



May 30, 2014

***VIA FEDERAL EXPRESS***

Honorable Kristi Izzo, Secretary  
New Jersey Board of Public Utilities  
44 South Clinton Avenue, 9th Floor  
P.O. Box 350  
Trenton, NJ 08625-0350

Re: IN THE MATTER OF NEW JERSEY  
NATURAL GAS COMPANY'S  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS)  
AND CONSERVATION INCENTIVE PROGRAM (CIP)  
FACTORS FOR F/Y 2015  
BPU DOCKET NO. GR1406 \_\_\_\_\_

Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Factors for F/Y 2015. Included in this filing are the testimonies of Jayana S. Shah, Tina M. Trebino, and Anne-Marie Peracchio in support of this petition.

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

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, appearing to read 'Tracey Thayer', is written over a horizontal line.

Tracey Thayer  
Director, Regulatory Affairs Counsel

Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS) AND  
REVIEW AND REVISION OF ITS CONSERVATION  
INCENTIVE PROGRAM (CIP) FOR F/Y 2015  
DOCKET NO. GR1406\_\_\_\_\_**

**SERVICE LIST**

NJNG

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

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

Anne-Marie Peracchio  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719

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

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

NJ BOARD OF PUBLIC UTILITIES

Jerome May  
N.J. Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Henry Rich  
N.J. Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Scott Sumliner  
N.J. Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Megan Lupo, BPU  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

\* Robert Schultheis  
NJ Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

Rosalie Serapiglia  
N.J. Board of Public Utilities  
Division of Energy  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350

DIVISION OF RATE COUNSEL

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

\* Individuals designated to receive copies of electronic documents on CD.

**NEW JERSEY NATURAL GAS COMPANY  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS) AND  
REVIEW AND REVISION OF ITS CONSERVATION  
INCENTIVE PROGRAM (CIP) FOR F/Y 2015  
DOCKET NO. GR1406\_\_\_\_\_**

**SERVICE LIST**

Brian Lipman  
Division of Rate Counsel  
140 East Front Street – 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625

Felicia Thomas-Friel, Esq.  
Division of Rate Counsel  
140 East Front Street – 4<sup>th</sup> Floor  
P.O. Box 003  
Trenton, NJ 08625

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

DEPT. OF LAW & PUBLIC SAFETY –  
DIVISION OF LAW

Caroline Vachier, DAG  
Section Chief  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

Alex Moreau, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

Veronica Beke, DAG  
Division of Law  
124 Halsey Street  
P.O. Box 45029  
Newark, NJ 07101

\* Individuals designated to receive copies of electronic documents on CD.

**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) FACTORS  
FOR F/Y 2015  
-----

)  
)  
)  
)  
)  
)  
)

BPU DOCKET NO. GR1406 \_\_\_\_\_  
OAL DOCKET NO. \_\_\_\_\_

## **I N D E X**

## **INDEX**

- Case Summary
- Petition
- Exhibit A  
BGSS Over/ Underrecovery Schedules  
(Seven Months Actual through April 2014 and Five Months Projected through September 2014)<sup>1</sup>
- Exhibit B  
BGSS Over/ Underrecovery Schedules  
(Projected Period – October 2014 through September 2015)
- Exhibit C  
CIP Recovery Schedules
- Exhibit D  
Calculation of Revised Balancing Rate
- Exhibit E  
Impact of Proposed Rates on Typical Customers and Calculation of Overall BGSS Rate
- Exhibit F  
Proposed Tariff Pages
- Exhibit G  
Proposed Notice of Petition and Public Hearing
- Testimony:
  - Jayana S. Shah  
Director - Gas Supply
  - Tina M. Trebino  
Manager - Regulatory Affairs
  - Anne-Marie Peracchio  
Director - Conservation and Clean Energy Policy

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for the NJNG fiscal year (FY) 2014 and FY2015 (October 1-September 30). Actual BGSS schedules for FY2013 and projected BGSS schedules for FY2016 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) FACTORS FOR F/Y 2015**

FILING DATE: June 2, 2014  
EFFECTIVE DATE: October 1, 2014

#### **BASIS FOR REQUEST:**

##### **BASIC GAS SUPPLY SERVICE (“BGSS”)**

1. New Jersey Natural Gas Company (the “Company”) proposes to maintain its pre-tax periodic BGSS billing factor for sales customers at its current pre-tax level of \$0.5006 per therm.
2. While the Company has not yet made any determination of the need for additional BGSS price adjustments, the Company may increase the BGSS price up to a maximum of 5 percent of the total residential bill on December 1, 2014 and/or February 1, 2015 pursuant to the Order in BPU Docket No. GX01050304 (“Generic BGSS Order”). If such an increase is required, the Company will provide notice to the Board and Rate Counsel of its election to adjust its BGSS rates upward as is required by the Generic BGSS Order. Additionally, pursuant to the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or rate credits at any time upon five days notice and the filing of supporting documentation to the Board and to Rate Counsel.
3. The Company proposes to decrease its pre-tax Balancing Charge from its current pre-tax level of \$0.0807 per therm to \$0.0701 per therm. This factor results in an effective pre-tax decrease of \$0.0106 per therm of gas sales effective October 1, 2014 (an after-tax decrease of \$0.0113 per therm). All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”



CONSERVATION INCENTIVE PROGRAM ("CIP")

With this filing and pursuant to the December 12, 2006 and January 21, 2010 Orders in BPU Docket No. GR05121020, the Company proposes to modify its after-tax CIP recovery rates as a component of delivery rates effective October 1, 2014. 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/ (Credit) per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	\$0.0049	(\$0.0327)	(\$0.11)
Group II	Residential Heat	\$0.0240	(\$0.0232)	(\$21.39)
Group III	General Service - Small	\$0.0581	\$0.0102	(\$1.61)
Group IV	General Service - Large	\$0.0568	\$0.0286	(\$3.91)
Total				(\$27.02)

IMPACT TO CUSTOMERS

The proposed October 1, 2014 CIP changes result in a 4.3 percent decrease to the total bill of an average residential heating sales customer (Group II), a 2.8 percent decrease for an average residential non-heat sales customer (Group I), a 3.8 percent decrease for an average sales customer in Group III, and a 2.1 percent decrease an average Group IV sales customer.

**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) FACTORS**  
**FOR F/Y 2015**

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

<b>IN THE MATTER OF THE PETITION OF</b>	)	
<b>NEW JERSEY NATURAL GAS COMPANY</b>	)	<b>BPU DOCKET NO. GR1406_____</b>
<b>FOR THE ANNUAL REVIEW AND</b>	)	
<b>REVISION OF ITS BASIC GAS SUPPLY</b>	)	<b>PETITION</b>
<b>SERVICE (BGSS) AND CONSERVATION</b>	)	
<b>INCENTIVE PROGRAM (CIP) FACTORS</b>	)	
<b>FOR F/Y 2015</b>		

**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. GX01050304<sup>1</sup>, 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 maintain the existing BGSS price applicable to residential and certain small commercial customers (“Periodic BGSS”). 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. GR07110889 dated October 3, 2008 (“Base Case Order”), a decrease to its balancing charge 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 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the Conservation Incentive Program (“CIP”) for the period from October 1, 2013 through September 30, 2014 and approve the Company’s related request to

---

<sup>1</sup> 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.

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.

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 R. Sperduto, Senior Vice President, Regulatory Affairs  
Tracey Thayer, Esq., Director, Regulatory Affairs Counsel  
New Jersey Natural Gas Company  
1415 Wyckoff Road, P.O. Box 1464  
Wall, N.J. 07719  
(732) 938-1214 (Sperduto)  
(732) 919-8025 (Thayer)  
(732) 938-2620 (fax)

3. 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 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 maintain its existing BGSS price applicable to residential and small commercial customers of \$0.5356 per therm, after tax.

5. The costs and recoveries associated with the BGSS price 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, 2012 through April 30, 2014, and projected data for the twenty-nine (29) month period May 1, 2014 through September 30, 2016.

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 decrease its after-tax balancing charge by \$0.0113 per therm. All balancing charge revenues from transportation customers are credited to BGSS. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”

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. Additionally, any recoveries sought by the Company must meet the Basic Gas Supply Service Savings Test and Earnings Test (“Tests”) established in the CIP Orders.

9. Based on actual data for the period October 1, 2013 through April 30, 2014, and projected data for the period May 1, 2014 through September 30, 2014, the CIP calculations for fiscal year 2014, including projected over or underrecovery balances, result in the following recovery amounts: 1) a margin credit of approximately \$0.09 million for Group I Residential Non-Heat customers; 2) a margin credit of approximately \$9.8 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$0.3 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$3.7 million for Group IV General Service – Large customers.<sup>2</sup>

10. The 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 an effective date of October 1, 2014 for the following after-tax CIP rates which, as compared to existing charges, result in the following decreases per therm:

---

<sup>2</sup> The CIP recovery amounts are included in Exhibit C, Schedules 1 through 4.

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Existing Charge per therm</u>	<u>Decrease per therm</u>
Group I	Residential Non-Heat	(\$0.0327)	\$0.0049	(\$0.0376)
Group II	Residential Heat	(\$0.0232)	\$0.0240	(\$0.0472)
Group III	General Service - Small	\$0.0102	\$0.0581	(\$0.0479)
Group IV	General Service - Large	\$0.0286	\$0.0568	(\$0.0282)

11. The proposed October 1, 2014 CIP changes result in a 2.8 percent decrease for an average residential non-heat sales customer (Group I), a \$4.72 or 4.3 percent decrease to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 3.8 percent decrease for an average sales customer in Group III and a 2.1 percent decrease for an average Group IV sales customer.

12. This filing is supported by and includes the testimonies of Jayana S. Shah-Director, Gas Supply, NJNG Energy Services; Tina M. Trebino-Manager, Regulatory Affairs; and Anne-Marie Peracchio-Director, Conservation and Clean Energy Policy. 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, 2014, using actual data for the period from October 1, 2013 through April 30, 2014 and projected data for the period from May 1, 2014 through September 30, 2014.<sup>3</sup> Actual BGSS schedules for fiscal year (FY) 2013 will be included in MFRs and Workpapers to be filed shortly under separate cover.

---

<sup>3</sup> The projected data includes the May 12, 2014 NYMEX settlement prices as requested by BPU Staff.

- Exhibit B** BGSS schedules for the twelve (12) month period from October 1, 2014 through September 30, 2015, using projected data for the entire period.<sup>4</sup> Projected BGSS schedules for FY2016 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 price.
- Exhibit F** Proposed tariff pages for Petitioner's Tariff Gas Service, BPU No. 8-Gas
- Exhibit G** Proposed Form of Notice of Public Hearing.

13. 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, Trenton, New Jersey.

---

<sup>4</sup> Id.

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 maintain the Periodic BGSS price applicable to residential and small commercial customers effective October 1, 2014;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2014;
4. Approving the requested CIP rates which result in decreases effective October 1, 2014; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By:

  
Tracey Thayer, Esq.  
Attorney for New Jersey Natural Gas Company

Dated: May 30, 2014



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 Exhibits 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 30<sup>th</sup> day  
of May, 2014.

  
\_\_\_\_\_  
Lisa Hamilton

**LISA HAMILTON**  
**NOTARY PUBLIC FOR NEW JERSEY**  
Commission Expires January 4, 2015



**EXHIBIT A**  
**Seven Months Actual through April 2014 and**  
**Five Months Projected through September 2014<sup>1</sup>**

**INDEX OF SCHEDULES:**

1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
3. Total Therm Sales
- 4a. Interruptible Sales
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. Interruptible Transportation
- 4e. Income Sharing Derived from Off System Sales
- 4f. Income Sharing Derived from Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. Ocean Peaking Power
- 4i. Financial Risk Management (FRM) Program
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

---

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2014 and FY2015. Actual BGSS schedules for FY2013 and projected BGSS schedules for FY2016 will be included in Workpapers to be filed under separate cover.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS**  
**BGSS YEAR 2014**  
**\$(000)**

**SCHEDULE 1**

	<b>ACTUAL ESTIMATE</b>												
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period <sup>1</sup>	953	(56)	(4,383)	(6,016)	115	6,733	12,991	11,996	11,194	10,631	10,052	9,522	953
2. Net Cost Appl. To BGSS Sales (Sch 2a)	12,555	28,283	43,932	69,964	59,829	50,831	21,812	12,101	9,393	9,618	9,500	9,336	337,155
3. BGSS Recoveries (Sch 2b)	(11,586)	(29,176)	(39,800)	(55,711)	(45,090)	(39,734)	(18,651)	(8,831)	(6,066)	(6,162)	(6,033)	(6,013)	(272,854)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	969	(893)	4,132	14,253	14,739	11,097	3,162	3,270	3,327	3,456	3,467	3,323	64,301
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	(1)
6. Sayreville (Sch.4b)	0	0	0	0	0	0	0	0	(5)	(5)	(5)	(5)	(26)
7. Forked River (Sch.4c)	(0)	0	0	(3)	(1)	(2)	(0)	(5)	(5)	(5)	(5)	(5)	(31)
8. Transportation(Sch.4d)	(153)	(116)	(107)	(63)	(103)	(153)	(171)	(144)	(139)	(141)	(142)	(135)	(1,568)
9. FRM Program (Sch.4i)	0	3	0	0	0	45	50	38	0	0	0	0	136
10. Storage Incentive (Sch.4j)	1,075	0	0	0	0	0	898	182	182	182	182	182	2,885
11. Off-System Sales (Sch.4e)	(309)	(334)	(2,048)	(3,282)	(1,930)	(1,115)	(195)	(113)	(156)	(156)	(142)	(113)	(9,893)
12. Capacity Rel. (Sch.4f)	(1,861)	(1,606)	(1,653)	(1,658)	(1,657)	(1,678)	(3,350)	(3,477)	(3,350)	(3,447)	(3,447)	(3,350)	(30,535)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	(304)	0	0	0	0	0	(304)
14. Balancing and Penalty (Sch.4g)	(595)	(1,307)	(1,869)	(3,009)	(4,340)	(1,805)	(1,014)	(465)	(326)	(335)	(335)	(325)	(15,725)
15. Ocean Peaking Power (Sch.4h)	(135)	(73)	(88)	(107)	(89)	(131)	(71)	(83)	(91)	(127)	(103)	(91)	(1,191)
16. Total Debits and Credits (L.5 through L.15)	(1,978)	(3,434)	(5,765)	(8,122)	(8,121)	(4,838)	(4,157)	(4,072)	(3,890)	(4,034)	(3,997)	(3,843)	(56,253)
17. Under/(Over) Recov.Gas Costs. End of Period (L's.1,4,&16)	(56)	(4,383)	(6,016)	115	6,733	12,991	11,996	11,194	10,631	10,052	9,522	9,001	9,001

<sup>1</sup> Adjustments to opening balance are captured on Schedule 5.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

