NEW JERSEY NATURAL GAS COMPANY

TARIFF

FOR GAS SERVICE

BPU No. 8 - Gas

APPLICABLE IN

All service areas of the Company
located in parts of
Middlesex, Monmouth, Ocean, Morris, Sussex and Burlington Counties

ISSUED BY: Mark R. Sperduto
Vice President
Wall, New Jersey

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LIST OF COMMUNITIES SERVED

BURLINGTON COUNTY

Bass River Township
Washington Township

MIDDLESEX COUNTY

Old Bridge Township (*)

MONMOUTH COUNTY

Aberdeen Township
Allenhurst Borough
Asbury Park**,** City of
Atlantic Highlands
Avon-By-The-Sea Borough
Belmar Borough
Bradley Beach Borough
Brielle Borough
Colts Neck Township
Deal Borough
Eatontown Borough
Englishtown Borough
Fair Haven Borough
Farmingdale Borough
Freehold Borough
Freehold Township
Hazlet Township
Highlands Borough
Holmdel Township
Howell Township
Interlaken Borough
Keansburg Borough
Keyport Borough
Lake Como Borough
Little Silver Borough
Loch Arbour Village
Long Branch, City of
Manalapan Township
Manasquan Borough
Marlboro Township
Matawan Borough
Middletown Township
Monmouth Beach Borough
Neptune City Borough
Neptune Township
Oceanport Borough
Ocean Township
Red Bank Borough
Rumson Borough
Sea Bright Borough
Sea Girt Borough
Shrewsbury Borough
Shrewsbury Township
Spring Lake Borough
Spring Lake Hts. Borough
Tinton Falls Borough
Union Beach Borough
Wall Township
West Long Branch Borough

MORRIS COUNTY

Boonton, Town of
Boonton Township
Denville Township
Dover, Town of
Jefferson Township
Lincoln Park Borough
Mine Hill Township
Montville Township
Mountain Lakes Borough
Mount Arlington Borough
Mount Olive Twp. (*)
Netcong Borough
Parsippany-Troy Hills Twp.(*)
Randolph Township ***(*)***
Rockaway Borough
Rockaway Township
Roxbury Township
Washington Township (*)
Wharton Borough
Victory Gardens Borough

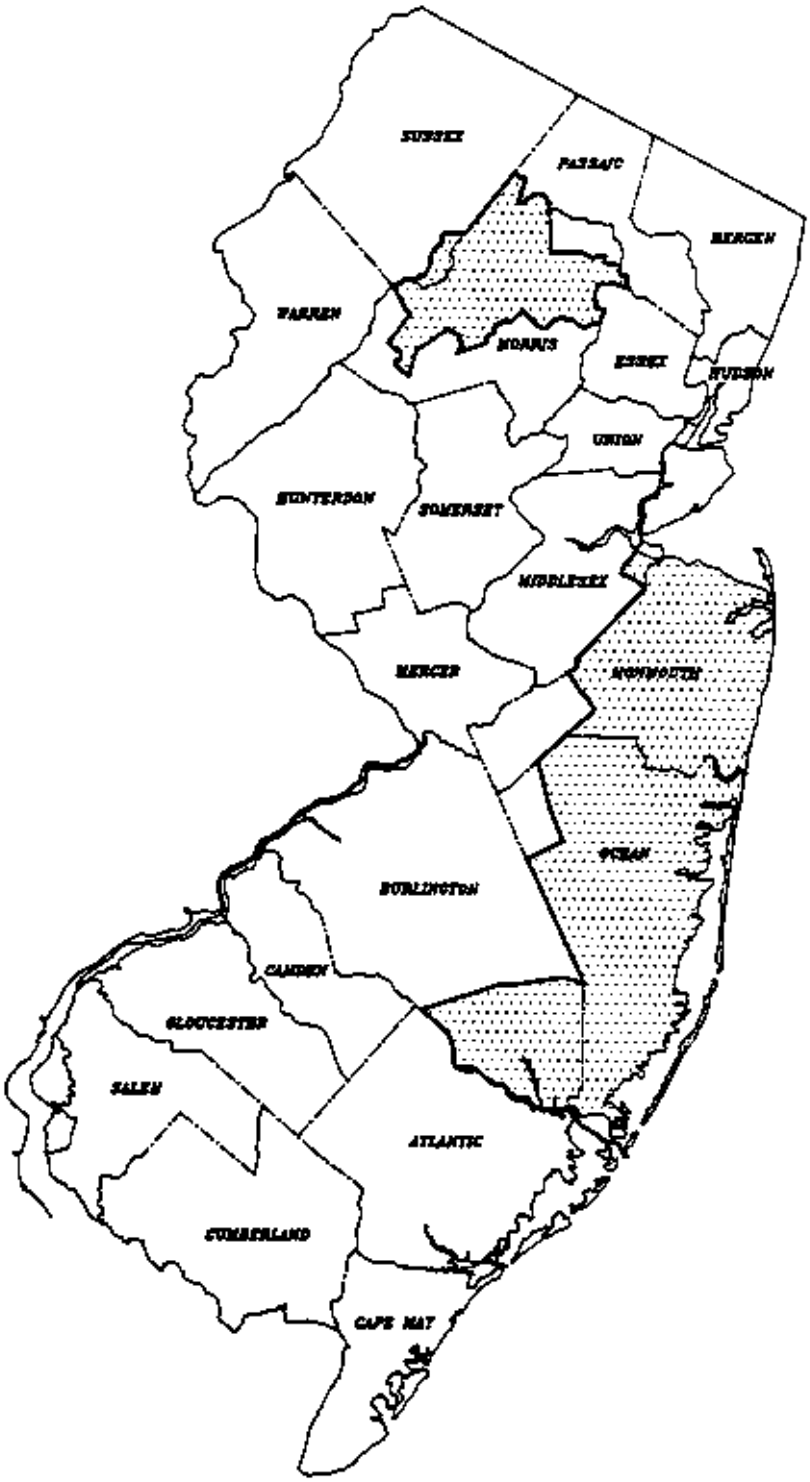
OCEAN COUNTY

Barnegat Light Borough
Barnegat Township
Bay Head Borough
Beach Haven Borough
Beachwood Borough
Berkeley Township
Brick Township
Eagleswood Township
Harvey Cedars Borough
Island Heights Borough
Jackson Township
Lacey Township
Lakehurst Borough
Lakewood Township
Lavallette Borough
Little Egg Harbor Twp.
Long Beach Township
Manchester Twp. ***(*)***
Mantoloking Borough
Ocean Gate Borough
Ocean Township
Pine Beach Borough
Point Pleasant Borough
Point Pleasant Beach Borough
Seaside Heights Borough
Seaside Park Borough
Ship Bottom Borough
South Toms River Borough
Stafford Township
Surf City Borough
Toms River Township
Tuckerton Borough

SUSSEX COUNTY

Hopatcong Borough

(*) Partial Franchise


SUSSEX
PASSAIC
BERGEN
WARREN
MORRIS
ESSEX
HUDSON
UNION
HUNTERDON
SOMERSET
MIDDLESEX
MERCER
MONMOUTH
OCEAN
BURLINGTON
CAMDEN
GLOUCESTER
SALEM
ATLANTIC
CUMBERLAND
CAPE MAY

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STANDARD TERMS AND CONDITIONS

DEFINITIONS

A. "*Board*" means the Board of Public Utilities of the state of New Jersey. Customers can contact the Board Division of Customer Assistance by calling 1-973-648-2350 or 1-800-624-0241 and at their Web site, www.nj.gov/bpu/.

B. "*Company*" means New Jersey Natural Gas Company, or any legal successor.

C. "*Customer*" means a person that is an end user, a customer of record, or both, as these terms are defined in this section.

D. *"Customer of record"* means the person that applies for utility service and is identified in the account records of a public utility as the person responsible for payment of the public utility bill. A customer may or may not be an end user, as defined herein.

E. *"End user"* means a person who receives, uses, or consumes gas service. An end user may or may not be a customer of record, as defined in this section.

F. "*Month*" is used for billing purposes to designate a period of 26 to 34 days.

G. "*Year*" is used to designate a period of twelve consecutive "months".

H. "*MCF*" is used to designate one thousand (1,000) cubic feet of gas.

I. "*BTU*" (British Thermal Unit) is used to designate the amount of heat required to raise the temperature of one (1) pound of water @ 60°Fahrenheit, 1° Fahrenheit.

J. "*Therm*" is used to designate a unit of heating value equivalent to 100,000 BTUs.

K. "*FERC*" means the Federal Energy Regulatory Commission.

L. "*Tampering*" means the unauthorized connecting, disconnecting, or causing to be connected or disconnected, or in any other manner interfering with the operation of the Company's meters, pipes, conduits, other equipment or attachments,; or as otherwise provided by this Tariff (see Sections 6.6, 6.13, and 6.15).

M. *"Point of Delivery"* shall be that point where the Company delivers metered gas (outlet of Company gas meter) to the Customer's installation unless otherwise specified in the service agreement. The gas supplied by Company becomes the property of the Customer at the Point of Delivery.

STANDARD TERMS AND CONDITIONS

DEFINITIONS (continued)

N. *"Customer Equipment"* shall mean all appliances, piping, vents, connectors, valves, fittings or any other gas utilization or distribution equipment at or on the Customer's side of the Point of Delivery and includes equipment leased by the Customer from third parties.

O. *"Gas Service"* shall mean the provision of gas service to customers. The gas provided shall be a service and shall not constitute goods for any purpose.

Main and Service Extension Related Terms

P. **"***Extension***"** means the construction or installation of plant and/or facilities by the Company to convey service from existing or new plant and/or facilities to one or more new customers, and also means the plant and/or facilities themselves. This term includes all plant and/or facilities for transmission and/or distribution, whether located overhead or underground, on a public street or right of way, or on a private property or private right of way, including the pipe, conduit or other means of conveying service from existing plant and/or facilities to each unit or structure to be served. An extension begins at the existing infrastructure and ends at the meter, inclusive of the meter;

Q. "*Distribution Revenue***"** means total annual revenue, inclusive of related Sales and Use Tax collected from a Customer, less the Basic Gas Supply Service charges, inclusive of related Sales and Use Tax on the Basis Gas Supply Service, assessed in accordance with the Tariff.

R. **"***Applicant***"** means a person that has applied to the appropriate regulated entity, as defined at N.J.A.C. 14:3-1 for construction of an extension, as defined at N.J.A.C. 14:3-8.2 and above.

S. **"***Cost***"** means actual and/or unitized expenses incurred for materials and labor (including both internal and external labor) employed in the design, purchase, construction, and/or installation of the extension, including overhead directly attributable to the work, as well as overrides or loading factors such as those for mapping, records, clerical, supervision or general office functions. Costs shall be determined by the Company and shall include all costs inclusive of upgrades to existing infrastructure.

STANDARD TERMS & CONDITIONS

1. GENERAL

1.1 INTRODUCTION

These Standard Terms and Conditions, filed as part of the Tariff of New Jersey Natural Gas Company (referred to as "the Company" or "Company"), set forth the terms and conditions under which service is rendered and will be supplied. They govern all classes of service, to the extent applicable, and are made a part of all agreements for the supply of gas service, unless specifically modified by the terms of a particular service classification, or by special terms written in and made a part of a contract for service.

Failure by the Company to enforce any provisions, terms or conditions set forth in this Tariff shall not be deemed a waiver of such provisions, terms or conditions.

1.2 APPLICATION OF TARIFF

This Tariff applies to all persons, partnerships, corporations or others herein designated as Customers who are lawfully receiving gas service from the Company, under the prescribed service classification whether service is based upon contract, agreement, or accepted signed application. If any terms and conditions contained in this Tariff are in conflict with the New Jersey Administrative Code, the New Jersey Administrative Code shall prevail. The Tariff will not be construed to be in conflict with the New Jersey Administrative Code if the Tariff provides for a more liberal treatment of Customers than that provided for in the New Jersey Administrative Code.

1.3 FILING AND POSTING OF TARIFF

A copy of this Tariff is filed with the Board of Public Utilities (referred to as "the Board" or "Board"), of the state of New Jersey. Copies are posted and open for inspection at the offices of the Company and on the Company's Web site at www.njng.com/regulatory/tariff.asp.

1.4 REVISION OF TARIFF

This Tariff may be revised, amended, supplemented or otherwise changed from time to time in accordance with the rules of procedure determined by the Board.

STANDARD TERMS & CONDITIONS

1. GENERAL (continued)

1.5 TARIFF CHARGE

Copies of the complete Tariff may be found at www.njng.com/regulatory/tariff.asp or it may be obtained at a cost of $25 per copy ($40 for overnight service). The Company will provide a Tariff update service for an additional $50 per year. Customers may be provided copies of the Tariff sheets for the applicable service classifications free of charge. In addition, all of the Company's offices have a copy of the current Tariff which may be reviewed during business hours.

1.6 STATEMENTS BY AGENTS

No representative of the Company has authority to modify any provision contained in this Tariff or bind the Company by any promise or representation contrary thereto, and the Company shall not be bound thereby.

STANDARD TERMS & CONDITIONS

2. OBTAINING SERVICE

2.1 APPLICATION FOR SERVICE

Application for gas service may be made in person at any customer service office of the Company, by mail, by telephone, by facsimile transmission or electronic mail, where available. The applicant shall state, at the time of making application for service, the conditions under which service will be required, and may be required to sign an agreement covering special circumstances for the supply of gas service. The applicant also may be required to supply proof of identification, in accordance with N.J.A.C. 14:3-3.2(e) and (h), as may be amended or superseded.

2.2 ACCOUNT OPENING CHARGE

The applicant will be required to pay a $15.00 account opening charge each time service is turned on at a new or existing location.

2.3 SERVICE INFORMATION FROM COMPANY

Upon receipt of application from the prospective Customer, the Company will advise the Customer of the type and character of gas service which will be furnished, the point at which service will be delivered and the location to be provided for the Company's metering and regulating equipment.

All customers shall be given a copy of the "Customer Bill of Rights" approved by the Board, effective at the time of service initiation. The copy shall be presented no later than at the time of the issuance of the customer's first bill or 30 days after the initiation of service, whichever is later.

2.4 FORM OF APPLICATION

Standard applications or agreements to supply gas service shall be in accordance with the particular service classification. The Company, in its sole discretion, reserves the right to require contributions toward the investment required for such service and to establish such minimum charges and facilities charges as may be appropriate.

Additionally, the Company may require a special service agreement and/or charge when: 1) large or special investment is necessary to supply service, 2) special facilities are required to serve a Customer, or 3) the hourly capacity of the Company's facilities, necessary to serve the Customer's demand, may be out of proportion with the monthly or annual use of gas service for occasional, intermittent, or low load factor purposes.

When a Customer signs a main and/or service extension agreement, and subsequently does not install any or all of the indicated equipment within a reasonable time, not to exceed six (6) months, or does not purchase the volumes of gas included in the service agreement, the Company reserves the right to charge the Customer for the full cost of providing the main and/or service.

STANDARD TERMS & CONDITIONS

2. OBTAINING SERVICE (continued)

2.5 SELECTION OF RATE SCHEDULE

Upon the request of a Customer, the Company will assist in the selection of the available rate most desirable to the Customer. Any advice given by the Company will be based on the Customer's oral or written statements as to the class of service desired and the manner in which it is intended to be used. However, by giving such advice, the Company assumes no responsibility related to the customer selection for class of service.

2.6 CHANGE OF RATE SCHEDULE

The Customer may, by writing to the Company within three months after service has begun, elect to change the service classification under which they are billed. However, no further change of rate schedule will be allowed during the next 12 months. Any change in schedule, if permitted, will be applicable to the next regular billing subsequent to such notification.

2.7 DEPOSIT AND GUARANTEE

Before the Company renders service, a deposit or other guarantee satisfactory to the Company may be required as security for the payment of future and final bills from any new or existing Customer who has not established credit with the Company. A deposit also may be required from a Customer whose credit has become impaired. A new Customer, who provides the Company with a letter of reference from another utility or source acceptable to the Company, may have the deposit waived. The deposit shall be in accordance with the provisions set forth in N.J.A.C. 14:3-3.4, as may be amended or superseded.

If a Customer's service has been terminated for non-payment of bills, the Company may not condition restoration of service on payment of the deposit, unless the deposit has been included on prior bills, or notice has been provided to the Customer.

2.8 AMOUNT OF GUARANTEE DEPOSIT

The Company may require a deposit to guarantee payments of bills equivalent to the estimated gross bill for any single billing period plus an additional billing period.

2.9 INTEREST ON GUARANTEE DEPOSIT

The Company will credit simple interest at the applicable interest rate established annually by the Board on customer deposits provided such amount remains on deposit for not less than three (3) consecutive months.

Interest shall be payable annually and/or when the deposit is refunded or applied in accordance with N.J.A.C. 14:3-3.5, as may be amended or superseded.

STANDARD TERMS & CONDITIONS

2. OBTAINING SERVICE (continued)

2.10 RETURN OF GUARANTEE DEPOSIT

The Company shall review residential Customer accounts at least once every year and non-residential Customer accounts at least once every two years. If the review indicates that a Customer has established good credit, the Company will apply the deposit, plus any interest, to the outstanding balance on the Customer's account and will send a refund check to the Customer for any amount over and above the outstanding balance. Upon termination of service, the Customer will receive the balance of the deposit, plus interest, less any unpaid charges in accordance with N.J.A.C. 14:3-3.5, as may be amended or superseded.

2.11 PERMITS

The Customer shall obtain or cause to be obtained all legally-required permits and certificates necessary to give the Company or its representatives access to the Customer's equipment and to enable its mains to be connected with the Customer's equipment. If the Company makes application for any permits, the Customer will be required to pay the charge, if any. The Company shall not be obliged to furnish service unless and until such permits and certificates have been delivered to the Company.

When the Customer is not the owner of the premises or the owner of the property lying between the premises and the Company's mains, the Customer may be required to obtain from the proper owner(s) the necessary consent to install and maintain all necessary equipment to supply gas at the Customer's premises.

2.12 TEMPORARY SERVICE

Temporary service is available, for a limited period, to any Customer who can be served from the Company's existing lines or facilities, when and where the Company is permitted to provide such service. The Customer shall pay the total cost of connecting and disconnecting the gas service, including any piping, metering equipment, or other facilities that may be necessary. The Company may require an advance payment covering the estimated cost of construction or gas supplied, or both.

STANDARD TERMS & CONDITIONS

2. OBTAINING SERVICE (continued)

2.13 SERVICE TO FORMER CUSTOMERS

Service will not be supplied by the Company to former Customers until such time as any and all amounts or outstanding balances owed to the Company for previous service have been paid or otherwise discharged in accordance with N.J.A.C. 14:3-3A.5, as may be amended or superseded. Customers qualifying for Winter Termination Protection who have a prior outstanding balance due from their existing service location may have service restored upon the establishment of satisfactory payment arrangements. The Company may refuse to initiate service, or may discontinue service after proper notice and in accordance with N.J.A.C. 14:3-3A.2, as may be amended or superseded, to a residential applicant, or a member of the household then indebted to the Company for services provided by the Company at any location, if the Company reasonably determines that substantially the same household occupies the premises to be or being served. The Company may refuse to initiate service or may discontinue service after proper notice and in accordance with N.J.A.C. 14:3-3A.2, as may be amended or superseded, to a commercial applicant, or an officer, director, general or limited partner, business associate, or other agent, of an entity then indebted to the Company for services provided by the Company at any location, if the Company has reason to believe that substantially the same entity occupies the premises to be or being served.

