

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

IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY)
FOR THE ANNUAL REVIEW AND)
REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS) AND CONSERVATION)
INCENTIVE PROGRAM (CIP) RATES)
FOR F/Y 2018)

BPU DOCKET NO. GR1706 _____
OAL DOCKET NO. _____

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 - Jayana S. Shah
 - Managing Director - Gas Supply

 - Tina M. Trebino
 - Director – Rates and Tariff

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

¹ For ease of presentation, the filing contains BGSS schedules for the NJNG fiscal years (FY) 2017 and 2018 (October 1-September 30). Actual BGSS schedules for FY2016 and projected BGSS schedules for FY2019 will be included in Workpapers to be filed under separate cover.

C A S E S U M M A R Y

CASE SUMMARY

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS)
AND CONSERVATION INCENTIVE PROGRAM (CIP) RATES
FOR F/Y 2018
BPU DOCKET NO. GR1706_____**

FILING DATE: June 1, 2017
EFFECTIVE DATE: October 1, 2017

BASIS FOR REQUEST:

BASIC GAS SUPPLY SERVICE (“BGSS”)

1. New Jersey Natural Gas Company (the “Company”) proposes to increase its periodic BGSS rate for sales customers from its current after-tax level of \$0.3654 per therm (\$0.3419 per therm pre-tax) to \$0.4099 per therm (\$0.3835 per therm pre-tax). This rate results in an effective after-tax increase of \$0.0445 per therm of gas sales effective October 1, 2017 (a pre-tax increase of \$0.0416 per therm), representing a 4.2 percent increase for a residential heating customer using 100 therms per month. The projected change in after-tax gas cost recoveries is as follows:

BGSS Increase \$20.6 Million

2. While the Company has not made any determination of the need for additional BGSS price adjustments, the Company may increase the BGSS rate up to a maximum of 5 percent of the total residential bill on December 1, 2017 and/or February 1, 2018 pursuant to the Order in BPU Docket No. GX01050304 (“Generic BGSS Order”). As is required by the Generic BGSS Order, if such an increase is necessary, the Company will provide notice to the Board and Rate Counsel of its election to adjust its BGSS rates upward. Additionally, pursuant to the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or bill credits at any time upon five days’ notice to the Board and to Rate Counsel.
3. The Company proposes to increase its Balancing Charge from its current after-tax level of \$0.0621 per therm (\$0.0581 per therm pre-tax) to \$0.0683 per therm (\$0.0639 per therm pre-tax). This rate results in an after-tax increase of \$0.0062 per therm effective October 1, 2017 (a pre-tax increase of \$0.0058 per therm), representing a 0.6 percent increase for a residential heating customer using 100 therms per month. The Balancing Charge is included in the Delivery Charge for certain sales and transportation customers and its revenues are credited to BGSS.

Balancing Charge Increase \$4.0 Million

CONSERVATION INCENTIVE PROGRAM (“CIP”)

With this filing, and pursuant to the December 12, 2006 and January 21, 2010 Orders in BPU Docket No. GR05121020 and the May 21, 2014 Order in BPU Docket No. GR13030185, the Company proposes to adjust its after-tax CIP recovery rates as a component of delivery charges effective October 1, 2017. The existing rates, proposed rates and projected change in after-tax CIP recoveries for each CIP Group are:

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge per therm</u>	<u>Proposed Charge per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	\$0.0226	\$0.0076	(\$0.04)
Group II	Residential Heat	\$0.0562	\$0.0401	(\$7.5)
Group III	General Service - Small	\$0.0999	\$0.0302	(\$2.6)
Group IV	General Service - Large	\$0.0833	\$0.0308	(\$7.2)
Total				(\$17.3)

The proposed October 1, 2017 CIP rate changes result in a (1.5) percent decrease to the total bill of an average residential heating customer (Group II), a (1.2) percent decrease for an average residential non-heat customer (Group I), a (5.6) percent decrease for an average customer in Group III, and a (4.5) percent decrease for an average Group IV customer.

IMPACT TO CUSTOMERS

The combination of the proposed October 1, 2017 BGSS, Balancing Charge, and CIP rate changes result in a 3.3 percent increase to the total bill of an average residential heating sales customer (Group II), a 2.8 percent increase for an average residential non-heat sales customer (Group I), and a (1.5) percent decrease for an average sales customer in Group III. The CIP rate change results in a (4.5) percent decrease for an average Group IV sales customer. Group IV sales customers are not affected by the BGSS request because they are subject to monthly market pricing for their natural gas supply (“Monthly BGSS”). Group IV sales customers’ total bills are not affected by the proposed Balancing Charge change because the Balancing Charge is included in the GSL delivery charge and the Monthly BGSS rates are net of the Balancing Charge.

PETITION OF

**NEW JERSEY NATURAL GAS COMPANY FOR THE
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) RATES
FOR F/Y 2018**

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY) BPU DOCKET NO. GR1706____
FOR THE ANNUAL REVIEW AND)
REVISION OF ITS BASIC GAS SUPPLY) PETITION
SERVICE (BGSS) AND CONSERVATION)
INCENTIVE PROGRAM (CIP) RATES FOR)
F/Y 2018)**

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

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued on January 17, 2002 by the New Jersey Board of Public Utilities (the “BPU” or “Board”) in BPU Docket No. GX01050304¹, and the applicable provisions of N.J.S.A. 48:2-21, New Jersey Natural Gas Company (“NJNG” or the “Company”) hereby requests the Board to accept the Company’s annual filing for its Basic Gas Supply Service (“BGSS”), and approve the Company’s related request to increase the BGSS rate applicable to residential and certain small commercial customers (“Periodic BGSS”) effective October 1, 2017. NJNG also hereby requests that the Board approve, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in a BPU Order in Docket No. GR15111304 dated September 23, 2016 (“Base Case Order”), an increase to its Balancing Charge effective October 1, 2017 to reflect updated costs. Additionally, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in BPU Orders in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 and in Docket No. GR13030185 dated May 21, 2014 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the operation of the Conservation Incentive Program (“CIP”) for

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

the period from October 1, 2016 through September 30, 2017 and approve the Company's related request to decrease its CIP recovery rates for Group I Residential Non-Heat customers, Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers effective October 1, 2017.

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

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

Mark G. Kahrer, Vice President, Regulatory Affairs
Andrew K. Dembia, Esq., Regulatory Affairs Counsel
New Jersey Natural Gas Company
1415 Wyckoff Road, P.O. Box 1464
Wall, N.J. 07719
(732) 938-1214 (Kahrer)
(732) 938-1073 (Dembia)
(732) 938-2620 (fax)

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

4. Based on the information provided herein, the Company proposes to increase its Periodic BGSS rate applicable to residential and small commercial customers of \$0.3654 per therm, after-tax to \$0.4099 per therm which would reflect an increase of approximately 4.2 percent for a residential heating customer using 100 therms per month.

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

6. NJNG is providing nineteen (19) months of actual BGSS data for the period October 1, 2015 through April 30, 2017, and projected data for the twenty-nine (29) month period May 1, 2017 through September 30, 2019.²

7. As approved by the Board in the Base Case Order, NJNG is authorized to adjust its Balancing Charge in the annual BGSS filing to reflect updated costs. The Company is proposing to increase its after-tax Balancing Charge by \$0.0062 per therm. All Balancing Charge revenues from sales and transportation customers are credited to BGSS.

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

9. Based on actual data for the period October 1, 2016 through April 30, 2017, and projected data for the period May 1, 2017 through September 30, 2017, the CIP calculations for FY2017, including projected over or underrecovery balances, result in the following recovery amounts: 1) a margin deficiency of approximately \$0.02 million for Group I Residential Non-Heat customers; 2) a margin deficiency of approximately \$17.4 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$1.0 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$3.9 million for Group IV General Service – Large customers.³

10. The pre-filed Direct Testimony of Tina M. Trebino and Exhibit C within this filing demonstrate that NJNG is entitled to full recovery of such balances based on the Tests approved in the CIP Orders. Pursuant to the terms of the CIP Orders, the Company is proposing

² The instant filing contains BGSS schedules for the NJNG fiscal years (FY) 2017 and 2018 (October 1 – September 30). Actual BGSS schedules for FY2016 and projected BGSS schedules for FY2019 will be included in workpapers to be filed shortly.

³ The CIP recovery amounts are included in Exhibit C, Schedules 1 through 4.

an effective date of October 1, 2017 for the following after-tax CIP rates which, as compared to existing charges, result in the following changes per therm:

<u>Group</u>	<u>Group Description</u>	<u>Existing Charge per therm</u>	<u>Proposed Charge per therm</u>	<u>Decrease per therm</u>
Group I	Residential Non-Heat	\$0.0226	\$0.0076	(\$0.0150)
Group II	Residential Heat	\$0.0562	\$0.0401	(\$0.0161)
Group III	General Service - Small	\$0.0999	\$0.0302	(\$0.0697)
Group IV	General Service - Large	\$0.0833	\$0.0308	(\$0.0525)

11. The proposed October 1, 2017 CIP rate changes result in a (1.2) percent decrease for an average residential non-heat sales customer (Group I), a (\$1.61) or (1.5) percent decrease to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a (5.6) percent decrease for an average sales customer in Group III and a (4.5) percent decrease for an average Group IV sales customer.

12. The combination of the proposed October 1, 2017 BGSS, Balancing Charge, and CIP rate changes results in a 3.3 percent increase to the total bill of a residential heating sales customer (Group II) using 100 therms per month. The combination of the proposed BGSS, Balancing Charge, and CIP rate changes also results in a 2.8 percent increase for an average residential non-heat sales customer (Group I) and a (1.5) percent decrease for an average sales customer in Group III. The proposed CIP rate changes results in a (4.5) percent decrease for an average Group IV customer. Group IV sales customers are not affected by this BGSS request because they are subject to monthly market pricing for their natural gas supply (Monthly BGSS). Group IV sales customers' total bills are not affected by the proposed Balancing Charge change because the Balancing Charge is included in the GSL delivery charge and the Monthly BGSS rates are net of the Balancing Charge.

13. This filing is supported by and includes the pre-filed Direct Testimonies of Jayana S. Shah-Managing Director, Gas Supply; Tina M. Trebino-Director, Rates and Tariff; and Anne-Marie Peracchio-Director, Conservation and Clean Energy. Additionally, annexed hereto and made a part of this Petition are the following exhibits and schedules:

Exhibit A BGSS schedules for the twelve (12) month period ending September 30, 2017, using actual data for the period from October 1, 2016 through April 30, 2017 and projected data for the period from May 1, 2017 through September 30, 2017.⁴ Actual BGSS schedules for FY2016 will be included in MFRs and Workpapers to be filed shortly under separate cover.

Exhibit B BGSS schedules for the twelve (12) month period from October 1, 2017 through September 30, 2018, using projected data for the entire period.⁵ Projected BGSS schedules for FY2019 will be included in Workpapers to be filed shortly under separate cover.

Exhibit C CIP Schedules.

Exhibit D Calculation of Balancing Charge.

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

Exhibit F Proposed tariff pages for Petitioner's Tariff Gas Service, BPU No. 9-Gas.

Exhibit G Proposed Form of Notice of Public Hearing.

⁴ The projected data includes the May 10, 2017 NYMEX settlement prices as requested by BPU Staff.

⁵ Id.

14. NJNG has served notice and a copy of this filing, together with a copy of the annexed exhibits, schedules and NJNG's supporting testimonies being filed herewith, upon the New Jersey Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey, 08625 and the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey, 07101. Copies of this Petition and supporting testimony will also be sent to the persons identified on the service list provided with this filing. Moreover, copies of the Company's filing will be available at NJNG's Customer Service Centers and on the Company's website at: www.njng.com.

WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS filing;
2. Approving the Company's request to increase the Periodic BGSS rate applicable to residential and small commercial customers effective October 1, 2017;
3. Approving the Company's request to increase its Balancing Charge effective October 1, 2017;
4. Approving the requested CIP rates effective October 1, 2017; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By:



Andrew K. Dembia, Esq.

Dated: May 26, 2017


STATE OF NEW JERSEY)
COUNTY OF MONMOUTH)

VERIFICATION

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

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

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



Mark G. Kahrer

Sworn and subscribed to
before me this 26th day
of May, 2017.



MEREDITH A. McQUADE
NOTARY PUBLIC OF NEW JERSEY
Commission Expires 4/30/2019



EXHIBIT A
Seven Months Actual through April 2017 and
Five Months Projected through September 2017¹

INDEX OF SCHEDULES:

1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
3. Therm Sales
- 4a. N/A
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. N/A
- 4e. Off-System Sales
- 4f. Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. N/A
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

¹ For ease of presentation, the filing contains BGSS schedules for fiscal years (FY) 2017 and 2018. Actual BGSS schedules for FY2016 and projected BGSS schedules for FY2019 will be included in Workpapers to be filed under separate cover.

NEW JERSEY NATURAL GAS COMPANY
UNDER/(OVER) RECOVERED GAS COSTS
BGSS YEAR 2017
\$(000)

SCHEDULE 1

	Actual Estimate												
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	(9,469)	(9,547)	(6,481)	1,298	9,578	17,579	13,271	12,363	12,230	12,289	12,400	12,879	(9,469)
2. Net Cost Appl. To BGSS Sales (Sch 2a)	11,063	18,254	34,869	39,896	31,826	32,227	13,837	10,163	8,198	8,491	8,762	8,655	226,242
3. BGSS Recoveries (Sch 2b)	(6,724)	(8,989)	(17,553)	(20,698)	(15,901)	(28,186)	(10,059)	(6,255)	(4,388)	(4,460)	(4,380)	(4,356)	(131,949)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	4,339	9,265	17,316	19,198	15,925	4,041	3,778	3,907	3,811	4,031	4,382	4,298	94,292
Adjustments													
5. Storage Incentive (Sch.4j)	1,445	373	0	0	135	829	531	465	250	191	193	206	4,618
6. Off-System Sales (Sch.4e)	(648)	(527)	(484)	(1,504)	(105)	(366)	(142)	(142)	(142)	(142)	(142)	(142)	(4,485)
7. Capacity Rel. (Sch.4f)	(3,681)	(2,765)	(3,036)	(3,155)	(2,839)	(3,135)	(2,961)	(3,078)	(2,959)	(3,053)	(3,053)	(2,956)	(36,672)
8. Supplier Ref. and Misc. Adj.(Sch.5)	0	54	0	0	0	0	0	0	0	0	0	0	54
9. Balancing Credits and Penalty Charges (Sch.4g)	(1,532)	(3,334)	(6,017)	(6,259)	(5,115)	(5,677)	(2,115)	(1,285)	(901)	(917)	(901)	(893)	(34,946)
10. Total Debits and Credits (L.5 through L.9)	(4,417)	(6,199)	(9,537)	(10,918)	(7,925)	(8,349)	(4,687)	(4,040)	(3,751)	(3,920)	(3,903)	(3,785)	(71,432)
11. Under/(Over) Recov. Gas Costs. End of Period (L's.1,4,&10)	(9,547)	(6,481)	1,298	9,578	17,579	13,271	12,363	12,230	12,289	12,400	12,879	13,392	13,392

**NEW JERSEY NATURAL GAS COMPANY
GAS COSTS AND RECOVERIES
BGSS YEAR 2017
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	Actual Estimate												
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	TOTAL
COST OF GAS-CURRENT PERIOD													
SCHEDULE 2a													
Total Gas Costs ¹	9,694	23,220	44,365	50,288	41,322	39,316	15,958	19,325	18,697	19,511	19,723	18,604	320,024
REDUCTIONS TO COST OF GAS													
Sayreville (Sch. 4b)	6	0	0	0	0	0	0	7	7	7	7	7	41
Forked Rv. (Sch. 4c)	9	1	13	0	5	0	2	21	21	22	23	22	140
Off System Sales (Sch.4e)	2,940	8,209	13,047	14,093	12,821	6,726	5,593	12,756	13,952	14,582	14,522	13,398	132,639
Capacity Release (Sch. 4f)	(4,331)	(3,253)	(3,572)	(3,712)	(3,340)	(3,689)	(3,483)	(3,621)	(3,481)	(3,592)	(3,592)	(3,478)	(43,144)
Storage Incentive Sales	0	0	0	0	0	4,042	0	0	0	0	0	0	4,042
Company Use Gas	7	8	8	11	11	10	9	0	0	0	0	0	64
Total Reductions	(1,368)	4,966	9,496	10,392	9,496	7,089	2,121	9,162	10,499	11,020	10,961	9,950	93,783
Net Cost Appl. To BGSS Sales (Sch.1.,L.2)	11,063	18,254	34,869	39,896	31,826	32,227	13,837	10,163	8,198	8,491	8,762	8,655	226,242
GAS COST RECOVERIES													
SCHEDULE 2b													
BGSS Sales	20,461	45,791	83,809	90,197	71,068	79,979	28,533	17,596	12,246	12,412	12,145	12,094	486,332
Monthly BGSS Sales (GSL, DGC)	2,804	5,120	8,646	11,466	9,206	10,222	3,258	2,752	1,867	1,918	1,921	1,862	61,041
Monthly BGSS Sales (IS, CNG, NGV)	55	60	67	387	194	62	56	60	71	72	119	106	1,309
FEED	47	50	49	47	40	46	44	48	46	48	0	0	464
Periodic BGSS Sales	17,556	40,561	75,048	78,298	61,628	69,649	25,175	14,736	10,262	10,375	10,105	10,127	423,518
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.3419	0.1862	0.1862	0.1862	0.1862	0.3419	0.3419	0.3419	0.3419	0.3419	0.3419	0.3419	
Monthly BGSS Sales (GSL, DGC)	0.2464	0.2732	0.4079	0.5126	0.4680	0.3719	0.4320	0.4241	0.4411	0.4463	0.4503	0.4513	
Monthly BGSS Sales (IS, CNG, NGV)	0.3045	0.3313	0.4660	0.5707	0.5261	0.4300	0.4901	0.4822	0.4992	0.5044	0.5084	0.5094	
FEED Rate	0.3027	0.3600	0.4273	0.4441	0.3804	0.3910	0.3823	0.4362	0.4362	0.4362			
Recoveries:													
Periodic BGSS	6,002	7,552	13,974	14,579	11,475	24,340	8,607	5,038	3,509	3,547	3,455	3,462	105,541
Monthly BGSS(GSL, DGC)	691	1,399	3,527	5,877	4,308	3,802	1,407	1,167	824	856	865	840	25,563
Monthly BGSS (IS, CNG, NGV)	17	20	31	221	102	27	28	29	35	36	60	54	660
FEED Rate	14	18	21	21	15	18	17	21	20	21	0	0	186
Total BGSS Recovery (Sch. 1, L. 3))	6,724	8,989	17,553	20,698	15,901	28,186	10,059	6,255	4,388	4,460	4,380	4,356	131,949

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

**NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2017**

SCHEDULE 2c

	Actual						Estimate					
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
MDth												
Beginning of Month Storage Balance	21,284	24,109	22,293	15,826	10,672	7,913	4,341	7,736	11,049	14,595	17,079	20,026
Commodity Purchases	8,853	6,817	5,783	8,079	8,511	8,127	8,438	9,821	9,654	8,738	9,082	8,405
Sub-total of Available Supplies	A 30,137	30,926	28,076	23,904	19,183	16,040	12,780	17,557	20,703	23,333	26,161	28,431
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Other	3,592	4,275	3,988	4,311	4,482	3,600	2,035	4,748	4,883	5,013	4,925	4,529
Monthly BGSS Sales (GSL, DGC)	280	512	865	1,147	921	1,022	326	275	187	192	192	186
Monthly BGSS Sales (IS, CNG, NGV)	5	6	7	39	19	6	6	6	7	7	12	11
FEED Sales	5	5	5	5	4	5	4	5	5	5	0	0
Company Use Non Prod Sales	2	2	2	3	3	2	2	0	0	0	0	0
Sub-total of Assigned Cost Allocations	B 3,884	4,800	4,867	5,504	5,429	4,635	2,373	5,034	5,081	5,217	5,129	4,726
Allocation WACOG Volume	C 26,253	26,127	23,209	18,401	13,754	11,405	10,407	12,523	15,622	18,116	21,032	23,704
<i>volume available for allocation</i>												
\$000												
Beginning of Month Storage Balance	41,703	44,654	41,189	29,988	20,157	15,703	7,321	15,566	22,045	32,328	39,012	50,527
Beginning of Month WACOG Inventory	33,701	37,138	35,416	26,722	19,281	13,126	7,855	11,376	16,498	20,514	24,587	31,178
Commodity Purchases	9,227	10,943	17,653	26,339	23,757	18,954	21,162	25,252	27,117	24,493	32,054	24,142
Demand Charges	6,101	7,082	6,807	6,668	6,945	6,700	6,695	5,674	5,878	5,775	5,775	6,100
Sub-total of Available Supplies	D 90,733	99,817	101,065	89,716	70,140	54,483	43,033	57,868	71,539	83,110	101,428	111,947
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Other	2,955	8,211	13,060	14,093	12,826	10,768	5,595	12,784	13,980	14,612	14,552	13,428
Monthly BGSS Sales (GSL, DGC)	691	1,399	3,527	5,877	4,308	3,802	1,407	1,167	824	856	865	840
Monthly BGSS Sales (IS, CNG, NGV)	17	20	31	221	102	27	28	29	35	36	60	54
GSL, DGC Sales Balancing	163	297	502	666	535	594	189	160	108	111	112	108
FEED Sales	14	18	21	21	15	18	17	21	20	21	0	0
Sub-total of Assigned cost allocations	E 3,839	9,945	17,141	20,878	17,786	15,208	7,236	14,160	14,967	15,636	15,589	14,430
Allocation WACOG Costs	F 86,893	89,872	83,924	68,838	52,354	39,275	35,797	43,708	56,571	67,474	85,838	97,517
<i>\$ available for allocation</i>												
\$/Dth WACOG	G 3.3099	3.4399	3.6160	3.7411	3.8064	3.4438	3.4398	3.4902	3.6213	3.7245	4.0814	4.1139
MDth												
Periodic BGSS Sales	1,756	4,056	7,505	7,830	6,163	6,965	2,517	1,474	1,026	1,037	1,010	1,013
CoUse & UFG	11	18	22	29	18	33	15	6	4	3	2	2
Periodic BGSS Sales & CoUse & UFG	H 1,767	4,074	7,527	7,858	6,180	6,998	2,533	1,480	1,030	1,040	1,013	1,015
<i>volume to be allocated</i>												
\$000												
Periodic BGSS (\$/Therm WACOG * Periodic BGSS volume)	I 5,848	13,267	27,216	29,399	23,525	24,098	8,713	5,165	3,729	3,875	4,133	4,174
<i>allocated cost</i>												
Plus assigned cost allocations												
Off System Sales, Electric Gen, Other	2,955	8,211	13,060	14,093	12,826	10,768	5,595	12,784	13,980	14,612	14,552	13,428
Monthly BGSS Sales (GSL, DGC)	691	1,399	3,527	5,877	4,308	3,802	1,407	1,167	824	856	865	840
Monthly BGSS Sales (IS, CNG, NGV)	17	20	31	221	102	27	28	29	35	36	60	54
GSL, DGC Sales Balancing	163	297	502	666	535	594	189	160	108	111	112	108
FEED Sales	14	18	21	21	15	18	17	21	20	21	0	0
Sub-total of Assigned cost allocations	J 3,839	9,945	17,141	20,878	17,786	15,208	7,236	14,160	14,967	15,636	15,589	14,430
Total Allocated Costs (Sch 2a Total Gas Costs)	K 9,687	23,212	44,357	50,277	41,312	39,307	15,949	19,325	18,697	19,511	19,723	18,604
End of Month Storage Balance	L 44,654	41,189	29,988	20,157	15,703	7,321	15,708	22,045	32,328	39,012	50,527	58,292
Total Allocated Costs & Storage Balances	M 54,341	64,401	74,344	70,434	57,014	46,628	31,658	41,370	51,025	58,523	70,250	76,896
Current Month WACOG Inventory Balance	N 36,392	35,416	26,721	19,282	13,126	7,855	11,376	16,498	20,514	24,587	31,178	35,051

**NEW JERSEY NATURAL GAS COMPANY
THERM SALES
BGSS YEAR 2017
(000)THERMS**

SCHEDULE 3

	Actual Estimate												
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	TOTAL
Residential BGSS Sales	16,747	38,360	70,716	73,422	57,928	65,333	23,825	14,038	9,848	9,953	9,687	9,711	399,568
Total Residential Sales	16,747	38,360	70,716	73,422	57,928	65,333	23,825	14,038	9,848	9,953	9,687	9,711	399,568
C&I Monthly BGSS Sales (GSL, DGC)	2,804	5,120	8,646	11,466	9,206	10,222	3,258	2,752	1,867	1,918	1,921	1,862	61,041
C&I Monthly BGSS Sales (CNG, NGV, IS)	55	60	67	387	194	62	56	60	71	72	119	106	1,309
C&I Periodic BGSS Sales	809	2,201	4,332	4,875	3,700	4,316	1,350	698	414	422	418	415	23,951
FEED	47	50	49	47	40	46	44	48	46	48	0	0	464
Total Commercial & Industrial Sales	3,714	7,431	13,094	16,775	13,140	14,646	4,709	3,557	2,398	2,459	2,458	2,383	86,764
Total Firm Sales	20,461	45,791	83,809	90,197	71,068	79,979	28,533	17,596	12,246	12,412	12,145	12,094	486,332
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	55	0	0	0	0	0	0	25	24	25	25	24	178
Forked River (Sch. 4c)	80	9	33	0	19	0	7	77	74	77	77	74	526
Off System Sales (Sch. 4e)	35,785	42,737	39,850	43,108	44,801	26,700	20,342	47,378	48,732	50,032	49,147	45,195	493,805
Storage Incentive Sales	0	0	0	0	0	9,300	0	0	0	0	0	0	9,300
Total Non-Firm Sales	35,919	42,746	39,882	43,108	44,819	36,000	20,349	47,479	48,830	50,133	49,249	45,293	503,809
Total Sales	56,380	88,537	123,692	133,306	115,887	115,979	48,882	65,075	61,076	62,545	61,393	57,388	990,141
Firm Transportation	2,133	2,336	2,762	2,886	2,418	2,592	2,148	2,067	2,113	2,057	1,834	2,091	27,438
GSS Transportation	276	758	1,507	1,558	1,170	1,341	494	246	147	152	152	147	7,950
GSL Transportation	4,157	7,459	12,146	9,934	7,919	9,128	5,458	3,261	2,495	2,575	2,585	2,499	69,616
DGC Balancing	69	47	28	26	48	31	8	25	24	25	25	24	381
DGC Firm Transportation	226	191	205	204	146	196	122	135	135	136	137	135	1,968
Residential Transportation	1,454	3,278	5,916	6,078	4,778	5,318	1,941	1,102	713	731	725	710	32,744
Interruptible Transportation	1,285	1,408	1,158	1,081	1,114	1,236	1,295	1,182	1,321	1,420	1,436	1,350	15,284
Lakewood Cogen	15,175	5,785	713	807	891	1,228	4,127	15,500	15,000	15,500	15,500	15,000	105,226
Ocean Peaking Power	2,482	67	64	63	74	84	94	1,767	3,811	8,222	4,959	2,692	24,379
Red Oak	31,002	38,386	35,661	36,150	36,095	36,198	18,511	29,506	30,690	36,107	37,093	35,319	400,718
Total Transportation	58,260	59,715	60,160	58,786	54,654	57,350	34,199	54,792	56,450	66,925	64,446	59,966	685,703
Total Mtherms	114,640	148,252	183,852	192,092	170,542	173,329	83,081	119,867	117,527	129,470	125,839	117,354	1,675,844

