



June 1, 2011

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 PROGRAMS AND FOR RELATED CHANGES
TO GAS RATES IN THE COMPANY'S TARIFF
BPU DOCKET NO. GR1106_____

Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the Petition of New Jersey Natural Gas Company (NJNG) to establish the rates necessary to recover capital investment costs associated with the accelerated energy infrastructure investment programs and for related changes to the company's tariff.

Copies of the petition, including the supporting Exhibits, are also being served upon the New Jersey 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 that reads 'Tracey Thayer'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

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 PROGRAMS AND FOR APPROVAL OF NECESSARY RELATED
CHANGES TO GAS RATES IN THE COMPANY'S TARIFF
BPU DOCKET NO. GR1106 _____**

SERVICE LIST

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P.O. Box 46005
Newark, NJ 07101

**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 PROGRAMS AND FOR APPROVAL OF NECESSARY RELATED
CHANGES TO GAS RATES IN THE COMPANY'S TARIFF
BPU DOCKET NO. GR1106_____**

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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
ACCELERATED ENERGY
INFRASTRUCTURE INVESTMENT
PROGRAMS AND FOR APPROVAL OF
NECESSARY RELATED CHANGES TO
GAS RATES IN THE COMPANY'S TARIFF**

BPU DOCKET NO. GR1106_____

PETITION

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

Pursuant to Orders issued by the New Jersey Board of Public Utilities (“BPU” or the “Board”) in BPU Docket Nos. GR07110889, GR09010052 and GR10100793 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. On January 20, 2009, NJNG filed a petition 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 (Docket No. GR09010052). 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 purpose of considering both the AIP request and the proposed cost recovery approach.

4. NJNG identified fourteen (14) capital projects for inclusion in the AIP and proposed that the construction work associated with the projects 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”), would be recovered through two annual adjustments to the Company’s base rates through filings to be made with the BPU in 2010 and 2011.

5. On April 28, 2009, the Board issued an Order (the “April 2009 Order”) approving a Stipulation (the “Stipulation”) entered into among NJNG, the Staff of the BPU (“Staff”) and the New Jersey Division of Rate Counsel (“Rate Counsel”)¹, the only parties to the case (the “Parties”). That order approved the preliminary design and eventual construction of the 14 AIP

¹ Rate Counsel was formerly designated as the New Jersey Department of the Public Advocate, Division of Rate Counsel.

projects (“Qualifying Projects”) as well as the cost recovery mechanism proposed by NJNG. As such, NJNG is to make annual filings in 2010 and 2011 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 (“BGSS”) filing, with the base rate changes proposed to be effective the October following each Annual Filing.

6. The April 2009 Order also approved the accounting methodology for AIP that the Parties agreed to in the Stipulation. As such, NJNG tracks the Capital Investment Costs individually 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 described in Paragraph 8 herein.

7. On October 20, 2010, NJNG submitted a filing with the BPU seeking approval to extend the acceleration of incremental capital spending for nine additional projects totaling approximately \$52.2 million (“AIP II”). That request, designated as Docket No. GR10100793, was amended by NJNG on January 24, 2011, seeking Board approval for nine projects reflecting a total anticipated investment of \$60.15 million. The AIP II filing, as amended, was approved by the Board in an Order dated March 30, 2011 (“March 2011 Order”) through which a Stipulation that had been agreed to among BPU Staff, Rate Counsel and NJNG (the “Parties”), the only parties to the proceeding, was adopted.

8. Pursuant to that Order, the accounting methodology to be used by NJNG for AIP II Qualifying Projects is identical to that for AIP, described herein at Paragraph 6 except that the WACC to be used for AIP II Qualifying Projects is 7.12 percent per annum (0.5933 percent per

month). Therefore, the monthly accrual of AFUDC for AIP and AIP II 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 AIP and AIP II 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 AIP and AIP II Qualifying Projects, is greater than NJNG's outstanding S/T debt balance, the applicable AFUDC rate results in a blended monthly AFUDC calculation. The blended AFUDC rate calculation will include a S/T debt rate for that portion of the CWIP balance equal to the month-end S/T debt balance and rates of 7.76 percent (0.6467 percent per month) and 7.12 percent (0.5933 percent per month) for AIP and AIP II CWIP, respectively, in excess of NJNG's month-end S/T debt balance. The rate of 7.76 percent (0.6467 percent per month) for AIP or 7.12 percent (0.5933 percent per month) for AIP II will be multiplied by the CWIP balance (not currently included in rates) in excess of NJNG's month-end S/T debt balance and that result is then multiplied by the proportion of the AIP or AIP II CWIP balance (not currently in rates) to the total CWIP balance (not currently included in base rates). If NJNG has no short-term debt at month-end, the AFUDC rate will be 7.76 percent (0.6467 percent per month) for AIP projects and 7.12 percent (0.5933 percent per month) for AIP II projects; or

(c) When an AIP or AIP II 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 for AIP and 7.12 percent per annum for AIP II.

9. This Petition is being submitted in compliance with the April 2009 and March 2011 Orders. Specifically, those Orders outlined the timing for filings to be made by NJNG related to the recovery of AIP and AIP II investments. Accordingly, the items listed in the Minimum Filing Requirements, Appendix B to the Stipulation approved by the Board in the April 2009 Order and Appendix 2 of the Stipulation approved in the March 2011 Order, have been provided in Schedules NJNG-1 through NJNG-12 attached hereto and made a part of this

Petition. The information is provided separately for AIP and AIP II Qualifying Projects but recovered through one rate change to base rates, as shown in Schedules NJNG-8 and NJNG-11.

Schedule NJNG-1	NJNG Income Statement as of December 31, 2010.
Schedule NJNG-2	NJNG Balance Sheet as of December 31, 2010.
Schedule NJNG-3	NJNG's overall capital budget broken down by major categories, including distribution and incremental capital expenditures for the AIP and AIP II Qualifying Projects, both budgeted and actual amounts for fiscal year 2011.
Schedule NJNG-4	For each AIP and AIP II Qualifying Project or proposed new project: <ol style="list-style-type: none">1. The original project summary for each Qualifying Project;2. Actual capital expenditures incurred through April 30, 2011.
Schedule NJNG-5	Anticipated project timelines with updates and expected changes.
Schedule NJNG-6	Actual spending schedule detailing the AIP and AIP II Qualifying Projects and Non-Qualifying Projects as of April 30, 2011 as compared to originally approved capital spending plans.
Schedule NJNG-7	Summary of actual expenditures for each of the AIP and AIP II Qualifying Projects, identifying each capital expenditure from project inception through April 30, 2011.
Schedule NJNG-8	A calculation of the proposed rate adjustment based on details related to AIP and AIP II 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 2011.
Schedule NJNG-9	A list of FTE equivalent jobs created and the duration associated with each AIP and AIP II Qualifying Project as of March 31, 2011.
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 AIP or AIP II Qualifying Projects, such as relocation, reimbursement or stimulus money.
Schedule NJNG-11.	Revenue requirement calculation as of August 2011 showing the actual capital expenditures for the period ending April 30, 2011, 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.

10. As demonstrated in the Schedules attached hereto, in particular Schedules NJNG-8 and 11, NJNG's proposed base rate adjustment for the recovery of costs associated with AIP and AIP II Qualifying Projects includes a rate of return calculated as follows:

- a. For the AIP investments, based on the terms of the April 2009 Order, NJNG's AIP Qualifying Project plant-in-service investment balance as of August 2011 is multiplied by the WACC of 7.76 percent (6.74 percent tax-effected).
- b. For the AIP II, based on the March 2011 Order, NJNG's current CWIP balance associated with the AIP II Qualifying Projects as of August 2011, including any previously capitalized AFUDC, is multiplied by a WACC of 7.12 percent (6.37 percent tax-effected).