STANDARD TERMS & CONDITIONS

3. CHARACTERISTICS OF SERVICE

3.1 GENERAL

Gas service supplied by the Company in the entire territory served shall be straight natural gas, or any mixture of straight natural gas and substitute gas. The volume of gas to be delivered shall be measured in accordance with the published recommendation of the American Gas Association, as amended or superseded from time to time.

The basic unit of volume or one standard cubic foot shall be one cubic foot of gas at a temperature of 60° Fahrenheit (F) and an absolute pressure of 14.73 pounds per square inch. The average atmospheric pressure shall be assumed to be 14.73 pounds per square inch irrespective of variations in atmospheric pressure from time to time. The volume of gas measured, other than at the standard temperature and/or pressure shall be adjusted in accordance with Boyle's Law for measuring gas at varying pressures and the Charles Law for measuring gas at varying temperatures.

3.2 SINGLE POINT OF DELIVERY

The Company will furnish, install and maintain a single meter for each service classification under which a Customer receives service unless, in the sole and final judgment of the Company, the volume of the Customer's requirements, economic considerations, conditions on its distribution system, or other reasons make it desirable to install additional meters.

3.3 CONTINUITY OF SERVICE

The Company will use reasonable diligence to provide a regular and uninterrupted supply of service, but should the supply be suspended, curtailed or discontinued by the Company for any of the reasons set forth in Section 9 of these Standard Terms and Conditions, or should the supply of service be interrupted, curtailed, deficient, defective or fail by reason of any Act of God, accident, strike, legal process, governmental interference, or other cause whatsoever beyond its control, the Company shall not be liable for any loss or damage, direct or consequential, resulting from any such suspension, discontinuance, defect, interruption, curtailment, deficiency or failure.

STANDARD TERMS & CONDITIONS

3. CHARACTERISTICS OF SERVICE (continued)

3.4 UNUSUAL CONDITIONS

The Company reserves the right to place limitations on the amount and character of gas service it will supply; to refuse service to new Customers or existing Customers for additional load if unable to obtain sufficient supply for such service; to reject applications for service or additional service where such service is not available, or where such service might affect the supply of gas to other Customers; or for other good and sufficient reasons subject to the orders or rules of the Board.

STANDARD TERMS & CONDITIONS

4. GAS DISTRIBUTION MAIN AND SERVICE EXTENSIONS

4.1 GENERAL PROVISIONS

The Company will construct, own, and maintain gas mains located on streets and highways and on rights-of-way acquired by the Company. The formulae for the extension of utility service set forth below shall not serve to prevent the parties hereto from exercising their rights under the N.J.S.A. 48:2-27 and the applicable New Jersey Administrative Code provisions.

Where it is necessary to provide additional facilities to serve the requirements of either existing customers or new applicants, the Company may require a deposit or a contribution in aid of construction according to the conditions specified below. The Company, in its sole discretion, will determine the appropriate amount of such deposit or contribution in aid of construction. The Extension cost for which the Company receives a deposit or a non-refundable contribution shall include the tax consequences incurred by the Company.

4.2 RESIDENTIAL AND FIRM COMMERCIAL CUSTOMER - MAIN EXTENSION AND SERVICE LINE CONNECTION

The Company will install facilities and make gas main extensions and service line connections to serve individual permanent residential customers and firm commercial customers without alternate fuel capacity free of charge where the Extension Cost does not exceed ten (10) times the annual distribution revenue at the baseline usage per customer volume for the Customer's respective Conservation Incentive Program (CIP) group. For residential customers, the Extension Cost shall not include the cost of the meter.

An applicant shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue at the baseline usage per customer volume for the Customer's respective CIP group; however, the Company shall waive a required deposit of less than $500.

STANDARD TERMS & CONDITIONS

4. GAS DISTRIBUTION MAIN AND SERVICE EXTENSIONS (continued)

The Extension Cost Deposit, as defined above, shall remain, without interest, in the possession of the Company unless additional customers connect to the particular extension. At such time there will be refunded to the depositor, the annual baseline distribution revenue value for the additional connecting Customer's respective CIP group based upon the ratio in effect when the deposit was made. Once a portion of the deposit has been refunded to the applicant, the calculation shall only be reviewed for subsequent additional customers connecting to the particular extension. No further calculation shall be performed when accumulated refunds are equal to the sum deposited and in no event shall refunds exceed the initial deposit.

All deposits not returned to the applicant within a period of ten (10) years after the Company first makes gas service available shall remain the property of the Company with no further obligation of refund. The Company and applicant may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution.

Where it is necessary to provide additional facilities to serve increased requirements of an existing Customer, the Company reserves the right to require the Customer to contribute or deposit an amount equal to the cost of such additional facilities. This amount shall be subject to refund as outlined earlier in this section except that refunds shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

STANDARD TERMS & CONDITIONS

4. GAS DISTRIBUTION MAIN AND SERVICE EXTENSIONS (continued)

4.3 LAND DEVELOPMENT - MAIN EXTENSION AND SERVICE LINE CONNECTIONS

Where applications for extensions into newly developed tracts of land are made by individuals, partnerships, or corporations interested in the development and sale of land but not as ultimate residents, the Company may require a deposit from the applicant covering the entire cost of installing the necessary mains, services and common distribution facilities to serve the tracts.

Such deposits are to be returned to the depositor, without interest, if during a ten-year period from the date of the original deposit, when and as new services abutting on such mains are completed, the prospective Customer's gas equipment is installed, and the dwellings are occupied by bona-fide owners or responsible tenants who have entered into an agreement for use of gas service. Upon such completion and occupation, there shall be returned to the depositor an amount equal to the product of residential customer ratio in effect in paragraph 4.2 when the deposit was made and the annual baseline distribution revenue for each of the dwellings as described above but not in excess of the amount deposited. In no event shall more than the original deposit be returned to the depositor. All deposits not returned to the applicant within a period of ten (10) years after the Company first made gas service available to the tract of land shall remain the property of the Company with no further obligation of refund. The Company may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution.

STANDARD TERMS & CONDITIONS

4. GAS DISTRIBUTION MAIN EXTENSIONS AND SERVICE EXTENSIONS (continued)

4.4 ALTERNATE FUEL CUSTOMER - MAIN EXTENSION

The Company reserves the right to require any alternate fuel customer to make a contribution in aid of construction of an amount equal to the entire cost of the new facilities required to provide service. Where it is necessary to provide additional facilities to serve the increased requirements of any existing Customer, the Company reserves the right to require the Customer to contribute an amount equal to the cost of such additional facilities and shall include the tax consequences incurred by the Company.

The Company is under no obligation to refund any of the contribution but the Company reserves the right in its sole judgment to do so where economics and revenue conditions warrant said action. In lieu of a contribution, the Company may agree upon a satisfactory revenue guarantee.

STANDARD TERMS & CONDITIONS

5. SERVICE LINE CONNECTIONS

5.1 GENERAL PROVISIONS

Gas service will normally be supplied to each premise through a single service line, except where, in the judgment of the Company, it is deemed desirable to install more than one service line. The Company may also choose to install multiple meters on one service line providing service to several premises. If more than one service line is installed for the convenience of the Customer, each location will be considered as a separate Customer.

5.2 FIRM CUSTOMERS

The Company shall furnish and place, a service line in accordance with the terms described in paragraphs 4.2 (a) above, measured at right angles from the nearest curb line to Customer's building, at the point of service entrance designated by the Company. Should the Customer request a service entrance at a location other than that designated by the Company, the Customer shall pay the additional cost associated with said change in point of service entrance and shall include the tax consequences incurred by the Company.

5.3 ALTERNATE FUEL CUSTOMERS

The Company shall provide a service line connection at the Customer's expense.

5.4 CHANGE IN EXISTING INSTALLATIONS

Any change in the location of the existing service line requested by the Customer and approved by the Company shall be made at the Customer's expense and shall include the tax consequences incurred by the Company.

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT

6.1 GENERAL

A suitable meter or meters will be installed, owned and maintained by the Company for the purpose of measuring the quantity of gas service delivered to the Customer. The type and make of metering equipment will be in accordance with the Company's specification which, from time to time, may be changed or altered. It is the sole obligation of the Company to furnish meters that provide adequate and accurate records for billing purposes in accordance with N.J.A.C. 14:3-4.1, as may be amended or superseded.
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6.2 METER LOCATION

The Customer shall provide on the premises, at a location satisfactory to the Company, proper space for metering and associated equipment. The meter location shall be kept free and clear of obstructions so that properly authorized representatives of the Company may gain easy access to the meter location for the purpose of operating valves, reading meters, or emergencies in accordance with N.J.A.C. 14:3-4.2, as may be amended or superseded.
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6.3 CHANGE OF METER LOCATION

Any change requested by the Customer in the point of location of the meter or service facilities, if approved by the Company, shall be made at the expense of the Customer and shall include the tax consequences incurred by the Company.

6.4 CUSTOMER'S RESPONSIBILITY

The Customer shall be responsible for the protection and safekeeping of the equipment and facilities of the Company while it is on the Customer's premises. The Customer shall permit access to the Company's equipment to duly authorized representatives of the Company or duly authorized governmental officials.

6.5 ACCESS TO CUSTOMER'S PREMISES

Properly identified and authorized representatives of the Company shall have free access to the Customer's premises at all reasonable times for the purpose of reading meters, for inspection and repairs, for investigation of emergencies or hazardous conditions, for removal of the Company's property or for any other purposes incident to the supply of gas service, in accordance with N.J.A.C. 14:3-3.6, as may be amended or superseded. The Customer is requested to contact the Company immediately if a question arises regarding the authority or credentials of any person claiming to represent the Company.

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT (continued)

6.6 AUTHORIZATION TO TURN ON GAS

No person other than a duly authorized employee or representative of the Company shall turn gas service on or into any new system of piping or into any old system of piping from which the use of gas has been discontinued. Disconnections, reconnections, or meter removals performed by persons other than authorized Company personnel are prohibited and shall constitute Tampering.

6.7 UNAUTHORIZED USE

The use of service in excess of 30 days without the Company's express authorization may be terminated by the Company without notice. The use of natural gas service, without notice to the Company, shall render the user liable for any amount reasonably determined by the Company to be due for gas service supplied to the premises since the last meter reading recorded and billed by the Company.

6.8 OWNERSHIP AND REMOVAL

All equipment supplied by the Company shall remain its exclusive property and the Company shall have the right to remove its equipment from the premises of the Customer at any time after termination of service.

6.9 PAYMENT FOR REPAIRS OR LOSS

The Customer shall pay the Company for any necessary repairs for damage to or any loss of the Company's property located on the Customer's premises, and for the reconnection of service interrupted by such damage or loss, when the damage or loss is caused by negligence or willful misconduct on the part of Customer, or the Customer's family members, employees or agents, or by the failure of the Customer or foregoing persons to comply with the Standard Terms and Conditions and applicable service classifications under which service is furnished. The reconnection charge shall be $45.00 per Customer interruption. This charge will be waived when the appropriate Company personnel are on site at the time of the repair and able to reconnect the Customer safely.

6.10 REMOTE METER READING EQUIPMENT

The Company, in its sole discretion and as a condition of service, may install at the Company's expense a remote meter reading device to monitor a Customer's gas consumption. When such device requires attachment to telephone and/or electric utilities, the Customer shall provide suitable connections.

When a remote meter reading device is requested by the Customer, it shall be installed at the Customer's expense if the installation is deemed feasible by the Company. All equipment remains the sole property of the Company.

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT (continued)

6.11 SUB-METERING

Sub-metering, the practice in which the customer of record buys gas from the company and resells it through some metering device to tenants at a profit, is not permitted in any form. Gas service supplied by the Company shall not be resold by the Customer to others except where the Customer is another publicly regulated gas utility company, or when check-metering as defined below is being used by the Customer.

6.12 CHECK-METERING

Check-metering is defined as the practice in which a Customer, through the use of a gas check meter, monitors or evaluates his own consumption or the consumption of a tenant for accountability or conservation purposes.

Gas check meters are devices that measure the volume of gas being delivered to particular locations in a system after measurement by a utility-owned meter. Gas check meters provide the Customer the means to apportion among the end users the cost of gas service being supplied through the Company meter.

Check-metering is permitted in new or existing buildings or premises where the basic characteristic of use is industrial or commercial. Check metering is not permitted in new or existing buildings or premises where the basic characteristic of use is residential, except for condominiums or cooperative housing, or where such buildings or premises are publicly financed or government owned or are charitable in nature.

If the Customer charges the tenant for usage incurred by the tenant, reasonable administrative expenses may be included, but such charges shall not exceed the amount the Company would charge if the tenant was served and billed directly by the Company.

Prior to the installation of any gas check metering devices, the Customer is required to contact the Company in order to ascertain whether the affected premises are located within a utilization pressure area of the Company's distribution system and whether or not the installation of a check metering device will cause any significant pressure drop within the affected premises.

All gas-consuming devices in any tenant unit must be metered through a single gas check-meter.

The ownership of all check-metering devices is that of the Customer, along with all incidents in connection with said ownership, including accuracy of the meter reading and billing, liability arising from the presence of the equipment and the maintenance and repair of the equipment. Any additional costs which may result from and are attributable to the installation of check-metering devices shall be borne by the Customer.

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT (continued)

6.13 TAMPERING & OTHER DECEPTIVE PRACTICES

When it is established that Tampering has occurred and the Customer has caused or knowingly benefited from such Tampering, the Customer shall be required to bear all of the costs incurred by the company including, but not limited to, the following: (a) investigations, (b) inspections, (c) costs related to administrative, civil or criminal proceedings, (d) attorneys' fees, (e) installation of any protective equipment deemed necessary by the Company, and (f) actual costs of damage to equipment.

Furthermore, when Tampering with Company facilities results in incorrect measurement, correctly measured service used without Company authorization or the omission of measurement of the service supplied, and the Customer has benefited from such Tampering, the Customer shall pay for such service as the Company may estimate from available information, to have been used on the premises.

If persons other than the Customer are identified as beneficiaries of service obtained at the Customer's premises by Tampering, or have created or contributed to the Tampering, the Company shall elect to hold such persons liable for all of the aforesaid costs incurred and the value of service (metered or unmetered) received. A "beneficiary" is any person who benefits from such Tampering.

The foregoing remedies against the Customer and other beneficiaries arising from Tampering shall also apply to gas service obtained by fraudulent means, imposture, theft of identity, impersonation, theft of service, theft by deception or other unlawful methods.

6.14 DIVERSION OF SERVICE

Diversion is an unauthorized connection to pipes by which the gas service registers on the Customer's meter, even if such service is being used by other than the Customer of record without his or her knowledge or cooperation. When a Customer alleges, or it is established, that service has been diverted outside of the Customer's premises, the Customer shall not be required to pay for such service without his or her consent. The definitions, procedures, investigations and determination of N.J.A.C. 14:3-7.8, as may be amended or superseded, shall apply.

6.15 SEALING OF METERS AND LOCKING DEVICES

For safety purposes, it is the practice of the Company to seal meters and regulators, and to install locking devices when needed. Removal of seals or locking devices by persons other than authorized Company personnel is prohibited and shall constitute Tampering.

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT (continued)

6.16 INABILITY TO ACCESS CUSTOMER LOCATION

If a Customer has requested that the Company perform work related to the installation of a meter set on Customer property and the Company is unable to complete that work due to the Customer not being available at the scheduled time or the required work not being completed by the Customer and/or contractor, the Customer shall be charged $45.00.

STANDARD TERMS AND CONDITIONS

7. CUSTOMER'S INSTALLATION

7.1 INSTALLATION RULES

Customer's appliances, piping, and installation shall be made and maintained in accordance with the standards of the Fuel Gas Subcode of the Uniform Construction Code and such other regulations as may be determined from time to time by any governmental agency having jurisdiction over the Customer's installations.

7.2 ADEQUACY AND SAFETY OF INSTALLATION

The Company shall not be required to supply gas service until the Customer's installation has been approved by the authorities with jurisdiction. The Company also reserves the right to withhold its service, or to discontinue its service, whenever such installation or part thereof is deemed by the Company to be unsafe, inadequate, or unsuitable for receiving service, or interferes with or impairs the continuity or quality of service to the Customer or to others.

7.3 FINAL CONNECTION

In all cases, no final connection between the Company's equipment and the Customer's installation shall be made without final inspection from the Department of Community Affairs or its designee.

7.4 CHANGE IN CUSTOMER'S INSTALLATION

The Customer shall give immediate notice to the Company of any: 1) proposed additions in connected appliances or equipment, 2) change in demand or other conditions of use, or 3) change of purpose or location of the installation. Changes in service conditions shall not be made effective until the Customer notifies the Company and receives the Company's approval of same. Failure to give notice of additions or changes in load or location shall render Customer liable for any damages to the meters or other apparatus and equipment of the Company caused by the additional or changed installation.

7.5 COMPANY'S LIABILITY

The Company shall not be liable for any claim for damages resulting from the supply, use, care or handling of the gas or from the presence or operation of the Company’s structures, equipment, pipes, or devices, except for general or direct damages that follow from the Company's negligence, recklessness, or willful misconduct. The Company shall not be liable for special or consequential damages.

STANDARD TERMS AND CONDITIONS

7. CUSTOMER'S INSTALLATION (continued)

All Customer Equipment shall be suitable for the use of natural gas and shall be installed, inspected, repaired and maintained solely by the Customer and solely at the Customer's expense in a manner approved by the public authorities having jurisdiction over the same, and in good and safe condition in accordance with all applicable codes. The Customer shall be solely responsible for the selection of the Customer Equipment and the Company shall have no duty or responsibility for the design, selection, installation, operation or repair of said Equipment. The Customer shall be responsible for the design of the venting and piping associated with the Customer Equipment downstream of the Point of Delivery. The Company does not, by inspection, non-rejection or any other way, give any warranty, express or implied, as to the adequacy, safety or other characteristics of the Customer Equipment. The Company shall not be liable for damages to the Customer Equipment or for injuries sustained by the Customer or others, due to the condition or character of the Customer Equipment. The Company shall not be responsible for the use, care or handling of the gas delivered to the Customer after it passes beyond the point at which the Company's service facilities connect to the Customer Equipment.

The Company may, but need not, conduct a limited inspection of the appliances, venting system and leak integrity of the Customer's piping and venting downstream of the Point of Delivery as a courtesy to the Customer at the time of the initiation of service or thereafter at the request of the Customer. In no event, however, shall the Company have any duty to inspect Customer Equipment or be responsible for any failure of the Customer Equipment or any harm arising from the operation of the Customer Equipment, even if, the Company undertakes, as a courtesy to the Customer, to conduct a limited inspection at the time of initiation of service or otherwise. The Customer shall, at all times, be solely responsible for the inspection, integrity and safety of all Customer Equipment.

7.6 BACK PRESSURE AND SUCTION

When the nature of the Customer's gas equipment is such that it may cause back pressure or suction in the piping system, meters, or other associated equipment of the Company, suitable protective devices subject to approval by the Company, shall be furnished, installed, and maintained by the Customer.

When the Customer uses an alternate fuel that is gas, a three-way valve (a check valve is not permissible) is required to be installed at the Customer's expense subject to the Company's approval.