**NEW JERSEY NATURAL GAS COMPANY
MARGIN SHARING FROM STORAGE INCENTIVE
AND SAYREVILLE / FORKED RIVER GAS COST SUMMARY
BGSS YEAR 2017
\$(000) & (000)THERMS**

	Actual Estimate												
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	TOTAL
SAYREVILLE													
SCHEDULE 4b													
Therm Sales (Sch. 3)	55	0	0	0	0	0	0	25	24	25	25	24	178
Rate per therm	0.10322	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.26924	0.28630	0.29145	0.29549	0.29646	n/a
Cost of Gas (Sch. 2a)	6	0	0	0	0	0	0	7	7	7	7	7	41
FORKED RIVER													
SCHEDULE 4c													
Therm Sales (Sch. 3)	80	9	33	0	19	0	7	77	74	77	77	74	526
Loss Factor (2%)	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02	1.02
Rate per therm	0.11275	0.00000	0.40018	0.00000	0.25179	0.00000	0.00000	0.26397	0.28068	0.28574	0.28969	0.29065	n/a
Cost of Gas (Sch.2a)	9	1	13	0	5	0	2	21	21	22	23	22	140
Storage Incentive													
SCHEDULE 4j													
Storage Gain (Loss)	7,224	1,865	0	0	676	4,145	2,656	2,325	1,252	955	965	1,028	23,091
NJNG Sharing @ 20% (Sch.1, L 5)	1,445	373	0	0	135	829	531	465	250	191	193	206	4,618

NEW JERSEY NATURAL GAS COMPANY
MARGIN SHARING FROM OFF-SYSTEM SALES AND CAPACITY RELEASE
AND CREDITS FROM BALANCING CHARGES
BGSS YEAR 2017
\$(000) & (000)THERMS

	Actual Estimate												
	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	TOTAL
OFF-SYSTEM SALES	SCHEDULE 4e												
Revenues	3,702	8,829	13,616	15,862	12,945	7,156	5,760	12,923	14,118	14,749	14,689	13,565	137,916
Net Revenue	3,702	8,829	13,616	15,862	12,945	7,156	5,760	12,923	14,118	14,749	14,689	13,565	137,916
Therm sales	35,785	42,737	39,850	43,108	44,801	26,700	20,342	47,378	48,732	50,032	49,147	45,195	493,805
Rate per therm COG	0.082	0.192	0.327	0.327	0.286	0.252	0.275	0.269	0.286	0.291	0.295	0.296	
Cost of Gas (Sch. 2a)	2,940	8,209	13,047	14,093	12,821	6,726	5,593	12,756	13,952	14,582	14,522	13,398	132,639
Net Margin	762	620	570	1,769	124	431	167	167	167	167	167	167	5,276
Customer sharing @ 85% (Sch.1,L 6)	648	527	484	1,504	105	366	142	142	142	142	142	142	4,485
NJNG Sharing @ 15%	114	93	85	265	19	65	25	25	25	25	25	25	791
Total Credit = Cost of Gas plus sharings	3,588	8,736	13,531	15,597	12,926	7,092	5,735	12,898	14,093	14,724	14,664	13,540	137,124
CAPACITY RELEASE	SCHEDULE 4f												
Revenue	4,331	3,253	3,572	3,712	3,340	3,689	3,483	3,621	3,481	3,592	3,592	3,478	43,144
Customer Sharing @ 85% (Sch.1.,L 7)	3,681	2,765	3,036	3,155	2,839	3,135	2,961	3,078	2,959	3,053	3,053	2,956	36,672
BALANCING CREDITS & PENALTY CHARGES	SCHEDULE 4g												
Current Month MBR Penalty Charges	1	0	9	9	21	0	0	0	0	0	0	0	39
Current Month Balancing Charges	1,532	3,334	6,008	6,251	5,095	5,677	2,115	1,285	901	917	901	893	34,908
Total Credit (Sch.1.,L 9)	1,532	3,334	6,017	6,259	5,115	5,677	2,115	1,285	901	917	901	893	34,946

**NEW JERSEY NATURAL GAS COMPANY
SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2017
\$(000)**

SCHEDULE 5

(Sch 1. LINE 8)

OCT 2016		0	0
NOV 2016	Prior period adjustment	(54)	(54)
DEC 2016		0	0
JAN 2017		0	0
FEB 2017		0	0
MAR 2017		0	0
APR 2017		0	0
MAY 2017		0	0
JUN 2017		0	0
JUL 2017		0	0
AUG 2017		0	0
SEP 2017		0	0
			<hr/>
	TOTALS		<u><u>(54)</u></u>

NEW JERSEY NATURAL GAS COMPANY
BGSS YEAR 2017
COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
				6.90%
SEP 2016	(9,469)			
OCT 2016	(9,547)	(9,508)	0.00575	(55)
NOV 2016	(6,481)	(8,014)	0.00575	(46)
DEC 2016	1,298	(2,591)	0.00575	(15)
JAN 2017	9,578	5,438	0.00575	31
FEB 2017	17,579	13,579	0.00575	78
MAR 2017	13,271	15,425	0.00575	89
APR 2017	12,363	12,817	0.00575	74
MAY 2017	12,230	12,296	0.00575	71
JUN 2017	12,289	12,259	0.00575	70
JUL 2017	12,400	12,344	0.00575	71
AUG 2017	12,879	12,639	0.00575	73
SEP 2017	13,392	13,135	0.00575	76
				<u>517</u>
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER			<u><u>0</u></u>

EXHIBIT B
Projected October 2017 - September 2018¹

INDEX OF SCHEDULES:

1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
3. Therm Sales
- 4a. N/A
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. N/A
- 4e. Off-System Sales
- 4f. Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. N/A
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

¹ For ease of presentation, the filing contains BGSS schedules for fiscal years (FY) 2017 and 2018. Actual BGSS schedules for FY2016 and projected BGSS schedules for FY2019 will be included in Workpapers to be filed under separate cover.

NEW JERSEY NATURAL GAS COMPANY
UNDER/(OVER) RECOVERED GAS COSTS
BGSS YEAR 2018
\$(000)

SCHEDULE 1

Estimate													
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	13,392	13,424	11,622	8,530	3,959	2,408	4,087	1,080	60	(357)	3,342	2,985	13,392
2. Net Cost Appl. To BGSS Sales (Sch 2a)	14,261	24,813	40,894	51,014	45,478	38,554	16,396	9,404	7,437	11,681	7,505	7,785	275,222
3. BGSS Recoveries (Sch 2b)	(9,451)	(19,782)	(34,135)	(42,585)	(35,792)	(28,345)	(14,442)	(6,879)	(4,784)	(4,846)	(4,742)	(4,697)	(210,480)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	4,810	5,031	6,759	8,429	9,686	10,209	1,954	2,525	2,653	6,836	2,763	3,088	64,742
Adjustments													
5. Storage Incentive (Sch.4j)	341	0	0	0	0	0	341	341	341	341	341	341	2,385
6. Off-System Sales (Sch.4e)	(140)	(202)	(433)	(2,014)	(1,819)	(235)	(136)	(140)	(136)	(140)	(140)	(136)	(5,670)
7. Capacity Rel. (Sch.4f)	(3,050)	(2,740)	(2,829)	(2,829)	(2,561)	(2,829)	(2,276)	(2,322)	(2,276)	(2,322)	(2,322)	(2,271)	(30,627)
8. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Balancing Credits and Penalty Charges (Sch.4g)	(1,928)	(3,892)	(6,589)	(8,157)	(6,856)	(5,467)	(2,890)	(1,424)	(998)	(1,016)	(999)	(989)	(41,205)
10. Total Debits and Credits (L.5 through L.9)	(4,777)	(6,834)	(9,851)	(13,000)	(11,236)	(8,531)	(4,960)	(3,545)	(3,069)	(3,137)	(3,120)	(3,055)	(75,116)
11. Under/(Over) Recov. Gas Costs. End of Period (L's.1,4,&10)	13,424	11,622	8,530	3,959	2,408	4,087	1,080	60	(357)	3,342	2,985	3,018	3,018

**NEW JERSEY NATURAL GAS COMPANY
GAS COSTS AND RECOVERIES
BGSS YEAR 2018
\$(000) & (000)THERMS**

Estimate													
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	TOTAL
COST OF GAS-CURRENT PERIOD	SCHEDULE 2a												
Total Gas Costs ¹	24,225	37,564	53,704	67,352	58,052	51,359	26,175	19,095	17,480	21,865	17,440	16,282	410,592
REDUCTIONS TO COST OF GAS													
Sayreville (Sch. 4b)	3	3	4	4	3	4	7	7	6	6	6	6	59
Forked Rv. (Sch. 4c)	8	8	9	10	9	9	20	20	19	20	20	18	171
Off System Sales (Sch.4e)	13,541	15,962	16,126	19,654	15,576	16,121	12,430	12,396	12,695	12,888	12,640	11,144	171,172
Capacity Release (Sch. 4f)	(3,589)	(3,224)	(3,329)	(3,329)	(3,013)	(3,329)	(2,677)	(2,731)	(2,677)	(2,731)	(2,731)	(2,672)	(36,032)
Storage Incentive Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Company Use Gas	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Reductions	9,964	12,751	12,810	16,338	12,574	12,805	9,779	9,691	10,044	10,183	9,935	8,497	135,370
Net Cost Appl. To BGSS Sales (Sch.1.,L.2)	14,261	24,813	40,894	51,014	45,478	38,554	16,396	9,404	7,437	11,681	7,505	7,785	275,222
GAS COST RECOVERIES	SCHEDULE 2b												
BGSS Sales	24,006	50,175	86,262	107,282	90,177	71,710	37,275	17,778	12,362	12,535	12,266	12,210	534,038
Monthly BGSS Sales (GSL, DGC)	3,902	7,148	10,982	13,172	11,146	8,797	5,010	2,717	1,849	1,902	1,905	1,846	70,378
Monthly BGSS Sales (IS, CNG, NGV)	86	84	86	79	77	86	106	108	117	119	119	106	1,172
FEED	0	0	0	0	0	0	0	0	0	0	0	0	0
Periodic BGSS Sales	20,018	42,942	75,194	94,031	78,955	62,827	32,159	14,953	10,396	10,514	10,242	10,257	462,488
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	0.3835	
Monthly BGSS Sales (GSL, DGC)	0.4435	0.4574	0.4782	0.4920	0.4908	0.4779	0.4109	0.4028	0.4016	0.3987	0.3983	0.3877	
Monthly BGSS Sales (IS, CNG, NGV)	0.5074	0.5213	0.5421	0.5559	0.5547	0.5418	0.4748	0.4667	0.4655	0.4626	0.4622	0.4516	
FEED Rate													
Recoveries:													
Periodic BGSS	7,677	16,468	28,837	36,061	30,279	24,094	12,333	5,734	3,987	4,032	3,928	3,934	177,364
Monthly BGSS(GSL, DGC)	1,731	3,269	5,252	6,481	5,470	4,204	2,059	1,094	743	758	759	716	32,536
Monthly BGSS (IS, CNG, NGV)	44	44	47	44	43	47	50	50	54	55	55	48	580
FEED Rate	0	0	0	0	0	0	0	0	0	0	0	0	0
Total BGSS Recovery (Sch. 1, L. 3))	9,451	19,782	34,135	42,585	35,792	28,345	14,442	6,879	4,784	4,846	4,742	4,697	210,480

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

**NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2018**

SCHEDULE 2c

Estimate												
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18
MDth												
Beginning of Month Storage Balance	22,696	25,997	24,392	18,064	10,966	4,444	486	4,212	8,064	11,789	15,640	19,754
Commodity Purchases	10,174	8,467	7,152	9,310	7,030	8,047	12,064	10,375	9,843	10,116	10,260	9,734
Sub-total of Available Supplies	A 32,869	34,463	31,544	27,374	17,996	12,491	12,550	14,587	17,906	21,905	25,900	29,488
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Other	4,483	5,050	4,788	5,605	4,458	4,790	4,618	4,748	4,883	5,013	4,925	4,529
Monthly BGSS Sales (GSL, DGC)	390	715	1,098	1,317	1,115	880	501	272	185	190	191	185
Monthly BGSS Sales (IS, CNG, NGV)	9	8	9	8	8	9	11	11	12	12	12	11
FEED Sales	0	0	0	0	0	0	0	0	0	0	0	0
Company Use Non Prod Sales	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total of Assigned Cost Allocations	B 4,881	5,773	5,895	6,930	5,580	5,679	5,129	5,030	5,080	5,215	5,127	4,725
Allocation WACOG Volume	C 27,988	28,690	25,649	20,444	12,416	6,812	7,421	9,557	12,827	16,689	20,773	24,763
<i>volume available for allocation</i>												
\$000												
Beginning of Month Storage Balance	58,292	67,823	63,790	47,828	29,318	12,879	3,012	12,710	22,272	31,559	41,173	56,908
Beginning of Month WACOG Inventory	35,051	36,640	35,874	28,515	18,543	8,095	(475)	2,246	6,733	11,862	12,797	19,261
Commodity Purchases	29,340	26,177	23,885	32,373	24,397	26,424	31,693	26,282	24,995	25,552	32,776	24,394
Demand Charges	6,005	6,588	6,498	6,498	6,769	6,498	6,901	6,862	6,901	6,862	6,862	6,901
Sub-total of Available Supplies	D 128,688	137,228	130,047	115,213	79,027	53,896	41,131	48,101	60,902	75,835	93,608	107,463
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Other	13,552	15,974	16,139	19,667	15,588	16,133	12,456	12,422	12,721	12,915	12,667	11,168
Monthly BGSS Sales (GSL, DGC)	1,731	3,269	5,252	6,481	5,470	4,204	2,059	1,094	743	758	759	716
Monthly BGSS Sales (IS, CNG, NGV)	44	44	47	44	43	47	50	50	54	55	55	48
GSL, DGC Sales Balancing	842	712	562	320	174	118	122	122	118	4,497	0	402
FEED Sales	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total of Assigned cost allocations	E 16,168	20,000	21,999	26,512	21,274	20,502	14,687	13,689	13,636	18,225	13,480	12,334
Allocation WACOG Costs	F 112,519	117,228	108,047	88,701	57,752	33,394	26,444	34,412	47,266	57,610	80,128	95,129
<i>\$ available for allocation</i>												
\$/Dth WACOG	G 4.0203	4.0861	4.2126	4.3387	4.6515	4.9019	3.5635	3.6008	3.6849	3.4519	3.8573	3.8416
MDth												
Periodic BGSS Sales	2,002	4,294	7,519	9,403	7,896	6,283	3,216	1,495	1,040	1,051	1,024	1,026
CoUse & UFG	2	4	7	10	11	12	8	6	4	3	2	2
Periodic BGSS Sales & CoUse & UFG	H 2,004	4,298	7,526	9,413	7,907	6,295	3,224	1,501	1,043	1,054	1,026	1,028
<i>volume to be allocated</i>												
\$000												
Periodic BGSS (\$/Therm WACOG * Periodic BGSS volume) = <i>allocated cost</i>	I 8,057	17,564	31,705	40,841	36,778	30,857	11,488	5,406	3,844	3,640	3,959	3,948
Plus assigned cost allocations												
Off System Sales, Electric Gen, Other	13,552	15,974	16,139	19,667	15,588	16,133	12,456	12,422	12,721	12,915	12,667	11,168
Monthly BGSS Sales (GSL, DGC)	1,731	3,269	5,252	6,481	5,470	4,204	2,059	1,094	743	758	759	716
Monthly BGSS Sales (IS, CNG, NGV)	44	44	47	44	43	47	50	50	54	55	55	48
GSL, DGC Sales Balancing	842	712	562	320	174	118	122	122	118	4,497	0	402
FEED Sales	0	0	0	0	0	0	0	0	0	0	0	0
Sub-total of Assigned cost allocations	J 16,168	20,000	21,999	26,512	21,274	20,502	14,687	13,689	13,636	18,225	13,480	12,334
Total Allocated Costs (Sch 2a Total Gas Costs)	K 24,225	37,564	53,704	67,352	58,052	51,359	26,175	19,095	17,480	21,865	17,440	16,282
End of Month Storage Balance	L 67,823	63,790	47,828	29,318	12,879	3,012	12,710	22,272	31,559	41,173	56,908	67,317
Total Allocated Costs & Storage Balances	M 92,048	101,354	101,532	96,670	70,931	54,371	38,885	41,367	49,040	63,038	74,347	83,599
Current Month WACOG Inventory Balance	N 36,640	35,874	28,515	18,543	8,095	(475)	2,246	6,733	11,862	12,797	19,261	23,864

NEW JERSEY NATURAL GAS COMPANY
THERM SALES
BGSS YEAR 2018
(000)THERMS

SCHEDULE 3

Estimate	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	TOTAL
Residential BGSS Sales	18,883	40,387	70,407	87,985	73,918	58,965	30,553	14,238	9,972	10,082	9,814	9,833	435,037
Total Residential Sales	18,883	40,387	70,407	87,985	73,918	58,965	30,553	14,238	9,972	10,082	9,814	9,833	435,037
C&I Monthly BGSS Sales (GSL, DGC)	3,902	7,148	10,982	13,172	11,146	8,797	5,010	2,717	1,849	1,902	1,905	1,846	70,378
C&I Monthly BGSS Sales (CNG, NGV, IS)	86	84	86	79	77	86	106	108	117	119	119	106	1,172
C&I Periodic BGSS Sales	1,135	2,555	4,786	6,046	5,037	3,862	1,606	715	424	432	428	424	27,451
FEED	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Commercial & Industrial Sales	5,123	9,787	15,854	19,297	16,260	12,745	6,722	3,540	2,390	2,453	2,452	2,377	99,001
Total Firm Sales	24,006	50,175	86,262	107,282	90,177	71,710	37,275	17,778	12,362	12,535	12,266	12,210	534,038
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	11	10	11	11	10	11	24	25	24	25	25	24	211
Forked River (Sch. 4c)	27	26	27	27	25	27	74	77	74	77	77	74	614
Off System Sales (Sch. 4e)	44,788	50,463	47,845	56,011	44,545	47,866	46,078	47,378	48,732	50,032	49,147	45,195	578,078
Storage Incentive Sales	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	44,826	50,500	47,884	56,049	44,580	47,904	46,176	47,479	48,830	50,133	49,249	45,293	578,903
Total Sales	68,832	100,675	134,145	163,331	134,757	119,614	83,451	65,257	61,192	62,668	61,515	57,503	1,112,941
Firm Transportation	2,102	2,520	2,696	2,648	2,091	2,571	1,983	2,059	2,103	2,047	1,824	2,081	26,726
GSS Transportation	400	873	1,593	2,005	1,667	1,279	539	246	147	152	152	147	9,202
GSL Transportation	4,183	6,654	9,721	11,443	9,722	8,167	5,078	3,243	2,495	2,575	2,585	2,499	68,365
DGC Balancing	26	26	28	28	25	27	25	25	24	25	25	24	310
DGC Firm Transportation	139	143	149	152	146	147	140	135	135	136	137	135	1,694
Residential Transportation	1,640	3,256	5,596	6,976	5,772	4,456	2,410	1,102	713	731	725	710	34,086
Interruptible Transportation	1,700	1,443	1,451	1,254	977	809	1,660	1,182	1,321	1,420	1,436	1,350	16,002
Lakewood Cogen	15,500	15,000	15,500	15,500	14,000	15,500	15,000	15,500	15,000	15,500	15,500	15,000	182,500
Ocean Peaking Power	2,794	1,787	298	225	300	1,239	508	1,767	3,811	8,222	4,959	2,692	28,603
Red Oak	34,223	33,821	36,632	27,585	31,419	38,220	30,886	29,506	30,690	36,107	37,093	35,319	401,500
Total Transportation	62,706	65,524	73,664	67,816	66,119	72,416	58,229	54,766	56,440	66,915	64,436	59,956	768,987
Total Mtherms	131,538	166,198	207,809	231,146	200,876	192,030	141,681	120,023	117,633	129,583	125,951	117,459	1,881,928

NEW JERSEY NATURAL GAS COMPANY
MARGIN SHARING FROM OFF-SYSTEM SALES AND CAPACITY RELEASE
AND CREDITS FROM BALANCING CHARGES
BGSS YEAR 2018
\$(000) & (000)THERMS

Estimate													
	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	TOTAL
OFF-SYSTEM SALES	SCHEDULE 4e												
Revenues	13,705	16,200	16,635	22,022	17,716	16,397	12,589	12,560	12,855	13,053	12,805	11,304	177,842
Net Revenue	13,705	16,200	16,635	22,022	17,716	16,397	12,589	12,560	12,855	13,053	12,805	11,304	177,842
Therm sales	44,788	50,463	47,845	56,011	44,545	47,866	46,078	47,378	48,732	50,032	49,147	45,195	578,078
Rate per therm COG	0.302	0.316	0.337	0.351	0.350	0.337	0.270	0.262	0.261	0.258	0.257	0.247	
Cost of Gas (Sch. 2a)	13,541	15,962	16,126	19,654	15,576	16,121	12,430	12,396	12,695	12,888	12,640	11,144	171,172
Net Margin	165	238	509	2,369	2,140	276	160	165	160	165	165	160	6,670
Customer sharing @ 85% (Sch.1,L 6)	140	202	433	2,014	1,819	235	136	140	136	140	140	136	5,670
NJNG Sharing @ 15%	25	36	76	355	321	41	24	25	24	25	25	24	1,001
Total Credit = Cost of Gas plus sharings	13,681	16,164	16,559	21,667	17,395	16,356	12,565	12,536	12,831	13,028	12,780	11,280	176,842
CAPACITY RELEASE	SCHEDULE 4f												
Revenue	3,589	3,224	3,329	3,329	3,013	3,329	2,677	2,731	2,677	2,731	2,731	2,672	36,032
Customer Sharing @ 85% (Sch.1.,L 7)	3,050	2,740	2,829	2,829	2,561	2,829	2,276	2,322	2,276	2,322	2,322	2,271	30,627
BALANCING CREDITS & PENALTY CHARGES	SCHEDULE 4g												
Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Month Balancing Charges	1,928	3,892	6,589	8,157	6,856	5,467	2,890	1,424	998	1,016	999	989	41,205
Total Credit (Sch.1.,L 9)	1,928	3,892	6,589	8,157	6,856	5,467	2,890	1,424	998	1,016	999	989	41,205

**NEW JERSEY NATURAL GAS COMPANY
SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2018
\$(000)**

SCHEDULE 5

(Sch 1. LINE 8)

OCT 2017	0	0
NOV 2017	0	0
DEC 2017	0	0
JAN 2018	0	0
FEB 2018	0	0
MAR 2018	0	0
APR 2018	0	0
MAY 2018	0	0
JUN 2018	0	0
JUL 2018	0	0
AUG 2018	0	0
SEP 2018	0	0
		<hr/>
TOTALS		<hr/> <hr/> <u>-</u>

NEW JERSEY NATURAL GAS COMPANY
BGSS YEAR 2018
COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
				6.90%
SEP 2017	13,392			
OCT 2017	13,424	13,408	0.00575	77
NOV 2017	11,622	12,523	0.00575	72
DEC 2017	8,530	10,076	0.00575	58
JAN 2018	3,959	6,244	0.00575	36
FEB 2018	2,408	3,184	0.00575	18
MAR 2018	4,087	3,248	0.00575	19
APR 2018	1,080	2,583	0.00575	15
MAY 2018	60	570	0.00575	3
JUN 2018	(357)	(148)	0.00575	(1)
JUL 2018	3,342	1,493	0.00575	9
AUG 2018	2,985	3,164	0.00575	18
SEP 2018	3,018	3,002	0.00575	17
				<u>341</u>
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER			<u><u>0</u></u>

EXHIBIT C
CONSERVATION INCENTIVE PROGRAM (CIP) SCHEDULES

INDEX OF SCHEDULES:

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

New Jersey Natural Gas Company
Conservation Incentive Program
Group I: Residential Non-Heat
FY2017

