



March 30, 2017

VIA FEDERAL EXPRESS OVERNIGHT DELIVERY

The Honorable 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

Re: In The Matter Of The Petition Of New Jersey Natural Gas Company for Approval of Base Rate Adjustments Pursuant to its NJ RISE And SAFE II Programs
BPU Docket No. GR1703 _____

Dear Secretary Asbury:

Enclosed herewith for filing please find an original and ten (10) copies of the petition and supporting schedules of New Jersey Natural Gas Company (NJNG) for Approval of Base Rate Adjustments Pursuant to its NJ RISE And SAFE II Programs.

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

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

Respectfully submitted,

A handwritten signature in blue ink that reads 'Andrew K. Dembia'. The signature is fluid and cursive, with the first and last names being the most prominent.

Andrew K Dembia, Esq.
Regulatory Affairs Counsel

C: Service List

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF BASE RATE ADJUSTMENTS PURSUANT TO ITS
NJ RISE AND SAFE II PROGRAMS
BPU DOCKET NO.: GO17 _____**

SERVICE LIST

NJNG

Mark R. Sperduto
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Thomas Walker, Director
N.J. Board of Public Utilities
Division of Energy
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Andrew Dembia, Esq.
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Stacy Peterson, Assistant Director
N.J. Board of Public Utilities
Division of Energy
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Tina Trebino
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

DIVISION OF RATE COUNSEL

James Corcoran
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Stephanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

Michael Moscufo
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Brian Lipman, Litigation Manager
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

NJ BOARD OF PUBLIC UTILITIES

Megan Lupo, Esq. Legal Specialist
N.J. Board of Public Utilities
44 South Clinton Avenue 3rd Floor
Suite 314
P.O. Box 350
Trenton, NJ 08625-0350

Felicia Thomas-Friel, Esq., Managing
Attorney - Gas
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

**IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF BASE RATE ADJUSTMENTS PURSUANT TO ITS
NJ RISE AND SAFE II PROGRAMS
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SERVICE LIST

Henry Ogden, Assistant Deputy Rate
Counsel
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

Maura Caroselli, Assistant Deputy Rate
Counsel
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

Shelly Massey, Paralegal
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

DEPT. OF LAW & PUBLIC SAFETY –
DIVISION OF LAW

Caroline Vachier
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07102

Alex Moreau, DAG
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07102

Jenique Jones, Paralegal
Dept. of Law & Public Safety
Division of Law
124 Halsey Street, 5th Floor
P.O. Box 45029
Newark, NJ 07102

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

IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS)
COMPANY FOR APPROVAL OF A) PETITION
BASE RATE ADJUSTMENT PURSUANT TO) BPU Docket No.
THE SAFE II AND NJ RISE PROGRAM)

TO: THE HONORABLE COMMISSIONERS OF THE BOARD OF PUBLIC UTILITIES:

1. New Jersey Natural Gas Company (“NJNG”, the “Company”, or “Petitioner”), a corporation of the State of New Jersey, having its principal offices at 1415 Wyckoff Road, Wall, New Jersey 07719, respectfully petitions the New Jersey Board of Public Utilities (“Board” or “BPU”) pursuant to N.J.S.A. 48:2-21 and the Board Order dated September 23, 2016 in BPU Docket Nos. GR15111304 (“September 2016 Rate Case Order”)¹ for base rate changes to recover all costs associated with the Company’s previously BPU approved Safety Acceleration and Facility Enhancement Extension Program (“SAFE II”) and NJ Reinvestment in System Enhancement Program (“NJ RISE Program”). The September 2016 Rate Case Order adopted a Stipulation of Settlement between the Company, the Division of Rate Counsel (“Rate Counsel”), the Staff of the Board, and Intervenor TAQA GEN-X, LLC, and Participants AARP, the New Jersey Utility Shareholders Association and Public Service Electric and Gas Company, that authorizes this rate filing in March 2017 for new base rates to be effective October 1, 2017. See, September 2016 Rate Case Order, at 6-11.

¹ I/M/O the Petition of New Jersey Natural Gas Company For Approval of an Increase in Gas Base Rates and for Changes in its Tariff for Gas Service, Approval of the SAFE Program Extension, and Approval of SAFE Extension and NJ RISE Rate Recovery Mechanisms Pursuant to N.J.S.A. 48:2-21, 48:2-21.1 and for Changes to Depreciation Rates for Gas Property Pursuant to N.J.S.A. 48:2-18; BPU Docket No. GR15111304 and OAL PUC 00738-16 (September 23, 2016).

INTRODUCTION AND OVERVIEW

2. 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 is a local natural gas distribution company providing regulated retail natural gas service to approximately 525,500 customers within Monmouth and Ocean counties, as well as portions of Burlington, Middlesex and Morris counties.

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

Mark R. Sperduto, Senior Vice President, Regulatory Affairs
Andrew K. Dembia, Esq., Regulatory Affairs Counsel
New Jersey Natural Gas Company
1415 Wyckoff Road, P.O. Box 1464
Wall, NJ 07719
(732) 938-1214 (M. Sperduto)
(732) 938-1073 (A. Dembia)
(732) 938-2620 (fax)
msperduto@njng.com
adembia@njng.com

4. Petitioner is subject to regulation by the Board for the purposes of setting its retail natural gas distribution rates and to assure safe, adequate and reliable natural gas distribution service pursuant to N.J.S.A. 48:2-13, *et seq.*

5. Through this Petition and the accompanying schedules, NJNG is requesting BPU approval for a base rate adjustment on October 1, 2017 to provide for cost recovery associated with the Company's SAFE II and NJ RISE Programs.

6. This Petition is supported by Schedules, attached hereto, and made a part of this Petition.

Table of Schedules

Minimum Filing Requirements (“MFRs”):

NJNG-MFR-1	Income statement for the most recent 12 month period.
NJNG-MFR-2	Balance sheet for the most recent 12 month period.
NJNG-MFR-3	A calculation of the proposed rate adjustment based on details related to Program projects in service during the period. a. A calculation of the associated depreciation expense, based on those projects in service during the period.
NJNG-MFR-4	Revenue requirement calculation showing the actual capital expenditures for the period for which the filing is made, as well as supporting calculations.
NJNG-MFR-5	Copies of the current and all previously filed SAFE II Quarterly Reports.

NJ RISE Schedules:

NJNG-NJ RISE-1	Calculation of the revenue requirement.
NJNG-NJ RISE-2	Applicable weighted cost of capital.
NJNG-NJ RISE-3	Revenue factor.

SAFE II Schedules:

NJNG-SAFE II -1	Calculation of the revenue requirement.
NJNG-SAFE II - 2	Applicable weighted cost of capital.
NJNG-SAFE II – 3	Revenue factor.

