(5)	(3)	(3)	(3)	(2)	(5)	(8)	(44)	(44)	(59)	(72)	(28)	(276)
Less RA, NJ Clean Energy	(9)	(4)	(5)	(5)	(3)	(8)	(13)	(71)	(71)	(95)	(116)	(45)	(446)
Less Balancing Charges	-	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	68	65	66	72	66	68	70	79	66	68	69	73	829
Customer Sharing @ 100%	68	65	66	72	66	68	70	79	66	68	69	73	829
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.15)	68	65	66	72	66	68	70	79	66	68	69	73	829

**NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2009
\$(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 2008	0	0
NOV 2008	0	0
DEC 2008	0	0
JAN 2009	0	0
FEB 2009	0	0
MAR 2009	0	0
APR 2009	0	0
MAY 2009	0	0
JUN 2009	0	0
JUL 2009	0	0
AUG 2009	0	0
SEP 2009	0	0
		<hr/>
TOTALS		<hr/> <hr/> -

EXHIBIT B
Projected October 2009 - September 2010¹

INDEX OF SCHEDULES:

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

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2008 and FY2009. Actual BGSS schedules for FY2006 and FY2007 and projected BGSS schedules for FY2010 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 2010
\$(000)

SCHEDULE 1

ESTIMATE	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	(15,146)	(16,045)	(16,812)	(15,840)	(11,768)	(4,354)	2,571	1,641	895	314	(290)	(828)	(15,146)
2. Net Cost Appl. To BGSS Sales (Sch 2a)	20,988	42,791	77,343	95,598	83,786	69,207	31,625	15,964	10,936	11,331	11,372	11,415	482,356
3. BGSS Recoveries (Sch 2b)	(19,549)	(40,798)	(72,360)	(86,545)	(72,291)	(59,530)	(31,252)	(15,567)	(10,459)	(10,698)	(10,631)	(10,643)	(440,323)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	1,439	1,993	4,983	9,053	11,495	9,677	373	396	477	633	741	772	42,033
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	(3)	(3)	(3)	(3)	(3)	(3)	(13)	(13)	(13)	(13)	(13)	(13)	(94)
7. Forked River (Sch.4c)	(6)	(6)	(6)	(6)	(6)	(6)	(17)	(18)	(17)	(18)	(18)	(17)	(141)
8. Transportation(Sch.4d)	(110)	(106)	(109)	(108)	(108)	(103)	(112)	(112)	(110)	(108)	(108)	(110)	(1,303)
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)	(934)	(1,832)	(2,712)	(3,557)	(2,858)	(1,675)	(498)	(534)	(496)	(658)	(698)	(599)	(17,051)
12. Capacity Rel. (Sch.4f)	(907)	(211)	(218)	(218)	(198)	(219)	(213)	(172)	(167)	(172)	(172)	(167)	(3,032)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Balancing Credits and Penalty Charges (Sch.)	(289)	(520)	(860)	(1,018)	(840)	(678)	(375)	(226)	(168)	(174)	(174)	(168)	(5,490)
15. Ocean Peaking Power (Sch.4h)	(89)	(81)	(103)	(72)	(69)	(68)	(76)	(68)	(88)	(96)	(97)	(84)	(990)
16. Total Debits and Credits (L.5 through L.15)	(2,338)	(2,759)	(4,011)	(4,981)	(4,081)	(2,752)	(1,304)	(1,142)	(1,058)	(1,238)	(1,278)	(1,157)	(28,100)
17. Under/(Over) Recov.Gas Costs. End of Period (L's.1,4,&16)	(16,045)	(16,812)	(15,840)	(11,768)	(4,354)	2,571	1,641	895	314	(290)	(828)	(1,213)	(1,213)

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2010
(000)/THERMS

SCHEDULE 2a

ESTIMATE	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	TOTAL
COST OF GAS-CURRENT PERIOD													
Total Gas Costs	36,865	69,993	104,593	117,494	105,630	101,949	51,190	36,357	30,985	32,437	32,746	32,224	752,463
REDUCTIONS TO COST OF GAS													
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)	32	35	40	42	38	42	175	182	179	188	191	185	1,329
Forked Rv.(Sch. 4c)	68	74	85	89	81	89	237	247	243	255	258	252	1,978
Off System Sales (Sch.4e)	16,845	27,341	27,381	22,020	21,958	32,869	19,403	20,167	19,823	20,864	21,127	20,568	270,366
Capacity Release (Sch. 4f)	(1,068)	(248)	(256)	(256)	(233)	(258)	(250)	(202)	(196)	(202)	(202)	(196)	(3,567)
Storage Incentive Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Company Use Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reductions	15,878	27,202	27,251	21,895	21,844	32,742	19,566	20,394	20,048	21,105	21,374	20,809	270,106
Net Cost Appl.To BGSS Sales (Sch.1.,L.2)	20,988	42,791	77,343	95,598	83,786	69,207	31,625	15,964	10,936	11,331	11,372	11,415	482,356

GAS COST RECOVERIES

SCHEDULE 2b

BGSS Sales	23,597	48,667	85,433	101,750	84,962	70,022	36,882	18,379	12,331	12,596	12,492	12,496	519,607
A/C Sales							49	42	108	67	58		324
Monthly BGSS Sales	3,236	6,006	10,201	12,384	10,044	7,990	4,181	2,460	1,804	1,855	1,864	1,809	63,834
BGSS Sales less Monthly and A/C	20,361	42,661	75,232	89,366	74,918	62,033	32,701	15,870	10,485	10,634	10,560	10,629	455,449
Recovery Rate \$ per Therm1:													
Periodic BGSS Rate	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	
A/C Rate	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.8500	0.7056	0.7056	0.7056	0.7056	0.7056	
Monthly BGSS Rate	0.6928	0.7553	0.8247	0.8547	0.8573	0.8514	0.8266	0.8305	0.8409	0.8535	0.8622	0.8664	
Recoveries:													
Periodic BGSS	17,307	36,262	63,947	75,961	63,680	52,728	27,796	13,490	8,912	9,038	8,976	9,035	387,132
A/C	0	0	0	0	0	0	0	35	30	76	47	41	228
Monthly BGSS	2,242	4,537	8,413	10,584	8,611	6,802	3,456	2,043	1,517	1,583	1,608	1,567	52,963
Total BGSS Recovery (Sch. 1, L. 3)	19,549	40,798	72,360	86,545	72,291	59,530	31,252	15,567	10,459	10,698	10,631	10,643	440,323

**NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2010
(000)THERMS**

SCHEDULE 3

	ESTIMATE												
	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	TOTAL
Residential BGSS Sales	18,980	39,760	69,953	83,136	69,683	57,826	30,818	14,971	9,940	10,074	9,999	10,085	425,225
Residential Air Conditioning								9	2	1	2	2	15
Total Residential Sales	18,980	39,760	69,953	83,136	69,683	57,826	30,818	14,979	9,942	10,074	10,001	10,087	425,241
C&I Monthly BGSS Sales	3,236	6,006	10,201	12,384	10,044	7,990	4,181	2,460	1,804	1,855	1,864	1,809	63,834
C&I Periodic BGSS Sales	1,381	2,901	5,279	6,230	5,235	4,207	1,883	899	545	560	561	544	30,224
Air Conditioning								41	40	107	65	56	308
Total Commercial & Industrial Sales	4,616	8,907	15,480	18,613	15,279	12,196	6,064	3,400	2,389	2,522	2,490	2,409	94,366
Total Firm Sales	23,597	48,667	85,433	101,750	84,962	70,022	36,882	18,379	12,331	12,596	12,492	12,496	519,607
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	61	53	54	54	88	0
Sayreville (Sch. 4b)	59	57	59	59	53	59	257	266	257	266	266	257	1,915
Forked River(Sch. 4c)	123	119	123	123	111	123	342	353	342	353	353	342	2,807
Off System Sales(Sch. 4e)	31,000	45,000	40,300	31,000	30,800	46,500	28,500	29,450	28,500	29,450	29,450	28,500	398,450
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	31,182	45,176	40,482	31,182	30,964	46,682	29,099	30,069	29,099	30,069	30,069	29,099	403,172
Total Sales	54,779	93,843	125,915	132,932	115,926	116,704	65,981	48,448	41,430	42,665	42,561	41,595	922,779
Firm Transportation	4,401	7,140	11,199	13,106	10,979	9,129	5,456	3,647	2,940	2,995	2,944	2,864	76,800
Residential Transportation	583	1,145	1,995	2,346	1,957	1,569	868	421	252	261	261	253	11,912
Interruptible Transportation	2,987	2,906	2,967	2,937	2,934	2,837	3,026	3,037	2,976	2,937	2,937	2,976	35,459
Ocean Peaking Power	1,073	754	776	175	119	201	535	286	2,409	3,145	3,249	1,219	13,941
Total Transportation	9,044	11,945	16,937	18,564	15,990	13,736	9,885	7,391	8,577	9,338	9,391	7,312	138,112
Total Mtherms	63,823	105,789	142,852	151,495	131,916	130,440	75,866	55,840	50,008	52,004	51,952	48,906	1,060,890

NEW JERSEY NATURAL GAS COMPANY
CREDITS DERIVED FROM INTERRUPTIBLE SALES
AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION
BGSS YEAR 2010
<000> \$/THERMS

SCHEDULE 4a

<u>INTERRUPTIBLE SERVICE - SALES</u>	ESTIMATE												
	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	TOTAL
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Tefa-Sls tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less BPU/RC Assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Interr. Sales (Sch.3)	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss Factor (2%)	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020	1.020
Rate per therm													n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA	0	0	0	0	0	0	0	0	0	0	0	0	0
Less NJ Clean Energy and USF	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.5)	0	0	0	0	0	0	0	0	0	0	0	0	0

SAYREVILLE

SCHEDULE 4b

Revenue	35	38	43	45	40	45	188	196	192	202	204	199	1,426
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
Net Revenue	35	37	43	45	40	45	188	195	191	202	204	198	1,423
Therm Sales (Sch. 3)	59	57	59	59	53	59	257	266	257	266	266	257	1,915
Rate per therm	0.54339	0.60758	0.67944	0.71033	0.71293	0.70686	0.68081	0.68479	0.69554	0.70845	0.71737	0.72167	n/a
Cost of Gas (Sch. 2a)	32	35	40	42	38	42	175	182	179	188	191	185	1,329
Total Credit (Sch.1, L.6)	3	3	3	3	3	3	13	13	13	13	13	13	94

NEW JERSEY NATURAL GAS COMPANY
SHARING DERIVED FROM OFF-SYSTEM SALES & CAPACITY RELEASE,
CREDITS FROM BALANCING CHARGES & OCEAN PEAKING POWER
BGSS YEAR 2010
<000> \$/THERMS

SCHEDULE 4e

	ESTIMATE												
	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	TOTAL
OFF-SYSTEM SALES													
Revenues	17,943	29,496	30,572	26,205	25,321	34,840	19,989	20,795	20,406	21,638	21,948	21,272	290,426
Therm sales	31,000	45,000	40,300	31,000	30,800	46,500	28,500	29,450	28,500	29,450	29,450	28,500	398,450
Rate per therm COG	0.543	0.608	0.679	0.710	0.713	0.707	0.681	0.685	0.696	0.708	0.717	0.722	
Cost of Gas (Sch. 2a)	16,845	27,341	27,381	22,020	21,958	32,869	19,403	20,167	19,823	20,864	21,127	20,568	270,366
Net Margin	1,098	2,155	3,191	4,184	3,363	1,971	586	628	583	775	821	704	20,060
Customer sharing @ 85% (Sch.1,L 11)	934	1,832	2,712	3,557	2,858	1,675	498	534	496	658	698	599	17,051
NJNG Sharing @ 15%	165	323	479	628	504	296	88	94	87	116	123	106	3,009
Total Credit = Cost of Gas plus sharings	17,778	29,173	30,094	25,577	24,817	34,544	19,901	20,701	20,319	21,522	21,824	21,166	287,417

CAPACITY RELEASE

SCHEDULE 4f

Revenue	1,068	248	256	256	233	258	250	202	196	202	202	196	3,567
Customer Sharing @ 85% (Sch.1.,L 12)	907	211	218	218	198	219	213	172	167	172	172	167	3,032

BALANCING CREDITS & PENALTY CHARGES

SCHEDULE 4g

Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Month Balancing Charges	289	520	860	1,018	840	678	375	226	168	174	174	168	5,490
(Sch.1.,L 14)	289	520	860	1,018	840	678	375	226	168	174	174	168	5,490

OCEAN PEAKING POWER

SCHEDULE 4h

Therm Sales (Sch. 3)	1,073	754	776	175	119	201	535	286	2,409	3,145	3,249	1,219	13,941
Revenue	164	135	160	88	81	85	115	91	247	302	310	168	1,946
Less Sales Tax	(11)	(9)	(10)	(6)	(5)	(6)	(8)	(6)	(16)	(20)	(20)	(11)	(127)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)	(1)	(0)	(4)
Less USF	(28)	(20)	(20)	(5)	(3)	(5)	(14)	(7)	(62)	(81)	(84)	(32)	(361)
Less RA, NJ Clean Energy	(36)	(25)	(26)	(6)	(4)	(7)	(18)	(10)	(80)	(105)	(108)	(41)	(464)
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	89	81	103	72	69	68	76	68	88	96	97	84	990
Customer Sharing @ 100%	89	81	103	72	69	68	76	68	88	96	97	84	990
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.15)	89	81	103	72	69	68	76	68	88	96	97	84	990

**NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2010
\$(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 2009	0	0
NOV 2009	0	0
DEC 2009	0	0
JAN 2010	0	0
FEB 2010	0	0
MAR 2010	0	0
APR 2010	0	0
MAY 2010	0	0
JUN 2010	0	0
JUL 2010	0	0
AUG 2010	0	0
SEP 2010	0	0
		<hr/>
TOTALS		- <hr/> <hr/>

NEW JERSEY NATURAL GAS COMPANY

BGSS YEAR 2010

COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES

DATE	COMBINED \$(000)		ANNUAL RATE	SCHEDULE 6
	BALANCE	AVERAGE BALANCE		ANNUAL RATE
				7.76%
SEP 2008	27,994			
OCT 2008	28,456	28,225	0.00647	183
NOV 2008	21,082	24,769	0.00647	160
DEC 2008	2,977	12,030	0.00647	78
JAN 2009	(9,382)	(3,203)	0.00647	(21)
FEB 2009	(15,079)	(12,230)	0.00647	(79)
MAR 2009	(13,870)	(14,474)	0.00647	(94)
APR 2009	(28,990)	(21,430)	0.00647	(139)
MAY 2009	(27,475)	(28,233)	0.00647	(183)
JUN 2009	(16,710)	(22,092)	0.00647	(143)
JUL 2009	(16,272)	(16,491)	0.00647	(107)
AUG 2009	(15,948)	(16,110)	0.00647	(104)
SEP 2009	(15,146)	(15,547)	0.00647	(101)
OCT 2009	(16,045)	(15,596)	0.00647	(101)
NOV 2009	(16,812)	(16,428)	0.00647	(106)
DEC 2009	(15,840)	(16,326)	0.00647	(106)
JAN 2010	(11,768)	(13,804)	0.00647	(89)
FEB 2010	(4,354)	(8,061)	0.00647	(52)
MAR 2010	2,571	(892)	0.00647	(6)
APR 2010	1,641	2,106	0.00647	14
MAY 2010	895	1,268	0.00647	8
JUN 2010	314	605	0.00647	4
JUL 2010	(290)	12	0.00647	0
AUG 2010	(828)	(559)	0.00647	(4)
SEP 2010	(1,213)	(1,020)	0.00647	(7)
				<u>(995)</u>
INTEREST TO BE CREDITED TO CUSTOMER				<u><u>(995)</u></u>

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
FY2009

Customer Class (a)	Actual/ Estimate (b)	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)
		Total Class Therms (b)	Number of Customers (c)				
Residential Non-Heating							
October	a	416,197	19,682	21.2	19.6	1.6	30,507
November	a	451,665	19,124	23.6	24.4	(0.8)	(14,917)
December	a	389,969	18,912	20.6	21.1	(0.5)	(9,078)
January	a	526,836	18,749	28.1	22.0	6.1	114,369
February	a	331,165	18,601	17.8	17.5	0.3	5,580
March	a	330,541	18,522	17.9	17.3	0.6	10,187
April	a	193,899	18,543	10.5	7.6	2.9	53,033
May	e	229,015	19,063	12.0	8.3	3.7	70,722
June	e	293,596	19,824	14.8	12.7	2.1	41,828
July	e	345,379	19,860	17.4	19.4	(2.0)	(39,918)
August	e	333,013	19,795	16.8	17.6	(0.8)	(15,440)
September	e	389,125	19,531	19.9	19.4	0.5	10,156
Total		4,230,399		220.6	206.9		257,031
Margin Revenue Factor / Therm Per Tariff Sheet No. 179							\$ 0.2913
Margin Deficiency/ (Credit)							\$ (74,873)
Prior Period (Over) / Under Recovery ³							\$ 216,856
Total Deficiency/(Credit)							\$ 141,983
Projected Residential Non-Heating Throughput for Recovery Period							3,493,388
Pre-tax CIP Charge/(Credit)							\$ 0.0406
BPU/RC Assessment Factor							1.002023
CIP Charge/(Credit) including assessments							\$ 0.0407
7% Sales Tax							\$ 0.0028
Proposed After-tax CIP Charge/(Credit) per Therm							\$ 0.0435
Current After-tax CIP Charge/(Credit) per Therm							\$ (0.0265)
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm							\$ 0.0700

¹ Per Exhibit C, Schedule 1, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 1, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group I: RS non-heat

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	
<u>Customers</u>													
RS non-heat sales	19,365	18,804	18,589	18,421	18,254	18,174	18,186	18,715	19,476	19,512	19,447	19,183	
RS non-heat transport	317	320	323	328	347	348	357	348	348	348	348	348	
Total Customers	19,682	19,124	18,912	18,749	18,601	18,522	18,543	19,063	19,824	19,860	19,795	19,531	
<u>Volumes</u>													
RS non-heat sales	408,461	440,736	380,577	512,298	321,252	322,122	188,057	224,420	289,149	340,784	328,419	384,679	4,140,955
RS non-heat transport	7,736	10,929	9,392	14,538	9,913	8,419	5,842	4,594	4,446	4,594	4,594	4,446	89,445
Total Volumes	416,197	451,665	389,969	526,836	331,165	330,541	193,899	229,015	293,596	345,379	333,013	389,125	4,230,399

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP I - RS NON-HEAT
FY2009

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	TOTAL
Beginning Under/(Over) Recovery \$	112,922	122,264	133,465	143,136	156,202	164,415	172,612	177,421	183,101	190,382	198,947	207,206	112,922
Therm Sales	416,197	451,665	389,969	526,836	331,165	330,541	193,899	229,015	293,596	345,379	333,013	389,125	4,230,399
Pre-tax Recovery Rate per Therm	(0.0224)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	(0.0248)	
Recovery \$	(9,342)	(11,201)	(9,671)	(13,066)	(8,213)	(8,197)	(4,809)	(5,680)	(7,281)	(8,565)	(8,259)	(9,650)	(103,934)
Ending Under/(Over) Recovery \$	122,264	133,465	143,136	156,202	164,415	172,612	177,421	183,101	190,382	198,947	207,206	216,856	216,856

New Jersey Natural Gas Company
Conservation Incentive Program
Group II: Residential Heat
FY2009

Customer Class (a)	Actual/ Estimate (b)	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)
		Total Class Therms (b)	Number of Customers (c)				
Residential Heating							
October	a	22,175,200	429,564	51.6	51.0	0.6	266,330
November	a	45,626,067	430,791	105.9	97.4	8.5	3,666,031
December	a	68,073,669	431,743	157.7	168.3	(10.6)	(4,589,428)
January	a	94,193,585	432,385	217.9	190.4	27.5	11,868,968
February	a	67,193,439	432,868	155.2	166.3	(11.1)	(4,791,849)
March	a	57,683,895	432,993	133.2	136.9	(3.7)	(1,593,414)
April	a	31,489,247	432,934	72.7	77.6	(4.9)	(2,108,389)
May	e	15,025,487	432,869	34.7	41.2	(6.5)	(2,809,322)
June	e	9,812,286	433,011	22.7	25.4	(2.7)	(1,186,451)
July	e	9,895,092	433,074	22.9	24.1	(1.3)	(541,343)
August	e	9,831,358	433,214	22.7	23.6	(0.9)	(394,225)
September	e	9,853,556	433,797	22.7	26.1	(3.4)	(1,470,572)
Total		440,852,881		1,019.9	1,028.3		(3,683,663)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$	0.2913
Margin Deficiency/ (Credit)	\$	1,073,051
Prior Period (Over) / Under Recovery ³	\$	2,155,477
Total Deficiency/(Credit)	\$	3,228,527
Projected Residential Heating Throughput for Recovery Period		433,658,887
Pre-tax CIP Charge/(Credit)	\$	0.0074
BPU/RC Assessment Factor		1.002023
CIP Charge/(Credit) including assessments	\$	0.0074
7% Sales Tax	\$	0.0005
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0079
Current After-tax CIP Charge/(Credit) per Therm	\$	0.0378
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	(0.0299)

¹ Per Exhibit C, Schedule 2, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 2, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group II: RS heat

	Actual Oct-08	Actual Nov-08	Actual Dec-08	Actual Jan-09	Actual Feb-09	Actual Mar-09	Actual Apr-09	Estimate May-09	Estimate Jun-09	Estimate Jul-09	Estimate Aug-09	Estimate Sep-09	
Customers													
RS heat sales	417,967	419,191	420,013	420,552	420,827	420,880	420,320	420,756	420,898	420,961	421,101	421,684	
RS heat transport	11,597	11,600	11,730	11,833	12,041	12,113	12,614	12,113	12,113	12,113	12,113	12,113	
Total Customers	429,564	430,791	431,743	432,385	432,868	432,993	432,934	432,869	433,011	433,074	433,214	433,797	
Volumes													
RS heat sales	21,546,306	44,334,983	66,156,311	91,601,920	65,312,018	56,052,556	30,561,704	14,608,940	9,564,509	9,638,334	9,574,821	9,605,026	428,557,427
RS heat transport	628,894	1,291,084	1,917,358	2,591,665	1,881,421	1,631,339	927,543	416,548	247,778	256,758	256,537	248,530	12,295,454
Total Volumes	22,175,200	45,626,067	68,073,669	94,193,585	67,193,439	57,683,895	31,489,247	15,025,487	9,812,286	9,895,092	9,831,358	9,853,556	440,852,881

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP II - RS HEAT
FY2009

	Actual Oct-08	Actual Nov-08	Actual Dec-08	Actual Jan-09	Actual Feb-09	Actual Mar-09	Actual Apr-09	Estimate May-09	Estimate Jun-09	Estimate Jul-09	Estimate Aug-09	Estimate Sep-09	TOTAL
Beginning Under/(Over) Recovery \$	17,701,989	16,934,799	15,324,199	12,921,198	9,596,165	7,224,236	5,187,995	4,076,424	3,546,024	3,199,651	2,850,354	2,503,307	17,701,989
Therm Sales	22,175,200	45,626,067	68,073,669	94,193,585	67,193,439	57,683,895	31,489,247	15,025,487	9,812,286	9,895,092	9,831,358	9,853,556	440,852,881
Pre-tax Recovery Rate per Therm	0.0346	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	0.0353	
Recovery \$	767,190	1,610,600	2,403,001	3,325,034	2,371,928	2,036,241	1,111,570	530,400	346,374	349,297	347,047	347,831	15,546,513
Ending Under/(Over) Recovery \$	16,934,799	15,324,199	12,921,198	9,596,165	7,224,236	5,187,995	4,076,424	3,546,024	3,199,651	2,850,354	2,503,307	2,155,477	2,155,477

New Jersey Natural Gas Company
Conservation Incentive Program
Group III: General Service Small
FY2009