**SCHEDULE 2a**

COST OF GAS-CURRENT PERIOD	ACTUAL ESTIMATE												TOTAL
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	
Total Gas Costs <sup>1</sup>	18,346	36,040	58,263	92,389	87,241	66,984	25,807	10,939	8,990	9,426	8,819	7,551	430,795
<b>REDUCTIONS TO COST OF GAS</b>													
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Interruptible (Sch. 4a)	0	0	0	0	80	0	0	0	0	0	0	0	80
Sayreville (Sch. 4b)	0	0	0	0	0	0	0	43	37	42	40	35	198
Forked Rv.(Sch. 4c)	4	0	0	95	12	21	0	41	35	39	38	33	319
Off System Sales (Sch. 4e)	7,967	9,634	16,259	24,263	29,253	18,088	5,123	2,845	3,466	3,782	3,296	2,088	126,065
Capacity Release (Sch. 4f)	(2,190)	(1,890)	(1,945)	(1,950)	(1,950)	(1,974)	(3,942)	(4,091)	(3,942)	(4,055)	(4,055)	(3,942)	(35,924)
Storage Incentive Sales							2,800						2,800
Company Use Gas	10	13	16	17	16	18	13						102
Total Reductions	5,791	7,757	14,330	22,425	27,412	16,153	3,995	(1,162)	(404)	(192)	(681)	(1,785)	93,640
Net Cost Appl.To BGSS Sales (Sch.1,L,2)	12,555	28,283	43,932	69,964	59,829	50,831	21,812	12,101	9,393	9,618	9,500	9,336	337,155

**GAS COST RECOVERIES**

<b>SCHEDULE 2b</b>													
BGSS Sales	20,372	51,323	77,345	107,092	84,535	75,746	35,643	16,596	11,526	11,697	11,438	11,426	514,738
A/C Sales													
Monthly BGSS Sales	2,531	5,596	8,447	11,022	8,929	7,676	3,947	2,311	1,573	1,626	1,627	1,578	143
FEED	28	26	26	28	22	26	28	32	31	32	32	31	56,863
Periodic BGSS Sales	17,813	45,701	68,871	96,043	75,583	68,044	31,669	14,225	9,891	10,011	9,755	9,785	457,391
12/1/13													
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.5660	0.5660	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	
A/C Rate	0.5660	0.5660	0.5006	0.5006	0.5006	0.5006	0.5006	0.5029	0.5029	0.5029	0.5029	0.5029	
Monthly BGSS Rate	0.5896	0.5894	0.6288	0.6908	0.8112	0.7373	0.7057	0.7277	0.6900	0.6905	0.6902	0.6878	
FEED Rate	0.4325	0.4356	0.4361	0.6737	0.4361	0.4361	0.4365	0.4449	0.4449	0.4449	0.4449	0.4449	
Recoveries:													
Periodic BGSS	10,082	25,867	34,477	48,079	37,837	34,063	15,853	7,121	4,951	5,011	4,883	4,898	233,124
A/C	0	0	0	0	0	0	0	0	16	14	12	16	72
Monthly BGSS	1,492	3,298	5,312	7,614	7,243	5,659	2,785	1,682	1,085	1,123	1,123	1,085	39,503
FEED	12	11	12	19	10	11	12	14	14	14	14	14	156

Total BGSS Recovery (Sch. 1, L. 3)

<sup>1</sup> 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 2014**

**SCHEDULE 2c**

ACTUAL ESTIMATE												
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14
Mdth												
Beginning of Month Storage Balance	20,355	23,521	21,394	15,695	9,991	5,462	2,063	3,049	7,374	10,706	13,922	17,180
Commodity Purchases	7,540	5,882	5,649	8,100	5,967	7,263	6,296	6,710	5,474	5,375	5,304	5,023
Sub-total of Available Supplies	27,894	29,403	27,043	23,795	15,959	12,725	8,359	9,758	12,849	16,082	19,226	22,203
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	2,350	2,846	4,108	3,091	2,319	3,147	1,877	729	993	994	906	640
A/C Sales	0	0	0	0	0	0	0	3	3	3	2	3
Monthly BGSS Sales	253	560	845	1,102	893	768	395	231	157	163	163	158
FEED Sales	3	3	3	3	2	3	3	3	3	3	3	3
Company Use Non Prod Sales	2	2	3	3	4	4	3					
Sub-total of Assigned Cost Allocations	2,607	3,410	4,958	4,200	3,217	3,921	2,277	966	1,157	1,163	1,074	804
Allocation WACOG Volume	25,287	25,993	22,085	19,595	12,741	8,805	6,082	8,793	11,692	14,919	18,152	21,399
\$000												
Beginning of Month Storage Balance	72,060	79,756	73,094	55,023	35,578	20,409	9,358	10,537	24,061	38,308	52,112	66,160
Beginning of Month WACOG Inventory	32,919	37,035	34,991	25,766	26,982	14,175	3,224	3,937	8,413	8,430	9,029	9,283
Commodity Purchases	22,748	19,394	23,048	66,250	51,435	37,098	19,478	23,824	18,005	18,685	17,978	15,972
Demand Charges	7,400	7,927	7,904	7,892	7,814	7,866	7,479	5,116	5,249	5,143	5,143	5,249
Sub-total of Available Supplies	135,127	144,112	139,036	154,932	121,809	79,549	39,539	43,413	55,728	70,567	84,262	96,665
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	7,971	9,634	16,259	24,358	29,345	18,109	7,923	2,929	3,538	3,864	3,374	2,156
A/C Sales	0	0	0	0	0	0	0	14	16	14	12	16
Monthly BGSS Sales	1,492	3,298	5,312	7,614	7,243	5,659	2,785	1,682	1,085	1,123	1,123	1,085
FEED Sales	12	11	12	19	10	11	12	14	14	14	14	14
Sub-total of Assigned cost allocations	9,475	12,944	21,583	31,990	36,598	23,780	10,721	4,639	4,653	5,015	4,623	3,271
Allocation WACOG Costs	125,652	131,168	117,454	122,942	85,211	55,768	28,818	38,774	51,075	65,552	79,738	93,393
\$/dth WACOG	4.9690	5.0463	5.3183	6.2741	6.6879	6.3339	4.7383	4.4099	4.3685	4.3939	4.3929	4.3643
Mdth												
Periodic BGSS Sales	1,781	4,570	6,887	9,604	7,558	6,804	3,167	1,423	989	1,001	976	978
CoUse & UFG	2	4	7	20	12	14	14	6	4	3	2	2
Periodic BGSS Sales & CoUse & UFG	1,783	4,574	6,894	9,624	7,570	6,818	3,181	1,429	993	1,004	978	981
volume to be allocated												
\$000												
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume) = G * H	8,861	23,083	36,664	60,382	50,627	43,186	15,073	6,300	4,337	4,412	4,295	4,279
allocated cost												
Plus assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	7,971	9,634	16,259	24,358	29,345	18,109	7,923	2,929	3,538	3,864	3,374	2,156
A/C Sales	0	0	0	0	0	0	0	14	16	14	12	16
Monthly BGSS Sales	1,492	3,298	5,312	7,614	7,243	5,659	2,785	1,682	1,085	1,123	1,123	1,085
FEED Sales	12	11	12	19	10	11	12	14	14	14	14	14
Sub-total of Assigned cost allocations	9,475	12,944	21,583	31,990	36,598	23,780	10,721	4,639	4,653	5,015	4,623	3,271
Total Allocated Costs (Sch 2a Total Gas Costs)	18,336	36,028	58,247	92,372	87,224	66,967	25,794	10,939	8,990	9,426	8,819	7,551
L	79,756	73,094	55,023	35,578	20,409	9,358	9,808	24,061	38,308	52,112	66,160	80,108
M = K+L	98,092	109,121	113,270	127,950	107,634	76,324	35,603	35,000	47,298	61,538	74,979	87,659
N = D - M	37,035	34,991	25,766	26,982	14,175	3,224	3,937	8,413	8,430	9,029	9,283	9,006

NEW JERSEY NATURAL GAS COMPANY  
ESTIMATED THERM SALES  
BGSS YEAR 2014  
(000)THERMS

SCHEDULE 3

	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
Residential BGSS Sales	17,018	43,099	64,791	90,598	70,473	64,068	30,420	13,537	9,432	9,533	9,278	9,319	431,566
Residential Air Conditioning													
Total Residential Sales	17,018	43,099	64,791	90,598	70,473	64,068	30,420	13,537	9,432	9,533	9,278	9,319	431,566
C&I Monthly BGSS Sales	2,531	5,596	8,447	11,022	8,929	7,676	3,947	2,311	1,573	1,626	1,627	1,578	56,863
C&I Periodic BGSS Sales	796	2,602	4,081	5,444	5,110	3,976	1,249	688	459	478	478	466	25,825
Air Conditioning													
FEED	28	26	26	28	22	26	28	32	31	32	32	31	341
Total Commercial & Industrial Sales	3,354	8,224	12,555	16,493	14,061	11,678	5,224	3,053	2,090	2,160	2,157	2,103	83,152
Total Firm Sales	20,372	51,323	77,345	107,092	84,535	75,746	35,643	16,596	11,526	11,697	11,438	11,426	514,738
Interruptible IGS (Sch. 4a)	0	0	0	0	23	0	0	0	0	0	0	0	23
Sayreville (Sch. 4b)	0	0	0	0	0	0	0	108	105	108	108	105	533
Forked River(Sch. 4c)	10	0	0	60	17	36	1	101	98	101	101	98	624
Off System Sales(Sch. 4e)	23,486	28,457	41,078	30,851	23,147	31,433	11,965	7,078	9,732	9,732	8,847	6,195	231,999
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	23,495	28,457	41,078	30,912	23,188	31,468	11,966	7,287	9,934	9,941	9,056	6,398	233,179
Total Sales	43,867	79,780	118,423	138,004	107,722	107,215	47,609	23,883	21,460	21,638	20,494	17,823	747,917
Firm Transportation	5,674	11,173	15,111	19,832	16,460	16,016	9,427	5,113	4,015	4,104	4,122	3,948	114,995
Residential Transportation	2,554	6,400	9,501	13,276	10,349	9,471	4,329	1,752	1,076	1,106	1,100	1,072	61,988
Interruptible Transportation	3,109	2,359	2,152	1,275	2,072	2,461	2,920	2,468	2,388	2,468	2,468	2,388	28,528
Ocean Peaking Power	2,887	411	493	852	513	2,741	334	1,222	2,760	6,120	3,889	1,632	23,853
Total Transportation	14,224	20,343	27,257	35,235	29,394	30,688	17,011	10,554	10,239	13,798	11,579	9,041	229,364
Total Mtherms	58,091	100,123	145,680	173,239	137,117	137,903	64,620	34,437	31,699	35,436	32,073	26,864	977,281

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES**  
**AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

**SCHEDULE 4a**

ACTUAL ESTIMATE													
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
Interruptible & IGS Revenues	0	0	0	0	90	0	0	0	0	0	0	0	90
Less Tefa-SIs tax	0	0	0	0	(6)	0	0	0	0	0	0	0	(6)
Less BPU/RC Assessment	0	0	0	0	(0)	0	0	0	0	0	0	0	(0)
Net Revenue	0	0	0	0	84	0	0	0	0	0	0	0	84
Interr. Sales (Sch.3)	0	0	0	0	23	0	0	0	0	0	0	0	23
Loss Factor (2%)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Rate per therm	n/a												
Cost of Gas (Sch. 2a)	0	0	0	0	80	0	0	0	0	0	0	0	80
Gross Margin	0	0	0	0	4	0	0	0	0	0	0	0	4
Less RA and CRA	0	0	0	0	(2)	0	0	0	0	0	0	0	(2)
Less EE and USF	0	0	0	0	(1)	0	0	0	0	0	0	0	(1)
Sharing Margin	0	0	0	0	1	0	0	0	0	0	0	0	1
Cust. shairng @ 100%	0	0	0	0	1	0	0	0	0	0	0	0	1
Total Credit (Sch.1, L.5)	0	0	0	0	1	0	0	0	0	0	0	0	1

**SAYREVILLE**

**SCHEDULE 4b**

Revenue	0	0	0	0	0	0	0	0	49	43	47	46	41	225
Less BPU/RC Assessment	0	0	0	0	0	0	0	0	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	0	0	0	0	0	0	0	0	49	42	47	46	40	225
Therm Sales (Sch. 3)	0	0	0	0	0	0	0	0	108	105	108	108	105	533
Rate per therm	0.40200 0.35615 0.38865 0.37260 0.33705													n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	0	43	37	42	40	35	198
Total Credit (Sch.1, L.6)	0	0	0	0	0	0	0	0	5	5	5	5	5	26

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM**  
**SALES TO FORKED RIVER ELECTRIC GENERATION, & TRANSPORT FOR OTHERS**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

**SCHEDULE 4c**

	ACTUAL ESTIMATE												
FORKED RIVER	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
Revenue	4	0	0	98	13	23	0	46	40	45	43	38	350
Less BPU/RC Assessment	(0)	0	0	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	4	0	0	98	13	23	0	46	40	44	43	38	350
Therm Sales (Sch. 3)	10	0	0	60	17	36	1	101	98	101	101	98	624
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	0.38130			1.53941	0.69773	0.58824	0.46569	0.39412	0.34917	0.38103	0.36529	0.33044	n/a
Cost of Gas (Sch.2a)	4	0	0	95	12	21	0	41	35	39	38	33	319
Total Credit (Sch.1, L.7)	0	0	0	3	1	2	0	5	5	5	5	5	31

**SCHEDULE 4d**

Interruptible Transportation & IT switch to Firm													
Revenue	495	382	393	242	378	502	574	462	447	458	459	440	5,233
Less BPU/RC Assessment and RA	(117)	(94)	(83)	(58)	(81)	(96)	(110)	(75)	(73)	(75)	(75)	(72)	(1,008)
Less NJ Clean Energy, USF & EE	(192)	(146)	(178)	(106)	(171)	(223)	(257)	(215)	(208)	(214)	(214)	(206)	(2,331)
Less IT Cogen/Tefa & Sls tax	(34)	(25)	(25)	(15)	(23)	(31)	(36)	(28)	(27)	(28)	(28)	(27)	(326)
Gross Margin	153	116	107	63	103	153	171	144	139	141	142	135	1,568
Customer Sharing @ 100%, cash-outs @100%													
Total Credit (Sch.1, L.8)	153	116	107	63	103	153	171	144	139	141	142	135	1,568

**SCHEDULE 4i**

FRM Program													
FRM Program - Gain (Loss)	0	19	0	0	0	302	336	251	0	0	0	0	909
NJNG Sharing @ 15% (Sch.1, L.9)	0	3	0	0	0	45	50	38	0	0	0	0	136

**SCHEDULE 4j**

Storage Incentive													
Storage Gain (Loss)	5,373	0	0	0	0	0	4,490	912	912	912	912	912	14,425
NJNG Sharing @ 20% (Sch.1, L.10)	1,075	0	0	0	0	0	898	182	182	182	182	182	2,885



**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED**  
**FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER**  
**BGSS YEAR 2014**  
**\$(000) & (000)THERMS**

SCHEDULE 4e													
OFF-SYSTEM SALES	ACTUAL ESTIMATE												
	Oct-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14	Sep-14	TOTAL
Revenues	8,330	10,027	18,669	28,124	31,524	19,400	5,352	2,978	3,649	3,966	3,463	2,221	137,703
Therm sales	23,486	28,457	41,078	30,851	23,147	31,433	11,965	7,078	9,732	9,732	8,847	6,195	231,999
Rate per therm COG	0.339	0.339	0.396	0.786	1.264	0.575	0.428	0.402	0.356	0.389	0.373	0.337	
Cost of Gas (Sch. 2a)	7,967	9,634	16,259	24,263	29,253	18,088	5,123	2,845	3,466	3,782	3,296	2,088	126,065
Net Margin	363	393	2,410	3,861	2,271	1,312	229	133	183	183	167	133	11,639
Customer sharing @ 85% (Sch.1,L.11)	309	334	2,048	3,282	1,930	1,115	195	113	156	156	142	113	9,893
NJNG Sharing @ 15%	54	59	361	579	341	197	34	20	28	28	25	20	1,746
Total Credit = Cost of Gas plus sharings	8,276	9,968	18,307	27,545	31,183	19,203	5,318	2,958	3,622	3,938	3,438	2,201	135,957

