



June 1, 2010

VIA FEDERAL EXPRESS

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

Re: IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
TO ESTABLISH THE RATES NECESSARY
TO RECOVER CAPITAL INVESTMENT COSTS
ASSOCIATED WITH THE ACCELERATED
ENERGY INFRASTRUCTURE INVESTMENT
PROGRAM, AND FOR APPROVAL OF NECESSARY
RELATED CHANGES TO GAS RATES IN
THE COMPANY'S TARIFF
BPU DOCKET NO. GR1006 _____

Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company to establish the rates necessary to recover capital investment costs associated with the Accelerated Energy Infrastructure Investment Program and for approval of necessary changes to gas rates in the Company's tariff. This filing is being made pursuant to an Order issued on April 28, 2009 in BPU Docket Nos. GR09010052 and GR07110889 and N.J.S.A. 48: 2-21 and 48:2-21.1.

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

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

Very truly yours,

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

Tracey Thayer
Director, Regulatory Affairs Counsel

Enclosures

C: Service List

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
TO ESTABLISH THE RATES NECESSARY TO RECOVER CAPITAL INVESTMENT
COSTS ASSOCIATED WITH THE ACCELERATED ENERGY INFRASTRUCTURE
INVESTMENT PROGRAM AND FOR APPROVAL OF NECESSARY RELATED
CHANGES TO GAS RATES IN THE COMPANY'S TARIFF
BPU DOCKET NO. GR1006_____**

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CHANGES TO GAS RATES IN THE COMPANY'S TARIFF
BPU DOCKET NO. GR1006_____**

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

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
TO ESTABLISH THE RATES NECESSARY
TO RECOVER CAPITAL INVESTMENT
COSTS ASSOCIATED WITH THE
ACCELERATED ENERGY
INFRASTRUCTURE INVESTMENT
PROGRAM AND FOR APPROVAL OF
NECESSARY RELATED CHANGES TO
GAS RATES IN THE COMPANY'S TARIFF**

BPU DOCKET NO. GR1006_____

PETITION

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

Pursuant to an Order issued by the New Jersey Board of Public Utilities ("BPU" or the "Board") in BPU Docket Nos. GR09010052 and GR07110889, and N.J.S.A. 48:2-21, 48:2-21.1 and 48:2-23, New Jersey Natural Gas Company ("NJNG" or the "Company") respectfully petitions the Board as follows:

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. NJNG is a local natural gas distribution company providing regulated natural gas service to over 490,000 customers within Monmouth and Ocean counties, as well as portions of Burlington, Middlesex and Morris counties.

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 part of its ordinary capital spending planning cycle, NJNG continuously plans for the replacement, reinforcement and expansion of its infrastructure, including its property, plant, facilities and equipment, in order to maintain the reliability of its entire natural gas distribution system and to ensure the continuation of safe, adequate, proper service and the conservation and preservation of the environment. In fiscal year 2009, NJNG increased its planned infrastructure capital spending, in order to enhance the reliability of its system and to support economic development and job growth in New Jersey.

4. On January 20, 2009, NJNG filed a petition in the above captioned dockets requesting that the Board approve an Accelerated Energy Infrastructure Investment Program (“AIP”) and simultaneously approve the proposed recovery of the capital investments and associated costs for the projects included within the AIP through NJNG’s base rates. In the AIP Petition, NJNG also requested that the Board consider the request in conjunction with the Company’s most recent base rate case in which the Board had issued an order on October 3, 2008 (“October 2008 Order”). Specifically, NJNG requested that the Board re-open that case (Docket No. GR07110889) for the sole purpose of considering both the AIP request and the proposed cost recovery approach.

5. NJNG identified fourteen (14) capital projects for inclusion in the AIP and proposed that the construction work associated with that infrastructure investment begin no later than December 31, 2010, with an expected completion date of August 31, 2011. NJNG also proposed that the associated AIP costs through August 31, 2011 of approximately \$70.8 million, prior to the capitalization of Allowance for Funds Used During Construction (“AFUDC”), will be recovered through two annual adjustments to the Company’s base rates, based on filings to be made in each of the next two years.

6. On April 28, 2009, the Board issued an Order (the “April 2009 Order”) approving a Stipulation (the “Stipulation”) entered into among NJNG, the Department of the Public Advocate, Division of Rate Counsel (“Rate Counsel”) and the Staff of the BPU (“Staff”), the only parties to the case (the “Parties”). That order approved the preliminary design and eventual construction of the 14 AIP projects (“Qualifying Projects”) as well as the cost recovery mechanism proposed by NJNG. As such, NJNG is to make annual filings in each of next two years seeking BPU approval to recover through base rates all prudently incurred costs associated with the Qualifying Projects (“Annual Filing”). Those costs, entitled “Capital Investment Costs,” include but are not limited to the actual costs of engineering, design and construction, cost of removal (net of salvage) and property acquisition, including actual labor, materials, overheads and capitalized AFUDC related to the Qualifying Projects. The Annual Filings are to be submitted to the Board in June 2010 and June 2011 coincident with but separate from the Company’s annual Basic Gas Supply Service filing, with the base rate changes proposed to be effective the October following each Annual Filing.

7. The April 2009 Order also approved the accounting methodology for AIP that the Parties agreed to in the Stipulation. As such, NJNG separately tracks the Capital Investment Costs for each of the Qualifying Projects through a separate work order in a Construction Work in Progress (“CWIP”) account and records a monthly accrual of AFUDC which is either capitalized to plant in service or included in the CWIP balance as follows:

(a) When NJNG’s total CWIP balance, including CWIP associated with Qualifying Projects, is less than NJNG’s outstanding short-term debt (“S/T debt”) balance, the applicable AFUDC rate is equal to NJNG’s monthly cost of S/T debt; or

(b) When NJNG’s total CWIP balance, including CWIP associated with Qualifying Projects, is greater than NJNG’s outstanding S/T debt balance, the applicable AFUDC rate is equal to NJNG’s overall Weighted Average Cost of Capital (“WACC”) of 7.76 percent per annum as determined in the October 2008 Order; or

(c) When a Qualifying Project is placed into service, but not yet reflected in customer rates, the AFUDC rate will be equal to NJNG's overall WACC of 7.76 percent per annum.

8. This Petition is being submitted in compliance with the April 2009 Order. Accordingly, the items listed in the Minimum Filing Requirements, Appendix B to the Stipulation, have been provided in Schedules NJNG-1 through NJNG-12 attached hereto and made a part of this Petition:

- | | |
|------------------------|--|
| Schedule NJNG-1 | NJNG Income Statement as of December 31, 2009. |
| Schedule NJNG-2 | NJNG Balance Sheet as of December 31, 2009. |
| Schedule NJNG-3 | NJNG's overall capital budget broken down by major categories, including distribution and incremental capital expenditures for the Qualifying Projects, both budgeted and actual amounts for fiscal year 2010. |
| Schedule NJNG-4 | For each Qualifying Project or proposed new project: <ol style="list-style-type: none">1. The original project summary for each Qualifying Project;2. Capital expenditures incurred through April 30, 2010. |
| Schedule NJNG-5 | Anticipated project timeline with updates and expected changes. |
| Schedule NJNG-6 | Spending schedule detailing the Qualifying Projects and Non-Qualifying Projects as of April 30, 2010 as compared to originally approved capital spending plans. |
| Schedule NJNG-7 | Summary of expenditures for each of the Qualifying Projects, identifying each capital expenditure from project inception through April 30, 2010. |
| Schedule NJNG-8 | A calculation of the proposed rate adjustment based on details related to Qualifying Projects included in Plant in Service, including a calculation of the associated depreciation expense, based on projects closed to Plant in Service during the period ending August 31, 2010. |
| Schedule NJNG-9 | A list of FTE equivalent jobs created and the duration associated with each Qualifying Project as of March 31, 2010. |

Schedule NJNG-10. An explanation of the financial treatment associated with the receipt of any and all funds or credits received from the United States government, the State of New Jersey, a county or a municipality, for work related to any of the Qualifying Projects, such as relocation, reimbursement or stimulus money.