NJNG-RD-1	Rate Design
NJNG-RD-2	Proposed tariff pages for NJNG Tariff - BPU No. 9 Gas
NJNG-RD-3	Draft Form of Notice of Filing and of Public Hearings
NJNG-RD-4	Aggregated bill impacts

BACKGROUND

NJ Reinvestment in System Enhancement - NJ RISE

7. On September 3, 2013, NJNG filed a petition with the Board requesting approval of its NJ RISE Program. The Petition also included a mechanism for the recovery of capital infrastructure costs invested through NJ RISE. The Petition was filed pursuant to the Board's March 20, 2013 Order, BPU Docket No. AX13030197 which initiated a generic proceeding to investigate possible alternatives to support and protect New Jersey's utility infrastructure to withstand the effects of future Major Storm Events.

8. On July 23, 2014 the Board approved the NJ RISE Stipulation setting forth the NJ RISE Program investment level of up to \$102.5 million to be recovered through the stipulated cost recovery mechanism described below. The Parties to the NJ RISE Stipulation² acknowledged that the amount of \$102.5 million proposed for the six NJ RISE projects was an estimate based upon a high level preliminary pre-engineering study basis. NJNG reserved its right to request additional relief in a subsequent proceeding should the total NJ RISE project costs exceed \$102.5 million.

9. Pursuant to the NJ RISE Order adopting the Stipulation, specific NJ RISE investment levels, excluding Allowance for Funds Used During Construction ("AFUDC"), shall be up to the following amounts:

² The Company, Rate Counsel and Board Staff were the only Parties to the NJ RISE Stipulation.

<u>NJ RISE Program</u>	<u>\$ Millions</u>
Sea Bright Project	\$3.5
North Seaside Project	6.0
South Seaside Project	25.0
Long Beach Island Project	30.0
Long Beach Island Regulator Station	3.0
Excess Flow Valve (“EFV”) Project	<u>35.0</u>
TOTAL NJ RISE Program	\$102.5

10. Pursuant to the September 2016 Rate Case Order, the Parties agreed that the NJ RISE incremental capital investments as authorized by Board Order in Docket Nos. AX13030197 and GR13090828 will be recovered in base rates in the same manner as the SAFE II Cost Recovery mechanism set forth below. The Parties further agreed that the NJ RISE and SAFE II annual rate filings shall be combined for administrative ease.

Safety Acceleration and Facility Enhancement II - SAFE II

11. Pursuant to the September 2016 Rate Case Order, the SAFE II Program includes capital investments in NJNG’s gas distribution system for the replacement of existing unprotected steel mains and services. The SAFE II Program is estimated to cost approximately \$200 million, excluding AFUDC, over the program’s duration. Inclusive in this amount is \$42.5 million of Stipulated Base spending that is not recoverable through the SAFE II cost recovery mechanism (“SAFE II Rate Mechanism”). The remaining \$157.5 million is to be recovered through the SAFE II Rate Mechanism as described below.

12. The SAFE II Rate Mechanism, as set forth in the September 2016 Rate Case Order, allows the Company to file for annually scheduled rate adjustments for capital investments included in SAFE II.

SAFE II and NJ RISE Rate Mechanism

13. Cost recovery for the SAFE II and NJ RISE capital investments will be on an annual basis. Costs to be recovered will include the rate of return on net plant in service investments as of the end of the specified period. Net plant in service will be calculated as gross plant in service less accumulated depreciation less accumulated deferred income taxes. The revenue requirement will also include depreciation expense, income taxes, and a revenue factor as more fully described below.

14. In addition, the SAFE II revenue requirement will be reduced by an Operations and Maintenance (“O&M”) savings credit of \$100,000, or pro-rated amount where applicable, and any depreciation expense related to the unprotected mains retired during the specified period. The SAFE II revenue requirement will not include an expense for the recovery of the Cost of Removal (unless embedded in the depreciation rates); however, the revenue requirement will include the rate of return on the Cost of Removal investment. Depreciation will be calculated at the asset class multiplied by the depreciation rate applied to each respective account. When SAFE II projects are transferred from Construction Work In Progress (“CWIP”) to Utility Plant in Service, the booking of AFUDC shall cease and the booking of depreciation expense shall commence. The O&M expenses associated with SAFE II will not be included in the revenue requirement filings nor will such costs be deferred for future recovery.

15. The SAFE II and NJ RISE Program base rate adjustments are to be calculated using the following formula:

$$\text{Revenue Requirement} = ((\text{Program Rate Base} * \text{After Tax WACC}) + \text{Depreciation Expense} \\ (\text{net of tax}) + \text{Tax Adjustments}) * \text{Revenue Factor}$$

- i. Program Rate Base: The Program Rate Base will be calculated as plant in service, including CWIP transferred into service and associated AFUDC, less accumulated depreciation and less associated accumulated deferred income taxes. AFUDC will be calculated using the same methodology for current distribution assets, consistent with the Company's AFUDC policy, and as permitted by FERC Order 561, which includes compounding AFUDC on a semi-annual basis. Any rate of return authorized by the Board in a subsequent base rate case will be reflected in the subsequent AFUDC calculations as addressed by FERC Order 561.
- ii. Depreciation Expense: Depreciation expense will be calculated as the SAFE II Investment Costs by asset class, multiplied by the associated depreciation rate applied to the same asset in current base rates and then calculated net of tax. The Parties agree that any depreciation rate authorized by the Board in a subsequent base rate case will be reflected in the subsequent SAFE II revenue requirement calculations.
- iii. Tax Adjustments: Includes the effects of any flow through items and any tax law changes codified by the Internal Revenue Service, the State of New Jersey or any other taxing authority.
- iv. Revenue Factor: The Revenue Factor adjusts the Revenue Requirement net of tax for federal and state income taxes and the costs associated with the BPU and Rate Counsel ("RC") Annual Assessments and Gas Revenue Uncollectibles. The then-current statutory state and federal income tax rates and the then-current BPU/RC Assessment rates will be utilized. The percentage

used to calculate the uncollectible expense is based upon the percentage determined in the Company's current base rate case.

COST RECOVERY

16. Consistent with the NJ RISE Order and the September 2016 Rate Case Order, NJNG requests Board approval to adjust its base rates to recover the revenue requirements associated with the SAFE II and NJ RISE Programs as of June 30, 2017. The annualized increase in revenue requirement associated with NJ RISE investments is approximately \$1.2 million and is supported by the schedules. The annualized increase in revenue requirement associated with SAFE II investments is approximately \$3.1 million and is supported by the schedules. The base rate revenue requirement adjustments and rate increase calculations have been used as the basis to increase the Company's current base rates, and include actual expenditures through February 28, 2017 and projected expenditures through June 30, 2017. The projected amounts for March 1, 2017 through June 30, 2017 will be updated for actual results by July 31, 2017.

17. Regarding the SAFE II Program, Schedules NJNG-SAFE II 1 through 3 summarize the calculation of the revenue requirement, the applicable weighted cost of capital and the revenue factor.

18. Regarding the NJ RISE Program, Schedules NJNG-NJ RISE 1 through 3 summarize the calculation of the revenue requirement, the applicable weighted cost of capital and the revenue factor.

19. In accordance with the September 2016 Rate Case Order, the minimum filing requirements are attached hereto as NJNG-MFRs - 1 through 5.