7.7 LEAKAGE

The Customer shall give notice immediately of any escape of gas on or about premises to the Company.

STANDARD TERMS & CONDITIONS

8. METER READING AND BILLING

8.1 EVIDENCE OF CONSUMPTION

The quantities of service delivered to the Customer as recorded by the Company's meter or meters, subject to any necessary adjustments for pressure and temperature in accordance with Section 3.1 of this Tariff, shall be final and conclusive except when the metering equipment fails to register or is determined to be in error.

8.2 ESTIMATED USAGE

Where the Company is unable to read the meter, the Company may estimate the amount of gas supplied and submit an estimated bill. An adjustment of the Customer's estimated use to actual use will be made after an actual meter reading is obtained in accordance with N.J.A.C. 14:3-7.2(e), as may be amended or superseded.

8.3 ADJUSTMENT FOR INACCURATE METER RECORDING

When it is determined that the Company's meter is inaccurate or defective, the use of gas service shall be determined by a test of the meter, or by registration of the meter set in its place during the period next following, or after due consideration of previous or subsequent properly measured deliveries. Whenever a meter is found to be registering fast by 2% or more, an adjustment of charges shall be made. When a meter is found to be registering slow by more than 2% due to progressive inaccuracy, an adjustment of charges may be made except for residential accounts, where no adjustment shall be made. An adjustment may be made on any account with a meter that is determined by a Company test of the meter to be defective or non-registering. A defective or non-registering meter is any meter not properly functioning due to a physical inability to meet original manufacturing standards. Any adjustment to the Customer's account resulting from the terms in this section will be billed or applied to the account, as the case may be. If the adjustment results in a credit, such amount may be refunded upon request from the Customer in accordance with N.J.A.C. 14:3-4.6, as may be amended or superseded.

If a meter is found to be registering less than 100% of the service provided, the Company shall only adjust the charges retrospectively and/or require the Customer to repay the amount undercharged if: 1) the meter was tampered with; 2) the meter failed to register at all; or 3) the circumstances are such that the Customer should reasonably have known that the bill did not reflect the actual usage. In rebilling a Customer under this Section, the Company may perform a load analysis or degree day analysis.

8.4 BIMONTHLY METER READING

The Company may read meters on a bimonthly schedule and render an estimated bill for the billing period between meter readings. When the meter reading is obtained, the prior month's bill(s) shall be adjusted accordingly. The Company will use reasonable efforts to read the meters so that there will not be estimated bills for consecutive months. Nothing in this section shall be deemed to limit the applicability of Section 8.2 above.

STANDARD TERMS & CONDITIONS

8. METER READING AND BILLING (continued)

8.5 THERM CONVERSION FACTOR

For billing purposes, the reading of the Customer's meter in cubic feet first will be converted to standard cubic feet, then converted to therms by multiplying the use in cubic feet by the weighted average of the BTU content of all gas purchased from all pipeline suppliers for the second preceding calendar month and divided by 100,000. Such calculation shall be to the closest 1/100 of a therm.

8.6 BILLING PERIOD

When the billing interval is substantially greater or less than one month, bills will be computed by prorating charges provided under the applicable Service Classification on the basis of the relationship between the time covered by the billing period and a full month.

8.7 PAYMENT OF BILLS

Bills normally will be rendered monthly and may be paid at any business office of the Company during its regular office hours, at any of its collecting agencies during regular office hours of such agencies, on the Company's Web site at www.njliving.com, by phone {1-800-221-0051}, or by mail.

8.8 PAYMENT OBLIGATION

Unless otherwise specified all bills are net and payable within ten (10) days from the date the bill is sent. Failure to make payment may be deemed sufficient reason for the Company to consider the Customer's account delinquent. The Company may discontinue service for nonpayment of bills provided it gives the customer at least ten days written notice of its intention to discontinue. The notice of discontinuance shall not be served until the expiration of the said 10 day period. However, in cases of fraud, illegal use, or when it is clearly indicated that the customer is preparing to leave, immediate payment of account may be required.

The Company shall apply the regulations set forth in N.J.A.C. 14:3-3A.2, as may be amended or superseded, and shall discontinue service for nonpayment only if one or both of the following criteria are met: 1) the customer's arrearage is more than $100.00; 2) the customer's account is more than three months in arrears.

8.9 LATE PAYMENT CHARGE

A late payment charge at the rate of 1.5% per monthly billing period shall be applied to all non-residential customers. The charge will be applied to all amounts previously billed including late payment charges and accounts payable that are not paid at the time the next monthly bill is prepared. Service to governmental entities will not be subject to a late payment charge. The amount of the late payment charge to be added to the unpaid balance shall be calculated by multiplying the unpaid balance by the late charge rate. When payment is received by the Company from a Customer who has an unpaid balance which includes charges for late payment, the Customer's payment shall be applied first to such late payment charges and then to the remainder of the unpaid balance.

STANDARD TERMS & CONDITIONS

8. METER READING AND BILLING (continued)

8.10 FINAL BILL

A Customer intending to discontinue service must give the Company reasonable notice thereof. Within forty-eight (48) hours of said notice, the Company shall discontinue service or obtain a meter reading for the purpose of calculating a final bill, unless a holiday or weekend intervenes. Where such notice is not received by the utility, the customer shall be liable for service until the final reading of the meter is taken. Notice to discontinue service will not relieve a customer from any minimum or guaranteed payment under any contract or rate.
The bill for service rendered up to the date of the final meter reading is due and payable within ten (10) days from the date of the bill.

8.11 RETURNED CHECK CHARGE

The Company will charge $10.00 to process Customer checks that are uncollectible and returned by the Company's bank.

8.12 FIELD COLLECTION CHARGE

A charge of $15.00 may be made when the Company makes a collection visit to the Customer or premises.

STANDARD TERMS & CONDITIONS

9. DISCONTINUANCE OF SERVICE

9.1 COMPANY CAUSES

The Company shall, upon reasonable notice, when it reasonably can be given, have the right to suspend, curtail, or discontinue its service for any of the following reasons:

a. For the purpose of making repairs, changes, replacements, or improvements in any part of its system.

b. For compliance in good faith with any governmental order or directive, whether Federal, State, Municipal, or otherwise, even if such order or directive subsequently is held to be invalid.

c. In the event of an emergency threatening the integrity of its system if, in the Company's sole judgment, such action will prevent or lessen the emergency condition.

9.2 CUSTOMER ACTS OR OMISSIONS

The Company also shall have the right to suspend, curtail or discontinue its service for any of the following act(s) or omission(s) on the Customer's part:

a. Nonpayment of any bill due for service furnished at the present or any previous location, in accordance with N.J.A.C. 14:3-3A.1, as may be amended or superseded. However, nonpayment for business service shall not be a reason for discontinuance of residential service, except in cases of diversion of service pursuant to N.J.A.C. 14:3-7.8, as may be amended or superseded and service shall not be discontinued for nonpayment of appliance repair, installation charges, service contracts, and other services unrelated to gas service.

b. Tampering with any facility of the Company.

c. Fraudulent representation in relation to the use of gas service.

d. Customer moving from the premises unless that Customer requests that service be continued.

e. Delivering gas service to others without written approval of the Company except as permitted under 6.11 and 6.12 Sub-Metering and Check-Metering.

f. Failure to make or increase an advance payment or deposit when required by the Company.

g. Refusal to contract for service where a contract is required.

h. Connecting and operating equipment in such a manner as to produce disturbing effects on the service of the Company or other Customers.

STANDARD TERMS & CONDITIONS

9. DISCONTINUANCE OF SERVICE (continued)

i. Where the conditions of the Customer's installation presents a hazard to life or property.

j. Failure of the Customer to repair any faulty equipment or lines.

k. Failure to comply with any of these Standard Terms and Conditions or with any of the terms of the service classification or contract under which gas service is furnished.

l. Failure to provide reasonable access to the premises, and to the Company's meter and other service facilities on the premises, for the purposes of meter installation, reading, testing, inspection, maintenance, removal, or replacement of meters or other service facilities.

Reasonable access means that premises shall not become obstructed or hazardous, and that the Customer shall not construct, pave over, or otherwise obstruct the Company's service line or other facilities. In the event reasonable access, as described here, is not complied with, the Company may, upon reasonable notice, discontinue service and remove its equipment from the Customer's premises.

Any costs of protecting or relocating such service line or facilities shall be borne by the Customer.

m. In the event a writ of execution is issued against a Customer, or in case the premises to which service is supplied is levied upon, or in the case of assignment or act of bankruptcy on the part of the Customer.

n. Service to a residential customer shall only be discontinued between the hours of 8:00 a.m. and 4:00 p.m. Monday through Thursday, unless there is a safety related emergency. There shall be no involuntary termination of service on Fridays, Saturdays, and Sundays or on the day before a holiday or on a holiday, absent such emergency.

9.3 CHARGES PAYABLE UPON TERMINATION

If gas service is terminated for any of the above reasons where the Customer is under written contract, the minimum charge for the unexpired portion of the term shall become due and payable immediately, provided, however, that if satisfactory arrangements are subsequently made by Customer for reconnection of the service, the immediate payment of the minimum charge for the unexpired portion of the contract term may be waived or modified as the circumstances indicate would be just and reasonable.

9.4 NON-WAIVER

Failure of the Company to exercise its rights to suspend, curtail or discontinue service, for any of the above reasons, shall not be deemed a waiver of the Company's rights.

STANDARD TERMS & CONDITIONS

9. DISCONTINUANCE OF SERVICE (continued)

9.5 RESTORATION OF SERVICE

The Company shall not reconnect service to the Customer's premises, where service has been discontinued by reason of any act or default of the Customer, until such time as the Customer has rectified the condition or conditions causing discontinuance of service. Service shall not be reconnected until the Customer has met all financial requirements including satisfactory payment arrangements called for under these Standard Terms and Conditions and the applicable Service Classification, or if the Board so directs when a complaint involving such a matter is pending before the Board in accordance with N.J.A.C. 14:3-3A.9, as may be amended or superseded.

The Company shall treat the restoration of service and the turn-on of new accounts on a first come, first serve basis during periods outside of the winter moratorium. The Company shall give priority to the restoration of service during the winter moratorium.

9.6 RECONNECTION CHARGE

The Customer shall pay a reconnection charge of $20.00 for the restoration of service when service has been suspended for any of the reasons cited in this Section 9 of these Standard Terms and Conditions. In the event more than two reconnection charges are applied to a Customer's account within a 12-month period, the Customer shall pay a reconnection charge of $45.00.

STANDARD TERMS & CONDITIONS

10. FOR CUSTOMERS PURCHASING GAS SUPPLY FROM A MARKETER OR BROKER

10.1 CONDITIONS PRECEDENT

The Customer shall designate a marketer or broker who will act as the customer's agent with the Company for purposes of receiving nominations, satisfying delivery obligations, daily and monthly balancing, selection of billing option and all related charges. The marketer or broker must be certified by the Company and is subject to the service requirements of the Marketer and Broker Requirements ("MBR") Service Classification. The Customer is responsible for payment of any costs if additional 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.

10.2 RETURN TO FIRM SALES SERVICE

Returning customers must give two (2) months notice before returning to full sales service. The Company will return the customer to sales service after the Customer's regularly scheduled bill date has taken place. Transport customers who terminate such service, who are in compliance with the minimum term and two months notice provisions of this Tariff, and who wish to return to firm sales service, will be viewed as new applicants for such firm sales service. Such service will be offered subject to the conditions contained in Section 3.4 of the Company's Standard Terms and Conditions in its Tariff.

10.3 WARRANTY

NJNG warrants that at the time of delivery to the Customer at the Delivery Point said gas quantities shall be free and clear of all liens, encumbrances and claims whatsoever which may result solely from NJNG's possession or transportation of gas hereunder and, further, that it will indemnify and hold the Customer harmless from all suits, actions, debts, accounts, damages, costs, losses, and expense arising from or out of adverse claims of any or all persons to said gas quantities, arising out of, relating to or resulting from such possession or transportation.

10.4 CONTRACT

Written application on Company's Standard Application Form may be required.

STANDARD TERMS & CONDITIONS

10. FOR CUSTOMERS PURCHASING GAS SUPPLY FROM A MARKETER OR BROKER

10.5 REGULATORY APPROVALS

The Customer is responsible for securing approvals from all regulatory bodies having jurisdiction and making any filings or reports, as required, pertaining to the acquisition of the gas and/or the transportation of the gas from the Customer's source to the Company's city gate station.

The Company reserves the right, in its sole reasonable judgment, to deny service hereunder if it determines that the underlying contracts or transportation agreements do not comply with all applicable Federal or State laws, rules or regulations, including those of all appropriate regulatory agencies; or if it determines that the requested transportation service is not operationally feasible.

10.6 SERVICE PERIOD

The initial term of service will be for a minimum of one year. Customers shall be permitted to switch suppliers or return to sales service subject to prevailing Board policy.

STANDARD TERMS & CONDITIONS

11. CONDITIONS UNDER WHICH RATE DISCOUNTS SHALL BE CONSIDERED

11.1 CUSTOMERS WITH ABILITY TO BYPASS

A Customer requesting a discount from NJNG's Tariff Rate for Gas Service due to the Customer's asserted ability to physically bypass the Company's distribution and/or transmission system facilities shall provide the following information to the Company:

a. A statement from the interstate natural gas pipeline that the proposed interconnection is operationally viable, that sufficient capacity is available and the pipeline would serve the party if requested;

b. Maps or flow diagrams for the bypass connection, which shall identify the route of the pipeline from the interconnection with the pipeline and the customer's site, the size of the connecting pipeline from the interconnection with the pipeline and the customer's site, the size of the connecting pipeline and any other appurtenant facilities required;

c. Engineering studies setting forth the estimated cost(s) to complete construction;

d. Status of all reliability and environmental permits required by State and Federal agencies; and

e. Other information that the Company deems appropriate in considering the Customer's request.

Each request will be evaluated on a case-by-case basis to determine whether a discount from NJNG's Tariff Rate for Gas Service would be just and reasonable. Any agreement between the Customer and the Company for a discount from NJNG's Tariff Rate for Gas Service is subject to Board approval.

11.2 CUSTOMERS WITH CIRCUMSTANCES OTHER THAN AN ASSERTED ABILITY TO PHYSICALLY BYPASS

A new Customer or existing Customer who requests a discount from NJNG's Tariff Rate for Gas Service due to circumstances other than the asserted ability to physically bypass the Company's distribution and/or transmission system facilities shall contact the Company in writing with its request. The new or existing Customer shall provide all of the information that the Company deems appropriate in considering the Customer's request. Each request will be evaluated on a case-by-case basis to determine whether a discount from NJNG's Tariff Rate for Gas Service would be just and reasonable. Any agreement between the Customer and the Company for a discount from NJNG's Tariff Rate for Gas Service is subject to Board approval.

RESERVED FOR FUTURE USE

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	$0.5562

Residential Non-Heating

Delivery Charge per therm	$0.5362

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.

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE (continued)

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.

SPECIAL PROVISIONS

I. *Applicable to All Customers Under This Service Classification*

1. ***Gas Service to Customers with Electric Heat Pumps and Geothermal Systems***
   Customers who have installed and are using electric heat pump equipment that involves the use of backup gas-fired space heating equipment will be billed on the above schedule of charges. An additional monthly charge of $2.61 per therm will be applied to the Customer's maximum daily demand. The Customer will be required to have a remote meter reading device installed by the Company, which will record daily demand. At the Company's sole discretion, gas delivered under this provision may be separately metered and an additional Customer charge applied for each extra meter.

II. *Applicable to All Customers Purchasing Gas Supply Under Rider "A" BGSS*

1. ***Air Conditioning***
   Upon separate application, Customers who have installed and are using gas air conditioning equipment will be billed on the above Monthly Rates except that the charge will be $0.6774 per therm for all monthly consumption over 35 therms of gas for services rendered between May 1 and September 30 of each year. The charge will be based on the Company's estimated weighted average commodity cost of gas, adjusted for 2.0% unaccounted for gas, $0.0563 per therm margin, ACA surcharges and appropriate riders, taxes, assessments and surcharges. The charge may be changed at any time with three (3) business days notice to the BPU Staff as long as the charge remains below the Ceiling Price which is the Company's Periodic BGSS charge as set forth in Rider "A" adjusted for losses, margin, taxes, assessments, riders or surcharges.

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE (continued)

III. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Metering***
   An Automated Meter Reading (AMR) device will not be required for this service.

2. ***Additional Requirements***
   Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill.

CONTRACT

Written application on Company's Standard Application Form may be required.

TERMS AND CONDITIONS

Service is subject to the Company's Standard Terms and Conditions.

SERVICE CLASSIFICATION – DGR

DISTRIBUTED GENERATION SERVICE - RESIDENTIAL

AVAILABILITY

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	$8.25

Delivery Charge:

November - April	$0.3747
May - October	$0.3176

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.

SERVICE CLASSIFICATION - DGR

DISTRIBUTED GENERATION SERVICE - RESIDENTIAL (continued)

SPECIAL PROVISIONS

I. *Applicable to All Customers Under This Service Classification*

1. ***Metering***

All service rendered hereunder shall be metered separately from any other gas service provided to Customer at the Customer's location.

An Automated Meter Reading (AMR) device will not be required for this service. However, upon prior notice to the Customer, the Company reserves the right to install an AMR at its own expense. Should the Company decide to install an AMR, the Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company.

II. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within ten days after the Company sends the bill.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff.

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	$0.5638

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.

SERVICE CLASSIFICATION - GSS

GENERAL SERVICE - SMALL (continued)

SPECIAL PROVISIONS

I. *Applicable to All Customers Under This Service Classification*

1. ***Gas Service to Customers with Electric Heat Pumps and Geothermal Systems***
Customers who have installed and are using electric heat pump equipment that involves the use of backup gas-fired space heating equipment will be billed on the above schedule of charges. An additional monthly charge of $2.61 per therm will be applied to the Customer's maximum daily demand. The Customer will be required to have a remote meter reading device installed by the Company, which will record daily demand. At the Company's sole discretion, gas delivered under this provision may be separately metered and an additional Customer charge applied for each extra meter.

2. ***Annual Review***
The Company shall review, at least once a year, each GSS Customer's annual usage based on the most recent twelve (12) months of billing information to determine if the General Service – Large ("GSL") Service Classification is applicable to the customer. Once served on GSL, customers shall not be returned to GSS.

II. *Applicable to All Customers Purchasing Gas Supply Under Rider "A" BGSS*

1. ***Air Conditioning and Pool Heating***
Upon separate application, GSS Customers who have installed and are using gas air conditioning and pool heating equipment will be billed on the above Monthly Rates except that the charge will be $0.6763 per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will be based on the Company's estimated weighted average commodity cost of gas, adjusted for 2.0% unaccounted for gas, $0.0563 per therm margin, ACA surcharges and appropriate riders, taxes, assessments and surcharges. The charge may be changed at any time with three (3) business days notice to the BPU Staff as long as the charge remains below the Ceiling Price which is the greater of the Company's Periodic BGSS charge as set forth in Rider "A" adjusted for losses, margin, taxes, assessments, riders or surcharges and the Monthly BGSS charge as set forth in Rider "A" adjusted for losses, margin, taxes, assessments, riders or surcharges.

Commercial Air Conditioning and Pool Heating ("CAC") customers will be separately metered, except, at the Company's sole discretion, existing Customers may use the same meter for their cooling, air conditioning or pool heating load and their space heating load as long as there is minimal base load during the period air conditioning rates are in effect.