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor ³	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
Residential Non-Heating									
October	a	196,454	15,043	13.1	14.5	(1.4)	(21,662)	\$0.3778	(\$8,184)
November	a	205,264	14,754	13.9	13.8	0.1	1,623	\$0.3778	\$613
December	a	294,034	14,620	20.1	15.4	4.7	68,862	\$0.3778	\$26,016
January	a	323,969	14,578	22.2	25.9	(3.7)	(53,647)	\$0.3778	(\$20,268)
February	a	295,313	14,533	20.3	22.4	(2.1)	(30,229)	\$0.3778	(\$11,421)
March	a	283,124	14,521	19.5	17.4	2.1	30,495	\$0.3778	\$11,521
April	a	140,849	14,493	9.7	12.4	(2.7)	(38,842)	\$0.3778	(\$14,675)
May	e	158,511	14,892	10.6	11.3	(0.7)	(9,829)	\$0.3778	(\$3,713)
June	e	265,557	15,377	17.3	16.6	0.7	10,303	\$0.3778	\$3,892
July	e	298,526	15,475	19.3	18.0	1.3	19,963	\$0.3778	\$7,542
August	e	267,151	15,481	17.3	14.8	2.5	38,084	\$0.3778	\$14,388
September	e	316,185	15,475	20.4	16.7	3.7	57,723	\$0.3778	\$21,808
Total		<u>3,044,936</u>		<u>203.7</u>	<u>199.2</u>		<u>72,844</u>		<u>\$27,520</u>

Margin Deficiency/ (Credit)	\$ (27,520)
Prior Period (Over) / Under Recovery ⁴	\$ 47,673
Total Deficiency/(Credit)	\$ 20,153
Projected Residential Non-Heating Throughput for Recovery Period	2,823,396
Pre-tax CIP Charge/(Credit)	\$ 0.0071
BPU/RC Assessment Factor	<u>1.002860</u>
CIP Charge/(Credit) including assessments	\$ 0.0071
6.875% Sales Tax	\$ <u>0.0005</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$ 0.0076
Current After-tax CIP Charge/(Credit) per Therm	\$ <u>0.0226</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$ <u>(0.0150)</u>

¹ Per Exhibit C, Schedule 1, Page 2

² Per Tariff Sheet No. 180

³ Per Tariff Sheet No. 179

⁴ Per Exhibit C, Schedule 1, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group I: RS non-heat

	Actual <u>Oct-16</u>	Actual <u>Nov-16</u>	Actual <u>Dec-16</u>	Actual <u>Jan-17</u>	Actual <u>Feb-17</u>	Actual <u>Mar-17</u>	Actual <u>Apr-17</u>	Estimate <u>May-17</u>	Estimate <u>Jun-17</u>	Estimate <u>Jul-17</u>	Estimate <u>Aug-17</u>	Estimate <u>Sep-17</u>	
<u>Customers</u>													
RS non-heat sales	13,814	13,507	13,384	13,344	13,314	13,331	13,304	13,702	14,187	14,285	14,291	14,285	
RS non-heat transport	1,229	1,247	1,236	1,234	1,220	1,191	1,189	1,191	1,191	1,191	1,191	1,191	
Total Customers	15,043	14,754	14,620	14,578	14,533	14,521	14,493	14,892	15,377	15,475	15,481	15,475	
<u>Volumes</u>													
RS non-heat sales	181,530	185,638	266,892	295,855	270,600	258,425	126,300	147,099	254,321	286,625	255,206	304,755	2,833,245
RS non-heat transport	14,924	19,625	27,142	28,114	24,713	24,699	14,548	11,412	11,236	11,901	11,945	11,431	211,691
Total Volumes	196,454	205,264	294,034	323,969	295,313	283,124	140,849	158,511	265,557	298,526	267,151	316,185	3,044,936

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP I - RS NON-HEAT
FY2017

	Actual <u>Oct-16</u>	Actual <u>Nov-16</u>	Actual <u>Dec-16</u>	Actual <u>Jan-17</u>	Actual <u>Feb-17</u>	Actual <u>Mar-17</u>	Actual <u>Apr-17</u>	Estimate <u>May-17</u>	Estimate <u>Jun-17</u>	Estimate <u>Jul-17</u>	Estimate <u>Aug-17</u>	Estimate <u>Sep-17</u>	TOTAL
Beginning Under/(Over) Recovery \$	111,617	107,491	103,181	97,006	90,203	84,001	78,056	75,098	71,769	66,192	59,923	54,313	111,617
Therm Sales	196,454	205,264	294,034	323,969	295,313	283,124	140,849	158,511	265,557	298,526	267,151	316,185	3,044,936
Pre-tax Recovery Rate per Therm	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	0.0210	
Recovery \$	4,126	4,311	6,175	6,803	6,202	5,946	2,958	3,329	5,577	6,269	5,610	6,640	63,944
Ending Under/(Over) Recovery \$	107,491	103,181	97,006	90,203	84,001	78,056	75,098	71,769	66,192	59,923	54,313	47,673	47,673

New Jersey Natural Gas Company
Conservation Incentive Program
Group II: Residential Heat
FY2017

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor ³	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
Residential Heating									
October	a	18,004,661	470,214	38.3	43.8	(5.5)	(2,590,879)	\$0.3778	(\$978,834)
November	a	41,432,842	471,346	87.9	98.1	(10.2)	(4,807,731)	\$0.3778	(\$1,816,361)
December	a	76,337,961	472,664	161.5	158.6	2.9	1,375,453	\$0.3778	\$519,646
January	a	79,175,852	473,743	167.1	198.9	(31.8)	(15,050,800)	\$0.3778	(\$5,686,192)
February	a	62,411,181	474,431	131.6	168.2	(36.7)	(17,387,897)	\$0.3778	(\$6,569,148)
March	a	70,367,888	474,962	148.2	135.2	13.0	6,150,757	\$0.3778	\$2,323,756
April	a	25,624,889	475,397	53.9	68.4	(14.5)	(6,893,263)	\$0.3778	(\$2,604,275)
May	e	14,981,373	475,552	31.5	35.9	(4.4)	(2,092,428)	\$0.3778	(\$790,519)
June	e	10,296,084	475,761	21.6	26.2	(4.6)	(2,169,470)	\$0.3778	(\$819,626)
July	e	10,384,942	476,085	21.8	23.6	(1.8)	(852,192)	\$0.3778	(\$321,958)
August	e	10,144,876	476,505	21.3	20.7	0.6	281,138	\$0.3778	\$106,214
September	e	10,104,784	477,142	21.2	20.9	0.3	133,600	\$0.3778	\$50,474
Total		<u>429,267,333</u>		<u>905.9</u>	<u>998.5</u>		<u>(43,903,712)</u>		<u>(\$16,586,822)</u>

Margin Deficiency/ (Credit)	\$ 16,586,822
Prior Period (Over) / Under Recovery ⁴	\$ 843,828
Total Deficiency/(Credit)	\$ 17,430,650
Projected Residential Heating Throughput for Recovery Period	466,299,352
Pre-tax CIP Charge/(Credit)	\$ 0.0374
BPU/RC Assessment Factor	<u>1.002860</u>
CIP Charge/(Credit) including assessments	\$ 0.0375
6.875% Sales Tax	<u>\$ 0.0026</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$ 0.0401
Current After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0562</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.0161)</u>

¹ Per Exhibit C, Schedule 2, Page 2

² Per Tariff Sheet No. 180

³ Per Tariff Sheet No. 179

⁴ Per Exhibit C, Schedule 2, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group II: RS heat

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17
Customers												
RS heat sales	435,436	436,795	438,203	439,416	440,265	441,134	441,912	441,724	441,933	442,257	442,677	443,314
RS heat transport	34,778	34,552	34,462	34,327	34,166	33,828	33,486	33,828	33,828	33,828	33,828	33,828
Total Customers	470,214	471,346	472,664	473,743	474,431	474,962	475,397	475,552	475,761	476,085	476,505	477,142
Volumes												
RS heat sales	16,565,559	38,174,342	70,448,767	73,126,386	57,657,698	65,074,466	23,698,250	13,891,279	9,593,945	9,666,030	9,431,380	9,406,679
RS heat transport	1,439,102	3,258,500	5,889,194	6,049,466	4,753,482	5,293,422	1,926,640	1,090,093	702,139	718,912	713,495	698,106
Total Volumes	18,004,661	41,432,842	76,337,961	79,175,852	62,411,181	70,367,888	25,624,889	14,981,373	10,296,084	10,384,942	10,144,876	10,104,784

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP II - RS HEAT
FY2017

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	TOTAL
Beginning Under/(Over) Recovery \$	23,380,363	22,435,118	20,259,894	16,252,151	12,095,419	8,818,832	5,124,518	3,779,211	2,992,689	2,452,144	1,906,935	1,374,329	23,380,363
Therm Sales	18,004,661	41,432,842	76,337,961	79,175,852	62,411,181	70,367,888	25,624,889	14,981,373	10,296,084	10,384,942	10,144,876	10,104,784	429,267,333
Pre-tax Recovery Rate per Therm	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	0.0525	
Recovery \$	945,245	2,175,224	4,007,743	4,156,732	3,276,587	3,694,314	1,345,307	786,522	540,544	545,209	532,606	530,501	22,536,535
Ending Under/(Over) Recovery \$	22,435,118	20,259,894	16,252,151	12,095,419	8,818,832	5,124,518	3,779,211	2,992,689	2,452,144	1,906,935	1,374,329	843,828	843,828

New Jersey Natural Gas Company
Conservation Incentive Program
Group III: General Service Small
FY2017

Customer Class	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust.	Baseline Use / Cust. ²	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor ³	Margin Variance
		Total Class Therms	Number of Customers						
(a)		(b)	(c)	(d) = (b) / (c)	(e)				
<u>General Service Small</u>									
October	a	1,084,394	27,688	39.2	48.6	(9.4)	(261,377)	\$0.3516	(\$91,900)
November	a	2,958,724	28,814	102.7	111.6	(8.9)	(257,023)	\$0.3516	(\$90,369)
December	a	5,838,454	29,302	199.3	193.0	6.3	183,135	\$0.3516	\$64,390
January	a	6,433,557	29,509	218.0	249.5	(31.5)	(928,950)	\$0.3516	(\$326,619)
February	a	4,870,399	29,551	164.8	221.3	(56.5)	(1,669,359)	\$0.3516	(\$586,947)
March	a	5,656,844	29,565	191.3	163.1	28.2	834,907	\$0.3516	\$293,553
April	a	1,843,865	29,439	62.6	73.3	(10.7)	(314,116)	\$0.3516	(\$110,443)
May	e	936,433	29,295	32.0	27.5	4.5	130,947	\$0.3516	\$46,041
June	e	546,380	28,825	19.0	21.0	(2.0)	(58,802)	\$0.3516	(\$20,675)
July	e	562,360	28,458	19.8	20.8	(1.0)	(29,596)	\$0.3516	(\$10,406)
August	e	561,754	28,308	19.8	21.3	(1.5)	(41,329)	\$0.3516	(\$14,531)
September	e	544,397	28,336	19.2	20.0	(0.8)	(22,385)	\$0.3516	(\$7,871)
Total		<u>31,837,560</u>		<u>1,087.6</u>	<u>1,171.0</u>		<u>(2,433,950)</u>		<u>(\$855,777)</u>

Margin Deficiency/ (Credit)	\$	855,777
Prior Period (Over) / Under Recovery ⁴	\$	<u>176,241</u>
Total Deficiency/(Credit)	\$	1,032,017
Projected Commercial Throughput for Recovery Period		36,590,036
Pre-tax CIP Charge/(Credit)	\$	0.0282
BPU/RC Assessment Factor		<u>1.002860</u>
CIP Charge/(Credit) including assessments	\$	0.0283
6.875% Sales Tax	\$	<u>0.0019</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0302
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0999</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>(0.0697)</u>

¹ Per Exhibit C, Schedule 3, Page 2

² Per Tariff Sheet No. 180

³ Per Tariff Sheet No. 179

⁴ Per Exhibit C, Schedule 3, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group III: GSS

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	
Customers													
GSS Sales	21,637	22,560	23,067	23,348	23,407	23,437	23,251	23,207	22,737	22,370	22,220	22,248	
GSS A/C Sales	41	36	35	35	35	34	37						
GSS Transport	6,010	6,219	6,199	6,126	6,110	6,093	6,151	6,087	6,087	6,087	6,087	6,087	
GSS A/C Transport ¹	-	-	-	-	-	-	-						
Total Customers	27,688	28,814	29,302	29,509	29,551	29,565	29,439	29,295	28,825	28,458	28,308	28,336	
Volumes													
GSS Sales	799,292	2,197,892	4,327,472	4,869,707	3,695,315	4,310,284	1,347,262	691,726	400,263	411,373	410,767	398,281	23,859,636
GSS A/C Sales	9,185	3,111	3,766	5,449	4,623	5,340	2,740						34,214
GSS Transport	275,916	757,720	1,507,216	1,558,401	1,170,461	1,341,219	493,863	244,707	146,116	150,987	150,987	146,116	7,943,709
GSS A/C Transport ¹	-	-	-	-	-	-	-						
Total Volumes	1,084,394	2,958,724	5,838,454	6,433,557	4,870,399	5,656,844	1,843,865	936,433	546,380	562,360	561,754	544,397	31,837,560

¹ GSS A/C Transport actual customer and volumes are included in the GSS transport customers and volumes for October through April.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP III - GENERAL SERVICE SMALL
FY2017

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	TOTAL
Beginning Under/(Over) Recovery \$	3,146,685	3,045,511	2,769,462	2,224,734	1,624,483	1,170,075	642,292	470,259	382,890	331,913	279,445	227,033	3,146,685
Therm Sales	1,084,394	2,958,724	5,838,454	6,433,557	4,870,399	5,656,844	1,843,865	936,433	546,380	562,360	561,754	544,397	31,837,560
Pre-tax Recovery Rate per Therm	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	0.0933	
Recovery \$	101,174	276,049	544,728	600,251	454,408	527,784	172,033	87,369	50,977	52,468	52,412	50,792	2,970,444
Ending Under/(Over) Recovery \$	3,045,511	2,769,462	2,224,734	1,624,483	1,170,075	642,292	470,259	382,890	331,913	279,445	227,033	176,241	176,241

New Jersey Natural Gas Company
Conservation Incentive Program
Group IV: General Service Large
FY2017

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Large Customer Adjustment (c2)	Adjusted Number of Customers (c) = (c1) + (c2)	Actual Avg. Use / Cust. ² (d) = (b) / (c)	Baseline Use / Cust. (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor ³	Margin Variance
		Total Class Therms (b)	Number of Customers (c1)								
General Service Large											
October	a	6,811,065	9,020	11	9,031	754.2	813.6	(59.4)	(536,237)	\$0.2729	(\$146,339)
November	a	12,395,279	8,592	11	8,603	1,440.8	1,578.2	(137.4)	(1,182,152)	\$0.2729	(\$322,609)
December	a	20,570,042	8,620	17	8,637	2,381.5	2,388.2	(6.7)	(57,957)	\$0.2729	(\$15,817)
January	a	21,279,785	8,646	20	8,666	2,455.5	2,884.5	(429.0)	(3,717,886)	\$0.2729	(\$1,014,611)
February	a	16,998,308	8,655	20	8,675	1,959.4	2,463.8	(504.4)	(4,375,475)	\$0.2729	(\$1,194,067)
March	a	19,205,008	8,654	21	8,675	2,213.8	2,039.5	174.3	1,511,673	\$0.2729	\$412,535
April	a	8,615,309	8,630	21	8,651	995.9	1,223.7	(227.8)	(1,970,434)	\$0.2729	(\$537,731)
May	e	5,787,651	8,532	23	8,555	676.5	817.9	(141.4)	(1,209,621)	\$0.2729	(\$330,106)
June	e	4,146,305	8,470	25	8,495	488.1	593.8	(105.7)	(898,114)	\$0.2729	(\$245,095)
July	e	4,272,657	8,446	29	8,475	504.1	572.4	(68.3)	(578,518)	\$0.2729	(\$157,878)
August	e	4,285,626	8,430	32	8,462	506.4	472.7	33.7	285,515	\$0.2729	\$77,917
September	e	4,143,785	8,432	35	8,467	489.4	537.4	(48.0)	(406,511)	\$0.2729	(\$110,937)
Total		128,510,819				14,865.7	16,385.7		(13,135,717)		(\$3,584,737)

Margin Deficiency/ (Credit)	\$	3,584,737
Prior Period (Over) / Under Recovery ⁴	\$	335,567
Total Deficiency/(Credit)	\$	3,920,305
Projected Commercial Throughput for Recovery Period		136,812,976
Pre-tax CIP Charge/(Credit)	\$	0.0287
BPU/RC Assessment Factor		1.002860
CIP Charge/(Credit) including assessment:	\$	0.0288
6.875% Sales Tax	\$	0.0020
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0308
Current After-tax CIP Charge/(Credit) per Therm	\$	0.0833
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	(0.0525)

¹ Per Exhibit C, Schedule 4, Page 2

² Per Tariff Sheet No. 180

³ Per Tariff Sheet No. 179

⁴ Per Exhibit C, Schedule 4, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group IV: GSL

	Actual Oct-16	Actual Nov-16	Actual Dec-16	Actual Jan-17	Actual Feb-17	Actual Mar-17	Actual Apr-17	Estimate May-17	Estimate Jun-17	Estimate Jul-17	Estimate Aug-17	Estimate Sep-17	
Customers													
GSL Sales	4,892	4,696	4,860	5,101	5,153	5,116	4,776	5,025	4,963	4,939	4,923	4,925	
GSL A/C Sales	18	18	18	18	18	19	20						
GSL Transport	4,109	3,878	3,742	3,528	3,484	3,519	3,834	3,507	3,507	3,507	3,507	3,507	
GSL A/C Transport ¹	-	-	-	-	-	-	-	-	-	-	-	-	
Total Customers	9,020	8,592	8,620	8,646	8,655	8,654	8,630	8,532	8,470	8,446	8,430	8,432	
Volumes													
GSL Sales	2,610,806	4,879,804	8,352,837	11,276,176	9,027,868	10,011,405	3,113,671	2,546,304	1,668,681	1,715,899	1,719,225	1,663,082	58,585,757
GSL A/C Sales	43,051	56,018	71,445	69,782	51,001	65,984	43,728						401,010
GSL Transport	4,157,208	7,459,457	12,145,759	9,933,826	7,919,439	9,127,619	5,457,909	3,241,347	2,477,624	2,556,759	2,566,401	2,480,703	69,524,053
GSL A/C Transport ¹	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Volumes	6,811,065	12,395,279	20,570,042	21,279,785	16,998,308	19,205,008	8,615,309	5,787,651	4,146,305	4,272,657	4,285,626	4,143,785	128,510,819

¹ GSL A/C Transport actual customer and volumes are included in the GSL transport customers and volumes for October through April.

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP IV - GENERAL SERVICE LARGE
FY2017

	Actual <u>Oct-16</u>	Actual <u>Nov-16</u>	Actual <u>Dec-16</u>	Actual <u>Jan-17</u>	Actual <u>Feb-17</u>	Actual <u>Mar-17</u>	Actual <u>Apr-17</u>	Estimate <u>May-17</u>	Estimate <u>Jun-17</u>	Estimate <u>Jul-17</u>	Estimate <u>Aug-17</u>	Estimate <u>Sep-17</u>	TOTAL
Beginning Under/(Over) Recovery \$	10,320,858	9,791,638	8,828,525	7,230,233	5,576,793	4,256,025	2,763,796	2,094,386	1,644,686	1,322,518	990,533	657,539	10,320,858
Therm Sales	6,811,065	12,395,279	20,570,042	21,279,785	16,998,308	19,205,008	8,615,309	5,787,651	4,146,305	4,272,657	4,285,626	4,143,785	128,510,819
Pre-tax Recovery Rate per Therm	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	0.0777	
Recovery \$	529,220	963,113	1,598,292	1,653,439	1,320,769	1,492,229	669,409	449,700	322,168	331,985	332,993	321,972	9,985,291
Ending Under/(Over) Recovery \$	9,791,638	8,828,525	7,230,233	5,576,793	4,256,025	2,763,796	2,094,386	1,644,686	1,322,518	990,533	657,539	335,567	335,567

**New Jersey Natural Gas Company
Conservation Incentive Program
Weather Normalization Calculation for the 2016-17 Winter Period**

**Group II
RS/RT Heat**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR USE PER CUST ¹	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-16	a	256	216	(40)	0.1249	470,214	58,730	(2,349,189)	\$0.3778	(\$887,524)
Nov-16	a	528	456	(72)	0.1655	471,346	78,008	(5,616,561)	\$0.3778	(\$2,121,937)
Dec-16	a	805	822	17	0.1894	472,664	89,523	1,521,885	\$0.3778	\$574,968
Jan-17	a	975	826	(149)	0.1994	473,743	94,464	(14,075,175)	\$0.3778	(\$5,317,601)
Feb-17	a	844	616	(228)	0.1970	474,431	93,463	(21,309,544)	\$0.3778	(\$8,050,746)
Mar-17	a	666	749	83	0.1904	474,962	90,433	7,505,918	\$0.3778	\$2,835,736
Apr-17	a	356	245	(111)	0.1751	475,397	83,242	(9,239,872)	\$0.3778	(\$3,490,824)
May-17	e	130	130	0	0.1442	475,552	68,575	0	\$0.3778	\$0
TOTAL		4,560	4,060	(500)				(43,562,537)		(\$16,457,927)

**Group III
GSS**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-16	a	256	216	(40)	0.1754	27,688	4,857	(194,261)	\$0.3516	(\$68,302)
Nov-16	a	528	456	(72)	0.2172	28,814	6,258	(450,609)	\$0.3516	(\$158,434)
Dec-16	a	805	822	17	0.2577	29,302	7,551	128,367	\$0.3516	\$45,134
Jan-17	a	975	826	(149)	0.2715	29,509	8,012	(1,193,751)	\$0.3516	(\$419,723)
Feb-17	a	844	616	(228)	0.2658	29,551	7,855	(1,790,886)	\$0.3516	(\$629,676)
Mar-17	a	666	749	83	0.2490	29,565	7,362	611,013	\$0.3516	\$214,832
Apr-17	a	356	245	(111)	0.1824	29,439	5,370	(596,038)	\$0.3516	(\$209,567)
May-17	e	130	130	0	0.1630	29,295	4,775	0	\$0.3516	\$0
TOTAL		4,560	4,060	(500)				(3,486,164)		(\$1,225,735)

**Group IV
GSL**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-16	a	256	216	(40)	1.4187	9,031	12,812	(512,468)	\$0.2729	(\$139,853)
Nov-16	a	528	456	(72)	1.8554	8,603	15,962	(1,149,278)	\$0.2729	(\$313,638)
Dec-16	a	805	822	17	2.1191	8,637	18,304	311,162	\$0.2729	\$84,916
Jan-17	a	975	826	(149)	2.2362	8,666	19,379	(2,887,524)	\$0.2729	(\$788,005)
Feb-17	a	844	616	(228)	2.1787	8,675	18,901	(4,309,315)	\$0.2729	(\$1,176,012)
Mar-17	a	666	749	83	1.9739	8,675	17,124	1,421,308	\$0.2729	\$387,875
Apr-17	a	356	245	(111)	1.5239	8,651	13,183	(1,463,274)	\$0.2729	(\$399,327)
May-17	e	130	130	0	1.3233	8,555	11,321	0	\$0.2729	\$0
TOTAL		4,560	4,060	(500)				(8,589,390)		(\$2,344,045)

**Total
All Groups**

							TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-16	a						(3,055,918)		(\$1,095,678)
Nov-16	a						(7,216,448)		(\$2,594,009)
Dec-16	a						1,961,413		\$705,018
Jan-17	a						(18,156,449)		(\$6,525,329)
Feb-17	a						(27,409,746)		(\$9,856,434)
Mar-17	a						9,538,240		\$3,438,443
Apr-17	a						(11,299,183)		(\$4,099,718)
May-17	e						0		\$0
TOTAL							(55,638,092)		(\$20,027,707)

¹ Degree Days and Consumption factors are per Tariff Sheet No. 181 approved in BPU Docket No. GR15111304.

² Per Tariff Sheet No. 179

NOTE: This schedule is only provided for the purpose of calculating the weather related component of the usage variance of the CIP clause.

New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2017
CIP Recovery Tests
Summary

Step 1: Determine Weather and Non-Weather CIP Impacts

	<u>Weather</u>	<u>Non-Weather</u>	<u>Total</u>
CIP Group 1	\$ -	\$ (27,520)	\$ (27,520)
CIP Group 2	\$ 16,457,927	\$ 128,896	\$ 16,586,822
CIP Group 3	\$ 1,225,735	\$ (369,959)	\$ 855,777
CIP Group 4	\$ 2,344,045	\$ 1,240,693	\$ 3,584,737
Total Deficiency/(Credit)	\$ 20,027,707	\$ 972,109	\$ 20,999,816

Step 2: Apply Modified BGSS Savings Test

A. Non-weather Impact Subject to Modified BGSS Savings Test

Non-Weather Impact	\$ 972,109
75% Factor	75%
Subtotal	\$ 729,082
Prior Year Carry-Forward (Modified BGSS Savings Test)	\$ -
Non-weather Impact Subject to Test	\$ 729,082

B. BGSS Savings

Permanent Capacity Savings (Exhibit C, Schedule 6, Page 3)	\$ 12,043,561
Additional Capacity BGSS Savings (Exhibit C, Schedule 6, Page 3)	\$ -
Avoided Cost BGSS Savings (Exhibit C, Schedule 6, Page 4)	\$ 1,363,053
Total BGSS Savings	\$ 13,406,614

C. Results

Non-Weather Impacts Passing Test (current accrual)	\$ 972,109
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

**New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2017
CIP Recovery Tests
Summary**

Step 3: Apply Variable Margin Revenue Test

<u>A. Non-weather Impact Subject to Variable Margin Revenue Test</u>	
Non-Weather Impact	\$ 972,109
Prior Year Carry-Forward (Variable Margin Revenue Test)	\$ -
Non-weather Impact Subject to Test	\$ 972,109
<u>B. Variable Margin Revenues</u>	
Variable Margin Revenues (Exhibit C, Schedule 6, Page 5)	\$ 230,590,209
6.5% Factor	6.5%
Total Fixed Recovery Cap	\$ 14,988,364
<u>C. Results</u>	
Non-Weather Impacts Passing Test (current accrual)	\$ 972,109
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

Step 4: Determine Recoverable Non-Weather CIP Impacts

<u>A. Current Year Accrual Recoverable Non-Weather Impacts</u>	
Amount Passing Modified BGSS Savings Test	\$ 972,109
Amount Passing Variable Margin Revenue Test	\$ 972,109
Recoverable Amount	\$ 972,109
<u>B. Previous Carry-Forward Recoverable Amounts</u>	
Amount Passing Modified BGSS Savings Test	\$ -
Amount Passing Variable Margin Revenue Test	\$ -
Deduction for any amount also included in above	\$ -
	\$ -
Total Non-Weather Recoverable CIP Amount	\$ 972,109

New Jersey Natural Gas
CIP Recovery Tests
CIP BGSS Savings

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 13 of the May 15, 2014 Stipulation in BPU Docket No. GR13030185 approved by the BPU on May 21, 2014.

