



June 1, 2012

VIA FEDERAL EXPRESS

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: IN THE MATTER OF NEW JERSEY
NATURAL GAS COMPANY'S
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS)
AND CONSERVATION INCENTIVE PROGRAM (CIP)
FACTORS FOR F/Y 2013
BPU DOCKET NO. GR1206 _____

Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Factors for F/Y 2013. Included in this filing are the testimonies of Jayana S. Shah, Tina M. Trebino, and Anne-Marie Peracchio in support of this petition.

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads 'Tracey Thayer'.

Tracey Thayer
Director, Regulatory Affairs Counsel

Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2013
DOCKET NO. GR1206_____**

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☞ Individuals to receive copies of all documents and filings by email only.

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2013
DOCKET NO. GR1206_____**

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**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. GR1206 _____
REVISION OF ITS BASIC GAS SUPPLY)	OAL DOCKET NO. _____
SERVICE (BGSS) AND CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS)	
FOR F/Y 2013)	

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 - Jayana S. Shah
 - Director - Gas Supply

 - Tina M. Trebino
 - Manager - Regulatory Affairs

 - Anne-Marie Peracchio
 - Director - Conservation and Clean Energy Policy

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2012 and FY2013. Actual BGSS schedules for FY2010 and FY2011 and projected BGSS schedules for FY2014 will be included in Workpapers to be filed under separate cover.

C A S E S U M M A R Y

CASE SUMMARY

NEW JERSEY NATURAL GAS COMPANY ANNUAL REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR F/Y 2013

FILING DATE: June 1, 2012
EFFECTIVE DATE: October 1, 2012

BASIS FOR REQUEST:

BASIC GAS SUPPLY SERVICE ("BGSS")

1. New Jersey Natural Gas Company (the "Company") proposes to maintain its pre-tax periodic BGSS billing factor for sales customers at its current pre-tax level of \$0.6244 per therm.
2. While the Company has not yet made any determination of the need for additional BGSS price adjustments, the Company may seek to increase the BGSS price up to a maximum of 5 percent of the total residential bill on December 1, 2012 and/or February 1, 2013 pursuant to the Order in BPU Docket No. GX01050304 ("Generic BGSS Order"). If such an increase is required, the Company will provide notice to the Board and Rate Counsel of its election to adjust its BGSS rates upward as is required by the Generic BGSS Order. Additionally, pursuant to the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or rate credits at any time upon five days notice and the filing of supporting documentation to the Board and to Rate Counsel.
3. The Company proposes to increase its pre-tax Balancing Charge from its current pre-tax level of \$0.0789 per therm to \$0.0839 per therm. This factor results in an effective pre-tax increase of \$0.0050 per therm of gas sales effective October 1, 2012 (an after-tax increase of \$0.0054 per therm). All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

CAPACITY RELEASE INCENTIVE PROGRAM

The Company proposes certain enhancements to its existing capacity release incentive program. These enhancements will provide opportunities to improve the program and to lower portfolio demand gas costs for the Company's customers.

CONSERVATION INCENTIVE PROGRAM ("CIP")

With this filing and pursuant to the December 12, 2006 and January 21, 2010 Orders in BPU Docket No. GR05121020 ("CIP Order"), the Company proposes to modify its after-tax CIP recovery rates as a component of delivery rates effective October 1, 2012. The existing rates, proposed rates and projected change in after-tax CIP recoveries for each CIP Group are:

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Proposed Charge per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	\$0.0255	\$0.0152	(\$0.03)
Group II	Residential Heat	\$0.0066	\$0.0352	\$12.70
Group III	General Service - Small	\$0.0464	\$0.0850	\$1.25
Group IV	General Service - Large	\$0.0391	\$0.0681	<u>\$3.88</u>
Total				\$17.80

IMPACT TO CUSTOMERS

The proposed October 1, 2012 CIP changes results in a 2.4 percent increase to the total bill of an average residential heating sales customer (Group II), a 0.7 percent decrease for an average residential non-heat sales customer (Group I) and a 2.9 percent increase for an average sales customer in Group III. The CIP change for an average Group IV sales customer results in a 2.9 percent increase.

CAPACITY CONTRACT RELEASES

The Company has extended the term of certain capacity releases for an additional one year period through March 31, 2014. The Company has also restructured one of its capacity contracts resulting in a reduction in fixed capacity costs. The extension of existing capacity releases and the contract restructuring are reflected in the CIP BGSS savings.

PETITION OF

NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2013

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

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	BPU DOCKET NO. GR1206_____
FOR THE ANNUAL REVIEW AND)	
REVISION OF ITS BASIC GAS SUPPLY)	PETITION
SERVICE (BGSS) AND CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS)	
FOR F/Y 2013)	

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

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued on January 17, 2002 by the New Jersey Board of Public Utilities (the “BPU” or “Board”) in BPU Docket No. 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 maintain the existing BGSS price applicable to residential and certain small commercial customers. NJNG also hereby requests that the Board approve, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in a BPU Order in Docket No. GR07110889 dated October 3, 2008 (“Base Case Order”), an increase to its balancing charge to reflect updated costs. Additionally, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in BPU Orders in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the Conservation Incentive Program (“CIP”) for the period from October 1, 2011 through September 30, 2012 and approve the Company’s related request to

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 is priced on a monthly basis for large commercial and industrial customers.

decrease its CIP recovery rate for Group I Residential Non-Heat customers and to increase 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 further requests approval of certain modifications to its current capacity release incentive program as set forth herein.

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

4. Based on the information provided herein, the Company proposes to maintain its existing BGSS price applicable to residential and small commercial customers of \$0.6681 per therm, after tax.

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, 2009 through April 30, 2012, and projected data for the twenty-nine (29) month period May 1, 2012 through September 30, 2014.

7. As approved by the Board in the Base Case Order, NJNG is authorized to adjust its balancing charge in the annual BGSS filing to reflect updated costs. The Company is proposing to increase its after-tax balancing charge by \$0.0054 per therm. All balancing charge revenues from transportation customers are credited to BGSS. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

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

9. From October 2011 through April 2012, NJNG has experienced its warmest winter on record with every month being significantly warmer than normal. Weather for this period was 21.2 percent warmer than normal and 21.7 percent warmer than the previous year. Due to the extremely mild weather, customer usage has been significantly less than the CIP benchmark usage resulting in a greater CIP margin deficiency than in recent years. Based on actual data for the period October 1, 2011 through April 30, 2012, and projected data for the period May 1, 2012 through September 30, 2012, the CIP calculations for fiscal year 2012, 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 \$29.7 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$3.3 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$9.9 million for Group IV General Service – Large customers.

10. The testimony of Tina M. Trebino and Exhibit C within this filing demonstrate that NJNG is entitled to full recovery of such balances based on the Tests established in the CIP Orders. Pursuant to the terms of the CIP Orders, the Company is proposing an effective date of October 1, 2012 for the following after-tax CIP rates which, as compared to existing charges, result in the following increase or (decrease) per therm:

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ per therm</u>	<u>Existing Charge (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	\$0.0152	\$0.0255	(\$0.0103)
Group II	Residential Heat	\$0.0352	\$0.0066	\$0.0286
Group III	General Service - Small	\$0.0850	\$0.0464	\$0.0386
Group IV	General Service - Large	\$0.0681	\$0.0391	\$0.0290

11. Pursuant to Exhibit E of the Stipulation approved in the January 21, 2010 CIP Order, NJNG released various capacity contracts through March 31, 2013. These contract restructurings allowed NJNG to reshape its portfolio. As set forth in Paragraph 18 of the Stipulation approved by the BPU in the January 21, 2010 CIP Order, NJNG agreed "...to initiate contract restructurings and/or purchasing practices designed to benefit customers through lower BGSS costs. The resulting BGSS gas cost savings will be verified on an annual basis and be available to offset non-weather-related CIP surcharges." NJNG has extended the term of the releases for an additional one-year period through March 31, 2014. The total BGSS savings associated with the extension are approximately \$2.8 million of which \$1.4 million is included in the October 2012 through September 2013 CIP Recovery Period and \$1.4 million is included in the October 2013 through September 2014 CIP Recovery period.

Additionally, NJNG restructured a 40,000 dth per day Dominion Transmission, Inc. (DTI) contract that expired on October 31, 2011 and reduced the volume by 20,000 dth per

day effective November 1, 2011. The restructuring of this contract results in reductions in fixed capacity costs through the reduction in firm capacity on a long term basis, a category of potential BGSS gas costs savings. The annual demand cost savings associated with this reduction in capacity for the 2012-2013 CIP year and thereafter will be \$1,032,957. The extension of the existing capacity releases and the restructuring of the DTI contract are reflected in the BGSS savings shown in Exhibit C, Schedule 6 to the Petition.

12. The proposed October 1, 2012 CIP changes result in a 0.7 percent decrease for an average residential non-heat sales customer (Group I), a \$2.86 or 2.4 percent increase to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 2.9 percent increase for an average sales customer in Group III and a 2.9 percent increase for an average Group IV sales customer.

13. As set forth in the Stipulation of Settlement, approved by the BPU in its August 18, 2011 Order, BPU Docket No. GR11040195, NJNG also requests in this filing to modify and enhance the Company's current capacity release incentive program in order to include additional types of transactions that would improve the program and lower portfolio demand gas costs for NJNG's customers. The types of additional transactions NJNG proposes are as follows:

- Capacity management transactions with counterparties where NJNG receives a reservation charge for the release of capacity to a counterparty;
- Supply transactions with counterparties where NJNG receives a reservation charge for the commitment to purchase supply from a counterparty;
- Restructuring, including termination, of capacity with various pipelines and storage providers to update NJNG's assets in the most cost effective manner. The value of the reduction in capacity costs will be included in the capacity release sharing mechanism.

For each transaction qualifying under the aforementioned transactions, the savings resulting from the transactions will be included in the monthly capacity release reports submitted

to the BPU and Rate Counsel. Additionally, the BGSS impact of the aforementioned transactions will be included in the Company's annual BGSS filing submitted by June 1 each year.

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

Exhibit A BGSS schedules for the twelve (12) month period ending September 30, 2012, using actual data for the period from October 1, 2011 through April 30, 2012 and projected data for the period from May 1, 2012 through September 30, 2012. Actual BGSS schedules for fiscal year (FY) 2010 and FY2011 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, 2012 through September 30, 2013, using projected data for the entire period. Projected BGSS schedules for FY2014 will be included in Workpapers to be filed shortly under separate cover.

Exhibit C CIP Schedules

Exhibit D Calculation of Balancing Charge

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

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

Exhibit G Proposed Form of Notice of Public Hearing,

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

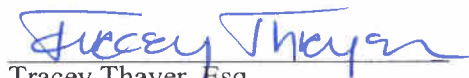
WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS reconciliation filing;
2. Approving the Company's request to maintain the Periodic BGSS price applicable to residential and small commercial customers effective October 1, 2012;
3. Approving the Company's request to increase its Balancing Charge effective October 1, 2012;
4. Approving the requested CIP rate changes effective October 1, 2012;
5. Approving the Company's requested enhancements to its capacity release incentive program as set forth herein; and
6. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By:



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

Dated: June 1, 2012

EXHIBIT A
Seven Months Actual through April 2012 and
Five Months Projected through September 2012¹

INDEX OF SCHEDULES:

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

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2012 and FY2013. Actual BGSS schedules for FY2010 and FY2011 and projected BGSS schedules for FY2014 will be included in Workpapers to be filed under separate cover.

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

SCHEDULE 1

	ACTUAL ESTIMATE												
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	(4,633)	(4,703)	(48,684)	(31,078)	(6,795)	11,679	16,544	16,001	14,897	14,050	13,511	13,294	(4,633)
2. Net Cost Appl. To BGSS Sales (Sch 2a)	15,194	39,068	41,803	53,479	40,783	26,102	19,087	11,234	8,403	8,949	9,100	9,334	282,535
3. BGSS Recoveries (Sch 2b)	(13,135)	(78,969)	(18,606)	(23,136)	(18,132)	(17,748)	(17,348)	(10,295)	(7,113)	(7,264)	(7,106)	(7,093)	(225,946)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	2,058	(39,901)	23,197	30,343	22,651	8,354	1,739	939	1,290	1,684	1,994	2,240	56,589
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	0	0	(2)	0	0	0	0	(4)	(4)	(4)	(4)	(4)	(23)
7. Forked River (Sch.4c)	(0)	0	0	(1)	0	0	(0)	(7)	(6)	(7)	(7)	(6)	(34)
8. Transportation(Sch.4d)	(151)	(136)	(131)	(141)	(144)	(121)	(137)	(129)	(125)	(129)	(129)	(125)	(1,595)
9. FRM Program (Sch 4i)	2	26	149	52	88	288	7	0	0	0	0	0	612
10. Storage Incentive (Sch.4k)	473	262	222	131	413	333	307	250	0	0	0	0	2,391
11. Off-System Sales (Sch.4e)	(398)	(1,403)	(2,821)	(2,846)	(1,661)	(1,239)	(227)	(142)	(142)	(142)	(142)	(142)	(11,303)
12. Capacity Rel. (Sch.4f)	(1,382)	(1,930)	(1,734)	(1,734)	(1,633)	(1,734)	(1,520)	(1,571)	(1,520)	(1,571)	(1,571)	(1,520)	(19,420)
13. Supplier Ref. and Misc. Adj. (Sch.5)	0	0	0	0	0	(135)	0	0	0	0	0	0	(135)
14. Balancing and Penalty (Sch.4g)	(430)	(762)	(1,199)	(1,455)	(1,176)	(810)	(645)	(362)	(251)	(259)	(259)	(251)	(7,860)
15. Ocean Peaking Power (Sch.4h)	(241)	(137)	(76)	(67)	(65)	(71)	(67)	(78)	(89)	(112)	(99)	(87)	(1,189)
16. Total Debits and Credits (L.5 through L.15)	(2,127)	(4,080)	(5,591)	(6,060)	(4,178)	(3,489)	(2,282)	(2,043)	(2,137)	(2,224)	(2,211)	(2,135)	(38,556)
17. Under/(Over) Recov Gas Costs. End of Period (L's 1,4,&16)	(4,703)	(48,684)	(31,078)	(6,795)	11,679	16,544	16,001	14,897	14,050	13,511	13,294	13,400	13,400

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

SCHEDULE 2a

COST OF GAS-CURRENT PERIOD	ACTUAL												ESTIMATE		TOTAL
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12			
Total Gas Costs ¹	22,414	45,067	54,327	61,880	44,553	28,418	21,856	14,591	12,716	13,605	13,900	11,368			344,695
REDUCTIONS TO COST OF GAS															
Natural Gas Vehicles Interruptible (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	0	0	14	0	0	0	0	20	23	25	25	25	25	25	131
Forked Rv. (Sch. 4c)	2	0	0	7	0	0	2	31	37	39	40	31	39	40	196
Off System Sales (Sch. 4e)	8,836	8,259	14,546	10,429	5,685	4,347	4,548	5,155	6,042	6,441	6,583	3,759	6,441	6,583	84,631
Capacity Release (Sch. 4f)	(1,626)	(2,271)	(2,039)	(2,039)	(1,921)	(2,039)	(1,789)	(1,848)	(1,789)	(1,848)	(1,848)	(1,789)	(1,848)	(1,789)	(22,847)
Company Use Gas	8	11	3	5	5	8	7								48
Total Reductions	7,220	5,999	12,524	8,401	3,769	2,316	2,769	3,358	4,313	4,656	4,800	2,034	4,800	2,034	62,159
Net Cost Appl.To BGSS Sales	15,194	39,068	41,803	53,479	40,783	26,102	19,087	11,234	8,403	8,949	9,100	9,334			282,535

GAS COST RECOVERIES

SCHEDULE 2b

BGSS Sales	19,962	37,996	64,305	81,171	64,375	39,991	29,712	17,250	11,787	12,055	11,782	11,744	11,744		402,128
A/C Sales															
Monthly BGSS Sales	2,717	4,565	7,346	9,022	7,474	4,781	3,737	2,482	1,675	1,729	1,729	1,675	1,675	34	152
FEED										107	107	106	106		48,932
Periodic BGSS Sales	17,245	33,431	56,959	72,149	56,901	35,210	25,974	14,739	10,079	10,189	9,920	9,929	9,929		320
Recovery Rate \$ per Therm:							4/1/12								
Periodic BGSS Rate	0.6650	0.6650	0.2520	0.2520	0.2520	0.4385	0.6027	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244		402,128
A/C Rate	0.6650	0.6650	0.2520	0.2520	0.2520	0.4385	0.6027	0.2552	0.2552	0.2552	0.2552	0.2552	0.2552		152
Monthly BGSS Rate	0.6137	0.5891	0.5789	0.5492	0.5075	0.4828	0.4531	0.4369	0.4842	0.4928	0.4990	0.5031	0.4990		48,932
FEED Rate										0.4000	0.4000	0.4000	0.4000		320
Recoveries:															
Periodic BGSS ²	11,468	76,279	14,354	18,182	14,339	15,440	15,655	9,203	6,293	6,362	6,194	6,199	6,199		199,968
A/C	0	0	0	0	0	0	0	7	8	8	7	9	9		39
Monthly BGSS	1,668	2,689	4,252	4,955	3,793	2,308	1,693	1,084	811	852	863	843	843		25,811
FEED	0	0	0	0	0	0	0	0	0	43	43	42	42		128
Total BGSS Recovery (Sch. 1, L. 3)	13,135	78,969	18,606	23,136	18,132	17,748	17,348	10,295	7,113	7,264	7,106	7,093	7,093		225,946

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

² As a result of improved meter reading processes and a modification in NUNGS revenue recognition process, a one-time adjustment is included in November's Periodic BGSS recovery.

NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2012

SCHEDULE 2c

	ACTUAL												ESTIMATE											
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12												
Mdth																								
Beginning of Month Storage Balance	23,097	24,941	25,540	21,572	15,576	12,583	10,746	14,215	17,573	20,952	21,832	21,931												
Commodity Purchases	6,541	7,004	6,268	5,418	5,911	4,602	4,336	7,331	6,736	8,417	7,331	6,529												
Sub-total of Available Supplies	29,639	31,945	31,808	26,990	21,487	17,185	19,163	21,546	24,309	25,288	25,360	24,539												
A																								
Less volumes with assigned cost allocations																								
Off System Sales, Electric Gen, Interr.Sales, Other	2,394	2,734	4,180	3,536	2,340	2,259	2,232	2,259	2,186	2,259	2,259	1,281												
AC Sales	0	0	0	0	0	0	0	0	0	0	0	3												
Monthly BGSS Sales	272	456	735	902	747	478	374	248	167	173	173	168												
FEES Sales	0	0	0	0	0	0	0	0	0	0	0	11												
Company Use Non Prod Sales	1	2	1	2	2	2	1	1	0	11	11	11												
Sub-total of Assigned Cost Allocations	2,666	3,192	4,916	4,441	3,090	2,739	2,607	2,510	2,357	2,446	2,445	1,462												
B																								
Allocation WACOG Volume	26,972	28,753	26,892	22,549	18,398	14,447	16,566	19,036	21,951	22,842	22,915	23,077												
C = A - B																								
\$000																								
Beginning of Month Storage Balance	117,142	125,257	127,358	108,390	78,428	64,162	39,092	53,481	67,895	83,867	92,569	96,465												
Beginning of Month WACOG Inventory	42,186	48,685	32,932	26,604	20,072	13,511	28,013	25,179	28,253	32,194	35,762	39,164												
Commodity Purchases	29,411	24,352	22,562	18,131	16,366	10,600	25,482	24,643	25,136	18,440	13,762	11,699												
Demand Charges	7,609	7,052	7,288	7,251	7,354	7,242	7,100	7,248	7,304	7,248	7,248	7,304												
Sub-total of Available Supplies	196,348	205,346	190,139	160,375	122,220	95,514	99,686	110,551	128,588	141,749	149,341	154,632												
D																								
Less volumes with assigned cost allocations																								
Off System Sales, Electric Gen, Interr.Sales, Other	8,838	8,259	14,560	10,435	5,685	4,347	4,550	5,206	6,102	6,505	6,648	3,822												
AC Sales	0	0	0	0	0	0	0	7	8	8	7	9												
Monthly BGSS Sales	1,668	2,689	4,252	4,955	3,793	2,308	1,693	1,084	811	852	863	843												
FEES Sales	0	0	0	0	0	0	0	0	0	0	43	42												
Sub-total of Assigned cost allocations	10,505	10,949	18,812	15,390	9,478	6,655	6,243	6,298	6,921	7,407	7,561	4,716												
E																								
Allocation WACOG Costs	185,842	194,397	171,327	144,985	112,742	88,859	93,443	104,254	121,667	134,341	141,781	149,916												
F = D - E																								
\$ available for allocation																								
G = F / C	6.8901	6.7610	6.3710	6.4298	6.1280	6.1508	5.6439	5.4768	5.5425	5.8814	6.1873	6.4962												
Mdth																								
Periodic BGSS Sales	1,724	3,343	5,696	7,215	5,690	3,521	2,597	1,474	1,008	1,019	992	993												
CoUse & UFG	3	6	7	15	33	16	22	6	4	3	2	2												
Periodic BGSS Sales & CoUse & UFG	1,727	3,349	5,703	7,230	5,723	3,537	2,619	1,480	1,012	1,022	994	995												
H																								
volume to be allocated																								
\$000																								
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume)	11,900	34,108	35,511	46,485	35,069	21,754	15,605	8,106	5,607	6,010	6,152	6,463												
I = G * H																								
allocated cost																								
Plus assigned cost allocations																								
Off System Sales, Electric Gen, Interr.Sales, Other	8,838	8,259	14,560	10,435	5,685	4,347	4,550	5,206	6,102	6,505	6,648	3,822												
AC Sales	0	0	0	0	0	0	0	7	8	8	7	9												
Monthly BGSS Sales	1,668	2,689	4,252	4,955	3,793	2,308	1,693	1,084	811	852	863	843												
FEES Sales	0	0	0	0	0	0	0	0	0	0	43	42												
Sub-total of Assigned cost allocations	10,505	10,949	18,812	15,390	9,478	6,655	6,243	6,298	6,921	7,407	7,561	4,716												
J																								
Total Allocated Costs (Sch 2a Total Gas Costs)	22,406	45,056	54,323	61,875	44,548	28,410	21,848	14,403	12,528	13,417	13,712	11,179												
K = I + J																								
L	125,257	127,358	108,390	78,428	64,162	39,092	53,481	67,895	83,867	92,569	96,465	101,088												
M = K+L	147,663	172,414	162,714	140,304	108,709	67,501	75,329	82,298	96,394	105,886	110,178	112,267												
N = D - M	48,685	32,932	26,604	20,072	13,511	28,013	25,179	28,253	32,194	35,762	39,164	42,365												

1 As a result of a modification in NJNG's revenue recognition process, a one-time adjustment is included in November's Periodic BGSS allocated costs.