Where a CAC Customer uses gas under this service classification in a direct-fired chiller/heater and the heating load is metered through the same meter as the cooling, air conditioning or pool heating load, and further, where the gas used for heating is billed under one of the Company's other service classifications, the above stated Customer Charge shall be waived, provided the Customer pays the Customer Charge under the other service classification in all twelve (12) months of the year.

SERVICE CLASSIFICATION - GSS

GENERAL SERVICE - SMALL (continued)

III. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Metering***
   An Automated Meter Reading (AMR) device will not be required for this service.

2. ***Additional Requirements***
   Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

TERMS AND CONDITIONS

Service is subject to the Company's Standard Terms and Conditions of this Tariff.

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	$0.4817

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.

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE (continued)

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.

SPECIAL PROVISIONS

I. *Applicable to All Customers in this Service Classification*

1. ***Determination of Demand***
   The highest monthly average daily usage (HMAD) that occurs in any billing period will be used to calculate the Demand Charge. Should the Customer's HMAD increase, the HMAD will be deemed to have changed in the Service Agreement. The Company reserves the right to determine the HMAD for any Customer by actually metering daily usage.

2. ***Metering***
   An Automated Meter Reading (AMR) device will not be required for this service. However, the Company reserves the right to install an AMR if it believes such a device will provide a more accurate HMAD than the Determination of Demand set forth above. Should the Company decide to install an AMR, the Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company.

3. ***Gas Service to Customers with Electric Heat Pumps and Geothermal Systems***
   Customers who have installed and are using electric heat pump equipment that involves the use of backup gas-fired space heating equipment will be billed on the above schedule of charges. An additional monthly charge of $2.61 per therm will be applied to the Customer's maximum daily demand. The Customer will be required to have a remote meter reading device installed by the Company, which will record daily demand. At the Company's sole discretion, gas delivered under this provision may be separately metered and an additional Customer charge applied for each extra meter.

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE *(continued)*

II. *Applicable to All Customers Purchasing Gas Supply Under Rider "A"*

1. ***Air Conditioning and Pool Heating***

Upon separate application, GSL Customers who have installed and are using gas air conditioning and pool heating equipment will be billed on the above Monthly Rates except that the charge will be $0.6753 per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will be based on the Company's estimated weighted average commodity cost of gas, adjusted for 2.0% unaccounted for gas, $0.0563 per therm margin, ACA surcharges and appropriate riders, taxes, assessments and surcharges. The charge may be changed at any time with three (3) business days notice to the BPU Staff as long as the charge remains below the Ceiling Price which is the greater of the Company's Periodic BGSS charge as set forth in Rider "A" adjusted for losses, margin, taxes, assessments, riders or surcharges and the Monthly BGSS charge as set forth in Rider "A" adjusted for losses, margin, taxes, assessments, riders or surcharges.

Commercial Air Conditioning and Pool Heating ("CAC") customers will be separately metered, except, at the Company's sole discretion, existing Customers may use the same meter for their cooling, air conditioning or pool heating load and their space heating load as long as there is minimal base load during the period air conditioning rates are in effect.

Where a CAC Customer uses gas under this service classification in a direct-fired chiller/heater and the heating load is metered through the same meter as the cooling, air conditioning or pool heating load, and further, where the gas used for heating is billed under one of the Company's other service classifications, the above stated Customer Charge shall be waived, provided the Customer pays the Customer Charge under the other service classification in all twelve (12) months of the year.

III. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Incremental Expenses***

The Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence**.**

2. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

TERMS AND CONDITIONS

Service is subject to the Company's Standard Terms and Conditions of this Tariff.

SERVICE CLASSIFICATION - FT

FIRM TRANSPORTATION SERVICE

AVAILABILITY

This service is available to any customer who would otherwise qualify for service under Service Classifications GSS, GSL, FC, IS, or NGV. The Customer must provide to the Company's satisfaction, a firm gas supply having marketable title of gas with firm transportation capacity to the Company's distribution system.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	$50.00

Demand Charge:

Demand Charge per therm applied to MDQ	$1.37

Delivery Charge:

Delivery Charge per therm for High Load Factor ("HLF") customers	$0.1984
Delivery Charge per therm for Low Load Factor ("LLF") customers	$0.2302

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.

DETERMINATION OF LOAD FACTOR

1. ***Calculation of Load Factor***

   Each Customer's load factor will be equal to the result of dividing the total annual usage by the highest single month's usage times twelve (12). The formula to be used is:

   $$\text{Load Factor} = \frac{\text{Total Annual Use}}{\text{Highest Month's Use} \times 12}$$

SERVICE CLASSIFICATION - FT

FIRM TRANSPORTATION SERVICE (continued)

DETERMINATION OF LOAD FACTOR (continued)

2. ***Review of Customer Load Factors***

The Company shall review, at least once a year, each Customer's load factor based on the most recent twelve (12) months of billing information.

The Company shall review a Customer's load factor any time the Customer makes a written request to the Company for such a review.

3. ***Service Classification***

Customers that have an initial load factor greater than 58 percent will be assigned to FT-HLF. Customers that have an initial load factor equal to or less than 58 percent will be assigned to FT-LLF. The Company will make the final determination of the Customer's appropriate load factor.

4. ***Change in Service Classification***

After the initial assignment into FT-HLF, a Customer whose load factor falls below 55 percent will be switched to FT-LLF. After the initial assignment into the FT-LLF service classification, a Customer whose load factor increases above 61 percent will be switched to FT-HLF.

The determination of whether a Customer is served under FT-HLF or FT-LLF is to be made by load factor. The Company will change a Customer's load factor classification based upon a load factor review. No changes will be made without twelve (12) months of valid billing data available for the load factor review.

A new Customer will be assigned an initial load factor by the Company based on an evaluation of the Customer's equipment and anticipated gas consumption patterns.

The 58 percent load factor level that distinguishes the FT-HLF class from the FT-LLF class shall be subject to review in any Company base rate case.

SPECIAL PROVISIONS

1. ***Determination of Demand***

The Maximum Daily Quantity (MDQ) will be initially set by determining the highest monthly average daily usage (HMAD) and multiplying that result by 1.30 for HLF eligible customers or 1.36 for LLF eligible customers. The MDQ will be stated in therms.

SERVICE CLASSIFICATION - FT

FIRM TRANSPORTATION SERVICE (continued)

The Company shall deliver to the Customer the gas quantity provided by the Customer up to the MDQ level. Should the Customer's usage exceed the MDQ, the MDQ will be deemed to have changed in the service agreement. The MDQ for service and billing purposes will remain at the highest actual daily volume served for the remaining life of the Service Agreement.

SERVICE CLASSIFICATION - FT

FIRM TRANSPORTATION SERVICE (continued)

2. ***Automated Meter Reading Device***

Metering shall include an automated meter recording device (AMR)**,** which shall be furnished and installed by the Company at the Customer's expense. The Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation.

The customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the initial FT agreement with the prime interest rate used to calculate carrying costs on the unpaid balance.

3. ***Incremental Expenses***

The Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to, legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence.

4. ***Customer Responsibility***

In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalance.

5. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within ten days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

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

	DGC-Balancing	DGC-FT
Customer Charge:		
Customer Charge per meter per month	$40.00	$40.00
Demand Charge:		
Demand Charge per therm applied to PBQ	$0.60	$0.60
Delivery Charge per therm:		
November - April	$0.2836	$0.1938
May - October	$0.2509	$0.1611

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

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

MINIMUM MONTHLY CHARGE

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

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL (continued)

DETERMINATION OF DEMAND

The Peak Billing Quantity (PBQ) will be initially set based on the rated fuel requirements of the installed distributed generation equipment and the customer's electric requirements. The Company shall deliver to the Customer the gas quantity provided by the Customer up to the PBQ level. Should the Customer's usage exceed the PBQ, the PBQ will be deemed to have changed in the service agreement. The PBQ for service and billing purposes will remain at the highest actual daily volume served.

AUTOMATED METER READING DEVICE

All service rendered hereunder shall be metered separately from any other gas service provided to customers at the Customer's location.

Metering shall include an automated meter recording device (AMR), which shall be furnished and installed by the Company. The Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation.

MINIMUM DAILY DELIVERY VOLUMES

The Customer has the following options for delivering volumes to the Company's citygate:

1. **DGC-Balancing**
   The Customer agrees to deliver to the Company's citygate a volume of gas for each day of the month equal to the average daily usage for that month as specified by the Company. The Company will provide the Customer with the minimum daily delivery volumes required for each month in advance during the year.

   If the Customer fails to deliver the minimum daily volume, the Company shall use its best efforts to make up the difference, but in no event will it be so obligated. If the Company makes up the volume difference, the Company will charge the Customer at a rate equal to ten (10) times the highest price of daily ranges for delivery in Texas Eastern Zone M-3 which are published in Gas Daily on the table, "Daily Price Survey". The Company has the right to recover proportionately from undelivered Marketers or Brokers any penalties or other charges or damages assessed on the Company as a result of any under-deliveries by eligible Marketers or Brokers.

2. **DGC-FT**
   The Customer shall use its best efforts to achieve a balance between its deliveries and its aggregate customer requirements on a monthly basis. The Company reserves the right to require the Customer to balance deliveries and takes of transported gas.

If the Customer fails to deliver the minimum daily volume by greater than ten (10) Dth for more than three (3) days during a rolling twelve-month period, then the Customer will be assigned Standby Service at a volume equal to the highest deficiency on the days when the delivery failures occurred. The Customer will pay the Standby Service Charges until such time as twelve months have passed without a single failure to deliver the minimum daily volume.

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL (continued)

SPECIAL PROVISIONS

1. ***Balancing - Monthly***

The DGC-FT Customer shall use its best efforts to achieve a balance between its deliveries and its requirements under DGC-FT service on a monthly basis. Imbalances in the volumes of gas delivered for the DGC-FT Customer's accounts (net of Special Provision 2, Fuel Use and Unaccounted for Gas) and the volumes of gas used by the DGC-FT Customer, will be cashed-out each month, as defined in Service Classification MBR, so that no imbalances will be carried into the next month.

Imbalances in the volumes of gas delivered for the DGC-Balancing Customer's account (net of Special Provision 2, Fuel Use and Unaccounted for Gas) and the volumes of gas used by the DGC-Balancing Customer, will be rolled over each month so that any imbalance will be carried into the next month. The Company will select the time period to net any imbalances with the monthly Minimum Daily Delivery Volume.

If at any time during the month the Customer's account is out of balance by more than 30% of the total amount transported in the prior month, the Customer will be required, upon 48 hours prior notice from the Company, to initiate corrective action to balance its account within the following 10-day period.

2. ***Fuel Use And Unaccounted For Gas***

A 2% adjustment for fuel use and unaccounted for gas shall be made to the quantity of gas received for the Customer's account. The quantity of gas ultimately delivered to the Customer shall be reduced by 2% from the level received by the Company for the Customer's account.

3. ***Incremental Expenses***

The Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to, legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence.

The Company's main and service extension policy set forth in Section 4 of the Standard Terms and Conditions shall not apply to service rendered hereunder. However, the Company will make gas main extensions and service line connections to serve individual firm DGC customers free of charge where the cost of such extension does not exceed three (3) times the estimated annual margin (revenue less balancing costs and related taxes and/or assessments) for equipment with an estimated life of less than 5 years; five (5) times the estimated annual margin for equipment with an estimated life between six (6) and ten (10) years; six (6) times the estimated annual margin for equipment with an estimated life between eleven (11) and sixteen (16) years. Equipment with an estimated life greater than sixteen (16) years will be subject to the eight (8) times policy set forth in Section 4 of the Standard Terms and Conditions.

Should the Customer take service under this classification for less than one (1) year, the Customer shall reimburse the Company for the cost of the extension.

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL (continued)

4. ***Loss of Supplier***

In the event that the Customer's Marketer ceases providing service to the Customer and the Customer in unable to secure supply from an alternate supplier, Customers may elect to receive temporary supply service from the Company. The price for temporary service provided to the Customers shall be equal to the higher of the GSL BGSS price or the actual cost incurred by the Company to provide temporary service.

The Customer shall inform the Company of its efforts to secure a replacement Marketer on a periodic basis.

5. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within ten days after the Company sends the bill and are subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement, except as noted in Special Provision 4.

SERVICE CLASSIFICATION - ED

ECONOMIC DEVELOPMENT SERVICE

AVAILABILITY

Customers eligible to receive service under the following Service Classifications: General Service - Small ("GSS"), General Service - Large ("GSL"), or Firm Transportation Service ("FT").

CHARACTER OF SERVICE

Firm gas sales and transportation service.

CONDITIONS PRECEDENT

The Customer must meet the following conditions:

1. a. For new Customers, the building receiving service under this Tariff must be new or have been vacant for at least twelve months.

   b. Existing Customers must have been served for more than one year, and the space utilized for operations must have expanded by more than 5,000 square feet. Gas used in excess of the previous twelve months (base) usage will be subject to the Economic Development (ED) credit.

   c. An existing occupant (a) converts to natural gas and (b) expands space utilized for its operations by more than 5,000 square feet would be eligible for the credit. The Occupant must provide its energy usage for the previous twelve months (base) at the time of application for gas service. The Company will calculate the BTUs used by the Occupant in the base period and BTUs used in excess of the base period would be eligible for the ED credit.

2. The Customer must be adding at least two permanent full-time employees to a location in the Company's service territory. Relocation or consolidation of employees based at locations in the Company's service territory must net at least two new jobs in order to qualify for the ED credit. Employment growth will be confirmed by the Company and/or by affidavit from the Customer. The Company reserves the right, at its discretion, to periodically verify levels of employment. If after verification the required employment level has not been sustained, the Customer will no longer be eligible for the ED credit.

3. The Customer must apply for this service upon the initial application for gas service.

4. The Customer must execute a Service Agreement.

5. The building receiving service under this Tariff must be located within a community in our service territory with a ranking of 150 or less on the 1996 Municipal Distress Index compiled by the New Jersey State Planning Commission.

SERVICE CLASSIFICATION - ED

ECONOMIC DEVELOPMENT SERVICE (continued)

MONTHLY RATES

The monthly rates shall be the same as the applicable service classification except that: 1) GSS Customers will be credited $0.1200 per therm for all eligible gas use, and 2) GSL and FT Customers' Demand charges will be reduced by fifty (50) percent. 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.

MINIMUM MONTHLY CHARGE

The minimum monthly charge for GSS Customers shall be the Customer Charge. The minimum monthly charge for GSL and FT Customers shall be the Customer Charge and the Demand Charge.

SPECIAL PROVISIONS

1. ***Extension of Facilities***
   The Company will extend facilities per Sections 4, and 5 of the Standard Terms and Conditions of this Tariff utilizing the margins that result from the above Monthly Rates.

2. ***Tariff Availability***
   The Company reserves the right to offer this Tariff rate to customers located in areas of other communities, which demonstrate the characteristics warranting economic development to encourage such development and employment opportunities, if such offer meets public policy objectives of the state of New Jersey and the Company is requested to do so by a New Jersey State Agency.

SERVICE LIMITATIONS

This service is not available to federal, state, county or local governments or governmental entities.

PAYMENT

Bills are due within ten (l0) days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

The maximum term of the service agreement shall be three years. A Customer's three year term of eligibility will commence no later than six months after the Service Agreement is executed.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

SERVICE CLASSIFICATION - FC

FIRM COGENERATION

AVAILABILITY

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

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

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	$49.49

Demand Charge:

Demand Charge per therm applied to MDQ	$1.00

Delivery Charge:

Delivery Charge per therm	$0.3077

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.

SERVICE CLASSIFICATION - FC

FIRM COGENERATION (continued)

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.

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.

SPECIAL PROVISIONS

I. *Applicable to All Customers in this Service Classification*

1. ***Determination of Demand***

   The Maximum Daily Quantity (MDQ) will be: (1) initially determined by agreement between the Company and the Customer, (2) stated in therms, and (3) included in the Service Agreement.

   The Company shall deliver to the Customer a quantity of gas up to the MDQ volume. Should the Customer's usage exceed the MDQ, the MDQ will be deemed to have changed in the Service Agreement. The MDQ for service and billing purposes will remain at the highest actual daily volume served for the remaining life of the Service Agreement.

2. ***Metering***

   An Automated Meter Reading (AMR) device will not be required for this service. However, the Company reserves the right to install an AMR if it believes such a device will provide a more accurate HMAD than the Determination of Demand set forth above. Should the Company decide to install an AMR, the Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company.

II. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Incremental Expenses***

   The Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence**.**

SERVICE CLASSIFICATION - FC

FIRM COGENERATION (continued)

2. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written service agreement on the Company's Standard Application Form shall be required for Firm Cogeneration Customers. The Customer must provide certification that the equipment and operation is approved as a FERC "Qualifying Facility". The Customer must be in compliance with the terms of N.J.S.A. 54:30A-50 in order to receive service under this classification. The service agreement will be in effect for a minimum of two years with successive two-year terms in effect unless terminated by written notice at least two (2) months prior to the expiration of the service agreement.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE

AVAILABILITY
This service is available to any Customer for the purpose of fueling natural gas vehicles.

CONDITIONS PRECEDENT
The Customer must sign a service agreement which sets forth the vehicles to be served to be eligible for this service.

CHARACTER OF SERVICE
Non-firm gas sales service.

SERVICE OPTIONS
The Customer will have the choice to be served under the following service options:

Options

A. ***Transportation Service***

NGV Customers are eligible for IS and FT transportation services.

B. ***Natural Gas Sales Service***

Option B Rates

Monthly Customer Charge	$25.00
Commodity Charge	"IS" Monthly BGSS and Delivery Charges

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.

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE (continued)

SPECIAL PROVISIONS

1. ***Separately Metered***
   Gas delivered hereunder will be separately metered and shall not be used interchangeably with gas supplied under any other service classification.

2. ***Maximum Quantities***
   The maximum monthly and hourly quantities of gas to be delivered shall be specified in the service agreement and may be changed only with approval of the Company.

3. ***Service Interruption***
   The Customer agrees to discontinue the use of gas service at any time, and from time to time upon notice from the Company. The manner and time period of such notice shall be specified in the written service agreement. The Company's determination to discontinue service or to reinstate service following a discontinuance shall be conclusive.

4. ***Unauthorized Use***
   In the event the Company notifies the Customer to discontinue the use of gas service at any time and the Customer fails to do so, the Company shall have the right to terminate service and/or to bill the Customer for usage occurring after the expiration of the period of notice specified in the service agreement at ten (10) times the Commodity Charge.

5. ***Service Nominations***
   Upon request by the Company on any day, the Customer shall furnish an estimate of the amount of gas to be taken under this rate schedule during the next 24-hour period. The Customer must notify the Company at least 24 hours before it plans to discontinue the use of gas service.

6. ***Incremental Gas Service***
   During periods of gas service interruption, Customers in need of gas may request service under the Incremental Gas Service (IGS) Classification.