Schedule NJNG-11. Revenue requirement calculation as of August 31, 2010 showing the actual capital expenditures for the period ending April 30, 2010, as well as supporting calculations; a schedule of base rate revenues at present and proposed rates; and Tariff Sheets reflecting the proposed rates.

Schedule NJNG-12. Actual revenues, by month, collected from ratepayers pursuant to the tariff(s).

Additionally, NJNG is providing the following information in this filing:

Schedule NJNG-13 Draft form of Public Notice.

Schedule NJNG-14 Projected Bill Impact

9. Based on the Stipulation, the April 2009 Order and as demonstrated in the Schedules attached hereto, in particular Schedule NJNG-11, NJNG's proposed base rate adjustment for AIP includes a rate of return calculated as follows: NJNG's current CWIP balance associated with the Qualifying Projects as of August 31, 2010, including any previously capitalized AFUDC, and NJNG's Qualifying Project plant-in-service investment balance as of August 31, 2010, multiplied by the WACC of 7.76 percent. (6.74 percent tax-effected)

10. The proposed rate also includes depreciation expense for the Qualifying Projects that have been placed in service as of August 31, 2010 based on a composite depreciation rate of 2.34 percent, the rate approved by the Board in the October 2008 Order. The rate of return on the capital investments plus the proposed depreciation expense has been grossed-up for income taxes. This filing and the proposed rate do not include incremental

operation and maintenance expenses. The capital investment costs included for recovery in this Petition are based on actual investments through April 30, 2010 and forecasted investments for the period May 2010 through August 2010. NJNG will provide updated financial information to account for the capital investment costs as of June 30, 2010 and August 31, 2010.

11. As agreed to by the Parties to the Stipulation and approved in the April 2009 Order, the costs for which NJNG currently seeks approval will be recovered through an adjustment, on a volumetric basis, to the current base rate for all customer classes, allocated in the manner prescribed in the October 2008 Order. Accordingly, the impact of these AIP base rate adjustments will reflect an across-the-board adjustment to customer classes that will impact natural gas revenues for each class of service by the same percentage. NJNG is not requesting a change to the currently approved customer charges. A schedule of base rate revenues by customer class at present and proposed rate is included in Schedule NJNG-11.

12. Based on the foregoing, NJNG is proposing and seeking Board approval to adjust its base rates in order to recover its proposed revenue requirement of \$5.24 million related to the capital investment costs associated with the approved Qualifying Projects discussed herein. The impact on customers is provided in Schedule NJNG-14. A residential customer's delivery charge will increase by \$0.0093 per therm, an increase of 0.7 percent to the total bill for that customer.

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

WHEREFORE, NJNG requests that the Board issue an Order:

1. Approving the expenditures through August 31, 2010 for the Qualifying Projects;
2. Approve the base rate adjustments proposed in this Petition to be effective as of October 1, 2010 or as of the date of the Board Order approving the requests in this Petition; and
3. 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

May 28, 2010

STATE OF NEW JERSEY)
 :
COUNTY OF MONMOUTH)

VERIFICATION

MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath deposes and says:

1. I am Vice President, Regulatory and External Affairs for New Jersey Natural Gas Company, the Petitioner in the foregoing Petition.

2. I have read the annexed Petition, along with the Exhibits attached thereto, and the matters and things contained therein are true to the best of my knowledge, information and belief.


Mark R. Spurduto

Sworn and subscribed to
before me this 28th day
of May, 2010



Kathleen M. Iannuzzi
Notary Public
State of New Jersey
Commission Expires 04/26/2014



NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF INCOME
AS OF DECEMBER 31, 2009

<u>OPERATING REVENUE</u>	<u>\$ 1,002,670</u>
<u>OPERATING EXPENSES</u>	
GAS PURCHASES	652,373
OPERATION AND MAINTENANCE	137,305
DEPRECIATION	29,916
TAXES - OTHER THAN INCOME	63,592
INCOME TAXES	<u>39,332</u>
TOTAL OPERATING EXPENSES	<u>922,518</u>
OPERATING INCOME	80,151
OTHER INCOME, NET	2,177
INTEREST CHARGES, NET	<u>16,497</u>
NET INCOME	<u>\$ 65,831</u>

Source: NJNG 2009 BPU ANNUAL REPORT

NEW JERSEY NATURAL GAS COMPANY
BALANCE SHEET
AS OF DECEMBER 31, 2009

ASSETS

PROPERTY, PLANT & EQUIPMENT

UTILITY PLANT, AT COST	\$ 1,409,548
CONSTRUCTION WORK IN PROGRESS	42,553
TOTAL UTILITY PLANT	<u>1,452,100</u>
ACCUMULATED DEPRECIATION AND AMORTIZATION	(455,407)
NET UTILITY PLANT	<u>996,693</u>

CURRENT AND ACCRUED ASSETS

CASH AND TEMPORARY INVESTMENTS	10,086
ACCOUNTS RECEIVABLE	26,936
ACCRUED UTILITY REVENUE	79,103
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(3,134)
GAS IN STORAGE, AT AVG COST	143,500
MATERIALS AND SUPPLIES	5,292
PREPAYMENTS	5,161
DERIVATIVE ASSETS	2,853
DERIVATIVE HEDGES	10,227
TOTAL CURRENT ASSETS	<u>280,024</u>

DEFERRED DEBITS

UNAMORTIZED DEBT EXPENSE	7,368
REGULATORY ASSETS	345,449
ACCUMULATED DEFERRED TAXES	2,319
UNRECOVERED PURCHASED GAS COSTS	(13,852)
MISC DEFERRED DEBITS	782
TOTAL NONCURRENT ASSETS	<u>342,067</u>

TOTAL ASSETS	<u>\$ 1,618,785</u>
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NEW JERSEY NATURAL GAS COMPANY
BALANCE SHEET
AS OF DECEMBER 31, 2009

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

COMMON STOCK EQUITY	\$ 602,556
LONG-TERM DEBT	329,845
TOTAL CAPITALIZATION	<u>932,401</u>

OTHER NONCURRENT LIABILITIES

CAPITAL LEASE OBLIGATIONS	58,567
INCOME TAX - FAS 109	(11,559)
ACCUM PROV FOR INJ & DAMAGES, PENSIONS	3,238
ASSET RETIREMENT OBLIGATION	25,450
TOTAL OTHER NONCURRENT LIABILITIES	<u>75,696</u>

CURRENT AND ACCRUED LIABILITIES

CURRENT MATURITIES OF L/T DEBT	20,000
CAPITAL LEASE OBLIGATIONS	7,169
ACCOUNTS PAYABLE ASSOC COMPANIES	2,680
ACCOUNTS PAYABLE AND OTHER	102,653
TAXES PAYABLE	77
MISC CURRENT AND ACCRUED LIAB	29,703
DERIVATIVE INSTRUMENTS	2,853
CUSTOMERS DEPOSITS	6,228
DIVIDENDS DECLARED	14,148
ACCRUED TAXES AND INTEREST	(16,416)
TOTAL CURRENT LIABILITIES	<u>169,095</u>