<u>Customer Class</u>	<u>Actual/ Estimate</u>	<u>Actual per Books¹</u>		<u>Actual Avg. Use / Cust.</u>	<u>Baseline Use / Cust.²</u>	<u>Difference (f) = (d) - (e)</u>	<u>Aggregate Therm Impact (g) = (f) * (c)</u>
		<u>Total Class Therms</u>	<u>Number of Customers</u>				
<u>General Service Small</u>							
October	a	1,477,968	25,517	57.9	79.6	(21.7)	(553,209)
November	a	3,226,192	26,763	120.6	99.9	20.7	552,656
December	a	5,236,566	27,105	193.2	214.1	(20.9)	(566,495)
January	a	7,669,474	27,193	282.0	254.6	27.4	746,176
February	a	5,712,522	27,213	209.9	235.2	(25.3)	(687,945)
March	a	4,757,558	27,195	174.9	187.6	(12.7)	(344,289)
April	a	2,451,840	26,965	90.9	96.8	(5.9)	(158,285)
May	e	1,024,277	26,817	38.2	47.2	(9.0)	(241,349)
June	e	628,541	26,540	23.7	24.9	(1.2)	(32,379)
July	e	645,743	26,335	24.5	27.4	(2.9)	(75,846)
August	e	646,489	26,360	24.5	38.0	(13.5)	(355,066)
September	e	627,032	26,421	23.7	14.7	9.0	238,585
Total		34,104,202		1,264.2	1,320.0		(1,477,445)
Margin Revenue Factor / Therm Per Tariff Sheet No. 179							\$ 0.2472
Margin Deficiency/ (Credit)							\$ 365,224
Prior Period (Over) / Under Recovery ³							\$ 215,175
Total Deficiency/(Credit)							\$ 580,399
Projected Commercial Throughput for Recovery Period							33,814,745
Pre-tax CIP Charge/(Credit)							\$ 0.0172
BPU/RC Assessment Factor							<u>1.002023</u>
CIP Charge/(Credit) including assessments							\$ 0.0172
7% Sales Tax							\$ <u>0.0012</u>
Proposed After-tax CIP Charge/(Credit) per Therm							\$ 0.0184
Current After-tax CIP Charge/(Credit) per Therm							\$ <u>0.0424</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm							\$ <u>(0.0240)</u>

¹ Per Exhibit C, Schedule 3, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 3, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group III: GSS

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	
Customers													
GSS Sales	23,901	24,463	24,780	24,818	24,834	24,809	24,534	24,475	24,199	23,994	24,018	24,080	
GSS A/C	48	47	46	45	44	44	46						
GSS Transport	1,568	2,253	2,279	2,330	2,335	2,342	2,385	2,341	2,341	2,341	2,341	2,341	
Total Customers	25,517	26,763	27,105	27,193	27,213	27,195	26,965	26,817	26,540	26,335	26,360	26,421	
Volumes													
GSS Sales	1,352,087	2,792,200	4,608,918	6,776,902	5,064,682	4,177,242	2,116,282	886,149	534,959	549,042	549,788	533,451	29,941,702
GSS A/C	15,823	8,584	8,542	7,363	9,224	5,275	4,813						59,624
GSS Transport	110,058	425,408	619,106	885,209	638,616	575,041	330,745	138,129	93,582	96,701	96,701	93,582	4,102,877
Total Volumes	1,477,968	3,226,192	5,236,566	7,669,474	5,712,522	4,757,558	2,451,840	1,024,277	628,541	645,743	646,489	627,032	34,104,202

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP III - GENERAL SERVICE SMALL
FY2009

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	TOTAL
Beginning Under/(Over) Recovery \$	1,564,137	1,507,174	1,379,416	1,172,048	868,337	642,121	453,722	356,629	316,068	291,178	265,606	240,005	1,564,137
Therm Sales	1,477,968	3,226,192	5,236,566	7,669,474	5,712,522	4,757,558	2,451,840	1,024,277	628,541	645,743	646,489	627,032	34,104,202
Pre-tax Recovery Rate per Therm	0.0385	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	
Recovery \$	56,964	127,757	207,368	303,711	226,216	188,399	97,093	40,561	24,890	25,571	25,601	24,830	1,348,963
Ending Under/(Over) Recovery \$	1,507,174	1,379,416	1,172,048	868,337	642,121	453,722	356,629	316,068	291,178	265,606	240,005	215,175	215,175

New Jersey Natural Gas Company
Conservation Incentive Program
Group IV: General Service Large
FY2009

Customer Class	Actual/ Estimate	Actual per Books ¹		Large Customer Adjustment	Adjusted Number of Customers	Actual Avg. Use / Cust. ²	Baseline Use / Cust.	Difference	Aggregate Therm Impact
		Total Class Therms	Number of Customers						
General Service Large									
October	a	9,567,494	8,807	25	8,832	1,083.3	1,059.1	24.2	213,558
November	a	14,912,149	8,111	25	8,136	1,832.9	2,026.2	(193.3)	(1,573,014)
December	a	20,124,803	8,121	32	8,153	2,468.4	2,591.6	(123.2)	(1,004,531)
January	a	25,171,643	8,140	42	8,182	3,076.5	3,012.6	63.9	522,584
February	a	17,352,854	8,162	42	8,204	2,115.2	2,687.9	(572.7)	(4,698,677)
March	a	15,334,750	8,162	42	8,204	1,869.2	2,090.8	(221.6)	(1,818,170)
April	a	9,425,927	8,152	44	8,196	1,150.1	1,251.1	(101.0)	(828,124)
May	e	4,935,723	8,143	44	8,187	602.9	803.7	(200.8)	(1,644,209)
June	e	3,718,853	8,148	44	8,192	454.0	564.1	(110.1)	(902,275)
July	e	3,832,483	8,154	44	8,198	467.5	541.0	(73.5)	(602,439)
August	e	3,841,359	8,159	44	8,203	468.3	485.2	(16.9)	(138,712)
September	e	<u>3,720,261</u>	8,166	44	8,210	<u>453.2</u>	<u>631.3</u>	(178.2)	<u>(1,462,571)</u>
Total		<u>131,938,299</u>				<u>16,041.2</u>	<u>17,744.6</u>		<u>(13,936,581)</u>

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$	0.1948
Margin Deficiency/ (Credit)	\$	2,714,846
Prior Period (Over) / Under Recovery ³	\$	<u>266,085</u>
Total Deficiency/(Credit)	\$	2,980,931
Projected Commercial Throughput for Recovery Period		122,809,930
Pre-tax CIP Charge/(Credit)	\$	0.0243
BPU/RC Assessment Factor		<u>1.002023</u>
CIP Charge/(Credit) including assessments	\$	0.0243
7% Sales Tax	\$	<u>0.0017</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0260
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0424</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>(0.0164)</u>

¹ Per Exhibit C, Schedule 4, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 4, Page 3

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

Group IV: GSL

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	
<u>Customers</u>													
GSL Sales	5,260	5,373	5,321	5,287	5,246	5,220	5,140	5,227	5,232	5,238	5,243	5,250	
GSL A/C	25	25	25	25	25	26	26						
GSL Transport	3,522	2,713	2,775	2,828	2,891	2,916	2,986	2,916	2,916	2,916	2,916	2,916	
Total Customers	8,807	8,111	8,121	8,140	8,162	8,162	8,152	8,143	8,148	8,154	8,159	8,166	
<u>Volumes</u>													
GSL Sales	4,158,106	7,829,820	10,579,813	13,631,011	9,161,776	7,911,254	4,772,498	2,431,811	1,783,446	1,832,562	1,841,438	1,784,853	67,718,388
GSL A/C	36,397	67,435	69,347	67,219	51,098	46,496	24,144						362,136
GSL Transport	5,372,991	7,014,894	9,475,643	11,473,413	8,139,980	7,377,000	4,629,285	2,503,912	1,935,407	1,999,921	1,999,921	1,935,407	63,857,775
Total Volumes	9,567,494	14,912,149	20,124,803	25,171,643	17,352,854	15,334,750	9,425,927	4,935,723	3,718,853	3,832,483	3,841,359	3,720,261	131,938,299

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP IV - GENERAL SERVICE LARGE
FY2009

	Actual <u>Oct-08</u>	Actual <u>Nov-08</u>	Actual <u>Dec-08</u>	Actual <u>Jan-09</u>	Actual <u>Feb-09</u>	Actual <u>Mar-09</u>	Actual <u>Apr-09</u>	Estimate <u>May-09</u>	Estimate <u>Jun-09</u>	Estimate <u>Jul-09</u>	Estimate <u>Aug-09</u>	Estimate <u>Sep-09</u>	TOTAL
Beginning Under/(Over) Recovery \$	5,480,719	5,111,969	4,521,448	3,724,506	2,727,709	2,040,536	1,433,280	1,060,013	864,558	717,292	565,525	413,408	5,480,719
Therm Sales	9,567,494	14,912,149	20,124,803	25,171,643	17,352,854	15,334,750	9,425,927	4,935,723	3,718,853	3,832,483	3,841,359	3,720,261	131,938,299
Pre-tax Recovery Rate per Therm	0.0385	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	0.0396	
Recovery \$	368,750	590,521	796,942	996,797	687,173	607,256	373,267	195,455	147,267	151,766	152,118	147,322	5,214,634
Ending Under/(Over) Recovery \$	5,111,969	4,521,448	3,724,506	2,727,709	2,040,536	1,433,280	1,060,013	864,558	717,292	565,525	413,408	266,085	266,085

**New Jersey Natural Gas Company
Conservation Incentive Program
Weather Normalization Calculation for the 2008-09 Winter Period**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	Group II RS/RT Heat CONSUMPTION FACTOR ¹	TOTAL THERMS	Group III GSS CONSUMPTION FACTOR ¹	TOTAL THERMS	Group IV GSL CONSUMPTION FACTOR ¹	TOTAL THERMS	TOTAL WNC Margin
Oct. 08	a	291	302	11	47,501	522,511	4,405	48,455	13,070	143,770	
Nov. 08	a	534	578	44	62,849	2,765,356	4,224	185,856	16,930	744,920	
Dec. 08	a	857	820	(37)	72,822	(2,694,414)	6,086	(225,182)	18,299	(677,063)	
Jan. 09	a	963	1,102	139	77,499	10,772,361	6,879	956,181	19,152	2,662,128	
Feb. 09	a	854	778	(76)	71,612	(5,442,512)	6,918	(525,768)	17,801	(1,352,876)	
Mar. 09	a	702	698	(4)	69,254	(277,016)	6,235	(24,940)	17,305	(69,220)	
Apr. 09	a	393	345	(48)	66,260	(3,180,480)	4,667	(224,016)	14,840	(712,320)	
May. 09	e	150	159	9	53,528	481,752	4,010	36,090	13,831	124,479	
		<u>4,744</u>	<u>4,782</u>	<u>38</u>		2,947,558		226,676		863,818	
					MARGIN FACTOR ²	<u>\$0.2913</u>		<u>\$0.2472</u>		<u>\$0.1948</u>	
					Margin Impact due to Weather Variances	<u>\$858,624</u>		<u>\$56,034</u>		<u>\$168,272</u>	<u>\$1,082,930</u>

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

² Per Tariff Sheet No. 179 approved in BPU Docket No. GR07110889.

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, 2009
Year 3 of CIP Pilot
GR0906_____**

Calculation of BGSS Savings for October 2009 through September 2010 Recovery Period

Recurring initial savings identified¹	\$10,636,757	a
Additional Year 1 Savings²	\$0	b
Additional Year 2 Savings²	\$0	c
Additional Year 3 Savings³	<u>\$1,996,185</u>	d
Total BGSS Savings Available for CIP comparison	<u>\$12,632,942</u>	e=a+b+c+d

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

¹ Refer to Exhibit E of the stipulation in BPU Docket No. GR05121020.

² NJNG has not implemented additional BGSS Savings in Years 1 and 2.

³ Per NJNG's October 24, 2008 notification letter of its release of Iroquois capacity of 15,000 dth per day at \$0.3646 per dth.

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2009
Year 3 of CIP Pilot
GR0906
Summary**

Group I	Per Exhibit C, Schedule 1	(\$74,873) a
Group II	Per Exhibit C, Schedule 2	\$1,073,051 b
Group III	Per Exhibit C, Schedule 3	\$365,224 c
Group IV	Per Exhibit C, Schedule 4	<u>\$2,714,846</u> d
CIP Calculation for current period		\$4,078,248 e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>(\$1,082,930)</u> f
CIP Value subject to BGSS test-current year		\$5,161,178 g=e-f
Prior Year Carry-over CIP Value	Per Exhibit C, Schedule 6, Page 4 of 4	<u>\$568,981</u> h
Note: This will only exist if the conservation experienced in the prior year was greater than the BGSS value available for comparison.		
Total CIP Value subject to BGSS savings comparison		\$5,730,159 i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 4	\$12,632,942 j
Non-weather CIP Value to be recovered in current year		\$5,730,159 k= full value of i if j>i k=j, if j<i
Total CIP value subject to recovery for current year		\$4,647,229 l=f+k
CIP Carry-over value to next year		\$0 m=i-j, if i>j m=0, if i<j

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

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2008
Year 2 of CIP Pilot**

Calculation of BGSS Savings for October 2008 through September 2009

Recurring initial savings identified¹	\$10,636,757	a
Additional Year 1 Savings²	\$0	b
Additional Year 2 Savings²	\$0	c
Additional Year 3 Savings³	<u>\$1,826,646</u>	d
Total BGSS Savings Available for CIP comparison	<u>\$12,463,403</u>	e=a+b+c+d

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

¹ Refer to Exhibit E of the stipulation in BPU Docket No. GR05121020.

² NJNG has not implemented additional BGSS Savings in Years 1 and 2.

³ Per NJNG's October 24, 2008 notification letter of its release of Iroquois capacity of 15,000 dth per day at \$0.3646 per dth. Above amount reflects 11 months of savings for November 2008 through September 2009.

**New Jersey Natural Gas Company
 Conservation Incentive Program Filing
 Year ended September 30, 2008
 Year 2 of CIP Pilot
 Final Results
 Summary**

Group I		\$114,428	a
Group II		\$15,862,840	b
Group III		\$6,128,437	c
CIP Calculation for current period		\$22,105,705	d=a+b+c
Weather Related Value of CIP		\$9,073,321	e
CIP Value subject to BGSS test-current year		\$13,032,384	f=d-e
Prior Year Carry-over CIP Value		\$0	g
Note: This will only exist if the conservation experienced in the prior year was greater than the BGSS value available for comparison.			
Total CIP Value subject to BGSS savings comparison		\$13,032,384	h=f-g
BGSS Savings	Per Exhibit C, Schedule 6, Page 3 of 4	\$12,463,403	i
Non-weather CIP Value to be recovered in current year		\$12,463,403	j= full value of h, if i>h j=i, if i<h
Total CIP value subject to recovery for current year		\$21,536,724	k=e+j
CIP Carry-over value to next year		\$568,981	l=h-i, if h>i l=0, if h<i

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

**NEW JERSEY NATURAL GAS COMPANY
CONSERVATION INCENTIVE PROGRAM
EARNINGS TEST
APRIL 1, 2008 THROUGH MARCH 31, 2009**

BPU DOCKET No. GR0906_____

	(000's)
Net Income	\$56,301
Less:	
Net earnings from margin sharing	7,004
Other income, net of tax	1,317
Regulated Jurisdictional Net Income	\$47,980
Average Thirteen Month Common Equity	501,729
Actual Rate of Return on Common Equity	9.56%

EXHIBIT D

CALCULATION OF REVISED WNC RECOVERY RATE

FOR F/Y 2010

NEW JERSEY NATURAL GAS COMPANY
CALCULATION OF WEATHER NORMALIZATION CLAUSE FACTOR
BPU DOCKET NO. GR0906 _____
\$000

Authorized WNC Charge				\$8,133 a-b+c=d
	Therms	Pre-tax rate	Recovery \$	
FY08 Recovery	570,317	0.0126	\$7,186	(\$7,186)
Actual Recovery through 4/30/09				
	Therms	Pre-tax rate	Recovery \$	
Oct-08	33,221	0.0021	\$71	
Nov-08	63,764	0.0014	\$89	
Dec-08	93,435	0.0014	\$131	
Jan-09	127,035	0.0014	\$178	
Feb-09	90,259	0.0014	\$126	
Mar-09	77,776	0.0014	\$109	
Apr-09	43,367	0.0014	\$61	
			<u>\$764</u>	(\$764)
Projected Recovery through 9/30/09				
	Therms	Pre-tax rate	Recovery \$	
May-09	20,985	0.0014	\$29	
Jun-09	14,160	0.0014	\$20	
Jul-09	14,373	0.0014	\$20	
Aug-09	14,319	0.0014	\$20	
Sep-09	14,201	0.0014	\$20	
			<u>\$109</u>	(\$109)
9/30/08 Estimated balance to be recovered				\$74
Projected WNC Volumes for FY2009 (000) therms				
Oct 09 - Sep 10				590,284
Proposed Pre-tax WNC Rate per Therm for 10/1/09				\$0.0001
Proposed After-tax WNC Rate per Therm for 10/1/09				\$0.0001
Current Pre-tax WNC Rate per Therm				\$0.0014
Current After-tax WNC Rate per Therm				\$0.0015
Decrease to Pre-tax WNC Rate per Therm				(\$0.0013)
Decrease to After-tax WNC Rate per Therm				(\$0.0014)

EXHIBIT E

CALCULATION OF REVISED BALANCING RATE

FOR F/Y 2010

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

	\$000
<u>Balancing Charge related to Inventory¹</u>	
12 month Average inventory balance (TETCO storages and LNG)	\$42,359
Rate of Return	<u>11.44%</u>
Storage Carrying Costs	\$4,846
% of Peak Related to Balancing	<u>55%</u>
Balancing	\$2,661
Annual Firm Therms (excluding FT) (000)	<u>624,513</u>
Pre-tax Balancing Rate	\$0.0043
<u>Balancing Charge related to Demand Charges²</u>	
Pipeline Demand Charges	\$96,886
Adjustments (BGSS Incentive Credits)	<u>(\$20,082)</u>
Total	\$76,804
% of Peak Related to Balancing	<u>54%</u>
Balancing	\$41,487
Annual Firm Therms (000)	<u>597,154</u>
Pre-tax Balancing Rate	\$0.0695
<u>Total Balancing Charge</u>	
Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0695</u>
Total Pre-tax Balancing Rate	\$0.0737
Total After-tax Balancing Rate	\$0.0789
Current After-tax Balancing Rate	<u>\$0.0762</u>
Increase/(Decrease) to After-tax Balancing Rate	\$0.0027
<u>Calculation of % of Peak Related to Balancing</u>	
	000 therms
Peak Day Therms	8,222
Average Therms on a January Day	<u>3,781</u>
Balancing Therms	4,441
% of Peak	54%

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

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

EXHIBIT F

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

FOR F/Y 2010 BGSS YEAR

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR0906
F/Y 2009

(\$/therm)

Price Impact for Group I - Residential Non-Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$1.1000	\$1.1770	\$0.8500	\$0.9095	(\$0.2500)	(\$0.2675)
CIP	Delivery Price	<u>(0.0248)</u>	<u>(0.0265)</u>	<u>0.0407</u>	<u>0.0435</u>	<u>0.0655</u>	<u>0.0700</u>
NET IMPACT		<u>\$1.0752</u>	<u>\$1.1505</u>	<u>\$0.8907</u>	<u>\$0.9530</u>	<u>(\$0.1845)</u>	<u>(\$0.1975)</u>

Price Impact for Group II - Residential Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$1.1000	\$1.1770	\$0.8500	\$0.9095	(\$0.2500)	(\$0.2675)
CIP	Delivery Price	0.0353	0.0378	0.0074	0.0079	(0.0279)	(0.0299)
WNC	Delivery Price	<u>0.0014</u>	<u>0.0015</u>	<u>0.0001</u>	<u>0.0001</u>	<u>(0.0013)</u>	<u>(0.0014)</u>
NET IMPACT		<u>\$1.1367</u>	<u>\$1.2163</u>	<u>\$0.8575</u>	<u>\$0.9175</u>	<u>(\$0.2792)</u>	<u>(\$0.2988)</u>

Price Impact for Group III - General Service Small Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$1.1000	\$1.1770	\$0.8500	\$0.9095	(\$0.2500)	(\$0.2675)
CIP	Delivery Price	0.0396	0.0424	0.0172	0.0184	(0.0224)	(0.0240)
WNC	Delivery Price	<u>0.0014</u>	<u>0.0015</u>	<u>0.0001</u>	<u>0.0001</u>	<u>(0.0013)</u>	<u>(0.0014)</u>
NET IMPACT		<u>\$1.1410</u>	<u>\$1.2209</u>	<u>\$0.8673</u>	<u>\$0.9280</u>	<u>(\$0.2737)</u>	<u>(\$0.2929)</u>

Price Impact for Group IV - General Service Large Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	0.0396	0.0424	0.0243	0.0260	(0.0153)	(0.0164)
WNC	Delivery Price	<u>0.0014</u>	<u>0.0015</u>	<u>0.0001</u>	<u>0.0001</u>	<u>(0.0013)</u>	<u>(0.0014)</u>
NET IMPACT		<u>\$0.0410</u>	<u>\$0.0439</u>	<u>\$0.0244</u>	<u>\$0.0261</u>	<u>(\$0.0166)</u>	<u>(\$0.0178)</u>

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

BGSS projected annual therms	455,449 (000s)
CIP Group I projected annual therms	3,493 (000s)
CIP Group II projected annual therms	433,659 (000s)
CIP Group III projected annual therms	33,815 (000s)
CIP Group IV projected annual therms	122,810 (000s)
WNC projected annual therms	590,284 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$536.1	\$414.2	(\$121.8)
CIP Group I	(\$0.1)	\$0.2	0.2
CIP Group II	\$16.4	\$3.4	(13.0)
CIP Group III	\$1.4	\$0.6	(0.8)
CIP Group IV	\$5.2	\$3.2	(2.0)
WNC	<u>\$0.9</u>	<u>\$0.1</u>	<u>(0.8)</u>
IMPACT	<u>\$559.9</u>	<u>\$421.7</u>	<u>(\$138.2)</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR0906
FY 2009

	Current			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$1.1000	\$1.1000	\$1.1000	\$0.8500	\$0.8500	\$0.8500
After-tax Periodic BGSS	\$1.1770	\$1.1770	\$1.1770	\$0.9095	\$0.9095	\$0.9095
Less: Balancing	<u>(\$0.0762)</u>	<u>(\$0.0762)</u>	<u>(\$0.0762)</u>	<u>(\$0.0789)</u>	<u>(\$0.0789)</u>	<u>(\$0.0789)</u>
BGSS Price To Compare	<u>\$1.1008</u>	<u>\$1.1008</u>	<u>\$1.1008</u>	<u>\$0.8306</u>	<u>\$0.8306</u>	<u>\$0.8306</u>

<u>Impact on Residential Non-Heating Customers</u>				
25 therm bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.4514	\$11.29	
BGSS		\$1.1008	\$27.52	
Total		<u>\$1.5522</u>	<u>\$47.06</u>	
Proposed prices- effective 10/1/09				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5241	\$13.10	
BGSS		\$0.8306	\$20.77	
Total		<u>\$1.3547</u>	<u>\$42.12</u>	
Decrease			(\$4.94)	
Decrease as a percent			(10.5%)	
<u>Impact on Residential Heating Customers</u>				
1000 therm annual bill per BPU Report Card				
Current Prices				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5172	\$51.72	\$517.20
BGSS		\$1.1008	\$110.08	\$1,100.80
Total		<u>\$1.6180</u>	<u>\$170.05</u>	<u>\$1,717.00</u>
Proposed prices- effective 10/1/09				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.4886	\$48.86	\$488.60
BGSS		\$0.8306	\$83.06	\$830.60
Total		<u>\$1.3192</u>	<u>\$140.17</u>	<u>\$1,418.20</u>
Decrease			(\$29.88)	(\$298.80)
Decrease as a percent			(17.6%)	(17.4%)
<u>Impact on Commercial GSS Customers</u>				
100 therm bill				
Current Prices				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4725	\$47.25	
BGSS		\$1.1008	\$110.08	
Total		<u>\$1.5733</u>	<u>\$182.33</u>	
Proposed prices- effective 10/1/09				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4498	\$44.98	
BGSS		\$0.8306	\$83.06	
Total		<u>\$1.2804</u>	<u>\$153.04</u>	
Decrease			(\$29.29)	
Decrease as a percent			(16.1%)	
<u>Impact on Commercial GSL Customers</u>				
1200 therm bill				
Current Prices				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4143	\$497.16	
BGSS (May 2009)		\$0.4903	\$588.36	
Total		<u>\$0.9046</u>	<u>\$1,301.02</u>	
Proposed prices- effective 10/1/09				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.3992	\$479.04	
BGSS		\$0.4876	\$585.12	
Total		<u>\$0.8868</u>	<u>\$1,279.66</u>	
Decrease			(\$21.36)	
Decrease as a percent			(1.6%)	

**NEW JERSEY NATURAL GAS COMPANY
SUMMARY OF PERIODIC BGSS COMPONENTS
BPU DOCKET NO GR0906_____**

**October 1, 2009
through
September 30, 2010
\$000**

ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/09
(Exhibit B, Schedule 1)