**CAPACITY RELEASE**

**SCHEDULE 4f**

Revenue	2,190	1,890	1,945	1,950	1,950	1,974	3,942	4,091	3,942	4,055	4,055	3,942	35,924
Customer Sharing @ 85% (Sch.1,L.12)	1,861	1,606	1,653	1,658	1,657	1,678	3,350	3,477	3,350	3,447	3,447	3,350	30,535

**BALANCING CREDITS & PENALTY CHARGES**

**SCHEDULE 4g**

Current Month MBR Penalty Charges	0	0	1	478	2,318	(105)	15	15	15	15	15	15	2,781
Current Month Balancing Charges	595	1,307	1,868	2,531	2,021	1,910	999	450	311	320	320	310	12,943
Total Credit (Sch.1,L.14)	595	1,307	1,869	3,009	4,340	1,805	1,014	465	326	335	335	325	15,725

**OCEAN PEAKING POWER**

**SCHEDULE 4h**

Therm Sales (Sch. 3)	2,887	411	493	852	513	2,741	334	1,222	2,760	6,120	3,889	1,632	23,853
Revenue	145	78	95	115	96	141	76	89	98	136	111	98	1,278
Less Sales Tax	(9)	(5)	(6)	(8)	(6)	(9)	(5)	(6)	(6)	(9)	(7)	(6)	(84)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
Less USF	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA, NJ Clean Energy, EE	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	135	73	88	107	89	131	71	83	91	127	103	91	1,191
Customer Sharing @ 100%	135	73	88	107	89	131	71	83	91	127	103	91	1,191
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.15)	135	73	88	107	89	131	71	83	91	127	103	91	1,191

**NEW JERSEY NATURAL GAS COMPANY  
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND  
MISCELLANEOUS ADJUSTMENTS  
BGSS YEAR 2014  
\$(000)**

**SCHEDULE 5**

(Sch 1. LINE 13)		
Opening balance BGSS Interest Sch 6	0	0
Adjustments to BGSS opening balance are captured on Schedule 1		
OCT 2013	0	0
NOV 2013	0	0
DEC 2013	0	0
JAN 2014	0	0
FEB 2014	0	0
MAR 2014	0	0
APR 2014	304	304
MAY 2014	0	0
JUN 2014	0	0
JUL 2014	0	0
AUG 2014	0	0
SEP 2014	0	0
Transco and Dominion Rate Case Refunds		
TOTALS	304	304

NEW JERSEY NATURAL GAS COMPANY					
BGSS YEAR 2014					
COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES					
DATE	COMBINED BALANCE	\$ (000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE	
SEP 2013	953				7.76%
OCT 2013	(56)	449	0.6467%	3	
NOV 2013	(4,383)	(2,219)	0.6467%	(14)	
DEC 2013	(6,016)	(5,199)	0.6467%	(34)	
JAN 2014	115	(2,951)	0.6467%	(19)	
FEB 2014	6,733	3,424	0.6467%	22	
MAR 2014	12,991	9,862	0.6467%	64	
APR 2014	11,996	12,494	0.6467%	81	
MAY 2014	11,194	11,595	0.6467%	75	
JUN 2014	10,631	10,912	0.6467%	71	
JUL 2014	10,052	10,341	0.6467%	67	
AUG 2014	9,522	9,787	0.6467%	63	
SEP 2014	9,001	9,262	0.6467%	60	
				439	
TOTAL	INTEREST TO BE CREDITED TO CUSTOMER				0

**EXHIBIT B**  
**Projected October 2014 - September 2015<sup>1</sup>**

**INDEX OF SCHEDULES:**

1. Under/(Over) Recovered Gas Costs
- 2a. Gas Costs
- 2b. Gas Cost Recoveries
- 2c. Total Gas Costs
3. Total Therm Sales
- 4a. Interruptible Sales
- 4b. Sales at Sayreville
- 4c. Sales at Forked River
- 4d. Interruptible Transportation
- 4e. Income Sharing Derived from Off System Sales
- 4f. Income Sharing Derived from Capacity Release
- 4g. Balancing Credits and Penalty Charges
- 4h. Ocean Peaking Power
- 4i. Financial Risk Management (FRM) Program
- 4j. Storage Incentive
5. Supplier Refunds and Miscellaneous Adjustments
6. Computation of Interest

---

<sup>1</sup> For ease of presentation, the filing contains BGSS schedules for fiscal year (FY) 2014 and FY2015. Actual BGSS schedules for FY2013 and projected BGSS schedules for FY2016 will be included in Workpapers to be filed under separate cover.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS**  
**BGSS YEAR 2015**  
**\$'(000)**

**SCHEDULE 1**

	<b>ESTIMATE</b>												<b>TOTAL</b>
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	
1. Under/(Over) Recovered Gas Costs Beg. of Period <sup>1</sup>	9,001	8,144	5,594	1,949	(1,263)	(1,145)	1,567	313	(52)	(166)	(304)	(394)	9,001
2. Net Cost Appl. To BGSS Sales (Sch 2a)	14,710	25,752	42,903	52,800	47,013	40,926	19,021	11,104	8,468	8,657	8,537	8,418	288,309
3. BGSS Recoveries (Sch 2b)	(11,613)	(24,178)	(41,447)	(50,186)	(42,034)	(33,783)	(17,465)	(8,885)	(6,143)	(6,239)	(6,108)	(6,087)	(254,168)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	3,097	1,575	1,455	2,614	4,979	7,143	1,555	2,219	2,326	2,418	2,429	2,331	34,142
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	(0)	(0)	(0)	(0)	(0)	(0)	(5)	(5)	(5)	(5)	(5)	(5)	(34)
7. Forked River (Sch.4c)	(1)	(1)	(1)	(1)	(1)	(1)	(5)	(5)	(5)	(5)	(5)	(5)	(37)
8. Transportation(Sch.4d)	(149)	(145)	(152)	(153)	(146)	(154)	(136)	(144)	(139)	(141)	(142)	(135)	(1,738)
9. FRM Program (Sch.4i)	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Storage Incentive (Sch.4j)	412	0	0	0	0	0	412	412	412	412	412	412	2,885
11. Off-System Sales (Sch.4e)	(113)	(113)	(425)	(850)	(425)	(113)	(113)	(113)	(156)	(156)	(142)	(113)	(2,833)
12. Capacity Rel. (Sch.4f)	(3,447)	(2,736)	(2,808)	(2,808)	(2,591)	(2,808)	(2,186)	(2,255)	(2,186)	(2,255)	(2,255)	(2,186)	(30,522)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Balancing and Penalty (Sch.4g)	(553)	(1,025)	(1,638)	(1,947)	(1,624)	(1,277)	(710)	(391)	(270)	(278)	(278)	(269)	(10,259)
15. Ocean Peaking Power (Sch.4h)	(103)	(104)	(75)	(67)	(73)	(76)	(67)	(83)	(91)	(127)	(103)	(91)	(1,060)
16. Total Debits and Credits (L.5 through L.15)	(3,955)	(4,125)	(5,101)	(5,826)	(4,861)	(4,430)	(2,810)	(2,584)	(2,440)	(2,555)	(2,518)	(2,394)	(43,600)
17. Under/(Over) Recov.Gas Costs. End of Period (L.s.1,4,&16)	8,144	5,594	1,949	(1,263)	(1,145)	1,567	313	(52)	(166)	(304)	(394)	(457)	(457)

<sup>1</sup> Adjustments to opening balance are captured on Schedule 5.

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES**  
**BGSS YEAR 2015**  
**\$(000) & (000)THERMS**

**SCHEDULE 2a**

**ESTIMATE**

**COST OF GAS-CURRENT PERIOD**      Oct-14    Nov-14    Dec-14    Jan-15    Feb-15    Mar-15    Apr-15    May-15    Jun-15    Jul-15    Aug-15    Sep-15    **TOTAL**

Total Gas Costs<sup>1</sup>      12,726    26,020    45,396    61,413    49,935    40,814    19,113    10,893    9,156    9,404    8,951    7,772    301,594

**REDUCTIONS TO COST OF GAS**

Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Interruptible (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	3	3	4	4	3	4	38	36	34	37	37	31	234
Forked Rv.(Sch. 4c)	8	10	10	11	10	10	36	34	32	35	34	30	260
Off System Sales (Sch. 4e)	2,060	3,474	5,784	11,903	5,957	3,178	2,590	2,372	3,193	3,329	2,995	1,865	48,700
Capacity Release (Sch. 4f)	(4,055)	(3,219)	(3,304)	(3,304)	(3,048)	(3,304)	(2,572)	(2,653)	(2,572)	(2,653)	(2,653)	(2,572)	(35,909)

Total Reductions      (1,984)    268    2,494    8,613    2,922    (112)    92    (211)    688    747    413    (646)    13,285

Net Cost Appl.To BGSS Sales (Sch.1.,L.2)      14,710    25,752    42,903    52,800    47,013    40,926    19,021    11,104    8,468    8,657    8,537    8,418    288,309

**GAS COST RECOVERIES**

**SCHEDULE 2b**

BGSS Sales	21,946	46,049	79,058	95,758	80,223	64,564	33,601	17,042	11,791	11,958	11,697	11,678	485,365
A/C Sales								27	31	28	24	32	143
Monthly BGSS Sales	3,252	5,695	8,830	10,278	8,675	7,100	4,135	2,347	1,592	1,645	1,645	1,594	56,788
FEED	32	31	32	51	49	51	51	51	51	51	51	51	552
Periodic BGSS Sales	18,662	40,323	70,197	85,428	71,499	57,412	29,416	14,616	10,117	10,234	9,977	10,001	427,882

**Recovery Rate \$ per Therm:**

Periodic BGSS Rate	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006
A/C Rate	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.5006	0.3356	0.3356	0.3356	0.3356	0.3356	0.3356
Monthly BGSS Rate	0.6938	0.6985	0.7127	0.7197	0.7170	0.7070	0.6572	0.6545	0.6564	0.6589	0.6584	0.6568	0.6568
FEED Rate	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449

**Recoveries:**

Periodic BGSS	9,342	20,186	35,140	42,765	35,793	28,740	14,726	7,317	5,065	5,123	4,994	5,007	214,198
A/C	0	0	0	0	0	0	0	9	10	9	8	11	48
Monthly BGSS	2,257	3,978	6,293	7,397	6,220	5,020	2,717	1,536	1,045	1,084	1,083	1,047	39,677
FEED	14	14	14	23	22	23	23	23	23	23	23	23	245

Total BGSS Recovery (Sch. 1, L. 3)      11,613    24,178    41,447    50,186    42,034    33,783    17,465    8,885    6,143    6,239    6,108    6,087    254,168

<sup>1</sup> 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 2015

SCHEDULE 2c

ESTIMATE												
Mdth	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15
Beginning of Month Storage Balance	20,425	24,428	22,754	16,974	10,422	4,467	492	3,769	7,248	10,616	14,095	17,574
Commodity Purchases	6,800	3,801	3,594	5,872	3,539	3,302	7,355	5,908	5,537	5,664	5,551	5,172
Sub-total of Available Supplies	27,225	28,229	26,349	22,846	13,961	7,769	7,847	9,677	12,784	16,280	19,646	22,746
A												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	607	850	1,378	2,752	1,378	760	728	729	993	994	906	640
A/C Sales	0	0	0	0	0	0	0	3	3	3	2	3
Monthly BGSS Sales	325	570	883	1,028	867	710	413	235	159	164	164	159
FEED Sales	3	3	3	5	5	5	5	5	5	5	5	5
Company Use Non Prod Sales												
Sub-total of Assigned Cost Allocations	935	1,422	2,264	3,785	2,250	1,475	1,147	971	1,161	1,167	1,078	807
B												
Allocation WACOG Volume	26,289	26,807	24,085	19,061	11,711	6,294	6,701	8,705	11,624	15,114	18,568	21,938
C = A - B												
volume available for allocation												
\$000												
Beginning of Month Storage Balance	80,108	97,690	91,282	69,014	42,802	19,882	4,792	16,971	29,738	41,703	54,131	66,519
Beginning of Month WACOG Inventory	9,006	11,899	13,312	11,807	8,891	4,087	(1,733)	465	4,206	8,640	12,955	17,293
Commodity Purchases	28,057	14,798	15,474	26,135	15,827	13,754	26,870	20,856	18,937	19,602	19,130	16,582
Demand Charges	5,143	6,228	6,150	6,150	6,384	6,150	6,619	6,546	6,619	6,546	6,546	6,934
Sub-total of Available Supplies	122,315	130,614	126,218	113,107	73,904	43,873	36,548	44,837	59,499	76,491	92,762	107,327
D												
Less volumes with assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	2,071	3,487	5,798	11,917	5,970	3,192	2,664	2,442	3,260	3,400	3,066	1,926
A/C Sales	0	0	0	0	0	0	0	9	10	9	8	11
Monthly BGSS Sales	2,257	3,978	6,293	7,397	6,220	5,020	2,717	1,536	1,045	1,084	1,083	1,047
FEED Sales	14	14	14	23	22	23	23	23	23	23	23	23
Sub-total of Assigned cost allocations	4,342	7,479	12,105	19,337	12,212	8,235	5,404	4,010	4,338	4,516	4,180	3,006
E												
Allocation WACOG Costs	117,973	123,135	114,113	93,769	61,692	35,638	31,144	40,827	55,161	71,975	88,582	104,321
F = D - E												
\$ available for allocation												
\$/dth WACOG	4.4875	4.5934	4.7380	4.9195	5.2678	5.6627	4.6480	4.6898	4.7456	4.7623	4.7707	4.7552
Mdth												
Periodic BGSS Sales	1,866	4,032	7,020	8,543	7,150	5,741	2,942	1,462	1,012	1,023	998	1,000
CoUse & UFG	2	4	7	10	11	12	8	6	4	3	2	2
Periodic BGSS Sales & CoUse & UFG	1,868	4,037	7,027	8,553	7,161	5,753	2,949	1,468	1,015	1,026	1,000	1,002
H												
volume to be allocated												
\$000												
Periodic BGSS (\$/dth WACOG * Periodic BGSS volume I = G * H	8,384	18,542	33,292	42,076	37,723	32,579	13,709	6,883	4,819	4,888	4,771	4,766
allocated cost												
Plus assigned cost allocations												
Off System Sales, Electric Gen, Interr.Sales, Other	2,071	3,487	5,798	11,917	5,970	3,192	2,664	2,442	3,260	3,400	3,066	1,926
A/C Sales	0	0	0	0	0	0	0	9	10	9	8	11
Monthly BGSS Sales	2,257	3,978	6,293	7,397	6,220	5,020	2,717	1,536	1,045	1,084	1,083	1,047
FEED Sales	14	14	14	23	22	23	23	23	23	23	23	23
Sub-total of Assigned cost allocations	4,342	7,479	12,105	19,337	12,212	8,235	5,404	4,010	4,338	4,516	4,180	3,006
J												
Total Allocated Costs (Sch 2a Total Gas Costs)	12,726	26,020	45,396	61,413	49,935	40,814	19,113	10,893	9,156	9,404	8,951	7,772
K = I + J												