NONCURRENT LIABILITIES

DEFERRED INCOME TAXES	249,073
DEFERRED INVESTMENT TAX CREDITS	3,091
CUSTOMER ADVANCES FOR CONSTRUCTION	1,637
OTHER DEFERRED CREDITS	41,093
OTHER REGULATORY LIABILITY	146,700
TOTAL NONCURRENT LIABILITIES	<u>441,593</u>

TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 1,618,785</u>
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Source: NJNG 2009 BPU ANNUAL REPORT

NEW JERSEY NATURAL GAS COMPANY
CAPITAL BUDGET AS OF JULY 2009

As of 7/1/2009

#	BUDGET TYPE	(\$000)	(\$000)	(\$000)
		2009 Plan	2010 Plan	2011 Plan
1	SYSTEM IMPROVEMENT	\$4,869	\$4,777	\$5,649
2	TRANSMISSION	3,741	6,055	12,053
	PIPELINE INTEGRITY	2,168	760	1,219
4B	LAND - GAS FACILITIES	709	1,106	520
5	MAIN-NEW CUSTOMER	6,789	7,180	7,992
6	CATHODIC PROTECTION	1,101	1,070	1,182
7	PRODUCTION	4,270	544	557
8	MAIN-RENEWAL	5,551	5,553	5,409
9	REGULATORS	3,580	5,564	3,385
10A	METERS - NEW CUSTOMER	2,698	2,835	3,130
10B	METERS - OPERATIONS	3,387	3,333	3,575
10C	METERS - AMR	10,705	3,994	144
11A&D	SERVICES-NEW	9,415	10,816	11,084
11E&F	SERVICES-NEW	730	731	753
11B&C	SERVICES-RENEWAL	4,850	4,897	4,775
	TOTAL CONSTRUCTION	64,563	59,215	61,428
	CIAC	(1,250)	(1,250)	(1,200)
	TOTAL CONSTRUCTION PLUS CIAC	63,313	57,965	60,228
	AIP PROJECTS	-	7,230	9,476
	NON-QUALIFYING PROJECTS	63,313	50,735	50,752
	CIAC	1,250	1,250	1,200
	TOTAL NON-QUALIFYING PROJECTS	\$64,563	\$51,985	\$51,952

NEW JERSEY NATURAL GAS COMPANY
CAPITAL BUDGET AS OF MARCH 2010

As of 3/31/2010

#	BUDGET TYPE	(\$000)	(\$000)	(\$000)
		2009 Actuals	2010 6+6 Forecast	2011 Plan
1	SYSTEM IMPROVEMENT	\$3,309	\$4,777	\$6,903
2	TRANSMISSION	\$2,111	\$6,055	\$2,590
	PIPELINE INTEGRITY	\$620	\$643	\$404
4B	LAND - GAS FACILITIES	\$165	\$674	\$725
5	MAIN-NEW CUSTOMER	\$7,376	\$7,939	\$9,133
6	CATHODIC PROTECTION	\$1,375	\$1,139	\$1,137
7	PRODUCTION	\$5,041	\$599	\$523
8	MAIN-RENEWAL	\$5,458	\$6,112	\$6,305
9	REGULATORS	\$3,170	\$4,073	\$3,732
10A	METERS - NEW CUSTOMER	\$1,840	\$2,225	\$2,775
10B	METERS - OPERATIONS	\$3,475	\$3,420	\$3,557
10C	METERS - AMR	\$13,781	\$1,000	\$0
11A&D	SERVICES-NEW	\$8,258	\$8,668	\$10,597
11E&F	SERVICES-NEW	\$174	\$200	\$933
11B&C	SERVICES-RENEWAL	\$4,991	\$4,897	\$4,528
	TOTAL CONSTRUCTION	\$64,608	\$105,003	\$71,973
	CIAC	(843)	(1,396)	(1,350)
	TOTAL CONSTRUCTION PLUS CIAC	\$63,765	\$103,607	\$70,623
	AIP PROJECTS	3,464	52,582	18,131
	NON-QUALIFYING PROJECTS	60,301	51,025	52,492
	CIAC	843	1,396	1,350
	TOTAL NON-QUALIFYING PROJECTS	\$61,144	\$52,421	\$53,842

**NEW JERSEY NATURAL GAS COMPANY
ACCELERATED INFRASTRUCTURE PROJECTS (AIP)**

	Original Budget	Actual Expended Through Apr-2010 (1)
<u>MORRIS COUNTY</u>		
Hanover Line Replacement	\$21,000,000	\$299,324
Thatcher Line Replacement	\$5,700,000	\$157,347
Flanders System Reinforcement	\$1,250,000	\$2,173,692
<u>MONMOUTH COUNTY</u>		
Franklin Trunk Line Replacement	\$6,500,000	\$56,387
Route 36 Pump System Reinforcement	\$1,300,000	\$158,911
Western Freehold Regulator Station	\$1,200,000	\$386,429
Northern Howell System Reinforcement	\$1,000,000	\$863,926
<u>OCEAN COUNTY</u>		
Toms River Loop	\$16,100,000	\$437,732
Ocean County - Backbone System Expansion	\$6,500,000	\$5,938,322
Route 35 Bay Head Replacement	\$3,000,000	\$1,364,024
Lakehurst System Reinforcement	\$2,250,000	\$1,153,467
Long Beach Island System Reinforcement	\$1,700,000	\$2,049,311
Jackson Regulator Station	\$1,800,000	\$391,313
Lakewood Regulator Station Replacement	<u>\$1,500,000</u>	<u>\$382,741</u>
TOTAL	<u>\$70,800,000</u>	<u>\$15,812,926</u>

Note (1) Balance includes \$312,910 of AFUDC recorded as of April 30, 2010

NJNG AIP CAPITAL INVESTMENT PROJECTS
ESTIMATED COST UPDATE AS OF APRIL 30, 2010

Morris County

Project: Hanover Line Replacement

Estimated Cost: \$19.0 million

Description: Replacement of existing 8 miles of 8" steel transmission main, vintage 1960's, with 12" steel main. The line delivers gas from a Texas Eastern (TE) Gate Station and is a major supply to our Northern Division in Morris County. Capacity improvement will be obtained by installing a 12" main operating at higher pressures. The main runs through very rough terrain from the TE Gate Station at Columbia Turnpike & Route 24 in Hanover Township, northwest along Park Avenue, Cedar Knolls Road, Boulevard Road, Malapardis Road to Route 10, then continues along Route 10 terminating at Park Avenue - Denville Station.

Estimated Start Date: Construction Mid-2010 (Design Mid-2009)

Estimated Complete Date: Mid-2011

Project: Thatcher Line Replacement

Estimated Cost: \$8.25 million

Description: Replacement of approximately 4 miles of 8" steel main with 12" steel main. This main is a primary system of the Northern Division distribution system in Morris County. The main begins at the Rockaway / Dover Township border and continues west along Route 46, including various roads through Dover. The main continues northwest into Wharton Borough, running along a railroad right-of-way ending at Main Street in Wharton.

Estimated Start Date: Construction Mid-2010 (Design Late-2009)

Estimated Complete Date: Mid-2011

Project: Flanders System Reinforcement

Estimated Cost: \$2.25 million

Description: Installation of approximately 2 miles of 8" plastic distribution main for system reliability in Mount Olive Township, Morris County. This distribution system is located in the most western portion of the Northern Division Morris County. The proposed route begins at Flanders Road, east of Marilyn Terrace and continues west along Flanders Road to Mt. Olive Road. The main then continues north along Route 46 ending at Netcong Road, Mount Olive Township.