I. Permanent BGSS Savings

<u>Pipeline</u>	<u>Contract No.</u>	<u>Type of Transaction</u>	<u>Quantity Dth</u>	<u>Annual \$</u>
Iroquois	570.01	Permanent release	15,000	\$ 1,996,185
Tennessee	64306	Contract termination	11,000	803,614
TETCO	897960	Contract termination	30,000	7,993,500
Dominion	700045	Contract termination	10,000	217,305
Dominion	200447	Reduced contract volume	20,000	1,032,957
Total Permanent Reductions				\$ 12,043,561

II. Additional Capacity BGSS Savings

<u>CIP Recovery</u>	<u>Year</u>	<u>Annual \$</u>
2017-2018		\$ -

III. Avoided Capacity

<u>CIP Recovery</u>	<u>Year</u>	<u>Annual \$</u>
2017-2018		\$ 1,363,053

VI. Total of all Savings

<u>CIP Recovery</u>	<u>Permanent Capacity Savings</u>	<u>Additional Capacity BGSS Savings</u>	<u>Avoided Cost BGSS Savings</u>	<u>Annual \$</u>
2017-2018	\$ 12,043,561	\$ -	\$ 1,363,053	\$ 13,406,614

**New Jersey Natural Gas
CIP Recovery Tests
Avoided Capacity Cost BGSS Savings**

Month (a)	Base Year Customer Count (b)	Current Year Customer Count (c)	Net Increase/ (Decrease) Customer Count (d) = (b) / (c)	Baseline Use / Cust. (e)	Avoided Capacity (f) = (d) * (e)
Group 1: RSG Non-Heating					
October	15,465	15,043	(422)	14.5	(6,124)
November	15,199	14,754	(445)	13.8	(6,136)
December	15,130	14,620	(510)	15.4	(7,852)
January	15,074	14,578	(496)	25.9	(12,837)
February	15,017	14,533	(484)	22.4	(10,845)
March	14,892	14,521	(370)	17.4	(6,446)
April	14,875	14,493	(381)	12.4	(4,730)
May	15,252	14,892	(359)	11.3	(4,060)
June	15,569	15,377	(192)	16.6	(3,182)
July	16,057	15,475	(582)	18.0	(10,469)
August	16,053	15,481	(571)	14.8	(8,454)
September	15,907	15,475	(432)	16.7	(7,206)
Subtotal				199.2	(88,341)
				Average Per Unit BGSS Capacity Cost	<u>\$0.1477</u>
Total Group 1 Avoided Capacity Cost BGSS Savings					(\$13,048)
Group 2: RSG Heating					
October	461,258	470,214	8,956	43.8	392,257
November	462,484	471,346	8,862	98.1	869,363
December	463,685	472,664	8,979	158.6	1,424,058
January	464,832	473,743	8,910	198.9	1,772,265
February	465,679	474,431	8,752	168.2	1,472,133
March	466,186	474,962	8,776	135.2	1,186,452
April	466,567	475,397	8,830	68.4	603,978
May	466,940	475,552	8,612	35.9	309,154
June	467,308	475,761	8,453	26.2	221,466
July	459,920	476,085	16,165	23.6	381,504
August	460,256	476,505	16,249	20.7	336,344
September	460,497	477,142	16,645	20.9	347,889
Subtotal				998.5	9,316,864
				Average Per Unit BGSS Capacity Cost	<u>\$0.1477</u>
Total Group 2 Avoided Capacity Cost BGSS Savings					\$1,376,101
Total Avoided Capacity Cost BGSS Savings					<u>\$1,363,053</u>

Notes:

- (1) Base Year Customer Count is equal to the test year customer count used to set base rates in a base rate case
- (2) Current Year Customer Count is equal to the customer count in the CIP accrual year
- (3) The average per unit BGSS Capacity Cost represents the average of all capacity costs in the BGSS portfolio included in the annual BGSS filing for the prospective BGSS year. This value is used as a proxy for the avoided cost of incremental capacity.

New Jersey Natural Gas
CIP Recovery Tests
Variable Margin

Group I	\$1,122,840
Group II	\$178,762,297
Group III	\$12,049,749
Group IV	<u>\$38,655,324</u>

Total Variable Margin \$230,590,209

Customer Class	Actual/ Estimate	Number of Customers	Baseline Use / Cust.	Margin Factor	Variable Revenue
<u>Residential Non-Heating</u>					
October	a	15,043	14.5	\$0.3778	\$82,408
November	a	14,754	13.8	\$0.3778	\$76,923
December	a	14,620	15.4	\$0.3778	\$85,063
January	a	14,578	25.9	\$0.3778	\$142,645
February	a	14,533	22.4	\$0.3778	\$122,991
March	a	14,521	17.4	\$0.3778	\$95,459
April	a	14,493	12.4	\$0.3778	\$67,897
May	e	14,892	11.3	\$0.3778	\$63,577
June	e	15,377	16.6	\$0.3778	\$96,438
July	e	15,475	18.0	\$0.3778	\$105,238
August	e	15,481	14.8	\$0.3778	\$86,563
September	e	15,475	<u>16.7</u>	\$0.3778	<u>\$97,638</u>
Total			199.2		\$1,122,840

Residential Heating

October	a	470,214	43.8	\$0.3778	\$7,780,931
November	a	471,346	98.1	\$0.3778	\$17,469,117
December	a	472,664	158.6	\$0.3778	\$28,321,610
January	a	473,743	198.9	\$0.3778	\$35,599,107
February	a	474,431	168.2	\$0.3778	\$30,148,175
March	a	474,962	135.2	\$0.3778	\$24,260,371
April	a	475,397	68.4	\$0.3778	\$12,284,992
May	e	475,552	35.9	\$0.3778	\$6,449,920
June	e	475,761	26.2	\$0.3778	\$4,709,253
July	e	476,085	23.6	\$0.3778	\$4,244,811
August	e	476,505	20.7	\$0.3778	\$3,726,488
September	e	477,142	<u>20.9</u>	\$0.3778	<u>\$3,767,522</u>
Total			998.5		\$178,762,297

GSS

October	a	27,688	48.6	\$0.3516	\$473,131
November	a	28,814	111.6	\$0.3516	\$1,130,631
December	a	29,302	193.0	\$0.3516	\$1,988,369
January	a	29,509	249.5	\$0.3516	\$2,588,672
February	a	29,551	221.3	\$0.3516	\$2,299,368
March	a	29,565	163.1	\$0.3516	\$1,695,416
April	a	29,439	73.3	\$0.3516	\$758,715
May	e	29,295	27.5	\$0.3516	\$283,249
June	e	28,825	21.0	\$0.3516	\$212,829
July	e	28,458	20.8	\$0.3516	\$208,118
August	e	28,308	21.3	\$0.3516	\$211,997
September	e	28,336	<u>20.0</u>	\$0.3516	<u>\$199,255</u>
Total			1,171.0		\$12,049,749

GSL

October	a	9,031	813.6	\$0.2729	\$2,005,077
November	a	8,603	1,578.2	\$0.2729	\$3,705,276
December	a	8,637	2,388.2	\$0.2729	\$5,629,370
January	a	8,666	2,884.5	\$0.2729	\$6,821,860
February	a	8,675	2,463.8	\$0.2729	\$5,832,906
March	a	8,675	2,039.5	\$0.2729	\$4,828,500
April	a	8,651	1,223.7	\$0.2729	\$2,888,848
May	e	8,555	817.9	\$0.2729	\$1,909,565
June	e	8,495	593.8	\$0.2729	\$1,376,632
July	e	8,475	572.4	\$0.2729	\$1,323,895
August	e	8,462	472.7	\$0.2729	\$1,091,624
September	e	8,467	<u>537.4</u>	\$0.2729	<u>\$1,241,771</u>
Total			16,385.7		\$38,655,324

**NEW JERSEY NATURAL GAS COMPANY
CONSERVATION INCENTIVE PROGRAM
EARNINGS TEST
OCTOBER 1, 2016 THROUGH SEPTEMBER 30, 2017
SIX MONTHS ACTUAL, SIX MONTHS ESTIMATE**

	(000's)
Net Income	\$86,438
Less:	
Net earnings from margin sharing, net of tax	6,924
Other income, net of tax	2,506
Net Income - Earnings Test	\$77,007
Average Thirteen Month Common Equity	897,296
Actual Rate of Return on Common Equity	8.58%

EXHIBIT D

CALCULATION OF REVISED BALANCING CHARGE

FOR F/Y 2018

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

	\$000
<u>Balancing Charge related to Inventory¹</u>	
12 month Average inventory balance (TETCO storages and LNG)	\$28,972
Rate of Return	<u>10.43%</u>
Storage Carrying Costs	\$3,022
% of Peak Related to Balancing	<u>53.2%</u>
Balancing	\$1,607
Annual Firm Therms (excluding FT) (000)	<u>647,752</u>
Pre-tax Balancing Charge	\$0.0025
<u>Balancing Charge related to Demand Charges²</u>	
Pipeline Demand Charges	109,494
Adjustments (BGSS Incentive Credits)	<u>(\$35,020)</u>
Total	\$74,474
% of Peak Related to Balancing	<u>53.2%</u>
Balancing	\$39,599
Annual Firm Therms (000)	<u>644,828</u>
Pre-tax Balancing Charge	\$0.0614
<u>Total Balancing Charge</u>	
Pre-tax Balancing Charge related to Inventory	\$0.0025
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0614</u>
Total Pre-tax Balancing Charge	\$0.0639
Total After-tax Balancing Charge	\$0.0683
Current After-tax Balancing Charge	<u>\$0.0621</u>
Increase/(Decrease) to After-tax Balancing Charge	\$0.0062
<u>Calculation of % of Peak Related to Balancing</u>	
	000 therms
Peak Day Therms	8,992
Average Therms on a January Day	<u>4,211</u>
Balancing Therms	4,781
% of Peak	53.2%

¹ In accordance with the Board's September 23, 2016 Order in BPU Docket No. GR15111304, the Balancing Charge related to Inventory is updated in a base rate case and the pre-tax Balancing Charge component approved in the order was \$0.0025 per therm.

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

EXHIBIT E

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

FOR F/Y 2018

**New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1706
FY 2018**

(\$/therm)

Rate Impact for Group I - Residential Non-Heating Customers

	Component of	Current		Proposed		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3654	\$0.3835	\$0.4099	\$0.0416	\$0.0445	3.5%
Balancing Charge	Delivery Rate	0.0581	0.0621	0.0639	0.0683	0.0058	0.0062	0.5%
CIP	Delivery Rate	<u>0.0211</u>	<u>0.0226</u>	<u>0.0071</u>	<u>0.0076</u>	<u>(0.0140)</u>	<u>(0.0150)</u>	<u>(1.2%)</u>
NET IMPACT		<u>\$0.4211</u>	<u>\$0.4501</u>	<u>\$0.4545</u>	<u>\$0.4858</u>	<u>\$0.0334</u>	<u>\$0.0357</u>	<u>2.8%</u>

Rate Impact for Group II - Residential Heating Customers

	Component of	Current		Proposed		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3654	\$0.3835	\$0.4099	\$0.0416	\$0.0445	4.2%
Balancing Charge	Delivery Rate	0.0581	0.0621	0.0639	0.0683	0.0058	0.0062	0.6%
CIP	Delivery Rate	<u>0.0526</u>	<u>0.0562</u>	<u>0.0375</u>	<u>0.0401</u>	<u>(0.0151)</u>	<u>(0.0161)</u>	<u>(1.5%)</u>
NET IMPACT		<u>\$0.4526</u>	<u>\$0.4837</u>	<u>\$0.4849</u>	<u>\$0.5183</u>	<u>\$0.0323</u>	<u>\$0.0346</u>	<u>3.3%</u>

Rate Impact for Group III - General Service Small Customers

	Component of	Current		Proposed		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS	\$0.3419	\$0.3654	\$0.3835	\$0.4099	\$0.0416	\$0.0445	3.6%
Balancing Charge	Delivery Rate	0.0581	0.0621	0.0639	0.0683	0.0058	0.0062	0.5%
CIP	Delivery Rate	<u>0.0935</u>	<u>0.0999</u>	<u>0.0283</u>	<u>0.0302</u>	<u>(0.0652)</u>	<u>(0.0697)</u>	<u>(5.6%)</u>
NET IMPACT		<u>\$0.4935</u>	<u>\$0.5274</u>	<u>\$0.4757</u>	<u>\$0.5084</u>	<u>(\$0.0178)</u>	<u>(\$0.0190)</u>	<u>(1.5%)</u>

Rate Impact for Group IV - General Service Large Customers

	Component of	Current		Proposed		Change		Total Bill % impact
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax	
BGSS	BGSS (May 2017)	\$0.4244	\$0.4536	\$0.4186	\$0.4474	(\$0.0058)	(\$0.0062)	(0.5%)
Balancing Charge	Delivery Rate	0.0581	0.0621	0.0639	0.0683	0.0058	0.0062	0.5%
CIP	Delivery Rate	<u>0.0779</u>	<u>0.0833</u>	<u>0.0288</u>	<u>0.0308</u>	<u>(0.0491)</u>	<u>(0.0525)</u>	<u>(4.5%)</u>
NET IMPACT		<u>\$0.5604</u>	<u>\$0.5990</u>	<u>\$0.5113</u>	<u>\$0.5465</u>	<u>(\$0.0491)</u>	<u>(\$0.0525)</u>	<u>(4.5%)</u>

For General Service – Large (“GSL”) sales customers, there is no impact from the proposed BGSS rate because they are subject to monthly market pricing for their natural gas supply. The GSL BGSS decrease shown above reflects the proposed Balancing Charge change since the Balancing Charge is deducted from the BGSS charge and included as a component of the delivery charge for no impact to the total bill of GSL sales customers.

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

Projected Annual Therms:

Periodic BGSS	462,488 (000s)
Balancing Charge	644,828 (000s)
CIP Group I	2,823 (000s)
CIP Group II	466,299 (000s)
CIP Group III	36,590 (000s)
CIP Group IV	136,813 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$169.0	\$189.6	\$20.6
Balancing Charge	\$40.0	\$44.0	\$4.0
CIP Group I	\$0.1	\$0.0	(\$0.04)
CIP Group II	\$26.2	\$18.7	(\$7.5)
CIP Group III	\$3.7	\$1.1	(\$2.6)
CIP Group IV	<u>\$11.4</u>	<u>\$4.2</u>	<u>(\$7.2)</u>
IMPACT	<u>\$250.4</u>	<u>\$257.7</u>	<u>\$7.3</u>

**New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1706
F/Y 2018**

Impact on Residential Non-Heating Customers			
			25 therm bill
Current Rates			
	Customer Charge	\$8.84	\$8.84
	Delivery	\$0.5651	\$14.13
	BGSS	\$0.3654	\$9.14
	Total	<u>\$0.9305</u>	<u>\$32.11</u>
Proposed Rates- effective 10/1/17			
	Customer Charge	\$8.84	\$8.84
	Delivery	\$0.5563	\$13.91
	BGSS	\$0.4099	\$10.25
	Total	<u>\$0.9662</u>	<u>\$33.00</u>
	Increase/(Decrease)		\$0.89
	Increase/(Decrease) as a percent		2.8%
Impact on Residential Heating Customers			
			100 therm bill 1,000 therm annual bill
Current Rates			
	Customer Charge	\$8.84	\$8.84 \$106.08
	Delivery	\$0.5987	\$59.87 \$598.70
	BGSS	\$0.3654	\$36.54 \$365.40
	Total	<u>\$0.9641</u>	<u>\$105.25</u> <u>\$1,070.18</u>
Proposed Rates- effective 10/1/17			
	Customer Charge	\$8.84	\$8.84 \$106.08
	Delivery	\$0.5888	\$58.88 \$588.80
	BGSS	\$0.4099	\$40.99 \$409.90
	Total	<u>\$0.9987</u>	<u>\$108.71</u> <u>\$1,104.78</u>
	Increase/(Decrease)		\$3.46 \$34.60
	Increase/(Decrease) as a percent		3.3% 3.2%
Impact on Commercial GSS Customers			
			100 therm bill
Current Rates			
	Customer Charge	\$26.78	\$26.78
	Delivery	\$0.6144	\$61.44
	BGSS	\$0.3654	\$36.54
	Total	<u>\$0.9798</u>	<u>\$124.76</u>
Proposed Rates- effective 10/1/17			
	Customer Charge	\$26.78	\$26.78
	Delivery	\$0.5509	\$55.09
	BGSS	\$0.4099	\$40.99
	Total	<u>\$0.9608</u>	<u>\$122.86</u>
	Increase/(Decrease)		(\$1.90)
	Increase/(Decrease) as a percent		(1.5%)
Impact on Commercial GSL Customers			
			1200 therm bill
Current Rates			
	Customer Charge	\$54.93	\$54.93
	Demand Charge	\$1.85	\$177.60
	Delivery	\$0.5137	\$616.44
	BGSS (May 2017)	\$0.4536	\$544.32
	Total	<u>\$0.9673</u>	<u>\$1,393.29</u>
Proposed Rates- effective 10/1/17			
	Customer Charge	\$54.93	\$54.93
	Demand Charge	\$1.85	\$177.60
	Delivery	\$0.4674	\$560.88
	BGSS (May 2017)	\$0.4474	\$536.88
	Total	<u>\$0.9148</u>	<u>\$1,330.29</u>
	Increase/(Decrease)		(\$63.00)
	Increase/(Decrease) as a percent		(4.5%)

**NEW JERSEY NATURAL GAS COMPANY
SUMMARY OF PERIODIC BGSS COMPONENTS
BPU DOCKET NO GR1706 _____**

	October 1, 2017 through September 30, 2018 \$000	
ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/17 (Exhibit B, Schedule 1)	<u>\$13,392</u>	A
ESTIMATED NET COSTS APPLICABLE TO BGSS (Exhibit B, Schedule 2a)	<u>\$275,227</u>	B
ESTIMATED ADJUSTMENTS		
Storage Incentive (Sch. 4j)	\$2,385	
Off-System Sales (Sch.4e)	(\$5,670)	
Capacity Rel. (Sch.4f)	(\$30,627)	
Supplier Ref. and Miscellaneous Adj. (Sch.5)	\$0	
Balancing Credits and Penalty Charges (Sch.4g)	(\$41,205)	
TOTAL ADJUSTMENTS	<u>(\$75,116)</u>	C
ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2018 (Exhibit B Schedule 1)	<u>\$3,018</u>	D
Monthly BGSS (GSL, DGC) Recovery	\$32,536	
Monthly BGSS (IS, CNG, NGV) Recovery	\$580	
FEED Recovery	\$0	
ESTIMATED OTHER RECOVERY (Exhibit B Schedule 2b)	<u>\$33,116</u>	E
ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED (Exhibit B Schedule 2b)	<u>\$177,368</u>	A+B+C-D-E=F
BGSS Sales	534,038	
Monthly BGSS Sales (GSL, DGC)	70,378	
Monthly BGSS Sales (IS, CNG, NGV)	1,172	
FEED	0	
ESTIMATED PERIODIC BGSS THERM SALES (Exhibit B Schedule 2b)	<u>462,488</u>	G
PRE-TAX PERIODIC BGSS RATE PER THERM	<u>\$0.3835</u>	F/G=H

EXHIBIT F

PROPOSED TARIFF SHEETS

NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**~~Second~~First Revised Sheet No. 51
Superseding ~~First Revised~~Original Sheet No. 51**

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE

AVAILABILITY

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

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$8.84

Delivery Charge:

Residential Heating

Delivery Charge per therm ~~\$0.59870~~.5888

Residential Non-Heating

Delivery Charge per therm ~~\$0.56510~~.5563

BGSS Charge:

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

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

Date of Issue: ~~December 6, 2016~~
Issued by: ~~Mark G. Kahrer~~ ~~Mark R. Sperduto~~, Senior Vice President
2017
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**Superseding ~~First Revised~~ Second Revised Sheet No. 53
~~Original~~ Sheet No. 53**

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 \$8.84

Delivery Charge:

November - April ~~\$0.33050~~.3367

May - October ~~\$0.27360~~.2798

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: December 6, 2016
Issued by: Mark G. Kahrer~~Mark R. Spurduto~~, ~~Senior~~ Vice President
2017
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**~~Second~~First Revised Sheet No. 55
Superseding ~~First Revised~~Original Sheet No. 55**

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”) under Special Provision I.2, the Company may, upon application by the Customer, meter the space heating and CAC use separately. Street Lighting Service also will be supplied under this schedule (Special Provision II.1).

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 \$26.78

Delivery Charge:

Delivery Charge per therm ~~\$0.61440~~ 0.5509

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~ ~~Second~~ Revised Sheet No. 56
Superseding ~~Second~~ ~~First~~ Revised Sheet No. 56

SERVICE CLASSIFICATION - GSS

GENERAL SERVICE - SMALL (continued)

SPECIAL PROVISIONS

I. Applicable to All Customers Under This Service Classification

1. 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. If the Customer's normalized annual usage is greater than or equal to 5,500 therms, the customer will be switched to GSL.

2. 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 delivery charge will be ~~0.21890.2251~~ per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will include, \$0.0744 per therm margin, and appropriate riders, taxes, assessments and 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 separately, the GSS Customer Charge shall be waived, provided the Customer pays the Customer Charge under its heating service in all twelve (12) months of the year.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**Superseding ~~First Revised~~ Second Revised Sheet No. 57
~~Original~~ Sheet No. 57**

SERVICE CLASSIFICATION - GSS

GENERAL SERVICE - SMALL (continued)

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

1. Street Lighting Service

Street Lighting Service is not subject to Rider "I" of this Tariff. The delivery charge per therm for Street Lighting Service is ~~\$0.51450~~ \$0.5207 per therm.

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.

TERMS AND CONDITIONS

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Second~~**First** Revised Sheet No. 58
Superseding ~~First Revised~~**Original** Sheet No. 58

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 I.4, the Company may, 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 \$54.93

Demand Charge:

Demand Charge per therm applied to HMAD \$1.85

Delivery Charge:

Delivery Charge per therm ~~\$0.51370~~.4674

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

Date of Issue: ~~December 6, 2016~~
Issued by: ~~Mark G. Kahrer~~Mark R. Sperduto, Senior Vice President
~~October~~January 1, 2017
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and after**

NEW JERSEY NATURAL GAS COMPANY

~~Third~~~~Second~~ Revised Sheet No. 60

BPU No. 9 - Gas

Superseding ~~Second~~~~First~~ Revised Sheet No. 60

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE (continued)

4. **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 delivery charge will be ~~0.21890.2251~~ per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will include \$0.0744 per therm margin, and appropriate riders, taxes, assessments and 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 separately, the GSL Customer Charge shall be waived, provided the Customer pays the Customer Charge under its heating service in all twelve (12) months of the year.

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.

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.

TERMS AND CONDITIONS

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

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Wall, NJ 07719

Effective for service rendered on
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**Superseding ~~SecondFirst~~ Revised Sheet No. 64
~~First Revised~~ Original Sheet No. 64**

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

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<u>Customer Charge:</u>		
Customer Charge per meter per month	\$54.93	\$54.93
<u>Demand Charge:</u>		
Demand Charge per therm applied to PBQ	\$1.50	\$1.50
<u>Delivery Charge per therm:</u>		
November - April	\$0.20330.2095	\$0.1412
May - October	\$0.17050.1767	\$0.1084
<u>BGSS Charge:</u>		
BGSS Charge per therm for Sales Customers	See "Rate Summaries" at the end of this Tariff	N/A

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 delivers gas on their behalf pursuant to paragraph (3) under Deliveries to Company's Designated Delivery Meter section of Service Classification MBR. For DGC-FT customers whose Marketer or Broker delivers gas on their behalf pursuant to paragraph (1) under Deliveries to Company's Designated Delivery Meter section of Service Classification MBR, 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.

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Issued by: ~~Mark G. Kahrer~~ ~~Mark R. Sperduto, Senior Vice President~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Second~~^{First} Revised Sheet No. 155
Superseding ~~First Revised~~^{Original} Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS and GSS sales customers, and ED sales customers eligible for service under service classification GSS	Included in the Basic Gas Supply Charge	\$0.3654 ^{\$0.4099} per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, DGR, DGC-Balancing, and ED customers eligible for service under service classifications GSS and GSL	Included in the Delivery Charge	\$0.0624 ^{\$0.0683} per therm

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Second~~~~First~~ Revised Sheet No. 157
Superseding ~~First Revised~~~~Original~~ Sheet No. 157

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$ 0.02840 <u>0.0269</u>) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

Applicable to RS and GSS sales customers and ED customers eligible for service under Service Classification GSS

<u>EFFECTIVE DATES</u>	<u>CREDIT PER THERM</u>
November 1, 2015 through February 29, 2016	(\$0.2640)
November 1, 2016 through December 31, 2016	(\$0.1666)
January 1, 2017 through February 28, 2017	(\$0.1664)

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Second~~~~First~~ Revised Sheet No. 183
Superseding ~~First Revised~~~~Original~~ Sheet No. 183

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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.