SCHEDULE 3

SCHEDULE 3														
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL	
	ACTUAL							ESTIMATE						
Residential BGSS Sales	16,485	31,921	54,036	68,224	53,750	33,461	24,899	14,053	9,681	9,779	9,510	9,532	335,332	
Residential Air Conditioning								5	4	4	3	3	20	
Total Residential Sales	16,485	31,921	54,036	68,224	53,750	33,461	24,899	14,059	9,686	9,782	9,513	9,535	335,352	
C&I Monthly BGSS Sales	2,717	4,565	7,346	9,022	7,474	4,781	3,737	2,482	1,675	1,729	1,729	1,675	48,932	
C&I Periodic BGSS Sales	760	1,511	2,923	3,925	3,151	1,749	1,075	685	398	410	409	397	17,393	
Air Conditioning								24	29	26	23	31	132	
FEED	0	0	0	0	0	0	0	0	0	107	107	106	320	
Total Commercial & Industrial Sales	3,477	6,075	10,268	12,947	10,624	6,530	4,812	3,191	2,101	2,272	2,269	2,209	66,776	
Total Firm Sales	19,962	37,996	64,305	81,171	64,375	39,991	29,712	17,250	11,787	12,055	11,782	11,744	402,128	
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0	
Sayreville (Sch. 4b)	0	0	39	0	0	0	0	86	83	86	86	83	461	
Forked River(Sch. 4c)	4	0	0	19	0	0	7	133	128	133	133	128	684	
Off System Sales(Sch. 4e)	23,931	27,338	41,761	35,345	23,403	22,586	22,312	22,374	21,653	22,374	22,374	12,594	298,046	
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Non-Firm Sales	23,935	27,338	41,800	35,364	23,403	22,586	22,319	22,592	21,864	22,592	22,592	12,805	299,191	
Total Sales	43,897	65,334	106,104	116,536	87,778	62,577	52,031	39,842	33,651	34,647	34,374	24,549	701,320	
Firm Transportation	4,981	7,999	11,719	13,844	11,511	8,370	6,864	4,463	3,442	3,507	3,488	3,439	83,625	
Residential Transportation	1,388	2,768	4,702	6,046	4,810	3,024	2,274	1,131	695	712	707	692	28,950	
Interruptible Transportation	3,089	2,709	2,717	2,872	2,928	2,442	2,825	2,646	2,561	2,646	2,646	2,561	32,701	
Ocean Peaking Power	7,123	2,993	257	86	51	336	172	933	2,472	4,722	3,497	1,362	24,003	
Total Transportation	16,580	16,529	19,395	22,847	19,300	14,171	12,135	9,174	9,170	11,587	10,338	8,054	169,279	
Total Mtherms	60,477	81,863	125,499	139,382	107,077	76,748	64,166	49,016	42,821	46,234	44,712	32,603	870,599	

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

INTERRUPTIBLE SALES	SCHEDULE 4a												
	ACTUAL						ESTIMATE						
	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Tefa-SIs tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less BP/URC 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 Contribution and 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	0	0	16	0	0	0	0	24	27	29	29	29	154
Less BPU/RC Assessment	0	0	(0)	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(0)
Net Revenue	0	0	16	0	0	0	0	24	27	29	29	29	154
Therm Sales (Sch. 3)	0	0	39	0	0	0	0	86	83	86	86	83	461
Rate per therm	0.35000							0.23040	0.27904	0.28788	0.29424	0.29845	n/a
Cost of Gas (Sch. 2a)	0	0	14	0	0	0	0	20	23	25	25	25	131
Total Credit (Sch.1, L.6)	0	0	2	0	0	0	0	4	4	4	4	4	23

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM
SALES TO FORKED RIVER ELECTRIC GENERATION, & TRANSPORT FOR OTHERS
BGSS YEAR 2012
\$(000) & (000)THERMS

SCHEDULE 4c

	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
FORKED RIVER	ACTUAL												
Revenue	2	0	0	8	0	0	2	38	43	46	47	46	231
Less BPU/RC Assessment	(0)	0	0	(0)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	2	0	0	8	0	0	2	38	43	46	46	46	230
Therm Sales (Sch. 3)	4	0	0	19	0	0	7	133	128	133	133	128	684
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	0.41673			0.34316			0.25888	0.23040	0.27904	0.28788	0.29424	0.29845	n/a
Cost of Gas (Sch.2a)	2	0	0	7	0	0	2	31	37	39	40	39	196
Total Credit (Sch.1, L.7)	0	0	0	1	0	0	0	7	6	7	7	6	34

SCHEDULE 4d

Revenue	454	407	397	420	428	363	412	364	352	364	364	352	4,676
Less BPU/RC Assessment and RA	(117)	(108)	(106)	(111)	(112)	(98)	(109)	(81)	(78)	(81)	(81)	(78)	(1,161)
Less NJ Clean Energy, USF & EE	(152)	(134)	(132)	(139)	(142)	(118)	(137)	(127)	(123)	(127)	(127)	(123)	(1,583)
Less IT Cogen/Tefa & Sls tax	(33)	(30)	(29)	(29)	(30)	(25)	(29)	(27)	(26)	(27)	(27)	(26)	(338)
Customer Sharing @ 100%, cash-outs @ 100%													
Total Credit (Sch.1, L.8)	151	136	131	141	144	121	137	129	125	129	129	125	1,595

SCHEDULE 4i

FRM Program													
FRM Program - Gain (Loss)	12	172	992	349	586	1,920	49	0	0	0	0	0	4,080
NJNG Sharing @ 15% (Sch.1, L.9)	2	26	149	52	88	288	7	0	0	0	0	0	612

SCHEDULE 4k

Storage Incentive													
Storage Gain (Loss)	2,367	1,308	1,108	655	2,067	1,665	1,534	1,250	0	0	0	0	11,954
NJNG Sharing @ 20% (Sch.1, L.10)	473	262	222	131	413	333	307	250	0	0	0	0	2,391

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

SCHEDULE 4e													
OFF-SYSTEM SALES	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	Jul-12	Aug-12	Sep-12	TOTAL
Revenues	9,305	9,910	17,865	13,776	7,640	5,805	4,815	5,322	6,209	6,608	6,750	3,925	97,929
Net Revenue	9,305	9,910	17,865	13,776	7,640	5,805	4,815	5,322	6,209	6,608	6,750	3,925	97,929
Therm sales	23,931	27,338	41,761	35,345	23,403	22,586	22,312	22,374	21,653	22,374	22,374	12,594	298,046
Rate per therm COG	0.369	0.302	0.348	0.295	0.243	0.192	0.204	0.230	0.279	0.288	0.294	0.298	
Cost of Gas (Sch. 2a)	8,836	8,259	14,546	10,429	5,685	4,347	4,548	5,155	6,042	6,441	6,583	3,759	84,631
Net Margin	469	1,650	3,319	3,348	1,955	1,458	267	167	167	167	167	167	13,298
Customer sharing @ 85% (Sch.1,L.11)	398	1,403	2,821	2,846	1,661	1,239	227	142	142	142	142	142	11,303
NJNG Sharing @ 15%	70	248	498	502	293	219	40	25	25	25	25	25	1,995
Total Credit = Cost of Gas plus sharings	9,234	9,662	17,367	13,274	7,347	5,586	4,775	5,297	6,184	6,583	6,725	3,900	95,935

CAPACITY RELEASE													
SCHEDULE 4f													
Revenue	1,626	2,271	2,039	2,039	1,921	2,039	1,789	1,848	1,789	1,848	1,848	1,789	22,847
Customer Sharing @ 85% (Sch.1,L.12)	1,382	1,930	1,734	1,734	1,633	1,734	1,520	1,571	1,520	1,571	1,571	1,520	19,420

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	430	762	1,199	1,455	1,176	810	645	362	251	259	259	251	7,860
Total Credit (Sch.1,L.14)	430	762	1,199	1,455	1,176	810	645	362	251	259	259	251	7,860

OCEAN PEAKING POWER													
SCHEDULE 4h													
Therm Sales (Sch. 3)	7,123	2,993	257	86	51	336	172	933	2,472	4,722	3,497	1,362	24,003
Revenue	258	147	82	72	70	76	72	84	95	120	106	93	1,275
Less Sales Tax	(17)	(10)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(8)	(7)	(6)	(83)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
Less USF	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA, NJ Clean Energy, EE	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	241	137	76	67	65	71	67	78	89	112	99	87	1,189
Customer Sharing @ 100%	241	137	76	67	65	71	67	78	89	112	99	87	1,189
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1,L.15)	241	137	76	67	65	71	67	78	89	112	99	87	1,189

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2012
\$(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 2011	0	0
NOV 2011	0	0
DEC 2011	0	0
JAN 2012	0	0
FEB 2012	0	0
MAR 2012	135	135
Tennessee Gas Rate Case Refund		
APR 2012	0	0
MAY 2012	0	0
JUN 2012	0	0
JUL 2012	0	0
AUG 2012	0	0
SEP 2012	0	0
TOTALS		135

NEW JERSEY NATURAL GAS COMPANY					
BGSS YEAR 2012					
COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES					
DATE	COMBINED BALANCE	\$ (000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE	
SEP 2011	(4,633)				7.76%
OCT 2011	(4,703)	(4,668)	0.00647	(30)	
NOV 2011	(48,684)	(26,693)	0.00647	(173)	
DEC 2011	(31,078)	(39,881)	0.00647	(258)	
JAN 2012	(6,795)	(18,937)	0.00647	(123)	
FEB 2012	11,679	2,442	0.00647	16	
MAR 2012	16,544	14,111	0.00647	91	
APR 2012	16,001	16,272	0.00647	105	
MAY 2012	14,897	15,449	0.00647	100	
JUN 2012	14,050	14,474	0.00647	94	
JUL 2012	13,511	13,780	0.00647	89	
AUG 2012	13,294	13,402	0.00647	87	
SEP 2012	13,400	13,347	0.00647	86	
				84	
				0	
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER				

EXHIBIT B
Projected October 2012 - September 2013¹

INDEX OF SCHEDULES:

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

¹ For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2012 and FY2013. Actual BGSS schedules for FY2010 and FY2011 and projected BGSS schedules for FY2014 will be included in Workpapers to be filed under separate cover.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS
BGSS YEAR 2013
\$'(000)

SCHEDULE 1

	ESTIMATE												
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	13,400	12,950	11,442	10,408	10,690	13,367	17,418	13,149	11,234	9,927	8,646	7,491	13,400
2. Net Cost Appl. To BGSS Sales (Sch 2a)	16,137	29,850	53,512	65,184	57,751	48,246	19,407	10,554	7,727	7,931	7,831	7,812	331,942
3. BGSS Recoveries (Sch 2b)	(14,076)	(28,522)	(50,810)	(61,090)	(51,516)	(41,045)	(21,821)	(10,866)	(7,433)	(7,545)	(7,379)	(7,357)	(309,461)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	2,061	1,328	2,702	4,094	6,235	7,201	(2,414)	(312)	294	386	452	455	22,481
Adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Interruptible (Sch.4a)	(2)	(2)	(2)	(2)	(2)	(2)	(4)	(4)	(4)	(4)	(4)	(4)	(39)
6. Sayreville (Sch.4b)	(3)	(3)	(3)	(3)	(3)	(3)	(6)	(7)	(6)	(7)	(7)	(6)	(58)
7. Forked River (Sch.4c)	(135)	(130)	(135)	(135)	(122)	(135)	(125)	(129)	(125)	(129)	(129)	(125)	(1,551)
8. Transportation(Sch.4d)	0	0	0	0	0	0	0	0	0	0	0	0	0
9. FRM Program (Sch 4i)	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Storage Incentive (Sch.4k)	(163)	(793)	(1,073)	(886)	(1,026)	(840)	(93)	(93)	(233)	(233)	(187)	(47)	(5,667)
11. Off-System Sales (Sch.4e)	(1,571)	(877)	(906)	(906)	(818)	(906)	(877)	(906)	(877)	(906)	(906)	(877)	(11,333)
12. Capacity Rel. (Sch.4f)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Supplier Ref. and Misc. Adj.(Sch.5)	(530)	(939)	(1,538)	(1,810)	(1,520)	(1,198)	(684)	(385)	(267)	(276)	(275)	(267)	(9,690)
14. Balancing and Penalty (Sch.4g)	(106)	(90)	(80)	(68)	(67)	(66)	(67)	(78)	(89)	(112)	(99)	(87)	(1,008)
15. Ocean Peaking Power (Sch.4h)													
16. Total Debits and Credits (L.5 through L.15)	(2,511)	(2,835)	(3,737)	(3,811)	(3,558)	(3,150)	(1,856)	(1,602)	(1,601)	(1,667)	(1,607)	(1,413)	(29,347)
17. Under/(Over) Recov.Gas Costs. End of Period (L's.1,4,&16)	12,950	11,442	10,408	10,690	13,367	17,418	13,149	11,234	9,927	8,646	7,491	6,533	6,533

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

ESTIMATE														SCHEDULE 2a													
COST OF GAS-CURRENT PERIOD														Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL	
Total Gas Costs ¹														21,698	39,656	65,048	77,268	68,708	56,175	26,865	18,348	15,383	15,959	15,903	11,963	432,974	
REDUCTIONS TO COST OF GAS																											
Natural Gas Vehicles Interruptible (Sch. 4a)														0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)														15	16	19	20	18	20	32	34	33	34	35	34	309	
Forked Rv.(Sch. 4c)														20	21	25	26	23	26	50	52	51	53	54	52	452	
Off System Sales (Sch.4e)														7,374	10,801	12,558	13,104	11,878	8,949	8,408	8,774	8,604	9,006	9,049	5,098	113,604	
Capacity Release (Sch. 4f)														(1,848)	(1,032)	(1,066)	(1,066)	(963)	(1,066)	(1,032)	(1,066)	(1,032)	(1,066)	(1,066)	(1,032)	(13,333)	
Total Reductions														5,562	9,807	11,536	12,083	10,957	7,928	7,458	7,794	7,656	8,028	8,072	4,152	101,032	
Net Cost Appl. To BGSS Sales (Sch.1, L.2)														16,137	29,850	53,512	65,184	57,751	48,246	19,407	10,554	7,727	7,931	7,831	7,812	331,942	
GAS COST RECOVERIES														SCHEDULE 2b													
BGSS Sales														23,154	46,417	81,921	98,156	82,755	65,963	35,161	17,537	11,999	12,164	11,892	11,857	498,975	
A/C Sales																					29	33	30	26	34	152	
Monthly BGSS Sales														3,478	5,907	9,303	10,721	9,130	7,442	4,399	2,511	1,689	1,745	1,744	1,690	59,759	
FEED														107	106	107	19	17	19	106	107	106	107	107	106	1,014	
Periodic BGSS Sales														19,569	40,404	72,512	87,416	73,608	58,502	30,656	14,890	10,170	10,283	10,015	10,026	438,051	
Recovery Rate \$ per Therm:																											
Periodic BGSS Rate														0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	
A/C Rate														0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.6244	0.3987	0.3987	0.3987	0.3987	0.3987	0.3987	
Monthly BGSS Rate														0.5215	0.5505	0.5903	0.6063	0.6077	0.6058	0.5995	0.6032	0.6083	0.6133	0.6152	0.6155	0.6155	
FEED Rate														0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	0.4000	
Recoveries:																											
Periodic BGSS														12,219	25,228	45,276	54,583	45,961	36,529	19,141	9,297	6,350	6,421	6,253	6,260	273,519	
A/C														0	0	0	0	0	0	0	12	13	12	10	14	61	
Monthly BGSS														1,814	3,252	5,491	6,500	5,548	4,509	2,637	1,514	1,028	1,070	1,073	1,040	35,476	
FEED														43	42	43	8	7	8	42	43	42	43	43	42	406	
Total BGSS Recovery (Sch. 1, L. 3)														14,076	28,522	50,810	61,090	51,516	41,045	21,821	10,866	7,433	7,545	7,379	7,357	309,461	
Total Gas Costs equals the sum of Total Allocated Costs on Schedule 2c and the non-production Company Use Gas. The non-production Company Use Gas is included in Total Gas Costs and removed in the Reduction to Gas Costs on Schedule 2a for no impact to the BGSS.																											

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

NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2013

SCHEDULE 2c												
ESTIMATE												
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13
Mdth												
Beginning of Month Storage Balance	22,093	25,667	23,905	17,823	10,939	4,674	489	3,696	7,455	11,095	14,854	18,613
Commodity Purchases	8,289	6,072	5,393	6,208	4,973	4,658	8,899	7,768	7,022	7,231	7,204	6,102
Sub-total of Available Supplies	30,381	31,739	29,298	24,031	15,912	9,332	9,387	11,464	14,477	18,326	22,058	24,715
A												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr. Sales, Other	2,405	3,207	3,314	3,314	2,993	2,270	2,186	2,259	2,186	2,259	2,259	1,281
A/C Sales	0	0	0	0	0	0	0	3	3	3	3	3
Monthly BGSS Sales	348	591	930	1,072	913	744	440	251	169	174	174	169
FEES Sales	11	11	11	2	2	2	11	11	11	11	11	11
Company Use Non Prod Sales												
Sub-total of Assigned Cost Allocations	2,752	3,798	4,244	4,386	3,906	3,014	2,626	2,513	2,359	2,437	2,436	1,453
B												
Allocation WACOG Volume	27,629	27,941	25,054	19,644	12,005	6,317	6,761	8,951	12,118	15,889	19,622	23,262
C = A - B												
volume available for allocation												
\$000												
Beginning of Month Storage Balance	101,088	118,049	110,390	83,363	51,861	24,034	5,697	17,871	32,467	46,778	61,763	76,821
Beginning of Month WACOG Inventory	42,365	42,378	39,300	31,198	19,610	8,046	(2,400)	736	6,084	12,199	18,235	24,286
Commodity Purchases	31,236	20,281	21,312	25,571	20,607	18,785	33,921	30,073	27,557	28,761	28,794	24,348
Demand Charges	7,248	8,450	8,419	8,419	8,522	8,419	8,065	8,030	8,065	8,030	8,030	8,065
Sub-total of Available Supplies	181,937	189,158	179,421	148,550	100,600	59,284	45,284	56,710	74,172	95,769	116,822	133,519
D												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr. Sales, Other	7,410	10,838	12,602	13,149	11,920	8,994	8,490	8,860	8,688	9,094	9,138	5,183
A/C Sales	0	0	0	0	0	0	0	12	13	12	10	14
Monthly BGSS Sales	1,814	3,252	5,491	6,500	5,548	4,509	2,637	1,514	1,028	1,070	1,073	1,040
FEES Sales	43	42	43	8	7	8	42	43	42	43	43	42
Sub-total of Assigned cost allocations	9,266	14,132	18,136	19,657	17,475	13,511	11,169	10,429	9,771	10,219	10,264	6,280
E												
Allocation WACOG Costs	172,671	175,025	161,285	128,893	83,125	45,774	34,115	46,282	64,401	85,550	106,558	127,239
F = D - E												
\$ available for allocation												
\$/dth WACOG	6.2496	6.2641	6.4376	6.5613	6.9242	7.2456	5.0459	5.1707	5.3145	5.3842	5.4306	5.4699
Mdth												
Periodic BGSS Sales	1,957	4,040	7,251	8,742	7,361	5,850	3,066	1,489	1,017	1,028	1,001	1,003
CoUse & UFG	2	4	7	10	11	12	8	6	4	3	2	2
Periodic BGSS Sales & CoUse & UFG	1,959	4,045	7,258	8,752	7,372	5,862	3,073	1,495	1,021	1,031	1,004	1,005
H												
volume to be allocated												
\$000												
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume) I = G * H	12,244	25,336	46,724	57,423	51,045	42,476	15,508	7,731	5,424	5,553	5,451	5,495
allocated cost												
Plus assigned cost allocations												
Off System Sales, Electric Gen, Interr. Sales, Other	7,410	10,838	12,602	13,149	11,920	8,994	8,490	8,860	8,688	9,094	9,138	5,183
A/C Sales	0	0	0	0	0	0	0	12	13	12	10	14
Monthly BGSS Sales	1,814	3,252	5,491	6,500	5,548	4,509	2,637	1,514	1,028	1,070	1,073	1,040
FEES Sales	43	42	43	8	7	8	42	43	42	43	43	42
Sub-total of Assigned cost allocations	9,266	14,132	18,136	19,657	17,475	13,511	11,169	10,429	9,771	10,219	10,264	6,280
J												
Total Allocated Costs (Sch 2a Total Gas Costs)	21,510	39,468	64,860	77,080	68,519	55,987	26,677	18,160	15,195	15,771	15,715	11,775
K = I + J												
L	118,049	110,390	83,363	51,861	24,034	5,697	17,871	32,467	46,778	61,763	76,821	91,397
M = K+L	139,560	149,858	148,223	128,940	92,554	61,684	44,548	50,626	61,973	77,534	92,535	103,173
N = D - M	42,378	39,300	31,198	19,610	8,046	(2,400)	736	6,084	12,199	18,235	24,286	30,347

NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2013
(000)THERMS

SCHEDULE 3

	ESTIMATE												TOTAL
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	
Residential BGSS Sales	18,476	38,063	68,021	81,956	69,047	55,015	29,167	14,193	9,765	9,866	9,598	9,622	412,789
Residential Air Conditioning								5	4	4	3	3	20
Total Residential Sales	18,476	38,063	68,021	81,956	69,047	55,015	29,167	14,199	9,770	9,869	9,601	9,626	412,809
C&I Monthly BGSS Sales	3,478	5,907	9,303	10,721	9,130	7,442	4,399	2,511	1,689	1,745	1,744	1,690	59,759
C&I Periodic BGSS Sales	1,093	2,341	4,490	5,460	4,561	3,487	1,489	697	405	417	417	404	25,262
Air Conditioning								24	29	26	23	31	132
FEED	107	106	107	19	17	19	106	107	106	107	107	106	1,014
Total Commercial & Industrial Sales	4,678	8,354	13,900	16,199	13,709	10,949	5,994	3,338	2,229	2,295	2,291	2,232	86,167
Total Firm Sales	23,154	46,417	81,921	98,156	82,755	65,963	35,161	17,537	11,999	12,164	11,892	11,857	498,975
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	50	48	50	50	45	50	83	86	83	86	86	83	798
Forked River(Sch. 4c)	65	63	65	65	58	65	128	133	128	133	133	128	1,163
Off System Sales(Sch. 4e)	23,931	31,962	33,027	33,027	29,831	22,586	21,653	22,374	21,653	22,374	22,374	12,594	297,386
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	24,046	32,073	33,142	33,142	29,935	22,701	21,864	22,592	21,864	22,592	22,592	12,805	299,347
Total Sales	47,200	78,490	115,063	131,297	112,690	88,664	57,025	40,129	33,863	34,757	34,484	24,662	798,322
Firm Transportation	5,797	9,301	14,234	16,340	13,978	11,338	6,940	4,522	3,500	3,565	3,546	3,439	96,500
Residential Transportation	1,669	3,256	5,781	6,964	5,777	4,439	2,431	1,131	695	712	707	692	34,253
Interruptible Transportation	2,768	2,679	2,768	2,768	2,501	2,768	2,561	2,646	2,561	2,646	2,646	2,561	31,876
Ocean Peaking Power	1,738	1,106	325	108	77	147	162	933	2,472	4,722	3,497	1,362	16,648
Total Transportation	11,972	16,342	23,108	26,181	22,332	18,693	12,093	9,232	9,229	11,645	10,396	8,054	179,278
Total Mtherms	59,172	94,832	138,170	157,478	135,022	107,357	69,118	49,361	43,091	46,402	44,880	32,716	977,600

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

SCHEDULE 4a														
	ESTIMATE													
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL	
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Tefa-Sis tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less BPU/RC Assessment	0	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	0
Interr. Sales (Sch.3)	0	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	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	0
Gross Margin	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Contribution and RA	0	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	0
Total Credit (Sch.1, L.5)	0	0	0	0	0	0	0	0	0	0	0	0	0	0

SCHEDULE 4b														
SAYREVILLE														
Revenue	18	19	21	22	20	22	22	36	38	37	39	39	38	350
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	18	19	21	22	20	22	22	36	38	37	39	39	38	349
Therm Sales (Sch. 3)	50	48	50	50	45	50	50	83	86	83	86	86	83	798
Rate per therm	0.30816	0.33792	0.38023	0.39677	0.39819	0.39622	0.39622	0.38829	0.39217	0.39735	0.40252	0.40446	0.40479	n/a
Cost of Gas (Sch. 2a)	15	16	19	20	18	20	20	32	34	33	34	35	34	309
Total Credit (Sch.1, L.6)	2	2	2	2	2	2	2	4	4	4	4	4	4	39

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

OFF-SYSTEM SALES	SCHEDULE 4e													
	ESTIMATE													
	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	Jul-13	Aug-13	Sep-13	TOTAL	
Revenues	7,567	11,733	13,820	14,147	13,086	9,937	8,517	8,884	8,878	9,280	9,269	5,153	120,270	
Net Revenue	7,567	11,733	13,820	14,147	13,086	9,937	8,517	8,884	8,878	9,280	9,269	5,153	120,270	
Therm sales	23,931	31,962	33,027	33,027	29,831	22,586	21,653	22,374	21,653	22,374	22,374	12,594	297,386	
Rate per therm COG	0.308	0.338	0.380	0.397	0.398	0.396	0.388	0.392	0.397	0.403	0.404	0.405		
Cost of Gas (Sch. 2a)	7,374	10,801	12,558	13,104	11,878	8,949	8,408	8,774	8,604	9,006	9,049	5,098	113,604	
Net Margin	192	933	1,262	1,043	1,207	988	110	110	274	274	219	55	6,667	
Customer sharing @ 85% (Sch.1,L.11)	163	793	1,073	886	1,026	840	93	93	233	233	187	47	5,667	
NJNG Sharing @ 15%	29	140	189	156	181	148	16	16	41	41	33	8	1,000	
Total Credit = Cost of Gas plus sharings	7,538	11,594	13,631	13,990	12,904	9,788	8,501	8,868	8,837	9,239	9,236	5,145	119,270	