NEW JERSEY NATURAL GAS COMPANY  
ESTIMATED THERM SALES  
BGSS YEAR 2015  
(000)THERMS

SCHEDULE 3

	ESTIMATE												TOTAL
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	
Residential BGSS Sales	17,566	37,873	65,780	80,045	66,988	53,867	27,899	13,800	9,596	9,700	9,444	9,481	402,039
Residential Air Conditioning													
Total Residential Sales	17,566	37,873	65,780	80,045	66,988	53,867	27,899	13,805	9,600	9,704	9,447	9,485	402,059
C&I Monthly BGSS Sales	3,252	5,695	8,830	10,278	8,675	7,100	4,135	2,347	1,592	1,645	1,645	1,594	56,788
C&I Periodic BGSS Sales	1,096	2,450	4,417	5,383	4,512	3,545	1,517	816	521	533	533	520	25,843
Air Conditioning													
FEED	32	31	32	51	49	51	51	51	51	51	51	51	552
Total Commercial & Industrial Sales	4,380	8,176	13,278	15,713	13,235	10,697	5,702	3,236	2,191	2,254	2,250	2,194	83,306
Total Firm Sales	21,946	46,049	79,058	95,758	80,223	64,564	33,601	17,042	11,791	11,958	11,697	11,678	485,365
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	8	8	8	8	8	8	105	108	105	108	108	105	687
Forked River(Sch. 4c)	25	24	25	25	22	25	98	101	98	101	101	98	744
Off System Sales(Sch. 4e)	6,038	8,463	13,745	27,491	13,745	7,566	7,078	7,078	9,732	9,732	8,847	6,195	125,708
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	6,071	8,495	13,778	27,524	13,775	7,599	7,280	7,287	9,934	9,941	9,056	6,398	127,139
Total Sales	28,017	54,544	92,836	123,282	93,998	72,163	40,881	24,329	21,725	21,899	20,753	18,076	612,503
Firm Transportation	6,581	10,850	16,196	18,685	15,877	13,003	7,774	5,196	4,015	4,104	4,122	3,948	110,350
Residential Transportation	2,592	5,288	9,109	11,075	9,122	7,072	3,784	1,752	1,076	1,106	1,100	1,072	54,150
Interruptible Transportation	2,583	2,499	2,583	2,583	2,333	2,583	2,388	2,468	2,388	2,468	2,468	2,388	29,730
Ocean Peaking Power	1,622	1,648	243	77	197	526	162	1,222	2,760	6,120	3,889	1,632	20,097
Total Transportation	13,378	20,286	28,130	32,420	27,528	23,184	14,108	10,637	10,239	13,798	11,579	9,041	214,327
Total Mtherms	41,395	74,830	120,966	155,702	121,526	95,346	54,990	34,966	31,964	35,697	32,332	27,117	826,831



**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM INTERRUPTIBLE SALES**  
**AND FROM SALES TO SAYREVILLE ELECTRIC GENERATION**  
**BGSS YEAR 2015**  
**\$(000) & (000)THERMS**

**SCHEDULE 4a**

**ESTIMATE**

INTERRUPTIBLE SALES	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	TOTAL
Interruptible & IGS Revenues	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Tefa-SIs tax	0	0	0	0	0	0	0	0	0	0	0	0	0
Less BPU/RC Assessment	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0
Interr. Sales (Sch.3)	0	0	0	0	0	0	0	0	0	0	0	0	0
Loss Fador (2%)	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020	1,020
Rate per therm													n/a
Cost of Gas (Sch. 2a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Gross Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA and CRA	0	0	0	0	0	0	0	0	0	0	0	0	0
Less EE and USF	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	0	0	0	0	0	0	0	0	0	0	0	0	0
Cust. sharing @ 100%	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.5)	0	0	0	0	0	0	0	0	0	0	0	0	0

**SAYREVILLE**

**SCHEDULE 4b**

Revenue	3	4	4	4	4	4	4	4	4	4	4	4	269
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	3	4	4	4	4	4	4	4	4	4	4	4	268
Therm Sales (Sch. 3)	8	8	8	8	8	8	8	105	105	108	108	105	687
Rate per therm	0.34120	0.41046	0.42077	0.43297	0.43339	0.42009	0.36595	0.33510	0.32815	0.34205	0.33855	0.30105	n/a
Cost of Gas (Sch. 2a)	3	3	4	4	3	4	38	36	34	37	37	31	234
Total Credit (Sch.1, L.6)	0	0	0	0	0	0	5	5	5	5	5	5	34

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED FROM**  
**SALES TO FORKED RIVER ELECTRIC GENERATION, & TRANSPORT FOR OTHERS**  
**BGSS YEAR 2015**  
**\$(000) & (000)THERMS**

**SCHEDULE 4c**

ESTIMATE	FORKED RIVER												TOTAL
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	
Revenue	10	11	12	12	11	12	41	39	37	40	40	35	298
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(1)
Net Revenue	10	11	12	12	11	12	41	39	37	40	39	34	297
Therm Sales (Sch. 3)	25	24	25	25	22	25	98	101	98	101	101	98	744
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	0.33451	0.40241	0.41252	0.42448	0.42489	0.41185	0.35877	0.32853	0.32172	0.33534	0.33191	0.29515	n/a
Cost of Gas (Sch.2a)	8	10	10	11	10	10	36	34	32	35	34	30	260
Total Credit (Sch.1, L.7)	1	1	1	1	1	1	5	5	5	5	5	5	37

**SCHEDULE 4d**

Interruptible Transportation & IT switch to Firm	482	468	487	492	459	493	441	462	447	458	459	440	5,588
Revenue	(78)	(76)	(79)	(80)	(74)	(80)	(72)	(75)	(73)	(75)	(75)	(72)	(906)
Less BPU/RC Assessment and RA	(225)	(218)	(226)	(229)	(211)	(229)	(206)	(215)	(208)	(214)	(214)	(206)	(2,602)
Less NJ Clean Energy, USF & EE	(30)	(29)	(30)	(31)	(28)	(30)	(27)	(28)	(27)	(28)	(28)	(27)	(342)
Less IT Cogen/Tefa & SIs tax	149	145	152	153	146	154	136	144	139	141	142	135	1,738
Gross Margin	149	145	152	153	146	154	136	144	139	141	142	135	1,738
Customer Sharing @ 100%, cash-outs @100%	149	145	152	153	146	154	136	144	139	141	142	135	1,738
Total Credit (Sch.1, L.8)	149	145	152	153	146	154	136	144	139	141	142	135	1,738

**SCHEDULE 4i**

FRM Program	0	0	0	0	0	0	0	0	0	0	0	0	0
FRM Program - Gain (Loss)	0	0	0	0	0	0	0	0	0	0	0	0	0
NJNG Sharing @ 15% (Sch.1, L.9)	0	0	0	0	0	0	0	0	0	0	0	0	0

**SCHEDULE 4j**

Storage Incentive	2,061	0	0	0	0	0	2,061	2,061	2,061	2,061	2,061	2,061	14,425
Storage Gain (Loss)	412	0	0	0	0	0	412	412	412	412	412	412	2,885
NJNG Sharing @ 20% (Sch.1, L.10)	412	0	0	0	0	0	412	412	412	412	412	412	2,885

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED INCOME SHARING DERIVED**  
**FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER**  
**BGSS YEAR 2015**  
**\$(000) & (000)THERMS**

OFF-SYSTEM SALES	SCHEDULE 4e													
	ESTIMATE													
	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	TOTAL	
Revenues	2,193	3,607	6,284	12,903	6,457	3,312	2,723	2,505	3,377	3,512	3,162	1,998	52,033	
Therm sales	6,038	8,463	13,745	27,491	13,745	7,566	7,078	7,078	9,732	9,732	8,847	6,195	125,708	
Rate per therm COG	0.341	0.410	0.421	0.433	0.433	0.420	0.366	0.335	0.328	0.342	0.339	0.301		
Cost of Gas (Sch. 2a)	2,060	3,474	5,784	11,903	5,957	3,178	2,590	2,372	3,193	3,329	2,995	1,865	48,700	
Net Margin	133	133	500	1,000	500	133	133	133	183	183	167	133	3,333	
Customer sharing @ 85% (Sch.1,L.11)	113	113	425	850	425	113	113	113	156	156	142	113	2,833	
NJNG Sharing @ 15%	20	20	75	150	75	20	20	20	28	28	25	20	500	
Total Credit = Cost of Gas plus sharings	2,173	3,587	6,209	12,753	6,382	3,292	2,703	2,485	3,349	3,485	3,137	1,978	51,533	

**CAPACITY RELEASE**

**SCHEDULE 4f**

Revenue	4,055	3,219	3,304	3,304	3,048	3,048	3,304	2,572	2,653	2,572	2,653	2,653	2,572	35,909
Customer Sharing @ 85% (Sch.1,L.12)	3,447	2,736	2,808	2,808	2,591	2,591	2,808	2,186	2,255	2,186	2,255	2,255	2,186	30,522

**BALANCING CREDITS & PENALTY CHARGES**

**SCHEDULE 4g**

Current Month MBR Penalty Charges	15	15	15	15	15	15	0	0	0	0	0	0	0	75
Current Month Balancing Charges	538	1,010	1,623	1,932	1,609	1,609	1,277	710	391	270	278	278	269	10,184
Total Credit (Sch.1,L.14)	553	1,025	1,638	1,947	1,624	1,624	1,277	710	391	270	278	278	269	10,259

**OCEAN PEAKING POWER**

**SCHEDULE 4h**

Therm Sales (Sch. 3)	1,622	1,648	243	77	197	197	526	162	1,222	2,760	6,120	3,889	1,632	20,097
Revenue	111	111	81	71	78	78	81	71	89	98	136	111	98	1,138
Less Sales Tax	(7)	(7)	(5)	(5)	(5)	(5)	(5)	(5)	(6)	(6)	(9)	(7)	(6)	(74)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(3)
Less USF	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less RA, NJ Clean Energy, EE	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sharing Margin	103	104	75	67	73	73	76	67	83	91	127	103	91	1,060
Customer Sharing @ 100%	103	104	75	67	73	73	76	67	83	91	127	103	91	1,060
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.15)	103	104	75	67	73	73	76	67	83	91	127	103	91	1,060

NEW JERSEY NATURAL GAS COMPANY  
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND  
MISCELLANEOUS ADJUSTMENTS  
BGSS YEAR 2015  
\$(000)

SCHEDULE 5

(Sch 1, LINE 13)		
Opening balance BGSS Interest Sch 6	0	0
Adjustments to BGSS opening balance are captured on Schedule 1		
OCT 2014	0	0
NOV 2014	0	0
DEC 2014	0	0
JAN 2015	0	0
FEB 2015	0	0
MAR 2015	0	0
APR 2015	0	0
MAY 2015	0	0
JUN 2015	0	0
JUL 2015	0	0
AUG 2015	0	0
SEP 2015	0	0
TOTALS		-

**NEW JERSEY NATURAL GAS COMPANY**  
**BGSS YEAR 2015**  
**COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES**

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	ANNUAL RATE	SCHEDULE 6 ANNUAL RATE
SEP 2014	9,001			7.76%
OCT 2014	8,144	8,573	0.6467%	55
NOV 2014	5,594	6,869	0.6467%	44
DEC 2014	1,949	3,772	0.6467%	24
JAN 2015	(1,263)	343	0.6467%	2
FEB 2015	(1,145)	(1,204)	0.6467%	(8)
MAR 2015	1,567	211	0.6467%	1
APR 2015	313	940	0.6467%	6
MAY 2015	(52)	130	0.6467%	1
JUN 2015	(166)	(109)	0.6467%	(1)
JUL 2015	(304)	(235)	0.6467%	(2)
AUG 2015	(394)	(349)	0.6467%	(2)
SEP 2015	(457)	(425)	0.6467%	(3)
				<u>117</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. BGSS Savings Test
7. ROE Test

Exhibit C  
Schedule 1  
Page 1 of 3

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group I: Residential Non-Heat  
FY2014

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust.	Baseline Use / Cust. <sup>2</sup>	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class	Number of						
		Therms	Customers						
(a)		(b)	(c)	(d) = (b) / (c)	(e)				
Residential Non-Heating									
October	a	222,986	16,343	13.6	19.6	(6.0)	(97,402)	\$0.3163	(\$30,808)
November	a	258,584	16,048	16.1	24.4	(8.3)	(133,042)	\$0.3163	(\$42,081)
December	a	360,883	15,912	22.7	21.1	1.6	25,141	\$0.3163	\$7,952
January	a	475,232	15,836	30.0	22.0	8.0	126,847	\$0.3163	\$40,122
February	a	396,837	15,759	25.2	17.5	7.7	121,026	\$0.3163	\$38,281
March	a	409,766	15,688	26.1	17.3	8.8	138,366	\$0.3163	\$43,765
April	a	272,483	15,726	17.3	7.6	9.7	153,010	\$0.3163	\$48,397
May	e	187,583	16,288	11.5	8.3	3.2	52,448	\$0.3163	\$16,589
June	e	295,057	16,878	17.5	12.7	4.8	80,679	\$0.3163	\$25,519
July	e	329,109	17,018	19.3	19.4	(0.1)	(1,021)	\$0.3163	(\$323)
August	e	298,017	17,053	17.5	17.6	(0.1)	(2,046)	\$0.3163	(\$647)
September	e	345,690	16,926	20.4	19.4	1.0	17,265	\$0.3163	\$5,461
Total		3,852,227		237.3	206.9		481,270		\$152,226

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ (152,226)
Prior Period (Over) / Under Recovery <sup>3</sup>	<u>\$ 59,242</u>

Total Deficiency/(Credit)	\$ (92,984)
---------------------------	-------------

Projected Residential Non-Heating Throughput for Recovery Period	3,048,834
--	-----------

Pre-tax CIP Charge/(Credit)	\$ (0.0305)
BPU/RC Assessment Factor	<u>1.002845</u>

CIP Charge/(Credit) including assessments	\$ (0.0306)
7% Sales Tax	<u>\$ (0.0021)</u>

<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ (0.0327)</b>
---	--------------------

Current After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0049</u>
---	------------------

Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.0376)</u>
---	--------------------

<sup>1</sup> Per Exhibit C, Schedule 1, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 1, Page 3

New Jersey Natural Gas Company  
Customers and Therms

Group I: RS non-heat

Customers

RS non-heat sales	14,842	14,546	14,413	14,319	14,236	14,165	14,191	14,765	15,355	15,495	15,530	15,403
RS non-heat transport	1,501	1,502	1,498	1,517	1,523	1,523	1,535	1,523	1,523	1,523	1,523	1,523
<b>Total Customers</b>	<b>16,343</b>	<b>16,048</b>	<b>15,912</b>	<b>15,836</b>	<b>15,759</b>	<b>15,688</b>	<b>15,726</b>	<b>16,288</b>	<b>16,878</b>	<b>17,018</b>	<b>17,053</b>	<b>16,926</b>