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

Group I (RS non-heating):	\$0.0226 <u>0.0076</u>
Group II (RS heating):	\$0.0562 <u>0.0401</u>
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0999 <u>0.0302</u>
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0833 <u>0.0308</u>

For the recovery of the October 201~~65~~ through September 201~~76~~ CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~ ~~Second~~ Revised Sheet No. 252
Superseding ~~Second~~ ~~First~~ Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>		
<u>Customer Charge</u>				
Customer Charge per meter per month		8.84	8.84	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3778	0.3778	
SUT		<u>0.0260</u>	<u>0.0260</u>	Rider B
After-tax Base Rate		0.4038	0.4038	
CIP		0.05620.0 <u>401</u>	0.05620.0401	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.49270.4 <u>766</u>	0.49270.4766	
<i>Balancing Charge</i>	b	0.06210.0 <u>683</u>	0.06210.0683	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	c	<u>0.0439</u>	<u>0.0439</u>	
Delivery Charge (DEL)	a+b+c=d	0.59870.5 <u>888</u>	0.59870.5888	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	0.36540.4 <u>099</u>	x	Rider A

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

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

Date of Issue: ~~December 6, 2016~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~ Revised Sheet No. 253
Superseding ~~Second~~ Revised Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>		
<u>Customer Charge</u>				
Customer Charge per meter per month		8.84	8.84	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3778	0.3778	
SUT		<u>0.0260</u>	<u>0.0260</u>	Rider B
After-tax Base Rate		0.4038	0.4038	
CIP		0.02260.0 <u>076</u>	0.02260.0076	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.45910.4 <u>441</u>	0.45910.4441	
<i>Balancing Charge</i>	b	0.06210.0 <u>683</u>	0.06210.0683	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	c	<u>0.0439</u>	<u>0.0439</u>	
Delivery Charge (DEL)	a+b+c=d	0.56510.5 <u>563</u>	0.56510.5563	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	0.36540.4 <u>099</u>	x	Rider A

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

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

Date of Issue: ~~December 6, 2016~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.84	8.84	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
SUT		<u>0.0123</u>	<u>0.0087</u>	Rider B
After-tax Base Rate		0.1918	0.1349	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2245</i>	<i>0.1676</i>	
<i>Balancing Charge</i>	b	0.0621 <u>0.0683</u>	0.0621 <u>0.0683</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	c	<i>0.0439</i>	<i>0.0439</i>	
Delivery Charge (DEL)	a+b+c=d	0.3305 <u>0.3367</u>	0.2736 <u>0.2798</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	0.3654 <u>0.4099</u>	0.3654 <u>0.4099</u>	Rider A

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~ ~~Second~~ Revised Sheet No. 255
Superseding ~~Second~~ ~~First~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		26.78	26.78	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3516	0.3516	
SUT		<u>0.0242</u>	<u>0.0242</u>	Rider B
After-tax Base Rate		0.3758	0.3758	
CIP		0.09990.0 <u>302</u>	0.09990.0302	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.50840.4 <u>387</u>	0.50840.4387	
<i>Balancing Charge</i>	b	0.06210.0 <u>683</u>	0.06210.0683	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	c	<u>0.0439</u>	<u>0.0439</u>	
Delivery Charge (DEL)	a+b+c=d	0.61440.5 <u>509</u>	0.61440.5509	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	0.36540.4 <u>099</u>	x	Rider A

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

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

Date of Issue: ~~December 6, 2016~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Eleventh Tenth~~ Revised Sheet No. 256
~~Superseding Tenth Ninth~~ Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>		
<u>Customer Charge</u>				
Customer Charge per meter per month		54.93	54.93	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.85	1.85	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2729	0.2729	
SUT		<u>0.0188</u>	<u>0.0188</u>	Rider B
After-tax Base Rate		0.2917	0.2917	
CIP		0.08330.0	0.08330.0308	Rider I
		<u>308</u>		
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.40770.3	0.40770.3552	
		<u>552</u>		
<i>Balancing Charge</i>	b	0.06210.0	0.06210.0683	Rider A
		<u>683</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	c	<u>0.0439</u>	<u>0.0439</u>	
Delivery Charge (DEL)	a+b+c=d	0.51370.4	0.51370.4674	
		<u>674</u>		
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.4536</u>	X	Rider A

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

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

Date of Issue: ~~April 28, 2017~~
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Tenth/Ninth~~ Revised Sheet No. 258
Superseding ~~Ninth/Eighth~~ Revised Sheet No. 258

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service – DGC-Balancing

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		54.93	54.93	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		1.50	1.50	
<u>Delivery Charge (“DEL”) per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0604	0.0298	
SUT		<u>0.0042</u>	<u>0.0020</u>	Rider B
After-tax Base Rate		0.0646	0.0318	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.0973	0.0645	
<i>Societal Benefits Charge (“SBC”):</i>				
NJ’s Clean Energy		0.0167	0.0167	Rider E
RA		0.0145	0.0145	Rider C
USF		<u>0.0127</u>	<u>0.0127</u>	Rider H
<i>Total SBC</i>	b	<u>0.0439</u>	<u>0.0439</u>	
Balancing Charge	c	0.0621 0.0683	0.0621 0.0683	
DGC-Balancing Delivery Charge (DEL)	a+b+c=d	0.2033 0.2095	0.1705 0.1767	
<u>Basic Gas Supply Charge (“BGS”)</u>				
BGS	e	<u>0.4536</u>	<u>0.4536</u>	Rider A

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 delivers gas on their behalf pursuant to paragraph (3) under Deliveries to Company’s Designated Delivery Meter section of Service Classification MBR.

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

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

Date of Issue: ~~April 28, 2017~~
Issued by: ~~Mark G. Kahrer~~ ~~Mark R. Spurduto~~, Senior Vice President
Wall, NJ 07719

Effective for service rendered on and after ~~October~~ May 1, 2017

EXHIBIT G

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

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS
Docket No. GR1706_____

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2017, New Jersey Natural Gas (“NJNG” or the “Company”) filed a petition which includes its 2017–2018 Basic Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) rate filing pursuant to the “Order Approving BGSS Price Structure” issued by the New Jersey Board of Public Utilities (“Board”) on January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”) and the Orders related to CIP issued by the Board in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 and in Docket No. GR13030185 dated May 21, 2014. Pursuant to its filing, NJNG requested that the Board permit NJNG to adjust its BGSS and CIP rates effective October 1, 2017. Additionally, pursuant to the Board’s September 23, 2016 Order in BPU Docket No. GR15111304, NJNG requested to adjust its Balancing Charge effective October 1, 2017. The impact of the rate changes for a residential heating customer using an average of 100 therms per month would be an increase of \$4.45 per month, or 4.2 percent as a result of the proposed BGSS rate, an increase of \$0.62 per month, or 0.6 percent as a result of the proposed Balancing Charge rate, and a decrease of (\$1.61) per month or (1.5) percent as a result of the proposed CIP rate. The combined impact of these rate changes would result in an overall increase of approximately \$3.46 or 3.3 percent per month on a 100 therm residential bill. All Balancing Charge revenues from sales and transportation customers are credited to BGSS recoveries. A copy of the filing is available at www.njng.com/regulatory.

The effect of the Company’s request for the rate adjustments to be effective October 1, 2017, on natural gas bills for the applicable customer classes is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Bill Impact				% Impact			
		Bill as of May 1, 2017	Proposed Bill as of October 1, 2017	BGSS	Balancing Charge	CIP	Net Increase/(Decrease)	BGSS	Balancing Charge	CIP	Net Increase/(Decrease)
Residential Heat Sales	100	\$105.25	\$108.71	\$4.45	\$0.62	(\$1.61)	\$3.46	4.2%	0.6%	(1.5%)	3.3%
Residential Non-Heat Sales	25	\$32.11	\$33.00	\$1.11	\$0.16	(\$0.38)	\$0.89	3.5%	0.5%	(1.2%)	2.8%
General Service - Small	100	\$124.76	\$122.86	\$4.45	\$0.62	(\$6.97)	(\$1.90)	3.6%	0.5%	(5.6%)	(1.5%)
General Service - Large	1200	\$1,393.29	\$1,330.29	(\$7.44)	7.44	(\$63.00)	(\$63.00)	(0.5%)	(0.5%)	(4.5%)	(4.5%)

The proposed BGSS rate does not impact transportation customers who receive their natural gas supply from third party suppliers. For General Service – Large (“GSL”) sales customers, there is no impact from the proposed BGSS rate because they are subject to monthly market pricing for their natural gas supply. The GSL BGSS decrease shown above reflects the proposed Balancing Charge change since the Balancing Charge is deducted from the BGSS charge and included as a component of the delivery charge for no impact to the total bill of GSL sales customers.

TAKE FURTHER NOTICE that future changes in NJNG’s rate for BGSS service may occur if NJNG elects to adjust its BGSS rates upward by filing timely notice with the Board Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”), pursuant to the Generic BGSS Order. Any such self-implementing increase will be limited to a maximum of 5 percent of the total residential bill, effective December 1, 2017, and to a maximum of 5 percent of the total residential bill, effective February 1, 2018. Further, these self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. Pursuant to the Generic BGSS Order, NJNG is

permitted to decrease its BGSS rate at any time upon five days' notice and the filing of supporting documentation with the Board of Public Utilities and Rate Counsel.

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

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of October 1, 2017	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$108.71	\$119.86	\$11.15	10.3%
Residential Non-Heat Sales	25	\$33.00	\$35.78	\$2.79	8.4%
General Service - Small	100	\$122.86	\$134.01	\$11.15	9.1%

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

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

August , 2017 at 4:30 and 5:30 pm.
 Rockaway Township Municipal Building
 Conference Room
 65 Mt. Hope Road
 Rockaway, NJ 07866

August , 2017 at 4:30 and 5:30 p.m.
 Freehold Township Municipal Building
 Conference Room
 One Municipal Plaza, Schanck Road
 Freehold, NJ 07728-3099

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed rate changes. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Irene Kim Asbury, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, NJ 08625-0350. Copies of NJNG's June 1, 2016, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, Trenton, NJ 08625-0350 or online at www.njng.com/regulatory.

Andrew K. Dembia, Esq.
New Jersey Natural Gas

NEW JERSEY NATURAL GAS COMPANY

PRE-FILED DIRECT TESTIMONY AND EXHIBITS OF

JAYANA S. SHAH

MANAGING DIRECTOR - GAS SUPPLY

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE
PROGRAM (CIP) RATES FOR F/Y 2018
BPU DOCKET NO. GR1706_____**
Pre-filed Direct Testimony of Jayana S. Shah

I. Background and Purpose

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

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

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

8 **A.** I received a Bachelor of Science degree in Biology with a Chemistry Minor from the
9 University of Houston in 1999. Upon graduation, I was employed by Engage Energy in
10 Houston, Texas as a gas settlements specialist and within a year moved into a risk analyst
11 position. My responsibilities as a risk analyst included reviewing all transactions and
12 reporting profit and loss. When Engage Energy subsequently merged with El Paso
13 Merchant Energy (“El Paso”), I was employed by El Paso as a risk analyst with
14 additional responsibilities, including confirming financial transactions with brokers and
15 validating trader’s marks with third party sources. My position at El Paso also provided
16 me with the opportunity to learn about other commodities, including natural gas liquids,
17 crude oil, emission credits, weather derivatives, and currency. I moved to New Jersey in
18 2003 and was employed by Morgan Stanley in New York for two years as an associate
19 controller responsible for financial reporting for their capital structure arbitrage book and
20 securitized products book.

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

1 I was promoted to the position of Manager, Gas Supply for NJNG in May 2009,
2 to Director, Gas Supply in January 2012, and to Managing Director, Gas Supply in
3 January 2015. In that capacity, I oversee the NJNG Gas Supply staff for daily, monthly,
4 and seasonal optimization of NJNG's supply portfolio in order to provide the lowest
5 overall cost for the Company's Basic Gas Supply Service ("BGSS") customers. I also
6 oversee the Company's BGSS hedging and incentive programs that provide price
7 stability and cost savings for BGSS customers.

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN REGULATORY**
9 **PROCEEDINGS?**

10 **A.** Yes. I have submitted testimony on behalf of NJNG in numerous BGSS proceedings
11 before the New Jersey Board of Public Utilities (the "BPU" or "Board").

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

13 **A.** Consistent with the Board Order dated January 17, 2002 in Docket No. GX01050304
14 ("Generic BGSS Order"), the purpose of my testimony is to:

- 15 • discuss current conditions in natural gas markets that may affect the Company's
16 BGSS pricing and BGSS incentive programs;
- 17 • describe and detail how the Company actively manages and optimizes its gas supply
18 and capacity portfolio on a daily, monthly and seasonal basis throughout the year to
19 provide reliable service to customers at a reasonable cost, including steps it has taken
20 to hedge its projected BGSS winter period sales requirements; and
- 21 • provide the basis for and a narrative explanation of the significant drivers of the
22 BGSS rate, which the Company is proposing through this proceeding to be approved
23 and effective October 1, 2017. I am also sponsoring a number of exhibits that
24 provide the requisite detail and support for the projected gas costs and forecasted
25 sales in this case consistent with the annual Minimum Filing Requirements ("MFRs")
26 that were established in the Generic BGSS Order.

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

- 2 **A.** The balance of my testimony is organized as follows:
3 Section II: Current Market Conditions, Portfolio Changes
4 Section III: Optimization Strategy
5 Section IV: Periodic BGSS Pricing effective October 1, 2017
6 Section V: Minimum Filing Requirements (“MFR”) Supporting Data and Information
7 Section VI: Conclusion
8

9 **II. Current Market Conditions and Portfolio Changes**

10 **Q. PLEASE DESCRIBE ANY CHANGES IMPACTING AVAILABLE NATURAL**
11 **GAS SUPPLIES.**

- 12 **A.** Over the last several years, natural gas production from unconventional sources, such as
13 shale, has fundamentally changed the gas supply and transportation infrastructure in the
14 United States and will continue to do so. United States dry natural gas production
15 decreased by 2.2 Bcf/day to 69.8 Bcf/d between the last week of April 2016 and 2017.¹
16 Marcellus Shale production grew by 0.86 Bcf/day to 17.435 Bcf/day.² Marcellus Shale
17 production has continued to displace traditional gas supplies from Canada, Mid-
18 Continent, and Gulf of Mexico, and expansion projects have been built by interstate
19 pipelines to deliver the increasing Northeast production to these regions. Over the past
20 year, approximately 2.2 Bcf/d of major pipeline expansion projects went into service in
21 the Northeast region. There are approximately 15.5 Bcf/d of additional expansion
22 projects planning to go online over the next two years.

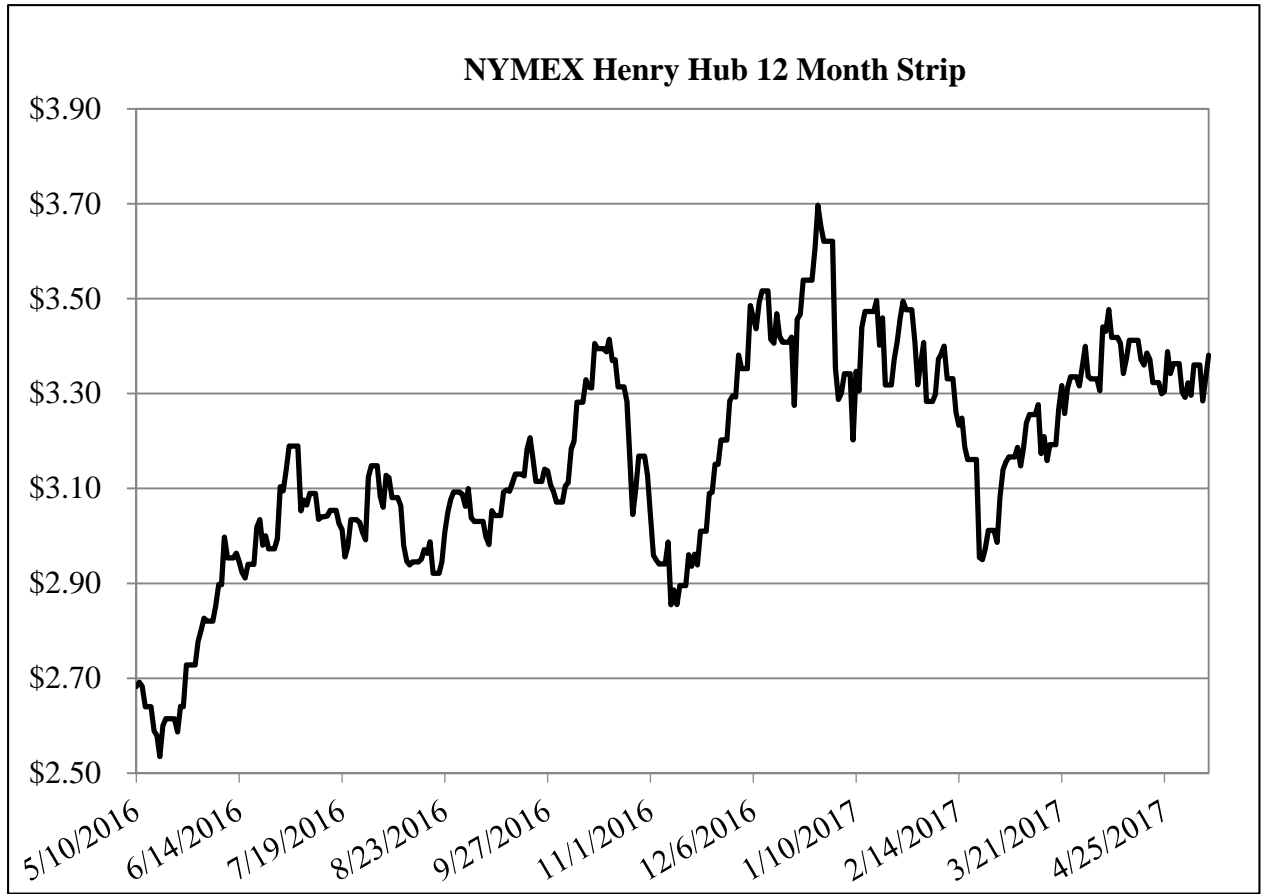
23 **Q. HOW HAVE MARKET PRICES CHANGED OVER THE PAST YEAR?**

- 24 **A.** The 12 month natural gas New York Mercantile Exchange (“NYMEX”) strip price (the
25 average of the monthly futures prices for a 12 month period) for the period ending May
26 10, 2017 demonstrates the volatile nature of the current natural gas market. As shown in
27 the chart below, since NJNG’s BGSS filing last year, the NYMEX strip has averaged
28 approximately \$3.164 per dekatherm (“dth”) with a high of \$3.697 per dth on December
29 28, 2016 and a low of \$2.535 on May 18, 2016, including daily settlement price swings

¹ EIA natural gas weekly update release date April 27, 2017

² Id.

1 as high as 18.2 cents per dth. The 12 month NYMEX strip settled at \$3.381 per dth on
2 May 10, 2017, which is the date requested by BPU Staff to be used for the underlying gas
3 cost assumption where applicable for this year's BGSS filing.



4
5

6 **Q. HAS THE COMPANY MADE ANY CHANGES TO PIPELINE CONTRACTS**
7 **DURING THE PAST 12 MONTHS?**

8 **A.** Yes. NJNG has consistently held a "Portfolio Approach" to maintaining capacity,
9 constantly seeking to hold the most reliable and cost efficient supply mix. Therefore, the
10 Company is continually seeking opportunities and alternatives for reshaping the supply
11 portfolio to achieve the best fit for the changing market and changing customer
12 requirements for the maximum customer benefit. Based on historic utilization, peak day
13 requirements, the need to maintain reliable city gate supply, and the goal of providing

1 stable prices for customers, NJNG extended various transportation and storage capacity
2 contracts. The contract changes, contract terminations, and new contracts are listed in
3 Exhibit JSS-5.

4 **Q. HAS THE COMPANY ENTERED INTO ANY NEW PIPELINE CONTRACTS**
5 **OR STORAGE CONTRACTS?**

6 **A.** Yes. NJNG entered into new contracts with Dominion Transmission Inc. (“Dominion”)
7 for storage and winter only transportation. Dominion had 1,568,533 dths of GSS service
8 storage capacity available beginning April 1, 2017. NJNG contracted for the capacity at
9 tariff rates for a term beginning June 1, 2017 through March 31, 2021. The transportation
10 capacity associated with the storage is 26,000 dths/day from the storage receipt point with
11 delivery to Texas Eastern Transmission (“TETCO”) Oakford. The additional storage
12 capacity allows NJNG to provide price stability and increase its operational flexibility for
13 the Company’s BGSS customers. NJNG will include the new storage capacity in its
14 Storage Incentive (“SI”) Program beginning with the injection period for the 2018
15 summer.

16 **Q. ARE THERE ANY PIPELINE EXPANSION PROJECT CAPACITY**
17 **CONTRACTS INCLUDED IN ASSUMPTIONS FOR BGSS YEAR 2018?**

18 **A.** Yes. Transcontinental Gas Pipeline Company (“Transco”) commenced construction of
19 the Garden State Expansion project facilities on February 22, 2017. Phase I of the project
20 for maximum daily quantity of 20,000 dth is estimated to be in-service on September 1,
21 2017.

22
23 **III. Optimization Strategy**

24 **Q. HOW IS NJNG’S GAS SUPPLY TEAM ORGANIZED AND POSITIONED TO**
25 **OPTIMIZE THE COMPANY’S GAS SUPPLY AND CAPACITY PORTFOLIO**
26 **TO BEST SERVE BGSS CUSTOMERS?**

27 **A.** NJNG’s Gas Supply team holds monthly supply operations setup meetings, daily
28 morning planning meetings and afternoon recap meetings with NJNG Gas Control
29 personnel to discuss the operational strategies that will best serve customer needs.

1 NJNG's Gas Supply team also routinely meets with NJNG's Engineering and Operations
2 personnel throughout the year to coordinate system operations with both winter and
3 summer supply operations. Weather conditions, system limitations and requirements,
4 market prices, storage status, pipeline constraints, market opportunities, and other
5 demand/supply issues are reviewed and analyzed daily by the Gas Supply team in order
6 to ensure the optimal use of NJNG's portfolio of assets.

7 **Q. PLEASE DESCRIBE THE APPROACH THE COMPANY HAS TAKEN IN THE**
8 **PAST YEAR TO IMPLEMENT ITS OPTIMIZATION STRATEGY.**

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

15 To that end, NJNG's Gas Supply team meets daily with Gas Control to identify
16 the Company's projected gas needs at the city gate and to determine whether any capacity
17 will not be necessary to meet customer requirements for the next gas day. The Gas
18 Supply team then reviews the opportunities available for either off-system sales or
19 capacity release to generate value from available capacity. On a monthly basis, the Gas
20 Supply team meets with Gas Control and discusses the system's average, maximum, and
21 minimum load requirements for the next month based on historical usage and weather
22 patterns. Following the monthly meeting, the NJNG trading team secures supply for the
23 city gate and works to optimize the value, through off-system sales or capacity releases,
24 of capacity that will not be needed to meet the Company's city gate requirements
25 projected for the next month. Similarly, on a seasonal basis, the Gas Supply team meets
26 with Gas Control and Engineering to discuss seasonal system requirements. Therefore, in
27 each set up scenario – whether daily, monthly or seasonal – the Gas Supply team's goal is
28 to optimize the use and value of the Company's gas supply, transportation and storage

1 assets to secure savings for the Company's BGSS customers, while maintaining city gate
2 reliability.

3 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING TO HELP**
4 **MAINTAIN PRICE STABILITY FOR THE UPCOMING 2017-2018 WINTER**
5 **HEATING SEASON?**

6 **A.** In the normal course of the gas procurement function, NJNG's Gas Supply team has
7 hedged approximately 61 percent of the projected winter period send-out for Periodic
8 BGSS customers of approximately 35.4 Bcf with 21.75 Bcf of fixed price positions as
9 part of the SI program for the upcoming summer's injections. Another 14 percent of the
10 normal weather winter heating season requirements will be hedged by the end of the 2017
11 summer through the use of the fixed priced storage inventory that is not part of the SI
12 program.

13
14 **IV. Periodic BGSS Pricing for October 2017**

15 **Q. WHAT PERIODIC BGSS PRICING CHANGE DOES THE COMPANY**
16 **PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1, 2017?**

17 **A.** Through this filing, NJNG is proposing to increase its pre-tax Periodic BGSS recovery
18 price, effective October 1, 2017, from \$3.419 per dth (\$0.3419 per therm) to \$3.835 per
19 dth (\$0.3835 per therm).

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

22 **A.** Over the years, through the efforts of Board Staff, Rate Counsel, and NJNG, BGSS
23 incentive programs have been established that mitigate both the impacts of commodity
24 prices and the volatility in the natural gas market for natural gas customers. The BGSS
25 forecast in this filing includes the NJNG BGSS incentives in Exhibits A and B projected
26 through the 2018 BGSS period based on the current Board-approved sharing formulas.
27 The Company's current BGSS incentive programs include Off-System Sales ("OSS") and
28 Capacity Release ("CR") programs, and the SI program. These programs were approved

1 by the Board pursuant to an October 15, 2015 Order in Docket No. GR15030392
2 (“BGSS Incentives Order”).

3 **Q. HAS THE COMPANY ENTERED INTO ANY NEW TRANSACTIONS UNDER**
4 **THE BGSS INCENTIVE PROGRAMS?**

5 **A.** Yes. NJNG permanently released Iroquios Gas Transmission contract 570.01 beginning
6 January 1, 2017. The transportation contract had a maximum daily quantity of 5,468 dth
7 and results in annual demand cost savings of approximately \$0.65 million.

8 NJNG did not extend Dominion transportation contract 200447 and it will
9 terminate on March 31, 2018. The contract was for 5,000 dths/day of delivery to Leidy.
10 Due to the increased supply available on the Transco Leidy Line, the need for supply
11 from Dominion to Leidy has been reduced. The annual demand cost savings are
12 approximately \$0.25 million.

13 NJNG reduced Dominion transportation contract 200583 maximum daily quantity
14 from 15,000 dth to 10,000 dth beginning April 1, 2018. The utilization of 5,000 dths/day
15 from Lebanon to Oakford has decreased with the increased availability of TETCO M2
16 supply in the region. The annual demand cost savings are approximately \$0.25 million.

17 NJNG reduced Dominion transportation contract 100034 maximum daily quantity
18 from 40,000 dth to 21,935 dth beginning November 1, 2019. NJNG reviewed the
19 utilization of the contract and decided to reduce the delivery rights to Leidy group meter.
20 Due to the increased amount of supply availability from Marcellus production on the
21 Transco Leidy line, NJNG no longer needs to deliver Dominion supply into Transco.
22 The annual demand cost savings are approximately \$0.9 million.