CAPACITY RELEASE														
SCHEDULE 4f														
Revenue	1,848	1,032	1,066	1,066	963	1,066	1,032	1,066	1,032	1,066	1,066	1,066	1,032	13,333
Customer Sharing @ 85% (Sch.1,L.12)	1,571	877	906	906	818	906	877	906	884	877	906	906	877	11,333

BALANCING CREDITS & PENALTY CHARGES														
SCHEDULE 4g														
Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Month Balancing Charges	530	939	1,538	1,810	1,520	1,198	684	385	385	267	276	275	267	9,690
Total Credit (Sch.1.,L.14)	530	939	1,538	1,810	1,520	1,198	684	385	385	267	276	275	267	9,690

OCEAN PEAKING POWER														
SCHEDULE 4h														
Therm Sales (Sch. 3)	1,738	1,106	325	108	77	147	162	933	2,472	4,722	3,497	1,362		16,648
Revenue	114	97	85	73	71	71	71	84	95	120	106	93		1,082
Less Sales Tax	(7)	(6)	(6)	(5)	(5)	(5)	(5)	(6)	(6)	(8)	(7)	(6)		(71)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)		(2)
Less USF	0	0	0	0	0	0	0	0	0	0	0	0		0
Less RA, NJ Clean Energy, EE	0	0	0	0	0	0	0	0	0	0	0	0		0
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0		0
Sharing Margin	106	90	80	68	67	66	67	78	89	112	99	87		1,008
Customer Sharing @ 100%	106	90	80	68	67	66	67	78	89	112	99	87		1,008
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0		0
Total Credit (Sch.1, L.15)	106	90	80	68	67	66	67	78	89	112	99	87		1,008

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2013
\$(000)

SCHEDULE 5

(Sch 1. LINE 13)		
Opening balance BGSS Interest Sch 6	0	0
Adjustments to BGSS opening balance are captured on Schedule 1		
OCT 2012	0	0
NOV 2012	0	0
DEC 2012	0	0
JAN 2013	0	0
FEB 2013	0	0
MAR 2013	0	0
APR 2013	0	0
MAY 2013	0	0
JUN 2013	0	0
JUL 2013	0	0
AUG 2013	0	0
SEP 2013	0	0
TOTALS		-

NEW JERSEY NATURAL GAS COMPANY

BGSS YEAR 2013

COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
SEP 2012	13,400			7.76%
OCT 2012	12,950	13,175	0.00647	85
NOV 2012	11,442	12,196	0.00647	79
DEC 2012	10,408	10,925	0.00647	71
JAN 2013	10,690	10,549	0.00647	68
FEB 2013	13,367	12,029	0.00647	78
MAR 2013	17,418	15,393	0.00647	100
APR 2013	13,149	15,284	0.00647	99
MAY 2013	11,234	12,192	0.00647	79
JUN 2013	9,927	10,581	0.00647	68
JUL 2013	8,646	9,287	0.00647	60
AUG 2013	7,491	8,069	0.00647	52
SEP 2013	6,533	7,012	0.00647	45
				884
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER			0

EXHIBIT C
CONSERVATION INCENTIVE PROGRAM (CIP) SCHEDULES

INDEX OF SCHEDULES:

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

New Jersey Natural Gas Company
Conservation Incentive Program
Group I: Residential Non-Heat
FY2012

<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</u>	<u>Aggregate Therm Impact</u>
		<u>Total Class Therms</u>	<u>Number of Customers</u>				
(a)		(b)	(c)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>Residential Non-Heating</u>							
October	a	213,797	17,811	12.0	19.6	(7.6)	(135,361)
November	a	227,933	17,419	13.1	24.4	(11.3)	(197,008)
December	a	286,005	17,241	16.6	21.1	(4.5)	(77,758)
January	a	339,589	17,204	19.7	22.0	(2.3)	(38,881)
February	a	312,351	17,144	18.2	17.5	0.7	12,344
March	a	237,648	17,113	13.9	17.3	(3.4)	(58,354)
April	a	212,243	17,217	12.3	7.6	4.7	81,436
May	e	193,502	17,687	10.9	8.3	2.6	46,693
June	e	301,657	18,243	16.5	12.7	3.8	70,051
July	e	334,873	18,290	18.3	19.4	(1.1)	(19,936)
August	e	303,246	18,235	16.6	17.6	(1.0)	(17,688)
September	e	349,741	18,080	19.3	19.4	(0.1)	(1,085)
Total		3,312,586		187.6	206.9		(335,547)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$	0.3058
Margin Deficiency/ (Credit)	\$	102,610
Prior Period (Over) / Under Recovery ³	\$	(58,017)
Total Deficiency/(Credit)	\$	44,593
Projected Residential Non-Heating Throughput for Recovery Period		3,135,875
Pre-tax CIP Charge/(Credit)	\$	0.0142
BPU/RC Assessment Factor		<u>1.002211</u>
CIP Charge/(Credit) including assessments	\$	0.0142
7% Sales Tax	\$	<u>0.0010</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0152
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0255</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>(0.0103)</u>

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-11</u>	Actual <u>Nov-11</u>	Actual <u>Dec-11</u>	Actual <u>Jan-12</u>	Actual <u>Feb-12</u>	Actual <u>Mar-12</u>	Actual <u>Apr-12</u>	Estimate <u>May-12</u>	Estimate <u>Jun-12</u>	Estimate <u>Jul-12</u>	Estimate <u>Aug-12</u>	Estimate <u>Sep-12</u>	
<u>Customers</u>													
RS non-heat sales	17,001	16,581	16,404	16,349	16,294	16,257	16,336	16,831	17,387	17,434	17,379	17,224	
RS non-heat transport	810	838	837	855	850	856	880	856	856	856	856	856	
Total Customers	17,811	17,419	17,241	17,204	17,144	17,113	17,217	17,687	18,243	18,290	18,235	18,080	
<u>Volumes</u>													
RS non-heat sales	202,044	211,964	264,957	315,884	291,698	220,127	195,660	182,923	290,790	323,328	291,372	338,004	3,128,751
RS non-heat transport	11,753	15,969	21,048	23,705	20,653	17,521	16,584	10,579	10,868	11,545	11,874	11,737	183,836
Total Volumes	213,797	227,933	286,005	339,589	312,351	237,648	212,243	193,502	301,657	334,873	303,246	349,741	3,312,586

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP I - RS NON-HEAT
FY2012

	<u>Actual Oct-11</u>	<u>Actual Nov-11</u>	<u>Actual Dec-11</u>	<u>Actual Jan-12</u>	<u>Actual Feb-12</u>	<u>Actual Mar-12</u>	<u>Actual Apr-12</u>	<u>Estimate May-12</u>	<u>Estimate Jun-12</u>	<u>Estimate Jul-12</u>	<u>Estimate Aug-12</u>	<u>Estimate Sep-12</u>	TOTAL
Beginning Under/(Over) Recovery \$	174,887	169,799	10,310	3,503	(4,580)	(12,014)	(17,670)	(22,721)	(27,326)	(34,506)	(42,476)	(49,693)	174,887
Therm Sales	213,797	227,933	286,005	339,589	312,351	237,648	212,243	193,502	301,657	334,873	303,246	349,741	3,312,586
Pre-tax Recovery Rate per Therm	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	0.0238	
Recovery \$ ¹	5,088	159,489	6,807	8,082	7,434	5,656	5,051	4,605	7,179	7,970	7,217	8,324	232,904
Ending Under/(Over) Recovery \$	169,799	10,310	3,503	(4,580)	(12,014)	(17,670)	(22,721)	(27,326)	(34,506)	(42,476)	(49,693)	(58,017)	(58,017)

¹ As a result of improved meter reading processes and a modification in NJNG's revenue recognition process, a one-time adjustment is included in November's CIP recovery.

New Jersey Natural Gas Company
Conservation Incentive Program
Group II: Residential Heat
FY2012

Customer Class (a)	Actual/ Estimate	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	Number of				
		Therms (b)	Customers (c)				
<u>Residential Heating</u>							
October	a	17,658,823	442,852	39.9	51.0	(11.1)	(4,924,515)
November	a	34,461,080	443,836	77.6	97.4	(19.8)	(8,770,193)
December	a	58,451,891	444,668	131.5	168.3	(36.9)	(16,386,030)
January	a	73,930,183	445,547	165.9	190.4	(24.5)	(10,902,543)
February	a	58,248,331	445,999	130.6	166.3	(35.7)	(15,922,169)
March	a	36,247,480	446,193	81.2	136.9	(55.7)	(24,835,090)
April	a	26,961,613	446,361	60.4	77.6	(17.2)	(7,677,402)
May	e	14,995,948	446,295	33.6	41.2	(7.6)	(3,391,840)
June	e	10,079,539	446,527	22.6	25.4	(2.8)	(1,263,671)
July	e	10,159,638	446,748	22.7	24.1	(1.4)	(607,577)
August	e	9,916,817	447,014	22.2	23.6	(1.4)	(634,760)
September	e	9,877,701	447,306	22.1	26.1	(4.0)	(1,798,169)
Total		360,989,045		810.3	1,028.3		(97,113,959)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$ 0.3058
Margin Deficiency/ (Credit)	\$ 29,697,449
Prior Period (Over) / Under Recovery ³	\$ (15,116,549)
Total Deficiency/(Credit)	\$ 14,580,900
Projected Residential Heating Throughput for Recovery Period	443,925,863
Pre-tax CIP Charge/(Credit)	\$ 0.0328
BPU/RC Assessment Factor	1.002211
CIP Charge/(Credit) including assessments	\$ 0.0329
7% Sales Tax	\$ 0.0023
Proposed After-tax CIP Charge/(Credit) per Therm	\$ 0.0352
Current After-tax CIP Charge/(Credit) per Therm	\$ 0.0066
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ 0.0286

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 <u>Oct-11</u>	Actual <u>Nov-11</u>	Actual <u>Dec-11</u>	Actual <u>Jan-12</u>	Actual <u>Feb-12</u>	Actual <u>Mar-12</u>	Actual <u>Apr-12</u>	Estimate <u>May-12</u>	Estimate <u>Jun-12</u>	Estimate <u>Jul-12</u>	Estimate <u>Aug-12</u>	Estimate <u>Sep-12</u>	
<u>Customers</u>													
RS heat sales	411,049	411,359	411,852	412,017	412,377	412,500	411,648	412,602	412,834	413,055	413,321	413,613	
RS heat transport	31,803	32,477	32,817	33,530	33,622	33,693	34,713	33,693	33,693	33,693	33,693	33,693	
Total Customers	442,852	443,836	444,668	445,547	445,999	446,193	446,361	446,295	446,527	446,748	447,014	447,306	
<u>Volumes</u>													
RS heat sales	16,282,906	31,708,602	53,771,194	67,908,247	53,458,780	33,240,831	24,703,827	13,875,902	9,395,028	9,458,941	9,221,536	9,197,223	332,223,019
RS heat transport	1,375,917	2,752,478	4,680,697	6,021,936	4,789,551	3,006,649	2,257,786	1,120,046	684,511	700,697	695,280	680,478	28,766,026
Total Volumes	17,658,823	34,461,080	58,451,891	73,930,183	58,248,331	36,247,480	26,961,613	14,995,948	10,079,539	10,159,638	9,916,817	9,877,701	360,989,045

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP II - RS HEAT
FY2012

	<u>Actual</u> <u>Oct-11</u>	<u>Actual</u> <u>Nov-11</u>	<u>Actual</u> <u>Dec-11</u>	<u>Actual</u> <u>Jan-12</u>	<u>Actual</u> <u>Feb-12</u>	<u>Actual</u> <u>Mar-12</u>	<u>Actual</u> <u>Apr-12</u>	<u>Estimate</u> <u>May-12</u>	<u>Estimate</u> <u>Jun-12</u>	<u>Estimate</u> <u>Jul-12</u>	<u>Estimate</u> <u>Aug-12</u>	<u>Estimate</u> <u>Sep-12</u>	TOTAL
Beginning Under/(Over) Recovery \$	3,915,365	3,805,880	(13,201,560)	(13,563,962)	(14,022,329)	(14,383,468)	(14,608,203)	(14,775,365)	(14,868,340)	(14,930,833)	(14,993,823)	(15,055,307)	3,915,365
Therm Sales	17,658,823	34,461,080	58,451,891	73,930,183	58,248,331	36,247,480	26,961,613	14,995,948	10,079,539	10,159,638	9,916,817	9,877,701	360,989,045
Pre-tax Recovery Rate per Therm	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	0.0062	
Recovery \$ ¹	109,485	17,007,440	362,402	458,367	361,140	224,734	167,162	92,975	62,493	62,990	61,484	61,242	19,031,914
Ending Under/(Over) Recovery \$	3,805,880	(13,201,560)	(13,563,962)	(14,022,329)	(14,383,468)	(14,608,203)	(14,775,365)	(14,868,340)	(14,930,833)	(14,993,823)	(15,055,307)	(15,116,549)	(15,116,549)

¹ As a result of improved meter reading processes and a modification in NJNG's revenue recognition process, a one-time adjustment is included in November's CIP recovery.

New Jersey Natural Gas Company
Conservation Incentive Program
Group III: General Service Small
FY2012

		Actual per Books ¹					
	Actual/ Estimate	Total Class	Number of	Actual Avg.	Baseline		Aggregate
Customer Class		Therms	Customers	Use / Cust.	Use / Cust. ²	Difference	Therm Impact
(a)		(b)	(c)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>General Service Small</u>							
October	a	1,018,711	25,543	39.9	79.6	(39.7)	(1,014,557)
November	a	1,982,415	26,225	75.6	99.9	(24.3)	(637,532)
December	a	3,772,621	26,575	142.0	214.1	(72.1)	(1,917,111)
January	a	5,072,967	26,875	188.8	254.6	(65.8)	(1,769,418)
February	a	4,044,289	26,960	150.0	235.2	(85.2)	(2,296,697)
March	a	2,283,097	26,905	84.9	187.6	(102.7)	(2,764,216)
April	a	1,454,662	26,650	54.6	96.8	(42.2)	(1,125,142)
May	e	919,376	26,291	35.0	47.2	(12.2)	(321,538)
June	e	551,606	25,979	21.2	24.9	(3.7)	(95,343)
July	e	569,075	25,816	22.0	27.4	(5.4)	(138,374)
August	e	568,483	25,693	22.1	38.0	(15.9)	(407,747)
September	e	550,530	25,699	21.4	14.7	6.7	172,697
Total		22,787,832		857.4	1,320.0		(12,314,979)
Margin Revenue Factor / Therm Per Tariff Sheet No. 179							\$ 0.2649
Margin Deficiency/ (Credit)							\$ 3,262,238
Prior Period (Over) / Under Recovery ³							\$ (686,948)
Total Deficiency/(Credit)							\$ 2,575,290
Projected Commercial Throughput for Recovery Period							32,511,334
Pre-tax CIP Charge/(Credit)							\$ 0.0792
BPU/RC Assessment Factor							1.002211
CIP Charge/(Credit) including assessments							\$ 0.0794
7% Sales Tax							\$ 0.0056
Proposed After-tax CIP Charge/(Credit) per Therm							\$ 0.0850
Current After-tax CIP Charge/(Credit) per Therm							\$ 0.0464
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm							\$ 0.0386

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

	<u>Actual Oct-11</u>	<u>Actual Nov-11</u>	<u>Actual Dec-11</u>	<u>Actual Jan-12</u>	<u>Actual Feb-12</u>	<u>Actual Mar-12</u>	<u>Actual Apr-12</u>	<u>Estimate May-12</u>	<u>Estimate Jun-12</u>	<u>Estimate Jul-12</u>	<u>Estimate Aug-12</u>	<u>Estimate Sep-12</u>	
<u>Customers</u>													
GSS Sales	20,729	21,338	21,684	21,967	21,986	21,916	21,632	21,344	21,032	20,869	20,746	20,752	
GSS A/C	36	34	33	32	32	33	34						
GSS Transport	4,778	4,853	4,858	4,876	4,941	4,956	4,984	4,947	4,947	4,947	4,947	4,947	
Total Customers	25,543	26,225	26,575	26,875	26,960	26,905	26,650	26,291	25,979	25,816	25,693	25,699	
<u>Volumes</u>													
GSS Sales	754,079	1,506,828	2,926,885	3,922,021	3,146,371	1,746,155	1,072,812	685,027	397,476	409,807	409,215	396,400	17,373,076
GSS A/C	5,641	3,545	(4,350)	2,855	4,072	2,648	1,901						16,312
GSS Transport	258,991	472,043	850,086	1,148,091	893,846	534,295	379,948	234,348	154,130	159,268	159,268	154,130	5,398,444
Total Volumes	1,018,711	1,982,415	3,772,621	5,072,967	4,044,289	2,283,097	1,454,662	919,376	551,606	569,075	568,483	550,530	22,787,832

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP III - GENERAL SERVICE SMALL
FY2012

	<u>Actual Oct-11</u>	<u>Actual Nov-11</u>	<u>Actual Dec-11</u>	<u>Actual Jan-12</u>	<u>Actual Feb-12</u>	<u>Actual Mar-12</u>	<u>Actual Apr-12</u>	<u>Estimate May-12</u>	<u>Estimate Jun-12</u>	<u>Estimate Jul-12</u>	<u>Estimate Aug-12</u>	<u>Estimate Sep-12</u>	TOTAL
Beginning Under/(Over) Recovery \$	1,555,675	1,511,463	171,795	8,063	(212,103)	(387,626)	(486,712)	(549,844)	(589,745)	(613,685)	(638,383)	(663,055)	1,555,675
Therm Sales	1,018,711	1,982,415	3,772,621	5,072,967	4,044,289	2,283,097	1,454,662	919,376	551,606	569,075	568,483	550,530	22,787,832
Pre-tax Recovery Rate per Therm	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	0.0434	
Recovery \$ ¹	44,212	1,339,667	163,732	220,167	175,522	99,086	63,132	39,901	23,940	24,698	24,672	23,893	2,242,623
Ending Under/(Over) Recovery \$	1,511,463	171,795	8,063	(212,103)	(387,626)	(486,712)	(549,844)	(589,745)	(613,685)	(638,383)	(663,055)	(686,948)	(686,948)

¹ As a result of improved meter reading processes and a modification in NJNG's revenue recognition process, a one-time adjustment is included in November's CIP recovery.

New Jersey Natural Gas Company
Conservation Incentive Program
Group IV: General Service Large
FY2012

Customer Class	Actual/ Estimate	Actual per Books ¹		Large Customer Adjustment	Adjusted Number of Customers	Actual Avg. Use / Cust. ²	Baseline Use / Cust.	Difference	Aggregate Therm Impact
		Total Class Therms	Number of Customers						
(a)		(b)	(c1)	(c2)	(c) = (c1) + (c2)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)
<u>General Service Large</u>									
October	a	6,526,239	8,930	74	9,004	724.8	1,059.1	(334.3)	(3,009,593)
November	a	10,966,459	8,999	74	9,073	1,208.6	2,026.2	(817.6)	(7,418,205)
December	a	16,974,654	9,033	90	9,123	1,860.7	2,591.6	(730.9)	(6,667,555)
January	a	20,262,330	9,058	96	9,154	2,213.5	3,012.6	(799.1)	(7,314,953)
February	a	16,675,158	9,056	96	9,152	1,822.1	2,687.9	(865.8)	(7,923,607)
March	a	11,492,685	9,052	89	9,141	1,257.3	2,090.8	(833.5)	(7,618,857)
April	a	9,252,029	9,013	89	9,102	1,016.5	1,251.1	(234.6)	(2,135,397)
May	e	5,701,169	8,981	89	9,070	628.6	803.7	(175.1)	(1,588,553)
June	e	4,012,339	8,953	91	9,044	443.6	564.1	(120.5)	(1,089,463)
July	e	4,144,807	8,937	79	9,016	459.7	541.0	(81.3)	(732,926)
August	e	4,144,896	8,926	82	9,008	460.1	485.2	(25.1)	(225,835)
September	e	4,012,718	8,935	87	9,022	444.8	631.3	(186.5)	(1,682,999)
Total		<u>114,165,482</u>				<u>12,540.4</u>	<u>17,744.6</u>		(47,407,945)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179	\$	0.2080
Margin Deficiency/ (Credit)	\$	9,860,853
Prior Period (Over) / Under Recovery ³	\$	(1,367,488)
Total Deficiency/(Credit)	\$	8,493,365
Projected Commercial Throughput for Recovery Period		133,746,453
Pre-tax CIP Charge/(Credit)	\$	0.0635
BPU/RC Assessment Factor		<u>1.002211</u>
CIP Charge/(Credit) including assessments	\$	0.0636
7% Sales Tax	\$	<u>0.0045</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0681
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0391</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0290</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

	<u>Actual Oct-11</u>	<u>Actual Nov-11</u>	<u>Actual Dec-11</u>	<u>Actual Jan-12</u>	<u>Actual Feb-12</u>	<u>Actual Mar-12</u>	<u>Actual Apr-12</u>	<u>Estimate May-12</u>	<u>Estimate Jun-12</u>	<u>Estimate Jul-12</u>	<u>Estimate Aug-12</u>	<u>Estimate Sep-12</u>	
<u>Customers</u>													
GSL Sales	5,048	5,100	5,134	5,163	5,137	5,097	5,031	5,047	5,019	5,003	4,992	5,001	
GSL A/C	22	24	24	24	24	20	20						
GSL Transport	3,860	3,876	3,874	3,871	3,894	3,936	3,962	3,935	3,935	3,935	3,935	3,935	
Total Customers	8,930	8,999	9,033	9,058	9,056	9,052	9,013	8,981	8,953	8,937	8,926	8,935	
<u>Volumes</u>													
GSL Sales	2,697,632	4,518,601	7,290,193	8,965,293	7,422,464	4,766,162	3,719,953	2,481,989	1,674,777	1,729,326	1,729,415	1,675,156	48,670,960
GSL A/C	19,568	35,354	45,239	48,946	48,089	14,904	17,086						229,186
GSL Transport	3,809,039	6,412,503	9,639,222	11,248,091	9,204,605	6,711,619	5,514,990	3,219,180	2,337,562	2,415,481	2,415,481	2,337,562	65,265,336
Total Volumes	6,526,239	10,966,459	16,974,654	20,262,330	16,675,158	11,492,685	9,252,029	5,701,169	4,012,339	4,144,807	4,144,896	4,012,718	114,165,482

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP IV - GENERAL SERVICE LARGE
FY2012

	Actual <u>Oct-11</u>	Actual <u>Nov-11</u>	Actual <u>Dec-11</u>	Actual <u>Jan-12</u>	Actual <u>Feb-12</u>	Actual <u>Mar-12</u>	Actual <u>Apr-12</u>	Estimate <u>May-12</u>	Estimate <u>Jun-12</u>	Estimate <u>Jul-12</u>	Estimate <u>Aug-12</u>	Estimate <u>Sep-12</u>	TOTAL
Beginning Under/(Over) Recovery \$	5,710,275	5,472,067	2,161,069	1,541,494	801,919	193,276	(226,207)	(563,906)	(771,999)	(918,449)	(1,069,735)	(1,221,023)	5,710,275
Therm Sales	6,526,239	10,966,459	16,974,654	20,262,330	16,675,158	11,492,685	9,252,029	5,701,169	4,012,339	4,144,807	4,144,896	4,012,718	114,165,482
Pre-tax Recovery Rate per Therm	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	0.0365	
Recovery \$ ¹	238,208	3,310,998	619,575	739,575	608,643	419,483	337,699	208,093	146,450	151,285	151,289	146,464	7,077,763
Ending Under/(Over) Recovery \$	5,472,067	2,161,069	1,541,494	801,919	193,276	(226,207)	(563,906)	(771,999)	(918,449)	(1,069,735)	(1,221,023)	(1,367,488)	(1,367,488)

¹ As a result of improved meter reading processes and a modification in NJNG's revenue recognition process, a one-time adjustment is included in November's CIP recovery.