(\$15,146) A

ESTIMATED NET COSTS APPLICABLE TO BGSS
(Exhibit B, Schedule 2a)

\$482,356 B

ESTIMATED ADJUSTMENTS

Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$94)
Forked River (Sch.4c)	(\$141)
Transportation(Sch.4d)	(\$1,303)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4k)	\$0
Off-System Sales (Sch.4e)	(\$17,051)
Capacity Rel. (Sch.4f)	(\$3,032)
Supplier Ref. and Miscellaneous Adj. (Sch.5)	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$5,490)
Ocean Peaking Power (Sch. 4h)	(\$990)

TOTAL ADJUSTMENTS

(\$28,100) C

ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2008
(Exhibit B Schedule 1)

(\$1,213) D

A/C Sales Recovery

\$228

Monthly BGSS Sales Recovery

\$52,963

ESTIMATED OTHER RECOVERY

\$53,191 E

(Exhibit B Schedule 2b)

ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED

\$387,132 A+B+C-D-E=F

(Exhibit B Schedule 2b)

BGSS Sales

519,607

A/C Sales {May - Sep}

324

Monthly BGSS Sales

63,834

ESTIMATED PERIODIC BGSS THERM SALES

455,449 G

(Exhibit B Schedule 2b)

PRE-TAX PERIODIC BGSS FACTOR PER THERM FOR FY2010

\$0.8500 F/G=H

EXHIBIT G

PROPOSED TARIFF SHEETS

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE

AVAILABILITY

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

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$8.25

Delivery Charge:

Residential Heating

Delivery Charge per therm \$~~0.48860~~⁵¹⁷²

Residential Non-Heating

Delivery Charge per therm \$~~0.52410~~⁴⁵¹⁴

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 23, 2008~~
Issued by: Mark R. Sperduto, Vice President
~~2008~~
Wall, NJ 07719

Effective for service rendered on
and after October ~~1, 2009~~²⁴,

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	\$0.36090.3582
------------------	---------------------------

May - October	\$0.30390.3012
---------------	---------------------------

BGSS Charge:

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

MINIMUM MONTHLY CHARGE

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: ~~October 23, 2008~~
 Issued by: Mark R. Spurduto, Vice President
 Wall, NJ 07719

Effective for service rendered on
 and after October ~~124, 2009~~8

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 \$~~0.44980~~.4725

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: ~~October 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~8

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~^{First} Revised Sheet No. 59
Superseding ~~First Revised~~^{Original} 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 ~~\$0.39920~~⁴¹⁴³

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: ~~October 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~²⁸

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL

AVAILABILITY

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

CONDITIONS PRECEDENT

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to PBQ \$0.60

Delivery Charge:

November - April ~~\$0.26190-2592~~

May - October ~~\$0.22910-2264~~

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

MINIMUM MONTHLY CHARGE

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

Date of Issue: ~~October 23, 2008~~
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~⁸

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 ~~\$0.28510-2824~~

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 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~²⁸

NEW JERSEY NATURAL GAS COMPANY

~~Eighth~~ ~~Seventh~~ Revised Sheet No. 155

Superseding ~~Seventh~~ ~~Sixth~~ Revised Sheet No. 155

BPU No. 8 - Gas

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.90951 1.770 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$0.07890 0.762 per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
June 1, 2008	\$1.4851
July 1, 2008	\$1.6185
August 1, 2008	\$1.1825
September 1, 2008	\$1.0901
October 1, 2008	\$1.0308
November 1, 2008	\$0.9183
December 1, 2008	\$0.9724
January 1, 2009	\$0.8874
February 1, 2009	\$0.7000
March 1, 2009	\$0.6525
April 1, 2009	\$0.6012
May 1, 2009	\$0.5665

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

Date of Issue: ~~April 29, 2009~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~ ~~May~~ 1, 2009

NEW JERSEY NATURAL GAS COMPANY

~~Third~~ ~~Second~~ Revised Sheet No. 156

BPU No. 8 - Gas

Superseding ~~Second Revised~~ ~~First~~ Sheet No. 156

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$ 0.02600 0.0208) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

Date of Issue: ~~February 20, 2009~~
Issued by: Mark R. Sperduto, Vice President
2009
Wall, NJ 07719

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

RIDER "D"

WEATHER NORMALIZATION CLAUSE (continued)

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Weather Normalization Rate shall be accumulated for each month of the Winter Period when this rate is in effect and applied against the margin revenue excess or deficiency from the immediately preceding Winter Period and any cumulative balances remaining from prior Winter Periods.

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

The annual filing for the adjustment to the weather normalization rate shall be concurrent with the annual filing for the Societal Benefits Charge ("SBC"). The WNC factor shall be credited/collected on a basis within the Delivery Charge for all service classifications to which Rider "D" applies.

Applicable to Gas Used
Under Service Classifications
RS Heating, GSS, GSL and ED

~~\$0.00010-0015~~

IV. DEGREE DAYS AND CONSUMPTION FACTORS DURING THE TERM OF THE CONSERVATION INCENTIVE PROGRAM (CIP) PILOT

The normal degree days and degree day consumption factors to be used for the calculation of the weather related change in customer usage during the term of the CIP Pilot, included in Rider "I", are set forth below:

Month	Degree Days	Consumption Factors (therms per degree day)		
		Group II-Residential Heating	Group III- GSS	Group IV- GSL
October	291	47,501	4,405	13,070
November	534	62,849	4,224	16,930
December	857	72,822	6,086	18,299
January	963	77,499	6,879	19,152
February	854	71,612	6,918	17,801
March	702	69,254	6,235	17,305
April	393	66,260	4,667	14,840
May	150	53,528	4,010	13,831

The weather related change in customer usage shall be calculated as the difference between actual degree days and these normal degree days multiplied by these consumption factors, and multiplying the result by the margin revenue factors as defined in Rider "I".

NOTE:

SECTION II ABOVE SHALL BE SUSPENDED AS OF OCTOBER 1, 2006. SECTION III ABOVE SHALL BE SUSPENDED UPON COMPLETION OF RECOVERY OF THE WNC MARGIN DEFICIENCY FOR THE 2005-2006 WINTER PERIOD. SUCH SUSPENSIONS SHALL REMAIN IN EFFECT FOR THE DURATION OF THE CONSERVATION INCENTIVE PROGRAM, "RIDER I."

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

Effective for service rendered on and after October 13, 2008

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

Group I (RS non-heating):	(\$0.04350-0265)
Group II (RS heating):	\$0.00790-0378
Group III (GSS, ED using less than 5,000 therms annually):	\$0.01840-0424
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.02600-0424

For the recovery of the October 200~~86~~ through September 200~~97~~ 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 6, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~13~~, 200~~98~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~**First** Revised Sheet No. 252
Superseding ~~First Revised~~**Original** Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		<u>Bundled</u>	<u>Transport</u>	
		<u>Sales</u>	<u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2913	0.2913	
TEFA		0.0167	0.0167	Rider B
SUT		<u>0.0216</u>	<u>0.0216</u>	Rider B
After-tax Base Rate		0.3296	0.3296	
WNC		0.00150.0	0.00150.0001	Rider D
		001		
CIP		0.03780.0	0.03780.0079	Rider I
		079		
<i>Total Transport Rate</i>	a	0.36890.3	0.36890.3376	
		376		
<i>Balancing Charge</i>	b	0.07620.0	0.07620.0789	Rider A
		789		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.51720.4	0.51720.4886	
		886		
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	1.17700.9	x	Rider A
		095		
Less: Balancing	f	0.07620.0	x	
		789		
BGS	e+f=g	1.10080.8	x	
		306		

Date of Issue: ~~October 23, 2008~~
Issued by: **Mark R. Sperduto, Vice President**
Wall, NJ 07719

Effective for service rendered on
and after October ~~1-24, 2009~~**28**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

**~~Second~~ ~~First~~ Revised Sheet No. 252
Superseding ~~First Revised~~ ~~Original~~ 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: ~~October 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

**Effective for service rendered on
and after October ~~1-24, 2008~~**

**Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR0906 ~~ER08060455~~**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~**First** Revised Sheet No. 253
Superseding ~~First Revised~~**Original** 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>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2913	0.2913	
TEFA		0.0167	0.0167	Rider B
SUT		<u>0.0216</u>	<u>0.0216</u>	Rider B
After-tax Base Rate		0.3296	0.3296	
CIP		(0.0265) <u>0.0435</u>	(0.0265) <u>0.0435</u>	Rider I
<i>Total Transport Rate</i>	a	0.3031 <u>0.3731</u>	0.3031 <u>0.3731</u>	
<i>Balancing Charge</i>	b	0.0762 <u>0.0789</u>	0.0762 <u>0.0789</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.4514 <u>0.5241</u>	0.4514 <u>0.5241</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	1.1770 <u>0.095</u>	x	Rider A
Less: Balancing	f	0.0762 <u>0.0789</u>	x	
BGS	e+f=g	1.1008 <u>0.306</u>	x	

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

Date of Issue: ~~October 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~**28**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~^{First} Revised Sheet No. 253
Superseding ~~First Revised~~^{Original} Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

Date of Issue: ~~October 23, 2008~~
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Wall, NJ 07719

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Filed pursuant to Order of the Board of Public Utilities entered in
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~**First Revised Sheet No. 254**
Superseding ~~First Revised~~**Original Sheet No. 254**

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0167	0.0167	
SUT		<u>0.0137</u>	<u>0.0100</u>	Rider B
After-tax Base Rate		0.2099	0.1529	
<i>Total Transport Rate</i>	a	0.2099	0.1529	
<i>Balancing Charge</i>	b	0.0762 <u>0.0789</u>	0.0762 <u>0.0789</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.3582 <u>0.3609</u>	0.3012 <u>0.3039</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	1.1770 <u>0.9095</u>	1.1770 <u>0.9095</u>	Rider A
Less: Balancing	f	0.0762 <u>0.0789</u>	0.0762 <u>0.0789</u>	
BGS	e+f=g	1.1008 <u>0.8306</u>	1.1008 <u>0.8306</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: ~~October 23, 2008~~
Issued by: Mark R. Spurduto, Vice President
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Effective for service rendered on and after October ~~124,~~ 2009~~8~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~**First** Revised Sheet No. 255
Superseding ~~First Revised~~**Original** Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2472	0.2472	
TEFA		0.0148	0.0148	Rider B
SUT		<u>0.0183</u>	<u>0.0183</u>	Rider B
After-tax Base Rate		0.2803	0.2803	
WNC		0.00150.0	0.00150.0001	Rider D
		001		
CIP		0.04240.0	0.04240.0184	Rider I
		184		
<i>Total Transport Rate</i>	a	0.32420.2	0.32420.2988	
		988		
<i>Balancing Charge</i>	b	0.07620.0	0.07620.0789	Rider A
		789		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.47250.4	0.47250.4498	
		498		
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	1.17700.9	x	Rider A
		095		
Less: Balancing	f	0.07620.0	x	
		789		
BGS	e+f=g	1.10080.8	x	
		306		

Date of Issue: ~~October 23, 2008~~
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Wall, NJ 07719

Effective for service rendered on
and after October ~~124, 2009~~**28**

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: ~~October 23, 2008~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~NinthEighth~~ Revised Sheet No. 256
Superseding ~~EighthSeventh~~ 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>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1948	0.1948	
TEFA		0.0128	0.0128	Rider B
SUT		<u>0.0145</u>	<u>0.0145</u>	Rider B
After-tax Base Rate		0.2221	0.2221	
WNC		0.00150.0 <u>001</u>	0.00150.0001	Rider D
CIP		0.04240.0 <u>260</u>	0.04240.0260	Rider I
<i>Total Transport Rate</i>	a	0.26600.2 <u>482</u>	0.26600.2482	
<i>Balancing Charge</i>	b	0.07620.0 <u>789</u>	0.07620.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.41430.3 <u>992</u>	0.41430.3992	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.5665	X	Rider A
Less: Balancing	f	0.07620.0 <u>789</u>	X	
BGS	e+f=g	0.49030.4 <u>876</u>	X	

Date of Issue: **April 29, 2009**
Issued by: **Mark R. Spurduto, Vice President**
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~**May** 1, 2009

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

**~~NinthEighth~~ Revised Sheet No. 256
Superseding ~~EighthSeventh~~ 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 29, 2009~~**
Issued by: **Mark R. Spurduto, Vice President**
Wall, NJ 07719

**Effective for service rendered on
and after ~~October~~**May 1, 2009****

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Second~~**First Revised Sheet No. 258**
~~Superseding First Revised~~**Original Sheet No. 258**

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0883	0.0577	
TEFA		0.0153	0.0153	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		<u>0.1109</u>	<u>0.0781</u>	
<i>Total Transport Rate</i>	a	<i>0.1109</i>	<i>0.0781</i>	
<i>Balancing Charge</i>	b	0.0762 <u>0.0789</u>	0.0762 <u>0.0789</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.2592 <u>0.2619</u>	0.2264 <u>0.2291</u>	

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

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

Date of Issue: ~~October 23, 2008~~
Issued by: **Mark R. Spurduto, Vice President**
 Wall, NJ 07719

Effective for service rendered on and after October ~~124, 2009~~28

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~NinthEighth~~ Revised Sheet No. 259
Superseding ~~EighthSeventh~~ Revised Sheet No. 259

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Firm Cogeneration (FC)

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		49.49	49.49	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1253	0.1253	
SUT		<u>0.0088</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		<u>0.1341</u>	<u>0.1341</u>	
<i>Total Transport Rate</i>	a	<i>0.1341</i>	<i>0.1341</i>	
<i>Balancing Charge</i>	b	0.0762 <u>0.0789</u>	0.0762 <u>0.0789</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0185	0.0185	Rider E
RA		0.0260	0.0260	Rider C
USF		<u>0.0276</u>	<u>0.0276</u>	Rider H
<i>Total SBC</i>	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.2824 <u>0.2851</u>	0.2824 <u>0.2851</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.5665	X	Rider A
Less: Balancing	f	0.0762 <u>0.0789</u>	X	
BGS	e+f=g	0.4903 <u>0.487</u>	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 29, 2009~~
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~May 1, 2009

EXHIBIT H

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

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS
Docket No. GR0906_____

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2009, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2009–2010 Basic Gas Supply Service (“BGSS”) petition pursuant to the “Order Approving BGSS Price Structure” issued by the New Jersey Board of Public Utilities (“Board”) on January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”). At that time, NJNG also filed for Board approval of proposed price changes related to the Conservation Incentive Program (“CIP”) and the Weather Normalization Clause (“WNC”). Pursuant to its filing, NJNG requested that the Board permit NJNG to adjust its BGSS, CIP and WNC factors. The combined impact of these price changes would result in an overall **decrease of approximately \$29.88 or (17.6) percent** per month on a 100 therm residential bill. The impact of the BGSS rate change for a residential heating customer using an average of 100 therms per month would be a **decrease of \$26.75 per month, or (15.7) percent** as a result of the proposed BGSS rate, a **decrease of \$2.99 per month or (1.8) percent** as a result of the proposed CIP rate, and a **decrease of \$0.14 per month or (0.1) percent** as a result of the proposed WNC rate.

The effect of the Company’s request for the price adjustments to be effective October 1, 2009, on typical residential, general service - small, and general service - large natural gas bills is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Bill Impact				% Impact			
		Bill as of May 1, 2009	Proposed Bill as of October 1, 2009	BGSS	CIP	WNC	Net Decrease	BGSS	CIP	WNC	Net Decrease
Residential Heat Sales	100	\$170.05	\$140.17	(\$26.75)	(\$2.99)	(\$0.14)	(\$29.88)	(15.7%)	(1.8%)	(0.1%)	(17.6%)
Residential Non-Heat Sales	25	\$47.06	\$42.12	(\$6.69)	\$1.75	\$0.00	(\$4.94)	(14.2%)	3.7%	0.0%	(10.5%)
General Service - Small	100	\$182.33	\$153.04	(\$26.75)	(\$2.40)	(\$0.14)	(\$29.29)	(14.7%)	(1.3%)	(0.1%)	(16.1%)
General Service - Large	1200	\$1,301.02	\$1,279.66	\$0.00	(\$19.68)	(\$1.68)	(\$21.36)	0.0%	(1.5%)	(0.1%)	(1.6%)

TAKE FURTHER NOTICE that future changes in NJNG’s price for BGSS service may also occur if NJNG elects to adjust its BGSS rates upward by filing timely notice with the Board Staff and the Department of the Public Advocate, Division of Rate Counsel, pursuant to the Generic BGSS Order. Any such self-implementing increase will be limited to a maximum of 5 percent of the total residential bill, effective December 1, 2009, and to a maximum of 5 percent of the total residential bill, effective February 1, 2010. Further, these self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. Pursuant to the Generic BGSS Order, NJNG is permitted to decrease its BGSS rate at any time upon five days notice and the filing of supporting documentation with the Board of Public Utilities and the Rate Counsel.

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

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of October 1, 2009	Proposed Bill Including December and February 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$140.17	\$154.54	\$14.37	10.25%
Residential Non-Heat Sales	25	\$42.12	\$45.71	\$3.59	8.53%
General Service - Small	100	\$153.04	\$167.41	\$14.37	9.39%

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

PLEASE TAKE NOTICE that a public hearing on the petition has been scheduled at the following date, time and place:

July xx, 2009, 7 p.m.
 Freehold Borough Municipal Building
 51 W. Main Street
 Freehold, NJ 07728-2195

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed rate changes. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102. Copies of NJNG's June 1, 2009, filing can be reviewed either at the NJNG Customer Service Centers or at the New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102.

Tracey Thayer, Esq.
New Jersey Natural Gas

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

JOSEPH P. SHIELDS

SENIOR VICE PRESIDENT

NJNG ENERGY SERVICES

**NEW JERSEY NATURAL GAS COMPANY
BASIC GAS SUPPLY SERVICE AND
CONSERVATION INCENTIVE PROGRAM ANNUAL FILING
BPU DOCKET NO. GR0906_____**

DIRECT TESTIMONY OF JOSEPH P. SHIELDS

I. Background and Purpose

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

4 A. My name is Joseph P. Shields and I am the Senior Vice President of Energy
5 Services for New Jersey Natural Gas Company (the “Company” or
6 “NJNG”). My business address is 1415 Wyckoff Road, Wall, New Jersey
7 07719.

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

11 A. I received a degree in Business Administration from Stockton State College
12 in 1979. Upon graduation from Stockton State College, I was employed by
13 the New Jersey Board of Public Utilities (“BPU” or the “Board”) as a Rate
14 Analyst. My responsibilities included reviewing rate cases and Levelized
15 Energy Adjustment Clause, Levelized Gas Adjustment (“LGA”) and Raw
16 Materials Adjustment Clause filings.

17 I joined New Jersey Natural Gas Company in November 1983 as a
18 Gas Supply Analyst. In March 1987, I was promoted to Rate Analyst. In
19 July 1990, I was promoted to the position of Manager of Gas Supply
20 Operations and in July 1995, I was promoted to Director of Gas Supply. In
21 January 1996, I was promoted to Vice President of Gas Supply and in

1 January 1997, I was promoted to my current position of Senior Vice
2 President of Energy Services.

3 As Senior Vice President of Energy Services for NJNG, I am
4 responsible for the strategic planning of the long term supply portfolio,
5 including the diversification of supply sources and the mix of storage and
6 transportation services. I oversee the Energy Services staff for the seasonal
7 and monthly optimization of the supply portfolio in order to provide the
8 lowest overall cost for the customers. I also oversee the BGSS hedging
9 programs that provide a level of price stability for customers.

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

12 A. Yes. I have testified on behalf of the Company in numerous prior LGA and
13 Basic Gas Supply Service (“BGSS”) proceedings.

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

15 A. Consistent with the BPU’s generic BGSS Order in Docket No. GX01050304
16 (“Generic BGSS Order”), the purpose of this testimony is to address any
17 material or major factors affecting the Company’s forecasted BGSS rate; to
18 describe and detail how the Company actively manages and optimizes its gas
19 supply and capacity portfolio to provide reliable service to customers at a
20 reasonable cost; and to provide a narrative explanation of the significant
21 drivers of the annual BGSS rate (including wholesale gas pricing
22 assumptions) which the Company is proposing to make effective in this
23 proceeding. I am also sponsoring a number of exhibits that provide the
24 requisite detail and support for the projected gas costs and forecasted sales

1 throughput in this case consistent with the annual Minimum Filing
2 Requirements (“MFR’s”) that were established in the Generic BGSS Order.

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

4 A. The balance of my testimony is organized as follows:

5 Section II: BGSS Status Review and Market Developments

6 Section III: Reliability & Hedging

7 Section IV: Periodic BGSS Pricing

8 Section V: MFR Supporting Data and Information

9 Section VI: Conclusion

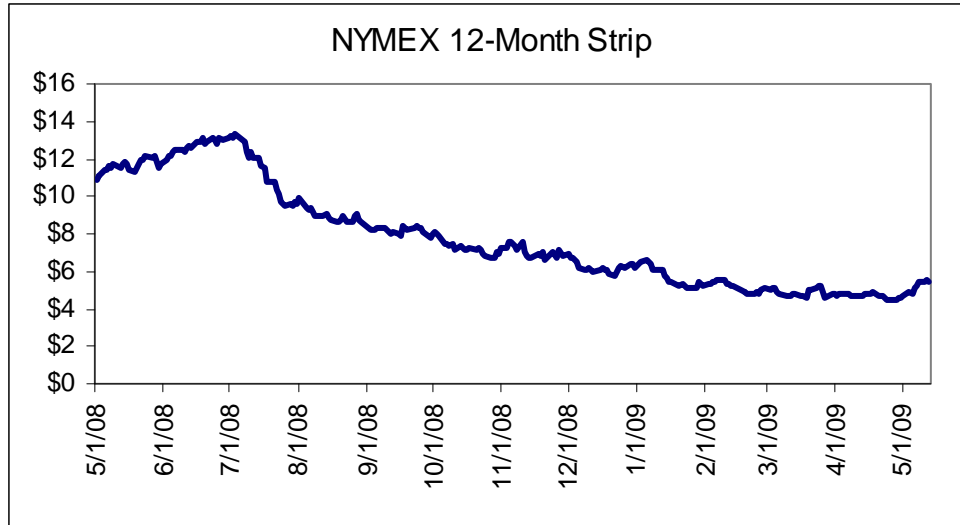
10 **II. BGSS Status Review and Market Developments**

11 **Q. PLEASE DESCRIBE CURRENT CONDITIONS IN THE NATURAL**
12 **GAS MARKET AFFECTING NJNG BGSS PRICING.**

13 A. The 12 month natural gas New York Mercantile Exchange (“NYMEX”)
14 strip price (the average of the monthly futures prices for a 12 month period)
15 demonstrates the extremely volatile nature of the natural gas market. The
16 markets are responding to the uncertain nature of the global economy and
17 the global energy markets.

18 As shown in the chart below, since NJNG’s BGSS filing last year the
19 NYMEX strip has experienced a rise to a record level over \$13 per dth in
20 July 2008 and a gradual decline to a level last seen in 2002 to below \$4.50
21 by the end of April 2009. Even though the trend since July 2008 has been a
22 general decline, the pricing volatility continues with the 12 month strip
23 experiencing daily swings in the +/- \$0.40 range. Recently, the NYMEX
24 strip further demonstrated this volatility with a rise greater than \$1 per dth
25 over a two week period from \$4.454 on 4/27/09 to \$5.505 on 5/12/09.

1 The 12 month NYMEX strip settled at \$5.505 on May 12, 2009, the
 2 date used for the underlying assumptions of this year’s BGSS annual filing.



3
 4 This market volatility can also be seen in the following table
 5 comparing the NYMEX futures prices at the time of previous BGSS filings.

6

Annual BGSS filing	NYMEX date	12 month Strip	BGSS Year Oct~Sep	Winter Nov~Mar
2010	5/12/09	5.505	6.105	6.106
2009	5/16/08	11.461	11.148	12.099
2008	5/8/07	8.612	8.791	9.482
2007	5/10/06	9.275	10.000	10.986
2006	5/12/05	7.100	7.150	7.702
2005	5/18/04	6.321	6.149	6.619

7

1 **Q. WHAT STEPS DID THE COMPANY TAKE IN THE PAST YEAR TO**
2 **OPTIMIZE AND MANAGE ITS SUPPLY AND CAPACITY**
3 **PORTFOLIO TO PROVIDE PRICE STABILITY BENEFITS AND**
4 **LOWER GAS COSTS TO ITS CUSTOMERS?**

5 A. First, as part of the Company's 2008-2009 annual BGSS filing made on May
6 30, 2008, the Company initially requested an approximately 18 percent
7 overall price increase related to the Periodic BGSS rate for residential and
8 small commercial customers as the futures market rose to record levels. The
9 Company reassessed its position during the next few months as the
10 wholesale natural gas market softened and stipulated to an approximately 8.9
11 percent overall price increase related to the Periodic BGSS rate for
12 residential and small commercial customers, effective October 3, 2008, less
13 than 50 percent of the original increase. Thereafter, as a result of successful
14 cost-control activities – including hedging, strategic storage management
15 and lower gas prices – the Company was able to provide customers with
16 significant price relief at the peak of the heating season by way of \$45.8
17 million in pre-tax Periodic BGSS bill credits in their January 2009 through
18 March 2009 bills. Those actions provided the average residential heating
19 customer with approximately \$108 in savings, offsetting approximately 80
20 percent of the October 3, 2008 increase.