11. The proposed rate also includes depreciation expense for the AIP and AIP II Qualifying Projects that have been placed in service as of August 2011 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, 2011 and forecasted investments for the period May 2011 through August 2011. NJNG will provide updated information to account for the capital investment costs as of August 2011 as soon as it's available.

12. As agreed to by the Parties to the Stipulations and approved in the April 2009 and March 2011 Orders, 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 the AIP and AIP II base rate adjustment 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.

13. 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 \$4.725 million related to the capital investment costs associated with the approved AIP and AIP II Qualifying Projects discussed herein. The impact on customers is provided in Schedule NJNG-14. A residential heating customer's delivery charge will increase by \$0.0083 per therm, an increase of 0.6 percent to the total bill for that customer.

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


WHEREFORE, NJNG requests that the Board issue an Order:

1. Approving the expenditures through August 2011 for the AIP and AIP II Qualifying Projects;
2. Approve the base rate adjustments proposed in this Petition to be effective as of October 1, 2011 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

STATE OF NEW JERSEY)
:
COUNTY OF MONMOUTH)

VERIFICATION

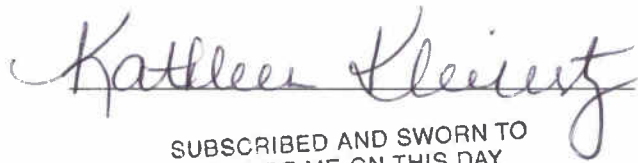
MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath
deposes and says:

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 26th day
of May, 2011



SUBSCRIBED AND SWORN TO
BEFORE ME ON THIS DAY

MAY 26 2011

KATHLEEN KLEINERTZ
NOTARY PUBLIC, STATE OF NEW JERSEY
MY COMMISSION EXPIRES 08/30/2011

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF INCOME
AS OF DECEMBER 31, 2010

<u>OPERATING REVENUE</u>	<u>\$ 989,365</u>
<u>OPERATING EXPENSES</u>	
GAS PURCHASES	642,336
OPERATION AND MAINTENANCE	135,044
DEPRECIATION	32,027
TAXES - OTHER THAN INCOME	56,847
INCOME TAXES	<u>37,365</u>
TOTAL OPERATING EXPENSES	<u>903,619</u>
 OPERATING INCOME	 85,746
 OTHER INCOME, NET	 1,735
INTEREST CHARGES, NET	<u>16,384</u>
NET INCOME	<u>\$ 71,097</u>

Source: NJNG 2010 BPU ANNUAL REPORT

NEW JERSEY NATURAL GAS COMPANY
BALANCE SHEET
AS OF DECEMBER 31, 2010

ASSETS

PROPERTY, PLANT & EQUIPMENT

UTILITY PLANT, AT COST	\$ 1,455,327
CONSTRUCTION WORK IN PROGRESS	92,383
TOTAL UTILITY PLANT	1,547,710
ACCUMULATED DEPRECIATION AND AMORTIZATION	(473,518)
NET UTILITY PLANT	<u>1,074,192</u>

CURRENT AND ACCRUED ASSETS

CASH AND TEMPORARY INVESTMENTS	3,072
ACCOUNTS RECEIVABLE	20,366
ACCRUED UTILITY REVENUE	79,726
ALLOWANCE FOR DOUBTFUL ACCOUNTS	(3,440)
GAS IN STORAGE, AT AVG COST	138,517
MATERIALS AND SUPPLIES	4,470
PREPAYMENTS	4,592
DERIVATIVE ASSETS	11,424
DERIVATIVE HEDGES	27,322
TOTAL CURRENT ASSETS	<u>286,049</u>

DEFERRED DEBITS

UNAMORTIZED DEBT EXPENSE	6,985
REGULATORY ASSETS	415,239
ACCUMULATED DEFERRED TAXES	2,319
UNRECOVERED PURCHASED GAS COSTS	24,751
MISC DEFERRED DEBITS	1,227
TOTAL NONCURRENT ASSETS	<u>450,521</u>

TOTAL ASSETS	<u>\$ 1,810,762</u>
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NEW JERSEY NATURAL GAS COMPANY
BALANCE SHEET
AS OF DECEMBER 31, 2010

CAPITALIZATION AND LIABILITIES

CAPITALIZATION

COMMON STOCK EQUITY	\$ 630,452
LONG-TERM DEBT	329,845
TOTAL CAPITALIZATION	<u>960,297</u>

OTHER NONCURRENT LIABILITIES

CAPITAL LEASE OBLIGATIONS	52,605
INCOME TAX - FAS 109	(13,860)
ACCUM PROV FOR INJ & DAMAGES, PENSIONS	2,723
ASSET RETIREMENT OBLIGATION	26,131
TOTAL OTHER NONCURRENT LIABILITIES	<u>67,599</u>

CURRENT AND ACCRUED LIABILITIES

NOTES PAYABLE	57,000
CURRENT MATURITIES OF L/T DEBT	-
CAPITAL LEASE OBLIGATIONS	12,060
ACCOUNTS PAYABLE ASSOC COMPANIES	2,122
ACCOUNTS PAYABLE AND OTHER	95,981
TAXES PAYABLE	77
MISC CURRENT AND ACCRUED LIAB	42,238
DERIVATIVE INSTRUMENTS	11,424
CUSTOMERS DEPOSITS	6,344
DIVIDENDS DECLARED	14,867
ACCRUED TAXES AND INTEREST	15,192
TOTAL CURRENT LIABILITIES	<u>257,305</u>

NONCURRENT LIABILITIES

DEFERRED INCOME TAXES	278,104
DEFERRED INVESTMENT TAX CREDITS	2,942
CUSTOMER ADVANCES FOR CONSTRUCTION	2,601
OTHER DEFERRED CREDITS	40,314
OTHER REGULATORY LIABILITY	201,600
TOTAL NONCURRENT LIABILITIES	<u>525,561</u>

TOTAL CAPITALIZATION AND LIABILITIES	<u>\$ 1,810,762</u>
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Source: NJNG 2010 BPU ANNUAL REPORT

**NEW JERSEY NATURAL GAS COMPANY
CAPITAL BUDGET AS OF SEPTEMBER 30, 2010**

As of 9/30/2010

#	BUDGET TYPE	(\$000)	(\$000)	(\$000)	(\$000)
		2009 Plan	2010 Plan	2011 Plan	2012 Plan
1	SYSTEM IMPROVEMENT	\$4,869	\$4,209	\$7,392	\$4,623
2	TRANSMISSION	3,741	3,918	1,963	9,837
	PIPELINE INTEGRITY	2,168	643	1,581	1,168
	AIP PROJECTS	-	44,214	23,251	-
4B	LAND - GAS FACILITIES	709	673	526	843
5	MAIN-NEW CUSTOMER	6,789	8,600	7,094	7,051
6	CATHODIC PROTECTION	1,101	1,139	1,351	1,420
7	PRODUCTION	4,270	599	1,042	510
8	MAIN-RENEWAL	5,551	6,112	6,011	6,815
9	REGULATORS	3,580	4,072	3,706	4,606
10A	METERS - NEW CUSTOMER	2,698	2,409	3,323	3,100
10B	METERS - OPERATIONS	3,387	3,229	3,632	3,445
10C	METERS - AMR	10,505	191	450	294
11A&D	SERVICES-NEW	9,415	9,443	9,552	9,553
11E&F	SERVICES-NEW	730	865	1,109	977
11B&C	SERVICES-RENEWAL	4,850	4,387	4,036	4,189
	TOTAL CONSTRUCTION	64,363	94,703	76,019	58,431
	CIAC	(1,250)	(1,513)	(1,100)	(1,100)
	TOTAL CONSTRUCTION PLUS CIAC	63,113	93,190	74,919	57,331
	AIP PROJECTS	-	44,214	23,251	-
	NON-QUALIFYING PROJECTS	63,113	48,976	51,668	57,331
	CIAC	1,250	1,513	1,100	1,100
	TOTAL NON-QUALIFYING PROJECTS	\$64,363	\$50,489	\$52,768	\$58,431