Estimated Start Date: Construction Mid-2010

Estimated Complete Date: Mid-2010

Monmouth County

Project: Franklin Trunk Line Replacement

Estimated Cost: \$6.25 million

Description: Replacement of 10" steel main, vintage 1940's, with 16" steel main. The main runs along various roads and right-of-way from Eatontown to Long Branch, Monmouth County, and is approximately 3.5 miles in length.

Estimated Start Date: Construction mid-2010, pending easement acquisitions.

Estimated Complete Date: Early-2011

Project: Route 36 Pump System Reinforcement

Estimated Cost: \$1.25 million

Description: Replacement of approximately 1 mile of 8" bare steel distribution main, vintage 1930's, with a 12" steel main. The system is the primary backbone of the Bayshore distribution system in Monmouth County. This main runs along Route 36, from Laurel Avenue in Hazlet Township, and by Broadway in Middletown.

Estimated Start Date: Construction Late-2010 (Design Early-2010)

Estimated Complete Date: Early-2011

Project: Western Freehold Regulator Station

Estimated Cost: \$1.65 million

Description: Installation of a new regulator station for supply and reliability to the distribution system of western Freehold Township, Monmouth County, due to continued growth in the area. The Station is being planned in the vicinity of Route 527 & Route 537, pending land and easement acquisition.

Estimated Start Date: Construction Late-2010 (Design Mid-2009)

Estimated Complete Date: Mid-2011

Project: Northern Howell System Reinforcement (Adelphia-Farmingdale)

Estimated Cost: \$1.0 million

Description: Replacement of approximately 2.8 miles of 3" bare steel distribution main, vintage 1930's, with a 6" & 4" plastic main. The main is a primary feed of the northern Howell distribution system. The Project route runs, in segments, along Route 547 (Adelphia-Farmingdale Road) from Halls Mills Road, Freehold Township, and east to Colts Neck Road, Farmingdale.

Estimated Start Date: Construction Late-2009 (Design Mid-2009)

Estimated Complete Date: Mid-2010

Ocean County

Project: Toms River Loop

Estimated Cost: \$15.5 million

Description: Installation of approximately 6.5 miles of 24" steel transmission main in Manchester & Toms River Townships, Ocean County. This main will provide a secondary feed for system reliability to southern Ocean County that is currently reliant on a single 12" steel main. The route runs along Route 70, starting at Route 527 continuing southwest on Colonial Drive and East on Route 37, then into a right-of-way off Mule Road running parallel to Route 37 and ending at the Toms River Station.

Estimated Start Date: Construction Mid-2010 (Design Mid-2009)

Estimated Complete Date: Mid-2011

Project: Ocean County - Backbone System Expansion

Estimated Cost: \$6.0 million

Whiting/Manchester Township Project Description: Installation of approximately 3.5 miles of 12" steel main and 2.75 miles of 8" plastic distribution main in the Whiting area of Manchester Township, Ocean County. The first main segment runs along Route 530 from Schoolhouse Road to Township Line Road. The next segment continues along Route 614 (Lacey Road) from Route 530 to Schoolhouse Road. The final segment then continues along Lake Road from Route 530 and loops into the Roosevelt City Development.

Egg Harbor Township Project Description: Installation of approximately 3.5 miles of 8" plastic distribution main. This main will provide reliable gas service to the southern most portions of Ocean County. The main will run along Route 9, from Mathistown Road, Little Egg Harbor Township, Ocean County, south to Bass River Township, Burlington County

Stafford Township Project Description: Installation of approximately 4,500 feet of 8" plastic distribution main in Stafford Township. The main will run parallel along Route 72 providing gas service to portions of Stafford Township west of the Garden State Parkway.

Estimated Start Date: Construction Mid - 2009

Estimated Complete Date: Late-2009 to Mid-2010

Project: Route 35, Bay Head Replacement

Estimated Cost: \$3.0 million

Description: Replacement of approximately 3.5 miles of 8" bare steel distribution main, vintage 1930's, with a 12" steel main. The main is the primary system of the Point Pleasant - Seaside distribution system, and is being replaced prior to the repaving / reconstruction of Route 35 by the NJDOT. The main runs along Route 35 from Johnson Street, Bay Head and continues South to Bay Lane, South Mantoloking Beach (Brick Twp), Ocean County.

Estimated Start Date: Construction Early-2010 (Design Mid-2009)

Estimated Complete Date: Mid-2011

Project: Lakehurst System Reinforcement

Estimated Cost: \$1.75 million

Description: Installation of approximately 1 mile of 16” steel main to reinforce the Lakehurst-Whiting distribution system and improve system reliability in the area. The main runs along Route 70 from Route 547 west to the Lakehurst Circle, Lakehurst, Ocean County.

Estimated Start Date: Construction Early-2010 (Design Early-2010)

Estimated Complete Date: Late 2010

Project: Jackson Regulator Station

Estimated Cost: \$1.90 million

Description: Installation of a new regulator station for supply and reliability to the distribution system of Jackson Township, Ocean County as a result of continued growth in the western portion of Monmouth County. The Station is being constructed on Route 526, east of Route 527. Siting of station also requires installation of approx. 2,500 feet of 8” steel main to bring gas from the existing transmission system.

Estimated Start Date: Construction Mid-2010 (Design Late-2009)

Estimated Complete Date: Late-2010

Project: Long Beach Island System Reinforcement

Estimated Cost: \$2.25 million

Description: Installation of approximately 2.2 miles of 12” steel main to reinforce system reliability of gas service to Long Beach Island. Existing inlet pressure to the single feed regulator station serving this area requires pressure improvement. The main route runs along Hilliard Boulevard from Route 9 to Route 180, Stafford Township, Ocean County.

Estimated Start Date: Construction Late-2009 (Design Mid-2009)

Estimated Complete Date: Mid-2010

Project: Lakewood Regulator Station Replacement

Estimated Cost: \$2.35 million

Description: Replacement of the existing Regulator Station located in a residential area of Lakewood Township, Ocean County to insure system integrity and reliability. The Station is being planned on Clearstream Road, Jackson pending land and easement acquisition. Siting of the station also requires installation of approx. 3,500 feet of 8” plastic main to tie into the existing distribution system.

Estimated Start Date: Construction Late-2010 (Design Late-2009)

Estimated Complete Date: Mid-2011

NEW JERSEY NATURAL GAS COMPANY
AIP BUDGET AS OF JULY 2009

As of July 2009

Proposed AIP Projects	FY Planned Spending		Forecasted AIP Spending	
	2009	2010	2009	2011
Budget 1 - System Improvement				
North Howell System Reinforcement		\$328,415	\$1,000,000	
Route 36 Pump Reinforcement	\$671,585	\$450,000	\$1,300,000	
Route 35 Bay Head Replacement	\$931,365	\$931,365	\$3,000,000	
Flanders System Reinforcement	\$847,271	\$402,729	\$1,250,000	
Ocean County - Backbone Reinforcement		\$750,000	\$4,080,000	\$2,420,000
Budget 2 - Transmission				
Hanover Line Replacement		\$545,688	\$300,000	\$1,200,000
Thatcher Line Replacement		Project design not anticipated to start till 2012	\$25,000	\$3,175,000
Toms River Loop		Project design not anticipated to start till 2012	\$390,000	\$9,460,000
Franklin Trunk Line Replacement		\$3,248,778	\$197,500	\$4,202,500
Lakehurst System Reinforcement		\$350,000	\$1,325,000	\$2,100,000
Long Beach Island System Reinforcement		Project design not anticipated to start till 2012	\$1,700,000	\$925,000
Budget 9 -Regulators				
Lakewood Regulator Station Replacement	\$984,872	\$515,128	\$1,000,000	\$500,000
Jackson Regulator Station		\$900,000	\$1,800,000	
Western Freehold Regulator Station		\$600,000	\$1,200,000	
Yearly AIP Planned & Forecasted Spending Excluding AFUDC		\$7,229,559	\$5,992,500	\$43,032,500
		\$9,476,415		\$21,775,000
				Total AIP
				\$70,800,000