20. In accordance with the September 2016 Rate Case Order, the proposed rate adjustments are based on a consistent calculation to the rate design methodology used to set rates

in NJNG's most recent base rate case. The detailed calculations supporting the rate design is shown in Schedule NJNG-RD-1.

21. Schedule NJNG-RD-2 incorporates the proposed rates into NJNG's current tariff, BPU No. 9 Gas.

22. Schedule NJNG-RD-3 is a draft Form of Notice of Filing and of Public Hearings ("Form of Notice"). This Form of Notice will be placed in newspapers having a circulation within the Company's service territory upon scheduling of public hearing dates. Public hearings will be held in each geographic area within the Company's service territory. A Notice will be served on the County Executives and Clerks of all municipalities within the Company's service territory upon scheduling of public hearing dates.

23. Notice of this filing and two copies of the Petition, testimony, and schedules will be served upon the Department of Law and Public Safety, 124 Halsey Street, P.O. Box 45029, Newark, New Jersey 07101 and upon the Director, Division of Rate Counsel, 140 East Front Street, 4th Floor, P.O. Box 003, Trenton, New Jersey 08625. Electronic copies of the Petition, testimony, and schedules will also be sent to the persons identified on the service list provided with this filing. Moreover, the Company's filing will be available on the Company's website at: www.njng.com.

24. The typical bill impacts of the requested rate increase are set forth in Schedule NJNG-RD-4 attached to this Petition. The impact of the proposed rates to a residential heating customer using 100 therms per month is an increase of \$0.68, or 0.65 percent. On an annual basis, the same residential heating customer, using 1,000 therms annually, will see an increase of \$6.90.

25. The final rate relief found by the Board to be just and reasonable may be allocated by the Board for consistency with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons, to any class or classes of customers of the Company. Therefore, the average

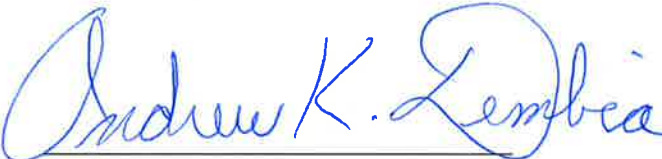
percentage changes in final rates may increase or decrease compared to the proposed rates based upon the Board's decision.

WHEREFORE, Petitioner respectfully requests that the Board review and expeditiously issue an Order:

1. Retaining this matter for review at the Agency; designate a Commissioner as Presiding Officer, establish an expedited hearing date and procedural schedule;
2. Approving the relief requested in this Petition as it is in the public interest;
3. Authorizing NJNG to recover all capital investments identified herein associated with SAFE II and NJ RISE incurred as of June 30, 2017, as such costs are reflected in this Petition and accompanying materials, along with updates of data;
4. Approving the rates as calculated in the proof of revenue, Schedule NJNG-1, to this Petition, as just and reasonable and may be implemented for service rendered on and after 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.
Regulatory Affairs Counsel

Dated: March 30, 2017

STATE OF NEW JERSEY)
COUNTY OF MONMOUTH)

VERIFICATION

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

1. I am Senior 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 schedules attached thereto, and the matters and things contained therein are true to the best of my knowledge and belief.


Mark R. Spurduto

Sworn and subscribed to
before me this 29th day
of March, 2017.


Lisa Hamilton



New Jersey Natural Gas Company
Income Statement
12 Months ended December 31, 2016

Operating Revenues	\$	629,603,469
Operation and Maintenance Expense	\$	411,485,030
Depreciation Expense		48,620,177
Taxes Other Than Income Taxes		38,546,539
Income Taxes - Current & Deferred		35,975,393
Total Utility Operating Expenses	\$	<u>534,627,139</u>
Utility Operating Income	\$	<u><u>94,976,330</u></u>

New Jersey Natural Gas Company
Balance Sheet
As of December 31, 2016

	December
	2016
	<hr/>
Utility Plant Net	\$ 1,782,826,585
<u>Current Assets</u>	
Cash	\$ 43,179,200
Other Special Deposits	1,565,121
Accts Receivable-Customers	71,404,025
Accts Receivable-Other	6,186,351
Reserve For Uncollectible Acct	(4,646,619)
Plant Materials-Operations	9,002,956
Other Material & Supplies	54,099
Gas Stored Underground	52,054,531
Liquefied Natural Gas Stored	4,649,547
Derivatives	15,111,957
Prepays	6,266,387
Accrued Utility Revenue	47,648,025
Total Current Assets	<hr/> \$ 252,475,580
<u>Deferred Charges</u>	
Unamortized Debt Expense	\$ 8,208,774
Regulatory Assets	447,542,817
Deferred Income Taxes	10,727,569
Other Deferred Charges	4,060,018
Unrecovered Gas Cost	1,298,146
Total Deferred Charges	<hr/> \$ 471,837,324
Total Assets	<hr/> <hr/> \$ 2,507,139,490

	December 2016
<u>Capitalization</u>	
Common Stock	\$ (16,074,615)
Premium On Capital Stock	(11,269,176)
Donation From Stockholders	(351,753,056)
Unappropriated Retained Earnings	(504,135,546)
Total Common Stock Equity	<u>\$ (883,232,393)</u>
 Long-Term Debt	 <u>\$ (709,099,601)</u>
 Total Capitalization	 \$ (1,592,331,993)
 <u>Current Liabilities</u>	
Current Portion Of L/T Debt	\$ (35,800,000)
Short-Term Debt	-
Accts Payable-Gas Purchases	(26,743,961)
Accts Payable-Rec Credit Balance	(24,617,102)
Accts Payable-Other	(25,133,190)
Accts Payable-Assoc Co'S	(5,092,875)
Customer Deposits	(8,683,885)
Accrued Taxes-Federal Income	(4,187,627)
Accrued Taxes-Energy & Other	9,298,788
Accrued Interest-L/T Debt	(6,533,098)
Accrued Interest-Other	(59,916)
Misc Current & Accrued Liabilities	(21,323,050)
Cur Lease Obligation	(11,980,502)
Total Current Liabilities	<u>\$ (160,856,419)</u>
 <u>Deferred Credits & Other Liabilities</u>	
Operating Reserves	(12,359,071)
Customer Advances For Construction	(1,857,885)
Regulatory Liabilities	(272,973,322)
Other Deferred Credits	(2,702,047)
Deferred Investment Tax Credits	(2,038,275)
Deferred Tax Depreciation	(405,922,779)
Other Deferred Taxes	(56,097,699)
Deferred Credits & Other Liabilities	<u>\$ (753,951,078)</u>
 Total Capitalization & Liabilities	 <u><u>\$ (2,507,139,490)</u></u>

**Please refer to SAFE II/NJ RISE
Schedules**

**Please refer to SAFE II/NJ RISE
Schedules**

NEW JERSEY NATURAL GAS
SAFE II PROGRAM
 Quarterly Report
 Quarter Ended December 31, 2016