New Jersey Natural Gas Company
Conservation Incentive Program
Weather Normalization Calculation for the 2011-12 Winter Period

Group II
RS/RT Heat

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-11	a	291	243	(48)	47,501	423,958	0.1120	442,852	49,618	(2,381,660)	\$0.3058	(\$728,312)
Nov-11	a	534	416	(118)	62,849	425,205	0.1478	443,836	65,603	(7,741,131)	\$0.3058	(\$2,367,238)
Dec-11	a	857	667	(190)	72,822	426,251	0.1708	444,668	75,969	(14,434,026)	\$0.3058	(\$4,413,925)
Jan-12	a	963	832	(131)	77,499	426,848	0.1816	445,547	80,894	(10,597,114)	\$0.3058	(\$3,240,597)
Feb-12	a	854	697	(157)	71,612	427,359	0.1676	445,999	74,735	(11,733,470)	\$0.3058	(\$3,588,095)
Mar-12	a	702	429	(273)	69,254	427,621	0.1620	446,193	72,262	(19,727,456)	\$0.3058	(\$6,032,656)
Apr-12	a	393	301	(92)	66,260	427,749	0.1549	446,361	69,143	(6,361,156)	\$0.3058	(\$1,945,241)
May-12	e	150	148	(2)	53,528	421,996	0.1268	446,295	56,610	(113,220)	\$0.3058	(\$34,623)
TOTAL		4,744	3,733	(1,011)						(73,089,232)		(\$22,350,687)

Group III
GSS

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-11	a	291	243	(48)	4,405	26,621	0.1655	25,543	4,227	(202,876)	\$0.2649	(\$53,742)
Nov-11	a	534	416	(118)	4,224	27,067	0.1561	26,225	4,093	(482,929)	\$0.2649	(\$127,928)
Dec-11	a	857	667	(190)	6,086	27,373	0.2223	26,575	5,909	(1,122,624)	\$0.2649	(\$297,383)
Jan-12	a	963	832	(131)	6,879	27,524	0.2499	26,875	6,717	(879,885)	\$0.2649	(\$233,081)
Feb-12	a	854	697	(157)	6,918	27,652	0.2502	26,960	6,745	(1,058,934)	\$0.2649	(\$280,512)
Mar-12	a	702	429	(273)	6,235	27,628	0.2257	26,905	6,072	(1,657,609)	\$0.2649	(\$439,101)
Apr-12	a	393	301	(92)	4,667	27,502	0.1697	26,650	4,522	(416,055)	\$0.2649	(\$110,213)
May-12	e	150	148	(2)	4,010	27,001	0.1485	26,291	3,905	(7,809)	\$0.2649	(\$2,069)
TOTAL		4,744	3,733	(1,011)						(5,828,719)		(\$1,544,028)

Group IV
GSL

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-11	a	291	243	(48)	13,070	7,162	1.8249	9,004	16,431	(788,689)	\$0.2080	(\$164,047)
Nov-11	a	534	416	(118)	16,930	7,248	2.3357	9,073	21,193	(2,500,804)	\$0.2080	(\$520,167)
Dec-11	a	857	667	(190)	18,299	7,351	2.4893	9,123	22,709	(4,314,703)	\$0.2080	(\$897,458)
Jan-12	a	963	832	(131)	19,152	7,359	2.6027	9,154	23,825	(3,121,033)	\$0.2080	(\$649,175)
Feb-12	a	854	697	(157)	17,801	7,339	2.4255	9,152	22,198	(3,485,047)	\$0.2080	(\$724,890)
Mar-12	a	702	429	(273)	17,305	7,395	2.3402	9,141	21,391	(5,839,862)	\$0.2080	(\$1,214,691)
Apr-12	a	393	301	(92)	14,840	7,362	2.0158	9,102	18,348	(1,688,006)	\$0.2080	(\$351,105)
May-12	e	150	148	(2)	13,831	7,234	1.9119	9,070	17,342	(34,683)	\$0.2080	(\$7,214)
TOTAL		4,744	3,733	(1,011)						(21,772,828)		(\$4,528,748)

Total
All Groups

										TOTAL THERMS	MARGIN IMPACT
Oct-11	a									(3,373,225)	(\$946,101)
Nov-11	a									(10,724,864)	(\$3,015,333)
Dec-11	a									(19,871,353)	(\$5,608,766)
Jan-12	a									(14,598,031)	(\$4,122,854)
Feb-12	a									(16,277,451)	(\$4,593,496)
Mar-12	a									(27,224,927)	(\$7,686,448)
Apr-12	a									(8,465,216)	(\$2,406,560)
May-12	e									(155,713)	(\$43,906)
TOTAL										(100,690,780)	(\$28,423,463)

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

² Per Tariff Sheet No. 179

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

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

GR1206_____

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

Recurring initial savings identified¹	\$4,218,075
Savings from extension of recurring initial savings²	\$1,426,069
Additional Savings³	\$217,305
Additional Savings⁴	\$7,993,500
Additional Savings⁵	<u>\$1,032,957</u>
Total BGSS Savings Available for CIP comparison	<u>\$14,887,907</u>

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

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

³ As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. **Refer to Exhibit C to this Petition, Schedule 6, p. 7.**

⁴ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. **Refer to Exhibit C to this Petition, Schedule 6, p. 6.**

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

New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2012
GR1206_____
Summary

Group I	Per Exhibit C, Schedule 1	\$102,610	a
Group II	Per Exhibit C, Schedule 2	\$29,697,449	b
Group III	Per Exhibit C, Schedule 3	\$3,262,238	c
Group IV	Per Exhibit C, Schedule 4	<u>\$9,860,853</u>	d
CIP Calculation for current period		\$42,923,149	e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>\$28,423,463</u>	f
CIP Value subject to BGSS test-current year		\$14,499,686	g=e-f
Prior Year Carry-over CIP Value	Per Exhibit C, Schedule 6, Page 4 of 8	<u>\$0</u>	h
Total CIP Value subject to BGSS savings comparison		\$14,499,686	i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 8	\$14,887,907	j
Non-weather CIP Value to be recovered in current year		\$14,499,686	k= full value of i if j>i k=j, if j<i
Total CIP value subject to recovery for current year		\$42,923,149	l=f+k
CIP Carry-over value to next year		\$0	m=i-j, if i>j m=0, if i<j

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

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

Recurring initial savings identified¹	\$5,634,269
Additional Savings²	\$217,305
Additional Savings³	<u>\$7,336,500</u>
Total BGSS Savings Available for CIP comparison	<u>\$13,188,074</u>

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

² As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. ***Refer to Exhibit C to this Petition, Schedule 6, p. 7.***

³ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. ***Refer to Exhibit C to this Petition, Schedule 6, p. 6.***

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

Summary

Group I	\$78,971	a
Group II	\$2,276,098	b
Group III	\$1,303,365	c
Group IV	<u>\$4,640,966</u>	d
CIP Calculation for current period	\$8,299,400	e=a+b+c+d
Weather Related Value of CIP	<u>\$571,566</u>	f
CIP Value subject to BGSS test-current year	\$7,727,833	g=e-f
Prior Year Carry-over CIP Value	<u>\$1,369,125</u>	h
Total CIP Value subject to BGSS savings comparison	\$9,096,958	i=g-h
BGSS Savings	\$13,188,074	j
Non-weather CIP Value to be recovered in current year	\$9,096,958	k= full value of i if j>i k=j, if j<i
Total CIP value subject to recovery for current year	\$9,668,524	l=f+k
CIP Carry-over value to next year	\$0	m=i-j, if i>j m=0, if i<j

New Jersey Natural Gas
CIP BGSS Savings

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

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

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

I. Waddington to South Commack Iroquois Capacity

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

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

II. Transco Capacity

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

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

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

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

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

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

III. Tennessee Capacity

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

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

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

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

IV. Texas Eastern Capacity

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

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

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

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

V. Dominion Gas Capacity

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

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

B. As approved by the BPU on April 27, 2011 in BPU Docket No. GR10060382 and , NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. (Contract 700045)

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

C. As filed in BPU Docket No. GR1206____, NJNG has generated additional BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. (Contract 200447)

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

VI. Total of all Savings by Year

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

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

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

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

- (1) NJNG and NJRES entered into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6 NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.
- (2) NJNG and NJRES entered into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in *Gas Daily*.

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

**NEW JERSEY NATURAL GAS COMPANY
CONSERVATION INCENTIVE PROGRAM
EARNINGS TEST
OCTOBER 1, 2011 THROUGH SEPTEMBER 30, 2012
SIX MONTH ACTUAL, SIX MONTH ESTIMATE**

BPU DOCKET No. GR1206_____

	(000's)
Net Income	\$72,415
Less:	
Net earnings from margin sharing, net of tax	5,101
Other income, net of tax	746
Net Income - Earnings Test	\$66,568
Average Thirteen Month Common Equity	673,034
Actual Rate of Return on Common Equity	9.89%

EXHIBIT D

CALCULATION OF REVISED BALANCING RATE

FOR F/Y 2013

**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	\$108,839
Adjustments (BGSS Incentive Credits)	<u>(\$17,000)</u>
Total	\$91,839
% of Peak Related to Balancing	<u>53.6%</u>
Balancing	\$49,237
Annual Firm Therms (000)	<u>618,081</u>
Pre-tax Balancing Rate	\$0.0797
<u>Total Balancing Charge</u>	
Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0797</u>
Total Pre-tax Balancing Rate	\$0.0839
Total After-tax Balancing Rate	\$0.0898
Current After-tax Balancing Rate	<u>\$0.0844</u>
Increase/(Decrease) to After-tax Balancing Rate	\$0.0054
<u>Calculation of % of Peak Related to Balancing</u>	
	000 therms
Peak Day Therms	8,446
Average Therms on a January Day	<u>3,918</u>
Balancing Therms	4,528
% of Peak	53.6%

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

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

EXHIBIT E

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

FOR F/Y 2013

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1206
F/Y 2013

(\$/therm)

Price Impact for Group I - Residential Non-Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.6244	\$0.6681	\$0.6244	\$0.6681	\$0.0000	\$0.0000
CIP	Delivery Price	<u>0.0238</u>	<u>0.0255</u>	<u>0.0142</u>	<u>0.0152</u>	<u>(0.0096)</u>	<u>(0.0103)</u>
NET IMPACT		<u>\$0.6482</u>	<u>\$0.6936</u>	<u>\$0.6386</u>	<u>\$0.6833</u>	<u>(\$0.0096)</u>	<u>(\$0.0103)</u>

Price Impact for Group II - Residential Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.6244	\$0.6681	\$0.6244	\$0.6681	\$0.0000	\$0.0000
CIP	Delivery Price	<u>0.0062</u>	<u>0.0066</u>	<u>0.0329</u>	<u>0.0352</u>	<u>0.0267</u>	<u>0.0286</u>
NET IMPACT		<u>\$0.6306</u>	<u>\$0.6747</u>	<u>\$0.6573</u>	<u>\$0.7033</u>	<u>\$0.0267</u>	<u>\$0.0286</u>

Price Impact for Group III - General Service Small Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.6244	\$0.6681	\$0.6244	\$0.6681	\$0.0000	\$0.0000
CIP	Delivery Price	<u>0.0434</u>	<u>0.0464</u>	<u>0.0794</u>	<u>0.0850</u>	<u>0.0360</u>	<u>0.0386</u>
NET IMPACT		<u>\$0.6678</u>	<u>\$0.7145</u>	<u>\$0.7038</u>	<u>\$0.7531</u>	<u>\$0.0360</u>	<u>\$0.0386</u>

Price Impact for Group IV - General Service Large Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	<u>0.0365</u>	<u>0.0391</u>	<u>0.0636</u>	<u>0.0681</u>	<u>0.0271</u>	<u>0.0290</u>
NET IMPACT		<u>\$0.0365</u>	<u>\$0.0391</u>	<u>\$0.0636</u>	<u>\$0.0681</u>	<u>\$0.0271</u>	<u>\$0.0290</u>

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

BGSS projected annual therms	438,051 (000s)
CIP Group I projected annual therms	3,136 (000s)
CIP Group II projected annual therms	443,926 (000s)
CIP Group III projected annual therms	32,511 (000s)
CIP Group IV projected annual therms	133,746 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$292.7	\$292.7	\$0.00
CIP Group I	\$0.1	\$0.05	(\$0.03)
CIP Group II	\$2.9	\$15.6	\$12.70
CIP Group III	\$1.5	\$2.8	\$1.25
CIP Group IV	<u>\$5.2</u>	<u>\$9.1</u>	<u>\$3.88</u>
IMPACT	<u>\$302.4</u>	<u>\$320.2</u>	<u>\$17.80</u>

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR1206
F/Y 2013

	Current			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244
After-tax Periodic BGSS	\$0.6681	\$0.6681	\$0.6681	\$0.6681	\$0.6681	\$0.6681
Less: Balancing	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0898)</u>	<u>(\$0.0898)</u>	<u>(\$0.0898)</u>
BGSS Price To Compare	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.5783</u>	<u>\$0.5783</u>	<u>\$0.5783</u>

Impact on Residential Non-Heating Customers				
25 therm bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5344	\$13.36	
BGSS		\$0.5837	\$14.59	
Total		<u>\$1.1181</u>	<u>\$36.20</u>	
Proposed prices- effective 10/1/12				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5295	\$13.24	
BGSS		\$0.5783	\$14.46	
Total		<u>\$1.1078</u>	<u>\$35.95</u>	
Decrease			(\$0.25)	
Decrease as a percent			(0.7%)	
Impact on Residential Heating Customers				
100 therm bill 1000 therm annual bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5155	\$51.55	\$515.50
BGSS		\$0.5837	\$58.37	\$583.70
Total		<u>\$1.0992</u>	<u>\$118.17</u>	<u>\$1,198.20</u>
Proposed prices- effective 10/1/12				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5495	\$54.95	\$549.50
BGSS		\$0.5783	\$57.83	\$578.30
Total		<u>\$1.1278</u>	<u>\$121.03</u>	<u>\$1,226.80</u>
Increase			\$2.86	\$28.60
Increase as a percent			2.4%	2.4%
Impact on Commercial GSS Customers				
100 therm bill				
Current Prices				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5100	\$51.00	
BGSS		\$0.5837	\$58.37	
Total		<u>\$1.0937</u>	<u>\$134.37</u>	
Proposed prices- effective 10/1/12				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5540	\$55.40	
BGSS		\$0.5783	\$57.83	
Total		<u>\$1.1323</u>	<u>\$138.23</u>	
Increase			\$3.86	
Increase as a percent			2.9%	
Impact on Commercial GSL Customers				
1200 therm bill				
Current Prices				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4402	\$528.24	
BGSS (May 2012)		\$0.3840	\$460.80	
Total		<u>\$0.8242</u>	<u>\$1,204.54</u>	
Proposed prices- effective 10/1/12				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4746	\$569.52	
BGSS (May 2012)		\$0.3786	\$454.32	
Total		<u>\$0.8532</u>	<u>\$1,239.34</u>	
Increase			\$34.80	
Increase as a percent			2.9%	

NEW JERSEY NATURAL GAS COMPANY
SUMMARY OF PERIODIC BGSS COMPONENTS
BPU DOCKET NO GR1206_____

October 1, 2012
through
September 30, 2013
\$000

ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/12

(Exhibit B, Schedule 1)

\$13,400 A

ESTIMATED NET COSTS APPLICABLE TO BGSS

(Exhibit B, Schedule 2a)

\$331,942 B

ESTIMATED ADJUSTMENTS

Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$39)
Forked River (Sch.4c)	(\$58)
Transportation(Sch.4d)	(\$1,551)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4k)	\$0
Off-System Sales (Sch.4e)	(\$5,667)
Capacity Rel. (Sch.4f)	(\$11,333)
Supplier Ref. and Miscellaneous Adj. (Sch.5)	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$9,690)
Ocean Peaking Power (Sch. 4h)	(\$1,008)

TOTAL ADJUSTMENTS

(\$29,347) C

ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2013

(Exhibit B Schedule 1)

\$6,533 D

A/C Sales Recovery

\$61

Monthly BGSS Sales Recovery

\$35,476

FEED

\$406

ESTIMATED OTHER RECOVERY

\$35,943 E

(Exhibit B Schedule 2b)

ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED

(Exhibit B Schedule 2b)

\$273,519 A+B+C-D-E=F

BGSS Sales

498,975

A/C Sales {May - Sep}

152

Monthly BGSS Sales

59,759

FEED

1,014

ESTIMATED PERIODIC BGSS THERM SALES

438,051 G

(Exhibit B Schedule 2b)

PRE-TAX PERIODIC BGSS FACTOR PER THERM FOR FY2013

\$0.6244 F/G=H

EXHIBIT F

PROPOSED TARIFF SHEETS

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 51
Superseding ~~Twelfth~~~~Eleventh~~ Revised Sheet No. 51

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE

AVAILABILITY

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

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$8.25

Delivery Charge:

Residential Heating

Delivery Charge per therm \$~~0.5155~~0.5495

Residential Non-Heating

Delivery Charge per therm \$~~0.5344~~0.5295

BGSS Charge:

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

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

Date of Issue: ~~December 20, 2011~~
Issued by: Mark R. Spurduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Eleventh~~~~Tenth~~ Revised Sheet No. 54
~~Superseding Tenth~~~~Ninth~~ Revised Sheet No. 54

SERVICE CLASSIFICATION – DGR

DISTRIBUTED GENERATION SERVICE - RESIDENTIAL

AVAILABILITY

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$8.25

Delivery Charge:

November - April ~~\$0.37~~370.3791

May - October ~~\$0.31~~670.3221

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: ~~December 20, 2011~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 56
Superseding ~~Twelfth~~~~Eleventh~~ Revised Sheet No. 56

SERVICE CLASSIFICATION – GSS

GENERAL SERVICE - SMALL

AVAILABILITY

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$25.00

Delivery Charge:

Delivery Charge per therm \$~~0.51000~~0.5540

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: ~~December 20, 2011~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 59
Superseding ~~Twelfth~~~~Eleventh~~ Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

AVAILABILITY

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to HMAD \$1.50

Delivery Charge:

Delivery Charge per therm \$~~0.44~~0.4746

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

Date of Issue: ~~December 20, 2011~~
Issued by: Mark R. Spurduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Twelfth~~~~Eleventh~~ Revised Sheet No. 65
Superseding ~~Eleventh~~~~Tenth~~ Revised Sheet No. 65

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL

AVAILABILITY

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

CONDITIONS PRECEDENT

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	\$40.00
-------------------------------------	---------

Demand Charge:

Demand Charge per therm applied to PBQ	\$0.60
--	--------

Delivery Charge:

November - April	\$0.279 <u>\$0.2847</u>
------------------	------------------------------------

May - October	\$0.2465 <u>\$0.2519</u>
---------------	-------------------------------------

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: ~~December 20, 2011~~
Issued by: Mark R. Spurduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Tenth/Ninth~~ Revised Sheet No. 71
Superseding ~~Ninth/Eighth~~ Revised Sheet No. 71

SERVICE CLASSIFICATION - FC

FIRM COGENERATION

AVAILABILITY

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

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

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$49.49

Demand Charge:

Demand Charge per therm applied to MDQ \$1.00

Delivery Charge:

Delivery Charge per therm ~~\$0.30~~240.3078

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 19, 2011~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Forty-~~Eighth~~^{Seventh} Revised Sheet No. 155
Superseding Forty-~~Seventh~~^{Sixth} Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$0.0844 <u>0.0898</u> per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859
May 1, 2012	\$0.4684

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

Date of Issue: ~~April 27, 2012~~
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~^{May} 1, 2012

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Eleventh Tenth~~ Revised Sheet No. 156
Superseding ~~Tenth Ninth~~ Revised 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	(\$ 0.02730 .0297) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective January 1, 2009 through February 28, 2009	(\$0.1996) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective March 1, 2009 through March 31, 2009	(\$0.2510) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective February 1, 2010 through March 31, 2010	(\$0.2745) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective April 1, 2010 through April 30, 2010	(\$0.6572) per therm
RS, GSS, and ED sales customers using less than 5,000 therms annually	Rate Credit Adjustment effective December 1, 2011 through February 29, 2012 and March 15, 2012 through March 31, 2012	(\$0.4419) per therm

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

Effective for service rendered on and after ~~October~~March 15,

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fourth~~^{Third} Revised Sheet No. 182
~~Third~~^{Second} Revised Sheet No. 182
Superseding

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

Group I (RS non-heating):	\$0.0255 <u>\$0.0152</u>
Group II (RS heating):	\$0.0066 <u>\$0.0352</u>
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464 <u>\$0.0850</u>
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391 <u>\$0.0681</u>

For the recovery of the October 201~~10~~ through September 201~~24~~ CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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Wall, NJ 07719

Effective for service rendered on
and after October 1, 201~~24~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 252
Superseding ~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
WNC		0.0000	0.0000	Rider D
CIP		0.00660.0 <u>352</u>	0.00660.0352	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.35990.3 <u>885</u>	0.35990.3885	
Balancing Charge	b	0.08440.0 <u>898</u>	0.08440.0898	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.51550.5 <u>495</u>	0.51550.5495	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	0.08440.0 <u>898</u>	x	
BGS	e-f=g	0.58370.5 <u>783</u>	x	

Date of Issue: ~~March 9, 2012~~
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2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 252
~~Superseding Thirteenth~~~~Twelfth~~ Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

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

Date of Issue: ~~March 9, 2012~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

**Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GRI206 ~~GRI1060331 and GX01050304~~**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~^{Twelfth} Revised Sheet No. 253
Superseding ~~Twelfth~~^{Eleventh} Revised Sheet No. 253SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential Non-Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255 <u>0.0152</u>		Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.3788 <u>0.3685</u>	0.3788 <u>0.3685</u>	
<i>Balancing Charge</i>	b	0.0844 <u>0.0898</u>	0.0844 <u>0.0898</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.5344 <u>0.5295</u>	0.5344 <u>0.5295</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	0.0844 <u>0.0898</u>	x	
BGS	e-f=g	0.5837 <u>0.5783</u>	x	

Date of Issue: ~~March 9, 2012~~
 Issued by: Mark R. Sperduto, Vice President
 2012
 Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 253
~~Superseding Twelfth~~~~Eleventh~~ Revised Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

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

Date of Issue: **~~March 9, 2012~~**
Issued by: **Mark R. Sperduto, Vice President**
2012
Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 254
Superseding ~~Twelfth~~~~Eleventh~~ Revised Sheet No. 254

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	<u>0.0097</u>	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2181</i>	<i>0.1611</i>	
<i>Balancing Charge</i>	b	0.0844 <u>0.0898</u>	0.0844 <u>0.0898</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.3737 <u>0.3791</u>	0.3167 <u>0.3221</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	0.0844 <u>0.0898</u>	0.0844 <u>0.0898</u>	
BGS	e-f=g	0.5837 <u>0.5783</u>	0.5837 <u>0.5783</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: ~~March 9, 2012~~
Issued by: Mark R. Spurduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 255
Superseding ~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.04640.0	0.04640.0850	Rider I
		<u>850</u>		
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.35440.3	0.35440.3930	
		<u>930</u>		
Balancing Charge	b	0.08440.0	0.08440.0898	Rider A
		<u>898</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.51000.5	0.51000.5540	
		<u>540</u>		
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	0.08440.0	x	
		<u>898</u>		
BGS	e-f=g	0.58370.5	x	
		<u>783</u>		

Date of Issue: ~~March 9, 2012~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 255
~~Superseding Thirteenth~~~~Twelfth~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

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

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

Date of Issue: ~~March 9, 2012~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Fifty-~~Fifth~~~~Fourth~~ Revised Sheet No. 256
Superseding Fifty-~~Fourth~~~~Third~~ Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMA		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391 <u>0.0681</u>	0.0391 <u>0.0681</u>	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.2846 <u>0.3136</u>	0.2846 <u>0.3136</u>	
Balancing Charge	b	0.0844 <u>0.0898</u>	0.0844 <u>0.0898</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.4402 <u>0.4746</u>	0.4402 <u>0.4746</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.4684	X	Rider A
Less: Balancing	f	0.0844 <u>0.0898</u>	X	
BGS	e-f=g	0.3840 <u>0.3846</u>	X	

Date of Issue: **April 27, 2012**
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after **October**~~May~~ 1, 2012

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Fifty-~~Fifth~~~~Fourth~~ Revised Sheet No. 256
Superseding Fifty-~~Fourth~~~~Third~~ 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 27, 2012***
Issued by: ***Mark R. Sperduto, Vice President***
Wall, NJ 07719

Effective for service rendered on
and after October~~May~~ 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR1206 ~~EO1110800~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Twelfth~~~~Eleventh~~ Revised Sheet No. 258
Superseding ~~Eleventh~~~~Tenth~~ Revised Sheet No. 258

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.1237	0.0909	
<i>Balancing Charge</i>	b	0.0844 <u>0.0898</u>	0.0844 <u>0.0898</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.2793 <u>0.2847</u>	0.2465 <u>0.2519</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: ~~December 20, 2011~~
Issued by: Mark R. Sperduto, Vice President
2012
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Fifty-~~Second~~^{First} Revised Sheet No. 259
Superseding ~~Fifty-First~~^{Fiftieth} Revised Sheet No. 259SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSFirm Cogeneration (FC)

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		49.49	49.49	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1253	0.1253	
SUT		<u>0.0088</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.1468	0.1468	
<i>Balancing Charge</i>	b	0.0844 0.0898	0.0844 0.0898	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	0.3024 0.3078	0.3024 0.3078	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.4684	X	Rider A
Less: Balancing	f	0.0844 0.0898	X	
		0.0898		
BGS	e-f=g	0.3840 0.378	X	
		6		

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 27, 2012~~
Issued by: Mark R. Spurduto, Vice President
Wall, NJ 07719

Effective for service rendered on
and after ~~October~~May 1, 2012

EXHIBIT G

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

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS

Docket No. GR1206____

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2012, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2012–2013 Basic Gas Supply Service (“BGSS”) petition pursuant to the “Order Approving BGSS Price Structure” issued by the New Jersey Board of Public Utilities (“Board”) on January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”). At that time, NJNG also filed for Board approval of proposed price changes related to the Conservation Incentive Program (“CIP”) and the Balancing Charge. Pursuant to its filing, NJNG requested that the Board permit NJNG to maintain its existing BGSS rate and adjust its CIP factors effective October 1, 2012. The impact of the CIP rate change for a residential heating customer using an average of 100 therms per month would be an **increase of \$2.86 per month or 2.4 percent.**

Additionally, NJNG requested that the Board permit NJNG to increase its Balancing Charge applicable to transportation customers receiving their natural gas supply from a third party supplier by \$0.0054 per therm effective October 1, 2012. The impact of the Balancing Charge increase for a residential heating transportation customer transporting an average of 100 therms per month would be an increase of \$0.54 per month, or 0.4 percent. All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For sales customers, there is no impact from the Balancing Charge change since the Balancing Charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”

The effect of the Company’s request for the price adjustments to be effective October 1, 2012, 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, 2012	Proposed Bill as of October 1, 2012	BGSS	CIP	Net Increase/ (Decrease)	BGSS	CIP	Net Increase/ (Decrease)
Residential Heat Sales	100	\$118.17	\$121.03	\$0.00	\$2.86	\$2.86	0.0%	2.4%	2.4%
Residential Non-Heat Sales	25	\$36.20	\$35.95	\$0.00	(\$0.25)	(\$0.25)	0.0%	(0.7%)	(0.7%)
General Service - Small	100	\$134.37	\$138.23	\$0.00	\$3.86	\$3.86	0.0%	2.9%	2.9%
General Service - Large	1200	\$1,204.54	\$1,239.34	\$0.00	\$34.80	\$34.80	0.0%	2.9%	2.9%

TAKE FURTHER NOTICE that future changes in NJNG’s price for BGSS service may also occur if NJNG elects to adjust its BGSS rates upward by filing timely notice with the Board Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”), pursuant to the Generic BGSS Order. Any such self-implementing increase will be limited to a maximum of 5 percent of the total residential bill, effective December 1, 2012, and to a maximum of 5 percent of the total residential bill, effective February 1, 2013. 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 Rate Counsel.