NEW JERSEY NATURAL GAS COMPANY
AIP BUDGET AS OF APRIL 2010

As of 4/30/2010

Proposed AIP Projects	Forecasted AIP Spending	
	2009 Actual	2011 Plan
Budget 1 - System Improvement		
North Howell System Reinforcement	\$533,600	\$578,340
Route 36 Pump Reinforcement	\$1,000	\$1,216,730
Route 35 Bay Head Replacement	\$727,700	\$2,962,979
Flanders System Reinforcement	\$1,691,600	\$1,598,939
Ocean County - Backbone Reinforcement		\$4,421,480
Budget 2 - Transmission		
Hanover Line Replacement	\$83,400	\$13,911,671
Thatcher Line Replacement		\$7,499,769
Toms River Loop		\$5,693,531
Franklin Trunk Line Replacement		\$6,303,100
Lakehurst System Reinforcement		\$1,795,735
Long Beach Island System Reinforcement		\$2,152,600
Budget 9 -Regulators		
Lakewood Regulator Station Replacement	\$263,600	\$2,211,925
Jackson Regulator Station	\$162,600	\$1,947,164
Western Freehold Regulator Station		\$288,398
Total including AFUDC	\$3,463,500	\$62,582,361
		\$19,090,931
		Total AIP
		\$75,136,792

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2010**

Infrastructure

<u>Project</u> (a)	<u>Work Order Number</u>	<u>Expenditure Category</u>	<u>Total Dollars Spent</u>
MORRIS COUNTY			
Hanover Line	6190-8215	Contractor	\$ 43,341.33
		Material	87,232.02
		Permit and Design	<u>165,411.41</u>
			295,984.76
Thatcher Line	6190-8214	Contractor	21,432.89
		Material	56,077.97
		Permit and Design	<u>77,110.18</u>
			154,621.04
	6110-5276	Contractor	205.44
		Material	-
		Permit and Design	<u>1,215.00</u>
			1,420.44
	6110-5277	Contractor	5.07
		Material	-
		Permit and Design	<u>30.00</u>
			35.07
Flanders System	6110-5275	Contractor	1,994,731.99
		Material	113,623.56
		Permit and Design	<u>1,824.00</u>
			2,110,179.55
Total Morris County			<u>\$ 2,562,240.86</u>

New Jersey Natural Gas Company
Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2010

Infrastructure

<u>Project</u> (a)	<u>Work Order Number</u>	<u>Expenditure Category</u>	<u>Total Dollars Spent</u>
MONMOUTH COUNTY			
Franklin Line	6190-8213	Contractor	\$ 384.90
		Material	53,089.73
		Permit and Design	<u>2,895.00</u>
			56,369.63
Route 36 Pump System	6120-5434	Contractor	46,940.43
		Material	107,808.18
		Permit and Design	<u>3,800.00</u>
			158,548.61
	6120-5435	Contractor	-
		Material	-
		Permit and Design	<u>-</u>
			-
W. Freehold Regulator	6190-8226	Contractor	14,158.84
		Material	188,956.39
		Permit and Design	<u>-</u>
			203,115.23
	6190-8227	Contractor	22,530.22
		Material	158,431.46
		Permit and Design	<u>-</u>
			180,961.68
Northern Howell System	6130-8074	Contractor	435,891.19
		Material	49,152.00
		Permit and Design	<u>3,344.00</u>
			488,387.19
	6130-8075	Contractor	46,467.79
		Material	-
		Permit and Design	<u>-</u>
			46,467.79
	6130-8086	Contractor	260,977.83
		Material	33,852.85
		Permit and Design	<u>-</u>
			294,830.68
Total Monmouth County			<u>\$ 1,428,680.81</u>

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2010**

Infrastructure

<u>Project</u> (a)	<u>Work Order Number</u>	<u>Expenditure Category</u>	<u>Total Dollars Spent</u>	
OCEAN COUNTY				
Toms River Loop	6190-8203	Contractor	\$ 200,806	
		Material	61,666.20	
		Permit and Design	<u>174,416.60</u>	
			436,888.79	
Ocean County Backbone	6140-6225	Contractor	1,830,905.66	
		Material	222,979.08	
		Permit and Design	<u>6,290.00</u>	
				2,060,174.74
	6140-6227	Contractor	1,553,166.65	
		Material	413,027.84	
		Permit and Design	<u>-</u>	
				1,966,194.49
	6140-6228	Contractor	1,397,818.38	
		Material	127,965.92	
		Permit and Design	<u>4,650.00</u>	
				1,530,434.30
	6140-6229	Contractor	172,497.93	
		Material	50,423.25	
		Permit and Design	<u>-</u>	
			222,921.18	
Bay Head Replacement	6140-6223	Contractor	796,241.17	
		Material	544,880.92	
		Permit and Design	<u>14,395.00</u>	
			1,355,517.09	
6140-6224	Contractor	-		
	Material	-		
	Permit and Design	<u>-</u>		
			-	
Lakehurst System	6190-8209	Contractor	599,342.40	
		Material	539,484.95	
		Permit and Design	<u>8,600.00</u>	
			\$ 1,147,427	

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2010**

Infrastructure				
<u>Project</u> (a)	Work Order Number	Expenditure Category	Total Dollars Spent	
Jackson Regulator	6190-8205	Contractor	\$ -	
		Material	50,705.46	
		Permit and Design	-	
				<u>50,705.46</u>
	6190-8206	Contractor	87,118.72	
		Material	136,815.60	
		Permit and Design	125.00	
				<u>224,059.32</u>
	6190-8172	Contractor	7,896.82	
		Material	51,431.21	
		Permit and Design	51,665.18	
				<u>110,993.21</u>
6190-8207	Contractor	-		
	Material	-		
	Permit and Design	-		
			<u>-</u>	
Long Beach Island System	6190-8204	Contractor	1,489,446.36	
		Material	453,456.32	
		Permit and Design	79,628.26	
			<u>2,022,530.94</u>	
Lakewood Regulator	6190-8208	Contractor	-	
		Material	79,132.36	
		Permit and Design	-	
				<u>79,132.36</u>
	6190-8250	Contractor	(26,245.69)	
		Material	256,442.36	
Permit and Design		71,918.46		
			<u>302,115.13</u>	
Total Ocean County			<u>\$ 11,509,094.36</u>	
Total AIP Projects (Excl. AFUDC)			<u>\$ 15,500,016.03</u>	

**NEW JERSEY NATURAL GAS COMPANY
ACCELERATED INFRASTRUCTURE PROJECTS (AIP)**

**A REVENUE REQUIREMENT CALCULATION REGARDING THE RECOVERY OF AIP ACTUAL
CAPITAL EXPENDITURES IS INCLUDED IN SCHEDULE NJNG-11**

**NEW JERSEY NATURAL GAS COMPANY
ACCELERATED INFRASTRUCTURE PROJECTS (AIP)**

	Original Budget	Jobs Created as of 4/30/10
<u>MORRIS COUNTY</u>		
Hanover Line Replacement	\$21,000,000	0.0
Thatcher Line Replacement	\$5,700,000	0.0
Flanders System Reinforcement	\$1,250,000	5.1
<u>MONMOUTH COUNTY</u>		
Franklin Trunk Line Replacement	\$6,500,000	0.0
Route 36 Pump System Reinforcement	\$1,300,000	0.0
Western Freehold Regulator Station	\$1,200,000	0.0
Northern Howell System Reinforcement	\$1,000,000	2.0
<u>OCEAN COUNTY</u>		
Toms River Loop	\$16,100,000	1.0
Ocean County - Backbone System Expansion	\$6,500,000	12.0
Route 35 Bay Head Replacement	\$3,000,000	2.0
Lakehurst System Reinforcement	\$2,250,000	2.0
Long Beach Island System Reinforcement	\$1,700,000	3.0
Jackson Regulator Station	\$1,800,000	0.0
Lakewood Regulator Station Replacement	\$1,500,000	0.0
TOTAL	\$70,800,000	27.1

Please see Schedule NJNG-5 regarding the timeline of each Qualifying Project. The duration of FTE's will be in relation to Project duration.