21 Second, because NJNG realizes that BGSS costs comprise
22 approximately 2/3 of customers' bills, the Company is keenly sensitive to
23 the impact on customers of high gas costs and, therefore, continually seeks
24 to maximize the value of our portfolio, while at the same time managing the

1 risks associated with price volatility and market uncertainties. The NJNG
2 Gas Supply team reviews supply purchases, transportation and storage mix
3 on a daily basis to capture value in daily market fluctuations in order to
4 minimize costs and generate credits for our customers.

5 Third, the Company has been able to lower gas costs for its customers
6 through a number of Board-approved incentive programs. One key tool in
7 that regard is the successful optimization of the Company's transportation
8 portfolio through the Capacity Release ("CR") and Off System Sales
9 ("OSS") programs. The Company's CR and OSS programs are expected to
10 produce more than \$35 million in savings to our customers for the 2008-
11 2009 BGSS year. Another key tool is the optimization of storage injections
12 through the Storage Incentive Program ("SI").

13 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW**
14 **TO HELP MAINTAIN PRICE STABILITY FOR THE UPCOMING**
15 **2009-2010 WINTER HEATING SEASON?**

16 A. In the normal course of the gas procurement function, NJNG Gas Supply
17 personnel are in the process of hedging the 2009-2010 winter requirements
18 and currently have hedged 74 percent of next winter's normal weather BGSS
19 sales requirements. This hedging is comprised of financial call options for
20 the November 2009 through March 2010 period, this summer's Storage
21 Incentive positions, and current non-incentive fixed priced storage
22 inventory. The financial call options provide a hedge for 14 percent of the
23 winter's normal weather BGSS sales requirements, while this summer's
24 Storage Incentive provides a hedge of 58 percent, and the current non-

1 incentive fixed priced storage inventory provides another 2 percent. When
2 storage injections are fully complete, approximately 81 percent of the
3 Company's winter requirements will be hedged. With the SI program's
4 hedged positions providing fixed price storage prices, NJNG is well
5 positioned for providing stable costs for a major portion of its 2009-2010
6 winter supply.

7 **III. Reliability & Hedging**

8 **Q. WHAT ARE THE COMPANY'S GOALS WITH RESPECT TO** 9 **PURCHASING ITS GAS SUPPLY REQUIREMENTS?**

10 A. In terms of broad portfolio goals, the Company seeks to maintain a
11 reliable, low cost, stable price, flexible, and diverse portfolio to meet its
12 customer's needs. These goals can sometimes be in conflict with one another
13 and, therefore, must be appropriately balanced in the decision making
14 process. Within this broad framework, the Company pays particular
15 attention to hedging the price it pays for a significant portion of its gas
16 supply. The Company's hedging strategy seeks to establish price stability in
17 gas costs, in light of the extreme volatility of the market price of natural gas,
18 while also minimizing gas cost impacts on over- or under-recoveries.

19 The Company's hedging guidelines provide that at least 75% of the
20 Company's normalized winter gas purchase volumes and at least 25% of the
21 gas purchase requirements for the following April through March should be
22 hedged prior to November 1st of each year.

1 **Q. IS NJNG MAKING ANY MODIFICATIONS TO ITS HEDGING**
2 **PROGRAMS AT THIS TIME?**

3 A. No. NJNG has agreed in the Final Stipulation in the 2008-2009 BGSS
4 proceeding BPU Docket No. GR08050369 that the Parties will initiate a
5 technical conference to collectively review the Company's current hedging
6 program in a collaborative manner and, if necessary and warranted, to
7 discuss and consider changes on a going-forward basis. That discussion is
8 to take place within 90 days of receipt of the Board Order approving the
9 Stipulation, which approval is pending as of the filing date of this matter.

10 In addition, NJNG appreciates the extensive efforts involved in the
11 preparation of the hedging audit report, both by representatives of
12 Pace/Vantage, the Board staff and the Department of the Public Advocate,
13 Division of Rate Counsel ("Rate Counsel"). The audit resulted in a
14 comprehensive, statewide review of the Gas Distribution Companies'
15 ("GDC") multi-billion dollar purchasing practices and hedging activities,
16 providing an assessment of the programs' overall impacts and successes to
17 date. The audit reviewed and analyzed the various programs, strategies,
18 qualifications, procedures and controls in each of the New Jersey gas
19 distribution companies, in addition to meeting with and interviewing
20 numerous representatives at each company. It is important to stress that there
21 have been documented successes and the audit found that the GDCs'
22 individual programs each contain aspects that are fundamental to sound risk
23 management, including the existence of effective governance procedures.

1 It is clear that, over the years, the collaborative efforts of the Board
2 Staff, Rate Counsel and the GDCs have resulted in the establishment of
3 utility-specific risk management programs that have mitigated both the
4 impacts of rising prices and the volatility in the natural gas market for
5 natural gas customers. The analyses and findings of the audit report
6 document and provide a point from which each company can continue
7 offering customer price protections going forward while considering
8 potential modifications or program expansions as appropriate.

9 NJNG has a history of focusing on customer price stability measures,
10 such as hedging of gas costs, including financial price hedging and fixed
11 priced storage inventory. The fixed-priced aspect of the Company's storage
12 inventory also has provided price stability for more than half of the Periodic
13 BGSS customers' normal winter requirements. Specifically, the SI program
14 has delivered substantial longer-term price stability, as well as gas cost
15 savings benefits to customers, as a result of locking-in a benchmark price for
16 storage injections well in advance of winter deliveries. The use of summer
17 storage hedging through the SI program is a significant tool in mitigating the
18 impact of extreme market volatility on customer pricing and future under-
19 recovery balances.

20 **Q. HOW IS NJNG MAINTAINING SUPPLY RELIABILITY FOR THE**
21 **BGSS CUSTOMERS?**

22 A. NJNG is continually evaluating its entire capacity portfolio and peak day
23 requirements at its various city-gates to determine if the Company will have
24 any incremental needs over the next several years that are not supported by

1 our current portfolio. The Company has been exploring and evaluating a
2 number of long-term supplies, transportation and storage opportunities in
3 connection with various new interstate pipeline and storage projects and
4 facilities intended to serve Northeast markets.

5 With the Company's current supply portfolio mix of transportation
6 and storage capacity providing a diversity of access to supply areas and
7 supply pricing options, the Company is well situated to capture the seasonal,
8 monthly, and daily market opportunities in order to maximize the cost
9 savings options in the wholesale competitive markets for the benefit of
10 customers while maintaining full peak day deliverability for the customers'
11 requirements. In addition to the economic dispatch cost benefits for core
12 customers, NJNG looks to minimize its gas costs by seeking opportunities to
13 optimize its supply portfolio with lower cost alternatives. Accordingly, the
14 Company is vigilant in seeking opportunities to enhance its supply portfolio
15 and to increase the reliability and diversity of its transportation and storage
16 options.

17 In addition to the fixed priced hedging aspect of storage, market area
18 storage services provide significant winter supply reliability by minimizing
19 the reliance upon long haul transportation capacity. Since NJNG strives to
20 find the best way to consistently delivery the most reliable and economical
21 natural gas to its customers, supplementing the Company's supply options
22 with firm storage capacity should provide customers with the benefits of
23 competitively-priced resources and winter supply reliability as well as
24 providing the Company with increased optionality to manage price

1 volatility. Any new storage service should be offered with the operational
2 flexibility that allows multiple injection and withdrawal cycling, which the
3 Company can utilize to take advantage of withdrawal and refill opportunities
4 that can capture daily pricing spreads while managing daily load
5 requirements.

6 Because storage service satisfies both the reliability and hedging
7 aspects of NJNG's supply portfolio goals, increased storage capacity is a
8 primary consideration in future portfolio enhancements.

9 **IV. Periodic BGSS Pricing**

10 **Q. WHAT PERIODIC BGSS PRICING DOES THE COMPANY**
11 **PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1, 2009?**

12 A. Through this filing, NJNG is proposing to decrease its pre-tax Periodic
13 BGSS recovery price, effective October 1, 2009, from \$11.00 per dth to
14 \$8.50 per dth, an approximate 15.7 percent decrease to the overall bill of an
15 average residential heating customer.

16 **Q. HOW ARE GAS COSTS ACCOUNTED FOR IN THE PROJECTED**
17 **BGSS YEAR?**

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

1 to the BGSS cost schedule based upon the Periodic BGSS sales volumes on
2 a monthly basis. All costs not allocated each month are carried as an
3 inventory balance.

4 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET**
5 **CONDITIONS ON THE CALCULATION OF BGSS INTEREST?**

6 A. The normal cycle calculation of the BGSS interest mechanism and the
7 disparity in BGSS and market interest rates result in a skewing of the
8 Company's net BGSS interest expense exposure under the current interest
9 calculation methodology. By beginning and ending the BGSS year with a
10 \$0 under/over recovery balance, NJNG ends up owing interest to customers
11 simply because of the pattern of under/over-recoveries experienced during a
12 normal recovery cycle.

13 The Company believes that, without a modification to the BGSS
14 interest treatment, it is appropriate to manage the Company's interest
15 exposure even if it results in a significant September 2010 under recovery.

16 NJNG further believes that a collaborative process should begin
17 within 90 days of the receipt of a written Board Order on provisional rates in
18 this proceeding through which the current structure regarding interest on
19 over- and under-recovered balances within the BGSS adjustment clause,
20 pursuant to N.J.A.C. 14:3-13.1 et seq., can be revisited. The participants to
21 that process will include the Company, BPU Staff and Rate Counsel.

1 **Q. HOW IS THE INTEREST CALCULATED IN THE PROJECTED**
2 **BGSS YEAR IN THIS FILING?**

3 A. The Final Stipulation in NJNG's 2008-2009 BGSS case, Docket No.
4 GR08050369 is pending Board approval at the time of filing this testimony.
5 In that Stipulation, the Parties agree that the calculation of interest on any
6 under- and over-recovered BGSS balances shall be based on the twenty-four
7 (24) month period of October 1, 2008 through September 30, 2010. Also, it
8 is agreed that, if at the end of the above 24-month period, interest is owed,
9 that amount will be credited to BGSS customers as of October 1, 2010.
10 Exhibit B, schedule 6 represents this twenty-four (24) month period.

11 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET**
12 **VOLATILITY VERSUS THE CURRENT BGSS PRICING?**

13 A. The requested pre-tax Periodic BGSS rate of \$8.50 per dth continuing
14 through the 2010 BGSS year would result in a BGSS over-recovery of
15 approximately \$1 million per Exhibit B, Schedule 1 at current market
16 conditions. However, a \$1 per dth drop in the NYMEX futures prices would
17 cause an approximate \$29 million change to the September 30, 2010
18 balance, resulting in an over-recovered position of approximately \$30
19 million. Conversely, a \$29 million change to the September 30, 2010
20 balance from a \$1 per dth rise in the NYMEX futures prices would result in
21 an under-recovered position of approximately \$28 million. It is obvious that
22 a price change of \$1 per dth in either direction directly impacts the
23 under/over recovery balance.

1 The Generic BGSS pricing mechanism permits the Company to, (a)
2 self-implement two additional rate increases of up to 5 percent each,
3 effective December 1 and February 1 each year if necessary after 30 days
4 prior notice to the BPU staff and Rate Counsel or (b) implement a decrease
5 to its BGSS rate, a refund or bill credit at any time during the year upon five
6 days' notice to BPU Staff and Rate Counsel. This pricing flexibility provides
7 a valuable safety net to mitigate potential rate shock to customers and helps
8 ensure that the Company's gas cost under-recoveries do not become
9 excessive during periods of market price increases. For example, if the
10 Company were to elect to implement the 5 percent increase effective
11 December 1, 2009, an additional \$26.3 million in BGSS recovery would be
12 generated. If, instead, the Company were to elect to implement the 5 percent
13 increase effective February 1, 2010, an additional \$15.3 million in BGSS
14 recovery would be generated in order to offset any under-recovery resulting
15 from a rise in market pricing.

16 As market conditions change, NJNG will continue to manage the
17 hedged positions and storage dispatch to minimize BGSS costs. The
18 Company will continue to consider the utilization of bill credits, refunds and
19 the self-implementing BGSS price adjustments to manage the projected
20 September 2010 over/under recovery balance and the associated interest
21 expense.

1 **V. MFR Supporting Data and Information**

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

5 **A.** Yes. I am sponsoring Exhibit Nos. JPS-1 through JPS-5 (and related
6 workpapers) that provide MFR supporting data and information as required
7 by the Board pursuant to the Generic BGSS Order.

8 **Q. HAS NJNG PERFORMED ANY NEW AFFILIATE GAS SUPPLY**
9 **TRANSACTIONS WITHIN THE PAST YEAR?**

10 **A.** Pursuant to the Board approved stipulation related to NJNG’s
11 Conservation Incentive Program (“CIP”), BPU Docket No. GR05121020,
12 NJNG released capacity to NJR Energy Services (“NJRES”) and can
13 purchase commodity from them. NJNG and NJRES entered into a North
14 American Energy Standards Board (“NAESB”) contract providing for the
15 sale of up to 30,000 Dth/day of citygate supply to NJNG priced at the
16 midpoint daily index for Texas Eastern M3 deliveries for the corresponding
17 day as reported in Gas Daily. NJNG purchased a total of 195,000 dth for
18 \$2,114,324.99 during the January 2009 through March 2009 period.

19 As discussed in last year’s BGSS filing, NJNG executed a temporary
20 release of 30,000 dth per day of TIME II capacity to NJRES, effective
21 November 1, 2008, for a one year period in an effort to balance the level and
22 timing of the incremental capacity with the level and timing of customer
23 growth requirements. This release is included in schedule 4f of Exhibits A
24 and B.

1 adjustments to manage its projected September 2010 over/under recovery
2 balance and the associated interest expense.

3 Finally, the Company is sensitive to the impacts on customers of the
4 uncertain nature of the current economy and recognizes that BGSS costs
5 comprise a substantial portion of customers' natural gas bills. Accordingly,
6 NJNG continues to focus on reducing costs, managing the risks associated
7 with price volatility and market uncertainties, while maintaining supply
8 reliability. Additionally, through the CIP efforts, NJNG continues to
9 promote conservation and energy efficiency to all customers. As always,
10 NJNG will continue to optimize dispatch options for the lowest possible cost
11 for customers.

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

13 **A. Yes.**

JPS Exhibits

- Exhibit JPS-1, schedule 1: Projected gas supplies by month to meet demand requirements
- Exhibit JPS-1, schedule 2: Projected cost of gas for the forecast period
- Exhibit JPS-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 JPS-3: The five highest demand days for each of the last three years
- Exhibit JPS-4: Summary of the major FERC proceedings in which NJNG has participated that would affect the cost or service NJNG receives from its pipeline suppliers

NEW JERSEY NATURAL GAS COMPANY
DEMAND AND SUPPLY SUMMARY

Exhibit JPS-1
Schedule 1

Mdth	Sales Demand	CoUse & UFG	Storage Injections	Storage Required	Purchases	Withdrawals	LNG	Customer Gas	Sendout
May-09	5,743	21	4,250	10,014	9,117	0	17	880	10,014
Jun-09	4,953	10	3,364	8,327	7,523	0	18	787	8,327
Jul-09	5,138	11	3,374	8,523	7,659	0	17	847	8,523
Aug-09	5,172	15	2,124	7,312	6,402	0	17	893	7,312
Sep-09	4,898	11	2,159	7,068	6,334	0	18	716	7,068
Oct-09	6,382	19	3,142	9,543	8,622	0	18	904	9,543
Nov-09	10,579	40	0	10,619	6,492	2,916	16	1,194	10,619
Dec-09	14,285	65	0	14,350	7,173	5,406	78	1,693	14,350
Jan-10	15,150	99	0	15,249	6,511	6,638	244	1,856	15,249
Feb-10	13,192	80	0	13,271	6,101	5,495	77	1,598	13,271
Mar-10	13,044	68	0	13,112	8,805	2,916	17	1,374	13,112
Apr-10	7,587	39	2,247	9,873	8,868	0	17	988	9,873
May-10	5,584	21	3,832	9,437	8,682	0	17	738	9,437
Jun-10	5,001	10	3,780	8,791	7,916	0	18	857	8,791
Jul-10	5,200	11	3,640	8,851	7,902	0	17	933	8,851
Aug-10	5,195	15	3,821	9,031	8,076	0	17	939	9,031
Sep-10	4,891	11	3,780	8,682	7,934	0	18	730	8,682

Exhibit JPS-1
Schedule 2
Page 1 of 3

	Tennessee Mdth	Algonquin Mdth	Columbia Mdth	Transco Mdth	TETCO FT Mdth	TET-TIME Mdth	TET-TIME2 Mdth	TE X127 Mdth	Dominion Mdth	IRQ-Winter Mdth	PSEG Mdth	Other Mdth	Demand Mdth	Injections Mdth	Withdrawals Mdth	LNG Mdth	Total Mdth
May-09	465	0	0	122	1,697	2,032	1,016	741	0	0	0	3,043	0	(4,250)	0	17	4,884
Jun-09	450	0	0	118	966	1,609	829	605	0	0	0	2,945	0	(3,364)	0	18	4,177
Jul-09	465	0	0	122	959	1,623	836	610	0	0	0	3,043	0	(3,374)	0	17	4,302
Aug-09	465	0	0	122	360	1,270	660	481	0	0	0	3,043	0	(2,124)	0	17	4,294
Sep-09	450	0	0	118	649	1,048	649	474	0	0	0	2,945	0	(2,159)	0	18	4,193
Oct-09	465	0	0	122	1,359	1,504	1,504	549	0	0	0	3,118	0	(3,142)	0	18	5,498
Nov-09	0	98	75	118	437	483	483	176	0	105	0	4,518	0	0	2,916	16	9,424
Dec-09	0	202	155	122	537	595	595	217	540	162	0	4,048	0	0	5,406	78	12,657
Jan-10	0	302	233	122	462	511	511	186	740	325	1	3,118	0	0	6,638	244	13,393
Feb-10	0	182	140	110	500	552	552	202	620	147	0	3,097	0	0	5,495	77	11,673
Mar-10	0	101	78	122	965	1,067	1,067	389	240	108	0	4,668	0	0	2,916	17	11,738
Apr-10	450	0	0	118	1,489	1,649	1,649	602	0	0	0	2,911	0	(2,247)	0	17	6,638
May-10	465	0	0	122	1,407	1,556	1,556	568	0	0	0	3,008	0	(3,832)	0	17	4,867
Jun-10	450	0	0	118	1,225	1,358	1,358	496	0	0	0	2,911	0	(3,780)	0	18	4,154
Jul-10	465	0	0	122	1,191	1,318	1,318	480	0	0	0	3,008	0	(3,640)	0	17	4,279
Aug-10	465	0	0	122	1,239	1,371	1,371	500	0	0	0	3,008	0	(3,821)	0	17	4,272
Sep-10	450	0	0	118	1,231	1,363	1,363	498	0	0	0	2,911	0	(3,780)	0	18	4,172

	Tennessee \$000	Algonquin \$000	Columbia \$000	Transco \$000	TETCO FT \$000	TET-TIME \$000	TET-TIME2 \$000	TE X127 \$000	Dominion \$000	IRQ-Winter \$000	Hedged \$000	PSEG \$000	Other \$000	Demand \$000	Injections \$000	Withdrawals \$000	LNG \$000	Total \$000
May-09	1,795	0	0	454	6,440	7,368	3,609	2,793	0	0	20,082	0	17,438	6,960	(35,045)	0	239	32,133
Jun-09	2,288	0	0	581	4,840	7,725	3,905	3,010	0	0	11,637	0	25,505	7,000	(28,050)	0	253	38,694
Jul-09	2,422	0	0	615	4,919	7,985	4,036	3,112	0	0	11,622	0	16,371	6,960	(28,515)	0	239	29,766
Aug-09	2,472	0	0	628	1,884	6,380	3,253	2,506	0	0	8,064	0	16,507	6,960	(18,992)	0	239	29,901
Sep-09	2,424	0	0	616	3,447	5,336	3,243	2,500	0	0	8,024	0	16,208	7,000	(19,266)	0	253	29,786
Oct-09	2,564	0	0	651	7,384	7,842	7,696	2,967	0	0	11,600	0	19,566	6,900	(28,089)	0	214	39,294
Nov-09	0	616	463	705	2,658	2,819	2,768	1,063	0	663	0	0	29,600	7,999	0	25,213	190	74,756
Dec-09	0	1,422	1,071	809	3,647	3,980	3,909	1,468	3,792	1,129	0	0	29,657	7,982	0	46,743	925	106,533
Jan-10	0	2,227	1,679	845	3,280	3,570	3,507	1,316	5,433	2,352	0	7	24,301	7,982	0	57,395	2,895	116,789
Feb-10	0	1,346	1,015	766	3,563	3,870	3,802	1,431	4,569	1,066	0	0	24,227	8,032	0	47,512	913	102,111
Mar-10	0	739	557	841	6,820	7,418	7,287	2,735	1,753	780	0	0	35,150	7,982	0	25,213	202	97,477
Apr-10	3,105	0	0	790	10,140	10,794	10,601	4,075	0	0	0	0	22,303	7,701	(15,840)	0	202	53,872
May-10	3,228	0	0	822	9,634	10,245	10,063	3,871	0	0	0	0	23,321	7,741	(27,410)	0	202	41,715
Jun-10	3,172	0	0	808	8,524	9,083	8,922	3,431	0	0	0	0	22,961	7,759	(27,682)	0	214	37,191
Jul-10	3,339	0	0	850	8,436	8,980	8,821	3,385	0	0	0	0	24,003	7,741	(27,152)	0	202	38,605
Aug-10	3,380	0	0	861	8,887	9,460	9,293	3,570	0	0	0	0	24,299	7,741	(28,781)	0	202	38,912
Sep-10	3,291	0	0	838	8,887	9,461	9,295	3,574	0	0	0	0	23,722	7,759	(28,642)	0	214	38,399

	Tennessee	Algonquin	Columbia	Transco	TETCO FT	TET-TIME	TET-TIME2	TE X127	Dominion	IRQ-Winter	Hedged	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth
May-09	3.8612			3.7286	3.7951	3.6260	3.5522	3.7675					5.7296		8.2459		14.0691	6.5799
Jun-09	5.0849			4.9258	5.0080	4.8013	4.7103	4.9763					8.6595		8.3384		14.0691	9.2643
Jul-09	5.2085			5.0468	5.1306	4.9201	4.8274	5.0985					5.3790		8.4514		14.0691	6.9199
Aug-09	5.3159			5.1519	5.2371	5.0233	4.9290	5.2046					5.4239		8.9404		14.0691	6.9630
Sep-09	5.3875			5.2219	5.3080	5.0920	4.9968	5.2753					5.5029		8.9236		14.0691	7.1042
Oct-09	5.5145			5.3461	5.4339	5.2140	5.1169	5.4007					6.2744		8.9400		11.8629	7.1476
Nov-09		6.3179	6.1797	5.9797	6.0758	5.8360	5.7298	6.0405		6.3369			6.5517			8.6465	11.8629	7.9322
Dec-09		7.0576	6.9066	6.6356	6.7944	6.6884	6.5697	6.7502	7.0225	6.9599			7.3255			8.6465	11.8629	8.4167
Jan-10		7.3693	7.2201	6.9381	7.1033	6.9853	6.8623	7.0579	7.3419	7.2472		7.1033	7.7928			8.6465	11.8629	8.7203
Feb-10		7.3956	7.2465	6.9636	7.1293	7.0103	6.8869	7.0838	7.3688	7.2714			7.8236			8.6465	11.8629	8.7477
Mar-10		7.3343	7.1849	6.9041	7.0686	6.9520	6.8294	7.0233	7.3061	7.2149			7.5292			8.6465	11.8629	8.3044
Apr-10	6.9009			6.7025	6.8081	6.5456	6.4290	6.7704					7.6626		7.0491		11.8629	8.1160
May-10	6.9410			6.7418	6.8479	6.5842	6.4670	6.8100					7.7539		7.1529		11.8629	8.5715
Jun-10	7.0495			6.8479	6.9554	6.6884	6.5697	6.9172					7.8889		7.3233		11.8629	8.9531
Jul-10	7.1797			6.9752	7.0845	6.8134	6.6929	7.0458					7.9809		7.4594		11.8629	9.0225
Aug-10	7.2697			7.0633	7.1737	6.8999	6.7781	7.1347					8.0791		7.5322		11.8629	9.1092
Sep-10	7.3131			7.1058	7.2167	6.9416	6.8192	7.1776					8.1502		7.5772		11.8629	9.2041