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

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of October 1, 2011	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$121.03	\$133.44	\$12.41	10.25%
Residential Non-Heat Sales	25	\$35.95	\$39.05	\$3.10	8.63%
General Service - Small	100	\$138.23	\$150.64	\$12.41	8.97%

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

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

xx x, 2012 at 3:30 and 5:30 p.m.
Rockaway Township Municipal Building
Conference Room
65 Mt. Hope Road
Rockaway, NJ 07866

xx x, 2012 at 3:30 and 5:30 p.m.
Freehold Township Municipal Building
Conference Room
One Municipal Plaza, Schank Road
Freehold, NJ 07728-3099

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed rate changes. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue P.O. Box 350 Trenton, NJ 08625-0350. Copies of NJNG's June 1, 2012, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue P.O. Box 350 Trenton, NJ 08625-0350.

Tracey Thayer, Esq.
New Jersey Natural Gas

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

JAYANA S. SHAH

DIRECTOR - GAS SUPPLY

NJNG ENERGY SERVICES

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION
INCENTIVE PROGRAM (CIP) FACTORS FOR F/Y 2013
BPU DOCKET NO. GR1206_____**
Direct Testimony of Jayana S. Shah

I. Background and Purpose

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

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

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

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

1 controller responsible for financial reporting for their capital structure
2 arbitrage book and securitized products book.

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

9 I was promoted to the position of Manager, Gas Supply for NJNG in
10 May 2009 and to Director, Gas Supply in January 2012. In that capacity I
11 oversee the NJNG Energy Services staff for daily, monthly, and seasonal
12 optimization of NJNG’s supply portfolio in order to provide the lowest
13 overall cost for the Company’s Basic Gas Supply Service (“BGSS”)
14 customers. I also oversee the Company’s BGSS hedging and incentive
15 programs that provide price stability and cost savings for BGSS customers.

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

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

- 20 • discuss current conditions in natural gas markets that may affect the
21 Company’s BGSS pricing, impact BGSS incentive programs, and
22 propose possible alternative approaches to enhancing the incentive
23 programs; and

- 1 • describe and detail how the Company actively manages and optimizes its
2 gas supply and capacity portfolio on a daily, monthly and seasonal basis
3 throughout the year to provide reliable service to customers at a
4 reasonable cost, including steps it has taken to hedge its projected BGSS
5 winter period sales requirements; and
- 6 • provide the basis for and a narrative explanation of the significant drivers
7 of the annual BGSS rate which the Company is proposing through this
8 proceeding to be effective October 1, 2012. I am also sponsoring a
9 number of exhibits that provide the requisite detail and support for the
10 projected gas costs and forecasted sales in this case consistent with the
11 annual Minimum Filing Requirements (“MFRs”) that were established in
12 the Generic BGSS Order.

13

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

- 15 **A.** The balance of my testimony is organized as follows:
16 Section II: Current Market Conditions and Impact to BGSS
17 Section III: CIP Savings Transactions
18 Section IV: Optimization Strategy
19 Section V: Periodic BGSS Pricing for October 1, 2012
20 Section VI: MFR Supporting Data and Information
21 Section VII: Conclusion
22

1 **II. Current Market Conditions and Impact to BGSS**

2 **A. Current Market Conditions**

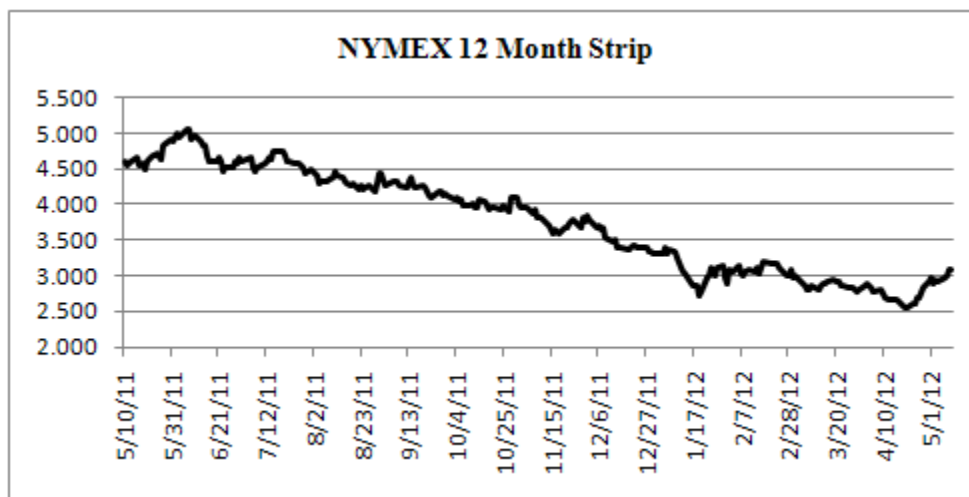
3 **Q. PLEASE DESCRIBE ANY CHANGES OCCURING WITH**
4 **NATURAL GAS SUPPLIES.**

5 **A.** Over the last several years, natural gas production from unconventional
6 sources, such as shale, has and will continue to fundamentally change the
7 gas supply and transportation infrastructure in the United States. U.S. natural
8 gas production reached an all-time record in 2011, surpassing levels last
9 seen in the 1970's. U.S. natural gas production in 2011 increased by 7.5
10 percent, or 4.3Bcf/day, compared to 2010. Marcellus Shale production in
11 2011 increased by 27 percent, or 5.8Bcf/day, compared to 2010. Marcellus
12 Shale production has begun to displace gas supplies from Canada, Mid-
13 Continent, and Gulf of Mexico.

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

16 **A.** The 12 month natural gas New York Mercantile Exchange ("NYMEX")
17 strip price (the average of the monthly futures prices for a 12 month period)
18 for the period ending May 10, 2012 demonstrates the volatile nature of the
19 current natural gas market. As shown in the chart below, since NJNG's
20 BGSS filing last year, the NYMEX strip has averaged approximately \$3.77
21 per dekatherm ("dth") with a high of \$5.06 per dth on June 8, 2011 to a low
22 of \$2.56 on April 19, 2012, with daily settlement price swings as high as 20
23 cents per dth. The 12 month NYMEX strip settled at \$3.095 per dth on May

10, 2012, which is the date used for the underlying gas cost assumption where applicable for this year's BGSS filing as requested by BPU Staff.



Natural gas prices at Henry Hub in 2011 were down about 9 percent over 2010. The price of natural gas fell from the mid-\$4.00 range per dth to under \$3.00 per dth by December 2011. The price has remained below the \$3.00 level. The most recent NYMEX Henry Hub forward curve shows prices below \$4.00 per dth through December 2013. The BGSS customers have benefited from these generally lower gas prices with significant bill credits this past winter and a BGSS price decrease effective April 1, 2012.

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

A. The Marcellus Shale is a natural gas supply formation extending from Ohio and West Virginia northeast into Pennsylvania and southern New York. The Marcellus Shale production has provided significant supplies this past BGSS period and is expected to continue as a major supply source for the coming

1 BGSS period as well. Marcellus Shale production provides supply diversity
2 and price competition by providing market area alternatives to the traditional
3 Gulf Coast supplies and provides supply reliability requiring delivery via
4 short-haul pipeline transportation capacity.

5 The Company's transport and storage assets are positioned to flow
6 supply from Marcellus Shale. The Texas Eastern Transmission ("TETCO")
7 M2 zone runs through the Marcellus Shale and the Company has been able
8 to buy production gas at the meter points on TETCO assets. The TETCO
9 winter season supply from Appalachia production has increased over the
10 past three years from 9.7MMDth to 89.8MMDth, and reduced volumes from
11 other traditional supply points (see table below). The Tennessee Gas
12 Pipeline ("TENN") transportation assets in the Company's portfolio also
13 allow the receipt of Marcellus Shale production along the TENN Zone 4 300
14 line. Columbia Gas Transmission ("COLUM"), Transcontinental Gas
15 Pipeline ("TRANSCO"), and Algonquin Gas Transmission ("AGT") have
16 been receiving gas from Marcellus Shale. The majority of the market area
17 assets of the Company between storage and transportation are positioned to
18 take advantage of the Marcellus Shale.
19

Table: Texas Eastern Transmission, LP Winter Season Supply Diversity (MMDth)

Operator	Winter 09/10	Winter 10/11	Winter 11/12
ANR- Glen Karn	32.4	23.2	13.3
PEPL- Gas City	17.0	21.6	12.0
TXGas - Lebanon	23.3	23.1	12.4
REX - Lebanon/Clarington	31.4	55.0	46.6
TETCO 24"	19.3	20.9	11.5
TETCO 30"	207.1	220.5	174.7
Appalachian Production	9.7	27.9	89.8
Other Mainline Meters	82.7	112.7	107.5

Q. HOW HAS THE CHANGES IN THE MARKET AFFECTED INTERSTATE PIPELINES?

A. Several new pipeline expansion projects have been proposed to serve Northeast markets primarily due to the increases in Marcellus Shale production. Major interstate pipeline expansions have been proposed by TENN, TRANSCO, TETCO, AGT, Iroquois Gas Transmission ("IROQ"), and COLUM. These projects are expected to accommodate deliveries of up to 4.3Bcf of new supplies from non-Gulf Coast sources into the Northeast market area which, in turn, could potentially change the pricing dynamics in the Northeast market to the benefit of NJNG and its customers. Plentiful natural gas supply and low prices have led to proposals for developing new domestic and foreign markets for natural gas. In 2011, seven LNG export projects were proposed in the U.S. with almost 14Bcf/day capacity.

B. Impact on BGSS Incentives

Q. HOW HAS THE FUNDAMENTAL CHANGE IN NATURAL GAS SUPPLY IMPACTED THE SAVINGS GENERATED FROM BGSS INCENTIVE PROGRAMS?

A. Over-supplied markets have reduced volatility and caused a decline in the value of transportation capacity. In some instances, the market price of natural gas between regions has declined to less than variable transportation costs. When prices drop below the variable cost of transportation, it becomes uneconomical to transport natural gas to capture price differences between pricing points. As a result, these market conditions have decreased opportunities for generating savings from off-system sales and capacity releases.

Q. IS THE COMPANY PROPOSING ANY NEW OPPORTUNITIES TO GENERATE CUSTOMER SAVINGS UNDER THE NEW MARKET CONDITIONS?

A. Yes. NJNG believes the change in market dynamics related to natural gas production from shale resources provides an opportunity to redesign or supplement the current storage and transportation portfolio to lower costs and provide reliable supply in the most cost effective manner. NJNG requests to amend the capacity release incentive program to include additional types of transactions that would lower portfolio demand gas costs. The additional types of transactions NJNG is proposing to include are:

- 1 • Capacity management transactions with counterparties where NJNG
2 receives a reservation charge for the release of capacity to a
3 counterparty;
- 4 • Supply transactions with counterparties where NJNG receives a
5 reservation charge for the commitment to purchase supply from a
6 counterparty;
- 7 • Restructuring, including termination, of capacity with various
8 pipelines and storage providers to update NJNG's assets in the most
9 cost effective manner. The value of the reduction in capacity costs
10 will be included in the capacity release sharing mechanism.

11 In most cases, the Company anticipates that the counterparties referred to
12 above would be producers in the Marcellus region.

13 **Q. WHAT PROCESS WOULD THE COMPANY FOLLOW FOR**
14 **PROVIDING NOTIFICATION OF THE TRANSACTIONS**
15 **DESCRIBED ABOVE?**

16 **A.** For each transaction qualifying under the proposed types of transactions
17 described above, the savings resulting from the transaction will be included
18 in the monthly capacity release reports submitted to the BPU and Rate
19 Counsel. The BGSS impact of the transactions will be included in the annual
20 BGSS filing submitted by June 1 each year.

21 The Company will contact representatives of the BPU Staff and the
22 Rate Counsel within 30 days of this filing to schedule a meeting to discuss
23 the above enhancement to the Company's current incentive programs.
24

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

2 **Q. HAS THE COMPANY MODIFIED ITS CIP BGSS SAVINGS?**

3 **A.** Yes. As described in the Direct Testimony of Tina M. Trebino, NJNG is
4 exercising its option to extend current related releases through March 31,
5 2014 and has added savings related to a contract volume reduction.
6

7 **IV. Optimization Strategy**

8 **Q. HOW IS NJNG’S GAS SUPPLY TEAM ORGANIZED AND**
9 **POSITIONED TO OPTIMIZE THE COMPANY’S GAS SUPPLY**
10 **AND CAPACITY PORTFOLIO TO BEST SERVE BGSS**
11 **CUSTOMERS’ NEEDS?**

12 **A.** NJNG has put together an experienced gas supply team, including members
13 of Gas Supply (Energy Services) and Gas Control (Energy Delivery). This
14 group holds regular monthly supply operations setup meetings and regular
15 daily morning planning and afternoon recap meetings to discuss the
16 operational strategies that will best serve customer needs, taking into
17 consideration the current market, weather, and other Gas Supply operations
18 issues. NJNG’s Gas Supply team also routinely meets with NJNG’s
19 Engineering and Operations personnel throughout the year to coordinate
20 system operations with both winter and summer supply operations. Weather
21 conditions, system limitations and requirements, market prices, storage
22 status, pipeline constraints, market opportunities, and other demand/supply
23 issues are reviewed and analyzed daily by the Gas Supply team in order to

1 ensure the optimal use of NJNG's portfolio of contract assets, including gas
2 supply, transportation, and storage.

3 **Q. PLEASE DESCRIBE THE APPROACH THE COMPANY HAS**
4 **TAKEN IN THE PAST YEAR TO IMPLEMENT ITS**
5 **OPTIMIZATION STRATEGY.**

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

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

1 team meets with Gas Control and Engineering to discuss seasonal system
2 requirements. Therefore, in each set up scenario – whether daily, monthly or
3 seasonal – the Gas Supply team’s goal is to optimize the use and value of the
4 Company’s gas supply, transportation and storage assets to secure savings
5 for the Company’s BGSS customers, while also maintaining city gate
6 reliability.

7 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW**
8 **TO HELP MAINTAIN PRICE STABILITY FOR THE UPCOMING**
9 **2012-2013 WINTER HEATING SEASON?**

10 **A.** In the normal course of the gas procurement function, NJNG’s Gas Supply
11 team has hedged approximately 69 percent of the projected winter period
12 send-out of approximately 33.2 Bcf with 23Bcf of fixed price positions as
13 part of the Storage Incentive (“SI”) program for the upcoming summer’s
14 injections. Another 5 percent of the normal weather winter heating season
15 requirements will be hedged by the end of the upcoming summer through
16 the use of the fixed priced storage inventory that is not part of the SI
17 program.

18
19 **V. Periodic BGSS Pricing for October 2012**

20 **Q. WHAT PERIODIC BGSS PRICING CHANGE DOES THE**
21 **COMPANY PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1,**
22 **2012?**

23 **A.** Through this filing, NJNG is proposing to maintain its pre-tax Periodic
24 BGSS recovery price, effective April 1, 2012 of \$6.244 per dth.

1 **Q. HOW ARE GAS COSTS ACCOUNTED FOR IN THE PROJECTED**
2 **BGSS YEAR?**

3 **A.** The Company is utilizing a Weighted Average Cost of Gas (“WACOG”)
4 accounting methodology for allocating gas costs to the BGSS on a monthly
5 basis. The weighted average of all available supplies, including all storage
6 inventory balances, all purchase and associated hedging costs, and all
7 demand and pipeline delivery charges less all direct allocations are applied
8 to the BGSS cost schedule based upon the Periodic BGSS sales volumes on
9 a monthly basis. All costs not allocated each month are carried forward as an
10 inventory balance.

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

13 **A.** Over the years, through the collaborative efforts of Board Staff, Rate
14 Counsel and the New Jersey local gas distribution companies, utility-specific
15 BGSS incentive programs have been established that have mitigated both the
16 impacts of commodity prices and the volatility in the natural gas market for
17 natural gas customers. The BGSS forecast in this filing includes the NJNG
18 BGSS incentives in Exhibits A and B through the 2013 BGSS period with
19 their current Board-approved sharing formulas. The Company’s current
20 BGSS incentive programs include the Off-System Sales (“OSS”) and
21 Capacity Release (“CR”) programs, the Financial Risk Management
22 (“FRM”) program, and the SI program.

23 The margins generated from Interruptible Sales, Interruptible
24 Transport, Ocean Peaking Power transport, and the Sayreville and Forked

1 River electric generation sales are included as 100 percent credits to the
2 BGSS customers.

3 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET**
4 **VOLATILITY VERSUS THE CURRENT BGSS PRICING?**

5 **A.** If approved by the Board, the requested pre-tax Periodic BGSS rate of
6 \$6.244 per dth continuing through the 2013 BGSS year would result in a
7 BGSS under-recovery of approximately \$6.5 million per Exhibit B,
8 Schedule 1 at current market conditions. However, a \$1 per dth drop in the
9 NYMEX futures prices would cause an approximate \$22.3 million change to
10 the September 30, 2013 balance, resulting in an over-recovered position of
11 approximately \$15.8 million. Conversely, a \$22.2 million change to the
12 September 30, 2013 balance from a \$1 per dth rise in the NYMEX futures
13 prices would result in an under-recovered position of approximately \$28.7
14 million.

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

1 December 1, 2012, an additional \$20.9 million in BGSS recovery would be
2 generated. If, instead, the Company were to elect to implement the 5 percent
3 increase effective February 1, 2013, an additional \$12.0 million in BGSS
4 recovery would be generated in order to offset any under-recovery resulting
5 from a rise in market pricing. If the Company were to elect to implement
6 both 5 percent increases effective December 1, 2012 and February 1, 2013,
7 an additional \$33.5 million in BGSS recovery would be generated in order to
8 offset any under-recovery resulting from a rise in market pricing.

9 As market conditions change, NJNG will continue to manage the
10 hedged positions and storage dispatch to minimize BGSS costs. The
11 Company will continue to consider the utilization of bill credits, refunds and
12 the self-implementing BGSS price adjustments to manage the projected
13 September 2013 over/under recovery balance.
14

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

16 **Q. ARE YOU SPONSORING ANY EXHIBITS THAT ADDRESS THE**
17 **MFRs FOR ANNUAL BGSS FILINGS?**

18 **A.** Yes. I am sponsoring Exhibit Nos. JSS-1 through JSS-4 (and related
19 workpapers) that provide MFR supporting data and information as required
20 by the Board pursuant to the Generic BGSS Order.
21

1 **Q. DOES NJNG HAVE ANY ONGOING GAS SUPPLY**
2 **TRANSACTIONS WITH AN AFFILIATE?**

3 **A.** Yes. In a September 3, 2010 letter to BPU Staff and Rate Counsel, NJNG
4 provided notice that it had entered into a pre-arranged release of 159,790 dth
5 per day of TETCO firm transportation capacity to NJRES at market-based
6 rates set annually, plus \$0.03 per dth and a related agreement whereby
7 NJNG has the right and option to call upon NJRES to deliver gas supplies to
8 NJNG at volumes up to 100 percent of the released TETCO capacity, on a
9 monthly and daily basis at an indexed market price. These agreements are
10 effective November 1, 2010 through October 31, 2014 and the release is
11 included in Schedule 4f, Capacity Release, of Exhibits A and B, attached to
12 this filing.

13 Pursuant to the CIP Extension Order, NJNG released various amounts
14 of firm transportation capacity on the IROQ, TENN, Dominion
15 Transmission, TETCO, and TRANSCO systems to NJRES and can purchase
16 commodity from them. In addition, the Company released Stagecoach
17 Storage capacity to NJRES and the Company can buy the storage quantities
18 at a ratable injection WACOG price. Details regarding these CIP-related
19 releases were included in Exhibit E attached to the Stipulation approved by
20 the Board in the CIP Extension Order. As previously noted, NJNG is
21 exercising its option to extend these releases for an additional year through
22 March 31, 2014. These releases are not included in Schedule 4f, Capacity
23 Release, of Exhibits A and B; instead, the resulting demand charge

1 reductions are included in the net demand charges in Schedule 2c of Exhibits
2 A and B.
3

4 **VII. Conclusion**

5 **Q. PLEASE SUMMARIZE YOUR BGSS TESTIMONY.**

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

15 NJNG would like to open discussions within this proceeding to review
16 the emerging market conditions and consider enhancing the current incentive
17 programs. NJNG requests to amend the capacity release incentive program
18 to include additional types of transactions that would lower portfolio
19 demand gas costs. The additional types of transactions NJNG is proposing to
20 include are:

- 21 • Capacity management transactions with counterparties where NJNG
22 receives a reservation charge for the release of capacity to a
23 counterparty;

- 1 • Supply transactions with counterparties where NJNG receives a
2 reservation charge for the commitment to purchase supply from a
3 counterparty;
- 4 • Restructuring, including termination, of capacity with various
5 pipelines and storage providers to update NJNG's assets in the most
6 cost effective manner. The value of the reduction in capacity costs
7 will be included in the capacity release sharing mechanism.

8 NJNG is requesting approval to maintain its current pre-tax Periodic
9 BGSS rate of \$6.244 per dth. The Company will continue to consider
10 utilization of bill credits, refunds and the self-implementing price
11 adjustments to manage any upcoming September 2013 over/under recovery
12 balance.