**NEW JERSEY NATURAL GAS COMPANY
ACCELERATED INFRASTRUCTURE PROJECTS (AIP)**

AS OF MARCH 31, 2010 NJNG HAS NOT RECEIVED ANY FUNDS OR CREDITS FROM THE UNITED STATES GOVERNMENT, THE STATE OF NEW JERSEY, A COUNTY OR MUNICIPALITY, FOR WORK RELATED TO ANY OF THE AIP PROJECTS, SUCH AS RELOCATION, REIMBURSEMENT OR STIMULUS MONEY

AIP REVENUE REQUIREMENT AS OF AUGUST 31, 2010

Capital Expenditures - CWIP as of April 30, 2010	\$ 15,500,016
Capital Expenditures - CWIP thru August 31, 2010 (est)	25,880,450
Capital Expenditures - In Svs	-
Accum Dep'n	(197,657)
AFUDC	876,957
	<u>42,059,766</u>
Deferred Income Tax	-
	<u>42,059,766</u>
Rate of Return - net	6.74%
	<u>2,834,828</u>
Depreciation Exp, net	232,903
	<u>3,067,731</u>
Revenue Factor	1.7084
	<u>1.7084</u>
Revenue Requirement	<u>\$ 5,240,912</u>

Depreciation Expense

Depreciable Balance as of 8/31/2010	16,893,723
Depreciation Rate per Board Order	2.34%
Depreciation Expense	<u>\$ 395,313</u>

**New Jersey Natural Gas Company
Base Revenues at Present and Proposed Rates**

	<u>Billing Units</u>	<u>Present Rates</u>		<u>Proposed Rates</u>		
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
Residential Service						
		<u>RS</u>		<u>RS</u>		
Customer	5,364,300	\$ 7.71	\$ 41,358,753	\$ 7.71	\$ 41,358,753	
Distribution Service						
Residential Sales	434,147,178	\$ 0.2913	\$ 126,467,073	\$ 0.3000	\$ 130,244,153	
Residential Transport	<u>10,173,968</u>	\$ 0.2913	<u>2,963,677</u>	\$ 0.3000	<u>3,052,190</u>	
Subtotal	444,321,146		\$ 170,789,503		\$ 174,655,097	
<u>Adjustments</u>						
Air Conditioning Discount	15,324	\$ (0.2350)	\$ (3,601)	\$ (0.2437)	\$ (3,735)	
Total Class Base Revenues			\$ 170,785,902		\$ 174,651,362	2.3%

General Service - Small						
		<u>GS - Small</u>		<u>GS - Small</u>		
Less than 5,000 Annual Therms						
Customer	324,098	\$ 23.36	\$ 7,570,929	\$ 23.36	\$ 7,570,929	
Distribution Service						
Sales	31,217,391	\$ 0.2472	\$ 7,716,939	\$ 0.2577	\$ 8,044,722	
Transport	<u>4,830,818</u>	\$ 0.2472	<u>1,194,178</u>	\$ 0.2577	<u>1,244,902</u>	
Subtotal	36,048,209		\$ 16,482,047		\$ 16,860,553	2.3%
Total Class Base Revenues			\$ 16,482,047		\$ 16,860,553	2.3%

General Service - Large						
		<u>GS - Large</u>		<u>GS - Large</u>		
Greater than 5,000 Annual Therms						
Customer	86,958	\$ 37.38	\$ 3,250,490	\$ 37.38	\$ 3,250,490	
Demand	890,958	\$ 1.4019	\$ 14,988,410	\$ 1.4019	\$ 14,988,410	
Distribution Service						
Sales	63,739,203	\$ 0.1948	\$ 12,416,397	\$ 0.2025	\$ 12,907,189	
Transport	<u>65,505,209</u>	\$ 0.1948	<u>12,760,415</u>	\$ 0.2025	<u>13,264,805</u>	
Subtotal	129,244,412		\$ 43,415,711		\$ 44,410,893	2.3%
Total Class Base Revenues			\$ 43,415,711		\$ 44,410,893	2.3%

**New Jersey Natural Gas Company
Base Revenues at Present and Proposed Rates**

<u>Billing Units</u>	<u>Present Rates</u>		<u>Proposed Rates</u>		
	<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
General Service - CAC					
		<u>CAC</u>		<u>GS - Small</u>	
Less than 5,000 Annual Therms					
Customer	529	\$ 23.36 \$ 12,357	\$ 23.36 \$ 12,357		
Distribution Service					
Winter Therms	48,745	\$ 0.2472 \$ 12,050	\$ 0.2577 \$ 12,562		
All summer therms	<u>53,682</u>	\$ 0.0563 <u>3,022</u>	\$ 0.0563 <u>3,022</u>		
Subtotal	102,427	\$ 27,429	\$ 27,941		
		<u>CAC</u>		<u>GS - Large</u>	
Greater than 5,000 Annual Therms					
Customer	300	\$ 37.38 \$ 11,214	\$ 37.38 \$ 11,214		
Demand	1,910	\$ 1.4019 \$ 32,132	\$ 1.4019 \$ 32,132		
Distribution Service					
Winter Therms	338,687	\$ 0.1948 \$ 65,976	\$ 0.2025 \$ 68,584		
All summer therms	<u>117,309</u>	\$ 0.0563 <u>6,604</u>	\$ 0.0563 <u>6,604</u>		
Subtotal	455,996	\$ 115,926	\$ 118,534		
Total Class Base Revenues		\$ 143,356	\$ 146,476		2.2%

Firm Transportation					
		<u>FT</u>		<u>FT</u>	
Customer	1,841	\$ 46.73 \$ 86,030	\$ 46.73 \$ 86,030		
Demand	85,928	\$ 1.2776 \$ 1,317,379	\$ 1.2776 \$ 1,317,379		
Distribution Service					
High Load Factor therms	5,813,590	\$ 0.1028 \$ 597,637	\$ 0.1028 \$ 597,637		
Low Load Factor therms	<u>5,425,563</u>	\$ 0.1325 <u>718,887</u>	\$ 0.1325 <u>718,887</u>		
Total Class Base Revenues	11,239,153	\$ 2,719,933	\$ 2,719,933		0.0%

**New Jersey Natural Gas Company
Base Revenues at Present and Proposed Rates**

	<u>Billing Units</u>	<u>Present Rates</u>		<u>Proposed Rates</u>		
		<u>Rate</u>	<u>Revenue</u>	<u>Rate</u>	<u>Revenue</u>	<u>Increase</u>
Distributed Generation - Commercial						
		<u>DGC</u>		<u>DGC</u>		
Customer	48	\$ 37.38	\$ 1,794	\$ 37.38	\$ 1,794	
Demand	3,252	\$ 0.56	\$ 21,853	\$ 0.56	\$ 21,853	
Distribution Service						
Winter therms	235,283	\$ 0.0883	\$ 20,775	\$ 0.0913	\$ 21,481	
Summer therms	<u>199,576</u>	\$ 0.0577	<u>11,516</u>	\$ 0.0607	<u>12,114</u>	
Total Class Base Revenues	434,859		\$ 55,939		\$ 57,243	2.3%