Volumes

RS non-heat sales	199,930	225,275	316,658	417,156	348,087	358,368	238,394	166,778	274,731	307,815	276,679	325,169	3,455,041
RS non-heat transport	23,056	33,308	44,225	58,076	48,750	51,398	34,089	20,805	20,326	21,294	21,338	20,520	397,186
<b>Total Volumes</b>	<b>222,986</b>	<b>258,584</b>	<b>360,883</b>	<b>475,232</b>	<b>396,837</b>	<b>409,766</b>	<b>272,483</b>	<b>187,583</b>	<b>295,057</b>	<b>329,109</b>	<b>298,017</b>	<b>345,690</b>	<b>3,852,227</b>



**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP I - RS NON-HEAT**  
**FY2014**

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	TOTAL
Beginning Under/(Over) Recovery \$	79,103	75,936	74,747	73,087	70,901	69,075	67,190	65,937	65,074	63,717	62,203	60,832	79,103
Therm Sales	222,986	258,584	360,883	475,232	396,837	409,766	272,483	187,583	295,057	329,109	298,017	345,690	3,852,227
Pre-tax Recovery Rate per Therm	0.0142	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	0.0046	
Recovery \$	3,166	1,189	1,660	2,186	1,825	1,885	1,253	863	1,357	1,514	1,371	1,590	19,861
Ending Under/(Over) Recovery \$	75,936	74,747	73,087	70,901	69,075	67,190	65,937	65,074	63,717	62,203	60,832	59,242	59,242

Exhibit C  
Schedule 2  
Page 1 of 3

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group II: Residential Heat  
FY2014

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust.	Baseline Use / Cust. <sup>2</sup>	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class	Number of						
		Therms	Customers						
(a)		(b)	(c)	(d) = (b) / (c)	(e)				
Residential Heating									
October	a	19,349,021	446,439	43.3	51.0	(7.7)	(3,419,720)	\$0.3163	(\$1,081,657)
November	a	49,240,121	447,823	110.0	97.4	12.6	5,620,176	\$0.3163	\$1,777,662
December	a	73,931,005	449,072	164.6	168.3	(3.7)	(1,648,093)	\$0.3163	(\$521,292)
January	a	103,399,629	449,885	229.8	190.4	39.4	17,743,464	\$0.3163	\$5,612,258
February	a	80,425,442	450,487	178.5	166.3	12.2	5,509,455	\$0.3163	\$1,742,641
March	a	73,129,503	450,989	162.2	136.9	25.3	11,387,483	\$0.3163	\$3,601,861
April	a	34,476,448	451,220	76.4	77.6	(1.2)	(536,952)	\$0.3163	(\$169,838)
May	e	15,107,502	451,336	33.5	41.2	(7.7)	(3,488,831)	\$0.3163	(\$1,103,517)
June	e	10,217,103	451,820	22.6	25.4	(2.8)	(1,260,579)	\$0.3163	(\$398,721)
July	e	10,313,208	452,415	22.8	24.1	(1.3)	(588,140)	\$0.3163	(\$186,029)
August	e	10,082,804	453,189	22.3	23.6	(1.4)	(611,806)	\$0.3163	(\$193,514)
September	e	10,049,290	454,048	22.1	26.1	(4.0)	(1,802,572)	\$0.3163	(\$570,154)
Total		489,721,076		1,088.1	1,028.3		26,903,886		\$8,509,699

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit) \$ (8,509,699)  
Prior Period (Over) / Under Recovery<sup>3</sup> \$ (1,301,187)

Total Deficiency/(Credit) \$ (9,810,886)

Projected Residential Heating Throughput for Recovery Period 453,159,888

Pre-tax CIP Charge/(Credit) \$ (0.0216)  
BPU/RC Assessment Factor 1.002845

CIP Charge/(Credit) including assessments \$ (0.0217)  
7% Sales Tax \$ (0.0015)

**Proposed After-tax CIP Charge/(Credit) per Therm \$ (0.0232)**

Current After-tax CIP Charge/(Credit) per Therm \$ 0.0240

Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm \$ (0.0472)

<sup>1</sup> Per Exhibit C, Schedule 2, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 2, Page 3

New Jersey Natural Gas Company  
Customers and Therms

Group II: RS heat

Customers

RS heat sales  
RS heat transport

Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14
393,408	394,769	396,133	396,618	397,043	397,828	399,270	398,175	398,659	399,254	400,028	400,887
53,030	53,054	52,939	53,267	53,444	53,162	51,950	53,162	53,162	53,162	53,162	53,162
446,439	447,823	449,072	449,885	450,487	450,989	451,220	451,336	451,820	452,415	453,189	454,048

**Total Customers**

Volumes

RS heat sales  
RS heat transport

16,817,591	42,873,636	64,474,167	90,181,245	70,125,247	63,710,011	30,181,508	13,376,171	9,161,103	9,228,639	9,003,651	8,997,323
2,531,430	6,366,485	9,456,838	13,218,384	10,300,195	9,419,492	4,294,941	1,731,331	1,056,000	1,084,569	1,079,153	1,051,967
19,349,021	49,240,121	73,931,005	103,399,629	80,425,442	73,129,503	34,476,448	15,107,502	10,217,103	10,313,208	10,082,804	10,049,290
											489,721,076

**Total Volumes**

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP II - RS HEAT**  
**FY2014**

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	TOTAL
Beginning Under/(Over) Recovery \$	9,871,730	9,235,147	8,132,168	6,476,114	4,159,962	2,358,432	720,331	(51,941)	(390,349)	(619,212)	(850,228)	(1,076,083)	9,871,730
Therm Sales	19,349,021	49,240,121	73,931,005	103,399,629	80,425,442	73,129,503	34,476,448	15,107,502	10,217,103	10,313,208	10,082,804	10,049,290	489,721,076
Pre-tax Recovery Rate per Therm	0.0329	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	0.0224	
Recovery \$	636,583	1,102,979	1,656,055	2,316,152	1,801,530	1,638,101	772,272	338,408	228,863	231,016	225,855	225,104	11,172,917
Ending Under/(Over) Recovery \$	9,235,147	8,132,168	6,476,114	4,159,962	2,358,432	720,331	(51,941)	(390,349)	(619,212)	(850,228)	(1,076,083)	(1,301,187)	(1,301,187)

Exhibit C  
Schedule 3  
Page 1 of 3

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group III: General Service Small  
FY2014

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Actual Avg. Use / Cust.	Baseline Use / Cust. <sup>2</sup>	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms	Number of Customers						
(a)		(b)	(c)	(d) = (b) / (c)	(e)	(f) = (d) - (e)	(g) = (f) * (c)		
<u>General Service Small</u>									
October	a	1,103,901	25,768	42.8	79.6	(36.8)	(947,247)	\$0.2778	(\$263,145)
November	a	3,449,631	26,622	129.6	99.9	29.7	790,127	\$0.2778	\$219,497
December	a	5,483,309	27,041	202.8	214.1	(11.3)	(306,104)	\$0.2778	(\$85,036)
January	a	7,524,778	27,209	276.6	254.6	22.0	597,244	\$0.2778	\$165,914
February	a	6,785,126	27,327	248.3	235.2	13.1	357,981	\$0.2778	\$99,447
March	a	5,485,583	27,357	200.5	187.6	12.9	353,458	\$0.2778	\$98,191
April	a	1,895,107	27,221	69.6	96.8	(27.2)	(739,874)	\$0.2778	(\$205,537)
May	e	933,133	26,686	35.0	47.2	(12.2)	(326,368)	\$0.2778	(\$90,665)
June	e	563,221	26,398	21.3	24.9	(3.6)	(93,976)	\$0.2778	(\$26,107)
July	e	581,529	26,256	22.2	27.4	(5.3)	(137,843)	\$0.2778	(\$38,293)
August	e	581,128	26,148	22.2	38.0	(15.8)	(412,614)	\$0.2778	(\$114,624)
September	e	563,088	26,187	21.5	14.7	6.8	178,071	\$0.2778	\$49,468
Total		<u>34,949,534</u>		<u>1,292.4</u>	<u>1,320.0</u>		(687,146)		(\$190,889)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$	190,889
Prior Period (Over) / Under Recovery <sup>3</sup>	\$	<u>128,835</u>
Total Deficiency/(Credit)	\$	319,724
Projected Commercial Throughput for Recovery Period		33,579,509
Pre-tax CIP Charge/(Credit)	\$	0.0095
BPU/RC Assessment Factor		<u>1.002845</u>
CIP Charge/(Credit) including assessments	\$	0.0095
7% Sales Tax	\$	<u>0.0007</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$</b>	<b>0.0102</b>
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0581</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>(0.0479)</u>

<sup>1</sup> Per Exhibit C, Schedule 3, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 3, Page 3

New Jersey Natural Gas Company  
Customers and Therms

Group III: GSS

Customers

GSS Sales  
GSS A/C  
GSS Transport

Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14
19,660	20,473	20,814	20,952	21,003	21,030	20,945	20,446	20,158	20,016	19,908	19,947
39	35	35	35	35	36	39					
6,069	6,114	6,192	6,222	6,289	6,292	6,238	6,240	6,240	6,240	6,240	6,240
25,768	26,622	27,041	27,209	27,327	27,357	27,221	26,686	26,398	26,256	26,148	26,187

**Total Customers**

Volumes

GSS Sales  
GSS A/C  
GSS Transport

786,902	2,597,149	4,076,361	5,436,135	5,103,623	3,971,072	1,242,666	645,378	375,731	387,790	387,389	375,599	25,385,796
8,433	4,283	4,002	8,011	6,128	4,440	5,750						41,048
308,566	848,199	1,402,946	2,080,631	1,675,375	1,510,071	646,691	287,754	187,489	193,739	193,739	187,489	9,522,690
1,103,901	3,449,631	5,483,309	7,524,778	6,785,126	5,485,583	1,895,107	933,133	563,221	581,529	581,128	563,088	34,949,534

**Total Volumes**

**NEW JERSEY NATURAL GAS COMPANY**  
**STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE**  
**GROUP III - GENERAL SERVICE SMALL**  
**FY2014**

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	TOTAL
Beginning Under/(Over) Recovery \$	2,054,302	1,966,653	1,779,338	1,481,594	1,072,998	704,566	406,699	303,795	253,126	222,543	190,966	159,410	2,054,302
Therm Sales	1,103,901	3,449,631	5,483,309	7,524,778	6,785,126	5,485,583	1,895,107	933,133	563,221	581,529	581,128	563,088	34,949,534
Pre-tax Recovery Rate per Therm	0.0794	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	0.0543	
Recovery \$	87,650	187,315	297,744	408,595	368,432	297,867	102,904	50,669	30,583	31,577	31,555	30,576	1,925,468
Ending Under/(Over) Recovery \$	1,966,653	1,779,338	1,481,594	1,072,998	704,566	406,699	303,795	253,126	222,543	190,966	159,410	128,835	128,835

Exhibit C  
Schedule 4  
Page 1 of 3

New Jersey Natural Gas Company  
Conservation Incentive Program  
Group IV: General Service Large  
FY2014

Customer Class	Actual/ Estimate	Actual per Books <sup>1</sup>		Large Customer Adjustment	Adjusted Number of Customers	Actual Avg. Use / Cust. <sup>2</sup>	Baseline Use / Cust.	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms	Number of Customers								
(a)		(b)	(c1)	(c2)	(c) = (c1) + (c2)	(d) = (b) / (c)	(e)				
<u>General Service Large</u>											
October	a	6,748,111	9,111	91	9,202	733.3	1,059.1	(325.8)	(2,998,260)	\$0.2179	(\$653,321)
November	a	14,541,007	9,208	96	9,304	1,562.9	2,026.2	(463.3)	(4,310,971)	\$0.2179	(\$939,361)
December	a	20,684,524	9,315	99	9,414	2,197.1	2,591.6	(394.5)	(3,713,902)	\$0.2179	(\$809,259)
January	a	27,015,358	9,325	99	9,424	2,866.7	3,012.6	(146.0)	(1,375,434)	\$0.2179	(\$299,707)
February	a	21,933,162	9,335	99	9,434	2,324.9	2,687.9	(363.0)	(3,424,992)	\$0.2179	(\$746,306)
March	a	20,351,667	9,343	99	9,442	2,155.5	2,090.8	64.7	611,064	\$0.2179	\$133,151
April	a	11,321,468	9,312	105	9,417	1,202.3	1,251.1	(48.8)	(459,527)	\$0.2179	(\$100,131)
May	e	5,860,641	9,175	107	9,282	631.4	803.7	(172.3)	(1,599,044)	\$0.2179	(\$348,432)
June	e	4,157,155	9,140	107	9,247	449.6	564.1	(114.5)	(1,058,928)	\$0.2179	(\$230,740)
July	e	4,296,597	9,125	109	9,234	465.3	541.0	(75.7)	(698,803)	\$0.2179	(\$152,269)
August	e	4,297,458	9,114	111	9,225	465.9	485.2	(19.3)	(178,313)	\$0.2179	(\$38,854)
September	e	4,161,658	9,128	116	9,244	450.2	631.3	(181.1)	(1,673,842)	\$0.2179	(\$364,730)
Total		<u>145,368,807</u>				<u>15,505.0</u>	<u>17,744.6</u>		(20,880,952)		(\$4,549,960)

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ 4,549,960
Prior Period (Over) / Under Recovery <sup>3</sup>	\$ (860,028)
Total Deficiency/(Credit)	\$ 3,689,932
Projected Commercial Throughput for Recovery Period	138,730,856
Pre-tax CIP Charge/(Credit)	\$ 0.0266
BPU/RC Assessment Factor	<u>1.002845</u>
CIP Charge/(Credit) including assessments	\$ 0.0267
7% Sales Tax	<u>\$ 0.0019</u>
<b>Proposed After-tax CIP Charge/(Credit) per Therm</b>	<b>\$ 0.0286</b>
Current After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0568</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.0282)</u>

<sup>1</sup> Per Exhibit C, Schedule 4, Page 2

<sup>2</sup> Per Tariff Sheet No. 180

<sup>3</sup> Per Exhibit C, Schedule 4, Page 3



New Jersey Natural Gas Company  
Customers and Therms

Group IV: GSL

Customers

GSL Sales  
GSL A/C  
GSL Transport

Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14
4,902	4,967	5,017	4,945	4,898	4,889	4,871	4,825	4,790	4,775	4,764	4,778
20	20	20	20	20	20	20	20	20	20	20	20
4,189	4,221	4,279	4,360	4,417	4,434	4,421	4,350	4,350	4,350	4,350	4,350
9,111	9,208	9,315	9,325	9,335	9,343	9,312	9,175	9,140	9,125	9,114	9,128

**Total Customers**

Volumes

GSL Sales  
GSL A/C  
GSL Transport

2,501,917	5,543,409	8,376,876	10,930,068	8,850,102	7,600,765	3,878,556	2,328,781	1,573,035	1,626,339	1,627,200	1,577,537
20,590	45,302	59,105	77,447	60,191	58,400	41,192	3,531,859	2,584,121	2,670,258	2,670,258	2,584,121
4,225,604	8,952,296	12,248,543	16,007,844	13,022,869	12,692,503	7,401,721	5,860,641	4,157,155	4,296,597	4,297,458	4,161,658
6,748,111	14,541,007	20,684,524	27,015,358	21,933,162	20,351,667	11,321,468	5,860,641	4,157,155	4,296,597	4,297,458	4,161,658