23 Pursuant to the BGSS Incentives Order, terminations and restructuring
24 transactions may be included in the CR program and NJNG may retain 15 percent of the
25 demand cost savings from contracts that are terminated or restructured for a period of
26 three years after the savings begin. Accordingly, the above transactions are included in
27 Schedule 4f, Capacity Release, of Exhibits A and B with the exception of Dominion
28 transportation contract 100034 which will be reflected in future years.

1 **Q. WHAT ARE THE IMPLICATIONS OF MARKET VOLATILITY IN RELATION**
2 **TO BGSS PRICING?**

3 **A.** The Generic BGSS pricing mechanism permits the Company to: (a) self-implement two
4 additional rate increases of up to five percent each, effective December 1 and February 1
5 each year, if necessary, after 30 days prior notice to the BPU Staff and Rate Counsel; and
6 (b) implement a decrease to its BGSS rate, a refund or bill credit at any time during the
7 year upon five days' notice to BPU Staff and Rate Counsel. This pricing flexibility
8 provides a valuable safety net to mitigate potential rate spikes to customers and helps
9 ensure that the Company's gas cost under-recoveries do not become excessive during
10 periods of market price increases. Similarly, the flexibility for decreases allows the
11 Company to adjust prices quickly and target reductions to the winter months when
12 customer bills are at their highest.

13 As market conditions change, NJNG will continue to manage the hedged
14 positions and storage dispatch to minimize BGSS costs. The Company will consider the
15 utilization of bill credits, refunds, and the self-implementing BGSS price adjustments to
16 manage its gas costs and recoveries.

17
18 **V. Minimum Filing Requirements ("MFR") Supporting Data and Information**

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

21 **A.** Yes. I am sponsoring Exhibits JSS-1 through JSS-5 that provide MFR supporting data
22 and information as required in the Generic BGSS Order.

23 **Q. DOES NJNG HAVE ANY GAS SUPPLY TRANSACTIONS WITH AN**
24 **AFFILIATE?**

25 **A.** Yes. NJNG has continued the following pre-arranged releases with NJRES and under
26 the agreements can purchase commodity from NJRES: (1) various amounts of firm
27 capacity on Tennessee, Dominion, Stagecoach Storage, and TETCO effective April 1,
28 2017 through March 31, 2018, and (2) 80,000 dth per day of TETCO firm transportation
29 capacity effective April 1, 2016 through March 31, 2018.

1 NJNG has entered into the following pre-arranged releases with NJRES: (1)
2 20,000 dth per day of TETCO firm transportation capacity effective November 15, 2016
3 through October 31, 2017 and, under the agreement, can purchase commodity from
4 NJRES, and (2) 30,000 dth per day of Columbia Gas firm transportation capacity
5 effective April 1, 2017 through October 31, 2017.

6 NJNG permanently released to NJRES 5,468 dth per day of Iroquois firm
7 transportation capacity effective January 1, 2017.

8 NJNG entered into an agreement to permanently release 80,000 dth per day of
9 TETCO firm transportation capacity to NJRES effective April 1, 2018, and under the
10 agreement, NJNG can purchase commodity from NJRES through October 31, 2020.

11 These releases are included in Schedule 4f, Capacity Release, of Exhibits A and
12 B, attached to this filing.

13 **Q. WILL THE COMPANY BE PROVIDING ADDITIONAL INFORMATION FOR**
14 **MFRs?**

15 **A.** Yes. The Company will file workpapers with additional information for MFRs under
16 separate cover shortly. Additionally, pursuant to an MFR agreed to and approved in the
17 Company's BGSS/CIP filing in BPU Docket No. GR14060537, NJNG will provide
18 documentation for the evaluation of capacity portfolio changes, extensions of terms of
19 existing contracts, releases of capacity to an affiliate, and the decisions associated with
20 those evaluations. NJNG will provide the information under separate cover pursuant to a
21 confidentiality agreement, once executed by the parties to this proceeding.

22 **VI. Conclusion**

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

24 **A.** NJNG's Gas Supply team was able to optimize the value of the Company's gas supply,
25 transportation and storage portfolio, hedge its gas costs, and provide its BGSS customers
26 with reliable natural gas supply services this past year. The Company will continue gas
27 cost management activities, including the successful optimization of storage injections,
28 by hedging gas costs and by engaging in off-system sales and capacity release
29

1 transactions during periods when that capacity is not required to serve core customers.
2 NJNG constantly monitors changing market conditions and focuses on lowering costs to
3 provide reliable supply in the most cost effective manner.

4 NJNG is requesting approval to increase its pre-tax Periodic BGSS rate from
5 \$3.419 per dth (\$0.3419 per therm pre-tax) to \$3.835 per dth (\$0.3835 per therm pre-tax).

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

7 **A.** Yes.

JSS Exhibits

Exhibit JSS-1:	Projected cost of gas for the forecast period
Exhibit JSS-2:	Historical service interruptions
Exhibit JSS-3:	The five highest demand days for each of the last three years
Exhibit JSS-4:	Summary of the major FERC proceedings in which NJNG has participated
Exhibit JSS-5	Summary of transportation and storage contract changes

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1
Page 1 of 3

	Algonquin Mdth	Columbia Mdth	Tennessee Mdth	Transco Mdth	Tetco Mdth	Storage Mdth	AMA Mdth	Dominion Mdth	Hedged Mdth	FEED Mdth	PSEG Mdth	Other Mdth	Demand Mdth	Injections Mdth	Withdrawals Mdth	LNG Mdth	Total Mdth
May-17	0	310	780	577	1,609	0	1,792	0	5	0	4,748	0	(3,330)	0	17	6,508	
Jun-17	0	300	755	558	1,269	0	1,734	0	5	0	4,883	0	(3,412)	0	16	6,108	
Jul-17	0	310	780	577	314	0	1,739	0	5	0	5,013	0	(2,500)	0	17	6,254	
Aug-17	0	310	0	577	1,479	0	1,792	0	0	0	4,925	0	(2,964)	0	17	6,135	
Sep-17	0	300	755	558	228	0	1,734	0	0	0	4,529	0	(2,386)	0	16	5,735	
Oct-17	0	310	780	577	2,022	0	1,792	0	0	0	4,483	0	(3,108)	0	18	6,873	
Nov-17	0	300	0	676	2,119	322	0	0	0	0	5,050	0	0	1,561	16	10,044	
Dec-17	0	465	0	122	1,444	333	0	0	0	0	4,788	0	0	6,144	78	13,373	
Jan-18	141	465	0	698	2,067	333	0	0	0	1	5,605	0	0	6,732	250	16,291	
Feb-18	112	420	0	631	1,108	300	0	0	0	0	4,458	0	0	6,335	77	13,442	
Mar-18	0	310	0	698	1,915	333	0	0	0	0	4,790	0	0	3,875	17	11,938	
Apr-18	0	300	1,077	558	4,012	0	1,500	0	0	0	4,618	0	(3,744)	0	17	8,338	
May-18	0	155	1,113	577	2,233	0	1,550	0	0	0	4,748	0	(3,868)	0	17	6,524	
Jun-18	0	150	1,077	558	1,675	0	1,500	0	0	0	4,883	0	(3,744)	0	18	6,117	
Jul-18	0	151	1,113	577	1,712	0	1,550	0	0	0	5,013	0	(3,868)	0	17	6,264	
Aug-18	0	121	1,113	577	1,713	0	1,550	0	0	0	4,925	0	(3,868)	0	17	6,147	
Sep-18	0	133	1,077	558	1,675	0	1,500	0	0	0	4,529	0	(3,744)	0	18	5,747	

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1
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	Algonquin	Columbia	Tennessee	Transco	Tetco	Storage AMA	Dominion	Hedged	FEED	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
May-17	0	803	1,995	1,470	4,201	0	4,659	(788)	21	0	12,893	5,674	(6,463)	0	93	24,556
Jun-17	0	833	2,071	1,522	3,527	0	4,819	(1,156)	20	0	14,092	5,878	(8,871)	0	90	22,825
Jul-17	0	865	2,150	1,603	887	0	4,932	(661)	21	0	14,696	5,775	(6,712)	0	112	23,668
Aug-17	0	849	0	1,584	4,242	0	5,135	5,589	0	0	14,654	5,775	(11,526)	0	112	26,415
Sep-17	0	835	2,076	1,545	657	0	5,003	(1,203)	0	0	13,512	6,100	(6,073)	0	108	22,562
Oct-17	0	875	2,175	1,621	5,937	0	5,263	(1,412)	0	0	13,662	6,005	(8,316)	0	114	25,924
Nov-17	0	950	0	1,999	6,514	649	0	0	0	0	15,974	6,588	0	4,024	99	36,798
Dec-17	0	1,558	0	442	4,714	671	0	0	0	0	16,139	6,498	0	15,839	484	46,344
Jan-18	818	1,598	0	2,192	7,029	671	0	0	0	4	19,667	6,498	0	17,355	1,550	57,381
Feb-18	634	1,447	0	1,994	3,756	606	0	0	0	0	15,588	6,769	0	16,333	478	47,605
Mar-18	0	1,020	0	2,124	6,249	671	0	0	0	0	16,133	6,498	0	9,989	105	42,789
Apr-18	0	739	2,618	1,362	10,575	0	3,858	(49)	0	0	12,589	6,901	(9,670)	0	105	29,029
May-18	0	364	2,583	1,328	5,660	0	3,825	(41)	0	0	12,562	6,862	(9,528)	0	105	23,721
Jun-18	0	358	2,539	1,311	4,228	0	3,743	(39)	0	0	12,855	6,901	(9,264)	0	112	22,744
Jul-18	0	362	2,642	1,357	4,273	0	3,900	(37)	0	0	13,053	6,862	(9,581)	0	105	22,938
Aug-18	0	290	2,641	1,364	4,268	0	3,894	5,965	0	0	12,805	6,862	(14,151)	0	105	24,042
Sep-18	0	307	2,454	1,262	3,997	0	3,600	(35)	0	0	11,306	6,901	(8,878)	0	110	21,023

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

Exhibit JSS-1
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	Algonquin	Columbia	Tennessee	Transco	Tetco	Storage AMA	Dominion	Hedged	FEED	PSEG	Other	Demand	Injections	Withdrawals	LNG	Total
	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth
May-17		2.5895	2.5575	2.5490	2.6101		2.6000		4.2748		2.7154		1.9412		5.6079	3.7734
Jun-17		2.7774	2.7431	2.7267	2.7783		2.7790		4.2748		2.8860		2.5998		5.6079	3.7370
Jul-17		2.7907	2.7562	2.7800	2.8292		2.8360		4.2748		2.9314		2.6849		6.7491	3.7843
Aug-17		2.7393		2.7468	2.8689		2.8660				2.9754		3.8888		6.7491	4.3058
Sep-17		2.7846	2.7502	2.7689	2.8785		2.8850				2.9832		2.5456		6.7491	3.9340
Oct-17		2.8228	2.7879	2.8116	2.9364		2.9370				3.0478		2.6756		6.3266	3.7718
Nov-17		3.1666		2.9575	3.0744	2.0173					3.1632			2.5774	6.2017	3.6637
Dec-17		3.3515		3.6265	3.2648	2.0173					3.3704			2.5780	6.2017	3.4654
Jan-18	5.7986	3.4355		3.1386	3.4008	2.0173				3.5089	3.5089			2.5780	6.2017	3.5221
Feb-18	5.6628	3.4462		3.1603	3.3887	2.0173					3.4966			2.5780	6.2017	3.5415
Mar-18		3.2904		3.0411	3.2623	2.0173					3.3679			2.5780	6.2017	3.5842
Apr-18		2.4622	2.4317	2.4411	2.6359		2.5720				2.7263		2.5832		6.2017	3.4816
May-18		2.3507	2.3215	2.3035	2.5350		2.4680				2.6458		2.4631		6.2017	3.6363
Jun-18		2.3879	2.3582	2.3502	2.5240		2.4950				2.6326		2.4747		6.2017	3.7179
Jul-18		2.4047	2.3748	2.3542	2.4953		2.5160				2.6037		2.4767		6.2017	3.6617
Aug-18		2.4031	2.3733	2.3653	2.4912		2.5120				2.6000		3.6583		6.2017	3.9113
Sep-18		2.3074	2.2787	2.2608	2.3865		2.4000				2.4962		2.3717		6.0895	3.6584

**New Jersey Natural Gas Company
Historical Service Interruptions
for BGSS Year 2017
(MFR#10)**

Tariff Condition	Period	Applicable Service Classes	# of cust	Reason(s)
Interruption	12/15/16 - 12/16/16	Interruptible Transportation & Interruptible Sales	28	Operational
Daily Balancing¹	12/19/16-12/20/16	Interruptible Transportation & Interruptible Sales	28	Operational
	1/5/17-1/9/17	Interruptible Transportation & Interruptible Sales	28	Operational
	2/9/17	Interruptible Transportation & Interruptible Sales	28	Operational
	3/13/17-3/16/17	Interruptible Transportation & Interruptible Sales	28	Operational

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

NORTHERN DIVISION						CENTRAL DIVISION					TOTAL SENDOUT	Interruptible	Electric Generation	FIRM SENDOUT	NOAA DEGREE DAYS
Month	Day	Texas Eastern	Algonquin	Tennessee	Columbia	NORTH	Texas Eastern	Transco	NJNG LNG	CENTRAL					
Jan'17	8	28,853	13,879	35,422	20,538	98,692	376,752	52,398	85,314	514,464	613,156	3,592	16,403	593,162	47
Dec'16	15	19,344	14,858	39,514	22,019	95,735	459,403	119,504	2,709	581,616	677,351	0	86,971	590,380	45
Jan'17	9	29,893	13,945	35,523	20,533	99,894	384,839	127,698	72,483	585,020	684,914	4,367	94,286	586,262	47
Jan'17	7	20,793	13,967	35,474	20,475	90,709	368,851	73,228	60,532	502,611	593,320	3,411	34,808	555,101	46
Feb'17	9	16,999	12,412	35,778	21,262	86,451	511,069	102,429	254	613,752	700,203	4,321	167,288	528,594	39
Feb'16	13	33,174	17,171	35,436	25,009	110,790	501,904	121,691	21,054	644,649	755,439	0	86,256	669,183	52
Feb'16	14	27,473	16,708	35,536	25,047	104,764	486,012	124,063	7,074	617,149	721,913	15	92,829	629,069	49
Jan'16	18	37,238	11,645	34,082	10,702	93,667	384,085	30,069	67,965	482,119	575,786	9,686	1,841	564,259	45
Feb'16	11	38,379	10,637	34,724	10,737	94,477	441,679	122,540	32,161	596,380	690,857	5,027	123,509	562,321	43
Jan'16	4	47,356	7,378	28,136	10,046	92,916	572,819	54,855	987	628,661	721,577	6,984	184,251	530,342	45
Feb'15	15	41,114	18,050	37,625	15,418	112,207	482,121	126,218	84,204	692,543	804,750	499	87,297	716,954	56
Feb'15	20	31,241	18,810	43,165	12,556	105,772	516,418	124,519	40,045	680,982	786,754	401	105,744	680,609	54
Jan'15	7	28,761	14,883	41,951	18,610	104,205	449,746	144,552	57,783	652,081	756,286	177	120,848	635,261	50
Feb'15	19	32,353	18,771	43,024	12,492	106,640	512,467	96,486	22,449	631,402	738,042	458	64,480	673,104	54
Jan'15	8	22,301	16,599	37,282	19,543	95,725	452,088	154,117	1,487	607,692	703,417	248	130,023	573,146	45

**FISCAL YEAR 2017
SUMMARY OF NJNG FERC INTERVENTIONS**

ALGONQUIN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
5/27/16	RP16-979-000	June 30, 2016 Order - August 2, 2016 Order	Plain Vanilla Intervention	Tariff Filing for Miscellaneous, Non-Substantive Changes to various sections of the tariff (227 pages)
8/9/16	RP16-1167-000	Accepted September 1, 2016 Order	Plain Vanilla Intervention	Filing to modify the signature blocks of its pro forma SAs to include additional language in the signature block section identifying AGT's operator as Spectra Algonquin Management, LLC.
8/19/16	RP16-1181-000	Accepted September 2, 2016 Order	Plain Vanilla Intervention	AGT NJNG Negotiated Rate Filing for AFT-1 Contract #510940 for 66,000 dts/day eff Sep 1, 2016 (Brookfield to Mahwah In-Line Transfer Point)
9/29/16	RP16-1269-000	Accepted October 28, 2016 Order	Plain Vanilla Intervention	OFO 2016 Penalty Disbursement Report
10/12/16	RP17-21-000	Accepted October 31, 2016 Order	Plain Vanilla Intervention	AIM In-Service Compliance Filing CP14-96
10/26/16	RP17-71-000	Accepted Subject to Conditions November 29, 2016 Order - Accepted January 3, 2017 Order	Plain Vanilla Intervention	FRQ (Fuel) Filing
1/31/17	RP17-372-000	Accepted February 23, 2017 Order	Plain Vanilla Intervention	Fees and Construction of New Facilities Filing

COLUMBIA GAS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
4/22/16	RP16-864-000	Accepted May 12, 2016 Order - Settlement Refund Report Accepted June 29, 2016 Order	Plain Vanilla Intervention	MOD II Implementation Filing
4/29/16	CP16-357-000	Pending	Plain Vanilla Intervention	CP Application for Mountaineer Xpress Project – 170 miles of pipe – 2.7 Bcf/day of firm capacity – incremental rates - \$2.06 billion
5/20/16	CP16-462-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to abandon and modify certain storage facilities in the Majorsville-Heard Storage Complex in West Virginia

5/31/16	RP16-1000-000	Accepted June 24, 2016 Order	Plain Vanilla Intervention	Negotiated and Non-Conforming Service Agreement with Kentucky Power
6/1/16	RP16-1006-000	Accepted June 28, 2016 Order	Plain Vanilla Intervention	Multi-Party Contracting Filing
6/17/16	CP16-470-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to modify MAOP of various pipelines connected to Columbia's Waynesburg Compressor Station
6/30/16	RP16-1082-000	September 22, 2016 Order Approving Settlement	Plain Vanilla Intervention	Petition for Approval of Settlement (RAM Settlement)
7/11/16	CP16-479-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to modify storage facilities in the Pavonia Storage Field in Ashland, Ohio to recover overall field deliverability - \$2.75mm -
8/12/16	CP16-493-000	Pending	Plain Vanilla Intervention	Notice of Application Central Virginia Connector Project additional 45,000 dts/day - \$52.4 mm
9/6/16	RP16-1232-000	Accepted October 4, 2016 Order	Plain Vanilla Intervention	Negotiated and Non-Conforming Service Agreement with Eclipse
9/9/16	CP16-498-000	Pending	Plain Vanilla Intervention	Notice of Application to abandon 17.5 miles of Line B-105 and replace 14 miles of Line B-111 in Fairfield and Franklin Counties, Ohio – TCO states no change to certificated capacity - \$182.7 mm
9/30/16	RP16-1283-000	Accepted October 26, 2016 Order	Plain Vanilla Intervention	Out-of-Cycle RAM (Fuel) Filing
10/28/16	CP17-5-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to abandon and construct facilities in 3 counties in Ohio – possible modernization issue
10/31/16	RP17-99-000	Accepted November 21, 2016 Order	Plain Vanilla Intervention	Housekeeping Filing
11/1/16	RP17-142-000	Accepted Order November 29, 2016	Plain Vanilla Intervention	Winter OTRA Filing
11/3/16	CP17-11-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to construct and operate 3 new storage wells at Ripley Storage Field – 15 MMcf/day of improved deliverability to Columbia system - may be related to storage deliverability – modernization issue
12/1/16	RP17-242-000	Accepted December 29, 2016 Order	Plain Vanilla Intervention	Measurement Filing

12/30/16	RP17-306-000	Accepted January 31, 2017 Order	Plain Vanilla Intervention	Annual CCRM Rate Filing
12/30/16	RP17-312-000	Pending	Plain Vanilla Intervention	Penalty Revenue Crediting Report
3/1/17	RP17-466-000	Accepted March 29, 2017 Order	Plain Vanilla Intervention	Annual EPCA Filing
3/1/17	RP17-467-000	Accepted March 23, 2017 Order	Plain Vanilla Intervention	Annual Fuel (RAM) Filing
3/1/17	RP17-473-000	Accepted March 16, 2017 Order	Plain Vanilla Intervention	Annual TCRA Filing
3/1/17	RP17-487-000	Pending	Plain Vanilla Intervention	2016 Annual Report on Operational Transactions
3/15/17	CP17-80-000	Pending	Plain Vanilla Intervention	Notice of Application for Eastern Panhandle Expansion Project for 8 inch pipe 3.37 miles from TCO 20 & 24 inch line in Pa. to provide 47,500 dts/day to Project Shipper's Point of Delivery in Morgan County, West Virginia
3/31/17	RP17-588-000	Accepted April 25, 2017 Order	Plain Vanilla Intervention	Semi-Annual OTRA Surcharge Filing – Summer OTRA

DOMINION

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
5/25/16	RP16-967-000	Accepted June 14, 2016 Order	Plain Vanilla Intervention	Non-Conforming Service Agreement with Hope (emergency point for supplemental balancing service)
6/30/16	RP16-1061-000	Accepted July 22, 2016 Order	Plain Vanilla Intervention	Termination of Gathering and Products Extraction Services -Tariff Changes to Reflect Sale of Gathering and Processing Assets (418 pages)
7/6/16	RP16-1084-000	Pending	Plain Vanilla Intervention	2016 Overrun and Penalty Revenue Distribution
8/26/16	RP16-1190-000	Accepted September 22, 2016 Order	Plain Vanilla Intervention	August 26, 2016 Service Agreement Termination Notice (DTI will make capacity available to prospective shippers)
8/31/16	RP16-1209-000	Accepted September 28, 2016 Order	Plain Vanilla Intervention	Monroe to Cornwell Project (CP15-7) Transportation Service and Negotiated Rate
9/20/16	RP16-1241-000	Pending	Plain Vanilla Intervention	September 20, 2016 Service Agreement Termination Notice (DTI will offer this capacity for bid to system shippers)
9/30/16	RP16-1298-000	Accepted October 27, 2016 Order	Plain Vanilla Intervention	Annual EPCA Filing
9/30/16	RP16-1303-000	Accepted October 27, 2016 Order	Plain Vanilla Intervention	Annual TCRA Filing
10/31/16	RP17-98-000	Accepted November 29, 2016 Order	Plain Vanilla Intervention	Non-Conforming Service Agreement Filing (Delivery Point change dependent on the completion of construction)

2/10/17	RP17-397-000	March 29, 2017 Order Accepting and Suspending for a Minimal Period, to Become Effective April 1, 2017, Subject to Refund and Further Commission Order -	Plain Vanilla Intervention	Non-Conforming Service Agreement Filing with NextEra
3/29/17	RP17-568-000	Accepted April 18, 2017 Order	Plain Vanilla Intervention	Administrative Changes Filing
4/20/17	RP17-665-000	Pending	Plain Vanilla Intervention	Gas Quality Revisions Filing in compliance with Tetco Gas Quality Settlement in RP17-256

IROQUOIS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
6/30/16	RP16-1065-000	Pending	Plain Vanilla Intervention	Measurement Variance/Fuel Use Factors Calculations
8/19/16	RP16-1176-000	August 26, 2016 Order of Chief Judge Granting Motion for Interim Implementation of Settlement Rates - October 20, 2016 Order Approving Settlement	Plain Vanilla Intervention	Unopposed Motion to Implement Lower Interim Settlement Rates
11/3/16	RP17-157-000	Accepted January 24, 2017 Order	Plain Vanilla Intervention	Compliance Filing – Implementing Settlement Rates to be eff. 9/1/2016

MILLENNIUM PIPELINE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
6/1/16	RP16-1011-000	Accepted June 17, 2016 Order	Plain Vanilla Intervention	Tariff Revisions & Operational Sales at Pool Filing
7/28/16	RP16-1117-000	Accepted August 30, 2016 Order	Plain Vanilla Intervention	Periodic RAM (Fuel) Adjustment Filing to be effective Sep. 1, 2016
7/29/16	CP16-486-000	Pending	Plain Vanilla Intervention	Notice of Application for Eastern System Upgrade Project – 223,000 dts/day from Millennium Corning Compressor Station to AGT interconnect in Ramapo – 202,500 committed under PAs – in-service date Sep 2018 - \$275 mm
11/23/16	RP17-196-000	Accepted December 21, 2016 Order	Plain Vanilla Intervention	Out-of-Cycle RAM (Fuel) Filing

3/1/17	RP17-502-000	Accepted March 16, 2017 Order	Plain Vanilla Intervention	Annual RAM (Fuel) Filing
4/3/17	RP17-633-000	Pending	Plain Vanilla Intervention	Modification to Spot Market Price Location Filing
4/27/17	RP17-692-000	Pending	Plain Vanilla Intervention	Section 4 Tariff Revisions concerning Auctions of Available Firm Service
4/28/17	RP17-696-000	Pending	Plain Vanilla Intervention	Auto PALS Filing

NATIONAL FUEL GAS SUPPLY

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/14/16	CP17-2-000	March 29, 2017 Order Approving Abandonment	Plain Vanilla Intervention	Notice of Application to abandon its Heath Compressor Station in Pa. and refunctionalize Line FM-92 from transmission to gathering – Nat Fuel is a component of Transco SS-2 Storage
10/25/16	RP17-53-000	Accepted November 18, 2016 Order	Plain Vanilla Intervention	Settlement Rates Filing to be effective Nov. 1, 2016 (related to RP15-1310 & RP12-88) – component of Transco SS-2 Storage
11/22/16	RP17-195-000	Accepted December 8, 2016 Order	Plain Vanilla Intervention	Annual Transportation & Storage Cost Adjustment Filing - component of Transco SS-2 Storage
2/17/17	RP17-407-000	Pending	Plain Vanilla Intervention	Annual Fuel Tracker Filing - component of Transco SS-2 Storage
3/10/17	CP17-74-000	Pending	Plain Vanilla Intervention	Notice of Application to construct, replace and abandon 4 separate pipeline sections in 3 Counties in Pennsylvania (Line YM28 & Line FM120 Modernization Project) - to enhance service, flexibility and reliability - \$39.5 mm - component of Transco SS-2 Storage