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

14 **A.** Yes.
15

JSS Exhibits

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

NEW JERSEY NATURAL GAS COMPANY
DEMAND AND SUPPLY SUMMARY

Exhibit JSS-1
Schedule 1

Mnth	Requirements	Sales	Storage Injections	Required	Purchases	Withdrawals	LNG	Customer	
								Gas	Sendout
May-12	4,890		3,375	8,265	7,331	0	17	917	8,265
Jun-12	4,273		3,335	7,608	6,675	0	17	916	7,608
Jul-12	4,614		835	5,449	4,274	0	17	1,158	5,449
Aug-12	4,462		55	4,517	3,467	0	17	1,033	4,517
Sep-12	3,252		118	3,370	2,547	0	18	805	3,370
Oct-12	5,911		3,534	9,446	8,231	0	18	1,197	9,446
Nov-12	9,468		0	9,468	6,072	1,746	16	1,634	9,468
Dec-12	13,787		0	13,787	5,393	6,004	78	2,311	13,787
Jan-13	15,710		0	15,710	6,208	6,634	250	2,618	15,710
Feb-13	13,471		0	13,471	4,973	6,188	77	2,234	13,471
Mar-13	10,712		0	10,712	4,658	4,168	17	1,869	10,712
Apr-13	6,901		3,224	10,125	8,899	0	17	1,209	10,125
May-13	4,931		3,684	8,616	7,676	0	17	923	8,616
Jun-13	4,305		3,565	7,871	6,930	0	18	923	7,871
Jul-13	4,636		3,684	8,320	7,139	0	17	1,164	8,320
Aug-13	4,484		3,684	8,168	7,112	0	17	1,039	8,168
Sep-13	3,268		3,565	6,833	6,010	0	18	805	6,833

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NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

	Algonquin	Columbia	Tennessee	Transco	TETCO	FT	TET-TIME2	TE X127	NJRES	Storage	Dominion	IRQ-Winter	Hedged	FEED	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	\$000	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth	Mdth
May-12	0	0	330	122	845	2,765	1,009	1,009	0	0	0	0	0	0	0	2,259	0	(3,375)	0	17	3,973
Jun-12	0	0	320	118	742	2,424	885	885	0	0	0	0	0	0	0	2,187	0	(3,335)	0	17	3,357
Jul-12	0	0	330	122	283	929	339	339	0	0	0	0	0	11	0	2,259	0	(835)	0	17	3,456
Aug-12	0	0	330	122	136	446	162	162	0	0	0	0	0	11	0	2,259	0	(55)	0	17	3,429
Sep-12	0	0	320	118	150	489	179	179	0	0	0	0	0	11	0	1,281	0	(118)	0	18	2,447
Oct-12	130	74	330	122	943	3,088	1,127	1,127	0	0	0	0	0	11	0	2,405	0	(3,534)	0	18	4,715
Nov-12	126	72	0	118	393	1,284	468	468	115	180	98	98	0	11	0	3,207	0	0	1,746	16	7,834
Dec-12	205	155	0	122	90	300	109	109	368	558	161	161	0	11	0	3,314	0	0	6,004	78	11,475
Jan-13	305	260	0	122	149	486	176	176	466	756	170	170	0	2	1	3,314	0	0	6,634	250	13,092
Feb-13	185	135	0	110	59	195	70	70	407	672	145	145	0	2	0	2,993	0	0	6,188	77	11,238
Mar-13	112	74	0	122	266	870	317	317	275	248	102	102	0	2	0	2,270	0	0	4,168	17	8,843
Apr-13	108	72	320	118	917	3,000	1,095	1,095	0	240	0	0	0	11	0	3,018	0	(3,224)	0	17	5,691
May-13	0	0	330	122	906	2,965	1,082	1,082	0	0	0	0	0	11	0	2,259	0	(3,684)	0	17	4,009
Jun-13	0	0	320	118	786	2,571	938	938	0	0	0	0	0	11	0	2,186	0	(3,565)	0	18	3,382
Jul-13	0	0	330	122	807	2,644	965	965	0	0	0	0	0	11	0	2,259	0	(3,684)	0	17	3,472
Aug-13	0	0	330	122	802	2,628	959	959	0	0	0	0	0	11	0	2,259	0	(3,684)	0	17	3,445
Sep-13	0	0	320	118	783	2,563	935	935	0	0	0	0	0	11	0	1,281	0	(3,565)	0	18	2,462

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

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	Algonquin	Columbia	Tennessee	Transco	TETCO FT	TET-TIME2	TE X127	NURES Storage	Dominion	IRQ-Winter	Hedged	FEED	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
May-12	0	0	781	266	1,948	6,112	2,295	0	0	0	8,018	0	0	5,224	7,248	(14,400)	0	173	17,665
Jun-12	0	0	912	313	2,070	6,489	2,441	0	0	0	6,480	0	0	6,114	7,304	(15,639)	0	173	16,656
Jul-12	0	0	972	333	816	2,586	966	0	0	0	6,279	43	0	6,142	7,248	(8,363)	0	173	17,174
Aug-12	0	0	993	341	401	1,259	473	0	0	0	3,756	43	0	6,169	7,248	(3,553)	0	173	17,302
Sep-12	0	0	974	335	447	1,400	528	0	0	0	4,290	42	0	3,352	7,304	(4,287)	0	183	14,569
Oct-12	410	232	1,039	357	2,907	9,128	3,437	0	0	0	5,923	43	0	7,445	7,248	(16,637)	0	178	21,711
Nov-12	435	246	0	380	1,327	4,162	1,565	536	629	353	0	42	0	10,343	8,450	0	7,952	158	36,579
Dec-12	797	596	0	436	343	1,140	412	1,714	2,191	633	0	43	0	12,106	8,419	0	27,343	772	56,946
Jan-13	1,240	1,043	0	455	592	1,923	693	2,172	3,100	692	0	8	4	12,654	8,419	0	30,213	2,473	65,680
Feb-13	754	543	0	413	234	774	276	1,895	2,764	596	0	7	0	11,424	8,522	0	28,181	762	57,144
Mar-13	453	298	0	454	1,055	3,438	1,245	1,280	1,015	415	0	8	0	8,499	8,419	0	18,982	168	45,729
Apr-13	428	283	1,263	437	3,560	11,173	4,212	0	964	0	(150)	42	0	11,708	8,065	(12,153)	0	168	30,001
May-13	0	0	1,318	456	3,554	11,153	4,206	0	0	0	(147)	43	0	8,917	8,030	(14,003)	0	168	23,696
Jun-13	0	0	1,292	448	3,122	9,798	3,693	0	0	0	(144)	42	0	8,727	8,065	(13,723)	0	178	21,498
Jul-13	0	0	1,352	469	3,250	10,208	3,851	0	0	0	(144)	43	0	9,151	8,030	(14,383)	0	168	21,995
Aug-13	0	0	1,358	471	3,245	10,195	3,846	0	0	0	(143)	43	0	9,195	8,030	(14,454)	0	168	21,954
Sep-13	0	0	1,316	456	3,169	9,951	3,750	0	0	0	(143)	42	0	5,223	8,065	(13,982)	0	178	18,024

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

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	Algonquin \$/dth	Columbia \$/dth	Tennessee \$/dth	Transco \$/dth	TETCO FT \$/dth	TET-TIME2 \$/dth	TE X127 \$/dth	NJRES Storage \$/dth	Dominion \$/dth	IRQ-Winter \$/dth	Hedged \$/dth	FEED \$/dth	PSEG \$/dth	Other \$/dth	Demand \$/dth	Injections \$/dth	Withdrawals \$/dth	LNG \$/dth	Total
May-12			2.3645	2.1800	2.3040	2.2105	2.2737							2.3120		4.2666		10.1930	4.4458
Jun-12			2.8528	2.6507	2.7904	2.6768	2.7584							2.7959		4.6892		10.1930	4.9617
Jul-12			2.9416	2.7363	2.8788	2.7616	2.8465					3.9200		2.7182		10.0158		10.1930	4.9688
Aug-12			3.0055	2.7979	2.9424	2.8226	2.9099					3.9200		2.7301		64.5992		10.1930	5.0453
Sep-12			3.0477	2.8386	2.9845	2.8629	2.9518					3.9200		2.6172		36.3291		10.1930	5.9540
Oct-12	3.1496	3.1229	3.1451	2.9326	3.0816	2.9560	3.0485					3.9200		3.0960		4.7075		9.8919	4.6048
Nov-12	3.4522	3.4234		3.2207	3.3792	3.2414	3.3451	4.6578	3.4948	3.5846		3.9200		3.2248			4.5542	9.8919	4.6690
Dec-12	3.8960	3.8434		3.5766	3.8023	3.8008	3.7621	4.6578	3.9268	3.9315		3.9200		3.6529			4.5542	9.8919	4.9624
Jan-13	4.0647	4.0100		3.7342	3.9677	3.9569	3.9266	4.6578	4.0980	4.0841		3.9200	3.9677	3.8182			4.5542	9.8919	5.0168
Feb-13	4.0792	4.0243		3.7478	3.9819	3.9704	3.9408	4.6578	4.1128	4.0972		3.9200		3.8164			4.5542	9.8919	5.0849
Mar-13	4.0591	4.0045		3.7290	3.9622	3.9518	3.9212	4.6578	4.0924	4.0790		3.9200		3.7440			4.5542	9.8919	5.1711
Apr-13	3.9643	3.9320	3.9496	3.7081	3.8829	3.7243	3.8469		4.0172			3.9200		3.8790		3.7693		9.8919	5.2714
May-13			3.9885	3.7457	3.9217	3.7615	3.8856					3.9200		3.9471		3.8006		9.8919	5.9110
Jun-13			4.0405	3.7958	3.9735	3.8111	3.9372					3.9200		3.9915		3.8489		9.8919	6.3565
Jul-13			4.0925	3.8459	4.0252	3.8608	3.9888					3.9200		4.0506		3.9038		9.8919	6.3353
Aug-13			4.1120	3.8647	4.0446	3.8794	4.0081					3.9200		4.0700		3.9231		9.8919	6.3733
Sep-13			4.1152	3.8679	4.0479	3.8825	4.0113					3.9200		4.0787		3.9216		9.8919	7.3203

**New Jersey Natural Gas Company
Historical Service Interruptions
for BGSS Year 2012
(MFR#10)**

Tariff Condition	Period	Applicable Service Classes	# of cust	Reason(s)
Interruption	10/3/11 - 10/5/11	Interruptible Transportation	1	Operational
Daily Balancing¹	1/15/12	Interruptible Transportation	40	Operational & Economic

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

EXHIBIT JSS-3

NORTHERN DIVISION						CENTRAL DIVISION											
Month	Day	Texas		Tennessee	Columbia	NORTH	Texas		Transco	NUNG LNG	CENTRAL	TOTAL SENDOUT	Interruptible	Electric		FIRM SENDOUT	NOAA DEGREE DAYS
		Eastern	Algonquin				Eastern	Transco						Generation	SENDOUT		
Jan'12	3	35,779	12,073	34,964	1,996	84,812	387,186	33,459	51,692	472,337	557,148	8,575	35,632	512,941	44		
Jan'12	15	44,381	6,424	29,981	4,236	85,022	377,028	37,865	20,302	435,195	520,216	8,792	31	511,393	45		
Feb'12	12	32,825	7,041	28,847	2,554	71,267	351,643	26,529	521	378,693	449,960	11,604	0	438,356	36		
Jan'12	13	35,651	5,075	25,057	2,242	68,025	352,568	25,973	2,866	381,407	449,431	8,745	35,212	405,474	33		
Jan'12	21	45,377	4,726	23,377	2,557	76,037	350,597	20,776	1,435	372,808	448,845	10,867	0	437,978	39		
Jan'11	23	31,701	12,166	35,949	9,851	89,667	382,635	41,377	75,065	499,077	588,744	10	18,968	569,766	47		
Jan'11	22	25,609	11,944	35,830	9,848	83,231	392,488	41,414	65,928	499,830	583,061	0	28,146	554,915	47		
Dec'10	14	39,023	9,493	29,607	4,949	83,072	428,441	30,009	1,026	459,476	542,548	13,157	21,122	508,269	42		
Jan'11	24	24,708	11,904	35,808	9,817	82,237	389,757	41,438	4,125	435,320	517,557	11	25,939	491,606	41		
Dec'10	16	31,070	7,981	32,738	3,956	75,745	383,996	21,938	20,698	426,632	502,377	11,450	19,233	471,694	41		
Jan'10	2	40,474	5,302	35,784	2,506	84,066	443,832	30,650	13,305	487,787	571,853	6,625	26,708	538,520	41		
Jan'10	3	44,189	5,810	35,702	2,532	88,233	405,918	30,689	36,250	472,857	561,090	7,588	214	553,288	41		
Jan'10	30	38,031	5,967	35,781	4,882	84,661	361,797	33,936	67,893	463,626	548,287	0	0	548,287	47		
Dec'09	29	38,094	7,015	37,933	2,511	85,553	369,766	49,884	41,701	461,351	546,904	7,483	0	539,421	42		
Jan'10	29	38,887	5,971	35,747	4,841	85,446	346,658	33,409	79,315	459,382	544,828	0	0	544,828	44		

FISCAL YEAR 2012 STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES

DTI / CNG

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
11/21/11	CP12-19-000	Pending	Plain Intervention	DTI's Tioga Area Expansion Project – 270,000 dt/day for Shell & Virginia Oil & Gas (\$67mm)
11/21/11	CP12-20-000	Pending	Plain Intervention	DTI's Sabinsville to Morrisville Project – 92,000 TGP (\$16.7 mm)
02/10/12	CP12-59-000	Pending	Plain Intervention	Application for authority to establish a protective boundary for the Sabinsville Storage Pool
02/17/12	RP12-387-000	March 16, 2012 Order Accepting Tariff Record Subject to Condition -	Comments	Form of Service Agreement Revision to GSS in include term language for two years or less (Notice period)
02/17/12	CP12-72-000	Pending	Plain Intervention	Alleghany Storage Project for 125,000 dts/day of storage & transportation (\$112.3mm) in Marcellus Region - WGL, BGE, TW Phillips

NATIONAL FUEL

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/31/11	RP12-88-000	November 30, 2011 Order Accepting & Suspending Tariff Records Subject to Refund & Establishing Hearing Procedures	Plain Intervention	General Section 4 Rate Case Filing

STECKMAN RIDGE GAS STORAGE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
12/01/11	RP12-215-000	Accepted December 27, 2011 Order	Plain Intervention	Modify Section 8 of GTC re: ROFR process

TRANSCO

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
11/30/11	RP12-197-000	December 30, 2011 Order Accepting Tariff Record	Motion to Intervene & Protest	Gathering Rate Filing for transfer of Central Louisiana Gathering Facilities (CNLA) – tied to RP01-245 & RP06-569 settlements
12/14/11	CP12-30-000	Pending	Plain Intervention	Northeast Supply Link Project for 250,000 dts/day in Zone 6 from Leidy Line to 210 Market Pool in N.J. & existing delivery points in NYC (cost \$341mm)
01/11/12	RP12-302-000	February 9, 2012 Order	Plain Intervention	Revisions to Sections 2.4 & 2.5 of Rate Schedule FT regarding conversion of former PS & ACQ to FT (seasonal service)
02/14/12	RP12-382-000	Accepted April 12, 2012 Order	Plain Intervention	Market Area Pooling – Pro Forma Tariff Revisions (Sta 165 & Sta 210)
02/28/12	RP12-405-000	Accepted March 19, 2012 Order	Plain Intervention	Annual Fuel Tracker Filing
03/01/12	RP12-441-000	Accepted March 29, 2012 Order	Plain Intervention	Annual EPCA Tracker Filing
03/06/12	RP12-475-000	Accepted March 22, 2012 Order	Plain Intervention	Swing Supplier Tariff Provisions Filing
03/14/12	RP12-486-000	Accepted March 27, 2012 Order	Plain Intervention	Tariff Clarification & Update of Tariff Records – receipt & delivery point access on a secondary basis
03/30/12	RP12-571-000	Pending	Plain Intervention	Filing for Releasable Secondary Capacity
04/18/12	RP12-612-000	Pending	Plain Intervention	Annual SS-2 Storage Inventory Adjustment Filing
04/30/12	RP12-676-000	Pending	Plain Intervention	Compliance Filing for WSS-OA Replenishment Gas to either file limited Sec 4 or Informational Filing (from RP06-569 rate case)
05/08/12	RP12-726-000	Pending	Plain Intervention	LSS & SS-2 Tracker Filing eff May 1, 2012
05/08/12	RP12-727-000	Pending	Plain Intervention	LSS & SS-2 Tracker Filing eff June 1, 2012
05/11/12	RP12-731-000	Pending	Plain Intervention	Filing to Implement new Rate Schedule Firm Transportation – Production Area (FTP)

COLUMBIA GAS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
12/28/11	RP12-261-000	Accepted January 24, 2012 Order	Plain Intervention	Annual Environmental Rate Adjustment Filing (from RP95-408)
12/29/11	RP12-265-000	Accepted January 24, 2012 Order	Plain Intervention	Errata Filing to above RP12-261 Annual Environmental Rate Adjustment Filing (from RP95-408)
02/10/12	RP12-378-000	February 27, 2012 Order Approving Request for Waiver of Tariff Provision	Plain Intervention	Request for Limited Waiver of Filing Date for Annual TCRA Filing until May 1, 2012
02/20/12	RP12-388-000	March 22, 2012 Order -	Plain Intervention	Revise Sec 4.2 of GTC for authority to enter into prearranged sales of capacity, subject to bidding requirements
02/29/12	RP12-423-000	Accepted March 27, 2012 Order	Plain Intervention	Annual EPCA Filing
02/29/12	RP12-429-000	March 27, 2012 Order Accepting & Suspending Tariff Record Subject to Refund and Conditions and Further Review -	Plain Intervention	Annual Fuel (RAM) Filing
02/29/12	RP12-438-000	Accepted March 28, 2012	Plain Intervention	Negotiated Rate Filing with WGL
04/13/12	RP12-604-000	Pending	Plain Intervention	Annual TCRA Filing
04/13/12	RP12-605-000	Pending	Plain Intervention	Operational Transactions Rate Adjustment Filing (OTRA) – Northern Storage Issue
04/17/12	RP12-610-000	Pending	Plain Intervention	Negotiated Rate Agreement with South Jersey
05/03/12	RP12-719-000	Pending	Plain Intervention	Negotiated Rate Agreement with Northeast Natural Energy
05/04/12	RP12-724-000	Pending	Plain Intervention	ISS Implementation Filing
05/15/12	RP12-735-000	Pending	Plain Intervention	Negotiated Rate Agreement with Rice Drilling

COLUMBIA GULF

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
10/20/11	RP12-30-000	Accepted November 9, 2011 Order	Plain Intervention	Rate case RP11-1435 Interim Settlement Rates Filing
02/29/12	RP12-418-000	Accepted March 30, 2012 Order on Annual Transportation Retainage Adjustment Filing	Plain Intervention	Annual Fuel (TRA) Filing

TENNESSEE

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
11/10/11	RP12-144-000	Accepted December 2, 2011 Order	Plain Intervention	Filing to change name from TGP Company to TGP LLC
11/30/11	RP12-196-000	Pending	Plain Intervention	Annual Cashout Report 2010- 2011
12/9/11	RP12-232-000 - redocketed as RP11-1566- 008	Pending	Plain Intervention	Scheduling Priority Tariff provisions for scheduling of service categories below SOP which FERC accepted but TGP needed time to make computer changes (from RP11-1566 rate case)
12/9/11	CP12-28-000	Pending	Plain Intervention	MPP Project in Pa. for an additional 240,000 dts/day
02/02/12	CP12-55-000	March 26, 2012 Order Approving Abandonment	Plain Intervention	CP Filing to abandon certain inactive supply pipelines located in Eugene Island & Ship Shoal Areas of OCS (includes Triple T)
03/01/12	RP12-450-000	Accepted March 30, 2012 Order	Plain Intervention	Annual Fuel Tracker Filing (which includes EPCA)
03/23/12	RP12-514-000	Pending	Intervention & Protest	Scheduling Priority Pro-Forma Tariff Records
05/01/12	RP12-711-000	Pending	Plain Intervention	Regional Net Pipeline Position (RNPP) Filing

IROQUOIS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
01/06/12	RP12-295-000	February 3, 2012 Order Accepting & Suspending Tariff Records Subject to Refund & Conditions and Further Review -	Plain Intervention	New Allocation/Curtailment tariff language (from Cust. Working Group)

ANR PIPELINE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
12/05/11	CP12-24-000	January 11, 2012 Order Approving Abandonment of Service	Plain Intervention	ANR abandon obligation to perform transport service for approx. 8.5 miles in High Island Block – could end up related to CP11-543/544 interventions
01/31/12	RP12-360-000	Accepted February 23, 2012 Order	Plain Intervention	Revisions to Existing Pro- Forma Form of Service Agreements (PFSA) – Firm & IT stand-alone PFSA's
02/03/12	CP12-56-000	Order Approving Abandonment of Service March 29, 2012	Plain Intervention	Application to abandon any present and future obligation to perform transportation thru 7 miles from High Island Block A-552 to HIB A-539
03/01/12	RP12-442-000	Accepted March 27, 2012 Order	Plain Intervention	Annual Fuel & EPC Filing
03/02/12	RP12-471-000	March 30, 2012 Order Accepting Tariff Records, Subject to Conditions	Plain Intervention	Filing to revise GTC & FSA to accommodate contributions in aid of construction (CIAC) for shipper-owned facilities
03/30/12	RP12-551-000	Accepted April 27, 2012 Order	Plain Intervention	Annual DTCA Filing
04/24/12	RP12-629-000	Pending	Plain Intervention	Annual Operational Purchases and Sales Report (period ending Dec 31, 2011)
04/30/12	RP12-665-000	Pending	Plain Intervention	Annual Cashout Surcharge Filing
04/30/12	RP12-671-000	Pending	Plain Intervention	Filing of Non-Conforming Agreements with TVA

TEXAS EASTERN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/24/11	RP12-38-000	Accepted November 17, 2011 Order	Plain Intervention	Annual PCB Filing
10/31/11	RP12-89-000	Accepted November 22, 2011 Order	Plain Intervention	Annual ASA Filing
12/30/11	RP12-271-000	Accepted January 25, 2012 Order	Plain Intervention	Semi-Annual EPC Tracker Filing
01/19/12	RP12-318-000	February 16, 2012 Order Accepting Tariff Record Subject to Conditions -	Plain Intervention	Modify FTS-5 Pro-Forma Service Agreement (Indicated Shippers raised res. charge crediting policy)
02/16/12	CP12-68-000	March 21, 2012 Order Approving Abandonment of Service	Plain Intervention	Filing to abandon obligation to provide service on its undivided interests on certain supply laterals from High Island Block A-568 to HIB A-539
02/23/12	RP12-396-000	Accepted March 8, 2012 Order	Plain Intervention	Revise pro-forma service agreements for Rate Schedules FTS, FTS-2, FTS-4, FTS-5, FTS-7, FTS-8 and SS.
02/27/12	RP12-400-000	Accepted March 16, 2012 Order	Plain Intervention	Filing to (1) modify GT&C Section 3.13(B) to reflect an updated list of service agreements for which abandonment authorization is required before the agreements can be terminated, and (2) update various sections in Rate Schedules CDS, FT-1, IT-1, SS-1 and FSS-1 related to the conversion of Volume No. 2 service agreements to open-access service
03/01/12	RP12-446-000	Accepted March 30, 2012 Order	Plain Intervention	Filing to update GTC Sec 18 to delete Contract 830089 with Calpine Hidalgo Energy Center
03/07/12	RP12-476-000	Accepted April 2, 2012 Order	Plain Intervention	Modifications to Gas Quality Phase-In Provisions eff. April 7, 2012 (Somerset, Ky)
03/21/12	RP12-504-000	Accepted April 19, 2012 Order	Plain Intervention	NJRES Negotiated Rate Agreement 910531 for FT-1 89,000 dts/day April 1, 2012 to March 31, 2013 (rate is % of max rate formula)
03/29/12	RP12-533-000	Accepted April 18, 2012 Order	Plain Intervention	NJRES Negotiated Rate Agreement 910531 for FT-1 89,000 dts/day Apr 1, 2012

				thru March 31, 2013 (rate is % of max rate formula) – this supersedes RP12-504 above as footnote now contains agreed upon contractual ROFR
04/27/12	RP12-655-000	Pending	Plain Intervention	Filing of a Non-Conforming Service Agreement with EQT Energy

ALGONQUIN

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
10/24/11	RP12-39-000	Accepted November 30, 2011 Order	Plain Intervention	Annual (FRQ) Fuel Filing
11/02/11	RP12-128-000	December 2, 2011 Order Accepting Tariff Record & Non-Conforming Service Agreements Subject to Conditions	Plain Intervention	Supplemental Filing to Update List of Non-Conforming Agreements

MILLENNIUM

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
02/29/12	RP12-427-000	Accepted March 29, 2012 Order	Plain Intervention	Annual Fuel (RAM) Filing

ANR STORAGE COMPANY

<u>Filing Date</u>	<u>Docket</u>	<u>Order Date/Status</u>	<u>Type of Intervention</u>	<u>Description of Filing</u>
03/06/12	RP12-479-000	Pending	Intervention & Protest	Petition for Declaratory Order Authorizing Market-Based Rates & Request for Expedited Action (NJNG has storage on ANR Pipeline which comes from ANR Storage Company)

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

TINA M. TREBINO

MANAGER - REGULATORY AFFAIRS

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2013
BPU DOCKET NO. GR1206____
Direct Testimony of Tina M. Trebino**

I. Introduction

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

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

Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.