**Total Volumes**

56,414,586  
362,226  
88,591,995  
145,368,807

NEW JERSEY NATURAL GAS COMPANY  
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE  
GROUP IV - GENERAL SERVICE LARGE  
FY2014

	Actual Oct-13	Actual Nov-13	Actual Dec-13	Actual Jan-14	Actual Feb-14	Actual Mar-14	Actual Apr-14	Estimate May-14	Estimate Jun-14	Estimate Jul-14	Estimate Aug-14	Estimate Sep-14	TOTAL
Beginning Under/(Over) Recovery \$	6,929,911	6,500,731	5,728,603	4,630,255	3,195,740	2,031,089	950,415	349,245	38,045	(182,700)	(410,849)	(639,044)	6,929,911
Therm Sales	6,748,111	14,541,007	20,684,524	27,015,358	21,933,162	20,351,667	11,321,468	5,860,641	4,157,155	4,296,597	4,297,458	4,161,658	145,368,807
Pre-tax Recovery Rate per Therm	0.0636	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	0.0531	
Recovery \$	429,180	772,127	1,098,348	1,434,516	1,164,651	1,080,674	601,170	311,200	220,745	228,149	228,195	220,984	7,789,939
Ending Under/(Over) Recovery \$	6,500,731	5,728,603	4,630,255	3,195,740	2,031,089	950,415	349,245	38,045	(182,700)	(410,849)	(639,044)	(860,028)	(860,028)

**New Jersey Natural Gas Company  
Conservation Incentive Program  
Weather Normalization Calculation for the 2013-14 Winter Period**

**Group II  
RS/RT Heat**

		DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-13	a	291	219	(72)	47,501	423,958	0.1120	446,439	50,020	(3,601,423)	\$0.3163	(\$1,139,130)
Nov-13	a	534	620	86	62,849	425,205	0.1478	447,823	66,192	5,692,523	\$0.3163	\$1,800,545
Dec-13	a	857	828	(29)	72,822	426,251	0.1708	449,072	76,721	(2,224,904)	\$0.3163	(\$703,737)
Jan-14	a	963	1,133	170	77,499	426,848	0.1816	449,885	81,682	13,885,863	\$0.3163	\$4,392,098
Feb-14	a	854	939	85	71,612	427,359	0.1676	450,487	75,487	6,416,436	\$0.3163	\$2,029,519
Mar-14	a	702	822	120	69,254	427,621	0.1620	450,989	73,039	8,764,629	\$0.3163	\$2,772,252
Apr-14	a	393	388	(5)	66,260	427,749	0.1549	451,220	69,896	(349,479)	\$0.3163	(\$110,540)
May-14	e	150	138	(12)	53,528	421,996	0.1268	451,336	57,250	(686,996)	\$0.3163	(\$217,297)
TOTAL		<u>4,744</u>	<u>5,087</u>	<u>343</u>						<u>27,896,649</u>		<u>\$8,823,710</u>

**Group III  
GSS**

		DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-13	a	291	219	(72)	4,405	26,621	0.1655	25,768	4,264	(307,002)	\$0.2778	(\$85,285)
Nov-13	a	534	620	86	4,224	27,067	0.1561	26,622	4,154	357,285	\$0.2778	\$99,254
Dec-13	a	857	828	(29)	6,086	27,373	0.2223	27,041	6,012	(174,353)	\$0.2778	(\$48,435)
Jan-14	a	963	1,133	170	6,879	27,524	0.2499	27,209	6,800	1,156,058	\$0.2778	\$321,153
Feb-14	a	854	939	85	6,918	27,652	0.2502	27,327	6,837	581,115	\$0.2778	\$161,434
Mar-14	a	702	822	120	6,235	27,628	0.2257	27,357	6,174	740,872	\$0.2778	\$205,814
Apr-14	a	393	388	(5)	4,667	27,502	0.1697	27,221	4,619	(23,097)	\$0.2778	(\$6,416)
May-14	e	150	138	(12)	4,010	27,001	0.1485	26,686	3,963	(47,558)	\$0.2778	(\$13,212)
TOTAL		<u>4,744</u>	<u>5,087</u>	<u>343</u>						<u>2,283,319</u>		<u>\$634,306</u>

**Group IV  
GSL**

		DEGREE DAYS WNC <sup>1</sup>	DEGREE DAYS ACTUAL	VARIANCE	CONSUMPTION FACTOR <sup>1</sup>	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR <sup>2</sup>	MARGIN IMPACT
Oct-13	a	291	219	(72)	13,070	7,162	1.8249	9,202	16,794	(1,209,146)	\$0.2179	(\$263,473)
Nov-13	a	534	620	86	16,930	7,248	2.3357	9,304	21,732	1,868,949	\$0.2179	\$407,244
Dec-13	a	857	828	(29)	18,299	7,351	2.4893	9,414	23,435	(679,625)	\$0.2179	(\$148,090)
Jan-14	a	963	1,133	170	19,152	7,359	2.6027	9,424	24,527	4,169,666	\$0.2179	\$908,570
Feb-14	a	854	939	85	17,801	7,339	2.4255	9,434	22,883	1,945,059	\$0.2179	\$423,828
Mar-14	a	702	822	120	17,305	7,395	2.3402	9,442	22,096	2,651,462	\$0.2179	\$577,753
Apr-14	a	393	388	(5)	14,840	7,362	2.0158	9,417	18,982	(94,911)	\$0.2179	(\$20,681)
May-14	e	150	138	(12)	13,831	7,234	1.9119	9,282	17,746	(212,952)	\$0.2179	(\$46,402)
TOTAL		<u>4,744</u>	<u>5,087</u>	<u>343</u>						<u>8,438,502</u>		<u>\$1,838,750</u>

**Total  
All Groups**

										TOTAL THERMS	MARGIN IMPACT
Oct-13	a									(5,117,571)	(\$1,487,888)
Nov-13	a									7,918,758	\$2,307,043
Dec-13	a									(3,078,883)	(\$900,263)
Jan-14	a									19,211,587	\$5,621,822
Feb-14	a									8,942,609	\$2,614,781
Mar-14	a									12,156,962	\$3,555,820
Apr-14	a									(467,486)	(\$137,637)
May-14	e									(947,507)	(\$276,911)
TOTAL										<u>38,618,470</u>	<u>\$11,296,766</u>

<sup>1</sup> Degree Days and Consumption factors are per Tariff Sheet No. 169 approved in BPU Docket No. GR07110889.

<sup>2</sup> Per Tariff Sheet No. 179

NOTE: The Weather Normalization Clause is currently suspended. This schedule is only provided for the purpose of calculating the weather related component of the usage variance of the CIP clause.

Exhibit C  
Schedule 6  
Page 1 of 8

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2014**

GR1405\_\_\_\_\_

**Calculation of BGSS Savings for October 2014 through September 2015 Recovery Period**

<b>Recurring initial savings identified<sup>1</sup></b>	<b>\$2,799,799</b>
<b>Additional Savings<sup>2</sup></b>	<b>\$217,305</b>
<b>Additional Savings<sup>3</sup></b>	<b>\$7,993,500</b>
<b>Additional Savings<sup>4</sup></b>	<b><u>\$1,032,957</u></b>
<b>Total BGSS Savings Available for CIP comparison</b>	<b><u>\$12,043,562</u></b>

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307. ***Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.***

<sup>2</sup> NJNG has generated additional permanent BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. ***Refer to Exhibit C to this Petition, Schedule 6, p. 7.***

<sup>3</sup> NJNG has generated additional permanent BGSS savings for CIP purposes by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. ***Refer to Exhibit C to this Petition, Schedule 6, p. 6.***

<sup>4</sup> NJNG has generated additional permanent BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. ***Refer to Exhibit C to this Petition, Schedule 6, p. 7.***

Exhibit C  
Schedule 6  
Page 2 of 8

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2014  
GR1405\_\_\_\_\_  
Summary**

Group I	Per Exhibit C, Schedule 1	(\$152,226) a
Group II	Per Exhibit C, Schedule 2	(\$8,509,699) b
Group III	Per Exhibit C, Schedule 3	\$190,889 c
Group IV	Per Exhibit C, Schedule 4	<u>\$4,549,960</u> d
CIP Calculation for current period		(\$3,921,076) e=a+b+c+d
Weather Related Value of CIP	Per Exhibit C, Schedule 5	<u>(\$11,296,766)</u> f
CIP Value subject to BGSS test-current year		\$7,375,690 g=e-f
Prior Year Carry-over CIP Value	Per Exhibit C, Schedule 6, Page 4 of 8	<u>\$0</u> h
Total CIP Value subject to BGSS savings comparison		\$7,375,690 i=g-h
BGSS Savings	Per Exhibit C, Schedule 6, Page 1 of 8	\$12,043,562 j
Non-weather CIP Value to be recovered in current year		\$7,375,690 k= full value of i if j>i k=j, if j<i
<b>Total CIP value subject to recovery for current year</b>		<b>(\$3,921,076) l=f+k</b>
CIP Carry-over value to next year		\$0 m=i-j, if i>j m=0, if i<j

Exhibit C  
Schedule 6  
Page 3 of 8

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2013**

**Calculation of BGSS Savings for October 2013 through September 2014 Recovery Period**

Recurring initial savings identified <sup>1</sup>	\$2,799,799
Savings from extension of recurring initial savings <sup>2</sup>	\$1,418,276
Additional Savings <sup>3</sup>	\$217,305
Additional Savings <sup>4</sup>	\$7,993,500
Additional Savings <sup>5</sup>	<u>\$1,032,957</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<b><u>\$13,461,838</u></b>

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307. ***Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.***

<sup>2</sup> The release agreements identified as recurring initial savings in footnote 1 were set to expire on March 31, 2013. The Company has extended these agreements through March 31, 2014. ***Refer to Exhibit C to this Petition, Schedule 6, p. 5-7.***

<sup>3</sup> NJNG has generated additional permanent BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. ***Refer to Exhibit C to this Petition, Schedule 6, p. 7.***

<sup>4</sup> NJNG has generated additional permanent BGSS savings for CIP purposes by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. ***Refer to Exhibit C to this Petition, Schedule 6, p. 6.***

<sup>5</sup> NJNG has generated additional permanent BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. ***Refer to Exhibit C to this Petition, Schedule 6, p. 7.***

Exhibit C  
Schedule 6  
Page 4 of 8

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2013**

**Summary**

Group I	\$15,107	a
Group II	\$7,567,571	b
Group III	\$1,564,385	c
Group IV	<u>\$6,599,738</u>	d
CIP Calculation for current period	\$15,746,802	e=a+b+c+d
Weather Related Value of CIP	<u>\$4,463,304</u>	f
CIP Value subject to BGSS test-current year	\$11,283,498	g=e-f
Prior Year Carry-over CIP Value	<u>\$0</u>	h
Total CIP Value subject to BGSS savings comparison	\$11,283,498	i=g-h
BGSS Savings	\$13,461,838	j
Non-weather CIP Value to be recovered in current year	\$11,283,498	k= full value of i if j>i k=j, if j<i
<b>Total CIP value subject to recovery for current year</b>	\$15,746,802	l=f+k
CIP Carry-over value to next year	\$0	m=i-j, if i>j m=0, if i<j

Exhibit C  
Schedule 6  
Page 5 of 8

New Jersey Natural Gas  
CIP BGSS Savings

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 Stipulation in BPU Docket No. GR05121020 approved by the BPU on January 21, 2010. The capacity releases described below are being released to NJRES.

*The total values for each transaction have been separated into three categories as described below:*

Recurring Initial Savings Identified - Savings identified in the January 14, 2010 Stipulation in BPU Docket No. GR05121020 revised for the impact of the Tennessee Rate Case in Section III.  
Savings From Extension - Savings from the extension of various releases included in the Recurring Initial Savings Identified.  
Additional Savings - Savings identified for new transactions since the January 21, 2010 approval.

**I. Waddington to South Commack Iroquois Capacity**

*NJNG has permanently released 15,000 dth of Iroquois capacity from Waddington to South Commack.* This release is at maximum rates. (Contract 570.01)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654	\$ 2,001,654	\$ -	\$ -
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2013-2014	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -
2014-2015	365	15,000	\$ 0.36460	\$ 1,996,185	\$ 1,996,185	\$ -	\$ -

**II. Transco Capacity**

A. NJNG released 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	5,000	\$ 0.11870	\$ 162,026	\$ 162,026	\$ -	\$ -
2010-2011	365	5,000	\$ 0.11870	\$ 216,628	\$ 216,628	\$ -	\$ -
2011-2012	366	5,000	\$ 0.11870	\$ 217,221	\$ 217,221	\$ -	\$ -
2012-2013	365	5,000	\$ 0.11870	\$ 216,628	\$ 108,017	\$ 108,611	\$ -
2013-2014	182	5,000	\$ 0.11870	\$ 108,017	\$ -	\$ 108,017	\$ -

B. NJNG released 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	3,250	\$ 0.11870	\$ 105,317	\$ 105,317	\$ -	\$ -
2010-2011	365	3,250	\$ 0.11870	\$ 140,808	\$ 140,808	\$ -	\$ -
2011-2012	366	3,250	\$ 0.11870	\$ 141,194	\$ 141,194	\$ -	\$ -
2012-2013	365	3,250	\$ 0.11870	\$ 140,808	\$ 70,211	\$ 70,597	\$ -
2013-2014	182	3,250	\$ 0.11870	\$ 70,211	\$ -	\$ 70,211	\$ -

C. NJNG released 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834) *UPDATE: Release has been extended through March 31, 2014 at a fixed rate.*

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,350	\$ 0.11870	\$ 335,393	\$ 335,393	\$ -	\$ -
2010-2011	365	10,350	\$ 0.11870	\$ 448,419	\$ 448,419	\$ -	\$ -
2011-2012	366	10,350	\$ 0.11870	\$ 449,647	\$ 449,647	\$ -	\$ -
2012-2013	365	10,350	\$ 0.11870	\$ 448,419	\$ 223,595	\$ 224,824	\$ -
2013-2014	182	10,350	\$ 0.11870	\$ 223,595	\$ -	\$ 223,595	\$ -



Exhibit C  
Schedule 6  
Page 6 of 8

III. Tennessee Capacity

A. NJNG released 11,000 dth of Tennessee capacity from Tennessee Z5 East Aurora to Tennessee Z4 Browns Run. This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 64306). **UPDATE: Contract was terminated January 8, 2012. Savings continue at Tennessee rate case approved rates.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	11,000	\$ 0.019726	\$ 59,237	\$ 59,237	\$ -	\$ -
2010-2011	365	11,000	\$ 0.019726	\$ 79,200	\$ 79,200	\$ -	\$ -
2011-2012	366	11,000	\$ 0.150816	\$ 607,184	\$ 607,184	\$ -	\$ -
2012-2013	365	11,000	\$ 0.200153	\$ 803,614	\$ 803,614	\$ -	\$ -
2013-2014	365	11,000	\$ 0.200153	\$ 803,614	\$ 803,614	\$ -	\$ -
2014-2015	365	11,000	\$ 0.200153	\$ 803,614	\$ 803,614	\$ -	\$ -