TENNESSEE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
5/26/16	RP16-970-000	Accepted June 14, 2016 Order	Plain Vanilla Intervention	Filing for PCB Adjustment Period Extension Through 2018
8/19/16	CP16-496-000	Pending	Plain Vanilla Intervention	Filing of Lone Star Compression Project to feed LNG exports at Cheniere's Corpus Christi LNG Project in Texas – 300,000 dts/day - \$131.9 mm – Corpus Christi Liquefaction is sole shipper – in service date Jan 1, 2019 – presumption of rolled-in rate treatment (GD 8/23/16)

9/27/16	RP16-1251-000	Accepted October 13, 2016 Order	Plain Vanilla Intervention	Pipeline Safety and Greenhouse Gas Cost Adjustment Filing
11/7/16	CP17-10-000	February 15, 2017 Order Approving Abandonment	Plain Vanilla Intervention	Notice of Application (Joint Transco & TGP) to abandon certain offshore gathering lateral facilities in Offshore Texas – Transco & TGP propose to abandon 4 pipeline segments on Transco’s Central Texas Gathering System - \$2.28 mm
11/17/16	RP17-185-000	Accepted December 8, 2016 Order	Plain Vanilla Intervention	Negotiated Rate Filing with Crestwood Gas Marketing (this is the agreement that underpins NJNG Stagecoach storage/transport)
11/29/16	RP17-212-000	Pending	Plain Vanilla Intervention	Cashout Report 2015-2016
3/1/17	RP17-501-000	Accepted March 27, 2017 Order	Plain Vanilla Intervention	Annual Fuel Adjustment Filing

TEXAS EASTERN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
6/29/16	CP16-473-000	Pending	Plain Vanilla Intervention	Bayway Lateral Project - 2,300 feet of 24 inch lateral to provide up to 300,000 dts/day to Phillips 66 Bayway Refinery and Cogen plant owned by Cogen Technologies Linden Venture in Linden, New Jersey
6/30/16	RP16-1069-000	Accepted July 13, 2016 Order	Plain Vanilla Intervention	Semi-Annual EPC Filing
7/29/16	RP16-1134-000	Accepted August 24, 2016 Order	Plain Vanilla Intervention	Gulf Markets Compliance Filing (CP15-90)
8/31/16	RP16-1206-000	Accepted September 29, 2016 Order	Plain Vanilla Intervention	Gulf Markets Early In-Service CP15-90 Compliance Filing – Non-Conforming & Negotiated Rate Service Agreements
8/31/16	RP16-1208-000	Pending	Plain Vanilla Intervention	2016 Operational Entitlements Filing
9/15/16	CP16-501-000	January 26, 2017 Order Issuing Certificate	Plain Vanilla Intervention	Marshall County Mine Panel 17W Project – designed to ensure the safe and efficient operation of Tetco’s facilities during longwall mining activities
9/29/16	RP16-1261-000	Accepted October 26, 2016 Order	Plain Vanilla Intervention	Gulf Markets Nov 1, 2016 In-Service CP15-90 Compliance Filing - Non-Conforming Service Agreements
9/29/16	RP16-1268-000	Accepted October 28, 2016 Order	Plain Vanilla Intervention	OFO 2016 Penalty Disbursement Report

10/28/16	CP17-6-000	Pending	Plain Vanilla Intervention	Notice of Application to abandon 165 miles of its Line 1 pipeline that has been previously removed from active gas service in Ohio, West Virginia and Pennsylvania – not required to meet current firm service – abandonment will eliminate future O&M costs
10/28/16	RP17-93-000	Accepted November 16, 2016 Order	Plain Vanilla Intervention	Annual PCB Filing
10/31/16	RP17-120-000	Accepted November 29, 2016 Order	Plain Vanilla Intervention	Annual ASA Filing
10/31/16	CP17-7-000	December 20, 2016 Order Granting Abandonment	Plain Vanilla Intervention	Notice of Application to abandon certain Offshore Facilities - Line 41-B – related to Black Elk Energy Offshore Operations – states no reduction in firm service to any existing shippers
11/29/16	RP17-205-000	Accepted December 16, 2016 Order	Plain Vanilla Intervention	Filing of Non-Conforming Service Agreement with PSEG Power
12/12/16	RP17-256-000	Accepted February 2, 2017 Order	Plain Vanilla Intervention	Gas Quality Settlement Filing
12/29/16	RP17-298-000	Accepted January 25, 2017 Order	Plain Vanilla Intervention	Semi-Annual EPC Filing
12/30/17	RP17-313-000	January 27, 2017 Order Accepted Subject to Conditions - Accepted March 2, 2017 Order	Plain Vanilla Intervention	Non-Conforming Agreement Filing with EQT Energy (gives EQT sole right terminate one year early)
2/3/17	CP17-56-000 & CP17-57-000 (Joint Application of Tetco & Brazoria Interconnector Gas Pipeline)	Pending	Plain Vanilla Intervention	CP Application for Stratton Ridge Expansion Project – filed by Tetco & Brazoria Interconnector Gas Pipeline (BIG) – bi-directional transport service 322,000 dts/day to Gulf Coast – Tetco acquire by lease capacity on Brazoria non-jurisdictional facilities - \$99.6 mm – in service date Feb 1, 2019 – precedent agreement w/Toshiba for 100% of capacity for 20 years – incremental rates
2/17/17	RP17-408-000	Pending	Plain Vanilla Intervention	OFO Penalty Disbursement Report

2/28/17	RP17-461-000	March 29, 2017 Order Accepting and Suspending for a Minimal Period, to Become Effective April 1, 2017, Subject to Refund and Further Commission Order	Plain Vanilla Intervention	PCB Compliance Filing effective April 1, 2017
3/3/17	RP17-519-000	Pending	Plain Vanilla Intervention	Offer of Stipulation & Agreement in PCB True-Up Settlement
3/31/17	RP17-623-000/001	Accepted April 26, 2017 Order	Plain Vanilla Intervention	Updates to Cashout Mechanism Filing
3/31/17	CP17-119-000	Pending	Plain Vanilla Intervention	Notice of Application to abandon two 2,500 HP compressors in Gregg County, Texas (Longview Compressor Station Project) – will test for PCBs
4/27/17	RP17-689-000	Pending	Plain Vanilla Intervention	OFO April 2017 Penalty Disbursement Report

TRANSCO

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
6/2/16	RP16-1014-000	Accepted July 6, 2016 Order	Plain Vanilla Intervention	Tariff Clean-Up Filing (612 pages)
6/14/16	RP16-1026-000	Accepted July 6, 2016 Order	Plain Vanilla Intervention	Virtual Measurement Points Filing
6/29/16	RP16-1048-000	Accepted July 22, 2016 Order	Plain Vanilla Intervention	Non-Conforming Agreement – Rock Springs w/ODEC (210 Pool & MFN Clause)
8/16/16	CP16-494-000	Pending	Plain Vanilla Intervention	Filing for Gulf Connector Expansion Project – 475,000 dts/day to 2 LNG export projects in Texas - from Station 65 Zone 3 Pool south – interconnect with Gulf South Pipeline’s Coastal Bend Header Project in Texas – fully subscribed binding PAs with Corpus Christi Liquefaction (20 yrs.) and Osake Gas Trading & Export (15 yrs.) - 2 phases for in-service date Sep 1, 2018 for 75,000 dts and Jan 1, 2019 for 400,000 dts - \$167.4 mm
8/29/16	RP16-1191-000	Accepted September 15, 2016 Order	Plain Vanilla Intervention	ACA Tracker Filing (SS-2)
9/15/16	RP16-1238-000	Accepted December 2, 2016 Order	Plain Vanilla Intervention	Annual Cash-Out Report

9/23/16	RP16-1249-000	Accepted October 11, 2016 Order	Plain Vanilla Intervention	New Imbalance Calculations Filing for Cashouts & Penalties (filing to exclude Pooling Transfer Transactions in calculations)
10/28/16	RP17-91-000	Pending	Plain Vanilla Intervention	Penalty Revenue Sharing Report 2016
11/7/16	CP17-10-000	February 15, 2017 Order Approving Abandonment	Plain Vanilla Intervention	Notice of Application (Joint Transco & TGP) to abandon certain offshore gathering lateral facilities in Offshore Texas – Transco & TGP propose to abandon 4 pipeline segments on Transco’s Central Texas Gathering System - \$2.28 mm
11/21/16	RP17-189-000	Accepted December 14, 2016 Order	Plain Vanilla Intervention	LSS & SS-2 Storage Tracker Filing
12/29/16	RP17-296-000	Accepted January 26, 2017 Order	Plain Vanilla Intervention	Non-Conforming Agreement Filing – Gulf Trace
12/29/16	RP17-297-000	Accepted January 23, 2017 Order	Plain Vanilla Intervention	Gulf Trace Expansion Initial Rates
2/6/17	CP17-58-000	Pending	Plain Vanilla Intervention	CP Application for St. James Supply Project to expand system in Louisiana – 161,500 dts/day from Station 65 Zone 3 Pool to serve a methanol plant customer YCI St. James Enterprises – in service Jan 1, 2019 - \$33.5mm
2/28/17	RP17-451-000/001	Accepted March 21, 2017 Order	Plain Vanilla Intervention	Annual Fuel Tracker Filing
2/28/17	RP17-452-000	Accepted March 22, 2017 Order	Plain Vanilla Intervention	Annual Electric Power Tracker Filing
3/24/17	RP17-553-000	Pending	Plain Vanilla Intervention	Failure of Electronic Equipment Filing
3/27/17	CP17-101-000	Pending	Plain Vanilla Intervention	Notice of Application for Northeast Supply Enhancement Project in Lancaster Pa. and Middlesex County, NJ – construct a new Compressor Station 206 in Somerset – 400,000 dts/day of new firm transport - \$926.5 mm
4/13/17	RP17-654-000	Accepted May 3, 2017 Order	Plain Vanilla Intervention	SS-2 Storage Inventory Adjustment Filing
4/19/17	CP17-212-000	Pending	Plain Vanilla Intervention	Amendment to Atlantic Sunrise Project in CP15-138 to modify pipeline route in Pa. – Central Penn Line North Alternative 13 (variance request)
5/2/17	RP17-727-000	Pending	Plain Vanilla Intervention	Service Agreement Termination Notice

Contract Changes

Transportation capacity contracts extended:

Pipeline	Contract	Maximum Daily Quantity (DTH)	Extended Start Date	Extended End Date
Algonquin	510478	12,000	Jul-2017	Jun-2018
Dominion	700053	5,000 (winter only)	April-2017	Mar-2020
Dominion	700098	25,000 (winter only)	April-2017	Mar-2020
Tennessee	311622	25,000	April-2018	Mar-2023
Tetco	008696	27,000	Jun-2018	May-2019
Tetco	008697	9,498	Nov-2017	Oct-2018
Tetco	330789	10,789	Apr-2018	Mar-2019
Tetco	331500	35,000	Apr-2018	Mar-2019
Tetco	331724	35,487	Apr-2018	Mar-2019
Tetco	331821	9,555	Apr-2018	Mar-2019
Tetco	800506	12,000	Nov-2017	Oct-2018
Tetco	910060	40,000	Nov-2017	Oct-2018
Tetco	910064	1,060	Nov-2017	Oct-2018
Tetco	910230	100,000	Nov-2017	Oct-2020
Tetco	910240	59,790	Nov-2017	Oct-2020
Tetco	910508	20,000	Nov-2017	Oct-2018
Tetco	910593	10,559	Nov-2017	Oct-2018
Transco	1000628	5,000	Jan-2018	Dec-2018
Transco	1000674	3,250	Jan-2018	Dec-2018
Transco	1003834	10,350	Jan-2018	Dec-2018

Storage capacity contracts extended:

Storage	Contract	Maximum Storage Quantity (DTH)	Extended Start Date	Extended End Date
Dominion	300069	1,545,251	Apr-2017	Mar-2023
Dominion	600031	4,353,382	Apr-2019	Mar-2020
Stagecoach	NJNGSC001FSS	1,630,990	Apr-2018	Mar-2023
Stagecoach	NJNGSC002FSS	2,280,330	Apr-2018	Mar-2023
Tetco	400188	3,973,146	May-2018	Apr-2019
Tetco	412004	2,180,010	May-2018	Apr-2019
Transco	1003970	922,185	Apr-2018	Mar-2019

Transportation capacity contract terminated:

Pipeline	Contract	Maximum Daily Quantity (DTH)	End Date
Dominion	200447	5,000	Mar-2018

Transportation capacity contracts reduced and extended:

Pipeline	Contract	Prior Maximum Daily Quantity (DTH)	New Maximum Daily Quantity (DTH)	Extended Start Date	Extended End Date
Dominion	200583	15,000	10,000	Apr-2018	Mar-2019
Dominion	100034	40,000	21,935	Nov-2019	Mar-2023

Transportation capacity contract permanently released:

Pipeline	Contract	Maximum Daily Quantity (DTH)	Release Start Date
Iroquois	570.01	5,468	Jan-2017
Tetco	910230	40,000	Apr-2018
Tetco	910240	40,000	Apr-2018

New Transportation capacity contracts (seasonal service November thru March):

Pipeline	Contract	Maximum Daily Quantity (DTH)	Start Date	End Date
Dominion	700109	26,000	Nov-2017	Mar-2021

New Storage capacity contract:

Storage	Contract	Maximum Storage Quantity (DTH)	Start Date	End Date
Dominion	300125	1,568,533	Jun-2017	Mar-2021

NEW JERSEY NATURAL GAS COMPANY

PRE-FILED DIRECT TESTIMONY AND EXHIBITS OF

TINA M. TREBINO

DIRECTOR – RATES AND TARIFF

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) RATES
FOR F/Y 2018
BPU DOCKET NO. GR1706_____
Pre-Filed Direct Testimony of Tina M. Trebino**

I. Introduction

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

3 A. My name is Tina M. Trebino and I am Director, Rates and Tariff for New Jersey Natural
4 Gas Company (the “Company” or “NJNG”). My business address is 1415 Wyckoff Road,
5 Wall, New Jersey 07719.

6 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.**

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

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

12 In May 1996, I accepted a position as a Rate and Regulatory Analyst with NJNG
13 in the Energy Services Department and held that position until January 1997 when I
14 assumed the responsibilities as a Gas Planning Analyst, also in the Energy Services
15 Department. In July 2002, I accepted the position of Senior Regulatory Affairs Analyst in
16 the Regulatory Affairs Department of NJNG. In January 2007, I was promoted to Manager,
17 Regulatory Affairs and, in July 2014, I was promoted to my current position of Director,
18 Rates and Tariff.

19 **Q. WHAT ARE YOUR RESPONSIBILITIES AS DIRECTOR OF RATES AND
20 TARIFF?**

21 A. I am responsible for preparing and supporting Company rate and tariff matters submitted
22 to the New Jersey Board of Public Utilities (the “Board” or “BPU”), including the Basic
23 Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) filing. I am
24 also involved in the daily operations of the Regulatory Affairs Department including rates,
25 tariffs, U.S. Securities and Exchange Commission (“SEC”) reporting and related matters.
26

1 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN REGULATORY PROCEEDINGS?**

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

5 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
6 **PROCEEDING?**

7 A. By way of this testimony, I am supporting the following: (1) background of previous BGSS
8 and CIP proceedings; (2) BGSS projections and proposed rates to be effective October 1,
9 2017; (3) Balancing Charge to be effective as of October 1, 2017; (4) CIP rates to be
10 effective as of October 1, 2017; (5) miscellaneous items related to the Company's last rate
11 case proceeding; and (6) the impact to customers of the proposed rate changes to be
12 effective October 1, 2017.

13

14

II. Background from Prior Filings

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

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

1 **Q. PLEASE SUMMARIZE THE COMPANY'S LAST BGSS AND CIP**
2 **PROCEEDING.**

3 **A.** On June 1, 2016, NJNG filed a petition requesting that the BPU approve NJNG's annual
4 filing for the BGSS year of October 1, 2016 through September 30, 2017 in BPU Docket
5 No. GR16060482 ("2017 BGSS/CIP Filing"). That petition requested that the BPU
6 approve a decrease to the after-tax periodic BGSS rate of \$0.4804 per therm (\$0.4490 per
7 therm pre-tax) to \$0.4280 per therm (\$0.4000 per therm pre-tax) and a decrease to the after-
8 tax per therm Balancing Charge from \$0.0679 to \$0.0639. The Company also requested
9 to adjust its CIP rates for fiscal year 2017. Specifically, the petition requested that the BPU
10 approve the implementation of after-tax per therm CIP rates of \$0.0226 for Group I
11 Residential Non-Heat customers, \$0.0563 for Group II Residential Heat customers,
12 \$0.1000 for Group III General Service – Small ("GSS) commercial customers, and \$0.0834
13 for Group IV General Service – Large ("GSL") commercial customers, effective as of
14 October 1, 2016.

15 In the August 12, 2016 Stipulation in BPU Docket No. GR15111304, the
16 Company's base rate case ("2015 Base Rate Case Stipulation"), the Parties agreed to a pre-
17 tax inventory portion of the Balancing Charge of \$0.0025 per therm. Including this
18 inventory portion in the Balancing Charge resulted in an after-tax per therm Balancing
19 Charge of \$0.0622 per therm. On September 23, 2016, the BPU approved this Balancing
20 Charge, the BGSS rate, and CIP rates on a provisional basis effective October 1, 2016. The
21 impact to a residential heat customer using 100 therms per month was a 2.7 percent
22 increase.

23 Also on September 23, 2016, the Board issued an Order approving the 2015 Base
24 Rate Case Stipulation ("Rate Case Order") where the Parties agreed that in addition to
25 transportation customers, the Company will apply the Balancing Charge to sales customers
26 in the appropriate rate classes and the BGSS rate will be the current BGSS rate less the
27 Balancing Charge. As a result, the after-tax periodic BGSS rate in the Company's Tariff
28 effective October 1, 2016 was \$0.3658 per therm (\$0.4280 less the Balancing Charge of
29 \$0.0622 per therm).

30

31

1
2 Pursuant to P.L. 2016, c. 57, the New Jersey Sales and Use Tax (“SUT”) to be
3 charged to customers for utility service was changed from 7 percent to 6.875 percent
4 effective January 1, 2017. Accordingly, NJNG implemented the 6.875 percent SUT rate
5 as of January 1, 2017, making the necessary changes to all of the Company’s rates and
6 tariffs to reflect that decrease. The provisional rates from the 2017 BGSS/CIP Filing
7 modified to reflect the SUT change effective on and after January 1, 2017 are: 1) the
8 Company’s Periodic BGSS rate of \$0.3654 per therm after-tax; 2) the Company’s
9 Balancing Charge of \$0.0621 per therm after tax; and 3) the following CIP rates all on an
10 after-tax basis: a rate of \$0.0226 per therm for Group I Residential Non-Heat customers; a
11 rate of \$0.0562 per therm for Group II Residential Heat customers; a rate of \$0.0999 per
12 therm for Group III Small Commercial customers; and a rate of \$0.0833 per therm for
13 Group IV Large Commercial customers.

14 The October 2016 and January 1, 2017 BGSS, CIP, and Balancing Charge rates
15 were approved by the Board on a final basis on April 21, 2017.

16 In September 2016, NJNG filed notification of a Periodic BGSS Bill Credit to be
17 effective November 2016 through February 2017. The Company provided after-tax credits
18 of approximately \$42 million to residential and small commercial sales customers during
19 the period.

20 21 **III. BGSS Projections**

22 **Q. WHAT IS THE COMPANY’S CURRENT PROJECTION FOR THE BGSS**
23 **BALANCE AS OF SEPTEMBER 30, 2017?**

24 **A.** Exhibit A to the Petition, which provides the details of the Company’s BGSS for the period
25 October 1, 2016 through September 30, 2017, shows that the estimated BGSS ending
26 balance will be approximately \$13.4 million under-recovered as of September 30, 2017.

27

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

2 A. The Company proposes to increase the current pre-tax periodic BGSS rate of \$0.3419 per
3 therm to \$0.3835 per therm effective October 1, 2017. If approved, the current after-tax
4 rate of \$0.3654 per therm will increase by \$0.0445 to \$0.4099 per therm.

5 **Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS
6 BALANCE AS OF SEPTEMBER 30, 2018?**

7 A. Exhibit B to the Petition provides the details of the Company's projections for the period
8 October 1, 2017 through September 30, 2018 based upon May 10, 2017 NYMEX pricing,
9 as requested by BPU Staff, includes the impact of the proposed Balancing Charge
10 described in Section IV of this testimony, and shows that the estimated BGSS ending
11 balance will be an under-recovery of approximately \$3.0 million as of September 30, 2018.
12 Should market conditions change, the Company will consider utilization of the self-
13 implementing BGSS price increases or decreases, credits or refunds.

14

15

IV. Balancing Charge

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

17 A. Yes. Pursuant to the Rate Case Order, the Balancing Charge, which includes the cost of
18 providing storage and peaking services, is to be adjusted in the Company's annual BGSS
19 filing and is subject to review as part of such filing. The calculation of the Balancing
20 Charge is presented in Exhibit D to the Petition and reflects updated pipeline demand
21 charges, credit adjustments and percentage of peak day volume related to balancing
22 associated with the pipeline demand portion of the Balancing Charge. Also, in accordance
23 with the Rate Case Order, the portion of the charge related to inventory is not updated. The
24 Company proposes to increase its current after-tax per therm Balancing Charge of \$0.0621
25 to \$0.0683 effective October 1, 2017. All balancing revenues from sales and transportation
26 customers are credited to the BGSS as shown in Schedule 4g of Exhibits A and B.

27

28

V. Conservation Incentive Program ("CIP")

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

30 A. The CIP rate mechanism was initially approved by the Board in Docket No. GR05121020
31 in a December 12, 2006 Order, extended in its January 21, 2010 Order, and approved to
32 continue in a May 21, 2014 Order in Docket No. GR13030185 ("CIP Orders"). The CIP

1 rate mechanism provides a rate adjustment related to changes in the average use per
2 customer when compared to a pre-established baseline value, allowing NJNG to encourage
3 customers to conserve energy. The pre-filed Direct Testimony of Anne-Marie Peracchio
4 within this filing describes the programs NJNG has implemented to encourage customers
5 to conserve energy, along with the results of those programs. Pursuant to the Company's
6 Tariff, the CIP is applicable to each of the following customer groups:

- 7 • Group I – Residential Non-Heat
- 8 • Group II – Residential Heat
- 9 • Group III – General Service - Small
- 10 • Group IV – General Service - Large

11 Pursuant to the CIP Orders, the margin deficiency or excess for each group is
12 calculated each month by subtracting the baseline usage per customer, according to the
13 Company's Tariff, from the actual usage per customer and multiplying the resulting therms
14 by the actual number of customers and the margin recovery per therm. The baseline use
15 per customer for each group was updated in the Company's Tariff effective October 1,
16 2016 pursuant to the Base Rate Case Order. The October 2016 through September 2017
17 CIP margin deficiency calculations for each group, with actual data through April 2017
18 and projected data for the remaining five months, are included as Exhibit C, Schedules 1
19 through 4 to the Petition.

20 **Q. PLEASE DESCRIBE THE WEATHER EXPERIENCED THIS YEAR AND ITS**
21 **IMPACT ON CIP.**

22 A. For the period October 2016 through April 2017, NJNG experienced weather that was 10.9
23 percent warmer than normal but 6.9 percent colder than the period October 2015 through
24 April 2016. Due to the warm weather, customer usage was less than the CIP baseline usage
25 resulting in an overall CIP margin deficiency. However, since the weather was colder than
26 the previous year and the baseline use per customer for each CIP Group was updated based
27 on more recent customer usage, the overall CIP margin deficiency is less than the previous
28 year resulting in the Company's proposed decreases to the CIP rates.

29 **Q. PLEASE DESCRIBE THE CIP RECOVERY TESTS.**

30 A. Pursuant to the May 21, 2014 CIP Order, recovery of margin deficiencies associated with
31 non-weather related changes in customer usage is subject to a BGSS Savings Test and a
32 Variable Margin Revenue Test. In order to recover the CIP non-weather related margin

1 deficiency, the Company must: (1) have BGSS savings of at least 75 percent of the non-
2 weather related margin deficiency and; (2) the non-weather related margin deficiency must
3 be less than or equal to 6.5 percent of aggregate variable margins. Any amount that exceeds
4 these limitations may be deferred for future recovery and will be subject to the recovery
5 tests in that future period.

6 **Q. PLEASE FURTHER DESCRIBE THE BGSS SAVINGS TEST.**

7 A. Pursuant to the May 21, 2014 CIP Order, NJNG must achieve a level of BGSS savings
8 greater than or equal to 75 percent of the margin deficiency associated with non-weather
9 related reductions in usage in order to recover the full margin deficiency associated with
10 those reductions. To determine the non-weather margin deficiency, the Company has
11 calculated the weather related margin deficiency on Exhibit C, Schedule 5 to the Petition.
12 The monthly consumption factors per customer per degree day for each group are included
13 in Rider I of the Company's Tariff ("CIP Tariff") and are multiplied by the actual number
14 of customers to determine the associated consumption factors per degree day. The
15 consumption factors associated with actual customers are multiplied by the variance of the
16 actual degree days from the degree days included in the CIP Tariff and the margin factors
17 to determine the weather margin deficiency. The total CIP margin deficiency for the 2016-
18 2017 CIP year is approximately \$21 million of which \$20.027 million is related to weather.
19 Exhibit C, Schedule 6 to the Petition demonstrates that the estimated margin related to the
20 non-weather change in customer usage is approximately \$0.972 million. The amount of
21 the BGSS Savings required to meet the BGSS Savings test is 75 percent of the non-weather
22 change in customer usage or \$0.729 million.