**New Jersey Natural Gas Company
Historical Service Interruptions
for BGSS Year 2009
(MFR#10)**

Tariff Condition	Period	Applicable Service Classes	# of cust	Reason(s)
Interruption	12/21/08 - 12/23/08	Interruptible Transportation & Interruptible Sales	44	Operational
	1/14/09 - 1/20/09	Interruptible Transportation & Interruptible Sales	44	Operational
	1/24/09 - 1/26/09	Interruptible Transportation & Interruptible Sales	44	Operational
	2/4/09 - 2/5/09	Interruptible Transportation & Interruptible Sales	44	Operational
	3/2/09 - 3/3/09	Interruptible Transportation & Interruptible Sales	44	Operational
Daily Balancing¹	none	Interruptible Transportation	44	Operational & Economic

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

EXHIBIT JPS-3

NORTHERN DIVISION						CENTRAL DIVISION					TOTAL SENDOUT	NORTH INTERR.	CENTRAL INTERR.	Electric Generation	FIRM SENDOUT	NOAA DEGREE DAYS
Month	Day	Texas Eastern	Algonquin	Tennessee	Columbia	NORTH	Texas Eastern	Transco	NJNG LNG	CENTRAL						
Jan'09	16	37,884	13,867	35,704	9,569	97,024	463,614	33,607	33,951	531,172	628,196	0	0	167	628,029	53
Jan'09	15	29,171	13,731	35,772	9,583	88,257	429,348	33,595	12,234	475,177	563,434	0	0	209	563,225	47
Feb'09	5	30,466	12,881	31,782	9,695	84,824	391,355	29,127	42,183	462,665	547,489	0	1	0	547,488	46
Dec'08	22	33,925	9,047	32,812	4,882	80,666	378,562	37,328	31,962	447,852	528,518	0	0	0	528,518	43
Mar'09	2	30,207	12,855	35,730	5,733	84,525	328,365	35,996	77,403	441,764	526,289	0	2,587	0	523,702	46
Jan'08	3	41,294	2,153	35,736	4,191	83,374	423,666	34,098	10,130	467,894	551,268	2,657	7,971	0	540,640	46
Feb'08	11	42,553	5,017	35,740	4,533	87,843	278,307	32,273	140,753	451,333	539,176	2,678	8,033	0	528,465	45
Jan'08	20	37,668	2,547	35,737	4,550	80,502	356,639	37,099	54,828	448,566	529,068	2,393	7,178	0	519,497	45
Jan'08	2	41,376	3,252	35,640	2,335	82,603	347,939	23,863	56,660	428,462	511,065	2,418	7,253	104	501,290	41
Jan'08	21	35,017	1,605	35,919	4,486	77,027	359,793	37,301	25,700	422,794	499,821	2,559	7,678	53	489,531	41
Feb'07	5	41,873	9,983	35,001	10,106	96,963	425,782	38,969	75,188	539,939	636,902	45	134	326	636,397	51
Feb'07	15	38,561	8,829	35,456	6,005	88,851	413,346	36,895	16,340	466,581	555,432	11	32	157	555,232	46
Feb'07	6	32,376	9,928	35,026	10,099	87,429	400,616	37,942	28,795	467,353	554,782	66	197	0	554,519	48
Mar'07	6	40,673	8,812	35,526	6,182	91,193	375,781	36,722	46,729	459,232	550,425	0	0	346	550,079	46
Feb'07	14	41,415	7,722	35,378	6,006	90,521	390,807	36,884	21,785	449,476	539,997	1,928	5,786	7,994	524,289	43

**FISCAL YEAR 2009
STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES**

**DTI/
CNG**

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
11/3/08	RP09-53-000	Accepted November 25, 2008 Order	Plain Vanilla Intervention	Compliance Filing stemming from Cove Pt. Expansion for new DTI Storage Expansion GSS-E and Cove Pt. expansion transportation service
01/08/09	CP09-44-000	Pending	Plain Vanilla Intervention	H-162 Replacement Project - \$107 mm – refunctionalize gathering to transmission and roll-in costs
01/26/09	RP09-277-000	April 24, 2009 Order	Plain Vanilla Intervention	Order 712 Compliance Filing
03/19/09	RP09-461-000	April 17, 2009 Order	Plain Vanilla Intervention	Filing to make revisions/changes to the Forms of Service Agreements (FTGSS)

TRANSCO

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
01/22/09	RP09-245-000	April 24, 2009 Order	Plain Vanilla Intervention	Order 712 Compliance Filing
01/30/09	CP09-57-000	Pending	Plain Vanilla Intervention	85 North Expansion Project
02/27/09	RP09-402-000	Accepted March 16, 2009 Order	Plain Vanilla Intervention	Annual Fuel Tracker
02/27/09	RP09-410-000	Accepted March 30, 2009 Order	Plain Vanilla Intervention	Annual Electric Power Cost Adjustment Filing
03/06/09	RP09-441-000	Pending	Plain Vanilla Intervention	Request for Limited Waiver of Standards of Conduct to sell Hester and Eminence storage gas – issue related to rate case settlement in RP06-569
04/23/09	RP09-541-000	Accepted May 12, 2009 Order	Plain Vanilla Intervention	Annual Adjustment to Rate Schedule SS-2 Storage Gas Balances
04/30/09	RP09-558-000	Pending	Plain Vanilla Intervention	Tariff Filing to Implement a New Delivery Lateral Service

COLUMBIA GAS

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
12/5/08	RP09-142-000	January 6, 2009 Order Accepting & Suspending Tariff Sheets, Subject to Refund and Conditions, and Establishing a Technical Conference - April 20, 2009 Order Accepting Tariff Sheet Withdrawal and Denying Rehearing As Moot	Plain Vanilla Intervention	New Scheduling Variance Service (SVS)
01/26/09	RP09-294-000	April 24, 2009 Order Accepting Revised Tariff Sheets, Subject to Conditions and Further Review	Plain Vanilla Intervention	Order 712 Compliance Filing
02/20/09	RP09-375-000	March 20, 2009 Order	Plain Vanilla Intervention	Modify GTC so Columbia and Shipper may agree to terminate an entire service agreement prior to its expiration date
02/25/09	RP09-393-000	March 31, 2009 Order Accepting and Suspending Tariff Sheet Subject to Refund and Conditions and Further Review	Plain Vanilla Intervention	Annual RAM (Fuel) Filing
02/25/09	RP09-391-000	Accepted March 19, 2009 Order	Plain Vanilla Intervention	Annual Electric Power Filing
02/25/09	RP09-397-000	March 31, 2009 Order Accepted Subject to Refund & Conditions	Plain Vanilla Intervention	Annual TCRA Filing
05/11/09	RP09-	Pending	Plain Vanilla Intervention	Clarify Section 50 of GTC regarding not having a requirement to hold an auction for operational purchases of gas

COLUMBIA GULF

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/27/08	RP09-33-000	Accepted November 12, 2008 Order – April 22, 2009 Order on Rehearing	Plain Vanilla Intervention	Modify GTC so Gulf and Shipper may agree to terminate an entire service agreement prior to its expiration date
12/5/08	RP09-141-000	January 6, 2009 Order Accepting & Suspending Tariff Sheets, Subject to Refund and Conditions, and Establishing a Technical Conference - April 20, 2009 Order Accepting Tariff Sheet Withdrawal and Denying Rehearing As Moot	Plain Vanilla Intervention	New Scheduling Variance Service (SVS)
01/26/09	RP09-275-000	April 24, 2009 Order Accepting Revised Tariff Sheets, Subject to Conditions and Further Review	Plain Vanilla Intervention	Order 712 Compliance Filing
02/27/09	RP09-423-000	April 2, 2009 Order	Plain Vanilla Intervention	Annual TRA (Fuel) Filing & Request for Waiver

TENNESSEE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/01/08	RP91-203-075 & RP92-132- 063	November 12, 2008 Order Accepting Compliance Filing & Directing Appointment of a Settlement Judge – November 26, 2008 Order Denying Request for Stay - May 5, 2009 Certification of Uncontested Settlement -	Intervention with Comments	Status Report on Tennessee discussions with Customers regarding over-collections of PCB Settlement
11/26/08	RP09-116-000	Accepted January 12, 2009 Order	Plain Vanilla Intervention	Annual Cash-Out Report

12/31/08	RP09-194-000	February 13, 2009 Order Accepting & Suspending Tariff Sheets Subject to Conditions and Establishing Technical Conference	Plain Vanilla Intervention	Pooling Proposal to enhance the flexibility of shippers in their use of Tenn. pooling points and to increase liquidity of supply area pools
01/26/09	RP09-282-000	February 25, 2009 Order Accepting Revised Tariff Sheets Subject to Conditions and Further Review	Plain Vanilla Intervention	Order 712 Compliance Filing

IROQUOIS

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
01/26/09	RP09-283-000	March 25, 2009 Order – April 30, 2009 Order	Plain Vanilla Intervention	Order 712 Compliance Filing

ANR

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
01/16/09	RP09-222-000	Accepted Subject to Further Modifications March 5, 2009 Order -	Plain Vanilla Intervention	Order 712 Compliance Filing
02/27/09	RP09-428-000	March 31, 2009 Order Accepting and Suspending Tariff Sheet Subject to Refund and Conditions and Establishing Technical Conference	Plain Vanilla Intervention	Annual Fuel & EPC Filing
05/01/09	RP09-567-000	Pending	Plain Vanilla Intervention	Cashout Price Surcharge Filing

TEXAS EASTERN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/01/08	RP99-480-022	Accepted October 28, 2008 Order – Compliance Filing Accepted November 19, 2008 Order	Plain Vanilla Intervention	NJNG TIME II FT-1 Negotiated Rate Filing
10/23/08	RP88-67-084	Accepted November 18, 2008 Order	Plain Vanilla Intervention	Annual PCB Filing
10/23/08	RP09-57-000	Accepted December 2, 2008 Order	Plain Vanilla Intervention	Annual ASA Filing
11/12/08	RP09-66-000	Accepted December 10, 2008 Order	Plain Vanilla Intervention	Modify Forms of Service Agreements for FTS & FTS-2
11/13/08	RP09-70-000	December 31, 2008 Order Accepting Revised Tariff Subject to Conditions -	Plain Vanilla Intervention	Modify Section 3.14 of the GTC and Capacity Release Business Processes
11/20/08	RP09-98-000	Accepted December 30, 2008 Order	Plain Vanilla Intervention	Modify LINK and Business Practices to Streamline Processing Requests for Service and Discontinue Executable Contract Summary
12/03/08	RP99-480-024	December 30, 2008 Order Accepting & Suspending Tariff Sheets, to be Effective Dec 1, 2008, Subject to Refund and Further Commission of Review of RP09-143 -	Plain Vanilla Intervention	Modified NJNG TIME II FT-1 Negotiated Rate Filing
12/03/08	RP09-143-000	Pending	Intervention with Comments in Support	Petition for Waiver of TIME II Fuel Caps in Regards to Capacity Release
12/31/08	RP09-193-000	Accepted January 15, 2009 Order	Plain Vanilla Intervention	Semi-annual electric power tracker filing
02/27/09	CP09-68-000	Pending	Plain Vanilla Intervention	CP Application for TEMAX & TIME III Projects
04/10/09	RP09-508-000	Pending	Plain Vanilla Intervention	Incorporate the concept of AMDDO in the tariff to increase the transparency of its contracting practices

TEXAS GAS

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
01/26/09	RP09-304-000	February 26, 2009 Order – May 11, 2009 Order	Plain Vanilla Intervention	Order 712 & 712-A Compliance Filing
01/30/09	RP09-317-000	February 27, 2009 Order Accepting and Suspending Revised Tariff Sheets, Subject to Refund & Conditions	Plain Vanilla Intervention	Proposal to allow Texas Gas to pay for all or part of the cost of modification or construction of customer-owned facilities at a delivery point in exchange for an agreement to an extension of the current service agreement for at least a term of 5 years. Modify GTC to allow Texas Gas to negotiated operationally feasible min/max delivery pressures
05/01/09	RP09-556-000	Pending	Plain Vanilla Intervention	

ALGONQUIN

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
10/31/08	RP09-48-000	Accepted November 25, 2008 Order	Plain Vanilla Intervention	Annual Fuel Filing
11/5/08	RP09-56-000	Accepted November 19, 2008 Order	Plain Vanilla Intervention	ROFR Revisions
11/13/08	RP09-72-000	December 31, 2008 Order Accepting Revised Tariff Subject to Conditions -	Plain Vanilla Intervention	Modify Section 14 of the GTC and Capacity Release Business Processes
11/20/08	RP09-97-000	Accepted December 18, 2008 Order	Plain Vanilla Intervention	Modify LINK and Business Practices to Streamline Processing Requests for Service and Discontinue Executable Contract Summary

CNYOG

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
10/31/08	RP09-51-000	Accepted November 18, 2008 Order	Plain Vanilla Intervention	Filing to Implement Storage & Wheeling on North Lateral

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

TINA M. SINKS

MANAGER - REGULATORY AFFAIRS

**NEW JERSEY NATURAL GAS COMPANY
BASIC GAS SUPPLY SERVICE AND
CONSERVATION INCENTIVE PROGRAM ANNUAL FILING
BPU DOCKET NO. GR0906_____
Direct Testimony of Tina M. Sinks**

I. Introduction

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

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

7 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS**
8 **EXPERIENCE.**

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

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

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

22 **Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF**
23 **REGULATORY AFFAIRS?**

24 A. I am responsible for preparing and supporting Company rate and tariff
25 matters submitted to the New Jersey Board of Public Utilities (the “Board”

1 or “BPU”), including the Basic Gas Supply Service (“BGSS”) and
2 Conservation Incentive Program (“CIP”) filing. I am also involved in the
3 daily operations of the Regulatory Affairs Department including cost
4 recovery and pricing related matters.

5 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
6 **PROCEEDINGS?**

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

11 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
12 **PROCEEDING?**

13 A. By way of this testimony, I am supporting the following sections of
14 the filing: (1) background of previous BGSS and Conservation Incentive
15 Program (“CIP”) proceedings; (2) BGSS projections and proposed price to
16 be effective October 1, 2009; (3) CIP prices to be effective as of October 1,
17 2009; (4) Weather Normalization Clause (“WNC”) price to be effective as of
18 October 1, 2009; (5) Balancing Charge to be effective as of October 1, 2009;
19 (6) Miscellaneous items related to the Company’s last Rate case proceeding;
20 and (7) the impact to customers of price changes.
21

22 **II. Background from Prior Filings**

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

25 A. As a result of Gas Policy Group discussions in Docket No.
26 GX01050304, new BGSS pricing mechanisms were approved by the Board
27 (“Generic BGSS Order”). Pursuant to the Generic BGSS Order, the Board

1 implemented a Periodic BGSS pricing mechanism for all gas utilities that
2 permits up to three price increases each year as described below and price
3 decreases, rate credits, or refunds at any time during the year with five days
4 written notice to the Board and the Department of the Public Advocate,
5 Division of Rate Counsel (“Rate Counsel”). Through this mechanism, any
6 initial price change requested, after notice and hearing, is based on an annual
7 BGSS filing submitted in June of each year with rates to be effective
8 October 1 of the year filed. Two additional provisional and self-
9 implementing price increases are permitted, if needed by the Company, on
10 the subsequent December 1 and February 1, after thirty days prior notice to
11 the Board and Rate Counsel. Each self-implementing increase cannot exceed
12 a maximum of five percent of the total residential bill.

13 **Q. PLEASE SUMMARIZE THE OUTCOME OF THE COMPANY’S**
14 **LAST BGSS AND CIP PROCEEDINGS.**

15 **A.** In May 2008, NJNG filed a petition requesting that the BPU accept
16 NJNG’s annual filing for the BGSS year of October 1, 2008 through
17 September 30, 2009. That petition requested that the BPU approve an
18 increase in NJNG’s periodic BGSS rate applicable to those customers
19 subject to the Periodic BGSS Pricing Mechanism by \$0.2713 per therm
20 after-tax, thereby increasing NJNG’s BGSS after-tax rate of \$1.0433 per
21 therm to \$1.3146 per therm. Also on May 30, 2008, the Company submitted
22 its annual CIP filing seeking to modify its CIP rates and the WNC rate for
23 fiscal year 2009, October 1, 2008 through September 30, 2009. That
24 petition requested that the BPU approve the implementation of after-tax per
25 therm CIP factors of (\$0.0265) for Group I Residential Non-Heat customers,
26 \$0.0378 for Group II Residential Heat customers, and \$0.0424 for Group III

1 Commercial customers effective as of October 1, 2008. That petition also
2 requested a decrease to the after-tax per therm WNC factor from \$0.0135 to
3 \$0.0015 effective October 1, 2008 to recover the remaining deficiency
4 balance over the following twelve month period ending September 30, 2009.
5 During discussions with Board Staff and Rate Counsel (collectively the
6 “Parties”), an agreement was reached that the original overall requested
7 after-tax BGSS rate should be reduced to \$1.177 per therm to reflect the
8 decrease in the natural gas market since the original filing date. In October
9 2008, the BPU approved the BGSS, CIP and WNC prices on a provisional
10 basis effective October 3, 2008. The net impact of the price changes to a
11 residential heat customer using 100 therms per month was an 8.8 percent
12 increase.

13 In December 2008, lower cost wholesale natural gas purchasing
14 opportunities led NJNG to file notification of a Periodic BGSS Bill Credit
15 for residential and small commercial customers to be effective January and
16 February 2009. In February 2009, NJNG filed notification to extend and
17 increase the Bill Credit for those same customers through March 2009. The
18 Company provided after-tax credits of approximately \$49 million to
19 residential and small commercial customers. Accordingly, a residential
20 heating customer using 1,000 therms annually was estimated to receive a
21 credit of approximately \$108 or a 6.3 percent reduction over the course of
22 one year.

23 The October 2008 BGSS, CIP, and WNC rates remain provisional,
24 subject to refund with interest. The Company, the Board Staff, and Rate
25 Counsel executed a Final Stipulation settling the October 2008 BGSS, CIP,
26 and WNC rates which are subject to Board approval in BPU Docket No.

1 GR08060369 (“2009 Final Stipulation”). A Board decision on this matter is
2 anticipated to occur prior to October 1, 2009.
3

4 **III. BGSS Projections**

5 **Q. WHAT IS THE COMPANY’S CURRENT PROJECTION FOR THE**
6 **BGSS BALANCE AS OF SEPTEMBER 30, 2009?**

7 A. Exhibit A to the Petition, which provides the details of the Company’s
8 BGSS for the period October 1, 2008 through September 30, 2009, shows
9 that the estimated BGSS ending balance will be approximately \$15.1 million
10 overrecovered as of September 30, 2009.

11 **Q. WHAT IS THE COMPANY’S CURRENT PROJECTION FOR THE**
12 **BGSS BALANCE AS OF SEPTEMBER 30, 2010?**

13 A. Exhibit B to the Petition, which provides the details of the Company’s
14 projections for the period October 1, 2009 through September 30, 2010
15 based upon May 12, 2009 NYMEX pricing, shows that the estimated BGSS
16 ending balance will be approximately \$1.2 million overrecovered as of
17 September 30, 2010. Should market conditions change, the Company will
18 continue to consider utilization of the self-implementing BGSS price
19 increases or decreases, credits or refunds.

20 **Q. PLEASE DESCRIBE THE TREATMENT OF BGSS INTEREST**
21 **WITHIN THE BGSS SCHEDULES?**

22 A. Exhibit B, Schedule 6 to the Petition reflects a calculation of interest
23 on over and underrecovered BGSS balances for the twenty-four month
24 period of October 1, 2008 through September 30, 2010. This calculation is
25 in accordance with the methodology agreed to by the Parties in the 2009
26 Final Stipulation which is pending Board approval at the time of this
27 testimony.

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

3 A. The Company proposes to decrease the current pre-tax Periodic BGSS
4 price of \$1.1000 per therm to \$0.8500 as of October 1, 2009. If approved,
5 the current after-tax price of \$1.1770 per therm will decrease by \$0.2675 to
6 \$0.9095 per therm.

7
8 **IV. Conservation Incentive Program (“CIP”)**

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

11 A. Approved by the Board in Docket No. GR05121020 (“CIP Order”),
12 the CIP is designed so that NJNG can encourage customers to conserve
13 energy. The Testimony of Anne-Marie Peracchio within this filing describes
14 the programs NJNG has implemented to encourage customers to conserve
15 energy and the results of those programs. The CIP also provides for the
16 recovery of margin deficiency by NJNG or a return of margin excess to
17 customers resulting from changes in volumes sold. Pursuant to the
18 Company’s Tariff approved in the Board’s October 3, 2008 Order within the
19 Company’s recent base rate case proceeding in Docket No. GR07110889
20 (“Rate Case Order”) the CIP is applicable to each of the following customer
21 groups:

- 22 • Group I – Residential Non-Heat
- 23 • Group II – Residential Heat
- 24 • Group III – General Service - Small
- 25 • Group IV – General Service - Large

26 Pursuant to the CIP Order, the margin deficiency or excess for each
27 group is calculated each month by subtracting the baseline usage per

1 customer according to the Company's Tariff from the actual usage per
2 customer and multiplying the resulting therms by the allowed margin
3 recovery per therm. The October 2008 through September 2009 ("Year 3")
4 CIP margin deficiency/excess calculations for each group, with actual data
5 through April 2009 and projected data for the remaining five months, are
6 included as Exhibit C, Schedules 1 through 4 to the Petition.

7 **Q. PLEASE DESCRIBE THE BGSS SAVINGS TEST AS PROVIDED**
8 **FOR IN THE CIP ORDER.**

9 A. NJNG must achieve a level of BGSS savings greater than or equal to
10 the non-weather related changes in usage in order to recover the full margin
11 deficiency associated with those changes. To determine the non-weather
12 margin deficiency, the Company has calculated the weather related margin
13 deficiency on Exhibit C, Schedule 5 to the Petition in accordance with the
14 heating degree days and consumption factors included in the CIP Tariff.
15 Exhibit C, Schedule 6 to the Petition demonstrates that the estimated margin
16 related to the non-weather change in customer usage is approximately \$5.7
17 million.

18 **Q. HAS THE COMPANY MET THE BGSS SAVINGS TEST CRITERIA**
19 **AS PROVIDED FOR IN THE CIP ORDER?**

20 A. Yes. Per Exhibit E of the Stipulation approved by the CIP Order,
21 NJNG permanently released capacity associated with two contracts which
22 results in annual demand charge savings of \$10.6 million. Additionally, on
23 October 24, 2008, NJNG sent notification to Board Staff and Rate Counsel
24 of its release of capacity for another \$2 million of savings providing a total
25 of \$12.6 million in BGSS savings. Since the non-weather portion of \$5.7
26 million is less than the total BGSS savings of \$12.6 million, the Company
27 has met the BGSS savings test.

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

3 A. Based on the Tariff approved in the Rate Case Order, NJNG cannot
4 recover any portion of its margin deficiency that will cause the Company to
5 earn in excess of a 10.3 percent return on common equity for the annual
6 period of the CIP year. Additionally, any portion of the margin deficiency
7 which is not recoverable shall not be deferred for future recovery. Exhibit
8 C, Schedule 7 to the Petition includes the calculation of the ROE test, as
9 provided for in the Company’s Tariff, with actual data for the twelve months
10 ended March 2009 and shows that the Company has earned 9.56 percent,
11 less than the test’s 10.3 percent ceiling.

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

14 A. The CIP surcharge or credit for each group is determined by dividing
15 the eligible aggregate margin deficiency or excess, adjusted for any under or
16 over recovery of prior period CIP collection, by the forecasted annual usage
17 of each group for October 2009 to September 2010. The following table
18 shows the existing after-tax rates, proposed after-tax rates and change for
19 each CIP Group:

1

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	(\$0.0265)	\$0.0435	\$0.0700
Group II	Residential Heat	\$0.0378	\$0.0079	(\$0.0299)
Group III	General Service - Small	\$0.0424	\$0.0184	(\$0.0240)
Group IV	General Service - Large	\$0.0424	\$0.0260	(\$0.0164)

2 The Company is requesting an effective date of October 1, 2009 for the
3 above proposed rates consistent with the other proposed changes in this
4 filing.