7. ***Taxes, Assessments and Surcharges***
   The Customer shall pay all riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE (continued)

PAYMENT

Bills are due within 10 days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written service agreement on the Company's Standard Application Form for a minimum one-year period shall be required for Natural Gas Vehicle Customers. Successive one-year terms will be in effect unless terminated by written notice at least two (2) months prior to the expiration of the service agreement.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE

AVAILABILITY

This service is applicable to Commercial and Industrial Customers whose minimum connected load is not less than 150 therms per hour and who sign a service agreement**,** providing gas is used only at locations where the Company has 1) adequate distribution facilities and 2) an adequate supply of natural gas. Customers will be required to specify that they have alternate fuel facilities installed in operating condition with an adequate fuel supply, as discussed in Special Provision 1.

CHARACTER OF SERVICE

Interruptible gas sales and transportation service.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	$575.00

Delivery Charge:

Customers with Alternate Fuel

Delivery Charge per therm	$0.1378

Customers without Alternate Fuel

Delivery Charge per therm	$0.3795

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

SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE (continued)

SPECIAL PROVISIONS

I. *Applicable to All Customers in this Service Classification*

1. ***Alternate Fuel Certification***

If the Customer desires to be categorized as a customer with alternate fuel then, as of November 1st of each year, the Customer must certify in a signed affidavit that the installation being served is physically and legally capable of using the fuel oil and the specific sulfur content as indicated or that it may legally and physically use propane at the Customer's end-use facility. The alternate fuel certification and related details will be held confidential except as same information shall be utilized by the Company for preparation of periodic reports to the Board. It is the Customer's full responsibility to have standby equipment installed and maintained in operating condition and a fuel supply adequate for its operation at all times. Adequate supply requirements for customers using No. 2 fuel oil, No. 4 fuel oil, jet fuel or kerosene are seven (7) days of alternate fuel either on hand or, if a customer's on-site storage capacity is less than seven (7) days, then full storage capacity plus additional firm contractual supply arrangements to equal seven (7) days. No customer is required to build additional storage. All customers that use non-distillate fuels as an alternate supply, or will agree to suspend operations during an interruption, are exempt from the alternate fuel requirement, but must file a certification with the Company indicating the alternate fuel used or their intention to discontinue operations.

2. ***Separately Metered***

Gas delivered hereunder will be separately metered and shall not be used interchangeably with gas supplied under any other service classification.

3. ***Automated Meter Reading Device***

Metering shall include an automated meter recording device (AMR)**,** which shall be furnished and installed by the Company at the Customer's expense. The Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation.

The customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the initial IS agreement with the prime interest rate used to calculate carrying costs on the unpaid balance.

SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE (continued)

4. ***Service Interruption***
The Customer agrees to discontinue the use of gas service at any time, and from time to time upon notice from the Company. The manner and time period of such notice shall be specified in the written service agreement. The Company's determination to discontinue service or to reinstate service following a discontinuance shall be conclusive.

5. ***Unauthorized Use***
In the event the Company notifies the Customer to discontinue the use of gas service at any time and the Customer fails to do so, the Company shall have the right to terminate service and/or to bill the Customer for usage occurring after the expiration of the period of notice specified in the service agreement at ten (10) times the highest price of the daily ranges that are published in Gas Daily on the table "Gas Price Survey" for delivery in Texas Eastern Zone M-3. This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

6. ***Incremental Gas Service***
During periods of gas service interruption, Customers in need of gas may request service under the Incremental Gas Service ("IGS") Classification.

7. ***Margin Sharing***
Margin derived from the Delivery Charge will be treated pursuant to the stipulation of the parties in BPU Docket No. GR07110889.

II. *Applicable to All Customers Purchasing Gas Supply Under Rider "A" BGSS*

1. ***Maximum Quantities***
The maximum monthly and hourly quantities of gas to be delivered shall be specified in the service agreement and may be changed only with approval of the Company.

2. ***Service Nominations***
Upon request by the Company on any day, the Customer shall furnish an estimate of the amount of gas to be taken under this rate schedule during the next 24-hour period. The Customer must notify the Company at least twenty-four (24) hours before it plans to discontinue the use of gas service.

SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE (continued)

3. ***BGSS***
Customers will be supplied under the Monthly BGSS service which will be applied to all therms billed each month. See "Rate Summaries" for the current price.

III. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Return to Sales Classification***
Upon a Customer's election to take service under the IS Service Classification, it shall be required to provide the Company with no less than 30 days notice of the Customer's intention to return to sales service under Service Classification IS or NGV. The Company may accept less than thirty (30) days notice if gas is available to serve the Customer.

2. ***Incremental Expenses***
The Customer will reimburse the Company for any out-of-pocket expenses (including, but not limited to legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence.

3. ***Service Charge Waiver***
The Customer charge for IS sales or NGV service will be waived in months when a Customer uses IS transportation service to meet all its gas needs.

4. ***Customer Responsibility***
In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalances.

5. ***Additional Requirements***
Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE (continued)

PAYMENT

Bills are due within 10 days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written service agreement on the Company's Standard Application Form for a minimum one-year period shall be required for IS Customers. Successive one-year terms will be in effect unless terminated by written notice at least two (2) months prior to the expiration of the service agreement.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

SERVICE CLASSIFICATION - IGS

INCREMENTAL GAS SERVICE

AVAILABILITY

This service is available when requested by a Customer, and when the Company has the capability to deliver incrementally purchased gas supplies. The service will be available for a limited term to Customers served under Service Classifications IS and NGV.

CONDITIONS PRECEDENT

The Customer shall execute a service agreement with the Company. The service agreement will contain the time period of the agreement, charges for the gas service, and the estimated volume of sales. These provisions may be amended as necessary; such amendments may be made by telephone and agreed to in writing (fax, e-mail, etc. are acceptable).

CHARACTER OF SERVICE

Gas service will be provided only to the extent that gas supplies may be incrementally purchased and are offered for sale by the Company.

The Company reserves the right to curtail or interrupt this service immediately if, in the Company's sole discretion, continuance of this service would adversely affect service to other Customers.

OFFERING OF SERVICE

This service will be offered to customer classes as follows:

Non-Firm

December through March - rates must be above otherwise applicable tariff rates.
April through November - rates may be below otherwise applicable tariff rates.

When rates are offered below otherwise applicable tariff rates, this service is offered only for volumes of gas that are incremental and which would not be used except for the existence of this offer.

SERVICE CLASSIFICATION - IGS

INCREMENTAL GAS SERVICE (continued)

RATES

The rates and charges for service will be set by the Company and included in the service agreement. Such rates and charges will include a commodity charge equal to the greater of the Monthly BGSS price applicable to Rate Classification IS and the highest price of the daily ranges that are published in Gas Daily on the table "Gas Price Survey" for delivery in Texas Eastern Zone M-3, and a delivery charge equal to the delivery charge applicable to Rate Classification IS. Such rates shall include all applicable riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

SPECIAL PROVISIONS

1. ***Maximum Quantities***
   The maximum monthly and hourly quantities of gas to be delivered shall be specified in the service agreement and may be changed only with approval of the Company.

2. ***Service Interruption***
   The Customer agrees to discontinue the use of gas service at any time, and from time to time upon notice from the Company. The manner and time period of such notice shall be specified in the written service agreement. The Company's determination to discontinue service or to reinstate service following a discontinuance shall be conclusive.

3. ***Unauthorized Use***
   In the event the Company notifies the Customer to discontinue the use of gas service at any time and the Customer fails to do so, the Company shall have the right to terminate service and/or to bill the Customer for usage occurring after the expiration of the period of notice specified in the service agreement at ten (10) times the rate for this service.

4. ***Service Nominations***
   Upon request by the Company on any day, the Customer shall furnish an estimate of the amount of gas to be taken under this rate schedule during the next 24-hour period. The Customer must notify the Company at least 24 hours before it plans to discontinue the use of gas service.

5. ***Required Purchases***
   When the Customer requests IGS service and the Company commits to an incremental purchase of gas, the Customer will be required to pay for the contracted gas service whether or not the Customer uses the gas.

SERVICE CLASSIFICATION - IGS

INCREMENTAL GAS SERVICE (continued)

REVENUE TREATMENT

The margin derived from the Delivery Charge shall be credited to the BGSS.

PAYMENT

Bills are due within ten days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written agreement shall be required for IGS Customers.

REPORTS

The Company will provide 48 hours notice to the Board prior to any sales being made which would occur at rates that are less than the Customer's applicable rate schedule. The Company will submit a monthly report providing details of all IGS sales in any month sales are made.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS

AVAILABILITY

This service classification is for marketers and brokers who have been engaged by transportation customers using RS, GSS, GSL, FT, DGC or IS Services to be responsible for delivering natural gas to the Company's Citygates on behalf of those Customers. All marketers or brokers who wish to act on behalf of Customers will be required to be certified by the Company as meeting minimum standards. Pursuant to this certification, the marketers or brokers will be required to sign a service agreement and post a deposit or letter of credit in order to have the Company accept its natural gas at the citygate**.**

CONDITIONS PRECEDENT

The Marketer or Broker shall execute a service agreement with the Company.

The Marketer or Broker shall provide a written notification to the Company of the identity of Customer(s) on whose behalf they are acting.

For customers using Billing Option 1, 2, or 3, the Marketer or Broker shall post a cash deposit or letter of credit equal to at least three (3) times the estimated usage for one (1) day in January times the most current January's price for Texas Eastern zone M-3 for any and all customers on whose behalf the Marketer or Broker is acting. For customers using Billing Option 3, the Marketer or Broker shall also post a cash deposit or letter of credit equal to at least two (2) times the January delivery charges for each service classification for any and all Customers on whose behalf the Marketer or Broker is acting. The Marketer or Broker shall agree the Company has the right to access and apply the cash deposit or letter of credit to any payment obligations which are deemed to be late. In lieu of a cash deposit or letter of credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a guaranty from such financially responsible parent or parent companies of the Marketer or Broker for the payment of any liabilities or obligations to be incurred by the Marketer or Broker. In lieu of a cash deposit or letter of credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a surety bond for the payment of any liabilities or obligations to be incurred by the Marketer or Broker.

RATES

Basic Service	$65.00 per month	includes administration of nominations, balancing, inquiry, security review and FT & IS volumes provided twice per month

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

OPTIONAL SERVICES CHARGES

Billing Option 1 ⇒ See "Billing Options"	$ 0.75	per account per month

STANDBY ASSIGNMENT:

STANDBY GAS DEMAND CHARGE	$ 4.10	per DTH applied to the assigned daily volume representing the highest delivery deficiency
STANDBY GAS COMMODITY CHARGE		Determined by the Standby Gas Service section

BILLING OPTIONS

Option 1

The Company will send the total bill to each customer and the Marketer will provide the Company with the total "commodity charge" to be included on the bill. The Company will provide to the Marketer, prior to billing, the usage for each customer so that the Marketer may calculate the total commodity charge and return it to the Company. The Company will purchase the receivable from the Marketer and be solely responsible for the processing of payments, collections and basic customer inquiries. Each Marketer operating under this option will be required to execute an agreement summarizing the terms and conditions of their services. This option includes electronic summaries for each cycle.

Option 2

The Company will provide a bill to the customer for the transportation services provided on its distribution system. The Company will provide to the Marketer a summary of the usage and transportation charges for each customer during each billing period.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

Option 3

The Marketer will send the total bill to each customer and remit to the Company the transportation charges associated with the customer. Marketer shall receive a total annual credit of $3.60 per customer for each FT, GSL, RS and GSS customer billed according to this option. Such credit shall be applied monthly on a pro-rated basis.

DELIVERIES TO COMPANY'S CITYGATE

1. ***FT and DGC-FT Service***
   The Marketer or Broker shall use its best efforts to achieve a balance between its deliveries and its aggregate customer requirements on a monthly basis. The Company reserves the right to require a Marketer or Broker to balance deliveries and takes of transported gas.

2. ***IS Service***
   The Marketer or Broker shall use its best efforts to achieve a balance between its deliveries and its aggregate customer requirements on a monthly basis. The Company reserves the right to require a Marketer or Broker to balance deliveries and takes of transported gas.

   The Company reserves the right to curtail IS Service at any time upon notice to the Customer(s) receiving the service.

3. ***RS, GSS, GSL and DGC-Balancing Service***
   The Marketer or Broker agrees to deliver to the Company's citygate a volume of gas for each day of the month equal to the average daily usage for that month for each Customer on whose behalf it is operating as specified by the Company. The Company will provide the Customer and the Marketer or Broker with the minimum daily delivery requirement by month in advance during the year.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

STANDBY GAS SERVICE

Standby Gas Service is a citygate sales service provided to Marketers who have been assigned the service because they failed to deliver required daily volumes by greater than ten (10) Dth (100 therms) for more than three (3) times during a rolling twelve (12) month period. Standby Gas Service will commence with the fourth occurrence of delivery default. Marketers will be limited to use of Standby Service for a period of forty-five days within a twelve (12) month period.

The Standby Gas Commodity Charge shall be the higher of (1) the LNG inventory and production costs adjusted for all appropriate taxes, assessments and surcharges, (2) the market price of gas, or (3) the actual cost of gas purchased to serve the marketer.

The Marketer must nominate its gas requirements at least 24 hours in advance of the gas day (beginning at 10:00 am). The Company may attempt to provide service at times when shorter notice is given.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

SPECIAL PROVISIONS (continued)

SPECIAL PROVISIONS

1. ***Monthly Imbalances***

   a. ***FT, DGC-FT and IS Transportation Services***

The Customer shall use its best efforts to achieve a balance between its deliveries and its requirements on a monthly basis. Imbalances in the volumes of gas delivered for the aggregate Customers' accounts (net of Special Provision 3, Fuel Use and Unaccounted for Gas) and the volumes of gas used in the aggregate by the Customers, will be cashed-out each month so that no imbalances will be carried into the next month. The cashout will be charged to the Marketer or Broker each month. The Company will use the weekly spot index price for New York City citygate, as published by *Natural Gas Week's "Major Market Prices"*.

If the imbalance is negative (in aggregate the Customers used more gas than was delivered in aggregate by the Marketer or Broker), the Marketer or Broker will purchase gas from the Company at the rates below:

Imbalance Level	***Calculation***
0% - ≤ 5%	quantity * Highest Weekly Index Price
>5% - ≤ 10%	quantity >5% * Highest Weekly * 1.1 + level above
>10% - ≤ 15%	quantity >10% * Highest Weekly * 1.2 + levels above
>15% - ≤ 20%	quantity >15% * Highest Weekly * 1.3 + levels above
>20% - ≤ 25%	quantity >20% * Highest Weekly * 1.4 + levels above
>25%	quantity >25% * Highest Weekly * 1.5 + levels above

If the imbalance is positive (the Customer delivered more gas than was used by the Customer), the Company will purchase gas from the Customer at the rates below:

Imbalance Level	***Calculation***
0% - ≤ 5%	quantity * Lowest Weekly Index Price
>5% - ≤ 10%	quantity >5% * Lowest Weekly * .90 + level above
>10% - ≤ 15%	quantity >10% * Lowest Weekly * .80 + levels above
>15% - ≤ 20%	quantity >15% * Lowest Weekly * .70 + levels above
>20% - ≤ 25%	quantity >20% * Lowest Weekly * .60 + levels above
>25%	quantity >25% * Lowest Weekly * .50 + levels above

All revenues and purchases derived from imbalances will be credited to the BGSS.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

SPECIAL PROVISIONS (continued)

If at any time during the month the aggregate Marketer or Broker's account is out of balance by more than 30%, the Marketer or Broker will be required, upon 48 hours prior notice from the Company, to initiate corrective action to balance its account within the following 10-day period.

b. ***RS, GSS, GSL and DGC-Balancing Service***

Imbalances in the volumes of gas delivered for the Customer's account (net of Special Provision 3, Fuel Use and Unaccounted for Gas) and the volumes of gas used by the Customer, will be rolled over each month so that any imbalance will be carried into the next month. The Company will select the time period to net any imbalances with the monthly Minimum Daily Delivery Volume.

If at any time during the month the Customer's account is out of balance by more than 30% of the total amount transported in the prior month, the Customer will be required, upon 48 hours prior notice from the Company, to initiate corrective action to balance its account within the following 10-day period.

2. ***Daily Balancing***

a. ***FT and DGC-FT Services***

The Company may issue an Operational Flow Order (OFO) requiring delivery of specified volumes of gas. An OFO may be issued as a blanket for the entire system or for a single shipper (marketer or customer).

Shippers who fail to deliver specified OFO volumes of gas shall not be permitted to continue to operate on the system. In addition, the shipper will be billed at the applicable "Unauthorized Use" charge in effect during the OFO period for the volume difference between the OFO required delivery and the actual delivered volume.

There will be no daily or monthly penalties for delivering gas in excess of an OFO specified volume.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

SPECIAL PROVISIONS (continued)

b. ***IS Services***

The Company reserves the right to require at any time that a Customer shall limit its takes to no more than the quantity of gas delivered to the city gate by Customer's transporters, less the adjustment for fuel use and unaccounted for gas.

If a Customer takes more gas than allowed pursuant to the preceding paragraph, after notification that this daily balancing limitation is in effect, the Customer shall be charged for the excess at a rate equal to the Unauthorized Use charge special provision.

There will be no daily or monthly penalties charged to the Shipper for delivering gas in excess of the daily balancing limitation specified volume.

3. ***Fuel Use and Unaccounted for Gas***

A 2% adjustment for fuel use and unaccounted for gas will be made to the quantity of gas received for the Customers' accounts. The quantity of gas ultimately delivered to the Customers shall be reduced by 2% from the level received by the Company for the Customers' account.

4. ***Taxes, Assessments And Surcharges***

The Marketer or Broker shall pay all taxes or surcharges that are lawfully imposed upon the Company in providing service under this service classification.

5. ***Incremental Expenses***

The Marketer or Broker shall reimburse the Company for any out-of-pocket expenses (including, but not limited to legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence. Reimbursements for any costs associated with special non-recurring projects requested by a marketer may be collected through this special provision. These special projects represent a level of service not anticipated in any of our administrative charges. The price for these projects shall be mutually agreed to prior to the initiation of any work related to the special project**.**

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

6. ***Unauthorized Use***

In the event the Company notifies a Customer to discontinue the use of transportation service at any time, and the Customer fails to do so, the Company shall have the right to terminate service and/or to bill the Customer, Marketer or Broker for usage occurring during the curtailment period at the rate of ten (10) times the highest price of daily ranges for delivery in Texas Eastern zone M-3 which are published in Gas Daily on the table, "Daily Price Survey". This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

The Company has the right to recovery proportionately from undelivered Marketers or Brokers any penalties or other charges or damages assessed on the Company as a result of any under-deliveries by eligible Marketers or Brokers.

7. ***RS, GSS, GSL and DGC-Balancing Delivery Shortfalls***

If the Marketer or Broker fails to deliver the minimum daily volume, the Company will charge the Marketer at a rate equal to ten (10) times the highest price of daily ranges for delivery in Texas Eastern zone M-3 which are published in Gas Daily on the table, "Daily Price Survey". This rate shall not be lower than the maximum penalty charge for unauthorized daily overruns as provided for in the FERC-approved gas tariffs of the interstate pipelines which deliver gas into New Jersey.

The Company has the right to recovery proportionately from undelivered Marketers or Brokers any penalties or other charges or damages assessed on the Company as a result of any under-deliveries by eligible Marketers or Brokers.