SAFE Extension	Project	Units	Size Installed	Material Type	Projected		Actual		Remaining		Historic Replacement Cost (5 Years)	
					Mains (miles)	Services	Mains (miles)	Services	Mains (miles)	Services	Mains	Services
SAFE Extension	Mains	Miles	2"	Plastic	20.4		9.2		11.2		PROVIDED SEMI-ANNUALLY	
			4"	Plastic	1.4		0.6		0.8			
			6"	Plastic	4.0		2.0		2.0			
			8"	Plastic	2.2		1.1		1.1			
		TOTAL MAINS			28.0		12.9		15.1			
SAFE Extension	Services	Number	1/2"	Plastic		3,050			982		2,068	
			1"	Plastic		455			147		309	
			2"	Plastic		34			11		23	
		TOTAL SERVICES			3,539			1,139		2,400		PROVIDED SEMI-ANNUALLY

Jobs (FTE's)	24.5
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Base Spend	Project	Units	Size Installed	Material Type	Projected		Actual		Remaining		
					Mains (miles)	Services	Mains (miles)	Services	Mains (miles)	Services	
Base Spend	Mains	Miles	2"	Plastic	5.6		2.5		3.1		
			4"	Plastic	0.4		0.2		0.2		
			6"	Plastic	1.0		0.6		0.4		
			8"	Plastic	0.7		0.3		0.4		
		TOTAL MAINS			7.7		3.6		4.1		
Base Spend	Services	Number	1/2"	Plastic		842			271		571
			1"	Plastic		125			40		85
			2"	Plastic		9			3		6
		TOTAL SERVICES			976			314		662	

SAFE Extension Program Expenditures To-Date Project Categories		
Replacement Main	\$ 7,188,201	\$ -
Replacement Services	\$ 1,384,821	\$ 1,384,821
Total	\$ 8,573,022	\$ 1,384,821

SAFE Extension Program Project Categories		
Replacement Main	\$ 120,192,372	
Replacement Services	\$ 37,307,628	
Total	\$ 157,500,000	

Leak - Unprotected Steel	County	Rate (Prior Year)	Repaired/Cleared	
			PROVIDED SEMI-ANNUALLY	ANNUALLY
	Burlington			
	Middlesex			
	Monmouth			
	Morris			
	Ocean			

SAFE Extension Program Expenditures To-Date Project Categories		
Replacement Main	\$ 7,188,201	\$ -
Replacement Services	\$ 1,384,821	\$ 1,384,821
Total	\$ 8,573,022	\$ 1,384,821

SAFE Extension Program Project Categories		
Replacement Main	\$ 32,432,862	
Replacement Services	\$ 10,067,138	
Total	\$ 42,500,000	

SAFE Extension Program Project Categories		
Replacement Main	\$ 1,781,744	\$ 1,781,744
Replacement Services	\$ 343,256	\$ 343,256
Total	\$ 2,125,000	\$ 2,125,000

SAFE Extension Program Project Categories		
Replacement Main	\$ 1,781,744	\$ 1,781,744
Replacement Services	\$ 343,256	\$ 343,256
Total	\$ 2,125,000	\$ 2,125,000

SAFE Extension Program Expenditures To-Date Project Categories		
Replacement Main	\$ 1,781,744	\$ 1,781,744
Replacement Services	\$ 343,256	\$ 343,256
Total	\$ 2,125,000	\$ 2,125,000

NJ RISE PROGRAM**Roll-in Calculation**

Investment End Date 6/30/2017

RATE BASE CALCULATION

	Total
Gross Plant	\$9,534,636
Accumulated Depreciation	(\$17,454)
Net Plant	\$9,517,182
Accumulated Deferred Taxes	(\$262,063)
Rate Base	\$9,255,119
Rate of Return - After-Tax (SCHEDULE NJNG-NJ RISE-2)	6.17%
Return Requirement	\$571,176
Depreciation Exp, net	\$126,268
	\$697,444
Revenue Factor (SCHEDULE NJNG-NJ RISE-3)	1.6981
Total Revenue Requirement	\$1,184,329

SUPPORT**Gross Plant**

Plant in-service	\$9,321,601
AFUDC - Debt	\$53,091
AFUDC - Equity	\$159,944
Total Gross Plant	\$9,534,636

Accumulated Depreciation

Accumulated Depreciation	(\$17,454)
Net Accumulated Depreciation	(\$17,454)

Depreciation Expense (Net of Tax)

Depreciable Plant (xAFUDC-E)	\$9,374,693
AFUDC-E	\$159,944
Depreciation Rate	By Asset Class
Depreciation Expense	\$213,470
Tax @ 40.85%	87,202
Depreciation Expense (Net of Tax)	\$126,268

NJ RISE PROGRAM**Weighted Average Cost of Capital (WACC)**

SAFE Extension Capital Structure					
Type	Ratio	Cost	Weighted Cost	Pre-Tax	After-Tax
Long Term Debt	45.07%	3.89%	1.76%	1.76%	1.04%
Short Term Debt	2.43%	1.00%	0.02%	0.02%	0.01%
Common Equity	52.50%	9.75%	5.12%	8.65%	5.12%
	100.00%		6.90%	10.43%	6.17%

Federal Income Tax	35.00%
State NJ Business Income Tax	9.00%
Tax Rate	40.85%

NJ RISE PROGRAM
Revenue Factor Calculation

Revenue Increase	100.0000
Uncollectible Rate	0.4400
BPU Assessment Rate	0.0023
Rate Counsel Assessment Rate	<u>0.0005</u>
Income before State of NJ Bus. Tax	99.5571
State of NJ Bus. Income Tax @ 9.00%	<u>8.9601</u>
Income Before Federal Income Taxes	90.5970
Federal Income Taxes @ 35%	<u>31.7089</u>
Return	<u>58.8880</u>
Revenue Factor	<u><u>1.6981</u></u>

SAFE II PROGRAM**Roll-in Calculation**

Investment End Date 6/30/2017

RATE BASE CALCULATION

	Total
Gross Plant	\$21,905,071
Accumulated Depreciation	\$7,766,048
Net Plant	\$29,671,119
Accumulated Deferred Taxes	(\$1,546,349)
Rate Base	\$28,124,770
Rate of Return - After-Tax (SCHEDULE NJNG-SAFE II-2)	6.17%
Return Requirement	\$1,735,709
Depreciation Exp, net	\$149,372
O&M Credit - Leak Repair, net	(\$58,889)
	\$1,826,193
Revenue Factor (SCHEDULE NJNG-SAFE II-3)	1.6981
Total Revenue Requirement	\$3,101,058

SUPPORT**Gross Plant**

Plant in-service	\$21,784,849
AFUDC - Debt	\$31,016
AFUDC - Equity	\$89,206
Total Gross Plant	\$21,905,071

Accumulated Depreciation

Accumulated Depreciation	(\$108,625)
Cost of Removal	\$7,874,673
Net Accumulated Depreciation	\$7,766,048

Depreciation Expense (Net of Tax)

Depreciable Plant (xAFUDC-E)	\$21,815,865
AFUDC-E	\$89,206
Depreciation Rate	1.39%/1.21%
Depreciation Expense	\$298,378
Depreciation Expense Retirements	\$45,846
Tax @ 40.85%	103,159
Depreciation Expense (Net of Tax)	\$149,372