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

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

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

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

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

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

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

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

18 A. By way of this testimony, I am supporting the following sections of
19 the filing: (1) background of previous BGSS and CIP proceedings; (2)
20 BGSS projections and proposed price to be effective October 1, 2012; (3)
21 CIP prices to be effective as of October 1, 2012; (4) Balancing Charge to be
22 effective as of October 1, 2012; (5) miscellaneous items related to the
23 Company’s last rate case proceeding; and (6) the impact to customers of the
24 proposed price changes to be effective October 1, 2012.
25

II. Background from Prior Filings

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

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

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

A. In June 2011, NJNG filed a petition requesting that the BPU approve NJNG’s annual filing for the BGSS year of October 1, 2011 through September 30, 2012, BPU Docket No. GR11060331. That petition requested that the BPU approve a decrease in NJNG’s periodic BGSS rate of \$0.1230

1 per therm after-tax, thereby decreasing NJNG's BGSS after-tax rate of
2 \$0.8346 per therm to \$0.7116 per therm. The petition also requested a
3 decrease to the after-tax per therm balancing charge from \$0.0886 to
4 \$0.0844. The Company also requested modification of its CIP rates for fiscal
5 year 2012. Specifically, the petition requested that the BPU approve the
6 implementation of after-tax per therm CIP factors of \$0.0255 for Group I
7 Residential Non-Heat customers, \$0.0066 for Group II Residential Heat
8 customers, \$0.0464 for Group III General Service – Small commercial
9 customers, and \$0.0391 for Group IV General Service – Large commercial
10 customers, effective as of October 1, 2011. In September 2011, the BPU
11 approved the BGSS price, the balancing charge and CIP prices on a
12 provisional basis effective October 1, 2011. The net impact of the BGSS and
13 CIP price changes to a residential heat customer using 100 therms per month
14 was a 9.9 percent decrease. On May 23, 2012, the BPU approved a Final
15 Stipulation among the Parties to make the October 1, 2011 rates final.

16 In November 2011, a modification to NJNG's revenue recognition
17 process and lower cost wholesale natural gas pricing led NJNG to file
18 notification of a Periodic BGSS Bill Credit to be effective December 2011
19 and January 2012. In January 2012, NJNG filed notification to extend the
20 Bill Credit for those same customers through February 2012. Due to
21 continued lower wholesale natural gas prices, NJNG filed notification in
22 March 2012 to further implement the Bill Credit from March 15 through
23 March 31, 2012 and to lower the Periodic BGSS price effective April 1,
24 2012. As a result, the Company provided after-tax credits in December 2011
25 through March 2012 of approximately \$91 million to residential and small
26 commercial sales customers. An average residential heating customer was
27 estimated to receive a savings of approximately \$207 from the bill credits or

1 a nearly 17 percent reduction over the course of one year. The April price
2 decrease lowered customer bills by 3.6 percent, saving a residential heat
3 customer approximately \$44 based on annual usage of 1,000 therms.
4

5 **III. BGSS Projections**

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

8 A. Exhibit A to the Petition, which provides the details of the Company's
9 BGSS for the period October 1, 2011 through September 30, 2012, shows
10 that the estimated BGSS ending balance will be approximately \$13.4 million
11 under-recovered as of September 30, 2012.

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

14 A. Exhibit B to the Petition, which provides the details of the Company's
15 projections for the period October 1, 2012 through September 30, 2013
16 based upon May 10, 2012 NYMEX pricing, as requested by BPU Staff,
17 where applicable, shows that the estimated BGSS ending balance will be
18 approximately \$6.5 million under-recovered as of September 30, 2013.
19 Should market conditions change and as permitted in the Generic BGSS
20 Order, the Company will consider utilization of the self-implementing BGSS
21 price increases or decreases, credits or refunds.
22

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

3 A. The Company proposes to maintain the current pre-tax periodic BGSS
4 price of \$0.6244 per therm. If approved, the current after-tax price of
5 \$0.6681 per therm will remain in effect until further modification by the
6 Company or the Board.

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

8 **Q. PLEASE DESCRIBE THE RATE STRUCTURE OF THE CIP.**

9 A. Approved by the Board in Docket No. GR05121020 in a December
10 12, 2006 Order and extended in its January 21, 2010 Order (“CIP Orders”),
11 the CIP rate mechanism provides a rate adjustment related to changes in the
12 average use per customer when compared to a pre-established benchmark,
13 allowing NJNG to encourage customers to conserve energy. The Testimony
14 of Anne-Marie Peracchio within this filing describes the programs NJNG
15 has implemented to encourage customers to conserve energy, along with the
16 results of those programs. Pursuant to the Company’s Tariff approved in the
17 Board’s October 3, 2008 Order within the Company’s last base rate case
18 proceeding in Docket No. GR07110889 (“Rate Case Order”), the CIP is
19 applicable to each of the following customer groups:

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

24 Pursuant to the CIP Orders, the margin deficiency or excess for each
25 group is calculated each month by subtracting the baseline usage per
26 customer according to the Company’s Tariff from the actual usage per
27 customer and multiplying the resulting therms by the actual number of

1 customers and the allowed margin recovery per therm. The October 2011
2 through September 2012 CIP margin deficiency/excess calculations for each
3 group, with actual data through April 2012 and projected data for the
4 remaining five months, are included as Exhibit C, Schedules 1 through 4 to
5 the Petition.

6 **Q. PLEASE DESCRIBE THE WEATHER EXPERIENCED THIS YEAR**
7 **AND ITS IMPACT ON CIP.**

8 A. For the period October 2011 through April 2012, NJNG experienced
9 its warmest winter on record with every month being significantly warmer
10 than normal. Specifically, weather for this period was 21.2 percent warmer
11 than normal and 21.7 percent warmer than the previous year. Due to the
12 extremely mild weather, customer usage has been significantly less than the
13 CIP benchmark usage resulting in a greater CIP margin deficiency than
14 recent years.

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

16 A. Pursuant to the CIP Orders, NJNG must achieve a level of BGSS
17 savings greater than or equal to the non-weather related reductions in usage
18 in order to recover the full margin deficiency associated with those
19 reductions. To determine the non-weather margin deficiency, the Company
20 has calculated the weather related margin deficiency on Exhibit C, Schedule
21 5 to the Petition. Fixed consumption factors per degree day included in the
22 CIP Tariff are divided by the number of customers associated with the
23 consumption factors to determine the fixed consumption factors per degree
24 day per customer. The fixed consumption factors per degree day per
25 customer are multiplied by the actual number of customers to determine the
26 associated consumption factors per degree day. The consumption factors
27 associated with actual customers are multiplied by the variance of the actual

1 degree days from the degree days included in the CIP Tariff and the margin
2 factors to determine the weather margin deficiency. The total CIP deficiency
3 for the 2011-2012 CIP year is \$42.9 million of which \$28.4 million is
4 related to weather. Exhibit C, Schedule 6 to the Petition demonstrates that
5 the estimated margin related to the non-weather change in customer usage is
6 \$14.5 million.

7 **Q. DO YOU HAVE ANY ADDITIONAL COMMENTS ON THE**
8 **APPLICATION OF THE BGSS SAVINGS TEST?**

9 A. Yes. The BGSS savings does not provide for carrying over unused
10 BGSS savings to subsequent years. Due to the potential impacts of extreme
11 weather and other factors on the CIP calculations, the ability to carry-over
12 BGSS savings would allow the Company to offset non-weather impacts that
13 may be overstated due to extreme warm weather. For instance, over the last
14 four years, NJNG has generated in excess of \$10 million of BGSS savings
15 over and above the level required to offset non-weather CIP impacts.

16 **Q. HAS THE COMPANY MADE ANY MODIFICATIONS**
17 **APPLICABLE TO BGSS SAVINGS?**

18 A. Yes. Per Exhibit E of the Stipulation approved in the January 21, 2010
19 CIP Order, NJNG has released various capacity contracts through March 31,
20 2013. NJNG has the option to extend the term of the releases for an
21 additional one year period with notification by January 31, 2013. NJNG is
22 exercising that option and extending the related releases through March 31,
23 2014. The BGSS savings associated with the extension are approximately
24 \$1.4 million for the October 2012 through September 2013 and October
25 2013 through September 2014 CIP Recovery periods.

26 Additionally, NJNG restructured a 40,000 dth per day Dominion
27 Transmission, Inc. contract that expired on October 31, 2011 and reduced

1 the volume by 20,000 dth per day effective November 1, 2011. The details
2 of the restructuring were explained in the testimony of Jayana S. Shah in the
3 Company's BGSS and CIP filing in BPU Docket No. GR11060331. The
4 restructuring of this contract results in reductions in fixed capacity costs
5 through the reduction in firm capacity on a long term basis, a category of
6 potential BGSS gas costs savings. The annual demand cost savings
7 associated with this reduction in capacity for the 2012-2013 CIP year and
8 beyond will be \$1,032,957.

9 The extension of the existing capacity releases and the restructuring of
10 the Dominion contract are reflected in the BGSS savings in Exhibit C,
11 Schedule 6 to the Petition.

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

14 A. Yes. The total BGSS savings are nearly \$14.9 million for the October
15 2012 through September 2013 CIP recovery period. Since the non-weather
16 portion of \$14.5 million is less than the total BGSS savings of \$14.9 million,
17 the Company has met the BGSS savings test.

18 **Q. PLEASE DESCRIBE THE CIP RETURN ON EQUITY ("ROE")**
19 **TEST.**

20 A. Based on the Tariff approved in the Rate Case Order, NJNG cannot
21 recover any portion of its margin deficiency that will cause the Company to
22 earn in excess of a 10.3 percent return on common equity for the annual
23 period of the CIP year. Additionally, any portion of the margin deficiency
24 which is not recoverable shall not be deferred for future recovery. Exhibit C,
25 Schedule 7 to the Petition includes the calculation of the ROE test with
26 actual data for the six months ended March 2012 and estimated data for the
27 six months ended September 2012 and shows that the estimated ROE for the

2011-2012 CIP year is 9.89 percent. Therefore, since the estimated ROE of 9.89 percent is less than the 10.3 percent ceiling, NJNG is entitled to fully recover its CIP deficiency.

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

A. The CIP surcharge or credit for each group is determined by dividing the eligible aggregate margin deficiency or excess, adjusted for any under or over recovery of prior period CIP collection, by the forecasted annual usage of each group for October 2012 to September 2013. The following table shows the existing after-tax rates, proposed after-tax rates and change for each CIP Group:

<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	\$0.0255	\$0.0152	(\$0.0103)
Group II	Residential Heat	\$0.0066	\$0.0352	\$0.0286
Group III	General Service - Small	\$0.0464	\$0.0850	\$0.0386
Group IV	General Service - Large	\$0.0391	\$0.0681	\$0.0290

The Company is requesting an effective date of October 1, 2012 for the above proposed rates consistent with the other proposed changes in this filing.

V. Balancing Charge

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

A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be adjusted in the Company's annual BGSS filing and is subject to review as part of such filing. The calculation of the balancing rate is presented in Exhibit D to the Petition and reflects updated pipeline demand charges, credit adjustments and percentage of peak day volume related to balancing associated with the pipeline demand portion of the balancing charge. Also, in accordance with the Rate Case Order, the portion of the charge related to inventory is not updated. The Company proposes increasing its current after-tax per therm balancing charge of \$0.0844 to \$0.0898. All balancing revenues from transportation customers continue to be credited to the BGSS as shown in Schedule 4g of Exhibits A and B. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

VI. Miscellaneous

Q. PLEASE DESCRIBE THE PIPELINE INTEGRITY MANAGEMENT ("PIM") REQUIREMENTS FROM THE COMPANY'S LAST RATE CASE AS IT RELATES TO BGSS.

A. Pursuant to the Rate Case Order, the Company included in base rates an annual amount of \$1.4 million for Operation and Maintenance ("O&M") costs associated with PIM regulations and compliance. Effective October 1, 2008, the Company is to record, as either a deferred regulatory asset or liability, the difference between the amount included in base rates and the actual PIM O&M costs incurred. NJNG cannot charge the deferred asset for

greater than \$700,000 in any year. Additionally, NJNG must reflect any regulatory liability in its entirety, and if the accumulated PIM deferral balance results in a liability greater than \$1 million, the Company is to reflect the full reduction in rates in the next annual BGSS filing as a credit to gas costs. The accumulated deferral is to be tracked and reported in the Company's annual BGSS filing.

Q. PLEASE EXPLAIN THE PIM RESULTS.

A. As shown on Exhibit TMT-1, the Company has incurred nearly \$2.1 million of PIM expenses for the twelve months ended September 30, 2011 resulting in a deferred regulatory asset of approximately \$670,000. The Company is currently projecting PIM expenses of \$2.016 million for the twelve month ended September 30, 2012 resulting in a deferred regulatory asset of approximately \$616,000. Since the annual deferred asset balances are less than \$700,000, the entire amounts are deferred.

VII. Impact on Customers

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

A. The proposed CIP rate for Group II residential heat customers results in an overall \$2.86 or 2.4 percent increase to the total monthly 100 therm bill for a residential heat sales customer. Exhibit G to the Petition and Exhibit TMT-2 provide the supporting calculations. Residential heat transportation customers will have a 2.9 percent increase due to the changes in the CIP and Balancing rates.¹

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

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

4 A. The proposed CIP rate for Group I residential non-heat customers
5 results in an overall decrease of 0.7 percent to the total monthly 25 therm bill
6 for a residential non-heat sales customer. Residential non-heat transportation
7 customers will have a 0.3 percent decrease due to the changes in the CIP and
8 Balancing rates.²

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

12 A. The proposed CIP rate for Group III General Service – Small (“GSS”)
13 customers results in an overall 2.9 percent increase to the total monthly 100
14 therm bill for a GSS sales customer. GSS transportation customers will have
15 a 3.1 percent increase due to the changes in the CIP and Balancing rates.³

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

19 A. The proposed CIP rate for Group IV General Service – Large (“GSL”)
20 customers results in a 2.9 percent increase for GSL sales customers using
21 1,200 therms per month. GSL transportation customers will have a 2.7
22 percent increase due to the changes in the CIP and Balancing rates.⁴

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

24 A. Yes.

² Id.

³ Id.

⁴ Id.

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

Expense Type	Actual	Actual	Actual	Actual	Forecast
	FY 2009	FY 2010	FY 2011	Oct 11 - Apr 12	FY 2012
* Labor	\$407,647	\$498,428	\$511,829	\$329,313	\$517,282
**Non Labor	\$1,415,093	\$1,601,251	\$1,558,453	\$595,779	\$1,498,936
Total O&M	\$1,822,740	\$2,099,679	\$2,070,282	\$925,092	\$2,016,218
	FY 2009	FY 2010	FY 2011		Estimated
					FY 2012
Deferred PIM Expenses	\$422,740	\$699,679	\$670,282		\$616,218

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

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

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

**New Jersey Natural Gas Company
Basic Gas Supply Service
BPU Docket. GR1206
Impact on Residential Customers**

	Current Prices	Proposed Prices October 1, 2012	Increase	Percent Increase
Total Variable Rate \$ per therm ¹	\$1.0992	\$1.1278	\$0.0286	
Total Bill 100 therms ²	\$118.17	\$121.03	\$2.86	2.4%
<u>1000 therm bill</u>				
Annual Bill ²	\$1,198.20	\$1,226.80	\$28.60	2.4%

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.

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

ANNE-MARIE PERACCHIO

DIRECTOR – CONSERVATION AND CLEAN ENERGY POLICY

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND REVIEW AND REVISION
OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2013**

BPU DOCKET NO. GR1206_____

Direct Testimony of Anne-Marie Peracchio

Introduction

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

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

Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.

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

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

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

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

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

21 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY**
22 **PROCEEDINGS?**

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

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

3 A. By way of this testimony, I am explaining and providing support for the
4 following sections of the filing: (1) background of the Conservation
5 Incentive Program (“CIP”); (2) an overview of the NJNG’s CIP program
6 activity over the past year; (3) an update on CIP expenditures to date; and
7 (4) an update on plans for future CIP activities. The testimony of Tina M.
8 Trebino also filed within this proceeding discusses the CIP tariff mechanism,
9 recent results and proposed rates for October 1, 2012 implementation.

10 **CIP BACKGROUND**

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

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

1 budget of \$575,000 to be spent on CIP programs. Any unspent balance of
2 this annual amount is to be carried-over into the next CIP year.

3
4 **PROGRAM ACTIVITY**

5 **Q. IS THE COMPANY CONTINUING ANY PROGRAMS FROM THE**
6 **INITIAL PILOT PERIOD?**

7 A. Yes. The Company is continuing to promote and fund the following CIP
8 programs:

- 9 • **Conserve to Preserve (“CTP”) Dashboard:** Our current CTP
10 Dashboard service allows residential customers to analyze their
11 bills, perform online audits, and access other energy saving tools
12 and guidelines. Attachment AMP-1 provides summary data on the
13 use of the CTP Dashboard. As noted last year, NJNG is still using
14 the original vendor and intends to provide a comparable service
15 for the remaining term of the CIP. The Company continues to
16 review services available from other vendors, but is hoping for
17 further clarity on long term management of the NJCEP program
18 before reaching any decisions about a potential change in
19 providers because of the substantial resource commitment and set-
20 up fees involved in the programs. NJNG anticipates that any
21 review of new services will include consideration of the new
22 “Green Button” program that is currently being promoted as a
23 national standard and should provide more opportunity for
24 increased functionality in mobile devices. Dashboard usage over
25 this past year has declined but we believe this is primarily
26 attributable to lower gas bills as a result of the significantly milder

1 winter and reduced gas prices. NJNG also develops and distributes
2 promotional materials for the CTP Dashboard.

- 3 • **Conserve to Preserve Business Online.** A comprehensive online
4 resource for commercial customers, CTP Business Online
5 provides industry-specific information, featuring emerging
6 technologies and business applications in one, well-organized
7 location. It includes links to financial and technical assistance for
8 NJCEP programs, benchmarking and energy audit
9 recommendations by sector, a monthly energy newsletter and
10 other tools. NJNG also develops and distributes promotional
11 materials for this service.

- 12 • **Community outreach.** The CIP funds for these activities are used
13 in the production of pocket tip cards promoting NJNG's programs,
14 the payment of certain exhibit fees, expenses for the Energy Hog
15 Road Show and other customer contests. This category also
16 includes the costs associated with significant outreach activities by
17 NJNG to communities participating in Sustainable Jersey and the
18 NJCEP Community Partners Initiative. Through our Speakers
19 Bureau program alone, we have conducted more than 60
20 presentations that directly reached more than 5,500 customers.
21 This number doesn't reflect the activity of our SAVEGREEN
22 Project® team that has participated in an additional 60 events and
23 presentations already this year. The Company has also reached
24 thousands more customers through participation in dozens of
25 business expos, conferences, forums, and green fairs and at large
26 events like Ocean Fun Days and staffing outreach tables at
27 Lakewood Blue Claws minor league baseball games.

- 1 • **E-tips.** The expenses related to the external service used to
2 distribute E-tips, our optional conservation e-mail newsletter, and
3 other minor promotional expenses are included in this category.
4 Attachment AMP-2 reflects the monthly topic for each issue, as
5 well as the relevant statistics on the messages sent. The Company
6 currently has nearly 66,000 customers registered to receive the E-
7 Tip service. While this subscription level appears to reflect a lack
8 of growth, we actually continue to add new subscribers each
9 month. However, that growth was effectively offset by a late 2011
10 effort to clean up the subscription list to eliminate inactive e-mail
11 accounts.
- 12 • **Employees/contractors as champions.** The increase in expense
13 for this category directly results from a significant shift in focus in
14 direct engagement with local contractors. NJNG's experience with
15 The SAVEGREEN Project® has significantly improved the
16 Company's knowledge of contractor activity in the marketplace.
17 More than 9 out of every 10 of the high-efficiency installations are
18 performed through the stand-alone WARMAdvantage channel.
19 Further, many of the contractors promoting the WARMAdvantage
20 channel to customers are only submitting a handful of rebates,
21 indicating that many continue to focus only on standard equipment
22 installations. In an effort to encourage more contractors to
23 promote the benefits of the whole house approach, NJNG has
24 increased its efforts in working with the Eastern Heating and
25 Cooling Council (EHCC), the official contractor outreach partner
26 for NJCEP. Within the past twelve months alone, this robust
27 contractor training program has helped hundreds of contractors

1 increase their knowledge of energy-efficiency practices in such
2 areas as “orphan water heaters”, Manual J calculations (proper
3 sizing of equipment), and new national furnace requirements.
4 Many of these classes offer contractors Continued Education
5 Credits toward their Building Performance Institute (“BPI”)
6 certifications. Several of these courses that were initially
7 developed for NJNG have been deemed so successful that NJCEP
8 has chosen to promote them in other areas of the state. Recently,
9 NJNG has teamed up with Isles’ Center for Energy and
10 Environmental Training to offer other courses not offered through
11 EHCC such as Home Performance, Weatherization & Healthy
12 Homes.

13 This CIP category also includes the production of supporting
14 promotional materials, primarily information pads to be carried by
15 NJNG field employees and contractors for distribution to targeted
16 customers, and for some employee incentive drawings. The
17 employee incentive drawings are generally for employees with
18 direct customer contact to encourage them to be stronger advocates
19 for proactively promoting energy conservation. The participating
20 employees track this proactive outreach and must achieve certain
21 minimum targets to be eligible for inclusion in the drawing. The
22 required target levels have escalated over time to reach more
23 customers and, equally as important, to have this outreach become
24 integrated into the employees’ routine interactions with customers.

- 25 • **Community Rewards.** This is the school/not-for-profit
26 fundraising program through which community groups can raise
27 money for their organization by directly referring NJNG

1 customers to use the CTP Dashboard. Participating groups register
2 to drive activity to the service and promote it within their
3 community group. The supporting community group receives \$5
4 for each successful referral and earns bonus incentives for
5 achieving certain thresholds. NJNG continues to support the
6 concept of using community groups to help share the message but
7 may seek to refresh the approach over the coming year.
8 Community groups have enthusiastically supported our “Save
9 Energy. \$ave Money. Win Prizes!” promotion described further
10 below.

11 **Q. BEYOND THESE INITIAL PROGRAMS, WHAT ELSE HAS THE**
12 **COMPANY PURSUED AS CIP PROGRAMS FOR THE 2012 CIP**
13 **YEAR?**

14 A. NJNG is enthusiastic about several new programs recently developed,
15 including the following:

- 16 • **Save Energy. \$ave Money. Win Prizes!** As part of an effort to
17 improve overall awareness of the available energy-efficiency
18 programs in the state (including ENERGYSTAR, NJCEP, and
19 NJNG offers) and to enhance education about conservation for
20 residential customers, NJNG launched this on-line promotion,
21 whereby registrants have the opportunity to win instant prizes or a
22 sweepstakes prize. Our 2011 program featured more than 100
23 different questions for customers to answer on energy efficiency
24 and conservation in which over the 90 day promotion period, more
25 than 5,000 customers participated and collectively answered more
26 than 100,000 questions. NJNG has kept the core concept of this
27 program for 2012 but shifted to a matching game format and

1 expanded the number of tips to 180. In just the first 30 days, we
2 had more than 3,000 people play and collectively match more than
3 65,000 tips. Additionally, to reach customers who may not have
4 responded to our CTP messages through traditional utility
5 channels, both promotions were designed with a referral feature
6 and some community organization prizes. The 2012 promotion
7 also features an optional customer survey to collect additional data
8 from customers relevant to our energy-efficiency offerings.