5

6

V. Weather Normalization Clause Recovery

7

**Q. DOES THE COMPANY PROPOSE ANY OTHER PRICE CHANGES
COINCIDENT WITH THE CIP PRICE CHANGES?**

8

9

A. Yes. As of October 2006, the existing WNC mechanism for recovery
10 of utility gross margin variations related to weather has been suspended on a
11 going-forward basis for the term of the CIP pilot. However, the Company
12 currently has an after-tax WNC recovery rate of \$0.0015 per therm in place
13 to recover the WNC margin shortfall from the 2005-2006 winter period,
14 approved in the Board's October 3, 2008 Order in Docket No. GR08060370.
15 Due to sales being lower than expected, the Company does not expect to
16 fully collect the margin shortfall by September 30, 2009. Accordingly,
17 within this filing, the Company proposes to decrease the current after-tax
18 rate of \$0.0015 per therm to \$0.0001 per therm after-tax effective October 1,
19 2009 in order to collect the remaining balance by September 30, 2010
20 (Exhibit D to the Petition).

VI. Balancing Charge

1
2 **Q. DOES THE COMPANY PROPOSE A CHANGE TO ITS**
3 **BALANCING CHARGE?**

4 A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be
5 adjusted in the Company's annual BGSS filing and is subject to review as
6 part of such filing. The calculation of the balancing rate is presented in
7 Exhibit E to the Petition and reflects updated pipeline demand charges,
8 credit adjustments and percentage of peak day volume related to balancing
9 associated with the pipeline demand portion of the balancing charge. The
10 portion of the charge related to inventory is not updated in accordance with
11 the Rate Case Order. The Company proposes increasing its current after-tax
12 per therm balancing charge of \$0.0762 to \$0.0789. All balancing revenues
13 from transportation customers continue to be credited to the BGSS as shown
14 in Schedule 4g of Exhibits A and B.

VII. Miscellaneous

15 **Q. PLEASE DESCRIBE THE AUTOMATIC METER READING**
16 **(“AMR”) MILESTONES REQUIREMENT AS IT RELATES TO**
17 **BGSS.**
18

19 A. Pursuant to the Rate Case Order, in the event that the AMR
20 installation milestones are not met and a variance from that timeline is
21 fifteen percent or greater, the Company is required to credit \$330,000 per
22 milestone as a reduction to BGSS costs for that period until the next
23 installation milestone is measured.

1 **Q. HAS THE COMPANY MET THE AMR INSTALLATION**
2 **MILESTONES TO DATE?**

3 A. Yes. The installation target as of April 30, 2009 was 44,251 outside
4 units. As of April 30, 2009, the Company has installed 96,838 AMR units
5 of which 7,345 were inside AMR units for a total of 89,493 outside AMR
6 units installed. Since NJNG has exceeded its AMR installation milestone for
7 April 2009, a BGSS credit is not necessary at this time.

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

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

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

24 A. As shown on Exhibit TMS-1, the Company is currently projecting
25 PIM expenses of \$1.753 million for the twelve month ended September 30,
26 2009 resulting in a deferred regulatory asset of approximately \$353,000.
27 Therefore, no amounts are to be credited to BGSS at this time.

VIII. Impact on Customers

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

5 A. Overall, all Periodic BGSS customer groups will have a decrease in
6 their rates. The Periodic BGSS decrease proposed in this filing results in an
7 overall 15.7 percent decrease to the total monthly 100 therm bill for a CIP
8 Group II residential heating sales customer. The proposed Group II CIP
9 decrease results in an overall 1.8 percent decrease. The proposed WNC
10 decrease results in an overall 0.1 decrease. The net impact of the BGSS
11 increase, CIP increase, and WNC decrease to a residential heating sales
12 customer is a 17.6 percent decrease to the total monthly 100 therm bill.
13 Residential heating transport customers are not affected by NJNG's
14 proposed BGSS decrease but will have a 1.8 percent decrease due to the
15 changes in the CIP and WNC rates.¹ Refer to Exhibit E to the Petition and
16 Exhibit TMS-2 for the supporting calculations.

17 **Q. WHAT IS THE IMPACT TO RESIDENTIAL NON-HEAT**
18 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO**
19 **BGSS AND CIP?**

20 A. CIP Group I residential non-heat sales and transport customers will
21 have a 3.7 percent increase due to the CIP, based on a 25 therm bill.¹ For
22 residential non-heat sales customers, however, the net impact of the BGSS
23 decrease and the CIP increase is a 10.5 percent decrease.

¹ Percentage change assumes transport customers are receiving gas supply at NJNG's BGSS rates.

1 **Q. WHAT IS THE IMPACT TO CIP GROUP III GENERAL SERVICE -**
2 **SMALL CUSTOMERS AS A RESULT OF THE PROPOSED**
3 **CHANGES TO BGSS, CIP AND WNC?**

4 A. The CIP calculation results in a 1.3 percent decrease for CIP Group III
5 General Service – Small customers using 100 therms per month and the
6 proposed WNC decrease results in an overall 0.1 decrease for a Group III
7 customer. The net impact of the CIP and WNC rate changes to small
8 commercial transport customers is a 1.4 percent decrease.¹ The net impact of
9 the BGSS, WNC, and CIP rate changes is a 16.1 percent decrease to a small
10 commercial sales customer.

11 **Q. WHAT IS THE IMPACT TO CIP GROUP IV GENERAL SERVICE -**
12 **LARGE CUSTOMERS AS A RESULT OF THE PROPOSED**
13 **CHANGES TO BGSS, CIP AND WNC?**

14 A. The CIP decrease results in a 1.5 percent decrease for CIP Group IV
15 General Service – Large customers using 1,200 therms per month and the
16 proposed WNC decrease results in an overall 0.1 decrease for a Group IV
17 customer. The net impact of the CIP and WNC rate changes to large
18 commercial sales and transport customers is a 1.6 percent decrease.¹ Group
19 IV customers are subject to Monthly BGSS pricing and are not affected by
20 the proposed Periodic BGSS decrease.

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

22 A. Yes.

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

	<u>Actual</u> <u>Oct 08 - Apr 09</u>	<u>Forecast</u> <u>May 09 - Sep 09</u>	<u>Forecast</u> <u>Fiscal Year 2009</u>	<u>Deferred</u> <u>PIM Expenses (1)</u>
O&M	\$593,054	\$1,160,000	\$1,753,054	\$353,054

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

**New Jersey Natural Gas Company
Basic Gas Supply Service
BPU Docket. GR0906
Impact on Residential Customers**

	Current Prices	Proposed Prices October 1, 2009	Decrease	Percent Decrease
Total Variable Rate \$ per therm ¹	\$1.6180	\$1.3192	(\$0.2988)	
Total Bill 100 therms ²	\$170.05	\$140.17	(\$29.88)	(17.6%)
<u>1000 therm bill</u>				
Annual Bill ^{2, 3}	\$1,717.00	\$1,418.20	(\$298.80)	(17.4%)

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

² Includes monthly customer charge of \$8.25.

³ 1000 therm annual usage as used in BPU Report Card.

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

ANNE-MARIE PERACCHIO

DIRECTOR – CONSERVATION AND AFFORDABILITY

**NEW JERSEY NATURAL GAS COMPANY
BASIC GAS SUPPLY SERVICE AND
CONSERVATION INCENTIVE PROGRAM ANNUAL FILING
BPU DOCKET NO. GR0906_____**
Direct Testimony of Anne-Marie Peracchio

1 **Introduction**

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

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

8 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS**
9 **EXPERIENCE.**

10 A. I received a Bachelor of Science degree in Accounting with a double
11 major in Philosophy from the University of Scranton in 1990. I also was
12 awarded a Masters of Business Administration from Monmouth University
13 in May 1997. Furthermore, I am a Certified Public Accountant in the State
14 of New York.

15 I was employed by KPMG Peat Marwick in various positions within
16 the Audit Department from September 1990 to June 1993.

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

1 **Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR OF**
2 **CONSERVATION AND AFFORDABILITY?**

3 A. I report directly to the Vice President-Regulatory and External Affairs
4 and I am responsible for developing and ensuring implementation of the
5 Company's customer conservation programs, as well as driving cultural
6 changes within the organization to support the Company's concerted focus
7 on conservation. Most of those programs fall under the Company's Conserve
8 to Preserve® ("CTP") initiative which will be discussed in more detail
9 below. I am also involved in the development of the Company's policy
10 positions on a number of issues, including the Energy Master Plan, the
11 National Action Plan for Energy Efficiency and the Universal Service Fund.

12 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
13 **PROCEEDINGS?**

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

18 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
19 **PROCEEDING?**

20 A. By way of this testimony, I am explaining and providing support for
21 the following sections of the filing: (1) background of the Conservation
22 Incentive Program ("CIP"); (2) an overview of the NJNG's CIP program
23 activity over the past year; (3) an update on CIP expenditures to date; and
24 (4) an update on the independent evaluation of the CIP, as well as the
25 Company's April 1, 2009 filing with the BPU. The testimony of Tina Sinks
26 also filed within this proceeding discusses the CIP results and proposed
27 prices for October 1, 2009 implementation.

CIP BACKGROUND**Q. PLEASE BRIEFLY SUMMARIZE THE CONSERVATION INCENTIVE PROGRAM.**

On December 12, 2006, the BPU approved a three year CIP pilot program in BPU Docket No. GR05121020 (“CIP Order”). The CIP is designed to decouple the link between customer usage and NJNG’s utility gross margin to allow NJNG to encourage its customers to conserve energy. The CIP contains both a tariff mechanism to address the gross margin variations and a commitment from the Company to engage its customers in energy efficiency and conservation activities and to change the internal culture to focus on energy efficiency. To fulfill that commitment, NJNG agreed to initiate programs to further customer conservation efforts over the term. NJNG provided an initial \$2 million in funding for such programs and will continue to fund the cost of such programs throughout the term of the CIP.

Q. PLEASE EXPLAIN MORE ABOUT THE CIP TARIFF MECHANISM.

A. For the term of the CIP, the existing Weather Normalization Clause (“WNC”) has been suspended and replaced with the CIP tracking mechanism, which addresses utility gross margin variations related to both weather and customer usage in comparison to benchmarks initially established by the parties in the CIP Settlement and then updated in the recently concluded NJNG base rate case, Docket No. GR07110889. Recovery by NJNG of such utility gross margin variations is subject to additional conditions, including an earnings test and an evaluation of BGSS-related savings achieved. The testimony of Tina Sinks provides more

1 detailed information and supporting schedules on the CIP mechanism itself
2 and the results.

3
4 **PROGRAM ACTIVITY**

5 **Q. PLEASE PROVIDE AN UPDATE ON THE CTP DASHBOARD**
6 **SERVICE ACTIVITY.**

7 A. In January 2008, NJNG officially launched its CTP Dashboard, a free
8 service designed to assist residential customers in developing a greater
9 understanding of their individual energy usage, including how conservation
10 and energy efficiency can help save money and reduce their respective
11 carbon footprints. It provides an electronic interface with the Company's
12 billing system that allows customers to directly access an enhanced level of
13 detailed billing information and conservation/energy efficiency opportunities
14 through NJNG's Web site. The CTP Dashboard also integrates with the New
15 Jersey Clean Energy Program ("NJCEP") Home Energy Analysis allowing
16 customers to generate reports and create individual graphs to see how home
17 energy dollars are spent. In calendar year 2008, nearly 8,000 customers tried
18 some element of the CTP Dashboard and nearly 25% of those customers
19 returned to access the service more than once. Further, 3,358 customers
20 completed the main NJCEP Home Energy Analysis background profile,
21 compared with the 747 reported for all of 2007. A review of activity for the
22 entire State of New Jersey demonstrates that this significant increase in
23 activity is shown for NJNG and South Jersey Gas only after the launch of
24 this integrated billing system feature. Prior to launching the CTP Dashboard,
25 NJNG and SJG customers accounted for approximately 14 percent of the
26 Home Energy Analysis users in the state while for calendar year 2008, our
27 customers jointly accounted for 51 percent, more than triple the previous

1 share. Attachment AMP-1 provides summary data on the use of the CTP
2 Dashboard for calendar 2008 and the first four months of 2009, as well as a
3 chart of comparative growth in the statewide NJCEP Home Energy Analyzer
4 activity. This information is also always included in NJNG's quarterly CIP
5 reports to the BPU. The Company continues to look for creative ways to
6 increase traffic to the CTP Dashboard tool, including the sponsorship of a
7 Home Energy Makeover Sweepstakes conducted last winter and programs
8 such as Community Rewards described below.

9 **Q. PLEASE PROVIDE AN UPDATE ON THE CTP COMMUNITY**
10 **REWARDS PROGRAM.**

11 A. Through the Community Rewards program, schools and not-for-profit
12 organizations have the opportunity to receive up to \$5,000 by encouraging
13 customers during a three-month period to try NJNG's CTP Dashboard
14 service. Customers who visit the CTP Dashboard record which organization
15 referred them to the service and, at the end of a three-month period, NJNG
16 pays that group \$5 for each successful referral. The Community Rewards
17 approach is more cost effective than general advertising and provides
18 financial support to community organizations while assisting customers to
19 understand and support reduced energy usage. For schools, this form of
20 incentive can also be used as part of the curriculum to reinforce lesson plans
21 and environmental initiatives. After approximately one year of activity
22 available to review, 37 organizations have participated and provided NJNG
23 with more than 941 referrals to the CTP Dashboard. Participating groups
24 include schools, Scouting Troops, local sports organizations, churches,
25 senior centers, and other not-for-profit organizations within our service
26 territory, utilizing a range of creative approaches to help raise money for

1 their organization. NJNG believes these activities have resulted in energy
2 efficiency being discussed through a variety of new channels or at events not
3 traditionally associated with energy usage. Importantly, information about
4 the CTP Dashboard is reaching customers who might not be reached through
5 more traditional communication approaches. The Company is working now
6 to showcase the Clara B. Worth Elementary School in Bayville as a success
7 story since they were able to raise \$1,115 through the Community Rewards
8 program. On-going results from this program are included in NJNG's
9 quarterly CIP reports to the BPU.

10
11 **Q. PLEASE PROVIDE AN UPDATE ON THE CTP BUSINESS ON-LINE**
12 **SERVICE.**

13 **A.** For commercial customers, the Company launched its CTP Business
14 On-line program in the Fall of 2007. This free service provides technical
15 information about conservation and energy efficiency improvements to
16 commercial customers. Once registered, customers receive monthly
17 newsletters, have access to technical databases and can pose specific energy-
18 related questions through an *Ask an Expert* feature. The service also includes
19 sector-specific benchmarking information and energy efficiency
20 recommendations. As of April 2009, 331 commercial customers have
21 enrolled in the CTP Business On-Line Service. Increasing the number of
22 commercial customers enrolled in this program is more challenging since the
23 name of the energy decision maker is frequently not captured within our
24 customer information system. Additionally, many commercial customers are
25 tenants without direct control over their equipment decisions which may
26 dramatically lower the interest level. However, NJNG has implemented a

1 number of different initiatives, including some outbound calling efforts to
2 identify energy decision makers for commercial accounts. The Company is
3 also currently experimenting with a new business version of Community
4 Rewards that would reward local business organizations for helping NJNG
5 increase enrollment in CTP Business On-Line Service. The Monmouth
6 Ocean Development Council (MODC) is our initial partner and results have
7 been promising to date.

8 **Q. PLEASE DESCRIBE THE DIRECT MAIL CAMPAIGN THAT THE**
9 **COMPANY INITIATED LAST WINTER?**

10 **A.** NJNG initially sent a customized direct mail piece to all residential
11 customers in November 2006. Since that time, many new programs and
12 service offerings have been added by NJNG and many homes could have
13 been sold to new owners or residents changed. As a result, NJNG developed
14 a *Road Map to Energy Savings*. This direct mail piece was sent to all
15 residential customers in December 2008 and featured step-by-step
16 instructions on how to access NJNG's CTP Dashboard. The mail piece was
17 personalized to include the customer's account number and name of record
18 exactly as it appears on our records to make it more convenient for the
19 customer. This initiative also showcased the current Home Performance with
20 Energy Star (HPES) program offered through the NJCEP and the availability
21 of a discounted conservation kit offer from NJNG, further described below.
22 A sample copy of that mailing is provided as Attachment AMP-2.

23 **Q. PLEASE DESCRIBE THE RESULTS OF THE COMPANY'S**
24 **EFFORTS TO SUPPORT THE HPES PROGRAM?**

25 **A.** NJCEP's HPES program is a great fit for the state's focus on a Whole
26 House/Whole Solution approach to energy efficiency, critical to meeting
27 EMP goals. Even though the program provides more comprehensive

1 solutions to customers, it has struggled to gain customer acceptance since its
2 launch a few years ago. For calendar year 2008, approximately 20% of the
3 statewide program target for HPES implementation jobs was met. NJNG has
4 worked to support the program by repeated promotions within traditional
5 channels such as the Company Web site, njliving.com, and bill inserts. The
6 Company has also been able to expand customer communication channels
7 by using CIP channels such as the CTP Dashboard, E-tips, and field
8 employee tear-off pads to provide HPES program information. NJNG also
9 offered a supplemental incentive of \$250 to customers who implemented at
10 least \$2,500 worth of improvements. That enhanced incentive was intended
11 to defray customer reluctance regarding the initial price of the HPES audit,
12 further promoted through a recent offer of a \$50 savings of the audit through
13 a tie-in promotion with this year's discounted conservation kit, further
14 described below. In total, nearly 50 customers participated in these HPES
15 offers. As a result of customer reactions at outreach events, we believe that
16 the recent NJCEP changes to the program structure, including the reduced
17 audit fee and the free Tier II seal-up measures, should have a very positive
18 impact on customer participation in this program.

19 **Q. PLEASE DESCRIBE THIS YEAR'S DISCOUNTED**
20 **CONSERVATION KIT PROGRAM AND RESULTS.**

21 **A.** For the second year in a row, NJNG offered a weatherization kit at a
22 reduced cost to ensure that a low cost program was available to customers.
23 This kit, available at half the retail price, was shipped directly to the
24 customer for only \$10. A complete listing of the contents is described in the
25 Road Map to Energy Savings provided as Attachment AMP-2. The
26 Company also promoted the kit through the December 2008 E-tip, the

1 January 2009 bill insert and with Web site placement. This year's response
2 was overwhelming and NJNG sold more than triple the number of kits that
3 were sold last year.

4 **Q. HOW HAS THE COMPANY IMPLEMENTED THE EMPLOYEES**
5 **AS CHAMPIONS PROGRAM?**

6 A. NJNG continues to reinforce the Employees as Champions program to
7 existing employees and ensure that all new employees are aware of the
8 corporate commitment to help customers use less energy through employee
9 training and informational materials. All employees receive a copy of
10 customer materials, including the monthly E-tips, and the ongoing
11 commitment to conservation is reinforced through numerous employee
12 presentations and articles in the employee newsletter. Whenever a new
13 program is launched, it is announced to all employees by the Company's
14 CEO to demonstrate the ongoing commitment of senior management.
15 Additionally, employees have been asked to help recruit new schools and
16 organizations to participate in the Community Rewards program.

17 For employees having daily contact with customers, NJNG continues
18 to reinforce the importance of proactive communication in conjunction with
19 their work obligations. Customer Service Representatives (CSRs), Utility
20 Technicians and First Responders utilize tracking codes to capture their
21 efforts to address conservation with customers. NJNG supervisors review
22 the activity at an individual employee level and utilize periodic contests to
23 encourage increased activity. Employees in these job categories must have a
24 minimum level of outreach activity to be eligible for the contest. As you can
25 see from the graphs presented in Attachment AMP- 3, activity increased
26 dramatically with the introduction of the employee contests, a way to keep

1 employees focused on engaging customers in energy conservation. NJNG
2 will continue to provide this critical information regarding new CIP
3 programs and conservation in general, on an ongoing basis, to all employees
4 to ensure that the importance of this initiative to customers, the state, and the
5 environment is understood. Continued reinforcement with employees
6 demonstrates that the CIP mechanism provides increasing benefits to
7 customers with no harm to the Company. During the recently concluded
8 evaluation of the CIP discussed further below, NJNG found that more than
9 100 employees have specific job accountabilities tied to supporting CIP and
10 more than 100 employees have such responsibilities included in their
11 performance assessment. We believe that this broad responsibility is critical
12 to changing the culture of the organization.

13 **Q. HOW HAS THE COMPANY IMPLEMENTED THE HVAC**
14 **CONTRACTORS AS CHAMPIONS PROGRAM?**

15 A. The Company has continued to hold contractor forums and also
16 provide relevant mailings on energy efficiency and conservation to
17 contractors. We have been working to educate contractors who are not
18 currently HPES participating contractors about the potential to increase their
19 business through this program.

20 **Q. PLEASE DESCRIBE THE E-TIPS SERVICE AND RESULTS.**

21 A. The E-tips service is a free, optional e-mail service that provides
22 registered customers with seasonal energy savings tips, updates on rebates
23 and new program announcements. The functionality available from a third
24 party e-mail service provider allows NJNG to track the number of messages
25 opened and quantify the number of recipients. Copies of the E-tips and
26 results are reported in the quarterly CIP Activity Report, and an update is
27 also provided here as Attachment AMP-4, Page 1 and Page 2. The

1 attachment reflects the monthly topic for each, as well as the relevant
2 statistics on the messages sent. The Company currently has nearly 40,000
3 customers registered to receive the service, compared to approximately
4 22,000 subscribers in May 2008. Attachment AMP-4, Page 3 is a graph
5 reflecting the growth in the enrollment. This program was featured as a
6 Chartwell Best Practice.

7 **Q. PLEASE PROVIDE SOME BACKGROUND ON THE COMMUNITY**
8 **OUTREACH EFFORTS.**

9 A. NJNG is working to incorporate conservation into its community
10 outreach wherever possible. For the fiscal year to date, NJNG has conducted
11 more than 50 Speakers Bureau presentations dedicated to conservation and
12 reaching more than 3,300 participants. NJNG informed another 1,300
13 participants with a brief conservation overview, including a few slides,
14 through Speakers Bureau presentations on other topics. The Company also
15 had exposure to thousands of other customers from participation in nearly 2
16 dozen expos/trade shows already this year. Energy conservation also
17 continues to be integrated into existing NJNG events, such as Ocean Fun
18 Days, Take Your Child to Work Day (as a conduit to reach teachers), and
19 Lakewood Blue Claws events. NJNG continues to support and sponsor the
20 Energy Hog[®] program, which includes lesson plans designed for class-room
21 use and take-home activities for the children to perform with their families.
22 NJNG has recently upgraded the sponsorship level to include ownership of
23 an Energy Hog mascot for use in the traveling Energy Hog Road Show and
24 at other special events. The Energy Hog road show is available to any school
25 in the country directly through the Alliance to Save Energy at fees that are in
26 excess of \$500, but NJNG is offering it free of charge to all schools within

1 our service territory. See Attachment AMP-5 for a photo of the Energy Hog
2 interacting at Ocean Fun Days. The Company also provided significant
3 outreach with educational resources available through the EPA Energy Star
4 program.

5 NJNG also leveraged the broader NJCEP supported Change the World
6 with Energy Star campaign, which now includes weatherization elements, to
7 help reach customers regarding basic things that they could implement to
8 save energy. NJNG served as a supporting pledge driver for NJCEP and
9 collected pledges for more than 6.7 million pounds of avoided emissions. In
10 order to reach the greatest number of participants at various events, NJNG
11 gave away small packets of outlet covers as a conversation starter for simple
12 measures you can take at home to save energy. It soon became apparent that
13 many customers are not even aware of such products. The Company has
14 once again committed to serve as a Change the World pledge driver for the
15 current year and has set a goal of 10 million pounds of avoided emissions.
16 Improved functionality on the EnergyStar tracking site will now allow us to
17 also track the number of customers who pledged as well as the specific
18 actions that the customers pledged. See attachment AMP-6 for a sample.

19 NJNG continues to periodically send letters directly to a target list of
20 nearly 1,000 community leaders, educators, and local governmental leaders
21 in its service territory. More detailed reporting on the events and participant
22 counts, as well as copies of promotional materials, is included in the NJNG
23 quarterly CIP activity reports to the BPU.