If the Marketer or Broker fails to deliver the minimum daily volume by greater than ten (10) Dth (100 therms) for more than three (3) days during a rolling twelve-month period, then the Marketer or Broker will be assigned Standby Gas Service at a volume equal to the highest deficiency on the days when the delivery failures occurred. Standby Gas Service will commence with the fourth occurrence of delivery default. The Marketer or Broker will pay the Standby Gas Service Charges until such time as twelve months have passed without a single failure to deliver the minimum daily volume.

8. ***Individual Customer Responsibility***

Customers taking service under Service Classifications RS, FT, GSL, GSS, DGC and IS may elect to designate one Marketer or Broker per account to have responsibility for nominations, daily balancing and/or monthly balancing on behalf of the Customer. The Company will provide both individual and summary bills to each such Marketer or Broker, with a summary of usage and associated charges provided for each Customer. If a Customer's
designated Marketer or Broker should default on any obligation for payment under this Service Classification, the Customer will be responsible for its proportional share of charges, including payment for unauthorized usage or for monthly imbalances.

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

9. ***Nominations***

By the deadline specified on the Company's electronic bulletin board (EBB), the Marketer shall enter nominations onto the Company's EBB on the day prior to gas flow for the next calendar day. The nomination shall contain customer's transportation volumes, the name of the customer's supplier and the contract number, along with the pipeline transporter. The Marketer may change any daily or monthly nominations in a timely manner on the Company's EBB by the time of the day prior to gas flow specified on the Company's EBB. Marketer may request changes to nominations after the time specified on the Company's EBB by calling Company, however any late changes are completely at the discretion of the Company. Any agreed to changes will have to be formally requested in writing.

The Company will not be required to accept any gas rendered by the Customer's pipeline transporter that: (a) does not conform to the Marketer's currently effective nominations or (b) is not delivered to a mutually agreeable citygate. The Company shall not be obligated to provide transportation service during an hourly, daily or monthly period in excess of the levels specified in the service agreement.

PAYMENT

Bills are due within 10 days after the Company sends each Customer's individual bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff. The Company may elect to utilize the deposit to satisfy any payments deemed to be late and to notify the Marketer or Broker of the need to replenish the deposit.

CONTRACT

The term of the initial Service Agreement will be for a minimum of one year. Thereafter, successive one-year terms will be in effect until terminated by written notice at least two (2) months prior to the expiration of the service agreement.

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff, the applicable transportation service class and the service agreement.

SERVICE CLASSIFICATIONS - FEED

FOSTERING ENVIRONMENTAL AND ECONOMIC DEVELOPMENT SERVICE

AVAILABILITY

This service is available to any qualifying commercial and industrial customers on: a voluntary basis; alone or in conjunction with any other applicable rate schedule and to customers that meet the stated eligibility requirements and contract terms and conditions with the Company for service under the FEED program.

CHARACTER OF SERVICE

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

CONDITIONS PRECEDENT

In order to be a qualifying customer, the customer must meet one or more of the following conditions:

1. For new customers, the customer must intend to utilize natural gas to provide significant environmental or economic development benefits within NJNG's service territory or in a manner that increases system utilization.

2. An existing customer that materially expands its use of natural gas.

3. An existing Customer that provides significant environmental or economic development benefits within NJNG's service territory or that increases system utilization.

APPLICATION

This Rate Classification allows the Company to offer customer specific services under terms and conditions as agreed to between the Company and Customer, including, but not limited to, the following:

1. FEED Incentive or Discounted Rates designed to encourage environmental improvements or development within the Company's service territory or enhance the Company's system utilization (FEED Class 1). FEED Class 1 may be used separately or in conjunction with FEED Class 2 or FEED Class 3.

2. FEED Special Developmental Rates designed to allow the Company to recover from the Customer the Company's capital investment, fees, expenses, costs, other charges and a return on the investment over the duration of the Contract related to distribution system and mains expansions (FEED Class 2).

3. FEED Special Developmental Rates designed to encourage significant, new and/or environmental or economic development projects in NJNG's service territory and allow the Company to install and/or operate equipment and facilities to fulfill the Contract and recover from the Customer the Company's capital investment, fees, expenses, costs, other charges and a return on the investment over the duration of the Contract related to non-traditional equipment (FEED Class 3). The projects will not be included in the Company's rate base.

SERVICE CLASSIFICATIONS - FEED

FOSTERING ENVIRONMENTAL AND ECONOMIC DEVELOPMENT SERVICE (Continued)

SPECIAL CONTRACT AND PROVISIONS

1. ***Contract***
   The Customer and the Company shall enter into a contract detailing the rates, charges, terms and other conditions. At the conclusion of the specified term of the Contract, any continuing service to the Customer shall be charged under the terms and conditions of the then-applicable Tariff rate schedule for similarly situated customers.
2. ***Contract Terms***
   The Contract will include details regarding length of the initial term and any renewal options, a specified term for the recovery of the Company's capital investment in facilities and all related costs, charges and expenses, the operational terms and conditions, the rates and charges applicable under the Contract, and other provisions to fully define the obligations and rights of the parties.
3. ***Significant Economic Benefit***
   Customers must intend to: create new jobs or avoid potential job reductions in New Jersey; or otherwise provide material benefits in the areas of economic development or infrastructure enhancements which might not be attained absent the contract under this Service Classification.
4. ***Significant Environmental Benefit***
   Customers must intend to: install or modernize equipment that uses energy more efficiently; reduce carbon emissions; achieve goals under a State or Federal Energy Plan or policy as may be established from time to time; or otherwise intend to provide measurable benefits to improve New Jersey's environment.

BILLING

Recovery of the Company's costs including but not limited to, the capital investment, fees, expenses, costs, other charges and a return on investment shall be billed under a separately stated charge on the Customer's bill, which shall be determined for each individual Customer and specified in the Contract.

REGULATORY REVIEW

The Company shall file the Contract and any other terms and conditions with the Staff of the New Jersey Board of Public Utilities (Board Staff) and the New Jersey Division of Rate Counsel (Rate Counsel) for review, together with information regarding how service under the Contract provides significant environmental or economic benefit or improves system utilization. The Company shall also include in the filing: a specific program description; summary of the benefits to the Company, customer and other ratepayers; and cost estimate and documentation. The Company shall request Board Staff and Rate Counsel review FEED Class 2 and FEED Class 3 filings and comment within sixty (60) days, at which time, absent objections, the Contract and any other terms and conditions shall take effect. Any subsequent amendments following implementation of the FEED Class 2 or FEED Class 3 Contract that modify the terms of the Contract shall be submitted to Board Staff and Rate Counsel for review and comment within sixty (60) days of the effective date of such amendment, and absent objections by Board Staff and Rate Counsel, the amendment(s) shall take effect, as prescribed. For FEED Class 1 Contracts, the Company shall request Board Staff and Rate Counsel review the filing and any subsequent amendments and comment within sixty (60) days. FEED Class 1 contracts will be submitted for Board approval prior to implementation.

SERVICE CLASSIFICATIONS - FEED

FOSTERING ENVIRONMENTAL AND ECONOMIC DEVELOPMENT SERVICE (Continued)

PAYMENT

Bills are due within ten (l0) days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

TERMS AND CONDITIONS

When applicable, service is subject to the Standard Terms and Conditions of this Tariff and the Contract.

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS

AVAILABILITY

This service is available to any customer who would otherwise qualify for service under Service Classifications RS, GSS, GSL, FT, IS, or NGV and who will utilize natural gas for the purpose of fueling natural gas vehicles at Company owned compressed natural gas re-fueling facilities operated by the Customer on its property ("Host Customer").

Availability of this Service Classification is subject to the terms and conditions approved in BPU Docket No. GR11060361.

CONDITIONS PRECEDENT

The Host Customer must sign an Agreement with the Company. The Host Customer must provide assurance that it will use initially at least twenty (20) percent of the re-fueling facility's capacity. The Host Customer must agree to provide the general public with reasonable access to a re-fueling facility for purposes of fueling the general public's natural gas vehicles.

DEFINITION OF TERM USED HEREIN

"GGE" is the Gasoline Gallon Equivalent for converting a price per therm of natural gas to a price per gallon of gasoline. The GGE shall be determined in accordance with local standards.

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month	$50.00

Delivery Charge:

Delivery Charge per therm	$0.4527 ($0.5659 per GGE)

BGSS Charge:

Monthly BGSS Charge per therm for Sales Customers without a gas supply contract	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.

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS (Continued)

SPECIAL PROVISIONS

I. *Applicable to All Customers in this Service Classification*

1. ***CNG Re-Fueling Facilities***

The Company shall install and own Compressed Natural Gas ("CNG") re-fueling facilities on the Host Customer's property. The Company shall maintain these facilities. The Host Customer is required to monitor and operate these facilities at its own expense. The Host Customer is also required to provide reasonable access to the re-fueling station to the general public and non-host customer fleets.

2. ***Automated Meter Reading Device***

Metering shall include an automated meter recording device (AMR)**,** which shall be furnished and installed by the Company at the Host Customer's expense. The Host Customer shall furnish an electrical supply and phone line for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Host Customer's expense for such installation.

The Host Customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the initial CNG agreement with the prime interest rate used to calculate carrying costs on the unpaid balance.

3. ***Incremental Expenses***

The Host Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to, legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence.

4. ***Taxes, Assessments and Surcharges***

The Customer shall pay all riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS (Continued)

5. ***Pricing to the General Public***

The Host Customer shall post the charge to the general public for its re-fueling volume at a price per GGE provided by the Company. Prior to the beginning of each month, the Company will notify the Host Customer of the price, the components of which are defined below:

a. Monthly BGSS Charge as set forth in Rider "A" converted to a price per GGE
b. CNG Delivery Charge as set forth in Service Classification CNG converted to a price per GGE
c. Applicable state and federal excise taxes
d. $0.20 per GGE for the Host Customer's expenses to operate the facilities.

The Host Customer shall display the price per GGE at the re-fueling station. The Company shall credit the Host Customer for the monthly volume sold to the general public at the price per GGE for the Host Customer's expenses to operate the facilities as defined in 5(d) above.

6. ***Pricing to Non-Host Company Fleets***

Other fleets re-fueling vehicles at the Company owned CNG re-fueling facilities operated by the Host Customer on its property may purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS"), from the Company through a contract, or from a Marketer or Broker pursuant to Section II herein. The Company shall charge other fleets for re-fueling volumes at a price per GGE, the components of which are defined below:

a. Monthly BGSS Charge as set forth in Rider "A" or a gas supply contract price or the price provided by a Marketer or Broker, converted to a price per GGE
b. CNG Delivery Charge as set forth in Service Classification CNG converted to a price per GGE
c. Applicable state and federal excise taxes
d. $0.20 per GGE for the Host Customer's expenses to operate the facilities.

The Company shall credit the Host Customer for the monthly volume sold to the other fleets at the price per GGE for the Host Customer's expenses to operate the facilities as defined in 6(d) above.

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS (Continued)

II. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. ***Customer Responsibility***

The Customer must provide to the Company's satisfaction a firm gas supply having marketable title of gas with firm transportation capacity to the Company's distribution system. In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalance.

2. ***Billing***

Customers purchasing gas supply from a Marketer of Broker can only be billed through Billing Option 1 as defined in Service Classification-MBR.

3. ***Additional Requirements***

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written agreement shall be required for Compressed Natural Gas Host Customers and non-Host Customers Fleets.

TERMS AND CONDITIONS

Service is subject to the Company's Standard Terms and Conditions of this Tariff.

RESERVED FOR FUTURE USE

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS

Applicable to the following service classifications:

RS Residential Service	FC Firm Cogeneration
DGR Distributed Generation - Residential	ED Economic Development
GSS General Service - Small	IS Interruptible Service
GSL General Service - Large	

I. Periodic Basic Gas Supply Service Charge

By June 1 of each year, the Company shall file with the Board, a request for an October 1 implementation of a Periodic Basic Gas Supply Service ("Periodic BGSS") Charge, which shall be applicable to customers on the RS, GSS, DGR, and ED service classifications listed above who use less than 5,000 therms annually.

A. Determination of the Initial Periodic BGSS Factor for the BGSS Year

The Periodic BGSS Factor shall be derived in the following manner:

(1) An estimate shall be made of the total volume of prospective gas supplies from all sources, including pipeline natural gas and all substitute and supplement gas supplies, and of the estimated overall commodity cost of all such prospective supplies, including pipeline refunds and other credits, excluding Company labor costs, for the remainder of the BGSS year ending September 30. The estimated overall commodity costs of prospective supplies will be comprised of 1) the value of gas withdrawn from storage; 2) the value of volumes whose price was previously set by hedges or other financial instruments; 3) current flowing gas, which will be priced at the arithmetic average of (i) the NYMEX closing price for the last trading day prior to each respective month and (ii) the average of the estimated Inside FERC prices for the producing locations that relate to the Company's purchases; and 4) the variable cost of transportation and fuel.

(2) An estimate shall be made of the total volume of prospective firm sales of gas (in therms) for the BGSS year ending September 30.

RIDER "A"

BASIC GAS SUPPLY SERVICE – BGSS (Continued)

(3) The cost of prospective gas supplies (per paragraph (1)) shall be adjusted upward or downward to the extent of the cumulative amount of any prior under-recovery or over-recovery of gas commodity costs to determine the total commodity gas costs to be recovered and then shall be divided by the estimated total volume of prospective firm sales (per paragraph (2)), to determine the per unit commodity cost recovery rate.

(4) An estimate shall be made of the fixed pipeline, fixed storage, and supplier demand costs for the BGSS year ending September 30. The estimated fixed demand shall be adjusted upward or downward to the extent of the cumulative amount of any prior under-recovery or over-recovery of fixed costs and then shall be divided by the estimated total volume of prospective firm sales (per paragraph (2)), to determine the per unit demand cost recovery rate.

(5) The adjusted commodity gas costs to be recovered, as determined per paragraph (3), shall then be added to the per unit demand cost recovery as determined per paragraph (4) and the result carried for four (4) decimal places.

B. Determination of Revised Periodic BGSS Factors

(1) Following Board approval of the initial Periodic BGSS Charge, the Company shall have the opportunity to implement increases to be effective December 1 and February 1 on a self-implementing basis subject to a maximum rate increase of up to 5% of the average residential customer total bill.

(2) The Company may implement, at its discretion, bill credits, refunds, or self-implementing rate reductions during the BGSS year ending September 30.

C. Annual Review

(1) The Company shall review, at least once a year, each GSS customer's annual usage based on the most recent twelve (12) months of billing information to determine if the Periodic BGSS factor or the Monthly BGSS factor is applicable to the customer.

(2) If Monthly BGSS is applicable to the customer, the customer shall be switched to GSL Service Classification. Once served on GSL, customers shall not be returned to GSS.

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS (Continued)

II. Monthly Basic Gas Supply Service Charge

On the second day following the close of the trading of the NYMEX Henry Hub natural gas contracts for the prospective month, the Company shall submit to the Board, a Monthly Basic Gas Supply Service ("BGSS") Charge, which shall be applicable to customers in the GSL, FC, IS, and ED service classifications listed above and whose annual use is greater than or equal to 5,000 therms. Once served on Monthly BGSS, customers shall not be returned to Periodic BGSS.

A. Derivation of the Monthly BGSS Factor

The Monthly BGSS Factor shall be derived in the following manner:

(1) An estimate shall be made of the fixed pipeline, fixed storage, and supplier demand costs for the BGSS year ending September 30. An estimate shall be made of the total volume of prospective firm sales of gas (in therms) for the BGSS year ending September 30. The estimated fixed demand shall then be divided by the estimated total volume of prospective firm sales to determine the per unit demand cost recovery rate.

(2) The overall Monthly BGSS Charge will be established prior to the beginning of each month based on the sum of: 1) the arithmetic average of (i) the NYMEX closing price for the last trading day prior to each respective month and (ii) the average of the estimated Inside FERC prices for the producing locations that relate to the Company's purchases; 2) the variable cost of transportation and fuel; and 3) the per unit demand cost recovery rate as determined in accordance with paragraph (1). The Monthly BGSS Factor shall be adjusted for taxes, assessments or surcharges. The result shall be carried for four (4) decimal places.

(3) The Monthly Gas Cost Recovery Charge shall be added to all tariff rates then in effect, effective for service rendered commencing the first day of such month of such year, and continuing in effect until the effective date of the subsequent monthly or other filing of a revision of modification thereof.

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS (Continued)

III. Tracking the Operation of the BGSS

The net amount of gas costs and recoveries, including pipeline refunds and other credits, if any, shall be maintained in a separate clearing account which will be reviewed as part of the annual filing.

Interest shall be computed monthly, at the overall annual rate of return as authorized by the Board of Public Utilities, on the average monthly balances of over or under-recovery of excess purchased gas costs and supplier refunds. In the event such interest computations result in a cumulative net interest credit at the end of the year, such credit shall be applied against the gas costs in calculating the Periodic BGSS factor for the following year.

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

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE[1]

CLASS	*APPLICATION*	*CHARGE*
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	$0.6056 per therm

BALANCING CHARGE

CLASS	*APPLICATION*	*CHARGE*
RS, GSS, GSL, DGC, ED	Included in the Delivery Charge	$0.0898 per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE[1]

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

Effective Date	Charge Per Therm
May 1, 2012	$0.4684
June 1, 2012	$0.5127
July 1, 2012	$0.5515
August 1, 2012	$0.5769
September 1, 2012	$0.5347
October 1, 2012	$0.5881
November 1, 2012	$0.6385
December 1, 2012	$0.6636
January 1, 2013	$0.6252
February 1, 2013	$0.6073
March 1, 2013	$0.6300
April 1, 2013	$0.6892
May 1, 2013	$0.7089
June 1, 2013	$0.7084

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

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

CLASS	*APPLICATION*	*CREDIT*
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	($0.0297) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

RIDER "B"

NEW JERSEY SALES AND USE TAX (SUT)

Applicable to:

Rate Schedule	*Rate Schedule*
Residential Service	RS
Distributed Generation Residential	DGR
General Service - Small	GSS
General Service - Large	GSL
Firm Transportation	FT
Distributed Generation Commercial	DGC
Economic Development	ED
Firm Cogeneration	FC
Natural Gas Vehicle	NGV
Interruptible Service	IS
Incremental Gas Service	IGS

RIDER "B"

NEW JERSEY SALES AND USE TAX (SUT)

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), as amended by P.L. 2006, c. 44, provision for the New Jersey Sales and Use Tax ("SUT") has been included in all charges applicable under this Tariff by multiplying the charges that would apply before application of the SUT by the factor 1.07, as shown on the schedules included with this Rider. The energy tax reform statute exempts the following customers from the SUT provision, and when billed to such customers, the charges otherwise applicable under this Tariff shall be reduced by the provision for the SUT) included therein:

1. Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey. [P.L. 1997, c.162]

2. Cogenerators in operation, or which have filed an application for an operating permit or a construction permit and a certificate of operation in order to comply with air quality standards under P.L. 1954, c. 212 (C.26:2C-1 et seq.) with the New Jersey Department of Environmental Protection, on or before March 10, 1997. [P.L. 1997, c.162]

3. Special contract customers for which a customer-specific tax classification was approved by a written Order of the New Jersey Board of Public Utilities prior to January 1, 1998. [P.L. 1997, c.162]

4. Agencies or instrumentalities of the federal government. [P.L. 1997, c.162]

5. International organizations of which the United States of America is a member. [P.L. 1997, c.162]

6. Cemetery companies, pursuant to N.J.S.A 8A:5-10. (must provide an Exempt Use Certificate (ST-4) to seller).

7. Amtrak (National Railroad Passenger Corporation) and New Jersey Transit Rail Operations

8. Limited Dividend Housing Corporations organized under N.J.S.A. 55:16-1 seq., for use at the qualified housing project. (must provide an Exempt Use Certificate (ST-4) to seller).