**NEW JERSEY NATURAL GAS COMPANY
CAPITAL BUDGET AS OF APRIL 30, 2011**

As of 3/31/2011

#	BUDGET TYPE	(\$000)	(\$000)	(\$000)
		2009 Actuals	2010 Actuals	2011 7+5 Update
1	SYSTEM IMPROVEMENT	\$3,310	\$2,276	\$7,392
2	TRANSMISSION	\$2,111	\$1,947	1,963
	PIPELINE INTEGRITY	\$620	\$28	1,581
	AIP PROJECTS	\$3,464	\$41,325	29,076
4B	LAND - GAS FACILITIES	\$165	\$46	526
5	MAIN-NEW CUSTOMER	\$7,376	\$6,400	7,094
6	CATHODIC PROTECTION	\$1,375	\$991	1,351
7	PRODUCTION	\$5,041	\$121	1,042
8	MAIN-RENEWAL	\$5,458	\$6,567	6,011
9	REGULATORS	\$3,170	\$2,131	3,706
10A	METERS - NEW CUSTOMER	\$1,840	\$2,765	3,323
10B	METERS - OPERATIONS	\$3,475	\$3,268	3,632
10C	METERS - AMR	\$13,781	\$191	450
11A&D	SERVICES-NEW	\$8,258	\$9,202	9,552
11E&F	SERVICES-NEW	\$174	\$380	1,109
11B&C	SERVICES-RENEWAL	\$4,991	\$5,316	4,036
	TOTAL CONSTRUCTION	\$64,609	\$82,954	\$81,844
	CIAC	(843)	(483)	(1,100)
	TOTAL CONSTRUCTION PLUS CIAC	\$63,766	\$82,471	\$80,744
	AIP PROJECTS	3,464	41,325	29,076
	NON-QUALIFYING PROJECTS	60,302	41,146	51,668
	CIAC	843	483	1,100
	TOTAL NON-QUALIFYING PROJECTS	\$61,145	\$41,629	\$52,768

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

	Original Budget	Updated Budget	Actual Expended Through Apr-2011
<u>MORRIS COUNTY</u>			
Hanover Line Replacement	\$21,000,000	\$13,000,000	\$9,366,578
Thatcher Line Replacement	\$5,700,000	\$9,100,000	\$3,501,379
Flanders System Reinforcement	\$1,250,000	\$2,200,000	\$2,243,286
<u>MONMOUTH COUNTY</u>			
Franklin Trunk Line Replacement	\$6,500,000	\$6,250,000	\$6,197,601
Route 36 Pump System Reinforcement	\$1,300,000	\$2,100,000	\$3,720,865
Western Freehold Regulator Station	\$1,200,000	\$1,600,000	\$1,404,656
Northern Howell System Reinforcement	\$1,000,000	\$1,000,000	\$1,115,714
<u>OCEAN COUNTY</u>			
Toms River Loop	\$16,100,000	\$16,250,000	\$13,366,014
Ocean County - Backbone System Expansion	\$6,500,000	\$6,500,000	\$6,668,957
Route 35 Bay Head Replacement	\$3,000,000	\$3,750,000	\$3,088,877
Lakehurst System Reinforcement	\$2,250,000	\$2,250,000	\$2,635,923
Long Beach Island System Reinforcement	\$1,700,000	\$2,750,000	\$3,187,299
Jackson Regulator Station	\$1,800,000	\$1,800,000	\$2,577,248
Lakewood Regulator Station Replacement	<u>\$1,500,000</u>	<u>\$2,250,000</u>	<u>\$2,198,489</u>
TOTAL	<u>\$70,800,000</u>	<u>\$70,800,000</u>	<u>\$61,272,886</u>

AFUDC for the period ending April 30, 2011 is an additional \$1,543,430 capitalized to AIP project costs

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

	Original Budget	Updated Budget	Actual Expended Through Apr-2011
Holmdel Line Replacement	\$18,000,000	\$18,000,000	\$0
Monmouth County Reinforcement	\$4,100,000	\$4,100,000	\$10,008
Old Mill Road Replacement	\$2,350,000	\$2,350,000	\$0
Morris County Reinforcement	\$10,450,000	\$10,450,000	\$0
Whiting System Loop	\$1,900,000	\$1,900,000	\$0
Unprotected Steel/Cast Iron Replacement	\$14,000,000	\$14,000,000	\$0
Regulator Station Replacement	\$5,750,000	\$5,750,000	\$0
Remote Valve Installations	\$2,000,000	\$2,000,000	\$0
In-Line Inspection Equipment	<u>\$1,600,000</u>	<u>\$1,600,000</u>	<u>\$309,433</u>
TOTAL	<u>\$60,150,000</u>	<u>\$60,150,000</u>	<u>\$319,441</u>

NJNG AIP CAPITAL INVESTMENT PROJECTS
ESTIMATED COST UPDATE AS OF JUNE 1, 2011

Morris County

Project: Hanover Line Replacement

Estimated Cost: \$13.0 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 July-2010

Estimated Complete Date: Mid-2011

Project: Thatcher Line Replacement

Estimated Cost: \$9.1 million

Description: Replacement of approximately 6.4 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 to Main Street, then onto Pine St, to West Dewey Av, Roxbury, south to Berkshire Valley Rd, ending at Roxbury Station, Roxbury.

Estimated Start Date: Construction July-2010

Estimated Complete Date: Mid-2011

Project: Flanders System Reinforcement

Estimated Cost: \$2.2 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 July-2010 (pending easement acquisitions)**Estimated Complete Date:** Early-2011**Project: Route 36 Pump System Reinforcement****Estimated Cost:** \$2.1 million**Description:** Replacement of approximately 1.7 miles 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 in two sections, near Laurel Avenue in Hazlet Township, and from Broadway to Homestead Av in Middletown.**Estimated Start Date:** Construction Late-2010**Estimated Complete Date:** Early-2011**Project: Western Freehold Regulator Station****Estimated Cost:** \$1.6 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**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**Estimated Complete Date:** Mid-2010

Ocean County

Project: Toms River Loop

Estimated Cost: \$16.25 million

Description: Installation of approximately 6.9 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 July-2010 (pending NJDEP permits)

Estimated Complete Date: Mid-2011

Project: Ocean County - Backbone System Expansion

Estimated Cost: \$6.5 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.

Bass River 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: Mid-2010

Project: Route 35, Bay Head Replacement

Estimated Cost: \$3.75 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

Estimated Complete Date: Mid-2011

Project: Lakehurst System Reinforcement**Estimated Cost:** \$2.25 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**Estimated Complete Date:** Mid-2010**Project: Jackson Regulator Station****Estimated Cost:** \$1.8 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**Estimated Complete Date:** Late-2010**Project: Long Beach Island System Reinforcement****Estimated Cost:** \$2.75 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**Estimated Complete Date:** Mid-2010**Project: Lakewood Regulator Station Replacement****Estimated Cost:** \$2.25 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**Estimated Complete Date:** Early-2011

NJNG AIP II CAPITAL INVESTMENT PROJECTS
ESTIMATED COST AS OF JUNE 1, 2011

MONMOUTH COUNTY:

Project: Holmdel Line Replacement

Estimated Cost: \$18.0 million

Description: Replacement of 8 miles of 10" pre-1971 Electric Resistance Welded (ERW) steel 525 psig transmission pipeline with 16" steel pipe, due to age (1965, 1968) and to increase supplier diversity while improving reliability to the Monmouth County system. This line replacement will also allow for the in-line inspection of this transmission line, as the current line cannot utilize smart pig technology in its current configuration. The replacement pipeline runs from Route 36, Hazlet Township, south primarily along Laurel Avenue, Holland Road, and Holmdel Road, ending at Route 520, Holmdel Township, Monmouth County.