23 There are three categories of BGSS savings: (1) permanent savings realized from
24 permanent capacity releases or contract terminations; (2) additional BGSS gas cost savings
25 from reductions of capacity on a long-term basis; and (3) avoided capacity costs to meet
26 residential customer growth. As shown in Exhibit C, Schedule 6, the Company has
27 approximately \$12.04 million of permanent savings approved in the May 21, 2014 CIP
28 Order and approximately \$1.36 million of avoided capacity cost savings for a total BGSS
29 savings of \$13.4 million. NJNG has not incurred any additional BGSS gas costs savings
30 from long-term reductions of capacity. Avoided capacity costs savings are calculated based
31 on following the methodology approved in the May 21, 2014 CIP Order: the monthly net
32 change in residential customers for Group I and Group II are multiplied by their respective

1 CIP benchmark use per customer and by the average fixed capacity cost reflected in this
2 filing.

3 **Q. PLEASE FURTHER DESCRIBE THE VARIABLE MARGIN REVENUE TEST**

4 A. To pass the Variable Margin Revenue Test approved in the May 21, 2014 CIP Order,
5 NJNG's non-weather related aggregate CIP margins must be less than or equal to 6.5
6 percent of aggregate variable margins for the CIP accrual year for all CIP Groups. The
7 variable margins for each group are calculated on a monthly basis by multiplying the actual
8 number of customers by the baseline use per customer and the group's margin per therm.
9 As shown in Exhibit C, Schedule 6, the recovery limitation is approximately \$15.0 million,
10 or 6.5 percent of the aggregate annual variable margin of \$230.6 million.

11 **Q. HAS THE COMPANY MET OR EXCEEDED THE CIP RECOVERY TEST**
12 **CRITERIA AS PROVIDED FOR IN THE CIP ORDER?**

13 A. Yes. Since the total BGSS savings of \$13.4 million for the October 2017 through
14 September 2018 CIP recovery period are greater than the required amount to meet the test
15 of \$0.729 million, the Company has exceeded the BGSS Savings test for the October 2017
16 through September 2018 CIP recovery period. Additionally, the Company has met the
17 Variable Margin Revenue Test since the non-weather portion of \$0.972 million is less than
18 the recovery limitation of approximately \$15.0 million.

19 **Q. PLEASE DESCRIBE THE CIP EARNINGS TEST.**

20 A. The CIP Earnings Test is based on the Tariff approved in the Rate Case Order and provides
21 that NJNG cannot recover any portion of its margin deficiency that will cause the Company
22 to earn in excess of a 9.75 percent return on common equity for the annual period of the
23 CIP year. Additionally, any portion of the margin deficiency which is not recoverable shall
24 not be deferred for future recovery. Exhibit C, Schedule 7 to the Petition includes the
25 calculation of the Earnings Test with actual data for the seven months ended April 2017
26 and estimated data for the five months ended September 2017. The test shows that the
27 estimated Return on Equity ("ROE") for the 2016-2017 CIP year is 8.58 percent.
28 Therefore, since the estimated ROE of 8.58 percent is less than 9.75 percent, NJNG may
29 fully recover its CIP deficiencies.
30

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

3 A. The CIP surcharge or credit for each group is determined by dividing the eligible aggregate
 4 margin deficiency or excess, adjusted for any under or over recovery of prior period CIP
 5 collection, by the forecasted annual usage of each group for October 2017 to September
 6 2018. The following table shows the existing after-tax rates, proposed after-tax rates and
 7 resulting change for each CIP Group:

8

		Existing	Proposed	
		Charge	Charge	Decrease
<u>Group</u>	<u>Group Description</u>	<u>per therm</u>	<u>per therm</u>	<u>per therm</u>
Group I	Residential Non-Heat	\$0.0226	\$0.0076	(\$0.0150)
Group II	Residential Heat	\$0.0562	\$0.0401	(\$0.0161)
Group III	General Service - Small	\$0.0999	\$0.0302	(\$0.0697)
Group IV	General Service - Large	\$0.0833	\$0.0308	(\$0.0525)

9 The Company is requesting an effective date of October 1, 2017 for the above proposed
 10 rates.

11

12

VI. Miscellaneous

13 **Q. PLEASE DESCRIBE THE CHANGES RELATED TO DELIVERY MARGINS**
 14 **FOR INTERRUPTIBLE SERVICE CUSTOMERS AND VARIOUS ELECTRIC**
 15 **GENERATION PLANTS IN THE COMPANY'S RECENT BASE RATE CASE AS**
 16 **IT RELATES TO BGSS.**

17 A. Pursuant to the Rate Case Order, effective October 1, 2016, the delivery margins for
 18 Interruptible Service customers, the Forked River plant, the Sayreville plant, and Ocean
 19 Peaking Power ceased to be credited to BGSS and are included in utility revenue. As a
 20 result, margin credits for these customers are not included in Exhibits A and B.

VII. Impact on Customers

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

5 A. The periodic BGSS increase proposed in this filing results in an overall \$4.45 or 4.2 percent
6 increase to the total monthly 100 therm bill for residential heat sales customers. The
7 proposed Balancing Charge increase results in an overall \$0.62 or 0.6 percent increase to
8 the total monthly 100 therm bill for residential heat sales and transportation customers. The
9 proposed CIP rate for Group II residential heat sales and transportation customers results
10 in an overall (\$1.61) or (1.5) percent decrease to the total monthly 100 therm bill for a
11 residential heat customer. The net impact of the BGSS, Balancing Charge, and CIP rate
12 changes for a residential heat sales customer is a \$3.46 or 3.3 percent increase to the total
13 monthly 100 therm bill. Exhibit E to the Petition provides the supporting bill impact
14 calculations. Residential heat transportation customers will have a (0.9) percent decrease
15 due to the changes in the Balancing Charge and CIP rates.¹

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

19 A. The proposed periodic BGSS increase results in an overall 3.5 percent increase to the total
20 monthly 25 therm bill for a residential non-heat sales customer. The proposed Balancing
21 Charge increase results in an overall 0.5 percent increase to the total monthly 25 therm bill
22 for residential non-heat sales and transportation customers. The proposed CIP rate for
23 Group I residential non-heat customers results in an overall decrease of (1.2) percent. The
24 net impact of the BGSS, Balancing Charge, and CIP rate changes for a residential non-heat
25 sales customer is a 2.8 percent increase. Residential non-heat transportation customers will
26 have a (0.7) percent decrease due to the changes in the Balancing Charge and CIP rates.²

¹ Percentage change assumes transportation customers are receiving gas supply at NJNG's BGSS Price to Compare.

² Id.

1 **Q. WHAT IS THE IMPACT TO CIP GROUP III GSS CUSTOMERS A RESULT OF**
2 **THE PROPOSED CHANGES TO BGSS, BALANCING CHARGE, AND CIP**
3 **RATES?**

4 A. The proposed periodic BGSS increase results in an overall 3.6 percent increase to the
5 monthly 100 therm bill for a GSS sales customer. The proposed Balancing Charge increase
6 results in an overall 0.5 percent increase to the total monthly 100 therm bill for GSS sales
7 and transportation customers. The proposed CIP rate for Group III GSS customers results
8 in an overall (5.6) percent decrease. The net impact of the BGSS, Balancing Charge, and
9 CIP rate changes for a GSS sales customer is a (1.5) percent decrease. GSS transportation
10 customers will have a (5.1) percent increase due to the changes in the Balancing Charge
11 and CIP rates.³

12 **Q. WHAT IS THE IMPACT TO CIP GROUP IV GSL CUSTOMERS AS A RESULT**
13 **OF THE PROPOSED CHANGES TO BGSS, BALANCING CHARGE AND CIP**
14 **RATES?**

15 A. GSL customers are not impacted by the BGSS rate change because they pay the Monthly
16 BGSS rates which are tied to market prices. The Balancing Charge is included in the GSL
17 Delivery Charge and the Monthly BGSS rates for GSL sales customers are net of the
18 Balancing Charge. Therefore, the Balancing Charge does not impact the overall bill of a
19 GSL sales customer. However, the proposed Balancing Charge increase results in an
20 overall 0.5 percent increase to the total monthly 1,200 therm bill for GSL transportation
21 customers. The proposed CIP rate for Group IV GSL customers results in a (4.5) percent
22 decrease for GSL customers using 1,200 therms per month. The net impact of the
23 Balancing Charge and CIP rate changes for a GSL sales customer is a (4.5) percent
24 increase. GSL transportation customers will have a (4.0) percent decrease due to the
25 changes in the Balancing Charge and CIP rates⁴

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

27 A. Yes.

³ Id.

⁴ Id.

NEW JERSEY NATURAL GAS COMPANY

PRE-FILED DIRECT TESTIMONY AND EXHIBITS OF

ANNE-MARIE PERACCHIO

DIRECTOR – CONSERVATION AND CLEAN ENERGY

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) RATES
FOR F/Y 2018
BPU DOCKET NO. GR1706 _____
Pre-Filed Direct Testimony of Anne-Marie Peracchio**

1 **Introduction**

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

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

6 **Q. PLEASE DESCRIBE YOUR EDUCATION AND BUSINESS EXPERIENCE.**

7 A. In 1990, I received a Bachelor of Science degree in Accounting with a double major in
8 Philosophy from the University of Scranton, and in 1997 a Masters of Business
9 Administration from Monmouth University. I previously worked as a Certified Public
10 Accountant in the State of New York. From September 1990 to June 1993, I was employed
11 by KPMG Peat Marwick in various positions within the Audit Department.

12 In June 1993, I accepted a position with New Jersey Resources Corporation, the
13 parent of NJNG, in the Internal Audit Department and held that position until February
14 1995 when I accepted a position as a Senior Rate Analyst in the Regulatory Affairs
15 Department of the Company. In July 1997, I was promoted to Manager, Regulatory Affairs
16 and in January 1999, I was promoted to Director, Regulatory Affairs. In December 2006,
17 I was appointed as the Director, Conservation and Affordability until December 2009,
18 when my responsibilities shifted to serve as the Director, Conservation and Clean Energy
19 Policy. In November 2015, my responsibilities were broadened to include both policy and
20 operations for energy-efficiency programs as the Director, Conservation and Clean Energy.

21 **Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR,
22 CONSERVATION AND CLEAN ENERGY?**

23 A. I report directly to the Senior Vice President, Marketing, Customer Services, and Energy
24 Efficiency. I am responsible for the development and implementation of the Company’s
25 customer conservation programs, pursuant to the Board’s approval of the Conservation
26 Incentive Program (CIP), and I manage the efforts of the team who implements the NJNG
27 energy-efficiency program - The SAVEGREEN Project® (“SAVEGREEN”). I also
28 identify opportunities to help drive cultural changes within the organization to support the

1 Company's concerted focus on conservation. Most of those programs fall under the
2 Company's Conserve to Preserve® ("CTP") initiative that will be discussed in more detail
3 below. Additionally, I have been and continue to be involved in the development of
4 NJNG's policy positions on a number of energy-related issues, including the State and
5 Local Energy Efficiency Action Network. I serve as a Company representative on a number
6 of committees and task forces for New Jersey's Clean Energy Program™ ("NJCEP"),
7 Sustainable Jersey™, the Consortium for Energy Efficiency ("CEE") and the American
8 Gas Association ("AGA"). I also serve as Vice Chair of the Board of Trustees for
9 Sustainable Jersey and as a Board Member for Lead New Jersey.

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

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

14 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**
15 **PROCEEDING?**

16 A. By way of this testimony, I explain and provide support for the following sections of the
17 Company's filing: (1) background of the CIP; (2) an overview of NJNG's CIP program
18 activity over the past year; (3) an update on CIP expenditures to date; and (4) an update on
19 plans for future CIP activities.

20
21 **CIP BACKGROUND**

22 **Q. PLEASE BRIEFLY SUMMARIZE THE CIP.**

23 A. On December 12, 2006, the BPU approved a three year CIP in Docket No. GR05121020
24 ("CIP Order"). The CIP is designed to decouple the link between customer usage and
25 NJNG's gross margin to allow NJNG to encourage its customers to conserve energy. As
26 such, the CIP contains a tariff mechanism that addresses gross margin variations along with
27 a commitment from NJNG to actively promote customer conservation. To meet the
28 conservation goals, NJNG agreed to promote energy-efficiency and conservation activities
29 and to modify the Company's internal culture to focus on energy efficiency. To fulfill that
30 commitment, NJNG initiated programs to further customer conservation efforts over the
31 first three-year term, providing a funding amount of \$2 million for such programs. In an

1 Order dated January 21, 2010, the Board approved the extension of the CIP program (“CIP
2 Extension Order”) and NJNG agreed to contribute \$575,000 annually for CIP programs.
3 Any unspent balance of the annual amount is carried-over into the next CIP year. On May
4 21, 2014, the Board issued an Order in Docket No. GR13030185 in which, among other
5 things, continued the CIP programs and NJNG agreed to contribute \$700,000 annually
6 beginning October 1, 2014. The funding levels approved by the Board as part of the CIP
7 are not included in customer rates.

8 9 **PROGRAM ACTIVITY**

10 **Q. PLEASE PROVIDE A BRIEF OVERVIEW OF ON-GOING PROGRAMS THAT** 11 **CIP FUNDING SUPPORTS.**

12 A. NJNG continues to use CIP funding to support recurring services and initiatives designed
13 to engage and educate customers on energy-efficiency or energy conservation programs.

14 Current customer programs include:

- 15 • **E-tips:** The expenses in this category cover costs associated with the external
16 service used to distribute E-tips, NJNG’s opt-in conservation e-mail newsletter,
17 and other minor promotional expenses. Currently, approximately 109,000
18 customers are registered to receive our monthly E-Tip service. This is the most
19 effective vehicle for promoting special offers and limited time promotions.
- 20 • **CTP Dashboard:** We continue to offer an online self-service audit that can
21 help customers get personalized recommendations for their best ways to save
22 energy. The Dashboard uses the EnergySavvy Optix Engage software service.
23 Through this service, NJNG can also easily target messaging to follow-up with
24 customers based upon particular profile characteristics (e.g. indication of a
25 drafty home or interest in income qualified programs).
- 26 • **Conserve to Preserve Business Online:** This service provides a
27 comprehensive online resource for commercial customers that offers industry-
28 specific information and features emerging technologies and business
29 applications in one, well-organized location. It also provides a monthly e-
30 newsletter to promote NJCEP programs and business-focused outreach events.

- 1 • **Community outreach:** The CIP funds for these activities are used in the
2 production of materials promoting NJNG’s programs, the payment of certain
3 exhibit fees, and minor related promotional items. NJNG has a robust
4 Speakers’ Bureau program that connects with community groups in formats that
5 meet their needs. The Company offers traditional presentations, game show
6 formats, lunch and learn series, as well as outreach tables at expos, trade shows,
7 business conferences and green fairs. Sometimes we work with community
8 groups to develop separate energy focused events. The Company directly
9 reaches thousands of customers each year through participation in these types
10 of events.
- 11 • **Employees/contractors/realtors and other stakeholders as champions:**
12 NJNG’s experience with SAVEGREEN has significantly expanded awareness
13 and knowledge of energy-efficiency contractor activity in the Company’s
14 service territory and the marketplace. This category of expenses relates to
15 activities through which NJNG contacts and directly interacts with these
16 contractors. The primary activity in this category supports the provision of
17 training classes and related energy-efficiency and conservation materials.
18 NJNG has a similar program with realtors who are reached through office visits,
19 a presence at the annual tri-state realtor convention and training classes.
- 20 • **Customer participation activities:** NJNG has worked to engage more
21 customers in energy-efficiency programs and provide conservation education
22 by offering prizes for participation in online contests or through social media.
23 We have used different approaches including quizzes, matching games, and
24 creative posts. We are currently running another version of our annual “*Save*
25 *Energy. Save Money. Win Prizes!*” sweepstakes promotion to help share
26 energy-saving tips with our customers. These efforts also include on-going
27 trivia contests on our Facebook page, including a special holiday promotion we
28 last year that encouraged customers to like and share our energy-saving tips on
29 Facebook to help raise money for local foodbanks.
- 30 • **School Programs:** Through this funding category, NJNG sponsors the
31 Alliance to Save Energy’s “Energy Hog” program which provides both
32 classroom and take home resources for elementary school students as well as a

1 free school assembly program. This category also includes expenses for annual
2 conservation themed poster and video contests. It also includes support for the
3 Sustainable Jersey for Schools program, which has 262 districts and 648
4 schools registered. This initiative provides comprehensive resources and
5 engagement tools across many areas and ensures that the school administration
6 is supportive. Last year our most significant addition to this category was the
7 implementation of the Alliance to Save Energy's (ASE) PowerSave School
8 Program. ASE has successfully implemented the PowerSave School Program
9 to capture behavioral energy savings in schools for 20 years. Twenty one
10 schools are currently wrapping up participation in the program for this year and
11 have shared significant positive feedback about the program. We anticipate
12 continuing this program and are working with the ASE to develop a path where
13 schools can "graduate" from the program and continue their efforts with
14 minimal support to allow us to broaden the number of schools in this program.

- 15 • **Municipal Programs and EDF Climate Corp:** Through this category, NJNG
16 conducts direct outreach to municipalities to encourage them to reduce their
17 own energy usage and help us promote energy efficiency and energy
18 conservation to their residents and businesses. Outreach is conducted through
19 efforts with the League of Municipalities, Sustainable Jersey, and Sustainable
20 Jersey for Schools. In prior years, we have funded Environmental Defense
21 Fund (EDF) Climate Corp Fellows to work at the municipal and school district
22 level to help reduce their energy usage. This year, we funded three Fellows that
23 will be assisting seven school districts/municipalities within our service
24 territory.
- 25 • **Thermostat Pilot:** In early 2016 NJNG launched a smart thermostat pilot
26 branded as NJNG SaveSmart. Customers participating in the pilot get a free
27 smart thermostat. In addition to helping participating customers save more
28 energy, it is helping us learn more about customer interest in these types of
29 products and understand contractor interest in installing them. We are currently
30 expanding this pilot to include another manufacturer.

- 1 • **Low-income/senior focused outreach:** NJNG continues to develop events and
2 work with organizations that help us reach low-income customers and our
3 senior population.
- 4 • **Other:** Some funds are also expended for advertising, survey work, and work
5 with organizations that actively support energy conservation and energy
6 efficiency.

7 **Q. HAS NJNG CONTINUED TO SEE GROWTH IN WEB SITE TRAFFIC FOR THE**
8 **CONSERVATION SECTIONS?**

9 **A.** Yes. As shown on Exhibit AMP-1, fiscal 2016 customer activity in the energy efficiency
10 sections of our website was very strong, more than 32 times fiscal 2006 the last full year
11 prior to the implementation of CIP. To date, activity for fiscal 2017 has been extremely
12 strong as well despite the challenges of keeping customers engaged when natural gas prices
13 are lower.

14
15 **CIP EXPENDITURE UPDATE**

16 **Q. DID THE COMPANY HAVE ANY CARRY-OVER FUNDING TO ADD TO THE**
17 **ANNUAL PROGRAM FUNDING COMMITMENT OF \$700,000 FOR FISCAL**
18 **2017?**

19 **A.** Yes. Although NJNG spent nearly \$807,000 on CIP activities in fiscal 2016, the Company
20 had a carryover balance of nearly \$114,000. Accordingly, NJNG has nearly \$814,000
21 available for fiscal 2017 programs. See Attachment AMP-2, page 2 of 2 for the final
22 summary of expenses and carry-over calculation for fiscal 2016.

23 **Q. WHAT HAS THE COMPANY EXPENDED ON THE CIP PROGRAMS FOR THE**
24 **CURRENT FISCAL YEAR?**

25 **A.** As of May 31, 2017, NJNG will record expenses of approximately \$500,000 for the 2017
26 CIP year. A summary of 2017 expenses by category is included as Attachment AMP-2,
27 page 1 of 2.

28 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$814,000 ON THE CIP**
29 **PROGRAM THIS FISCAL YEAR?**

30 **A.** No. It is difficult to project the overall response to programs and the timing for the launch
31 of some new programs. However, NJNG expects that there will be a modest carry-over of

1 unspent funds into fiscal 2018 CIP programs. Projected expenses for the remainder of the
2 year are reflected on Attachment AMP-2, page 1 of 2.
3

4 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

5 **Q. DOES THE COMPANY HAVE PLANS FOR ADDITIONAL CIP PROGRAMS?**

6 A. Yes. NJNG continues to explore ideas for CIP programs, striving to identify new services
7 and offers that complement existing programs administered by both NJCEP and NJNG.

8 **Q. CAN YOU SHARE ANY INFORMATION ON OTHER FUTURE PROGRAMS TO
9 BE LAUNCHED OR IN DEVELOPMENT?**

10 A. Yes. NJNG is planning to launch a new pilot to learn more about the potential market for
11 ENERGYSTAR Verified Installations (ESVI). ENERGYSTAR developed ESVI as a
12 programmatic platform to systematically enhance HVAC installations by verifying key
13 performance metrics have been met to maximize system performance, enhance occupant
14 comfort, and improve energy savings for the homeowners, while also helping to reduce
15 overall energy use in the residential marketplace and protect the environment.

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

17 A. Yes.
18

New Jersey Natural Gas
Comparison of Website Conservation Statistics

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017 through April only
Conservation	6,288	2,636	1,957	4,586	4,543	5,044	4,624	4,134	4,339	4,693	4,567	2,427
Conserve to Preserve		2,199	3,090	3,552	3,560	2,158	1,584	1,447	1,880	1,545	1,147	801
Home Energy Saving Tips		2,482	3,726	4,783	3,858	4,709	3,180	2,936	5,617	6,352	2,409	1,242
Residential Programs		9,171	11,613	16,070	18,156	18,838	15,020	20,557	20,168	16,182	10,544	5,051
Special Offers & Rebates		6,414	11,353	17,817	15,183	18,088	15,666	22,827	22,288	18,927	16,572	10,938
Energy Saving Tips for Business		413	855	1,073	740	891	668	562	540	430	341	195
Commercial Programs		541	728	1,187	1,052	1,102	907	906	895	794	596	393
Distributed Generation		430	500	631	587	996	871	1,240	653	399	329	173
Energy		834	928	1,038	1,258	1,978	1,755	1,633	1,453	1,222	1,174	776
Energy Hog	843	912	937									
Kids and Conservation			897	1541	1139	1506	633	1767	1591	1330	967	472
SAVEGREEN					51,154	66,108	66,955	89,391	150,793	182,325	190,774	105,387
Total	7,131	26,032	36,584	52,278	101,230	121,418	111,863	147,400	210,217	234,199	229,420	127,855

Note: Fiscal 2016 ended the year at more than thirty-two times the level of activity pre-CIP. While we had strong results for Fiscal 2016 and the start of Fiscal 2017, it is challenging to keep customers engaged on saving energy when natural gas bills are lower than prior years. Many visits can also be attributed to NJNG's significant outreach activity and promotion within our communication channels, including NJNG's E-tip service, frequent posts on social media, and content within NJNG's customer newsletter.

**New Jersey Natural Gas
CIP Expense through May 31, 2017
BPU Docket No. GR1706_____**

	<u>Quarter Ending 12/31/16</u>	<u>Quarter Ending 3/31/17</u>	<u>Expenses from 4/1 - 5/31/2017</u>	<u>Estimated expenses 6/1-9/30/17*</u>	<u>Estimated Total Fiscal Year</u>
1 School/Children's Programs	\$60,000	\$85,085		\$75,000	\$220,085
Municipal Programs and EDF					
2 Climate Corp Program	\$70,000	\$3,000	\$4,405		\$77,405
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions	\$10,979	\$10,713		\$15,000	\$36,692
4 Online services and E-tips	\$82,182				\$82,182
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$6,274	\$53,525	\$12,000	\$71,799
Thermostat pilot, ENERGYSTAR					
Verified Installation pilot and direct					
6 purchase of energy saving products	\$9,627	\$24,090	\$8,550	\$100,000	\$142,267
7 Events and general outreach costs	\$3,760	\$11,633	\$3,891	\$40,000	\$59,284
Other low income/senior focused					
8 outreach	\$2,980	\$4,383	\$2,285	\$15,000	\$24,648
Development work (e.g. customer					
9 feedback, EE org., memberships)	\$27,000	\$15,286			\$42,286
Publications and energy efficiency					
10 advertising					\$0
<hr/>					
Total Spent to Date	<u>\$266,528</u>	<u>\$160,465</u>	<u>\$72,655</u>		\$499,648
Projected Spending for rest of FY 2017				<u>\$257,000</u>	\$257,000
			\$499,648		
				Total spent \$	756,648
				Budget Available for Fiscal 2017 (see page 2 of 2) \$	813,956
				Estimated carryover to next year	\$ 57,308

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

**New Jersey Natural Gas
CIP Expense through September 30, 2016
BPU Docket No. GR1706_____**

	Quarter Ending 12/31/15	Quarter Ending 3/31/16	Quarter Ending 6/30/16	Quarter Ending 9/30/16	Final Fiscal 2016
1 School/Children's Programs	\$135,000	\$11,504		\$75,000	\$221,504
Municipal Programs and EDF					
2 Climate Corp Program	\$70,000	\$5,445	\$3,000		\$78,445
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions	\$6,885	\$18,745	\$7,154	\$8,539	\$41,323
4 Online services and E-tips	\$75,248			\$2,321	\$77,569
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$62,400		\$7,654	\$70,054
Thermostat pilot and direct					
6 purchase of energy saving products		\$105,754	\$43,252	\$47,086	\$196,092
7 Events and general outreach costs	\$11,052	\$744	\$28,611		\$40,408
Other low income and senior					
8 focused outreach	\$3,802		\$4,685	\$14,423	\$22,910
Development work (e.g. customer					
9 feedback, EE organization					
memberships)	\$27,000	\$13,387	\$11,153	\$3,995	\$55,535
Publications and energy efficiency					
10 advertising	\$3,000				\$3,000

Total Spent to date **\$331,988** **\$217,979** **\$97,855** **\$159,018** **\$806,839**

Funding Commitment for Fiscal 2016 \$ 700,000
Carryover from Fiscal 2015 \$ 220,795

Final carried over to Fiscal 2016 **\$113,956**

Funding Commitment for Fiscal 2016 **\$700,000**
Budget Available for Fiscal 2017 **\$813,956**