TOTAL BASE REVENUES	<u><u>233,602,887</u></u>	<u><u>238,846,460</u></u>	2.2%
		INCREASE \$ 5,243,573	
		TARGET INCREASE \$ 5,240,912	2.2%
		Difference \$ 2,662	

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixth/Fifth~~ Revised Sheet No. 51
Superseding ~~Fifth/Fourth~~ 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.~~51045011~~

Residential Non-Heating

Delivery Charge per therm \$0.~~54595366~~

BGSS Charge:

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

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

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

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixth/Fifth~~ Revised Sheet No. 56
~~Fifth/Fourth~~ Revised Sheet No. 56
Superseding

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.~~47364623~~

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

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

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~SixthFifth~~ Revised Sheet No. 59
Superseding ~~FifthFourth~~ 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.~~42004117~~

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

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

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~SixthFifth~~ Revised Sheet No. 65
Superseding ~~FifthFourth~~ 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.~~27762744~~

May - October \$0.~~24482416~~

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

MINIMUM MONTHLY CHARGE

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

Date of Issue: ~~April 29, 2010~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

First Revised Sheet No. 167
Superseding Original Sheet No. 167

RIDER "D"

WEATHER NORMALIZATION CLAUSE (continued)

6. Degree Day Consumption Factors - the weighted average of the variable component (use per degree day) of the gas sales equations by month used in forecasting firm gas sales for the applicable Customer classes. These factors will be updated annually in the WNC proceeding for the offset of the update of degree days. Degree day consumption factors for the _____ Winter Period are set forth below and presented as therms per degree day:

	Residential	GSS	GSL
	Heat	Total	Total
	<u>Total</u>	<u>Total</u>	<u>Total</u>
Oct.			
Nov.			
Dec.			
Jan.			
Feb.			
Mar.			
Apr.			
May			

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by class. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by class.

7. Margin Revenue Factor - the weighted average block rate as quoted in the individual service classes to which this clause applies net of any adjustment from applicable Riders, including taxes. The weighted average shall be determined by multiplying the marginal revenue component of the rate of each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect. The Margin Revenue Factor for Residential Heat Customers is ~~\$0.29130.3000~~. The Margin Revenue Factor for GSS customers is ~~\$0.24720.2577~~. The Margin Revenue Factor for GSL customers is ~~\$0.19480.2025~~.
8. Annual Period - shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.
9. Average 13 Month Common Equity Balance - shall be the common equity balance at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13).

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

Effective for service rendered on
and after October ~~13, 201008~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

First Revised Sheet No. 179
Superseding Original Sheet No. 179

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

7. **Customer Class Group** – For purposes of determining and applying the CIP, customers shall be aggregated into four separate recovery class groups. The Customer Class Groups shall be as follows:

- Group I: RS (non-heating customers only)
- Group II: RS (heating customers only)
- Group III: GSS, ED using less than 5,000 therms annually
- Group IV: GSL, ED using 5,000 therms or greater annually

8. **Forecast Annual Usage** – the Forecast Annual Usage (“FAU”) shall be the projected total annual throughput for all customers within the applicable Customer Class Group. The FAU shall be estimated based on normal weather.

9. **Incremental Large Customer Count Adjustment** – the Company shall maintain a list of incremental commercial and industrial customers added to its system on or after May 1, 2008 whose connected load is greater than that typical for the Company’s average commercial and industrial customer. For purposes of the CIP, large incremental customers shall be those customers whose connected load exceeds 2,000 cubic feet per hour (“CFH”). A new customer at an existing location previously connected to NJNG’s facilities shall not be considered an incremental customer. The Actual Number of Customers for the Customer Class Group shall be adjusted to reflect the impact of all such incremental commercial or industrial customers. Specifically, the Incremental Large Customer Count Adjustment for the applicable month shall equal the aggregate connected load for all active customers that exceed the 2,000 CFH threshold divided by 1,000 CFH, rounded to the nearest whole number.

10. **Margin Revenue Factor** – the Margin Revenue Factor (“MRF”) shall be the weighted-average margin rate as quoted in the individual service classes to which the CIP applies. The MRFs by Customer Class Group are as follows:

Group I (RS non-heating):	\$0.29130.3000
Group II (RS heating):	\$0.29130.3000
Group III (GSS, ED using less than 5,000 therms annually)	\$0.24720.2577
Group IV (GSL, ED using 5,000 therms or greater annually)	\$0.19480.2025

The MRF shall be reset each time new base rates are placed into effect.

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

Effective for service rendered on
and after October ~~13, 2010~~~~08~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixth Fifth~~ Revised Sheet No. 252
~~Superseding Fifth Fourth~~ Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.29130.3 <u>000</u>	0.29130.3000	
TEFA		0.0167	0.0167	Rider B
SUT		0.02160.0 <u>222</u>	0.02160.0222	Rider B
After-tax Base Rate		0.32960.3 <u>389</u>	0.32960.3389	
WNC		0.0001	0.0001	Rider D
CIP		0.0079	0.0079	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.35030.3 <u>596</u>	0.35030.3596	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<u>0.0719</u>	<u>0.0719</u>	
Delivery Charge (DEL)	a+b+c=d	0.50110.5 <u>104</u>	0.50110.5104	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8828	x	Rider A
Less: Balancing	f	<u>0.0789</u>	x	
BGS	e+f=g	<u>0.8039</u>	x	

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

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

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixth/Fifth~~ Revised Sheet No. 252
Superseding ~~Fifth/Fourth~~ Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

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Wall, NJ 07719

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Docket No. GR1006 ~~09010076~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<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		0.29130.3 000	0.29130.3000	
TEFA		0.0167	0.0167	Rider B
SUT		0.02160.0 222	0.02160.0222	Rider B
After-tax Base Rate		0.32960.3 389	0.32960.3389	
CIP		0.0435	0.0435	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.38580.3 951	0.38580.3951	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<u>0.0719</u>	<u>0.0719</u>	
Delivery Charge (DEL)	a+b+c=d	0.53660.5 459	0.53660.5459	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8828	x	Rider A
Less: Balancing	f	<u>0.0789</u>	x	
BGS	e+f=g	<u>0.8039</u>	x	

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

Date of Issue: ~~April 29, 2010~~
Issued by: Mark R. Sperduto, Vice President
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

**~~SixthFifth~~ Revised Sheet No. 253
Superseding ~~FifthFourth~~ Revised Sheet No. 253**

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

Date of Issue: ~~April 29, 2010~~
Issued by: Mark R. Sperduto, Vice President
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.24720.2 <u>577</u>	0.24720.2577	
TEFA		0.0148	0.0148	Rider B
SUT		0.01830.0 <u>191</u>	0.01830.0191	Rider B
After-tax Base Rate		0.28030.2 <u>916</u>	0.28030.2916	
WNC		0.0001	0.0001	Rider D
CIP		0.0184	0.0184	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.31150.3 <u>228</u>	0.31150.3228	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<u>0.0719</u>	<u>0.0719</u>	
Delivery Charge (DEL)	a+b+c=d	0.46230.4 <u>736</u>	0.46230.4736	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8828	x	Rider A
Less: Balancing	f	<u>0.0789</u>	x	
BGS	e+f=g	<u>0.8039</u>	x	

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

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

Effective for service rendered on
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