Estimated Start Date: Fall 2011

Estimated Complete Date: Summer 2012

Project: Monmouth County Reinforcement Project

Estimated Cost: \$4.1 million

Description:

Route 34 Reinforcement - Replacement of approximately 1.5 miles of existing 8" steel 250 psig trunk line with 12" steel to improve system pressure / reliability to the southeastern area of Monmouth County. The existing main was installed in 1965, and is cathodically protected.

Seven Bridges Road Replacement - Replacement of approximately 1.4 miles of existing 6" & 8" steel 60 psig distribution main and services with 12" steel to improve system pressure / reliability to the peninsula area of Little Silver, Fair Haven and Rumson. The existing main was installed in sections in 1958, 1962 and 1968. Approximately two-thirds of this existing main is cathodically unprotected. The main runs in segments on Seven Bridges Road, from Rumson Road to Little Silver Point Road, Little Silver Borough, and from Silverside Avenue, Little Silver to Monmouth Boulevard, Oceanport Borough; and on Myrtle Avenue, from Port-Au-Peck Avenue, through Monmouth Park, ending at McClellan Street, Oceanport Borough.

Shafto Road Reinforcement Loop - Installation of approximately 2 miles of 8" plastic 60 psig distribution main along Shafto Road, Tinton Falls, from just south of Wardell Road south to Route 34, Wall Township, Monmouth County, to backfeed and reinforce the existing system by connecting two systems and improving low system pressures in the area.

Estimated Start Date: Summer 2011

Estimated Complete Date: Spring 2012

Project: Old Mill Road / 18th Avenue Area Replacement Project

Estimated Cost: \$2.35 million

Description: Replacement of approximately 3.0 miles of 12", 8", 6" & 3" bare steel 60 psig distribution main and associated services with 12" steel and 8" & 4" plastic due to age and maintenance concerns. The existing bare steel main was installed between 1928 and 1932. The replacement mains and services will include Old Mill Road, from Route 138, Wall Township, to Allaire Road, Spring Lake Heights Borough; on 18th Avenue, from New Bedford Road to M Street, Wall Township; and Marconi Road from Route 138 to Belmar Boulevard, Wall Township, Monmouth County.

Estimated Start Date: Summer 2011

Estimated Complete Date: Spring 2012

MORRIS COUNTY:**Project: Morris County Reinforcement Project****Estimated Cost:** \$10.45 million**Description:**

Route 46 Replacement - Replacement of approximately 3.0 miles of 6" steel 125 psig distribution main and services with 12" steel due to age and to improve pressure in the existing system. The existing main was installed primarily in 1953, a majority of which is not cathodically protected. About one-quarter of the main was installed in 1958 and is cathodically protected. The pipeline runs from our interstate supply line on Vail Road, west along Route 46 to just west of Parsippany Blvd, in Parsippany-Troy Hills Township, Morris County.

Thatcher Line Extension - Extension of the 12" steel 230 psig trunk system main for approximately 2.4 miles from the current end of the Thatcher Line at Washington Street & North Main Street, Wharton Borough, west along West Pine Street, West Central Avenue, and West Dewey Avenue to Berkshire Valley Road, ending at the Roxbury regulator station (see related project in the Integrity Support section – Regulator Stations). This will allow for improved supplier diversity and pressure reinforcement to the existing 230 psig backbone system, by looping the system that supplies gas to the entire central and western regions of the Morris County franchise, currently fed by the Tennessee, Columbia, and Texas Eastern interstate pipeline systems.

Lake Hiawatha Reinforcement Loop - Installation of approximately 2.5 miles of 6" & 4" plastic 60 psig distribution main to loop the Lake Hiawatha area within the Parsippany distribution system. Primary segment follows Lake Shore Drive from Vail Road north onto River Road, to Oneida Avenue, ending at North Beverwyck Road. A secondary segment is on Lake Shore Drive / Greenbank Road from north of Tories Lane southeast to Hiawatha Boulevard at Roosevelt Avenue. This project connects several one-way fed systems and improves overall pressure and reliability in the Parsippany, Boonton and Montville area systems.

Estimated Start Date: Summer 2011**Estimated Complete Date:** Summer 2012**OCEAN COUNTY:****Project: Whiting System Loop / Extension Project****Estimated Cost:** \$1.9 million

Description: Installation of 4.7 miles of 6" & 8" plastic pipe in the Whiting area of Manchester Township to ensure adequate gas supply and reliability by installing 60 psig distribution main looping within a currently one-way fed system. The proposed 8" main runs along Wranglebrook Road from Manchester Boulevard east to Schoolhouse Road, then south ending at Route 530. The proposed 6" main runs from Route 539 along Harry Wright Boulevard, Elizabeth Avenue, Pershing Avenue, Lake Avenue to Lacey Road.

Estimated Start Date: Summer 2011**Estimated Complete Date:** Spring 2012

INTEGRITY SUPPORT PROJECTS:

Project: Unprotected Steel & Cast Iron Main Replacement

Estimated Cost: \$14 million

Description: Replacement of approximately 20 miles of bare steel, wrought iron, cast iron, and unprotected coated steel distribution main, and associated services, with plastic, due to age and maintenance concerns. Facilities to be included in this project are located throughout various areas of Asbury Park, Neptune, Neptune City, Interlaken, and Ocean, in Monmouth County, and Pine Beach, Ocean Gate, Beachwood, and Berkeley, Ocean County.

Estimated Start Date: Summer 2011

Estimated Complete Date: Fall 2012

Project: Regulator Station Replacement / Expansion Project

Estimated Cost: \$5.75 million

Description: Replacement of twelve distribution regulator stations due to age and to improve capacity throughout Monmouth, Ocean and Morris counties to ensure system reliability. The project also includes the replacement and relocation of the existing Marlboro regulator station due to age and for capacity improvements, and to allow for the installation of gas heating and filtering equipment at that location, and the expansion of the Roxbury Station to improve capacity, diversity of delivery options, and to replace the gas heating and filtering equipment that will accommodate additional volumes of product associated with the Thatcher Line Expansion project.

Estimated Start Date: Spring 2011

Estimated Complete Date: Fall 2012

Project: Remote Control Valve Installations / Telemetry System Improvements

Estimated Cost: \$2.0 million

Description: Installation of remote control valve actuators at multiple sites along the existing Jamesburg, Tennessee, Route 34 transmission systems and Englishtown station, including remote control / battery charging equipment and valve installations in order to improve the response and make-safe times should there be incidents within the system.

Estimated Start Date: Summer 2011

Estimated Complete Date: Summer 2012

Project: In-Line Inspection Equipment Installation

Estimated Cost: \$1.6 million

Description: Installation of transmission in-line inspection equipment on the 20" Lakewood, 20" Oyster Creek and 12" Lakehurst pipelines, as well as the Monmouth-Ocean and Whitesville Valve Sites to allow for the future "smart pig" technology of those lines.