RIDER "B"

NEW JERSEY SALES AND USE TAX (SUT) (Continued)

In addition, the Business Retention and Relocation Assistance Act (P.L. 2004, c. 65) and subsequent amendment (P.L. 2005, c.374) exempts the following customers from the SUT provision, and when billed to such customers, the charges otherwise applicable shall be reduced by the provision for the SUT included therein:

1. a qualified business that employs at least 250 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process, for the exclusive use or consumption of such business within an enterprise zone, and

2. a group of two or more persons:

    a) each of which is a qualified business that are all located within a single redevelopment area adopted pursuant to the "Local Redevelopment and Housing Law," P.L.1992, c.79 (C.40A:12A-1 et seq.);

    b) that collectively employ at least 500 people within an enterprise zone, at least 50% of whom are directly employed in a manufacturing process;

    c) are each engaged in a vertically integrated business, evidenced by the manufacture and distribution of a product or family of products that, when taken together, are primarily used, packaged and sold as a single product; and

    d) collectively use the energy and utility service for the exclusive use or consumption of each of the persons that comprise a group within an enterprise zone;

3. a business facility located within a county that is designated for the 50% tax exemption under section 1 of P.L. 1993, c.373 (C.54:32B-8.45) provided that the business certifies that it employs at least 50 people at that facility, at least 50% of whom are directly employed in a manufacturing process, and provided that the energy and utility services are consumed exclusively at that facility.

A business that meets the requirements in (1), (2) or (3) above shall not be provided the exemption described in this section until it has complied with such requirements for obtaining the exemption as may be provided pursuant to P.L.1983, c.303 (C.52:27H-60 et seq.) and P.L.1966, c.30 (C.54:32B-1 et seq.) and the Company has received a sales tax exemption letter issued by the New Jersey Department of Treasury, Division of Taxation.

RIDER "B"

TRANSITIONAL ENERGY FACILITIES ASSESSMENT (TEFA)

Applicable to:

Rate Schedule	*Rate Schedule*
Residential Service	RS
Distributed Generation Residential	DGR
General Service - Small	GSS
General Service - Large	GSL
Firm Transportation	FT
Distributed Generation Commercial	DGC
Economic Development	ED
Natural Gas Vehicle	NGV
Interruptible Service	IS
Incremental Gas Service	IGS

	Pre-Tax Unit Factor Per Therm			
Effective Date	*10/3/2008*	*1/1/2012*	*1/1/2013*	*1/1/2014*
RESIDENTIAL				
Rate Schedule RS	$0.0167	$0.0125	$0.0084	$0.0000
Rate Schedule DGR	0.0167	0.0125	0.0084	0.0000
NON-RESIDENTIAL				
Rate Schedule GSS	$0.0148	$0.0111	$0.0074	$0.0000
Rate Schedule GSL	0.0128	0.0096	0.0064	0.0000
Rate Schedule FT	0.0085	0.0064	0.0043	0.0000
Rate Schedule DGC	0.0153	0.0115	0.0077	0.0000
Rate Schedule NGV	0.0021	0.0016	0.0011	0.0000
Rate Schedule IS	0.0021	0.0016	0.0011	0.0000
Rate Schedule IGS	0.0021	0.0016	0.0011	0.0000

In accordance with P.L. 1997, c. 162 (the "energy tax reform statute"), as amended by P.L. 2006, c. 40 and P.L. 2008, c.32, the Transitional Energy Facility Assessment ("TEFA") has been included in the energy charges of the Rate Schedules shown on the above schedule. In accordance with P.L. 2008, c. 32, the TEFA rates are to be reduced on January 1, 2012 by 25 percent, reduced on January 1, 2013 by 50 percent, and eliminated after December 31, 2013.

RIDER "B"

TRANSITIONAL ENERGY FACILITIES ASSESSMENT (TEFA)

The energy tax reform statute exempts the following customers from the TEFA and when billed to such customers, the charges otherwise applicable under this Tariff shall be reduced by the amount of the TEFA included therein:

1. Franchised providers of utility services (gas, electricity, water, waste water and telecommunications services provided by local exchange carriers) within the State of New Jersey. [P.L. 1997, c.162]

2. Cogenerators in operation, or which have filed an application for an operating permit or a construction permit and a certificate of operation in order to comply with air quality standards under P.L. 1954, c. 212 (C.26:2C-1 et seq.) with the New Jersey Department of Environmental Protection, on or before March 10, 1997. [P.L. 1997, c.162]

The TEFA will be collected through the Delivery Charge.

RIDER "C"

REMEDIATION ADJUSTMENT (RA)

Applicable to the following service classifications:

RS	Residential Service	ED	Economic Development
DGR	Distributed Generation Residential	FC	Firm Cogeneration
GSS	General Service - Small	NGV	Natural Gas Vehicle
GSL	General Service - Large	IS	Interruptible Service
FT	Firm Transportation	IGS	Incremental Gas Service
DGC	Distributed Generation Commercial		

In accordance with P.L. 2011, c. 9, societal benefits charges pursuant to section 12 of P.L. 1999, c.23 (C.48:3-60), or any other charge designed to recover the costs for societal, energy efficiency, conservation, environmental or renewable energy programs, are not applicable to natural gas delivery service or commodity that is used to generate electricity that is sold for resale. Natural gas used to generate electricity that is sold for resale by customers served under the above Service Classifications is exempt from costs associated with the Remediation Adjustment ("RA") and shall not be billed for such charges. In order to qualify for this exemption, a customer who uses natural gas to generate electricity for resale must complete an Annual Certification form, provided by the Company, to certify the percentage of natural gas used at the customer's New Jersey generation facilities during the previous calendar year to generate electricity that was sold for resale.

Ninety days prior to October 1 of each year, the Company shall file with the Board a Remediation Adjustment factor based on remediation costs and third party expenses/claims in the preceding remediation year.

The RA Factor will be determined as follows:

I. DEFINITION OF TERMS USED HEREIN

1. ***"Remediation Costs"*** are all investigation, testing, land acquisition if appropriate, remediation and/or litigation costs/expenses or other liabilities excluding personal injury claims and specifically relating to former gas manufacturing facility sites, disposal sites, or sites to which material may have migrated, as a result of the earlier operation or decommissioning of gas manufacturing facilities.

2. ***"Recovery Year"*** is each October 1 to September 30 year and is the time period over which the amortized expenses shall be received from Customers.

3. ***"Remediation Year"*** is each July 1 to June 30 year and is the time period over which the remediation costs are incurred.

RIDER "C"

REMEDIATION ADJUSTMENT (RA) (continued)

DEFINITIONS OF TERMS USED HEREIN (continued)

4. ***"Third Party Claims"*** are all claims by New Jersey Natural Gas Company against any entity including insurance companies, from which recoveries may be received and will be charged through the RA factor as follows:

a) Fifty percent of the reasonable transaction costs and expenses in pursuing Third Party Claims shall be included as Remediation Costs and shall be recovered as part of the RA clause. The remaining 50% shall be deferred until such time as the specific claim is resolved.

b) In the event that the Company is successful in obtaining a reimbursement from any Third Party, the Company shall be permitted to retain the deferred 50% as specified in 4a. The balance of the reimbursement, if any, shall be applied against the Remediation Costs in the year it is received and will be amortized over seven years.

5. ***Sale of Property*** shall be calculated by taking the proceeds of any sale of a former manufacturing gas plant site, less all reasonable expenses associated with selling the site, and subtracting the total costs that were incurred in cleaning up the site and amortized through rates. The proceeds associated with the total costs that were incurred in cleaning up the site will be included as a credit to the remediation costs incurred in the year of the sale. The remainder shall be equally shared between the Company and ratepayers.

RIDER "C"

REMEDIATION ADJUSTMENT (RA) (continued)

II. DETERMINATION OF THE REMEDIATION ADJUSTMENT

At the end of the remediation year, the Company shall file with the Board all bills and receipts relating to the amount of any remediation costs incurred in the preceding remediation year for which it seeks to begin recovery. In the same filing, the Company shall include similar material and information to support any expenses and/or recoveries resulting from Third Party claims. The Company shall also submit in its annual filing a projection of remediation costs for the following remediation year.

The RA factor shall be calculated by taking one seventh of the Actual Remediation Costs plus applicable Third Party Claims and Sale of Property allocations incurred each year, until fully amortized, plus the prior years' RA over or underrecovery plus appropriate carrying costs. This amount is then divided by the Company's total volume of prospective sales for the upcoming recovery year.

The RA will be calculated as the difference between revenues calculated by multiplying the RA factor times actual monthly firm sales and remediation costs allowable per the formula.

The total annual charge to the Company's ratepayers for remediation costs during any recovery year shall not exceed five (5%) percent of the Company's total revenues from gas sales during the preceding Remediation Year. If this limitation results in the Company recovering less than the amount that would otherwise be recovered in a particular Recovery Year and the mechanism is not reopened at the request of any party, then the remediation costs in excess of the 5% shall be included in the subsequent year's collection. The Company shall calculate carrying costs on any under-or over-recovered RA cost balances, and the deferred tax benefit associated with those balances, using the same interest rate, which rate will be adjusted each August 31 based upon the seven-year constant maturity Treasury rate, shown in the Federal Reserve Statistical Release, plus 60 basis points; provided, however, that this interest rate shall be reduced by 30 basis points, pursuant to the stipulation of the parties in BPU Docket No.GR03030200 effective from October 2004 through September 30, 2009. Interest applicable to the Company's unamortized RA balance shall be calculated and will accrue on a monthly basis and shall be rolled into the RA balance at the end of each RA year.

RIDER "C"

REMEDIATION ADJUSTMENT (RA) (continued)

III. TRACKING THE OPERATION OF THE REMEDIATION ADJUSTMENT CLAUSE

The revenues billed, net of taxes and assessments through the application of the Remediation Adjustment factor shall be accumulated for each month and be applied against the total amortized Remediation Costs calculated for that year. Any over or under collection at the end of the Recovery Year will be included in the determination of the following year's RA factor.

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

The RA factor shall be collected through the SBC on a per-therm basis within the Delivery Charge for all service classifications to which Rider "A" applies. The RA factor for Service Classifications RAC, CAC, IS, NGV, IGS, RS, FT, GSL, and GSS shall be collected as set forth in the respective tariff sheets for each service classification. The RA factor is set forth below:

$0.0324

RIDER "D"

WEATHER NORMALIZATION CLAUSE

APPLICABLE TO SERVICE CLASSIFICATIONS RS Heating, GSS, GSL, AND ED

A weather normalization rate shall be applied to the rates quoted in this Tariff under the service classifications shown above, except as may be otherwise provided for in the individual service classification. The weather normalization rate applied in each winter period shall be based on the differences between actual and normal weather during the preceding winter period. The weather normalization rate shall be determined as follows:

I. DEFINITION OF TERMS AS USED HEREIN

1. ***Degree Days (DD)*** - the difference between 65°F and the 24 point mean daily temperature for the day. The mean daily temperature is the simple average of the 24 hourly temperature observations for a day.
2. ***Actual Calendar Month Degree Days*** - the accumulation of the actual Degree Days for each day of a calendar month.
3. ***Normal Calendar Month Degree Days*** - the level of calendar month degree days to which this clause applies. The normal calendar month Degree Days used in this clause will be the twenty-year weighted average of the National Oceanic and Atmospheric Administration ("NOAA") First Order Weather Observation Stations at the Newark, Philadelphia and Atlantic City airports and will be updated annually in the Weather Normalization Clause ("WNC") proceeding. The base level of normal degree days for the defined winter period months for the _____ Winter Period as set forth in the average column are:

	Average
Oct.	
Nov.	
Dec.	
Jan.	
Feb.	
Mar.	
Apr.	
May	

To account for a change in the equipment used to record temperature data, the base level of normal degree days will be adjusted and increased by _____ percent (__**%**) of the temperature inconsistency as provided for in Stipulations of the parties which were authorized by the March 3, 1999 Board Order in Docket No. GR98101016 and by the October 31, 2002 Board Order in Docket No. GR01070446.

4. ***Winter Period*** - shall be the eight consecutive sales and calendar months from October of one calendar year through May of the following calendar year.
5. ***Degree Day Dead Band*** - shall be one-half (1/2 %) percent of the sum of the cumulative Normal Calendar Month Degree Days for the Winter Period and shall be allocated to each winter month in the same proportion as the ratio of the normal degree days for that month to the total normal degree days.
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

RIDER "D"

WEATHER NORMALIZATION CLAUSE (continued)

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 Heat Total	GSS Total	GSL Total
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 $0.3058. The Margin Revenue Factor for GSS customers is $0.2649. The Margin Revenue Factor for GSL customers is $0.2080.

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).

RIDER "D"

WEATHER NORMALIZATION CLAUSE (continued)

II. DETERMINATION OF THE WEATHER NORMALIZATION RATE

At the end of the Winter Period during the Annual Period, a calculation shall be made that determines for all months of the Winter Period the level by which margin revenues differed from what would have resulted if normal weather (as determined by reference to the Degree Day Dead Band) occurred.

This calculation is made by multiplying the monthly Degree Day Consumption Factor by the difference between Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, and Actual Calendar Month Degree Days and, in turn, multiplying the result by the Margin Revenue Factor. To the extent the Actual Calendar Month Degree Days exceeds Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, an excess of margin revenues exist. To the extent Actual Calendar Month Degree Days were less than Normal Calendar Month Degree Days as adjusted for the Degree Day Dead Band, a deficiency of marginal revenue exists. The sum of the monthly calculations represents the total revenue excess or deficiency for the Winter Period. If, at the end of the Winter Period of the Annual Period, the degree day variation from normal weather is less than the Degree Day Dead Band, the weather normalization clause will not be in effect.

In addition, the WNC shall not operate to permit the Company to recover any portion of a margin revenue deficiency that will cause the Company to earn in excess of its allowed rate of return on common equity of 10.3% for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the Annual Period by the Company's average 13 month common equity balance for such Annual Period, all as reflected in the Company's monthly reports to the Board of Public Utilities. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income (1) margins retained by the Company from non-firm sales and transportation services, net of associated taxes, (2) net income derived from unregulated activities by New Jersey Natural Gas Company and (3) margins retained from the FRM Program, net of associated taxes. The Company's average thirteen month common equity balance for any Annual Period shall be the Company's average total common equity less the Company's average common equity investment in unregulated subsidiaries.

The total WNC balance at September 30 of the Annual Period shall be divided by the estimated applicable sales from the classes subject to this clause for the Annual Period over which this rate will be in effect, multiplied by a factor to adjust for increases in taxes and assessments. The product of this calculation shall be the Weather Normalization Rate. However, the Weather Normalization Rate will at no time exceed three (3%) percent of the then applicable Residential Service tail block rate. To the extent that the effect of this rate cap precludes the Company from fully recovering the WNC balance for the Annual Period, the unrecovered balance will be added to the WNC balance used to calculate the weather normalization rate for the next Winter Period. The Weather Normalization Rate, so calculated, will be in effect for the immediately following Annual Period.

RIDER "D"

WEATHER NORMALIZATION CLAUSE (continued)

III. TRACKING THE OPERATION OF THE WEATHER NORMALIZATION CLAUSE

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

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

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

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

$0.0000

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

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

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

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

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

RIDER "E"

NEW JERSEY'S CLEAN ENERGY PROGRAM

AVAILABILITY

Applicable to the following service classifications:

RS	Residential Service	ED	Economic Development
DGR	Distributed Generation Residential	FC	Firm Cogeneration
GSS	General Service - Small	NGV	Natural Gas Vehicle
GSL	General Service - Large	IS	Interruptible Service
FT	Firm Transportation	IGS	Incremental Gas Service
DGC	Distributed Generation Commercial		

In accordance with P.L. 2011, c. 9, societal benefits charges pursuant to section 12 of P.L. 1999, c.23 (C.48:3-60), or any other charge designed to recover the costs for societal, energy efficiency, conservation, environmental or renewable energy programs, are not applicable to natural gas delivery service or commodity that is used to generate electricity that is sold for resale. Natural gas used to generate electricity that is sold for resale by customers served under the above Service Classifications is exempt from costs associated with NJ's Clean Energy Program and shall not be billed for such charges. In order to qualify for this exemption, a customer who uses natural gas to generate electricity for resale must complete an Annual Certification form, provided by the Company, to certify the percentage of natural gas used at the customer's New Jersey generation facilities during the previous calendar year to generate electricity that was sold for resale.

The Company shall file with the Board, an annual NJ's Clean Energy Program factor concurrent with the Company's SBC filing, which shall be derived in the following manner:

1. The Company's funding obligation based upon the most recently BPU approved Clean Energy Program, previously referred to as the Comprehensive Resource Analysis ("CRA") Plan.

2. The difference between the approved funding obligation for the preceding year and the actual recovery of the NJ's Clean Energy Program costs plus appropriate carrying costs.

3. An estimate shall be made of the total volume of prospective jurisdictional therm sales of gas for the applicable service classifications for the twelve (12) months of the recovery year.

4. The total NJ's Clean Energy Program costs to be recovered, as determined per paragraphs (1), (2) and (3) shall then be divided by the total volume of prospective jurisdictional therm sales (per paragraph (3)), and the result carried to four (4) decimal places. Such result shall constitute the NJ's Clean Energy Program factor effective for service rendered commencing the effective date of approval, and continuing in effect until the effective date of any subsequent annual or other filing of a revision of modification thereof.

RIDER "E"

NEW JERSEY'S CLEAN ENERGY PROGRAM (Continued)

The net amount shall be maintained in a separate deferred account. In the event that the Company determines that an existing NJ's Clean Energy Program rate, if left unchanged, would result in a material over- or under-collection of amounts incurred or expected to be incurred during the current NJ's Clean Energy Program Recovery Year, the Company may file with the BPU for approval of an interim revision of the NJ's Clean Energy Program rate. Such interim revision shall be designed to minimize or eliminate the over- or under-collection expected to result absent such revision either over: (a) the remaining billing months of the current NJ's Clean Energy Program Recovery Year or (b) over such other time period as the BPU shall determine.

Interest shall be computed monthly, at the RAC interest rate as authorized by the Board in Docket No. GX99030123, on the average monthly balances of over- or under-recovery of deferred NJ's Clean Energy costs.

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

The NJ's Clean Energy Program factor shall be collected through [added to] the SBC on a basis for all service classifications to which this Rider "E" applies. The NJ's Clean Energy Program factor is as set forth below:

$0.0203

RIDER "F"

ENERGY EFFICIENCY - EE

AVAILABILITY

Applicable to the following service classifications:

RS	Residential Service	ED	Economic Development
DGR	Distributed Generation Residential	FC	Firm Cogeneration
GSS	General Service - Small	NGV	Natural Gas Vehicle
GSL	General Service - Large	IS	Interruptible Service
FT	Firm Transportation	IGS	Incremental Gas Service
DGC	Distributed Generation Commercial		

In accordance with P.L. 2011, c. 9, societal benefits charges pursuant to section 12 of P.L. 1999, c.23 (C.48:3-60), or any other charge designed to recover the costs for societal, energy efficiency, conservation, environmental or renewable energy programs, are not applicable to natural gas delivery service or commodity that is used to generate electricity that is sold for resale. Natural gas used to generate electricity that is sold for resale by customers served under the above Service Classifications is exempt from costs associated with the Energy Efficiency (*"EE")* Rider and shall not be billed for such charges. In order to qualify for this exemption, a customer who uses natural gas to generate electricity for resale must complete an Annual Certification form, provided by the Company, to certify the percentage of natural gas used at the customer's New Jersey generation facilities during the previous calendar year to generate electricity that was sold for resale.