SAFE II PROGRAM**Weighted Average Cost of Capital (WACC)**

SAFE II Capital Structure					
Type	Ratio	Cost	Weighted Cost	Pre-Tax	After-Tax
Long Term Debt	45.07%	3.89%	1.76%	1.76%	1.04%
Short Term Debt	2.43%	1.00%	0.02%	0.02%	0.01%
Common Equity	52.50%	9.75%	5.12%	8.65%	5.12%
	100.00%		6.90%	10.43%	6.17%

Federal Income Tax	35.00%
State NJ Business Income Tax	9.00%
Tax Rate	40.85%

SAFE II PROGRAM
Revenue Factor Calculation

Revenue Increase	100.0000
Uncollectible Rate	0.4400
BPU Assessment Rate	0.0023
Rate Counsel Assessment Rate	<u>0.0005</u>
Income before State of NJ Bus. Tax	99.5571
State of NJ Bus. Income Tax @ 9.00%	<u>8.9601</u>
Income Before Federal Income Taxes	90.5970
Federal Income Taxes @ 35%	<u>31.7089</u>
Return	<u>58.8880</u>
Revenue Factor	<u><u>1.6981</u></u>

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

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>		
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)	<u>Increase</u> (h)
			<u>RS</u>		<u>RS</u>		
<u>Residential Service</u>							
Customer Charge	5,949,092	Bills	\$ 8.27	\$ 49,198,990	\$ 8.32	\$ 49,496,445	
Volumetric Charge	473,730,512	Therms	0.3778	178,975,388	0.3837	181,770,398	
Total Base Revenues				\$ 228,174,378		\$ 231,266,842	1.4%

			<u>GSS</u>		<u>GSS</u>		
<u>General Service Small (0-5,000 Annual Therms)</u>							
Customer Charge	354,480	Bills	\$ 25.06	\$ 8,883,257	\$ 25.21	\$ 8,936,429	
Volumetric Charge	35,445,116	Therms	0.3516	12,462,503	0.3582	12,696,441	
Volumetric Charge - A/C	53,294	Therms	0.0744	3,965	0.0754	4,018	
Total Base Revenues				\$ 21,349,725		\$ 21,636,888	1.3%

			<u>GSL</u>		<u>GSL</u>		
<u>General Service Large (5,000 + Annual Therms)</u>							
Customer Charge	102,863	Bills	\$ 51.40	\$ 5,287,179	\$ 52.61	\$ 5,411,643	
Demand Charge	10,586,413	Therms	1.7290	18,303,908	1.7311	18,326,140	
Volumetric Charge	133,260,163	Therms	0.2729	36,366,699	0.2779	37,032,999	
Volumetric Charge - A/C	263,739	Therms	0.0744	19,622	0.0754	19,886	
Total Base Revenues				\$ 59,977,408		\$ 60,790,669	1.4%

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

<u>Component</u> (a)	<u>Amount</u> (b)	<u>Units</u> (c)	<u>Present Rates</u>		<u>Proposed Rates</u>		
			<u>Rate</u> (d)	<u>Revenue</u> (e)	<u>Rate</u> (f)	<u>Revenue</u> (g)	<u>Increase</u> (h)
<u>Firm Transportation Service*</u>			<u>FT</u>		<u>FT</u>		
Customer Charge	2,424	Bills	\$ 233.64	\$ 566,343	\$ 244.71	\$ 593,177	
Demand Charge	2,378,320	Therms	1.8692	4,445,555	1.8978	4,513,575	
Volumetric Charge	26,965,500	Therms	0.0748	2,017,019	0.0748	2,017,019	
Total Base Revenues				\$ 7,028,918		\$ 7,123,772	1.3%
<u>Distributed Generation - Commercial*</u>			<u>DGC</u>		<u>DGC</u>		
Customer Charge	96	Bills	\$ 51.40	\$ 4,953	\$ 51.95	\$ 5,006	
Demand Charge	284,681	Therms	1.4019	399,094	1.4279	406,496	
Volumetric Charge - Winter	1,688,833	Therms	0.0604	102,006	0.0604	102,006	
Volumetric Charge - Summer	1,566,961	Therms	0.0298	46,695	0.0298	46,695	
Total Base Revenues				\$ 552,748		\$ 560,203	1.3%
<u>Natural Gas Vehicle / Compressed Natural Gas Service</u>			<u>NGV / CNG</u>		<u>NGV / CNG</u>		
Customer Charge	48	Bills	\$ 51.40	\$ 2,467	\$ 51.68	\$ 2,481	
Volumetric Charge	611,200	Therms	0.1703	104,087	0.1726	105,493	
Total Base Revenues				\$ 106,555		\$ 107,974	1.3%
TOTAL SYSTEM BASE DISTRIBUTION REVENUES				\$ 317,189,731		\$ 321,486,347	1.4%

INCREASE 4,296,616
TARGET INCREASE 4,285,387
Difference \$11,229

* In BPU Docket No. GR15111304, the settlement rate design increased fixed charges for Firm Transportation and Distributed Generation - Commercial customers and decreased their volumetric charges. The rates above reflect the maintenance of the rate case volumetric charge and increase to the fixed charges.

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 ~~\$8.848.89~~

Delivery Charge:

Residential Heating

Delivery Charge per therm ~~\$0.59870.6050~~

Residential Non-Heating

Delivery Charge per therm ~~\$0.56510.5714~~

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 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 **\$8,848.89**

Delivery Charge:

November - April \$0.3305

May - October \$0.2736

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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2017
Wall, NJ 07719

**Effective for service rendered on
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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 \$26.7826.94

Delivery Charge:

Delivery Charge per therm \$0.61440.6214

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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2017
Wall, NJ 07719

**Effective for service rendered on
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NEW JERSEY NATURAL GAS COMPANY

~~Second~~**First** Revised Sheet No. 56

BPU No. 9 - Gas

Superseding ~~First Revised~~**Original** 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 ~~\$0.21880~~**0.2199** per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will include, ~~\$0.07440~~**0.0754** 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.

Date of Issue: ~~December 6, 2016~~
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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. 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~~ \$0.5215 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.

Date of Issue: ~~December 6, 2016~~
Issued by: ~~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. 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 **\$54.9356.23**

Demand Charge:

Demand Charge per therm applied to HMAD \$1.85

Delivery Charge:

Delivery Charge per therm **\$0.51370.5190**

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 R. Spurduto, Senior Vice President
2017
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

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

BPU No. 9 - Gas

Superseding ~~First Revised~~**Original** 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 ~~\$0.21880.2199~~ per therm for all monthly consumption of gas for services rendered between May 1 and September 30 of each year. The charge will include ~~\$0.07440.0754~~ 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.