Estimated Start Date: Summer 2011

Estimated Complete Date: Summer 2012

**NEW JERSEY NATURAL GAS COMPANY
AIP BUDGET AS OF SEPTEMBER 30, 2009**

As of Sept 30, 2010

Proposed AIP Projects	FY Planned Spending			Forecasted AIP Spending		
	2009	2010	2011	2009	2010	2011
Budget 1 - System Improvement						
North Howell System Reinforcement		\$671,585	\$328,415	\$1,000,000		\$125,000
Route 36 Pump System Reinforcement						\$3,700,000
Route 35 Bay Head Replacement		\$931,365	\$931,365		\$3,750,000	\$70,000
Flanders System Reinforcement		\$847,271	\$1,352,729		\$2,200,000	\$40,000
Ocean County - Backbone Reinforcement			\$750,000	\$4,080,000	\$2,420,000	\$170,000
Budget 2 - Transmission						
Hanover Line Replacement		\$545,688	\$1,000,000	\$300,000	\$11,200,000	\$2,700,000
Thatcher Line Replacement			Project design not anticipated to start till 2012	\$25,000	\$3,175,000	\$3,800,000
Toms River Loop			Project design not anticipated to start till 2012	\$390,000	\$9,460,000	\$5,580,000
Franklin Trunk Line Replacement		\$3,248,778	\$3,248,778	\$197,500	\$4,202,500	\$2,100,000
Lakehurst System Reinforcement			\$350,000		\$1,325,000	\$1,310,000
Long Beach Island System Reinforcement			Project design not anticipated to start till 2012		\$2,750,000	\$450,000
Budget 9 -Regulators						
Lakewood Regulator Station Replacement		\$984,872	\$1,515,128		\$1,000,000	\$1,500,000
Jackson Regulator Station			\$900,000		\$1,800,000	\$600,000
Western Freehold Regulator Station			\$600,000		\$1,600,000	\$845,000
Yearly AIP Planned & Forecsated Spending Excluding AFUDC		\$7,229,559	\$10,976,415	\$5,992,500	\$44,882,500	\$22,990,000
						Total AIP \$73,865,000

Schedule NJNG-6

As of 3/31/2011	Pre AIP II Fiscal Year		Forecasted AIP II Spending		ESTIMATE	
	Planned Spending				Start Date	Completion Date
Proposed AIP II Projects	2011	2012	2011	2012		
Monmouth County						
Holmdel Line	\$218,171	\$7,973,392	\$5,500,000	\$12,500,000	Fall 2011	Fall 2012
Monmouth County Reinforcement Projects						
Rt. 34 Reinforcement	Spend'g Planned in FY '13 & '14		\$500,000	\$1,100,000	Summer 2011	Spring 2012
Shafto Rd Reinforcement Loop	Spend'g Planned in FY '14		\$1,100,000	\$0	Summer 2011	Spring 2012
Seven Bridges Rd Replacement	\$735,017		\$800,000	\$600,000	Summer 2011	Spring 2012
Old Mill Rd & 18th Ave Replacement	Spend'g Planned in FY '13		\$1,150,000	\$1,200,000	Summer 2011	Spring 2012
Morris County Reinforcement Projects						
Route 46 Replacement	Spend'g Planned in FY '14 & '15		\$2,000,000	\$2,700,000	Summer 2011	Spring 2012
Thatcher Line Extension	Spend'g Planned in FY '13 & '14		\$3,000,000	\$900,000	Summer 2011	Spring 2012
Lake Hiawatha Reinforcement Loop	Spend'g Planned in FY 2013		\$1,550,000	\$300,000	Summer 2011	Spring 2012
Ocean County						
Whiting System Loop	Spend'g Planned in FY 2014		\$1,625,000	\$275,000	Spring 2011	Spring 2012
Integrity Support Projects						
Unprotected Steel/Cast Iron Replacement	\$245,000	\$245,000	\$5,150,000	\$8,850,000	Summer 2011	Summer 2012
Regulator Station Replacement	\$0	\$1,100,000	\$2,300,000	\$3,450,000	Spring 2011	Summer 2012
Remote Valve Installations / Telemetry System	\$65,305	\$65,305	\$950,000	\$1,050,000	Summer 2011	Summer 2012
In-Line Inspection Equipment Installation	\$150,000	\$150,000	\$900,000	\$700,000	Summer 2011	Summer 2012
Total AIP II excluding AFUDC	\$678,476	\$10,268,714	\$26,525,000	\$33,625,000		
						Total AIP II \$60,150,000

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2011**

<u>Infrastructure Project</u>	Work Order Number	Expenditure Category	Total Dollars Spent
<u>MORRIS COUNTY</u>			
Hanover Line	6190-8215	Contractor	\$ 7,110,668.88
	6190-8354	Material	2,006,867.74
		Permit and Design	<u>249,041.53</u>
			9,366,578.15
Thatcher Line	6190-8214	Contractor	2,318,539.77
	6110-5276/77	Material	1,018,333.96
	6190-8355	Permit and Design	<u>164,506.18</u>
			3,501,379.91
Flanders System	6110-5275	Contractor	2,152,342.57
		Material	89,118.98
		Permit and Design	<u>1,824.00</u>
			2,243,285.55
Total Morris County			<u>\$15,111,243.61</u>

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2011**

<u>Infrastructure Project</u>	Work Order Number	Expenditure Category	Total Dollars Spent
<u>MONMOUTH COUNTY</u>			
Franklin Line	6190-8213	Contractor	\$ 3,844,277.70
	6190-8248	Material	1,967,198.67
	6190-8347	Permit and Design	386,124.31
			<u>6,197,600.68</u>
Route 36 Pump System	6120-5434	Contractor	3,320,186.99
	6120-5435	Material	386,245.10
	6120-5450	Permit and Design	14,432.50
			<u>3,720,864.59</u>
W. Freehold Regulator	6190-8226	Contractor	590,986.42
	6190-8227	Material	1,057,053.63
	6190-8187	Permit and Design	59,067.53
			<u>1,707,107.58</u>
Northern Howell System	6130-8074	Contractor	1,019,380.92
	6130-8075	Material	90,381.12
	6130-8086	Permit and Design	5,952.10
			<u>1,115,714.14</u>
Total Monmouth County			<u>\$12,741,286.99</u>

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to Qualifying Projects
For The Period Ending April 30, 2011**

<u>Infrastructure Project</u>	Work Order Number	Expenditure Category	Total Dollars Spent
<u>OCEAN COUNTY</u>			
Toms River Loop	6190-8203	Contractor	\$ 8,649,007
	6190-8356	Material	4,076,039.79
		Permit and Design	640,968.08
			<u>13,366,014.58</u>
Ocean County Backbone	6140-6225	Contractor	5,923,167.32
	6140-6227/28	Material	731,831.92
	6140-6229	Permit and Design	13,957.69
			<u>6,668,956.93</u>
Bay Head Replacement	6140-6223	Contractor	2,530,832.12
	6140-6224	Material	543,302.82
		Permit and Design	14,742.15
			<u>3,088,877.09</u>
Lakehurst	6190-8209	Contractor	2,204,719.90
		Material	422,602.63
		Permit and Design	8,600.00
			<u>2,635,922.53</u>
Jackson Regulator	6190-8205/06	Contractor	1,522,230.82
	6190-8172	Material	671,372.54
	6190-8207	Permit and Design	81,192.65
			<u>2,274,796.01</u>
Long Beach Island System	6190-8204	Contractor	2,607,381.30
		Material	447,246.56
		Permit and Design	132,671.55
			<u>3,187,299.41</u>
Lakewood Regulator	6190-8208	Contractor	994,457.97
	6190-8250	Material	913,734.97
	6140-6269	Permit and Design	290,295.70
			<u>2,198,488.64</u>
Total Ocean County			<u>\$33,420,355.19</u>
Total AIP Projects			<u>\$61,272,885.79</u>