The EE rate is for recovering authorized expenditures related to the energy efficiency programs as approved in BPU Docket Nos. GO09010057, GO10030225 and GR11070425.

DETERMINATION OF THE EE

The Company shall file an annual request with the Board for implementation of an EE charge, which shall be applicable to customers on all service classifications to which Rider "F" applies. The EE recovery year is intended to run from October 1st to September 30th of each year.

RIDER "F"

ENERGY EFFICIENCY - EE

I. Determination of the Rate

The EE rate shall be derived in the following manner:

1. An estimate shall be made of the total annual cost related to the programs. This rider will include only expenses for energy efficiency programs approved by the Board in BPU Docket Nos. GO09010057. GO10030225 and GR11070425 unless modified further by Board Order.

2. An estimate shall be made of the total annual volume of prospective jurisdictional sales of gas (in therms) to NJNG's sales and transportation customers.

3. The prospective costs (per paragraph (1)) shall be adjusted upward or downward to the extent of the amount of any prior under-recovery or over-recovery to determine the total costs to be recovered and then shall be divided by the estimated total volume of prospective sales (per paragraph (2)), to determine the per unit cost recovery rate.

II. Tracking the Operation of the EE

The Company shall calculate carrying costs on the average monthly balances of under-or over-recovery of deferred costs based upon the Company's monthly commercial paper rate. The carrying cost calculation shall be based on the net of tax beginning and end average monthly balance. The carrying costs shall accrue on a monthly basis and shall be rolled into the balance at the end of each EE recovery year.

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

The EE factor shall be credited/collected on a per therm basis within the Delivery Charge for all service classifications to which Rider "F" applies. The EE factor is as set forth below:

$0.0127

RIDER "G"

COMPRESSED NATURAL GAS CREDIT - CNGC

AVAILABILITY

Applicable to the following service classifications:

RS	Residential Service
GSS	General Service - Small
GSL	General Service - Large
DGC	Distributed Generation Commercial
ED	Economic Development

The Compressed Natural Gas Credit ("CNGC") is for crediting the customers in the above service classifications for the revenue from the CNG charge component of the delivery charge received by the Company from customers, including sales at the facility to the general public, served under Service Classification Compressed Natural Gas ("CNG") as well as any federal or state credits received by the company as station owner as a result of therms sold under service classification CNG as approved in BPU Docket No. GR11060361.

DETERMINATION OF THE CNGC

By June 1 of each year, the Company shall file an annual request with the Board for an October 1 implementation of a CNGC per therm credit, which shall be applicable to customers on all service classifications to which Rider "G" applies. The CNGC credit year will run from October 1st to September 30th of each year.

I. Determination of the Credit

The CNGC shall be derived in the following manner:

(1) The Company shall determine the actual revenue from the CNG charge component of the delivery charge received from customers served under Service Classification CNG for the previous year ended April 30th as well as any federal or state credits received as a result of therms sold under service classification CNG.

(2) An estimate shall be made of the total annual volume of prospective jurisdictional sales of gas (in therms) to NJNG's sales and transportation customers of all service classifications to which Rider "G" applies.

(3) The credit (per paragraph (1)) shall be adjusted upward or downward to the extent of the amount of any prior under- or over- applied credit to determine the total amount to be credited and then shall be divided by the estimated total volume of prospective sales (per paragraph (2)), to determine the per unit rate.

RIDER "G"

II. Tracking the Operation of the CNGC

The Company shall calculate carrying costs on the average monthly balances of under-or over-recovery of deferred credits based upon the Company's monthly commercial paper rate. The carrying cost calculation shall be based on the net of tax beginning and end average monthly balance. The carrying costs shall accrue on a monthly basis and shall be rolled into the balance at the end of each CNGC credit year.

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

The CNGC shall be credited on a per therm basis within the Delivery Charge for all service classifications to which Rider "G" applies. The CNGC factor is as set forth below:

$0.0000

RIDER "H"

UNIVERSAL SERVICE FUND – USF

AVAILABILITY

Applicable to the following service classifications:

RS	Residential Service	ED	Economic Development
DGR	Distributed Generation Residential	FC	Firm Cogeneration
GSS	General Service - Small	NGV	Natural Gas Vehicle
GSL	General Service - Large	IS	Interruptible Service
FT	Firm Transportation	IGS	Incremental Gas Service
DGC	Distributed Generation Commercial		

In accordance with P.L. 2011, c. 9, societal benefits charges pursuant to section 12 of P.L. 1999, c.23 (C.48:3-60), or any other charge designed to recover the costs for societal, energy efficiency, conservation, environmental or renewable energy programs, are not applicable to natural gas delivery service or commodity that is used to generate electricity that is sold for resale. Natural gas used to generate electricity that is sold for resale by customers served under the above Service Classifications is exempt from costs associated with the Universal Service Fund ("USF") and shall not be billed for such charges. In order to qualify for this exemption, a customer who uses natural gas to generate electricity for resale must complete an Annual Certification form, provided by the Company, to certify the percentage of natural gas used at the customer's New Jersey generation facilities during the previous calendar year to generate electricity that was sold for resale.

The USF is a fund established by the New Jersey Board Public Utilities ("NJBPU") to provide affordable access for electric and natural gas service to all residential customers in the State. The Electric Discount and Energy Competition Act mandated the establishment of the USF in New Jersey.

Revenues collected through this rider are used to fund the State's percentage of income payment plan ("PIPP") for qualified low-income customers and the Lifeline Credit program, a special program for qualified low-income elderly and disable citizens. Both programs are administered by the New Jersey State Department of Health and Senior Services. The USF program Year is intended to run from October 1st to September 30th of each year.

RIDER "H"

UNIVERSAL SERVICE FUND – USF

DETERMINATION OF THE USF

On an annual basis, the NJBPU shall consider the following: estimated USF benefits for upcoming USF program Year; estimated administrative expenses; the projected current year under/over recovery position, and annual forecasted volumes in order to establish a USF rate for the upcoming USF program year. This state wide rate shall be adjusted for all applicable taxes and assessments and shall be provided to all utilities to be included in their annual SBC filings for notice and public hearing purposes.

The Company shall calculate carrying costs on any under-or over-recovered USF balances based upon the two-year constant maturity Treasury rate, as published in the Federal Reserve Statistical Release on the first day of each month, or the closest day thereafter on which rates are published, plus sixty (60) basis points; provided, however, that this interest rate does not exceed the overall rate of return as authorized by the Board. The interest rate shall be reset each month. The carrying cost calculation shall be based on the net of tax beginning and end average monthly balance. The carrying costs shall accrue on a monthly basis and shall be rolled into the USF balance at the end of each USF year.

The USF shall be collected on a per therm basis and shall remain in effect until changed by order of the NJBPU:

Lifeline	$0.0048
PIPP	$0.0136
USF Billing Factor	$0.0184

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

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP

Applicable to the following service classifications:

RS	Residential Service
GSS	General Service - Small
GSL	General Service - Large
ED	Economic Development

I. DEFINITION OF TERMS AS USED HEREIN

1. ***Actual Number of Customers*** – The Actual Number of Customers ("ANC") shall be determined on a monthly basis for each of the Customer Class Groups to which the Conservation Incentive Program ("CIP") Clause applies. The ANC shall equal the aggregate actual booked number of customers for the month as recorded on the Company's books, plus any Incremental Large Customer Count Adjustment.

2. ***Actual Usage per Customer*** – the Actual Usage per Customer ("AUC") shall be determined in therms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The AUC shall equal the aggregate actual booked sales for the month as recorded on the Company's books divided by the Actual Number of Customers for the corresponding month.

3. ***Adjustment Period*** - shall be the year beginning immediately following the conclusion of the Annual Period.

4. ***Annual Period*** – shall be the twelve consecutive months from October 1 of one calendar year through September 30 of the following calendar year.

5. ***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).

6. ***Baseline Usage per Customer*** – the Baseline Usage per Customer ("BUC") shall be stated in therms on a monthly basis for each of the Customer Class Groups to which the CIP applies. The BUC shall be rounded to the nearest one tenth of one therm.

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):	$0.3163
Group II (RS heating):	$0.3163
Group III (GSS, ED using less than 5,000 therms annually)	$0.2778
Group IV (GSL, ED using 5,000 therms or greater annually)	$0.2179

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

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

II. BASELINE USAGE PER CUSTOMER

The BUC for each Customer Class Group by month are as follows:

Month	Group I: RS Non-Heating	Group II: RS Heating	Group III: GSS, ED using less than 5,000 therms annually	Group IV: GSL, ED using 5,000 therms or greater annually
Oct.	19.6	51.0	79.6	1,059.1
Nov.	24.4	97.4	99.9	2,026.2
Dec.	21.1	168.3	214.1	2,591.6
Jan.	22.0	190.4	254.6	3,012.6
Feb.	17.5	166.3	235.2	2,687.9
Mar.	17.3	136.9	187.6	2,090.8
Apr.	7.6	77.6	96.8	1,251.1
May	8.3	41.2	47.2	803.7
Jun.	12.7	25.4	24.9	564.1
Jul.	19.4	24.1	27.4	541.0
Aug.	17.6	23.6	38.0	485.2
Sep.	19.4	26.1	14.7	631.3
Total Annual	206.9	1,028.3	1,320.0	17,744.6

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

III. DETERMINATION OF THE CONSERVATION INCENTIVE PROGRAM RATE

A. At the end of the Annual Period, a calculation shall be made that determines for each Customer Class Group the deficiency or excess to be surcharged or credited to customers pursuant to the CIP mechanism. The deficiency or excess shall be calculated each month by multiplying the result obtained from subtracting the Baseline Usage per Customer from the Actual Usage per Customer by the Actual Number of Customers and then multiplying the resulting therms by the Margin Revenue Factor.

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

B. Recovery of margin deficiency associated with non-weather related changes in customer usage will be limited to the level of BGSS savings achieved as provided for in the Stipulation of the parties which was authorized by the 2006 Board Order in Docket No. GR05121020. For the purposes of this calculation, the value of the weather related portion shall be calculated as set forth in Section IV of Rider D of this Tariff.

C. In addition, the CIP shall not operate to permit the Company to recover any portion of a deficiency that will cause the Company to earn in excess of a 10.3% return on common equity for the Annual Period; any portion which is not recovered shall not be deferred. For purposes of this section, the Company's rate of return on common equity shall be calculated by dividing the Company's regulated jurisdictional net income for the Annual Period by the Company's average 13-month common equity balance for such Annual Period, all as reflected in the Company's monthly reports to the Board of Public Utilities. The Company's regulated jurisdictional net income shall be calculated by subtracting from total net income (1) margins retained by the Company from non-firm sales and transportation services, net of associated taxes, (2) net income derived from unregulated activities by New Jersey Natural Gas Company and (3) margins retained from the FRM Program and Storage Incentive Program, net of associated taxes. The Company's average thirteen-month common equity balance for any Annual Period shall be the Company's average total common equity less the Company's average common equity investment in unregulated subsidiaries.

D. The amount to be surcharged or credited shall equal the eligible aggregate deficiency or excess for all months during the Annual Period determined in accordance with the provisions herein, divided by the Forecast Annual Usage for the Customer Class Group.

IV. TRACKING THE OPERATION OF THE CONSERVATION INCENTIVE PROGRAM

The revenues billed, or credits applied, net of taxes and assessments, through the application of the Conservation Incentive Program Rate shall be accumulated for each month of the Adjustment Period and applied against the CIP excess or deficiency from the Annual Period and any cumulative balances remaining from prior periods.

In accordance with P.L. 1997, c. 192, as amended by P.L. 2006, c. 44, the charges applicable under this Rider include provision for the New Jersey Sales and Use Tax ("SUT") and when billed to customers exempt from this tax, as set forth in Rider "B", shall be reduced by the amount of such tax included therein.

The annual filing for the adjustment to the CIP rate shall be concurrent with the annual filing for BGSS. The CIP factor shall be credited/collected on a basis within the Delivery Charge for all service classifications stated above.

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

Group I (RS non-heating):	$0.0152
Group II (RS heating):	$0.0352
Group III (GSS, ED using less than 5,000 therms annually):	$0.0850
Group IV (GSL, ED using 5,000 therms or greater annually):	$0.0681

For the recovery of the October 2011 through September 2012 CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

RESERVED FOR FUTURE USE

SUMMARY OF RATE COMPONENTS

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3163	0.3163	
TEFA		0.0084	0.0084	Rider B
SUT		0.0227	0.0227	Rider B
After-tax Base Rate		0.3474	0.3474	
WNC		0.0000	0.0000	Rider D
CIP		0.0352	0.0352	Rider I
EE		0.0127	0.0127	Rider F
CNGC		0.0000	0.0000	Rider G
Total Transport Rate	a	*0.3953*	*0.3953*	
Balancing Charge	b	*0.0898*	*0.0898*	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.5562**	**0.5562**	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	0.0898	x	
BGS	e-f=g	**0.5158**	**x**	

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

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3163	0.3163	
TEFA		0.0084	0.0084	Rider B
SUT		0.0227	0.0227	Rider B
After-tax Base Rate		0.3474	0.3474	
CIP		0.0152	0.0152	Rider I
EE		0.0127	0.0127	Rider F
CNGC		0.0000	0.0000	Rider G
Total Transport Rate	a	*0.3753*	*0.3753*	
Balancing Charge	b	*0.0898*	*0.0898*	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.5362**	**0.5362**	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	0.0898	x	
BGS	e-f=g	**0.5158**	**x**	

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

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		Nov - Apr	May - Oct	Reference
Customer Charge				
Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0084	0.0084	
SUT		0.0132	0.0094	Rider B
After-tax Base Rate		0.2011	0.1440	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.2138*	*0.1567*	
Balancing Charge	b	0.0898	0.0898	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.3747**	**0.3176**	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6056	0.6056	Rider A
Less: Balancing	f	0.0898	0.0898	
BGS	e-f=g	**0.5158**	**0.5158**	

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

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		25.00	25.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2778	0.2778	
TEFA		0.0074	0.0074	Rider B
SUT		0.0200	0.0200	Rider B
After-tax Base Rate		0.3052	0.3052	
WNC		0.0000	0.0000	Rider D
CIP		0.0850	0.0850	Rider I
EE		0.0127	0.0127	Rider F
CNGC		0.0000	0.0000	Rider G
Total Transport Rate	a	*0.4029*	*0.4029*	
Balancing Charge	b	*0.0898*	*0.0898*	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.5638**	**0.5638**	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6056	x	Rider A
Less: Balancing	f	0.0898	x	
BGS	e-f=g	**0.5158**	**x**	

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

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		40.00	40.00	
Demand Charge				
Demand Charge per month applied to HMAD		1.50	1.50	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2179	0.2179	
TEFA		0.0064	0.0064	Rider B
SUT		0.0157	0.0157	Rider B
After-tax Base Rate		0.2400	0.2400	
WNC		0.0000	0.0000	Rider D
CIP		0.0681	0.0681	Rider I
EE		0.0127	0.0127	Rider F
CNGC		0.0000	0.0000	Rider G
Total Transport Rate	a	*0.3208*	*0.3208*	
Balancing Charge	b	*0.0898*	*0.0898*	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.4817**	**0.4817**	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.7084	X	Rider A
Less: Balancing	f	0.0898	X	
BGS	e-f=g	**0.6186**	**X**	

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.

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

FIRM TRANSPORTATION (FT)

		HLF	LLF	Reference
Customer Charge				
Customer Charge per meter per month		50.00	50.00	
Demand Charge				
Demand Charge per therm per month applied to MDQ		1.37	1.37	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1028	0.1325	
TEFA		0.0043	0.0043	Rider B
SUT		0.0075	0.0096	Rider B
After-tax Base Rate		0.1146	0.1464	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.1273*	*0.1591*	
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	b	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b=c	**0.1984**	**0.2302**	

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.

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service

		Nov - Apr	May - Oct	Reference
Customer Charge				
Customer Charge per meter per month		40.00	40.00	
Demand Charge				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.0951	0.0645	
TEFA		0.0077	0.0077	
SUT		0.0072	0.0051	Rider B
After-tax Base Rate		0.1100	0.0773	
EE		0.0127	0.0127	Rider F
CNGC		0.0000	0.0000	Rider G
Total Transport Rate	a	0.1227	0.0900	
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
DGC-FT Delivery Charge (DEL)	**a+b=c**	**0.1938**	**0.1611**	
Balancing Charge	b	*0.0898*	*0.0898*	
DGC-Balancing Delivery Charge (DEL)	a+b+c=d	**0.2836**	**0.2509**	

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

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

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Firm Cogeneration (FC)

		Sales	Transport	Reference
Customer Charge				
Customer Charge per meter per month		49.49	49.49	
Demand Charge				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1253	0.1253	
SUT		0.0088	0.0088	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.1468*	*0.1468*	
Balancing Charge	b	*0.0898*	*0.0898*	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	c	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b+c=d	**0.3077**	**0.3077**	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.7084	X	Rider A
Less: Balancing	f	0.0898	X	
BGS	e-f=g	**0.6186**	**X**	

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

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

SUMMARY OF INTERRUPTIBLE RATE COMPONENTS

INTERRUPTIBLE SALES AND TRANSPORTATION

With Alternate Fuel

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		575.00	575.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.0494	0.0494	
TEFA		0.0011	0.0011	Rider B
SUT		0.0035	0.0035	Rider B
After-tax Base Rate		0.0540	0.0540	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.0667*	*0.0667*	
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	b	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b=c	**0.1378**	**0.1378**	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	d	0.7084	X	Rider A
BGS	d	**0.7084**	**X**	

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

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

SUMMARY OF INTERRUPTIBLE RATE COMPONENTS

INTERRUPTIBLE SALES AND TRANSPORTATION

Without Alternate Fuel

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		575.00	575.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2753	0.2753	
TEFA		0.0011	0.0011	Rider B
SUT		0.0193	0.0193	Rider B
After-tax Base Rate		0.2957	0.2957	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.3084*	*0.3084*	
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	b	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b=c	**0.3795**	**0.3795**	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	d	0.7084	X	Rider A
BGS	d	**0.7084**	**X**	

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

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Compressed Natural Gas (CNG)

		Bundled Sales	Transport Sales	Reference
Customer Charge				
Customer Charge per meter per month		50.00	50.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1448	0.1448	
CNG Charge		0.2000	0.2000	
SUT		0.0241	0.0241	Rider B
After-tax Base Rate		0.3689	0.3689	
EE		0.0127	0.0127	Rider F
Total Transport Rate	a	*0.3816*	*0.3816*	
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0184	0.0184	Rider H
Total SBC	b	*0.0711*	*0.0711*	
Delivery Charge (DEL)	a+b=c	**0.4527**	**0.4527**	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	d	0.7084	X	Rider A
BGS	d	**0.7084**	**X**	

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

Customer, DEL, and BGSS charges are presented on customer bills.