Date of Issue: ~~December 6, 2016~~
Issued by: 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. 61
Superseding ~~First Revised~~ ~~Original~~ Sheet No. 61**

SERVICE CLASSIFICATION - FT

FIRM TRANSPORTATION SERVICE

AVAILABILITY

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$~~249.70~~261.53

Demand Charge:

Demand Charge per therm applied to MDQ \$~~2.00~~2.03

Delivery Charge:

Delivery Charge per therm \$0.1565

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 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. 64
Superseding ~~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 <u>55.52</u>	\$54.93 <u>55.52</u>
<u>Demand Charge:</u>		
Demand Charge per therm applied to PBQ	\$1.50 <u>1.53</u>	\$1.50 <u>1.53</u>
<u>Delivery Charge per therm:</u>		
November - April	\$0.2033	\$0.1412
May - October	\$0.1705	\$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.

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

**Effective for service rendered on
and after OctoberJanuary 1,**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**~~Second~~First Revised Sheet No. 76
Superseding ~~First Revised~~Original Sheet No. 76**

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE

AVAILABILITY

This service is available to any residential or commercial customer for the purpose of fueling natural gas vehicles at Company owned and operated compressed natural gas (“CNG”) re-fueling facilities (“Company facilities”) and at separately metered Customer owned and operated CNG re-fueling facilities (“Customer owned facilities”).

CONDITIONS PRECEDENT

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

DEFINITION OF TERM USED HEREIN

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

CHARACTER OF SERVICE

Firm sales gas service where Customer who uses Company facilities purchases gas supply pursuant to the Company’s Rider “A” for Basic Gas Supply Service (“BGSS”). Firm sales or transportation gas service where Customer who uses Customer owned facilities purchases gas supply pursuant to the Company’s Rider “A” for BGSS or from a Marketer or Broker, respectively.

LICENSING, PERMITS AND LEGAL REQUIREMENTS

Customers installing CNG re-fueling facilities on their premises must meet all applicable licensing, permitting and other legal requirements associated with owning and operating CNG refueling facilities. The failure of the customer to comply with this provision may result in the Company suspending or terminating gas service to such facilities without further liability.

MONTHLY RATES

	Gas Available at Company Facilities	Customer Owned Facilities
<u>Customer Charge:</u>		
Residential Customer Charge per meter per month	N/A	\$8.848.89
Commercial Customer Charge per meter per month	N/A	\$54.9355.23
<u>Delivery Charge:</u>		
Delivery Charge per therm	\$0.25860.2611 (\$0.32330.3264 per GGE)	\$0.25860.2611 (\$0.32330.3264 per GGE)

Date of Issue: ~~December 6, 2016~~
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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. 100
Superseding ~~First Revised Original~~ Sheet No. 100**

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS

AVAILABILITY

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

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

CONDITIONS PRECEDENT

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

DEFINITION OF TERM USED HEREIN

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month **\$54,9355.23**

Delivery Charge:

Delivery Charge per therm **\$0.47240.4748**
(\$0.59050.5935 per GGE)

BGSS Charge:

Monthly BGSS Charge per therm for Sales Customers without a gas supply contract See "Rate Summaries" at the end of this Tariff

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

Date of Issue: ~~December 6, 2016~~
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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. 100
~~Original~~ Sheet No. 100**

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS

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

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

BPU No. 9 - Gas

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

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

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

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

9. **Incremental Large Customer Count Adjustment** – the Company shall maintain a list of incremental commercial and industrial customers added to its system on or after July 1, 2016 whose connected load is greater than that typical for the Company’s average commercial and industrial customer. For purposes of the CIP, large incremental customers shall be those customers whose connected load exceeds 5,300 cubic feet per hour (“CFH”). A new customer at an existing location previously connected to NJNG’s facilities shall not be considered an incremental customer. The Actual Number of Customers for the Customer Class Group shall be adjusted to reflect the impact of all such incremental commercial or industrial customers. Specifically, the Incremental Large Customer Count Adjustment for the applicable month shall equal the aggregate connected load for all active customers that exceed the 5,300 CFH threshold divided by 2,650 CFH less the number of active customers, rounded to the nearest whole number.

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

Group I (RS non-heating):	\$0.37780.3837
Group II (RS heating):	\$0.37780.3837
Group III (GSS, ED using less than 5,000 therms annually)	\$0.35160.3582
Group IV (GSL, ED using 5,000 therms or greater annually)	\$0.27290.2779

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

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NEW JERSEY NATURAL GAS COMPANY

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

BPU No. 9 - Gas

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		<u>8.848.89</u>	<u>8.848.89</u>	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		<u>0.37780.3</u>	<u>0.37780.3837</u>	
		<u>837</u>		
SUT		<u>0.02600.0</u>	<u>0.02600.0264</u>	Rider B
		<u>264</u>		
After-tax Base Rate		<u>0.40380.4</u>	<u>0.40380.4101</u>	
		<u>101</u>		
CIP		0.0562	0.0562	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<u>0.49270.4</u>	<u>0.49270.4990</u>	
		<u>990</u>		
<i>Balancing Charge</i>	b	0.0621	0.0621	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	<u>0.59870.6</u>	<u>0.59870.6050</u>	
		<u>050</u>		
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.3654</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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~**Second** Revised Sheet No. 253
~~Superseding Second~~**First** 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		<u>8.848.89</u>	<u>8.848.89</u>	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		<u>0.37780.3</u>	<u>0.37780.3837</u>	
SUT		<u>837</u> <u>0.02600.0</u> <u>264</u>	<u>0.02600.0264</u>	Rider B
After-tax Base Rate		<u>0.40380.4</u> <u>101</u>	<u>0.40380.4101</u>	
CIP		0.0226	0.0226	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<u>0.45910.4</u> <u>654</u>	<u>0.45910.4654</u>	
<i>Balancing Charge</i>	b	0.0621	0.0621	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	<u>0.56510.5</u> <u>714</u>	<u>0.56510.5714</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.3654</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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**~~Third~~ Revised Sheet No. 254
~~Second~~ 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		<u>8.848.89</u>	<u>8.848.89</u>	
<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	<u>0.2245</u>	<u>0.1676</u>	
<i>Balancing Charge</i>	b	<u>0.0621</u>	<u>0.0621</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	<u>0.0439</u>	<u>0.0439</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3305</u>	<u>0.2736</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.3654</u>	<u>0.3654</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 <u>26.9</u> <u>4</u>	26.78 <u>26.94</u>	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.351 <u>60.3</u> <u>582</u>	0.351 <u>60.3582</u>	
SUT		0.024 <u>20.0</u> <u>246</u>	0.024 <u>20.0246</u>	Rider B
After-tax Base Rate		0.375 <u>80.3</u> <u>828</u>	0.375 <u>80.3828</u>	
CIP		0.0999	0.0999	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.508 <u>40.5</u> <u>154</u>	0.508 <u>40.5154</u>	
<i>Balancing Charge</i>	b	0.0621	0.0621	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	0.614 <u>40.6</u> <u>214</u>	0.614 <u>40.6214</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.3654</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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Ninth Eighth~~ Revised Sheet No. 256
Superseding ~~Eighth Seventh~~ Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		54.9356.2 <u>3</u>	54.9356.23	
<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		0.27290.2 <u>779</u>	0.27290.2779	
SUT		0.01880.0 <u>191</u>	0.01880.0191	Rider B
After-tax Base Rate		0.29170.2 <u>970</u>	0.29170.2970	
CIP		0.0833	0.0833	Rider I
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.40770.4 <u>130</u>	0.40770.4130	
<i>Balancing Charge</i>	b	0.0621	0.0621	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	0.51370.5 <u>190</u>	0.51370.5190	
<u>Basic Gas Supply Charge ("BGS")</u>				
BGS	e	<u>0.3987</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.