New Jersey Natural Gas Company

**Summary of Capital Expenditures Related to AIP II Qualifying Projects
For The Period Ending April 30, 2011**

<u>Infrastructure Project</u>	Work Order Number	Expenditure Category	Total Dollars Spent
Holmdel Line Replacement	6190-8426	Contractor	\$ -
		Material	-
		Permit and Design	10,008.11
			<u>\$ 10,008.11</u>
Monmouth County Reinforcement	6190-	Contractor	\$ -
	6130-	Material	-
		Permit and Design	-
			<u>\$ -</u>
Old Mill Road Replacement	6130-8157/58	Contractor	\$ -
		Material	-
		Permit and Design	-
			<u>\$ -</u>
Morris County Reinforcement	6110-	Contractor	\$ -
	6190-8451	Material	-
		Permit and Design	-
			<u>\$ -</u>
Whiting System Loop	6140-6317	Contractor	\$ -
	6140-	Material	-
		Permit and Design	-
			<u>\$ -</u>
Unprotected Steel/Cast Iron Replacement		Contractor	\$ -
		Material	-
		Permit and Design	-
			<u>\$ -</u>
Remote Value Installations	6190-8461	Contractor	\$ -
		Material	-
		Permit and Design	-
			<u>\$ -</u>
In-Line Inspection Equipment		Contractor	\$ 239,090.07
		Material	70,342.71
		Permit and Design	-
			<u>\$ 309,432.78</u>
Total AIP II Projects			<u>\$ 319,440.89</u>

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

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

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

	Original Budget	Updated Budget	Jobs Created as of 3/31/11
<u>MORRIS COUNTY</u>			
Hanover Line Replacement	\$21,000,000	\$13,000,000	13.5
Thatcher Line Replacement	\$5,700,000	\$9,100,000	5.4
Flanders System Reinforcement	\$1,250,000	\$2,200,000	5.5
<u>MONMOUTH COUNTY</u>			
Franklin Trunk Line Replacement	\$6,500,000	\$6,250,000	7.6
Route 36 Pump System Reinforcement	\$1,300,000	\$2,100,000	2.8
Western Freehold Regulator Station	\$1,200,000	\$1,600,000	1.3
Northern Howell System Reinforcement	\$1,000,000	\$1,000,000	2.0
<u>OCEAN COUNTY</u>			
Toms River Loop	\$16,100,000	\$16,250,000	16.7
Ocean County - Backbone System Expansion	\$6,500,000	\$6,500,000	12.2
Route 35 Bay Head Replacement	\$3,000,000	\$3,750,000	5.0
Lakehurst System Reinforcement	\$2,250,000	\$2,250,000	4.9
Long Beach Island System Reinforcement	\$1,700,000	\$2,750,000	5.5
Jackson Regulator Station	\$1,800,000	\$1,800,000	1.8
Lakewood Regulator Station Replacement	\$1,500,000	\$2,250,000	2.5
TOTAL	\$70,800,000	\$70,800,000	86.7

Please see Response MFR 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 II)**

	Original Budget	Updated Budget	Jobs Created as of 3/31/11
Holmdel Line Replacement	\$18,000,000	\$18,000,000	0
Monmouth County Reinforcement	\$4,100,000	\$4,100,000	0
Old Mill Road Replacement	\$2,350,000	\$2,350,000	0
Morris County Reinforcement	\$10,450,000	\$10,450,000	0
Whiting System Loop	\$1,900,000	\$1,900,000	0
Unprotected Steel/Cast Iron Replacement	\$14,000,000	\$14,000,000	0
Regulator Station Replacement	\$5,750,000	\$5,750,000	0
Remote Value Installations	\$2,000,000	\$2,000,000	0
In-Line Inspection Equipment	\$1,600,000	\$1,600,000	0
	\$60,150,000	\$60,150,000	-

Please see Response MFR 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 APRIL 30, 2011 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 2011

	AIP	AIP II	Total
Capital Expenditures - CWIP as of April 2011	\$ 61,272,886	\$ 319,441	\$ 61,592,327
Capital Expenditures - CWIP thru August 2011 (est)	12,592,000	6,094,498	18,686,498
Accumulated Depreciation	(861,121)	-	(861,121)
AFUDC - as of April 2011	1,543,430	-	1,543,430
AFUDC - thru August 2011 (est)	627,445	81,534	708,979
	75,174,640	6,495,474	81,670,114
Deferred Income Tax	(18,872,938)	-	(18,872,938)
	56,301,703	6,495,474	62,797,176
Rate of Return - net	6.74%	6.37%	
	3,794,735	413,762	4,208,496
Depreciation Exp, net	1,018,706	-	1,018,706
	4,813,441	413,762	5,227,203
Revenue Factor	1.7016	1.7016	1.7016
Total Revenue Requirement	\$ 8,190,551	\$ 704,057	\$ 8,894,608
Less: Amount in Base Rates			(4,169,636)
Revenue Requirement			\$ 4,724,972
<u>Depreciation Expense</u>			
Depreciable Balance as of 8/2011	73,600,099		
Depreciation Rate per Board Order	2.34%		
Depreciation Expense	\$ 1,722,242		

**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	5,562,581	\$ 7.71	\$ 42,887,500	\$ 7.71	\$ 42,887,500	
Distribution Service						
Residential Sales	422,805,291	\$ 0.2981	\$ 126,038,257	\$ 0.3058	\$ 129,293,858	
Residential Transport	<u>28,255,866</u>	\$ 0.2981	<u>8,423,074</u>	\$ 0.3058	<u>8,640,644</u>	
Subtotal	451,061,157		\$ 177,348,830		\$ 180,822,001	
<u>Adjustments</u>						
Air Conditioning Discount	19,517	\$ (0.2418)	\$ (4,719)	\$ (0.2495)	\$ (4,869)	
Total Class Base Revenues			\$ 177,344,111		\$ 180,817,132	1.96%

General Service - Small						
		<u>GS - Small</u>		<u>GS - Small</u>		
Less than 5,000 Annual Therms						
Customer	321,146	\$ 23.36	\$ 7,501,971	\$ 23.36	\$ 7,501,971	
Distribution Service						
Sales	25,977,035	\$ 0.2555	\$ 6,637,132	\$ 0.2649	\$ 6,881,317	
Transport	7,010,441	\$ 0.2555	1,791,168	\$ 0.2649	1,857,066	
Subtotal	<u>32,987,476</u>		<u>\$ 15,930,271</u>		<u>\$ 16,240,353</u>	1.95%
Total Class Base Revenues			\$ 15,930,271		\$ 16,240,353	1.95%

General Service - Large						
			0.9861			
		<u>GS - Large</u>		<u>GS - Large</u>		
Greater than 5,000 Annual Therms						
Customer	106,176	\$ 37.38	\$ 3,968,859	\$ 37.38	\$ 3,968,859	
Demand	12,742,075	\$ 1.4019	\$ 17,863,115	\$ 1.4019	\$ 17,863,115	
Distribution Service						
Sales	63,271,646	\$ 0.2009	\$ 12,711,274	\$ 0.2080	\$ 13,160,502	
Transport	72,424,651	\$ 0.2009	14,550,112	\$ 0.2080	15,064,327	
Subtotal	<u>135,696,297</u>		<u>\$ 49,093,360</u>		<u>\$ 50,056,804</u>	1.96%
Total Class Base Revenues			\$ 49,093,360		\$ 50,056,804	1.96%