24 **Q. ARE THERE ANY OTHER CIP CUSTOMER RELATED**
25 **ACTIVITIES NOT DIRECTLY CAPTURED IN THE PROGRAMS**
26 **LISTED ABOVE?**

1 **A.** Yes. In late 2006, NJNG's redesigned Web site was launched. More
2 information about conservation is included, with additional links from
3 various sections of the site back to the conservation pages. Due to the
4 relaunch, the statistics are not directly comparable to the 2005 statistics but
5 from the data captured on Attachment AMP-7, it is clear that traffic to that
6 section of the site continues to increase as a result of the expanded program
7 offerings and continued promotion. Fiscal 2008 customer activity in the
8 energy efficiency related sections of our Web site was more than five times
9 greater than the level recorded for Fiscal 2006. Year to date results for fiscal
10 2009 are ahead of that already.

11
12 **CIP EXPENDITURE UPDATE**

13 **Q. WHAT HAS THE COMPANY EXPENDED ON THE CIP**
14 **PROGRAMS TO DATE?**

15 **A.** As of May 15, 2009, NJNG has recorded expenses of nearly \$1.7
16 million related to the CIP pilot. A summary of expenses by category is
17 included as Attachment AMP-8. Expenses are reported in each NJNG
18 quarterly CIP Activity Report to the BPU.

19
20 **Q. DOES THE COMPANY EXPECT TO SPEND THE FULL \$2**
21 **MILLION BY SEPTEMBER 30, 2009?**

22 **A.** No. NJNG expects that approximately \$200,000 may not be spent by
23 that date. Due to the uncertainty regarding potential changes to the NJCEP
24 programs as a result of carry-over funding and the pending potential changes
25 from NJNG's economic stimulus filing, NJNG did not roll out any new
26 equipment related incentives for the spring or summer of 2009. However,
27 NJNG intends to spend this remaining balance of the original \$2 million

1 commitment by continuing to fund other CIP Programs into Fiscal 2010,
2 including the CTP Dashboard, CTP Business On-line, E-tips, and
3 Community Rewards.

4 **CIP EVALUATION AND SUBSEQUENT NJNG FILING**

5 **Q. PLEASE PROVIDE AN UPDATE ON THE STATUS OF THE**
6 **INDEPENDENT CIP EVALUATION AND THE COMPANY'S APRIL**
7 **1, 2009 FILING WITH THE BPU?**

8 A. As a condition of the original CIP stipulation that was approved in the
9 above-mentioned CIP Order, NJNG and SJG agreed that the CIP would be
10 evaluated by an independent third-party starting no later than November 1,
11 2008 or after two years of operation. That evaluation has been completed
12 and, on March 16, 2009,¹ a report was provided to the Parties by Christensen
13 Associates Energy Consulting, LLC ("Christensen Report"). Pursuant to the
14 terms of the Stipulation and the CIP Order, the Parties were to meet
15 subsequent to receipt of the independent evaluation to discuss the future of
16 the CIP, specifically, whether to extend, modify or terminate the CIP
17 program. Subsequent to the meeting of the Parties, NJNG and SJG were to
18 each submit a proposal to the Board concerning future CIP operations.

19 Based on the terms of the Stipulation and the Board Order approving
20 the CIP, NJNG submitted a letter petition on April 1, 2009 seeking Board
21 approval to continue the CIP as it is presently structured for the Company
22 until October 1, 2010, an additional year.
23

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

¹ The independent evaluation was to be started as of November 1, 2008 with the report presented to the Parties by January 15, 2009. During the process of the evaluation, it was agreed by the Parties that additional time was needed to review the voluminous materials provided for the evaluation, conduct interviews of various stakeholders and complete the report. Accordingly, that process was extended and, as agreed, the report was submitted 60 days later, on March 16, 2009.

1 A. Yes.

2008 NJCEP

(includes on-line and paper processing- English and Spanish)

	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	total
NJNG	442	355	184	103	131	134	116	96	119	274	474	930	3358
PSE&G	889	520	376	358	222	325	369	326	344	542	414	560	5245
SJG	66	35	215	243	259	238	270	255	341	445	511	526	3404
Etown	47	24	15	19	15	13	11	16	18	32	24	42	276
ACE	52	27	31	22	16	20	24	23	23	18	16	9	281
JCPL	127	58	47	52	49	85	78	50	46	70	38	30	730
RECO													
Total	1623	1019	868	797	692	815	868	766	891	1381	1477	2097	13294
NJNG Share	27%	35%	21%	13%	19%	16%	13%	13%	13%	20%	32%	44%	25%
SJG Share	4%	3%	25%	30%	37%	29%	31%	33%	38%	32%	35%	25%	26%
													combined
													51%

2007 NJCEP

(includes on-line and paper processing- English and Spanish)

	January	February	March	April	May	June	July	August	Sept	Oct	Nov	Dec	total
NJNG	61	646	43	61	131	9	190	28	56	25	47	96	747
PSE&G	51	34	536	460	344	324	445	336	337	382	583	553	4946
SJG	37	37	40	25	22	16	23	11	16	31	35	32	302
Etown	37	37	37	24	20	19	14	14	10	20	34	33	259
ACE	88	37	38	35	32	31	45	27	14	26	43	21	349
JCPL	917	88	75	101	77	60	173	75	47	50	75	54	875
Total	917	917	769	706	626	459	890	491	480	534	817	789	7478
NJNG Share	7%	70%	6%	9%	21%	2%	21%	6%	12%	5%	6%	12%	10%
SJG Share	6%	6%	5%	4%	4%	3%	3%	2%	3%	6%	4%	4%	4%
													combined
													14%

Not reported

New Jersey Natural Gas

2008 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1 Total		Apr	May	Jun	Q2 Total		Jul	Aug	Sep	Q3 Total		Oct	Nov	Dec	Q4 Total		YTD Totals
Overall Application																					
Total Unique Users *1	875	863	625	2,363	471	553	626	1,650	568	474	548	1,590	868	1,178	1,918	3,964	9,567				
Total New Users *2	830	773	519	2,122	380	457	500	1,337	447	368	419	1,234	693	920	1,675	3,288	7,981				
Total Return Users *3	100	145	148	393	111	112	139	362	129	117	137	383	191	309	341	841	1,979				
Total Page Views	10,435	9,742	5,710	25,887	3,455	4,105	4,007	11,567	3,380	3,492	3,779	10,651	7,762	10,897	22,229	40,888	88,993				
Residential Dashboard																					
Total Number of Users *4	695	790	567	2,052	422	498	533	1,453	503	425	510	1,438	777	1,103	1,862	3,742	8,685				
Total New Users *5	673	721	468	1,862	343	413	420	1,176	393	327	393	1,113	624	857	1,636	3,117	7,268				
Total Return Users *6	76	125	142	343	96	103	125	324	122	108	133	363	182	292	333	807	1,837				
Total Number of Sessions	788	926	671	2,385	457	554	570	1,581	543	475	554	1,572	860	1,198	2,014	4,072	9,610				
Total Number of Page Views	8,423	9,143	5,213	22,779	2,834	3,666	3,464	9,964	3,048	3,137	3,581	9,766	7,250	10,309	21,655	39,214	81,723				
Avg. Time Spent in Dashboard	8	8	5	7	4	5	4	4	4	4	4	4	6	7	8	7	6				
Total Customer Ids	482	517	303	1,302	187	261	226	674	223	102	253	578	492	796	1,424	2,712	5,266				
Total Account Numbers	482	517	303	1,302	187	261	226	674	223	102	253	578	492	796	1,424	2,712	5,266				
Total Premise Ids	482	517	303	1,302	187	261	226	674	223	102	253	578	492	796	1,424	2,712	5,266				
Total LI Completions from Dashboard *7	479	468	227	1,174	139	211	172	522	165	121	191	477	405	644	1,331	2,380	4,553				

New Jersey Natural Gas 2008 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1 Total	Apr	May	Jun	Q2 Total	Jul	Aug	Sep	Q3 Total	Oct	Nov	Dec	Q4 Total	YTD Totals
Home Energy Center																	
Home Analyzer																	
Total Number of Users	519	429	246	1,194	143	194	211	548	177	154	176	507	378	547	1,096	2,021	4,270
Total Number of Return Users *9	44	64	50	158	31	38	41	110	26	33	33	92	52	102	128	282	642
Total Number of Page Views	5,964	4,800	2,526	13,290	1,469	1,602	1,643	4,714	1,304	1,485	1,589	4,378	3,925	5,542	12,841	22,308	44,690
New Users Completing:																	
Basic Home Profile Questions (Lvl. 1)	440	354	184	978	102	131	133	366	116	97	119	332	274	426	929	1,629	3,305
Appliance Inventory (Lvl. 2)	282	206	94	582	62	65	82	209	64	51	75	190	183	261	596	1,040	2,021
Detailed Questions on End Uses (Lvl. 3)	17	12	15	44	4	8	5	17	3	1	2	6	11	27	66	104	171
Users Viewing At Least One Measure	128	103	63	294	35	39	37	111	29	31	42	102	103	142	336	581	1,088
Number of Measures Pages viewed	796	633	448	1,877	290	242	203	735	169	329	264	762	860	962	2,407	4,229	7,603
Avg. Time Spent in HIA (min)	8	7	6	7	6	6	5	6	5	5	6	5	6	7	7	7	6
Energy-Saving Calculators																	
Total Number of Users	96	92	37	225	27	26	15	68	14	16	11	41	50	90	223	363	697
Washer	5	7	1	13	1	2	1	4	2	2	1	5	6	8	16	30	52
Fridge	16	9	7	32	2	6	3	11	1	5	2	8	10	13	28	51	102
Room A/C	2	1	1	4	3	2	1	6	1	0	2	3	3	3	3	7	20
Thermo	63	54	7	124	8	2	3	13	4	2	1	11	11	16	121	148	292
Heating System Load Shift	24	22	8	54	8	5	10	23	3	3	5	11	20	44	58	122	210
Residential Appliance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Heater	10	14	9	33	3	3	3	6	3	3	2	8	11	15	27	53	100
Dryer	14	15	19	48	14	16	5	35	3	5	3	11	13	19	43	75	169
Lighting	7	17	3	27	3	5	2	10	1	8	3	12	7	12	20	39	88
	8	15	3	26	4	3	2	9	6	5	3	14	7	3	9	19	68
Energy Smart University																	
Total Number of Users	0	2	1	3	0	2	0	2	0	0	0	0	0	0	0	0	5
Total Number of Page Views	0	19	4	23	0	68	0	68	0	0	0	0	0	0	0	0	91
Energy Smart Library, Residential																	
Total Number of Users	0	1	2	3	1	0	1	2	0	3	3	6	3	4	7	14	25
Total Number of Page Views	0	1	4	5	13	0	2	15	0	7	4	11	5	6	8	19	50

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

*1 = Total unique users across all Aclara customer care applications

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

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

*4 = Total unique users accessing the Dashboard application

*5 = Total new users accessing Dashboard. A new user has not previously accessed the application.

*6 = Total return users accessing Dashboard. A return user has previously accessed Dashboard. Note: A user can be both a new and a return user during a reporting period.

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

*8 = The totals in the Load and Rate Analysis section include Residential and Business users

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

*10 = The number of users accessing the Business Energy Center this reporting period that have accessed the application previously



New Jersey Natural Gas
2009 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1 Total		Apr	May	Jun	Q2 Total		Jul	Aug	Sep	Q3 Total		Oct	Nov	Dec	Q4 Total		YTD Totals
Overall Application																					
Total Unique Users *1	1,330	992	604	2,926	420	420			420												3,346
Total New Users *2	1,020	696	418	2,134	302	302			302												2,436
Total Return Users *3	375	317	194	886	126	126			126												1,012
Total Page Views	13,719	8,925	6,052	28,696	3,511	3,511			3,511												32,207
Residential Dashboard																					
Total Number of Users *4	1,250	932	503	2,685	354	354			354												3,039
Total New Users *5	956	649	331	1,936	251	251			251												2,187
Total Return Users *6	363	312	187	862	115	115			115												977
Total Number of Sessions	1,421	1,029	594	3,044	403	403			403												3,447
Total Number of Page Views	12,973	8,280	4,646	25,899	2,760	2,760			2,760												28,659
Avg. Time Spent in Dashboard	7	5	5	6	4	4			4												5
Total Customer Ids	717	887	473	2,077	332	332			332												2,409
Total Account Numbers	717	887	473	2,077	332	332			332												2,409
Total Premise Ids	717	887	473	2,077	332	332			332												2,409
Total I1 Completions from Dashboard *7	616	382	190	1,188	140	140			140												1,328
Total Sessions where user skipped profile	0	0	0	0	0	0			0												0



New Jersey Natural Gas 2009 Web Statistics Report*

Statistic	Jan	Feb	Mar	Q1 Total	Apr	May	Jun	Q2 Total	Jul	Aug	Sep	Q3 Total	Oct	Nov	Dec	Q4 Total	YTD Totals
Home Energy Center																	
Home Analyzer																	
Total Number of Users	643	409	296	1,348	182	44		182									1,530
Total Number of Return Users *9	137	92	68	297	44			44									341
Total Number of Page Views	7,490	4,651	3,493	15,634	1,858			1,858									17,492
New Users Completing:																	
Basic Home Profile Questions (Lvl. 1)	465	285	191	941	118			118									1,059
Appliance Inventory (Lvl. 2)	305	179	126	610	82			82									692
Detailed Questions on End Uses (Lvl. 3)	25	21	18	64	6			6									70
Users Viewing At Least One Measure	178	109	82	369	48			48									417
Number of Measures Pages viewed	1,177	839	635	2,651	290			290									2,941
Avg. Time Spent in HA (min)	8	8	7	8	6			6									7
Avg. Level 1 Time Spent in HA (min)	13	13	13	13	12			12									13
Energy-Saving Calculators																	
Total Number of Users	129	76	38	243	32			32									275
Washer	11	7	3	21	4			4									25
Fridge	15	6	5	26	7			7									33
Room A/C	2	1	0	3	2			2									5
Thermo	75	41	3	119	5			5									124
Heating System	36	25	12	73	10			10									83
Residential Appliance	21	10	5	36	7			7									43
Water Heater	24	18	22	64	15			15									79
Dryer	14	7	5	26	6			6									32
Lighting	10	5	3	18	4			4									22
Energy Smart Library, Residential																	
Total Number of Users	7	4	2	13	0			0									13
Total Number of Page Views	8	10	2	20	0			0									20

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

- *1 = Total unique users across all Aclara customer care applications
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- *4 = Total unique users accessing the Dashboard application.
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- *6 = Total return users accessing Dashboard. A return user has previously accessed Dashboard. Note: A user can be both a new and a return user during a reporting period.
- *7 = The number of users that complete or edit a profile from the Dashboard application.
- *8 = The totals in the Load and Rate Analysis section include Residential and Business users.
- *9 = The number of users accessing the Home Energy Center this reporting period that have accessed the application previously.
- *10 = The number of users accessing the Business Energy Center this reporting period that have accessed the application previously.

Attachment AMP-2

Road Map to Energy Savings

Your Roadmap to Energy Savings



New Jersey
Natural Gas



**New Jersey
Natural Gas**

1415 Wyckoff Road • PO Box 1464 • Wall, NJ 07719

PRSRT STD
U.S. POSTAGE
PAID
AFFILIATED MAILING

5211 Route 33
Wall, NJ 07727

Hit the road to savings with the Conserve to Preserve Dashboard!

Test drive the Conserve to Preserve Dashboard and receive personalized recommendations on how to improve the energy efficiency of your home and help lower your monthly bills. This free, online energy center will help you learn about the many ways you can conserve energy and save money from the comfort of your own home, on your own time. With just a few clicks, you'll be on the road to savings!

Directions to the Conserve to Preserve Dashboard

1. Visit njng.com and click on My Account Services.
2. Login (*or register for new users*) to My Account Information.

You'll need your NJNG account number:

And name as it appears on your NJNG bill:

3. Once you have registered, be sure your pop-up blocker is turned off and click on the Dashboard logo found on your My Account Information home page.
4. Fill out the Home Profile by entering information about your home, appliances and living habits. Then, you'll be ready to:
 - Compare and analyze your bills
 - Track where your energy dollars are spent
 - Compare your home's energy use to those of similar size and style in your area



New Jersey Natural Gas is putting you on the road to savings.

Conserving energy is the best and fastest way to lower your monthly bills and our Roadmap to Energy Savings makes it easy. We've provided you with a variety of ways to make your home more energy-efficient this winter and all year long. Keep it handy in case you need directions during the heating season. Our comprehensive list of resources and programs will help you along the trip and even show you the best places to stop and learn more.

You can feel even better about your efforts knowing that by saving energy today, you are making a difference tomorrow. With the enclosed tools and tips, you can make smart energy decisions that will protect and preserve our environment for future generations.





NJNG Energy Cost Cutter Kit

The NJNG Energy Cost Cutter Kit offers a simple and affordable way to get started on your journey to a more energy-efficient home. For just \$10, you'll receive a variety of items that will help you implement some of the most basic energy-saving measures quickly and easily.

Each kit contains:

- Switch/Outlet Gaskets (10 Pack)
- Two 14-Watt Compact Fluorescent Lamps*
- Two 20-Watt Compact Fluorescent Lamps*
- 30' Roll of Rope Caulk
- Roll of Adhesive Weather-stripping
- Three 18" Pieces of Pipe Insulation
- LED Night Light
- Refrigerator/Freezer Thermometer
- Department of Energy's Energy-Saving Book
- \$50 Discount Coupon for a Home Performance with ENERGY STAR Comprehensive Home Assessment

All this for only \$10! NJNG will pick up the shipping and handling costs as well as sales tax. Quantities are limited, so get yours today. Place your order online at www.amconservationgroup.com or call toll-free 1-800-GOOD-BUY.

* Compact fluorescent lamps (CFLs) last 10 times longer than standard incandescent bulbs. A 14-Watt CFL gives off the luminosity of a 60-Watt incandescent bulb and a 20-Watt CFL is equivalent to a 75-Watt incandescent bulb.

Home Performance with ENERGY STAR

Home Performance with ENERGY STAR takes a "whole house" approach to help you improve the efficiency of your home and lower your energy bills by as much as 30 percent.

Specially trained, certified technicians will conduct a home assessment and provide a detailed plan based on their findings including recommended improvements that will help save energy and money, as well as total costs and a payback analysis.

Right now, you can receive 50 percent off the cost of the home assessment, normally \$500, thanks to financial incentives available through New Jersey's Clean Energy Program (NJCEP). Additionally, financing as low as 3.99% APR or as much as 50 percent back on recommended measures is also available.*

As an added bonus, you may be eligible to have the cost of your audit and an additional \$250 matching rebate from NJNG applied to the cost of the improvements you make! To schedule your assessment or get more information about Home Performance with ENERGY STAR, call 1-866-NJSMART or visit www.njcleanenergy.com/HP.

*Limited-time offer. NJCEP and NJNG \$250 rebates are deducted from the cost of completed work on eligible measures totaling a minimum of \$2,500. Restrictions apply. Offer valid while funding is available.



NJNG Budget Plan

Better manage your NJNG bills by enrolling in the Budget Plan. This free bill-paying option will spread your estimated annual natural gas costs evenly over a 12-month period to average higher winter bills with lower summer bills. To enroll, simply pay the "Budget Option" amount listed on the lower right side of your bill along with any other non-gas charges by the due date. You will automatically be enrolled with that payment.

Free Home Energy Analysis

Our Conserve to Preserve Dashboard provides customized energy-saving recommendations after you complete the Home Energy Analysis provided by New Jersey's Clean Energy Program. If you don't have access to the Internet, simply call 1-866-NJSMART and you can request a paper copy, available in both English and Spanish, to be mailed to your home. Just like the Dashboard, the answers to your questions will assess your energy use and identify opportunities to improve the energy efficiency of your home, saving you energy and money all year long.

New Jersey Comfort Partners*

If your income is below certain federal guidelines, you may qualify for free installation of energy-efficiency measures to help reduce your energy bills while keeping you more comfortable at home. Helpful information and personalized counseling on ways to reduce energy usage is also provided. Call our energy conservation department at 1-800-221-0051 (press 3, 4, 2) for more information.

**Program is subject to change or cancellation without notice.*

Energy Assistance Information

You may be eligible for energy assistance based on your income or if you're experiencing temporary or unanticipated difficulties, such as unemployment or illness. To learn if you qualify, contact the programs listed below. You may be eligible for more than one program.

For more energy assistance information including eligibility requirements, visit www.energyassistance.nj.gov.

Home Energy Assistance Program/Universal Service Fund* (Income-based)

Monmouth County	732-502-8855 or 732-775-4442
Middlesex County	732-828-4541
Morris County	973-366-1131
Ocean County	732-244-9041

** Applications for the Home Energy Assistance Program (HEAP) are automatically reviewed for eligibility for the Universal Service Fund, a statewide program based on income and utility costs. HEAP funding was recently increased to help state residents in these difficult economic times.*

Gift of Warmth Fund (Based on financial need)

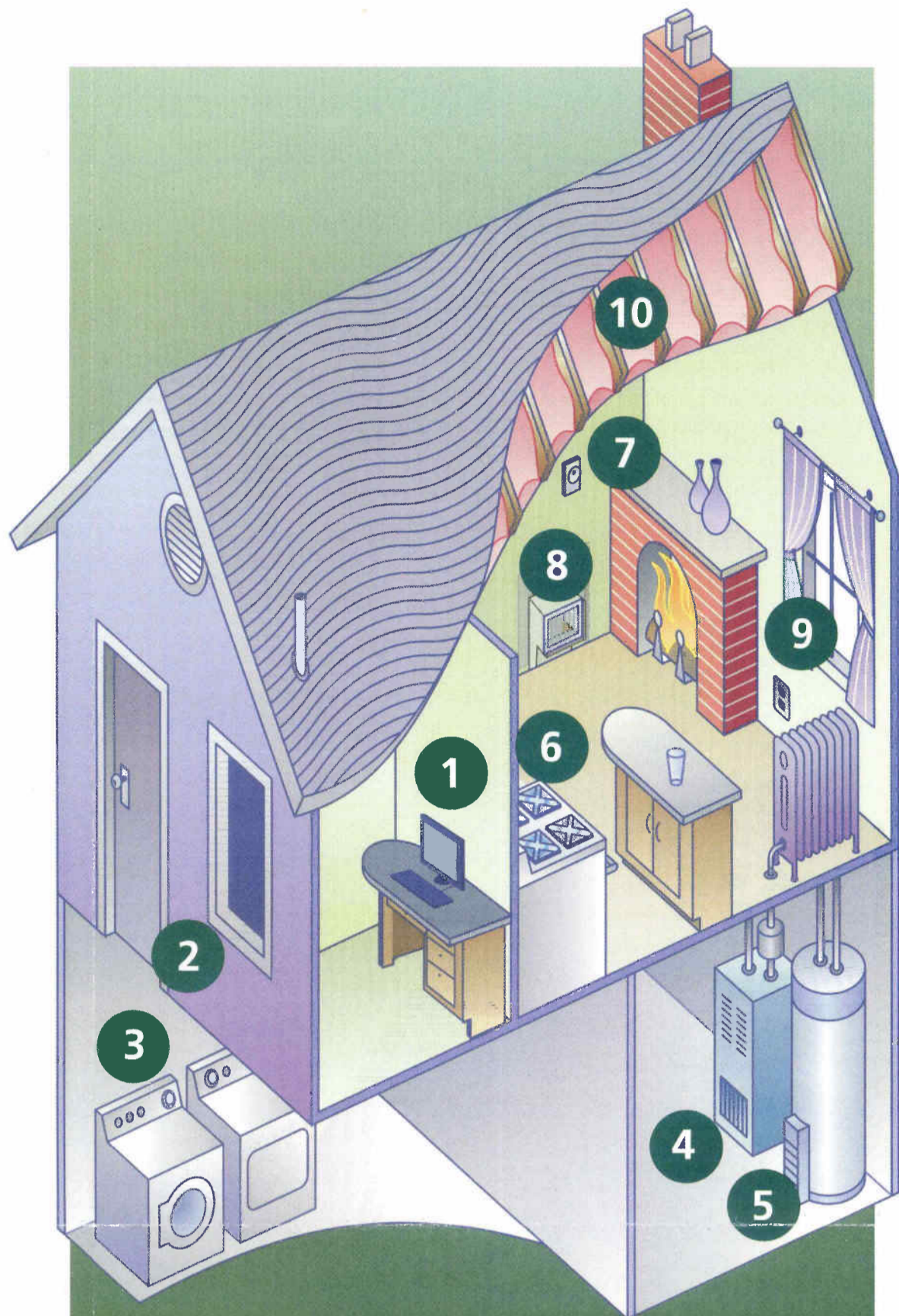
Monmouth County	732-502-8855 or 732-775-4442
Middlesex County	732-775-4442
Morris County	973-366-1131
Ocean County	732-244-9041

Lifeline Credit Program (For senior citizens and persons with disabilities)

1-800-792-9745

NJ SHARES (Based on financial need)

Call **1-866-657-4273** for the agency in your area.