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NEW JERSEY NATURAL GAS COMPANY

~~Third~~ **Second** Revised Sheet No. 257

BPU No. 9 - Gas

Superseding ~~Second~~ **First** Revised Sheet No. 257

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

FIRM TRANSPORTATION (FT)

	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>		
Customer Charge per meter per month	249.70 <u>261.5</u> <u>3</u>	
<u>Demand Charge</u>		
Demand Charge per therm per month applied to MDQ	2.00 <u>2.03</u>	
<u>Delivery Charge ("DEL") per therm</u>		
<i>Transport Rate:</i>		
Pre-tax Base Rate	0.0748	
SUT	<u>0.0051</u>	Rider B
After-tax Base Rate	0.0799	
EE	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a <u>0.1126</u>	
<i>Societal Benefits Charge ("SBC"):</i>		
NJ's Clean Energy	0.0167	Rider E
RA	0.0145	Rider C
USF	<u>0.0127</u>	Rider H
<i>Total SBC</i>	b <u>0.0439</u>	
Delivery Charge (DEL)	a+b=c <u>0.1565</u>	

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

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Eighth~~^{Seventh} Revised Sheet No. 258
~~Superseding Seventh~~^{Sixth} 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		<u>54.9355.52</u>	<u>54.9355.52</u>	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		<u>1.501.53</u>	<u>1.501.53</u>	
<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	<u>0.0621</u>	<u>0.0621</u>	
DGC-Balancing Delivery Charge (DEL)	a+b+c=d	<u>0.2033</u>	<u>0.1705</u>	
<u>Basic Gas Supply Charge (“BGS”)</u>				
BGS	e	<u>0.3987</u>	<u>0.3987</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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Third~~~~Second~~ Revised Sheet No. 259
Superseding ~~Second~~~~First~~ Revised Sheet No. 259

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service – DGC-FT

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		<u>54.9355.52</u>	<u>54.9355.52</u>	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		<u>1.501.53</u>	<u>1.501.53</u>	
<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>	
DGC-FT Delivery Charge (DEL)	a+b=c	<u>0.1412</u>	<u>0.1084</u>	

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.

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

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Ninth Eighth~~ Revised Sheet No. 263
~~Superseding Eighth Seventh~~ Revised Sheet No. 263

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Compressed Natural Gas (CNG)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		54.9355.2 <u>3</u>	54.9355.23	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.17030.1 <u>726</u>	0.17030.1726	
CNG Charge		0.2000	0.2000	
SUT		0.02550.0 <u>256</u>	0.02550.0256	Rider B
After-tax Base Rate		0.39580.3 <u>982</u>	0.39580.3982	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.42850.4 <u>309</u>	0.42850.4309	
<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>	
Delivery Charge (DEL)	a+b=c	0.47240.4 <u>748</u>	0.47240.4748	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	d	0.4608	X	Rider A
BGS	d	<u>0.4608</u>	X	

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

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

**~~NinthEighth~~ Revised Sheet No. 263
Superseding ~~EighthSeventh~~ Revised Sheet No. 263**

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Compressed Natural Gas (CNG)

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 9 - Gas

~~Ninth Eighth~~ Revised Sheet No. 264
Superseding ~~Eighth Seventh~~ Revised Sheet No. 264SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTSNatural Gas Vehicles (NGV)Gas Available at Company Facilities

		\$ per therm	\$ per GGE	Reference
<u>Delivery Charge ("DEL")</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1703 <u>0.172</u>		
		<u>6</u>		
SUT		0.0117 <u>0.011</u>		Rider B
		<u>9</u>		
After-tax Base Rate		0.1820 <u>0.184</u>		
		<u>5</u>		
EE		<u>0.0327</u>		Rider F
<i>Total Transport Rate</i>	a	0.2147 <u>0.217</u>		
		<u>2</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167		Rider E
RA		0.0145		Rider C
USF		<u>0.0127</u>		Rider H
<i>Total SBC</i>	b	<u>0.0439</u>		
Delivery Charge (DEL)	a+b=c	0.2586 <u>0.261</u>	0.3233 <u>0.3264</u>	
		<u>1</u>		
Compression Charge	d	0.4970	0.6213	
Monthly Basic Gas Supply Charge ("BGS")	e	<u>0.4608</u>	<u>0.5760</u>	Rider A
Total Variable Charge	c+d+e=f	1.2164 <u>1.218</u>	1.5206 <u>1.5237</u>	
		<u>9</u>		
New Jersey Motor Vehicle Fuel Tax	g		0.0000	
Federal Excise Fuel Tax *	h		0.1806	
Federal Excise Fuel Tax Credit *	i		<u>0.0000</u>	

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NEW JERSEY NATURAL GAS COMPANY**BPU No. 9 - Gas****~~NinthEighth~~ Revised Sheet No. 264
Superseding ~~EighthSeventh~~ Revised Sheet No. 264****SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTS****Natural Gas Vehicles (NGV)****Total Price**f+g+h+i
=j**~~1.7012~~1.7043**

*Adjusted to reflect Internal Revenue Service GGE Conversion.

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BPU No. 9 - Gas

~~Ninth Eighth~~ Revised Sheet No. 265
~~Superseding Eighth Seventh~~ Revised Sheet No. 265

SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTS

Natural Gas Vehicles (NGV)

Customer Owned Facilities

				<u>Reference</u>
Customer Charge				
Residential Customer Charge per month		\$8.848.89		
Commercial Customer Charge per meter per month		\$54.9355.2		
		<u>3</u>		
<u>Delivery Charge ("DEL")</u>		\$ per therm	\$ per GGE	
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.17030.17		
		<u>26</u>		
SUT		0.01170.01		Rider B
		<u>19</u>		
After-tax Base Rate		0.18200.18		
		<u>45</u>		
EE		0.0327		Rider F
		<u>72</u>		
<i>Total Transport Rate</i>	a	0.21470.21		
		<u>72</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0167		Rider E
RA		0.0145		Rider C
USF		0.0127		Rider H
		<u>4</u>		
<i>Total SBC</i>	b	0.0439		
		<u>4</u>		
Delivery Charge (DEL)	a+b=c	0.25860.26	0.32330.326	
		<u>11</u>	<u>4</u>	
Monthly Basic Gas Supply Charge ("BGS")	d	0.4608	0.5760	Rider A
		<u>19</u>	<u>4</u>	
Total Variable Charge	c+d=e	0.71940.72	0.89930.902	
		<u>19</u>	<u>4</u>	

Customer, DEL, and BGS charges are presented on customer bills for Firm Sales Gas Service.
Customer and DEL charges are presented on customer bills for Firm Transport Gas Service.