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

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Fourth~~^{Third} Revised Sheet No. 256
Superseding Twenty-~~Third~~^{Second} Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.19480.2 <u>025</u>	0.19480.2025	
TEFA		0.0128	0.0128	Rider B
SUT		0.01450.0 <u>151</u>	0.01450.0151	Rider B
After-tax Base Rate		0.22210.2 <u>304</u>	0.22210.2304	
WNC		0.0001	0.0001	Rider D
CIP		0.0260	0.0260	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.26090.2 <u>692</u>	0.26090.2692	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<u>0.0719</u>	<u>0.0719</u>	
Delivery Charge (DEL)	a+b+c=d	0.41170.4 <u>200</u>	0.41170.4200	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.6807	X	Rider A
Less: Balancing	f	<u>0.0789</u>	X	
BGS	e+f=g	<u>0.6018</u>	X	

Date of Issue: ~~April 30, 2010~~
Issued by: ~~Mark R. Sperduto, Vice President~~
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Fourth~~^{Third} Revised Sheet No. 256
Superseding Twenty-~~Third~~^{Second} 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 30, 2010~~
Issued by: ~~Mark R. Sperduto, Vice President~~
~~Wall, NJ 07719~~

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixth Fifth~~ Revised Sheet No. 258
~~Fifth Fourth~~ Revised Sheet No. 258
Superseding

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		0.08830.0913	0.05770.0607	
TEFA		0.0153	0.0153	
SUT		0.00730.0075	0.00510.0053	Rider B
After-tax Base Rate		0.11090.1141	0.07810.0813	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.12360.1268	0.09080.0940	
<i>Balancing Charge</i>	b	0.0789	0.0789	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0192</u>	<u>0.0192</u>	Rider H
<i>Total SBC</i>	c	<u>0.0719</u>	<u>0.0719</u>	
Delivery Charge (DEL)	a+b+c=d	0.27440.2776	0.24160.2448	

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

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

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

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Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR1006 ~~09010076~~

**NEW JERSEY NATURAL GAS COMPANY
ACCELERATED INFRASTRUCTURE PROJECTS (AIP)**

**AS OF MARCH 31, 2010 NJNG HAS NOT COLLECTED REVENUES ASSOCIATED WITH THE
RECOVERY OF AIP INVESTMENTS FROM RATEPAYERS SINCE NO AIP TARIFFS (BASE RATES)
HAVE BEEN APPROVED BY THE BPU**

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS
Docket Nos. GR1006_____

NOTICE OF FILING AND PUBLIC HEARINGS

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2010, New Jersey Natural Gas (NJNG or the Company) submitted a filing with the New Jersey Board of Public Utilities (Board) seeking approval to implement necessary rate and tariff changes associated with the Board-approved Accelerated Infrastructure Investment Program (AIP).

On April 28, 2009, the Board issued an Order approving the construction of 14 capital infrastructure projects and allowing the Company to request Board approval in June 2010 and June 2011 to make an adjustment to the Company's base rates to reflect the investment costs associated with such work. These projects will, among other things, maintain the reliability of NJNG's distribution and transmission system. The following work is included in the AIP projects: installation of 6.5 miles of 24" steel transmission line in Ocean County; replacement of 12 miles of 8" steel with 12" steel and installation of 2 miles of 8" plastic distribution line in Morris County; replacement of 7.3 miles of steel, and installation of new regulator station in Monmouth County; and the replacement of 3.5 miles of 8" steel with 12" steel, installation of 6.95 miles of new steel main, installation of 6.25 miles of plastic main distribution line and the installation of regulator stations (2) in Ocean County. The work on these projects commenced after the Board approval of the AIP and is to be completed on or before August 31, 2011.

The expenditures for AIP over the anticipated installation period total approximately \$70.8 million and the Company seeks to recover a return on that investment, including income taxes. As approved by the Board, the Company is authorized to recover its investments over a 42-year period based on its currently authorized depreciation rate.

At this time, the Company is submitting the first annual filing seeking Board approval to adjust base rates to recover the costs of the infrastructure investment made through August 31, 2010. The Company will make a subsequent filing in June 2011 seeking Board approval to include in base rates the costs of the infrastructure investments at that time. If the proposed rate is approved by the Board, the impact to the average residential heating customer's bill based on the Company's current rates and anticipated sales volumes is \$0.0093 per therm.

The effect of the Company's request for the price adjustments to be effective October 1, 2010, 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		Increase	
		Current Bill	Proposed Bill	Amount	Percent
Residential Heat Sales	100	138.75	139.68	0.93	0.7%
Residential Non-Heat Sales	25	41.76	42.00	0.24	0.6%
General Service High-Load Factor	100	151.62	152.75	1.13	0.7%
General Service Low-Load Factor	1200	1,431.70	1,441.66	9.96	0.7%

The Board has the statutory authority to approve the requested changes to base rates at levels it finds just and reasonable. Therefore, the Board may establish the new rates at levels other than those proposed by NJNG.

PLEASE TAKE NOTICE that the Board has scheduled public hearings on this petition, at the following dates, times and places:

(Add date) at 5:30 p.m.
Rockaway Township Municipal Building
65 Mt. Hope Road
Rockaway Township, NJ 07866-1698

(Add date) at 5:30 p.m.
Freehold Borough Municipal Building
51 W. Main Street
Freehold, NJ 07728-2195

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed program. 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 these hearings to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the Petition to the Board by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102. Copies of the Petition and supporting documents can be reviewed at the NJNG Customer Service Centers or at the New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102.

Tracey Thayer, Esq.
New Jersey Natural Gas

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR1006
F/Y 2010

(\$/therm)

		25 therm bill		
Impact on Residential Non-Heating Customers				
Current Prices				
	Customer Charge	\$8.25	\$8.25	
	Delivery	\$0.5366	\$13.42	
	BGSS	\$0.8039	\$20.10	
	Total	\$1.3405	\$41.76	
Proposed prices- effective 10/1/10				
	Customer Charge	\$8.25	\$8.25	
	Delivery	\$0.5459	\$13.65	
	BGSS	\$0.8039	\$20.10	
	Total	\$1.3498	\$42.00	
	Increase		\$0.24	
	Increase as a percent		0.6%	
Impact on Residential Heating Customers				
		100 therm bill	1000 therm annual bill	
Current Prices				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5011	\$50.11	\$501.10
	BGSS	\$0.8039	\$80.39	\$803.90
	Total	\$1.3050	\$138.75	\$1,404.00
Proposed prices- effective 10/1/10				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5104	\$51.04	\$510.40
	BGSS	\$0.8039	\$80.39	\$803.90
	Total	\$1.3143	\$139.68	\$1,413.30
	Increase		\$0.93	\$9.30
	Increase as a percent		0.7%	0.7%
Impact on Commercial GSS Customers				
		100 therm bill		
Current Prices				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.4623	\$46.23	
	BGSS	\$0.8039	\$80.39	
	Total	\$1.2662	\$151.62	
Proposed prices- effective 10/1/10				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.4736	\$47.36	
	BGSS	\$0.8039	\$80.39	
	Total	\$1.2775	\$152.75	
	Increase		\$1.13	
	Increase as a percent		0.7%	
Impact on Commercial GSL Customers				
		1200 therm bill		
Current Prices				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.4117	\$494.04	
	BGSS (May 2010)	\$0.6018	\$722.16	
	Total	\$1.0135	\$1,431.70	
Proposed prices- effective 10/1/10				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.4200	\$504.00	
	BGSS	\$0.6018	\$722.16	
	Total	\$1.0218	\$1,441.66	
	Increase		\$9.96	
	Increase as a percent		0.7%	