- 9 • **Efforts with Sustainable Jersey** With just over 3 years of history,
10 Sustainable Jersey (“SJ”) has already demonstrated its
11 effectiveness in promoting and influencing energy efficiency. As
12 of May 15, 2012 there are more than 361 New Jersey
13 municipalities (nearly 60 percent of the total in the state) registered
14 to participate in the SJ certification process and 108
15 (approximately 20 percent) have attained certification. The CIP
16 program included sponsorship of SJ. SJ has promoted NJCEP and
17 NJNG energy-efficiency initiatives on its Web site, through
18 newsletters, and exposure at training sessions. SJ has joined NJNG
19 to provide a broader outreach at some of our larger community
20 events, such as Ocean Fun Days and smaller settings like the
21 Monmouth Ocean Development Council Clean Energy Seminar.
22 They are also leading a new effort to encourage towns to hold
23 campaigns supporting the NJCEP Home Performance with Energy
24 Star Program and the Direct Install program.

- 25 • **See the Light Toolkit**

26 Earlier this year, NJNG announced a new free energy conservation
27 pilot program for up to 30 schools and/or municipalities within its

1 service territory. The *See the Light* energy awareness program,
2 developed by KCG Energy LLC, is a behavior-based energy-
3 efficiency solution that helps schools and municipalities reduce
4 their energy costs and carbon footprint by introducing energy-
5 efficient best practices and instilling a culture of conservation
6 among employees and students. Each *Toolkit* contains tangible
7 tools and on-line materials, including energy benchmarking
8 software, a how-to handbook, energy tips, posters and training
9 resources for students and staff. By using these resources, schools
10 and municipalities can adopt proven energy-efficient best practices
11 that reduce waste and help improve their bottom line. Additionally,
12 the *Toolkit* can help identify which measures may be eligible for
13 valuable incentives from NJCEP. This is another good example of
14 the working relationship with SJ as they offer certification points
15 for participating municipalities. NJNG already has a few
16 participants signed up but expects to see an increased interest
17 resume in the fall of 2012.

- 18 • **Discounted on-line store.** NJNG launched a co-branded on-line
19 store integrated with the existing NJCEP lighting store hosted by
20 Energy Federation Incorporated (EFI). This co-branded website
21 allows the Company to offer discounts on other energy-efficiency
22 products (e.g., Watersense® products and insulation materials) and
23 lets the customer combine those with the purchase of NJCEP
24 products. The vendor generally offers utilities a revenue sharing
25 opportunity but NJNG will pass that discount along to our
26 customers. Additionally, we periodically offer incremental
27 discounts on specific products through this program.

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

4 **A.** Yes. In late 2006, NJNG's redesigned Web site was launched. More
5 information about conservation is now included, with additional links from
6 various sections of the Web site back to the conservation pages. Due to the
7 relaunch, the statistics are not directly comparable to the 2005 statistics but
8 from the data shown on Attachment AMP-3, it is clear that traffic to that
9 section of the site continues to increase as a result of the expanded program
10 offerings and continued promotion. Fiscal 2011 customer activity in the
11 energy-efficiency related sections of our Web site was more than ten times
12 greater than the level recorded for Fiscal 2006. To date, activity for fiscal
13 2012 appears to be relatively stable in comparison to fiscal 2011. NJNG
14 attributes this slower growth to the lower winter heating bills last season
15 generating less concern about seeking energy-efficiency solutions.

16
17 **CIP EXPENDITURE UPDATE**
18

19 **Q. DID THE COMPANY SPEND THE FULL PROGRAM FUNDING**
20 **COMMITMENT OF \$575,000 FOR FISCAL 2011?**

21 **A.** No. NJNG spent \$482,291 as of September 30, 2011. When considered with
22 a previous carryover balance, this resulted in a carryover of \$93,732 in
23 funding for 2012 programming, resulting in \$668,732 available for
24 programming for fiscal 2012. See Attachment AMP-4, page 2 of 2 for the
25 final summary of expenses and carry-over calculation.
26

1
2 **Q. WHAT HAS THE COMPANY EXPENDED ON THE CIP**
3 **PROGRAMS FOR THIS FISCAL YEAR?**

4 A. As of May 31, 2012, NJNG has recorded expenses of approximately
5 \$366,356 for the 2012 CIP year. A summary of expenses by category is
6 included as Attachment AMP-4, page 1 of 2.

7 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$668,732**
8 **ON THE CIP PROGRAM FOR THIS FISCAL YEAR?**

9 A. No. NJNG expects some minor carry-over of funding that will increase the
10 amount of program funding available in future years. Projected expenses for
11 the remainder of the year are reflected on Attachment AMP-4, page 1 of 2.

12
13 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

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

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

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

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

- 25 • **Supporting other statewide efforts.** NJNG is continuing to
26 monitor other efforts within the state that support energy
27 efficiency, including the recent grants that the NJ Department of
28 Environmental Protection (“DEP”) received for a sustainability

1 program for the hotel industry and an New Jersey Institute of
2 Technology grant for resources focused on supermarkets. NJNG is
3 determining the feasibility of supporting or enhancing such efforts.
4 As an example, the DEP grant is intended to focus on small- and
5 medium-sized hotels in Cape May and Atlantic Counties. Given
6 the significant tourism industry along our shoreline in Ocean and
7 Monmouth Counties, the Company is interested in finding out
8 what energy efficiency elements from this effort NJNG might also
9 be effective in those communities. Additionally, NJNG staff is
10 participating in organizations such as the Consortium for Energy
11 Efficiency and attending various events as the U. S. Department of
12 Energy summer conferences to identify interesting and applicable
13 approaches or potential services used in other jurisdictions.

- 14 • **Expanded outreach to realtor community.** Over the past 3 years,
15 our SAVGREEN[®] team has been performing focused outreach to
16 our realtor community by visiting individual offices. We've
17 learned that realtors are a key audience because they connect with
18 so many customers and are often the touch point to make
19 prospective homeowners aware about the energy efficiency profile
20 of a home. As such, NJNG is investigating the potential to expand
21 its outreach to this community through trainings (similar to our
22 contractor programs) and will increase attendance at conventions,
23 exhibits, and business association venues.
- 24 • **Targeted mailing to low income customers.** NJNG can identify
25 Universal Service Fund Recipients who have not participated in
26 the NJCEP Comfort Partners program. Despite extensive outreach

1 efforts, many such customers have not yet applied to participate in
2 Comfort Partners. Last year, in an effort to engage their interest
3 and enhance the focus on the available energy-efficiency materials
4 and programs, NJNG conducted a direct mail campaign to this
5 targeted group that included a letter describing the program, an
6 application, and a small conservation-related product. The three-
7 fold approach was intended to increase the likelihood that the
8 materials would be opened and be used to establish a mindset of
9 energy savings, hopefully serving to lower the customer's energy
10 bills as soon as possible. NJNG is likely to fund a similar program
11 this year but may consider limiting distribution to just eligible
12 customers who did not receive last year's product.

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

14 **A. Yes.**

2012													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Residential	Total Unique Users	497	446	143	125								1211
	Total Return Users	166	167	88	53								474
	IBP L1 Completions	132	446	143	125								846
	IBP Return Users	168	170	92	55								485
	Change in L1 IBP over 2010	-83%	-32%	-79%	-78%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	
	New HEC L1 Profile	47	41	17	16								121
	HEC Return Users	45	44	21	22								132
	Change in L1 HEC over 2010	-73%	-75%	-86%	-74%	-100%	-100%	-100%	-100%	-100%	-100%	-100%	
	Bill History Users	96	67	32	26								221
	Bill Comparison Users	65	33	16	13								127
Promotion- Web Tools													

[illegible]

[illegible][illegible]



NJNG Promotion Tracking

2008													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Residential	Total Unique Users	875	863	625	471	553	626	568	474	548	1,178	1,918	9,567
	Total Return Users	100	145	148	111	112	139	129	117	191	309	341	1,979
	IBP L1 Completions	479	468	227	139	211	172	165	121	191	405	644	4,553
	IBP Return Users	76	125	142	96	103	125	122	108	133	292	333	1,837
	Change in L1 IBP over 2007												
	New HEC L1 Profile	438	354	184	102	131	133	116	97	119	426	929	3,303
	HEC Return Users	44	64	50	31	38	41	26	33	33	102	128	642
	Change in L1 HEC over 2007	630%	500%	328%	67%	0%	1378%	-39%	246%	113%	996%	806%	868%
	Bill History Users	184	203	101	73	83	70	68	68	73	137	188	414
	Bill Comparison Users	160	199	107	60	74	75	52	62	58	107	170	354
	Bill Prism-CSR Sessions	0	0	70	96	416	85	49	64	30	14	8	859
	Promotion- Web Tools											\$5000 Home Makeover Contest, Newsletter	
	Promotion- CSR Tools			CSR Launch									

2007													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Unique Users	150	128	131	131	197	76	322	115	128	101	106	222	1,807
Total Return Users													0
IBP L1 Completions												83	83
IBP Return Users												20	20
Change in L1 IBP over 2006													
New HEC L1 Profile	60	59	43	61	131	9	190	28	56	25	47	96	805
HEC Return Users	12	7	9	16	46	3	11	7	10	7	8	23	159
Change in L1 HEC over 2006	-71%	-54%	-38%	165%	297%	-64%	375%	-10%	17%	-68%	-63%	-22%	-14%
Bill History Users												53	53
Bill Comparison Users												46	46
Promotion- Web Tools									Website Redesign			Bill Prism Launch	

2006													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Unique Users	315	214	166	84	104	116	114	70	108	153	195	215	1,854
New HEC L1 Profile	206	129	69	23	33	25	40	31	48	79	126	123	932
HEC Return Users	14	12	12	3	3	1	6	3	4	4	10	8	80
Change in L1 HEC over 2005	81%	-12%	-44%	-74%	-27%	-36%	29%	-52%	-48%	-67%	-38%	-56%	-36%
Promotion- Web Tools						Newspaper Ads BPU ran an add in several NJ newspapers publishing the NJ Energy Smart number in reference to several NJ Clean Energy Programs							

2005													
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Unique Users	227	232	264	241	97	101	57	102	208	417	334	406	2,686
Residential Level 1	114	146	124	90	45	39	31	64	92	237	203	279	1,464
Total Return Users	13	15	17	11	4	5	7	3	27	48	17	23	190
Change in Level 1 over 2004	-17%	-32%	-25%	20%	105%	95%	63%	167%	188%	216%	111%	282%	54%
HEC Promotion		Newspaper, Radio, Transit Posters	Newspaper, Radio, Transit Posters					egran went out 9/29		from HDMC- NIBPU asked audit's to include a "Energy Savings Tips" bill insert. has number for this program. HDMC starting to see some audit requests coming in.			

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
Total Unique Users	195	314	244	117	58	55	52	44	71	151	220	181	1,702
Total HEC Level 1	137	214	165	75	22	20	19	24	32	75	96	73	952
Total Return Users	34	27	35	12	6	10	5	4	7	10	9	7	166
Change in Level 1 over 2003 HFC Promotion	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	52%	63%	-60%	-62%	90%

[illegible]

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									
Month	Email name	Sent	Bounces	Net Sent	Spam	Opt-outs	Opt-out %	Opens	Open %	Clicks	Click %
Jan-2007	Cost Cutter Kit	18,746	1,105	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		1,628	34.4%	226	13.9%
Mar-2007	Zero Percent Financing	5,653	86	5,567		8		1,634	29.4%	161	9.9%
Apr-2007	Federal Tax Incentives	7,069	148	6,921		5		2,347	33.9%	376	16.0%
May-2007	NJCEP air conditioning rebates	8,456	214	8,242		9		2,477	30.1%	239	9.6%
Jun-2007	Green team contest	9,489	236	9,253		3		2,616	28.3%	59	2.3%
Jul-2007	Home Energy Analysis	10,322	297	10,025		21		2,657	26.5%	435	16.4%
Aug-2007	Watersense	11,750	323	11,427		7		3,076	26.9%	210	6.8%
Sep-2007	Energy Hog	12,579	397	12,182		10		3,057	25.1%	398	13.0%
Oct-2007	Change a Light	12,462	541	11,921		7		2,950	24.7%	327	11.1%
Nov-2007	High Effic. Upgrades	13,176	590	12,586		6		3,118	24.8%	387	12.4%
Dec-2007	Discounted conservation kit	13,722	648	13,074		8		3,039	23.2%	308	10.1%
Jan-2008	CTP Dashboard	15,615	663	14,952		12		3,852	25.8%	483	12.5%
Feb-2008	Energy Guardian	16,614	753	15,861		19		4,161	26.2%	910	21.9%
Mar-2008	Enhanced HPES offer	18,238	826	17,412		9		4,627	26.6%	296	6.4%
Apr-2008	Kids and Conservation	20,074	962	19,112		14		4,578	24.0%	186	4.1%
May-2008	NJCEP rebates	21,931	997	20,934		6		7,231	34.5%	945	13.1%
Jun-2008	EE for Buying/Selling your home	23,035	1,130	21,905		47		5,251	24.0%	308	5.9%
Jul-2008	Water Heating/Pools	24,192	1,108	23,084		25		5,947	25.8%	479	8.1%
Aug-2008	Do-It - Yourself	25,040	1,216	23,824		25		6,227	26.1%	797	12.8%
Sep-2008	Preseason maintenance	26,035	1,152	24,883		20		6,601	26.5%	158	2.4%

NJNG E-tips Statistics

Attachment AMP-2
Page 2 of 4

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%
Apr-2009	Spring Cleaning/NJCEP clothes washer incentives	38,935	1,984	36,951	34	115	0.3%	9,172	24.8%	354	3.9%
May-2009	Facts about CFLs/ promotion of NJCEP's GNJR Team	39,073	1,694	37,379	32	105	0.3%	9,312	24.9%	549	5.9%
Jun-2009	Vacation energy saving tips	40,272	1,783	38,489	32	103	0.3%	9,381	24.4%	484	5.2%
Jul-2009	water heater savings	41,251	1,853	39,398	21	101	0.3%	10,247	26.0%	857	8.4%
Aug-2009	refrigerator rebates	42,296	1,964	40,332	19	118	0.3%	10,572	26.2%	411	3.9%
Sep-2009	Computer savings	44,420	2,117	42,303	23	126	0.3%	11,611	27.4%	608	5.2%
Oct-2009	Launch of SAVGEGREEN incentives	45,439	2,157	43,282	16	120	0.3%	12,124	28.0%	726	6.0%
Nov-2009	CTP Dashboard and Sustainable Jersey	46,238	2,807	43,431	23	140	0.3%	10,879	25.0%	425	3.9%
Dec-2009	Seasons Greetings- Energy Savings	47,061	2,358	44,703	31	115	0.3%	10,835	24.2%	1,083	10.0%
Jan-2010	Safety and Savings	48,476	2,423	46,053	27	138	0.3%	11,814	25.7%	574	4.9%
Feb-2010	Federal Tax Incentives	50,195	2,543	47,652	34	116	0.2%	12,635	26.5%	2,163	17.1%
Mar-2010	Lighting Fair	51,148	2,649	48,499	30	99	0.2%	10,986	22.7%	1,313	12.0%
Apr-2010	ARRA rebates	51,926	2,669	49,257	28	93	0.2%	11,820	24.0%	1,071	9.1%
May-2010	Air conditioning - Cool Advantage and Room AC rebates	53,246	2,897	50,349	40	144	0.3%	12,298	24.4%	1,500	12.2%

NJNG E-tips Statistics

Attachment AMP-2
Page 3 of 4

Month	Email name	Sent	Bounces	Net Sent	Spam	Opt-outs	Opt-out %	Opens	Open %	Clicks	Click %
Jun-2010	Load control. Nine Innings for Nature, Twitter	53,793	3,042	50,751	48	149	0.3%	11,361	22.4%	812	7.1%
Jul-2010	NJCEP ENERGYSTAR rebates, county fair, nine innings	54,476	3,135	51,341	37	125	0.2%	12,778	24.9%	1,323	10.4%
Aug-2010	Energy-efficient windows,SAVEGREEN	55,652	3,318	52,334	117	227	0.4%	9,291	17.8%	773	8.3%
Sep-2010	ENERGYSTAR Product finder feature, computer savings,unoccupied rooms	57,514	3,476	54,038	29	167	0.3%	12,860	23.8%	1,276	9.9%
Oct-2010	Energy savers under \$5, energy assistance days	58,077	3,596	54,481	40	137	0.3%	12,498	22.9%	1,299	10.4%
Nov-2010	energy saving gift ideas	58,957	3,648	55,309	49	139	0.3%	12,424	22.5%	2,145	17.3%
Dec-2010	electronics inventory and phantom energy,Emission game from EPA	59,768	3,735	56,033	44	150	0.3%	14,123	25.2%	1,400	9.9%
Jan-2011	HPwES On bill repayment and incentives	61,041	3,903	57,138	46	169	0.3%	14,077	24.6%	1,137	8.1%
Feb-2011	New Federal Tax incentives, CTP Dashboard, ENERGYSTAR rebates	62,179	3,987	58,192	51	181	0.3%	13,690	23.5%	1,236	9.0%
Mar-2011	NJCEP Lighting fair, online store and new labeling for lights	63,134	4,054	59,080	42	134	0.2%	12,953	21.9%	1,167	9.0%
Apr-2011	Save Energy. Save Money. Win Prizes!	64,491	4,320	60,171	36	146	0.2%	13,277	22.1%	1,720	13.0%
May-2011	Change the World with Energy Star/Ocean Fun Days	64,914	4,475	60,439	43	155	0.3%	12,495	20.7%	966	7.7%
Jun-2011	Discounted Evolve products	65,950	4,527	61,423	53	178	0.3%	12,426	20.2%	1,207	9.7%
Jul-2011	Enhanced HPwES offers	66,448		66,448	35	152	0.2%	12,572	18.9%	1,088	8.7%

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NJNG E-tips Statistics

Month	Email name	Sent	Bounces	Net Sent	Spam	Opt-outs	Opt-out %	Opens	Open %	Clicks	Click %
Aug-2011	Dashboard/Budget/Washer & Fridge rebates	67,528	4,753	62,775	50	178	0.3%	12,734	20.3%	1,114	8.7%
Sep-2011	Flood damage review EE/Kids & Conservation	68,028	5,074	62,954	52	174	0.3%	12,766	20.3%	726	5.7%
Oct-2011	Window seal kits/HPwES extension	68,878	5,073	63,805	78	180	0.3%	13,163	20.6%	1,766	13.4%
Nov-2011	Holiday travel theme	60,203	3,808	56,395	59	151	0.3%	11,504	20.4%	277	2.4%
	Holiday shopping theme.										
Dec-2011	Vote kids & conservation	60,949	3,889	57,060	53	168	0.3%	11,633	20.4%	638	5.5%
Jan-2012	New Year resolutions- small changes	62,055	3,990	58,065	41	158	0.3%	13,893	23.9%	494	3.6%
Feb-2012	SAVEGREEN Project extension/on bill & audit	62,903	4,157	58,746	32	93	0.2%	13,017	22.2%	312	2.4%
Mar-2012	ACEEE home guide and smartphone apps for EE	63,793	4,259	59,534	33	107	0.2%	12,997	21.8%	977	7.5%
	Save Energy. Save Money.										
Apr-2012	Win Prizes!	65,074	4,253	60,821	52	174	0.3%	13,569	22.3%	1,667	12.3%
May-2012	Team ENERGYSTAR/ Lorax/Ocean Fun Days	65,819	4,427	61,392	36	167	0.3%	12,871	21.0%	599	4.7%
Total				<u>2,485,259</u>		<u>7,516</u>		<u>590,095</u>		<u>52,037</u>	

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

New Jersey Natural Gas
Comparison of Website Conservation Statistics

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012through April only
Conservation Home	6,288	2,636	1,957	4,586	4,543	5,044	2,407
Conserve to Preserve		2,199	3,090	3,552	3,560	2,158	1,106
Home Energy Saving Tips		2,482	3,726	4,783	3,858	4,709	2,345
Residential Programs		9,171	11,613	16,070	18,156	18,838	9,606
Special Offers & Rebates		6,414	11,353	17,817	15,183	18,088	9,595
Energy Saving Tips for Your Business		413	855	1,073	740	891	469
Commercial Programs		541	728	1,187	1,052	1,102	602
Distributed Generation		430	500	631	587	996	533
Renewable Energy		834	928	1,038	1,258	1,978	1,072
Energy Hog Program	843	912	937				
Kids and Conservation			897	1,541	1,139	1,506	753
SAVEGREEN Project					16,085	19,344	11,734
Total	7,131	26,032	36,584	52,278	66,161	74,654	40,222

Note: Fiscal 2011 ended the year at more than 10 times the level of activity pre-CIP. Including the traffic on the SAVEGREEN Project Micro-site, the pace for 2012 is on par with 2011 activity. Given the significantly milder winter and the continued reduction in gas prices, the level of interest in the conservation sections would have been expected to be lower.

**New Jersey Natural Gas
CIP Expense through May 31, 2012
BPU Docket No. GR1206_____**

	Quarter Ending 12/31/11	Quarter Ending 3/31/12	Expenses from 4/1 - 5/31	Estimated expenses 6/1-9/30*	Total Fiscal Year to Date
School/Children's Programs	\$37,294	\$11,441		\$13,170	\$61,905
Municipal Programs	\$30,613	\$2,140	\$26,750	\$5,000	\$64,503
Employees and HVAC Contractors as Champions	\$11,319	\$10,231	\$2,341	\$5,250	\$29,142
Online services and E-tips	\$27,900	\$24,480	\$23,100	\$45,000	\$120,480
Conservation/energy efficiency online promotion/sweepstakes		\$74,363			\$74,363
Online store and direct purchase of energy saving products	\$6,222		\$152	\$10,000	\$16,374
Community Rewards		\$120		\$1,500	\$1,620
Events and general outreach costs	\$4,450	\$21,242	\$9,544	\$42,500	\$77,737
Other low income/senior focused outreach	\$7,693	\$2,161	\$15,625	\$25,000	\$50,479
Development work (e.g. customer feedback, EE organization memberships)		\$12,374	\$1,000	\$10,000	\$23,374
Publications and energy efficiency advertising		\$700	\$3,100	\$25,000	\$28,800
Total	\$125,492	\$159,252	\$81,612	\$182,420	\$548,776
Spent to date			\$366,356	\$548,776	
			Funding Commitment	\$	575,000
			Carryover from Fiscal 2011 (see page 2 of 2)	\$	93,732
			Estimated carryover to next year		\$119,956

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

New Jersey Natural Gas
CIP Expense through September 30, 2011
BPU Docket No. GR1206_____

	<u>Quarter Ending</u> <u>12/31/10</u>	<u>Quarter Ending</u> <u>3/31/11</u>	<u>Expenses from</u> <u>4/1 - 5/31</u>	<u>Expenses from</u> <u>6/1 - 9/30</u>	<u>Final Fiscal 2011</u>
1 School/Children's Programs		\$5,036	\$2,857	\$13,000	\$20,893
2 Municipal Programs	\$25,000	\$128	\$20,000	\$1,850	\$46,978
Employees and HVAC Contractors 3 as Champions			\$8,084	\$13,034	\$21,118
4 Online services and E-tips	\$24,338	\$61,691		\$35,100	\$121,129
Conservation/energy efficiency 5 online promotion/sweepstakes		\$43,500	\$30,222		\$73,722
Online store and direct purchase of 6 energy saving products			\$4,799	\$4,428	\$9,228
7 Community Rewards			\$1,285	\$230	\$1,515
8 Events and general outreach costs	\$2,000	\$9,084	\$2,307	\$14,620	\$28,011
9 Other low income focused outreach	\$960	\$5,247		\$60,906	\$67,112
Development work (e.g. customer feedback, EE organization 10 memberships)		\$4,100	\$11,000	\$6,539	\$21,639
Publications and energy efficiency 11 advertising		\$3,550		\$67,396	\$70,946
Total	<u>\$52,298</u>	<u>\$132,336</u>	<u>\$80,554</u>	<u>\$217,103</u>	\$482,291
Spent to date			<u>\$265,188</u>		
			Funding Commitment \$		575,000
			Carryover from initial pilot(documented in GR11060331) \$		1,023
			Final carried over to Fiscal 2012		<u>\$93,732</u>