Date of Issue: ~~February 27, 2017~~
Issued by: Mark R. Sperduto, Senior Vice President
2017
Wall, NJ 07719

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

NOTICE TO NEW JERSEY NATURAL GAS COMPANY CUSTOMERS

In The Matter Of The Petition Of New Jersey Natural Gas Company for Approval of Base Rate Adjustments Pursuant to its NJ RISE And SAFE II Programs

Notice of a Filing and Notice of Public Hearings Docket No. GR1703XXXX

TAKE NOTICE that on March 31, 2017 New Jersey Natural Gas Company (“NJNG”, “the Company”) filed a Petition and supporting documentation with the New Jersey Board of Public Utilities (“Board”, “BPU”) seeking Board approval for base rate changes to provide for cost recovery associated with the Company’s NJ Reinvestment in System Enhancement Program (“NJ RISE Program”) and Safety Acceleration and Facility Enhancement Extension Program (“SAFE II”). As set forth in BPU Docket No. GR15111304, the NJ RISE and SAFE II annual rate filings shall be combined for administrative ease.

NJ RISE Program: In an Order dated March 20, 2013 (“the March 20 Order”), the BPU found it critical to investigate prudent, cost efficient and effective opportunities to enhance utility infrastructure against damage from major storm events. On July 23, 2014, the Board issued an Order approving the NJ RISE Program in Docket Nos. AX13030197 and GR13090828. The Order provided approval for NJNG to invest up to \$102.5 million, excluding Allowance for Funds Used During Construction (“AFUDC”), to be recovered through base rate adjustments in order to undertake six infrastructure projects aimed at making the Company’s distribution system more resilient in anticipation of future major storms.

The NJ RISE Program is a series of capital investment projects that promote enhanced reliability and safety through facility enhancements for storm readiness and response. The NJ RISE projects are to be completed over a period of five years and consist of the installation of secondary gas distribution mains into the Sea Bright Peninsula, the Seaside Peninsula and Long Beach Island. Additionally, two regulator station reinforcement projects will be undertaken, one in Mantoloking and the other in Ship Bottom on Long Beach Island. Also, an existing back-up regulator station will be relocated from Mantoloking to the mainland. Finally, the Company is installing excess flow valves (“EFVs”) on all distribution services in waterfront communities that may be impacted by coastal and back-bay flooding and/or storm surge.

The Company’s rate filing includes a request for recovery in base rates of the actual costs associated with the NJ RISE projects through June 30, 2017, consisting of prudently-incurred capital expenditures, including actual costs of engineering, design and construction, cost of removal (net of salvage), property acquisition, actual labor, materials overheads and capitalized AFUDC.

SAFE II: On September 23, 2016, the Board issued an Order approving the SAFE II Program in Docket No. GR15111304 (“the September 2016 Order”). SAFE II is an extension of the Company’s previously BPU approved Safety Acceleration and Facilities Enhancement (“SAFE”) program. See, BPU Docket No. GO12030255. Under the SAFE Program, completed in September 2016, NJNG was the first natural gas utility in New Jersey to eliminate all of its cast iron mains and services throughout its service territory. The September 2016 Order, which included approval of SAFE II provided for NJNG to invest up to \$200 million, excluding AFUDC, to be recovered through base rate adjustments over the five year term of the SAFE II Program. The SAFE II Program is designed to replace all of the Company’s existing unprotected steel mains and services throughout its service territory on or before September 30, 2021. The Company’s rate filing includes a request for recovery in base rates of the costs associated with the SAFE II Program actual costs through June 30, 2017.

As agreed to by the Parties and set forth in the Board’s Order in Docket No. GR15111304, the rate design for the SAFE II and NJ RISE annual rate adjustments will be structured to reflect the same rate design methodology used to set rates in the Company most recent base rate case.

At this time, the Company is requesting BPU approval to adjust base rates effective October 1, 2017 to recover approximately \$31.4 million of NJ RISE and SAFE II investment costs made through June 30, 2017, resulting in a base rate increase of \$4.3 million. If the proposed rates are approved by the Board, the impact to the typical residential heating customer using 100 therms in a month is an increase of \$0.68, or 0.65 percent.

The impact of the Company's filing, requested to be effective on October 1, 2017 or as of the date of the Final Board Order in this proceeding, on a typical residential customer (both heat and non-heat), a typical general service small customer and a typical general service large customer on a monthly basis is estimated to be as follows based on the usage levels shown below:

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of March 1, 2017	Proposed Bill	Amount	Percent
Residential Heat Sales	100	\$105.25	\$105.93	\$0.68	0.65%
Residential Non-Heat Sales	25	\$32.10	\$32.31	\$0.21	0.65%
General Service - Small	100	\$124.76	\$125.62	\$0.86	0.69%
General Service - Large	1200	\$1,327.41	\$1,335.07	\$7.66	0.58%

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

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

[] 4:30 and 5:30 pm
Rockaway Township Municipal Bldg
65 Mt. Hope Road
Rockaway, NJ 07866

[] 4:30 and 5:30 pm
Freehold Township Municipal Building
One Municipal Plaza, Schank Road
Freehold, NJ 07728-3099

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

Andrew K. Dembia, Esq.
New Jersey Natural Gas

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes

F/Y 2018

(\$/therm)

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>\$32.10</u>	
Proposed Rates- effective 10/1/17					
	Customer Charge	\$8.89		\$8.89	
	Delivery	\$0.5714		\$14.29	
	BGSS	\$0.3654		\$9.14	
	Total	<u>\$0.9368</u>		<u>\$32.31</u>	
	Increase			\$0.21	
	Increase as a percent			0.65%	
Impact on Residential Heating Customers				100 therm bill	1000 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	\$8.89	\$8.89	\$106.68	
	Delivery	\$0.6050	\$60.50	\$605.00	
	BGSS	\$0.3654	\$36.54	\$365.40	
	Total	<u>\$0.9704</u>	<u>\$105.93</u>	<u>\$1,077.08</u>	
	Increase		\$0.68	\$6.90	
	Increase as a percent		0.65%	0.64%	
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	\$26.94		\$26.94	
	Delivery	\$0.6214		\$62.14	
	BGSS	\$0.3654		\$36.54	
	Total	<u>\$0.9868</u>		<u>\$125.62</u>	
	Increase			\$0.86	
	Increase as a percent			0.69%	
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 (March 2017)	\$0.3987		\$478.44	
	Total	<u>\$0.9124</u>		<u>\$1,327.41</u>	
Proposed Rates- effective 10/1/17					
	Customer Charge	\$56.23		\$56.23	
	Demand Charge	\$1.85		\$177.60	
	Delivery	\$0.5190		\$622.80	
	BGSS (March 2017)	\$0.3987		\$478.44	
	Total	<u>\$0.9177</u>		<u>\$1,335.07</u>	
	Increase			\$7.66	
	Increase as a percent			0.58%	