1. Sign up and save! NJNG's monthly E-Tips provide free energy-saving tips, conservation program updates and special offers. Visit My Account Services today to register.
2. Install weather-stripping around doors and windows to keep warm air from escaping.
3. Save approximately \$40 annually in water-heating costs when you wash and rinse your clothes in cold water.
4. Upgrading to an energy-efficient furnace or boiler? You may be eligible for a WARMAdvantage rebate of up to \$400. Call 1-866-NJSMART or visit www.njcleanenergy.com for details.
5. Save up to 5 percent annually without sacrificing comfort by lowering your water heater temperature from 130 to 120 degrees. Water heating accounts for about 14 percent of an average family's utility bills.
6. Are you cooking with natural gas? Natural gas cook tops use less energy compared to electric according to the U.S. Department of Energy. To convert to natural gas for heat or appliances, call us at 1-800-221-0051.
7. Turning down the thermostat by 10 degrees at night or when the house is unoccupied can save as much as 20 percent of your heating costs. Every 24-hour period that the heat is lowered by 1 degree can result in a 3 percent savings on your heating bill.
8. Be sure your ducts are delivering all the warm air they can. Seal up any cracks in their joints for more efficient heating.
9. Use foam gaskets around electrical outlets to reduce drafts.
10. Have an attic? Seal it up and save with The Energy Guardian® Kits. These special, lightweight covers insulate and seal any type of attic entrance. NJNG customers receive a \$20 discount. Enter code NJNG0809 when ordering online at www.essnrg.com, or call 1-877-ESS-4NRG.

Kids and Conservation

Get your kids started on the path to an energy-efficient future. Our Kids and Conservation page includes a variety of fun, educational resources to get kids involved in saving energy both at home and in the classroom.

- Energy Hog
 - Horton Hears a Who
 - ENERGY STAR Kids
- ...and more!

Visit the Community page of njng.com with your kids and follow the Energy for Education link. You'll find more information about these programs as well as free resources to download.

Planting for Our Future

We've given you advice about how to conserve energy, and now we're helping you do even more to protect the environment. By choosing natural gas, you've already made an environmentally friendly choice, but by donating to Planting for Our Future you can reduce your annual natural gas carbon footprint.

Through a partnership with The Conservation Fund, America's premier conservation nonprofit, you can make a \$5 donation that will plant a tree in protected forests around the country, offsetting approximately one ton of carbon dioxide emissions annually.

For more information, or to make your donation, go to the Conservation section of njng.com.

New Jersey CleanPower Choice

CleanPower Choice, brought to you by the New Jersey Board of Public Utilities' Office of Clean Energy, is a simple, affordable way for you to support clean energy technologies as well as our state's renewable energy goals.

Through a small charge on your monthly electric bill, each household that participates in CleanPower Choice can avoid carbon dioxide emissions of over 10,000 pounds per year.

To sign up or find more information about CleanPower Choice, visit www.njcleanpowerchoice.com or call 1-866-NJSMART.

Other places to travel for more information:

New Jersey Natural Gas

1-800-221-0051

www.njng.com

New Jersey's Clean Energy Program

1-866-NJSMART

www.njcleanenergy.com

ENERGY STAR

1-888-STAR-YES (1-888-782-7937)

www.energystar.gov

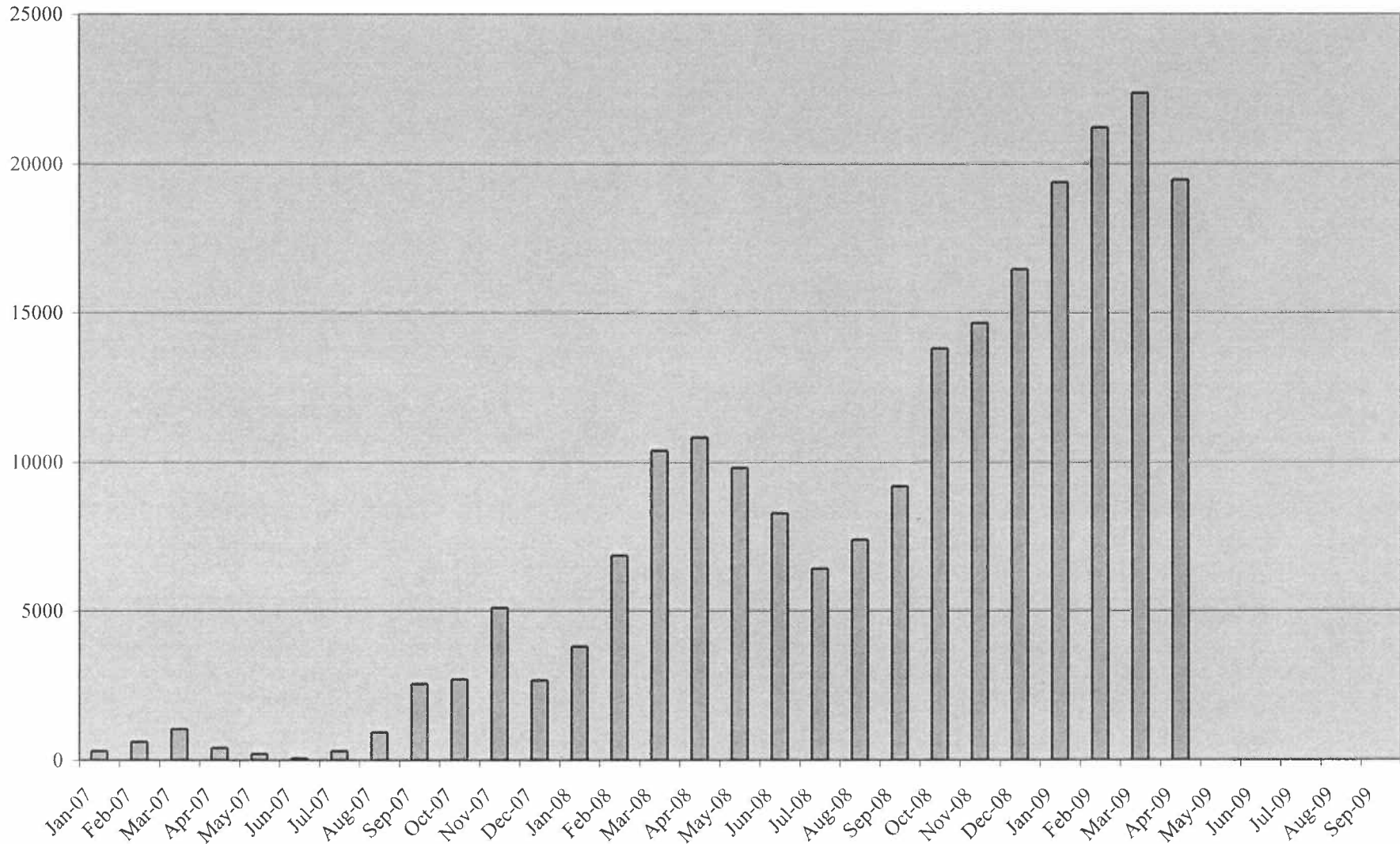
United States Department of Energy

1-877-EERE-INF (1-877-337-3463)

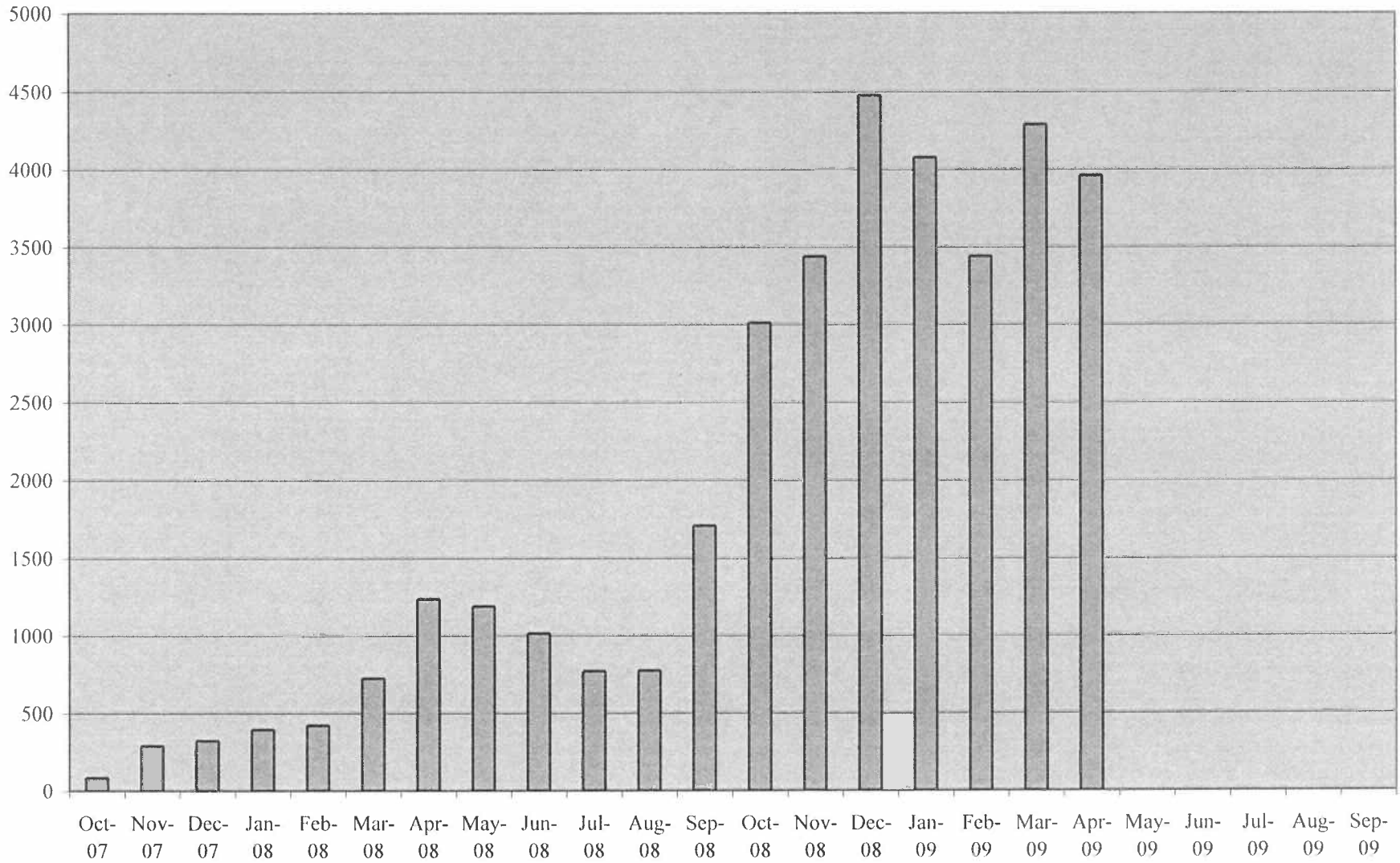
www.energysavers.gov



CSR tracked calls for CTP Activity



of Field CTP contacts per month



NJNG E-tips Statistics

Key Terms

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

NJNG E-tips Statistics

Key Terms

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Month	Email name	Sent	Bounces	Net Sent	Spam	Opt-outs	Opt-out %	Opens	Open %	Clicks	Click %		
Oct-2008	Change the World/EFI Store	27,117	1,302	25,815	15	83	0.3%	7,145	27.7%	761	10.7%		
Nov-2008	Energy Makeover Sweepstakes	27,680	1,308	26,372	19	84	0.3%	7,217	27.4%	1,058	14.7%		
Dec-2008	Conservation Kit	28,795	1,181	27,614	12	73	0.3%	7,225	26.2%	858	11.9%		
Jan-2009	Energy Star TVs/video games	31,213	1,513	29,700	26	96	0.3%	8,524	28.7%	703	8.2%		
Feb-2009	New Federal Tax incentives	33,258	1,635	31,623	22	78	0.2%	9,984	31.6%	1,474	14.8%		
Mar-2009	Revised HPES incentives	33,444	1,655	31,789	14	71	0.2%	8,382	26.4%	516	6.2%		
4/9/2009*	Spring Cleaning/NJCEP clothes washer incentives	38,935	1,984	36,951	33	115	0.3%	9,123	24.7%	346	3.8%		
5/9/2009*	Facts about CFLs/ promotion of NJCEP 's GNJR Team	39,073	1,694	37,379	27	97	0.3%	8,822	23.6%	487	5.5%		
Total				<u>552,786</u>			<u>2,336</u>			<u>149,382</u>			<u>14,633</u>

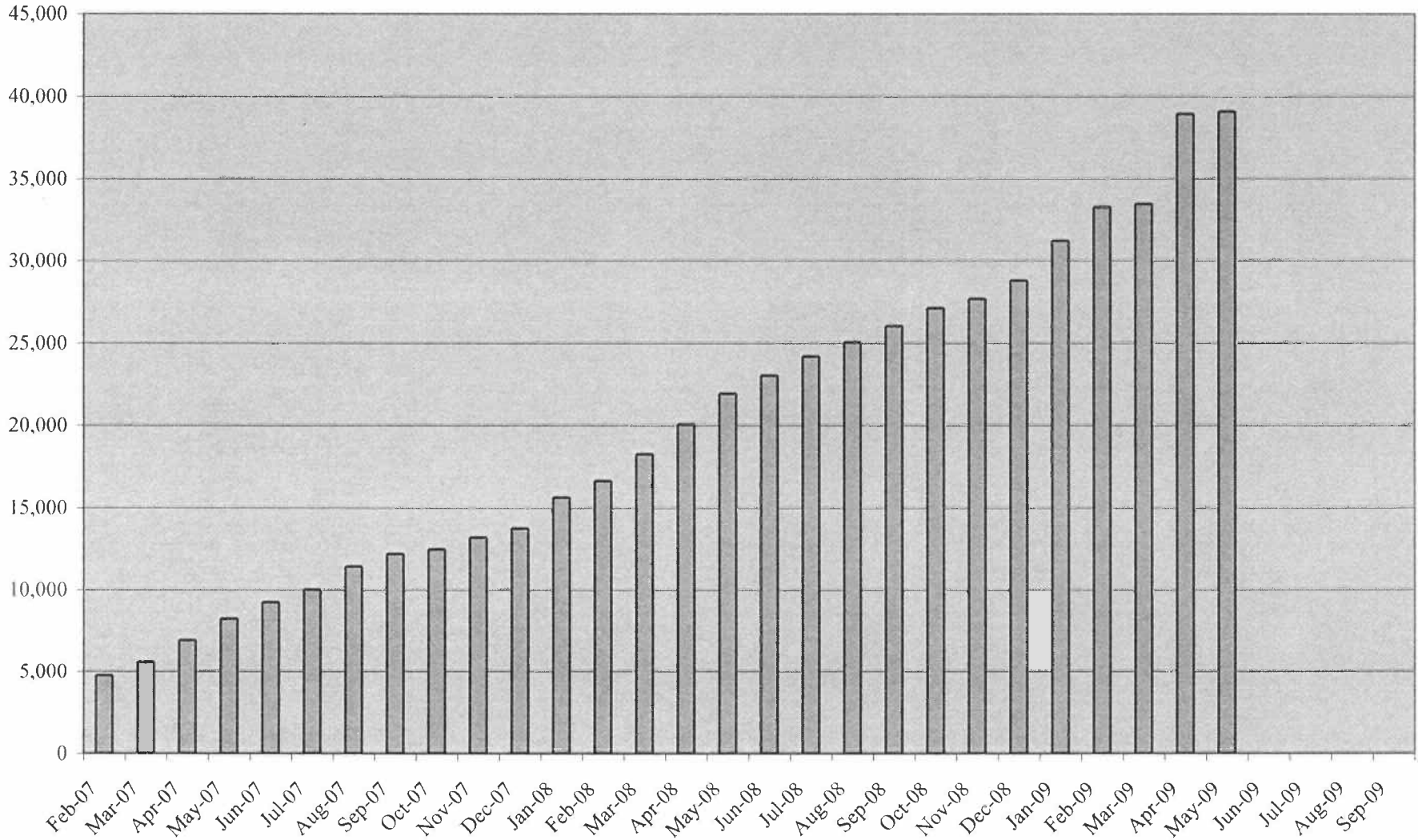
Notes: In regard to the decline in participants from January 2007, NJNG reset the parameters to eliminate older e-mail registrations to reduce the number of potential Spam reports (even though all e-mail addresses had been provided to NJNG by customers).

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

NJNG instituted system enhancements in March 2009 to facilitate customer use of on-line information services, including the CTP Dashboard. As a result of this single sign-on enhancement, NJNG is transitioning over to a different administrative process for the management of the E-tip subscription list. This transition is causing some minor disruption to enrollment statistics.

New Jersey Natural Gas

E-tip Subscribers



New Jersey Natural Gas Energy Hog Activities



- **In April, NJNG announced the roll-out the Energy Hog Road Show to schools. The Road Show is a 30 minute assembly designed to engage students about the importance of energy conservation. It has already been performed at a number of schools in our territory and has been well received. We plan to resume promotion of the program in the fall.**
- **NJNG continues to support the Energy Hog program student and teacher guides for use in the classroom and the Energy Hog Scavenger Hunt for use in the home, as well as the availability of the on-line video games to reinforce the concepts.**
- **Our sponsorship also included an Energy Hog costume that we are using at family oriented outreach events. Above is a picture of the Energy Hog interacting with two Girl Scout troops from Toms River at this month's Ocean Fun Days event at Island Beach State Park.**



New Jersey Natural Gas

[« Return to Change the World Home](#)

[Top Pledge Drivers](#)

[See all Participating Organizations](#)

[TAKE THE ENERGY STAR PLEDGE →](#)

New Jersey Natural Gas (NJNG) is the principal subsidiary of New Jersey Resources (NYSE: NJR), a Fortune 1000 company providing natural gas and clean energy services to customers in New Jersey and in states from the Gulf Coast to New England, and Canada. NJNG serves more than 486,000 customers in New Jersey's Monmouth, Ocean, Middlesex and Morris counties. This service area's demographics and quality of life contribute greatly to NJNG's growth. NJNG's progress is a tribute to the dedicated employees who have shared their expertise and focus on quality through more than 55 years of serving customers and the community to make the company a leader in the competitive energy marketplace. Through Conserve to Preserve®, NJNG is providing customers solutions to meet their energy needs in an environmentally responsible way. For more information, visit NJNG's Web site, www.njliving.com.

This organization is a member of **New Jersey's Clean Energy Program** that is also participating in the pledge. See [New Jersey's Clean Energy Program's](#) progress too!

Announcements for Participating Organizations

Campaign materials are available to help you engage your community: Find out how you can [Spread the Word](#).

2009-2010 Participation Highlights

Goal for the Year:	10,000,040 lbs of ghgs
Current Total:	1,463,532 lbs of ghgs
Percent to Goal:	15%

Questions about your Goal?

If you have questions about setting or changing your goal, please email changetheworld@energystar.gov.

2009-2010 Savings Breakdown

Greenhouse Gas Emissions:	1,463,532 lbs
Individuals:	106
Dollars:	\$111,998
kWh:	750,942
BTUs:	2,637,940,051

[See Pledges by Action Item](#)

Archived Campaign Success

2007-2008

2008-2009

Greenhouse Gas Emissions (lbs.)	6,746,688
Dollars	\$527,621
kWh	3,491,739
BTUs	11,781,539,892

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[EPA Home](#)
[EPA Search](#)



[DOE Home](#)
[DOE Search](#)

Ability to Track Pledges by Type of Action

The screenshot shows a Microsoft Internet Explorer browser window displaying the ENERGY STAR website. The address bar shows 'http://www.energystar.gov - ENERGY STAR - Microsoft Internet Explorer'. The page content includes several pledge categories with associated counts:

- Change a Light?** (Want to do more? See below)
 - Replace at least one light in my home with an ENERGY STAR qualified one. **?**
 - I plan to replace lights (max. 50) **200 bulbs**
- Do Even More**
 - Make my home heating and cooling system work better. I will: ?**
 - Set or program my thermostat to save energy while I'm asleep or away from home **87 pledges**
 - Have my heating and cooling equipment tuned-up by a professional and change my air filter **72 pledges**
 - Seal obvious leaks and repair disconnections in my home's duct system **63 pledges**
 - Make sure my home is well sealed and insulated. I will: ?**
 - Seal my home's envelope (outer walls, ceiling, windows, doors, and floors) with caulk, spray foam, or weather stripping, and add insulation to the attic **56 pledges**
 - Choose ENERGY STAR qualified equipment for my home office. I plan to purchase a(n): ?**
 - Computer
 - Monitor
 - Multi-Function Device
 - Fax
 - Ink-Jet Printer
 - Enable my ENERGY STAR computer and monitor to sleep while I'm away. ? 44 pledges**
 - Choose ENERGY STAR qualified home theater products. I plan to purchase a: ?**
 - TV
 - DVD player
 - Home Theater in a Box (sound system)
 - Choose ENERGY STAR qualified products for my kitchen and laundry. I plan to purchase a: ?**
 - Clothes Washer
 - Dish Washer
 - Refrigerator

The Windows taskbar at the bottom shows the Start button, system tray with 'Connected...', and several open applications: 'Microsoft...', 'G:\REGAFF...', 'G:\Conserv...', 'ampcp0527...', 'New Jersey...', and 'http://www...'. The system clock shows '2:52 PM'.

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

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009-Activity through April only
Conservation Home	6,288	2,636	1,957	2,885
Conserve to Preserve		2,199	3,090	2,293
Energy Saving Tips for Your Home		2,482	3,726	3,038
Residential Programs		9,171	11,613	9,949
Special Offers & Rebates		6,414	11,353	12,985
Energy Saving Tips for Your Business		413	855	732
Commercial Programs		541	728	671
Distributed Generation		430	500	381
Renewable Energy		834	928	665
Energy Hog Program	843	912	937	
Kids and Conservation			897	1,090
Total	7,131	26,032	36,584	34,689

Note: In late 2006, NJNG's redesigned website was launched. It captures more information about conservation and includes more links from various sections of the site back to the conservation pages. Due to the relaunch, the statistics are not directly comparable to the prior year, but it is clear that traffic to the Web site seeking conservation resources is significantly increasing. Fiscal 2007 and 2008 activity were respectively 3.6 and 5.1 times greater than Fiscal 2006 activity. Fiscal 2009 activity is already nearly at Fiscal 2008 activity levels with only 7 months of data recorded. Also, this chart does not even reflect all of the energy efficiency related sections of the NJNG website.

New Jersey Natural Gas
CIP Expense through May 15, 2009
BPU Docket No. GR09_____

	Year 1	Year 2	Quarter Ending 12/31/08	Quarter Ending 3/31/09	Quarter to Date	Total Program to Date
Direct Mail Campaigns- Residential and Small Commercial	\$260,600		\$84,000	\$64,242		\$408,842
One Price to Upgrade	\$2,789					\$2,789
Employees as Champions and HVAC Contractors as Champions	\$1,225	\$4,688	\$368	\$2,088		\$8,368
Community Outreach*	\$21,525	\$23,861	\$8,378	\$21,000	\$1,640	\$76,404
Zero Percent Financing	\$79,872	\$59,614				\$139,486
E-mail Distribution Channel	\$8,730	\$2,601				\$11,331
Employee time- "More than incidental"	\$67,485	\$79,336	\$14,218	\$13,173	\$5,416	\$179,628
CTP Dashboard/NEXUS	\$46,250	\$155,219	\$31,549	\$27,507	\$27,507	\$288,032
CTP Business On-line	\$12,000	\$5,513	\$13,098	\$225		\$30,836
High-Efficiency Rebates/(alternative to zero %)		\$126,450	\$71,150	\$63,300		\$260,900
conservation kits		\$86,365		\$163,759	\$17,330	\$267,454
Community Rewards		\$825	\$445	\$2,750	\$432	\$4,452
HPES Incentive Program		\$1,239		\$3,800	\$250	\$5,289
Other	\$3,520					\$3,520
Total CIP Expenses	\$503,996	\$545,711	\$223,205	\$361,843	\$52,575	\$1,687,330

Note: This summary only reflects expenses recorded through May 15, 2009. The Company has incurred additional costs for some programs that were not recorded as of that date due to the timing of the receipt of invoices.
* includes Energy Hog Road Show fees.