General Service - CAC

		CAC		GS - Small		
Less than 5,000 Annual Therms						
Customer	451	\$ 23.36	\$ 10,535	\$ 23.36	\$ 10,535	
Distribution Service						
Winter Therms	59,802	\$ 0.2555	\$ 15,279	\$ 0.2649	\$ 15,842	
All summer therms	47,736	\$ 0.0563	2,688	\$ 0.0563	2,688	
Subtotal	107,538		\$ 28,502		\$ 29,064	
Greater than 5,000 Annual Therms				GS - Large		
Customer	312	\$ 37.38	\$ 11,663	\$ 37.38	\$ 11,663	
Demand	36,445	\$ 1.4019	\$ 51,092	\$ 1.4019	\$ 51,092	
Distribution Service						
Winter Therms	264,133	\$ 0.2009	\$ 53,064	\$ 0.2080	\$ 54,940	
All summer therms	96,875	\$ 0.0563	5,454	\$ 0.0563	5,454	
Subtotal	361,008		\$ 121,273		\$ 123,149	
Total Class Base Revenues			\$ 149,775		\$ 152,213	1.6%

Firm Transportation

		FT		FT		
Customer	2,184	\$ 46.73	\$ 102,058	\$ 46.73	\$ 102,058	
Demand	1,128,408	\$ 1.2776	\$ 1,441,654	\$ 1.2776	\$ 1,441,654	
Distribution Service						
High Load Factor therms	6,148,275	\$ 0.1028	\$ 632,043	\$ 0.1028	\$ 632,043	
Low Load Factor therms	5,098,809	\$ 0.1325	675,592	\$ 0.1325	675,592	
Total Class Base Revenues	11,247,084		\$ 2,851,347		\$ 2,851,347	0.0%

Distributed Generation - Commercial					
		DGC		DGC	
Customer	48	\$ 37.38	\$ 1,794	\$ 37.38	\$ 1,794
Demand	195,601	\$ 0.56	\$ 109,537	\$ 0.56	\$ 109,537
Distribution Service					
Winter therms	1,590,133	\$ 0.0901	\$ 143,271	\$ 0.0922	\$ 146,610
Summer therms	1,806,870	\$ 0.0595	\$ 107,509	\$ 0.0616	\$ 111,303
Total Class Base Revenues	3,397,003		\$ 362,111		\$ 369,244
					1.97%

TOTAL BASE REVENUES	245,730,975	250,487,093	1.9%
		INCREASE \$ 4,756,118	
		TARGET INCREASE \$ 4,724,972	1.9%
		Difference \$ 31,146	

NEW JERSEY NATURAL GAS COMPANY**BPU No. 8 - Gas****~~Tenth~~^{Ninth} Revised Sheet No. 51**
~~Ninth~~^{Eighth} Revised Sheet No. 51**SERVICE CLASSIFICATION - RS****RESIDENTIAL SERVICE****AVAILABILITY**

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

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

CHARACTER OF SERVICE

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

MONTHLY RATES**Customer Charge:**

Customer Charge per meter per month \$8.25

Delivery Charge:**Residential Heating**

Delivery Charge per therm \$~~0.53640~~^{0.5281}

Residential Non-Heating

Delivery Charge per therm \$~~0.51520~~^{0.5069}

BGSS Charge:

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

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

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

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

Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR~~1106~~¹⁰⁰⁶⁰³⁸²

NEW JERSEY NATURAL GAS COMPANY**BPU No. 8 - Gas****~~Tenth Ninth~~ Revised Sheet No. 56
Superseding ~~Ninth Eighth~~ Revised Sheet No. 56****SERVICE CLASSIFICATION – GSS****GENERAL SERVICE - SMALL****AVAILABILITY**

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

CHARACTER OF SERVICE

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

MONTHLY RATES**Customer Charge:**

Customer Charge per meter per month \$25.00

Delivery Charge:

Delivery Charge per therm \$~~0.50660~~.4965

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: ~~December 10, 2010~~
Issued by: Mark R. Spurduto, Vice President
2011

Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY**BPU No. 8 - Gas****~~Tenth~~^{Ninth} Revised Sheet No. 59**
Superseding ~~Ninth~~^{Eighth} Revised Sheet No. 59**SERVICE CLASSIFICATION - GSL****GENERAL SERVICE - LARGE****AVAILABILITY**

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

CHARACTER OF SERVICE

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

MONTHLY RATES**Customer Charge:**

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to HMAD \$1.50

Delivery Charge:

Delivery Charge per therm ~~\$0.43750~~^{0.4299}

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

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NEW JERSEY NATURAL GAS COMPANY**BPU No. 8 - Gas****~~NinthEighth~~ Revised Sheet No. 65
Superseding ~~EighthSeventh~~ 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	\$ 0.28840 .2862
------------------	-----------------------------

May - October	\$ 0.25570 .2534
---------------	-----------------------------

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

MINIMUM MONTHLY CHARGE

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

Date of Issue: ~~October 22, 2010~~
Issued by: Mark R. Spurduto, Vice President
2011
 Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~TenthNinth~~ Revised Sheet No. 252
Superseding ~~NinthEighth~~ Revised Sheet No. 252SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential 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		0.30580.2 981	0.30580.2981	
TEFA		0.0167	0.0167	Rider B
SUT		0.02260.0 220	0.02260.0220	Rider B
After-tax Base Rate		0.34510.3 368	0.34510.3368	
WNC		0.0000	0.0000	Rider D
CIP		0.0179	0.0179	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.37570.3 674	0.37570.3674	
Balancing Charge	b	0.0886	0.0886	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.53640.5 281	0.53640.5281	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8346	x	Rider A
Less: Balancing	f	<u>0.0886</u>	x	
BGS	e-f=g	<u>0.7460</u>	x	

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

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Issued by: Mark R. Spurduto, Vice President
2011

Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~TenthNinth~~ Revised Sheet No. 252
~~NinthEighth~~ 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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Issued by: **Mark R. Spurduto, Vice President**
2011
Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.30580.2 981	0.30580.2981	
TEFA		0.0167	0.0167	Rider B
SUT		0.02260.0 220	0.02260.0220	Rider B
After-tax Base Rate		0.34510.3 368	0.34510.3368	
CIP		(0.0033)	(0.0033)	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.35450.3 462	0.35450.3462	
Balancing Charge	b	0.0886	0.0886	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.51520.5 069	0.51520.5069	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8346	x	Rider A
Less: Balancing	f	<u>0.0886</u>	x	
BGS	e-f=g	<u>0.7460</u>	x	

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

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

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~TenthNinth~~ Revised Sheet No. 255
Superseding ~~NinthEighth~~ Revised Sheet No. 255SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral 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		0.26490.2 555	0.26490.2555	
TEFA		0.0148	0.0148	Rider B
SUT		0.01960.0 189	0.01960.0189	Rider B
After-tax Base Rate		0.29930.2 892	0.29930.2892	
WNC		0.0000	0.0000	Rider D
CIP		0.0339	0.0339	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.34590.3 358	0.34590.3358	
Balancing Charge	b	0.0886	0.0886	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.50660.4 965	0.50660.4965	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.8346	x	Rider A
Less: Balancing	f	<u>0.0886</u>	x	
BGS	e-f=g	<u>0.7460</u>	x	

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

Date of Issue: ~~December 10, 2010~~
Issued by: Mark R. Sperduto, Vice President
2011

Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~TenthNinth~~ Revised Sheet No. 255
~~NinthEighth~~ 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: **~~December 10, 2010~~**
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Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Fortieth~~~~Thirty-Ninth~~ Revised Sheet No. 256
Superseding ~~Thirty-Ninth~~~~Eight~~ Revised Sheet No. 256SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
Transport Rate:				
Pre-tax Base Rate		0.20800.2 009	0.20800.2009	
TEFA		0.0128	0.0128	Rider B
SUT		0.01550.0 150	0.01550.0150	Rider B
After-tax Base Rate		0.23630.2 287	0.23630.2287	
WNC		0.0000	0.0000	Rider D
CIP		0.0278	0.0278	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.27680.2 692	0.27680.2692	
Balancing Charge	b	0.0886	0.0886	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.43750.4 299	0.43750.4299	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.7190	X	Rider A
Less: Balancing	f	<u>0.0886</u>	X	
BGS	e-f=g	<u>0.6304</u>	X	

Date of Issue: ~~April 28, 2011~~
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Wall, NJ 07719

Effective for service rendered on
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NEW JERSEY NATURAL GAS COMPANY**BPU No. 8 - Gas****~~Fortieth~~~~Thirty-Ninth~~ Revised Sheet No. 256**
~~Superseding Thirty-Ninth~~~~Eighth~~ 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 28, 2011~~
Issued by: Mark R. Sperduto, Vice President
Wall, NJ 07719

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Ninth~~~~Eighth~~ Revised Sheet No. 258
Superseding ~~Eighth~~~~Seventh~~ Revised Sheet No. 258SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSCommercial 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		0.09220.0901	0.06160.0595	
TEFA		0.0153	0.0153	
SUT		0.00750.0074	0.00540.0052	Rider B
After-tax Base Rate		0.11500.1128	0.08230.0800	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	a	0.12770.1255	0.09500.0927	
Balancing Charge	b	0.0886	0.0886	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0194</u>	<u>0.0194</u>	Rider H
Total SBC	c	<u>0.0721</u>	<u>0.0721</u>	
Delivery Charge (DEL)	a+b+c=d	0.28840.2862	0.25570.2534	

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

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

Date of Issue: ~~October 22, 2010~~
 Issued by: Mark R. Spurduto, Vice President
 2011~~0~~
 Wall, NJ 07719

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

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

AS OF SEPTEMBER 16, 2010 NJNG HAS COLLECTED REVENUES ASSOCIATED WITH THE RECOVERY OF AIP INVESTMENTS AS PART OF BASE RATE TARIFFS. THE MONTHLY REVENUES COLLECTED INCLUDE THE ACTUAL THERMS PER RATE CLASS FOR MONTHS SEPTEMBER 2010 THROUGH APRIL 2011 MULTIPLIED BY THE AIP CHANGE TO BASE RATES APPROVED BY THE BPU IN DOCKET NO. GR10060384.

NJNG DOES NOT DEFER THE AIP RECOVERY ON ITS INVESTMENT SINCE THE BPU HAS APPROVED BASE RATE TARIFF RECOVERY OF THE INVESTMENT.

	THERMS	AIP RATE CHANGE	TOTAL
RS NON-HEAT	3,169,526	\$ 0.0077	\$ 24,405
RS HEAT	447,872,115	\$ 0.0077	\$ 3,448,615
GSS	33,047,278	\$ 0.0094	\$ 310,644
GSL	135,960,430	\$ 0.0071	\$ 965,319
DG	3,397,003	\$ 0.0021	\$ 7,134
			<u>\$ 4,756,118</u>

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS
Petition to Establish Rates to Recover Capital Investment Costs
Associated with Accelerated Infrastructure Investment Programs
BPU Docket No. GR1106_____

NOTICE OF FILING AND PUBLIC HEARINGS

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2011, 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 Programs (AIP and AIP II).

On April 28, 2009, the Board issued an Order approving the construction of 14 AIP 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. The Board found in the April 28, 2009 Order that the AIP projects would create jobs in New Jersey and maintain the reliability of NJNG's distribution and transmission systems. 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.

On March 30, 2011, the Board issued an Order approving the construction of 9 AIP II capital infrastructure projects and allowing the Company to request Board approval in June 2011 and October 2012 to make an adjustment to the Company's base rates to reflect the investment costs associated with such AIP II work. The Board also found in the March 30, 2011 Order that the AIP II projects would create jobs in New Jersey and maintain the reliability of NJNG's distribution and transmission systems. The nine projects include the replacement and reinforcement of approximately 15.9 miles of transmission and distribution mains, along with associated services in Monmouth County; the reinforcement of 7.9 miles of distribution main, along with associated services in Morris County; the extension of 4.7 miles of existing distribution main in Ocean County; and, the replacement of 20 miles of unprotected steel or cast iron main throughout the service territory with plastic pipe. Additionally, there were several regulator and pipeline inspection projects included.

The expenditures for AIP over the anticipated installation period total approximately \$73.8 million while the expenditures for AIP II total approximately \$60.15 million. 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 second annual filing seeking Board approval to adjust base rates to recover the costs of the AIP and AIP II infrastructure investments made through August 2011. 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 **\$0.0083** per therm.

The Company has requested that the proposed price adjustments be effective October 1, 2011. As such, the impact 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	
		Monthly Bill as of May 1, 2011	Proposed Bill	Amount	Percent
Residential Heat Sales	100	\$135.66	\$136.49	\$0.83	0.6%
Residential Non-Heat Sales	25	\$39.57	\$39.78	\$0.21	0.5%
General Service-Small	100	\$149.25	\$150.26	\$1.01	0.7%
General Service-Large	1200	\$1,487.86	\$1,496.98	\$9.12	0.6%

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:

???

Rockaway Township Municipal Building
65 Mt. Hope Road
Rockaway Township, NJ 07866-1698

???

Freehold Borough Municipal Building
One Municipal Plaza – Schanck Road
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
Accelerated Energy Infrastructure Investment Program (AIP I and AIP II)
Net Impact of Proposed Rate Changes
BPU Docket No. GR1106
F/Y 2012

(\$/therm)

Impact on Residential Non-Heating Customers			
			25 therm bill
Current Prices			
Customer Charge	\$8.25		\$8.25
Delivery	\$0.5069		\$12.67
BGSS	\$0.7460		\$18.65
Total	\$1.2529		\$39.57
Proposed prices- effective 10/1/11			
Customer Charge	\$8.25		\$8.25
Delivery	\$0.5152		\$12.88
BGSS	\$0.7460		\$18.65
Total	\$1.2612		\$39.78
Increase			\$0.21
Increase as a percent			0.5%

Impact on Residential Heating Customers			
		100 therm bill	1000 therm annual bill
Current Prices			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5281	\$52.81	\$528.10
BGSS	\$0.7460	\$74.60	\$746.00
Total	\$1.2741	\$135.66	\$1,373.10
Proposed prices- effective 10/1/11			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5364	\$53.64	\$536.40
BGSS	\$0.7460	\$74.60	\$746.00
Total	\$1.2824	\$136.49	\$1,381.40
Increase		\$0.83	\$8.30
Increase as a percent		0.6%	0.6%

Impact on Commercial GSS Customers		
		100 therm bill
Current Prices		
Customer Charge	\$25.00	\$25.00
Delivery	\$0.4965	\$49.65
BGSS	\$0.7460	\$74.60
Total	\$1.2425	\$149.25
Proposed prices- effective 10/1/11		
Customer Charge	\$25.00	\$25.00
Delivery	\$0.5066	\$50.66
BGSS	\$0.7460	\$74.60
Total	\$1.2526	\$150.26
Increase		\$1.01
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	\$0.4299	\$515.88
BGSS (May 2011)	\$0.6304	\$756.48
Total	\$1.0603	\$1,487.86
Proposed prices- effective 10/1/11		
Customer Charge	\$40.00	\$40.00
Demand Charge	\$1.50	\$175.50
Delivery	\$0.4375	\$525.00
BGSS (May 2011)	\$0.6304	\$756.48
Total	\$1.0679	\$1,496.98
Increase		\$9.12
Increase as a percent		0.6%