B. NJNG released 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307, subsequently updated to 92050 and currently 92392). **UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates. Release has been extended through March 31, 2014.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,728	\$ 0.278795	\$ 816,518	\$ 816,518	\$ -	\$ -
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681	\$ 1,091,681	\$ -	\$ -
2011-2012	366	10,728	\$ 0.170539	\$ 669,614	\$ 669,614	\$ -	\$ -
2012-2013	365	10,728	\$ 0.126404	\$ 494,964	\$ 246,804	\$ 248,160	\$ -
2013-2014	182	10,728	\$ 0.126404	\$ 246,804	\$ -	\$ 246,804	\$ -

IV. Texas Eastern Capacity

A. NJNG released 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release is at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060) **UPDATE: Release has been extended through March 31, 2014 at a fixed rate.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	10,000	\$ 0.167770	\$ 458,012	\$ 458,012	\$ -	\$ -
2010-2011	365	10,000	\$ 0.167770	\$ 612,361	\$ 612,361	\$ -	\$ -
2011-2012	366	10,000	\$ 0.167770	\$ 614,038	\$ 614,038	\$ -	\$ -
2012-2013	365	10,000	\$ 0.167770	\$ 612,361	\$ 305,341	\$ 307,019	\$ -
2013-2014	182	10,000	\$ 0.167770	\$ 305,341	\$ -	\$ 305,341	\$ -

B. As approved by the BPU on May 23, 2012 in Docket No. GR11060331, NJNG has generated additional BGSS savings of \$7.99 million by not renewing 30,000 dth per day of TETCO capacity from STX to M3 at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011. (Contract 897960)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500	\$ -	\$ -	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500	\$ -	\$ -	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500	\$ -	\$ -	\$ 7,993,500
2014-2015	365	30,000	\$ 0.730000	\$ 7,993,500	\$ -	\$ -	\$ 7,993,500

**Schedule 6**  
**Page 7 of 8**

**V. Dominion Gas Capacity**

A. NJNG released 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release is for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034) **UPDATE: Release has been extended through March 31, 2014.**

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010	273	20,000	\$ 0.127557	\$ 696,461	\$ 696,461	\$ -	\$ -
2010-2011	365	20,000	\$ 0.127557	\$ 931,166	\$ 931,166	\$ -	\$ -
2011-2012	366	20,000	\$ 0.127557	\$ 933,717	\$ 933,717	\$ -	\$ -
2012-2013	365	20,000	\$ 0.127557	\$ 931,166	\$ 464,307	\$ 466,859	\$ -
2013-2014	182	20,000	\$ 0.127557	\$ 464,307	\$ -	\$ 464,307	\$ -

B. As approved by the BPU on April 27, 2011 in BPU Docket No. GR10060382 and , NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011. (Contract 700045)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2011-2012				\$ 217,305	\$ -	\$ -	\$ 217,305
2012-2013				\$ 217,305	\$ -	\$ -	\$ 217,305
2013-2014				\$ 217,305	\$ -	\$ -	\$ 217,305
2014-2015				\$ 217,305	\$ -	\$ -	\$ 217,305

C. As approved by the BPU on June 21, 2013 in BPU Docket No. GR12060472, NJNG has generated additional BGSS savings of \$1,032,957 for CIP purposes beginning in fiscal year 2013 by restructuring a contract and reducing the volume by 20,000 dekatherms per day of firm transportation capacity on Dominion Transmission, Inc. (Contract 200447)

CIP Recovery Year	Days	Release Quantity	Rate	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2012-2013	365	20,000	\$ 0.141501	\$ 1,032,957	\$ -	\$ -	\$ 1,032,957
2013-2014	365	20,000	\$ 0.141501	\$ 1,032,957	\$ -	\$ -	\$ 1,032,957
2014-2015	365	20,000	\$ 0.141501	\$ 1,032,957	\$ -	\$ -	\$ 1,032,957

**VI. Total of all Savings by Year**

CIP Recovery Year	Total Value	Recurring Initial Savings Identified	Savings from Extension	Additional Savings
2009-2010 <sup>1</sup>	\$ 8,058,378	\$ 8,058,378	\$ -	\$ -
2010-2011	\$ 5,516,447	\$ 5,516,447	\$ -	\$ -
2011-2012	\$ 13,188,074	\$ 5,634,269	\$ -	\$ 7,553,805
2012-2013	\$ 14,887,907	\$ 4,218,075	\$ 1,426,069	\$ 9,243,762
2013-2014	\$ 13,461,838	\$ 2,799,799	\$ 1,418,276	\$ 9,243,762
2014-2015	\$ 12,043,562	\$ 2,799,799	\$ -	\$ 9,243,762

<sup>1</sup> The BGSS savings for the 2009-2010 CIP year includes \$655,230 for one month of the value of Texas Eastern STX-M3 capacity and \$2,774,000 for the annual value of the release of 20,000 dth of Iroquois capacity, both of which were part of the BGSS savings identified in the September 30, 2006 CIP Stipulation.

**VII. Agreement with NJRES (UPDATE: Agreement has been extended through March 31, 2014.)**

A. NJNG and NJRES entered into the following transactions for NJNG's right to call on physical supply at no additional fixed cost. The estimated annual value of the peak day physical call options is \$300,000.

(1) NJNG and NJRES entered into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.

(2) NJNG and NJRES entered into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in *Gas Daily*.

B. NJNG and NJRES entered into an agreement where NJNG will release its Central New York Oil and Gas (Stagecoach Storage) with a total storage capacity of 1,630,990 to NJRES for the period from January 1, 2010 to March 31, 2013. NJNG initially transferred the gas in storage to NJRES at NJNG's weighted average cost of gas (WACOG) price at January 1, 2010. NJRES will manage the storage and provide delivery to NJNG at NJNG's request at the WACOG price. The WACOG will be reset each October 31st based on the balance at the prior March 31 and ratable injections for April through October at the first of the month index for the Tennessee 500 leg as reported in *Inside FERC* plus applicable FT transport charges.

**NEW JERSEY NATURAL GAS COMPANY  
CONSERVATION INCENTIVE PROGRAM  
EARNINGS TEST  
OCTOBER 1, 2013 THROUGH SEPTEMBER 30, 2014  
SIX MONTH ACTUAL, SIX MONTH ESTIMATE**

**BPU DOCKET No. GR1405\_\_\_\_\_**

	(000's)
<b>Net Income</b>	<b>\$77,611</b>
<b>Less:</b>	
<b>Net earnings from margin sharing, net of tax</b>	<b>7,039</b>
<b>Other income, net of tax</b>	<b>1,682</b>
<b>Net Income - Earnings Test</b>	<b>\$68,889</b>
 <b>Average Thirteen Month Common Equity</b>	 <b>723,666</b>
<b>Actual Rate of Return on Common Equity</b>	<b>9.52%</b>

**EXHIBIT D**

**CALCULATION OF REVISED BALANCING CHARGE**

**FOR F/Y 2015**

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

\$000

**Balancing Charge related to Inventory<sup>1</sup>**

12 month Average inventory balance (TETCO storages and LNG)	\$42,359
Rate of Return	<u>11.44%</u>

Storage Carrying Costs	\$4,846
% of Peak Related to Balancing	<u>55%</u>

Balancing	\$2,661
Annual Firm Therms (excluding FT) (000)	<u>624,513</u>

Pre-tax Balancing Charge	\$0.0043
--------------------------	----------

**Balancing Charge related to Demand Charges<sup>2</sup>**

Pipeline Demand Charges	\$111,924
Adjustments (BGSS Incentive Credits)	<u>(\$33,356)</u>

Total	\$78,568
% of Peak Related to Balancing	<u>53.1%</u>

Balancing	\$41,683
Annual Firm Therms (000)	<u>633,494</u>

Pre-tax Balancing Charge	\$0.0658
--------------------------	----------

**Total Balancing Charge**

Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0658</u>

Total Pre-tax Balancing Charge	\$0.0701
--------------------------------	----------

<b>Total After-tax Balancing Charge</b>	<b>\$0.0750</b>
---	-----------------

Current After-tax Balancing Charge	<u>\$0.0863</u>
------------------------------------	-----------------

Increase/(Decrease) to After-tax Balancing Charge	(\$0.0113)
---	------------

**Calculation of % of Peak Related to Balancing**

	000 therms
Peak Day Therms	8,625
Average Therms on a January Day	<u>4,049</u>
Balancing Therms	4,576
% of Peak	53.1%

<sup>1</sup> In accordance with the Board's October 3, 2008 Order in BPU Docket no. GR07110889, the Balancing Charge related to Inventory is not updated on an annual basis.

<sup>2</sup> The Balancing Charge related to Demand Charges has been updated to reflect costs included this filing.

**EXHIBIT E**

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

**FOR F/Y 2015**

**New Jersey Natural Gas Company**  
**Net Impact of Proposed Rate Changes**  
**BPU Docket No. GR1406**  
**F/Y 2015**

(\$/therm)

**Price Impact for Group I - Residential Non-Heating Customers**

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5006	\$0.5356	\$0.5006	\$0.5356	\$0.0000	\$0.0000
CIP	Delivery Price	0.0046	0.0049	(0.0306)	(0.0327)	(0.0352)	(0.0376)
<b>NET IMPACT</b>		<u>\$0.5052</u>	<u>\$0.5405</u>	<u>\$0.4700</u>	<u>\$0.5029</u>	<u>(\$0.0352)</u>	<u>(\$0.0376)</u>

**Price Impact for Group II - Residential Heating Customers**

	Component of	Current <sup>1</sup>		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5006	\$0.5356	\$0.5006	\$0.5356	\$0.0000	\$0.0000
CIP	Delivery Price	0.0224	0.0240	(0.0217)	(0.0232)	(0.0441)	(0.0472)
<b>NET IMPACT</b>		<u>\$0.5230</u>	<u>\$0.5596</u>	<u>\$0.4789</u>	<u>\$0.5124</u>	<u>(\$0.0441)</u>	<u>(\$0.0472)</u>

**Price Impact for Group III - General Service Small Customers**

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5006	\$0.5356	\$0.5006	\$0.5356	\$0.0000	\$0.0000
CIP	Delivery Price	0.0543	0.0581	0.0095	0.0102	(0.0448)	(0.0479)
<b>NET IMPACT</b>		<u>\$0.5549</u>	<u>\$0.5937</u>	<u>\$0.5101</u>	<u>\$0.5458</u>	<u>(\$0.0448)</u>	<u>(\$0.0479)</u>

**Price Impact for Group IV - General Service Large Customers**

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	0.0531	0.0568	0.0267	0.0286	(0.0264)	(0.0282)
<b>NET IMPACT</b>		<u>\$0.0531</u>	<u>\$0.0568</u>	<u>\$0.0267</u>	<u>\$0.0286</u>	<u>(\$0.0264)</u>	<u>(\$0.0282)</u>

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

BGSS projected annual therms	427,882 (000s)
CIP Group I projected annual therms	3,049 (000s)
CIP Group II projected annual therms	453,160 (000s)
CIP Group III projected annual therms	33,580 (000s)
CIP Group IV projected annual therms	138,731 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$229.17	\$229.17	\$0.00
CIP Group I	\$0.01	(\$0.10)	(\$0.11)
CIP Group II	\$10.88	(\$10.51)	(\$21.39)
CIP Group III	\$1.95	\$0.34	(\$1.61)
CIP Group IV	<u>\$7.88</u>	<u>\$3.97</u>	<u>(\$3.91)</u>
<b>IMPACT</b>	<u>\$249.90</u>	<u>\$222.87</u>	<u>(\$27.02)</u>



New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR1406  
F/Y 2015

	Current			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.5006	\$0.5006	\$0.5006	\$0.5006	\$0.5006	\$0.5006
After-tax Periodic BGSS	\$0.5356	\$0.5356	\$0.5356	\$0.5356	\$0.5356	\$0.5356
Less: Balancing	<u>(\$0.0863)</u>	<u>(\$0.0863)</u>	<u>(\$0.0863)</u>	<u>(\$0.0750)</u>	<u>(\$0.0750)</u>	<u>(\$0.0750)</u>
BGSS Price To Compare	<u>\$0.4493</u>	<u>\$0.4493</u>	<u>\$0.4493</u>	<u>\$0.4606</u>	<u>\$0.4606</u>	<u>\$0.4606</u>

Impact on Residential Non-Heating Customers				
			25 therm bill	
Current Prices				
	Customer Charge	\$8.25	\$8.25	
	Delivery	\$0.5471	\$13.68	
	BGSS	\$0.4493	\$11.23	
	Total	\$0.9964	\$33.16	
Proposed prices- effective 10/1/14				
	Customer Charge	\$8.25	\$8.25	
	Delivery	\$0.4982	\$12.46	
	BGSS	\$0.4606	\$11.52	
	Total	\$0.9588	\$32.23	
Decrease			(\$0.93)	
Decrease as a percent			(2.8%)	

Impact on Residential Heating Customers				
			100 therm bill	1000 therm annual bill
Current Prices				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5662	\$56.62	\$566.20
	BGSS	\$0.4493	\$44.93	\$449.30
	Total	\$1.0155	\$109.80	\$1,114.50
Proposed prices- effective 10/1/14				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5077	\$50.77	\$507.70
	BGSS	\$0.4606	\$46.06	\$460.60
	Total	\$0.9683	\$105.08	\$1,067.30
Decrease			(\$4.72)	(\$47.20)
Decrease as a percent			(4.3%)	(4.2%)

Impact on Commercial GSS Customers				
			100 therm bill	
Current Prices				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.5591	\$55.91	
	BGSS	\$0.4493	\$44.93	
	Total	\$1.0084	\$125.84	
Proposed prices- effective 10/1/14				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.4999	\$49.99	
	BGSS	\$0.4606	\$46.06	
	Total	\$0.9605	\$121.05	
Decrease			(\$4.79)	
Decrease as a percent			(3.8%)	

Impact on Commercial GSL Customers				
			1200 therm bill	
Current Prices				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.4938	\$592.56	
	BGSS (May 2014)	\$0.6946	\$833.52	
	Total	\$1.1884	\$1,641.58	
Proposed prices- effective 10/1/14				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.4543	\$545.16	
	BGSS (May 2014)	\$0.7059	\$847.08	
	Total	\$1.1602	\$1,607.74	
Decrease			(\$33.84)	
Decrease as a percent			(2.1%)	

**NEW JERSEY NATURAL GAS COMPANY**  
**SUMMARY OF PERIODIC BGSS COMPONENTS**  
**BPU DOCKET NO GR1406\_\_\_\_\_**

October 1, 2014  
through  
September 30, 2015  
**\$000**

**ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/14**

(Exhibit B, Schedule 1)

\$9,001 A

**ESTIMATED NET COSTS APPLICABLE TO BGSS**

(Exhibit B, Schedule 2a)

\$288,309 B

**ESTIMATED ADJUSTMENTS**

Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$34)
Forked River (Sch.4c)	(\$37)
Transportation(Sch.4d)	(\$1,738)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4k)	\$2,885
Off-System Sales (Sch.4e)	(\$2,833)
Capacity Rel. (Sch.4f )	(\$30,522)
Supplier Ref. and Miscellaneous Adj. (Sch.5 )	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$10,259)
Ocean Peaking Power (Sch. 4h)	(\$1,060)

**TOTAL ADJUSTMENTS**

(\$43,600) C

**ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2015**

(Exhibit B Schedule 1)

(\$457) D

A/C Sales Recovery

\$48

Monthly BGSS Sales Recovery

\$39,677

FEED

\$245

**ESTIMATED OTHER RECOVERY**

\$39,970 E

(Exhibit B Schedule 2b)

**ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED**

(Exhibit B Schedule 2b)

\$214,198 A+B+C-D-E=F

BGSS Sales

485,365

A/C Sales {May - Sep}

143

Monthly BGSS Sales

56,788

FEED

552

**ESTIMATED PERIODIC BGSS THERM SALES**

(Exhibit B Schedule 2b)

427,882 G

**PRE-TAX PERIODIC BGSS FACTOR PER THERM**

\$0.5006 F/G=H

**EXHIBIT F**

**PROPOSED TARIFF SHEETS**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 51**  
**Superseding Twenty-~~First~~<sup>th</sup> Revised Sheet No. 51**

**SERVICE CLASSIFICATION - RS**

**RESIDENTIAL SERVICE**

**AVAILABILITY**

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

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$8.25

**Delivery Charge:**

**Residential Heating**

Delivery Charge per therm ~~\$0.5662~~0.5077

**Residential Non-Heating**

Delivery Charge per therm ~~\$0.5471~~0.4982

**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 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**

**Order of the Board of Public Utilities entered in**

**Docket No. GR1406 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 54  
Superseding ~~Eighteenth~~~~Seventeenth~~ Revised Sheet No. 54

**SERVICE CLASSIFICATION – DGR**

**DISTRIBUTED GENERATION SERVICE - RESIDENTIAL**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$8.25

**Delivery Charge:**

November - April ~~\$0.395~~90.3846

May - October ~~\$0.338~~80.3275

**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**

Date of Issue: ~~December 19, 2014~~  
Issued by: Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

Filed pursuant to  
Order of the Board of Public Utilities entered in  
Docket No. GR1406 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy  
Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 54**  
**~~Superseding Eighteenth~~~~Seventeenth~~ Revised Sheet No. 54**

**SERVICE CLASSIFICATION – DGR**

**DISTRIBUTED GENERATION SERVICE - RESIDENTIAL**

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 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**  
**Order of the Board of Public Utilities entered in**  
**Docket No. GR1406 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy**  
**Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E011110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 56**  
**Superseding Twenty-~~First~~<sup>th</sup> Revised Sheet No. 56**

**SERVICE CLASSIFICATION – GSS**

**GENERAL SERVICE - SMALL**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$25.00

**Delivery Charge:**

Delivery Charge per therm \$~~0.559~~10.4999

**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 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**

**Order of the Board of Public Utilities entered in**

**Docket No. GR1406 the Board’s Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment (“TEFA”) Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 59**  
**Superseding Twenty-~~First~~<sup>th</sup> Revised Sheet No. 59**

**SERVICE CLASSIFICATION - GSL**

**GENERAL SERVICE - LARGE**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$40.00

**Demand Charge:**

Demand Charge per therm applied to HMA \$1.50

**Delivery Charge:**

Delivery Charge per therm ~~\$0.49380~~ 0.4543

**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 19, 2014~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**  
**Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy~~  
~~Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in~~  
**Docket No. E01110800**



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 65**  
**Superseding Twenty-~~First~~<sup>th</sup> Revised Sheet No. 65**

**SERVICE CLASSIFICATION - DGC**

**DISTRIBUTED GENERATION SERVICE - COMMERCIAL**

**AVAILABILITY**

This service is available to any commercial customer using distributed generation technologies including, but not limited to, microturbines and fuel cells.

**CONDITIONS PRECEDENT**

If the Customer is served by a Marketer or Broker, the Marketer or Broker assumes the responsibility for all delivery requirements. The Customer also must have clear and marketable title of gas with firm transportation capacity to the Company's distribution systems. If the Company so requests, the Customer must provide such proof. The Customer is responsible for payment of any costs if additional facilities, exclusive of metering facilities, are necessary to provide service. The Company reserves the right to limit new customers served under this service, if it determines that service expansion is detrimental to existing firm customers. The Customer must demonstrate that qualifying electric generation equipment has been installed at its location.

**MONTHLY RATES**

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<b><u>Customer Charge:</u></b>		
Customer Charge per meter per month	\$40.00	\$40.00
<b><u>Demand Charge:</u></b>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<b><u>Delivery Charge per therm:</u></b>		
November - April	<del>\$0.30</del> <u>\$0.2943</u>	\$0.2193
May - October	<del>\$0.27</del> <u>\$0.2615</u>	\$0.1865

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

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

**Date of Issue:** ~~December 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**

**Order of the Board of Public Utilities entered in**

**Docket No. GR1406 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 65**  
**Superseding Twenty-~~First~~<sup>th</sup> Revised Sheet No. 65**

**SERVICE CLASSIFICATION - DGC**

**DISTRIBUTED GENERATION SERVICE - COMMERCIAL**

**MINIMUM MONTHLY CHARGE**

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

**Date of Issue:** ~~December 19, 2014~~<sup>13</sup>  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

**Effective for service rendered on**  
**and after ~~October~~<sup>January</sup> 1,**

**Filed pursuant to**

**Order of the Board of Public Utilities entered in**

**Docket No. GR1406 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E011110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~SixteenthFifteenth~~ Revised Sheet No. 71  
Superseding ~~FifteenthFourteenth~~ Revised Sheet No. 71

**SERVICE CLASSIFICATION - FC**

**FIRM COGENERATION**

**AVAILABILITY**

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

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

**CHARACTER OF SERVICE**

Firm gas sales or transportation service.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$49.49

**Demand Charge:**

Demand Charge per therm applied to MDQ \$1.00

**Delivery Charge:**

Delivery Charge per therm \$~~0.33790~~.3266

**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: ~~November 26, 2014~~  
Issued by: Mark R. Spurduto, Senior Vice President  
201~~4~~  
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Seventy-~~Seventh~~~~Sixth~~ Revised Sheet No. 155  
Superseding Seventy-~~Sixth~~~~Fifth~~ Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.5356 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, DGC, ED	Included in the Delivery Charge	<del>\$0.08630</del> <u>0.0750</u> per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
May 1, 2013	\$0.7089
June 1, 2013	\$0.7084
July 1, 2013	\$0.6592
August 1, 2013	\$0.6303
September 1, 2013	\$0.6423
October 1, 2013	\$0.6324
November 1, 2013	\$0.6322
December 1, 2013	\$0.6744
January 1, 2014	\$0.7409
February 1, 2014	\$0.8704
March 1, 2014	\$0.7912
April 1, 2014	\$0.7572
May 1, 2014	\$0.7809

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

Date of Issue: ~~April 29~~, 2014  
Issued by: Mark R. Spurduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~May 1, 2014

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 156  
Superseding ~~Twelfth~~~~Eleventh~~ Revised Sheet No. 156

**RIDER "A"**

**BASIC GAS SUPPLY SERVICE - BGSS(Continued)**

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

<b><u>CLASS</u></b>	<b><u>APPLICATION</u></b>	<b><u>CREDIT</u></b>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$0. <del>02650</del> <del>299</del> ) per therm

**TEMPORARY BGSS RATE CREDIT ADJUSTMENT**

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

Date of Issue: ~~October 24, 2014~~  
Issued by: Mark R. Spurduto, Senior Vice President  
~~2014~~  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Sixth Fifth~~ Revised Sheet No. 182  
Superseding ~~Fifth Fourth~~ Revised Sheet No. 182

**RIDER "I"**

**CONSERVATION INCENTIVE PROGRAM – CIP (Continued)**

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

Group I (RS non-heating):	<del>\$0.0049</del> (\$0.0327)
Group II (RS heating):	<del>\$0.0240</del> (\$0.0232)
Group III (GSS, ED using less than 5,000 therms annually):	<del>\$0.0581</del> 0.0102
Group IV (GSL, ED using 5,000 therms or greater annually):	<del>\$0.0568</del> 0.0286

For the recovery of the October 201~~32~~ through September 201~~43~~ 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.

Date of Issue: ~~October 24, 20143~~  
Issued by: Mark R. Spurduto, Senior Vice President  
201~~43~~  
Wall, NJ 07719

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

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 252  
Superseding Twenty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 252

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Heating Customers**

<u>Customer Charge</u>		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
Transport Rate:				
Pre-tax Base Rate		0.3163	0.3163	
SUT		<u>0.0221</u>	<u>0.0221</u>	Rider B
After-tax Base Rate		0.3384	0.3384	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.0240</del> (0.0232)	<del>0.0240</del> (0.0232)	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
Total Transport Rate	a	<del>0.3951</del> 0.3479	<del>0.3951</del> 0.3479	
Balancing Charge	b	<del>0.0863</del> 0.0750	<del>0.0863</del> 0.0750	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
Total SBC	c	<u>0.0848</u>	<u>0.0848</u>	
Delivery Charge (DEL)	a+b+c=d	<del>0.5662</del> 0.5077	<del>0.5662</del> 0.5077	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<del>0.0863</del> 0.0750	x	
BGS	e-f=g	<del>0.4493</del> 0.4306	x	

Date of Issue: ~~December 19, 2014~~  
Issued by: Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 252**  
**Superseding Twenty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 252**

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

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 19, 2014~~<sup>43</sup>  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

**Effective for service rendered on**  
**and after ~~October~~<sup>January</sup> 1,**

**Filed pursuant to Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~**Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the**~~  
~~**Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**~~  
~~**Docket No. E01110800**~~



NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 253  
Superseding Twenty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 253

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

<u>Customer Charge</u>		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
Transport Rate:				
Pre-tax Base Rate		0.3163	0.3163	
SUT		<u>0.0221</u>	<u>0.0221</u>	Rider B
After-tax Base Rate		0.3384	0.3384	
CIP		<del>0.0049(0.0327)</del>	<del>0.0049(0.0327)</del>	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
Total Transport Rate	a	<del>0.37600.3384</del>	<del>0.37600.3384</del>	
Balancing Charge	b	<del>0.08630.0750</del>	<del>0.08630.0750</del>	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
Total SBC	c	<u>0.0848</u>	<u>0.0848</u>	
Delivery Charge (DEL)	a+b+c=d	<del>0.54710.4982</del>	<del>0.54710.4982</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<del>0.08630.0750</del>	x	
BGS	e-f=g		x	

Date of Issue: ~~December 19, 2014~~  
Issued by: Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~<sup>January</sup> 1,

Filed pursuant to Order of the Board of Public Utilities entered in  
Docket No. GR1406 ~~Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the~~  
~~Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in~~  
~~Docket No. E01110800~~

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 253**  
**Superseding Twenty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 253**

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**0.44930.4**  
**606**

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 19, 2014~~  
**Issued by:** **Mark R. Sperduto, Senior Vice President**  
**2014**  
**Wall, NJ 07719**

**Effective for service rendered on**  
**and after ~~October~~<sup>January</sup> 1,**

**Filed pursuant to Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~**Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the**~~  
~~**Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**~~  
~~**Docket No. E01110800**~~

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Fourth~~<sup>Third</sup> Revised Sheet No. 254**  
**Superseding Twenty-~~Third~~<sup>Second</sup> Revised Sheet No. 254**

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
SUT		<u>0.0126</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1921	0.1350	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.2248	0.1677	
<i>Balancing Charge</i>	b	<del>0.0863</del> 0.0750	<del>0.0863</del> 0.0750	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<u>0.0848</u>	<u>0.0848</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.3959</del> 0.3846	<del>0.3388</del> 0.3275	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	0.5356	Rider A
Less: Balancing	f	<del>0.0863</del> 0.0750	<del>0.0863</del> 0.0750	
<b>BGS</b>	e-f=g	<del>0.4493</del> 0.4606	<del>0.4493</del> 0.4606	

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 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the~~  
**Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Seventh~~<sup>Sixth</sup> Revised Sheet No. 255  
Superseding Twenty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 255

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Small (GSS)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		25.00	25.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
Transport Rate:				
Pre-tax Base Rate		0.2778	0.2778	
SUT		<u>0.0194</u>	<u>0.0194</u>	Rider B
After-tax Base Rate		0.2972	0.2972	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.0581</del> <u>0.0</u> <u>102</u>	<del>0.0581</del> <u>0.0102</u>	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
Total Transport Rate	a	<del>0.3880</del> <u>0.3</u> <u>401</u>	<del>0.3880</del> <u>0.3401</u>	
Balancing Charge	b	<del>0.0863</del> <u>0.0</u> <u>750</u>	<del>0.0863</del> <u>0.0750</u>	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
Total SBC	c	<u>0.0848</u>	<u>0.0848</u>	
Delivery Charge (DEL)	a+b+c=d	<del>0.5591</del> <u>0.4</u> <u>999</u>	<del>0.5591</del> <u>0.4999</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<del>0.0863</del> <u>0.0</u> <u>750</u>	x	
BGS	e-f=g	<del>0.4492</del> <u>0.4</u>	x	

Date of Issue: ~~December 19, 2014~~<sup>43</sup>  
Issued by: Mark R. Sperduto, Senior Vice President  
2014

Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~<sup>January</sup> 1,

Filed pursuant to Order of the Board of Public Utilities entered in

Docket No. GR1406

Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Seventh~~~~Sixth~~ Revised Sheet No. 255**  
**Superseding Twenty-~~Sixth~~~~Fifth~~ Revised Sheet No. 255**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**606**

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 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
**2014**

Wall, NJ 07719

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

**Filed pursuant to Order of the Board of Public Utilities entered in**

**Docket No. GR1406**

**Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility  
Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Large (GSL)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2179	0.2179	
SUT		<u>0.0153</u>	<u>0.0153</u>	Rider B
After-tax Base Rate		0.2332	0.2332	
WNC		0.0000	0.0000	Rider D
CIP		<del>0.05680.0</del>	<del>0.05680.0286</del>	Rider I
		<u>286</u>		
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
Total Transport Rate	a	<del>0.32270.2</del>	<del>0.32270.2945</del>	
		<u>945</u>		
Balancing Charge	b	<del>0.08630.0</del>	<del>0.08630.0750</del>	Rider A
		<u>750</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
Total SBC	c	<u>0.0848</u>	<u>0.0848</u>	
Delivery Charge (DEL)	a+b+c=d	<del>0.49380.4</del>	<del>0.49380.4543</del>	
		<u>543</u>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.7809	X	Rider A
Less: Balancing	f	<del>0.08630.0</del>	X	
		<u>750</u>		
BGS	e-f=g	<del>0.69460.7</del>	X	
		<u>059</u>		

Date of Issue: ~~April~~29, 2014  
Issued by: Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~May 1, 2014

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Eighty-~~Ninth~~~~Eighth~~ Revised Sheet No. 256**  
**Superseding Eighty-~~Eighth~~Seventh Revised Sheet No. 256**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

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

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

**Date of Issue:** ~~April 29~~, 2014  
**Issued by:** Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

**Effective for service rendered on**  
**and after ~~October~~May 1, 2014**

**Filed pursuant to the Order of the Board of Public Utilities entered in**  
**Docket No. GR~~1406~~~~13050425~~**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 258**  
**Superseding ~~Twenty-First~~<sup>Twentieth</sup> Revised Sheet No. 258**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Commercial Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0951	0.0645	
SUT		<u>0.0067</u>	<u>0.0045</u>	Rider B
After-tax Base Rate		0.1018	0.0690	
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.1345	0.1017	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<u>0.0848</u>	<u>0.0848</u>	
<b>DGC-FT Delivery Charge (DEL)</b>	<b>a+b=c</b>	<b>0.2193</b>	<b>0.1865</b>	
Balancing Charge	b	<u>0.08630.0750</u>	<u>0.08630.0750</u>	
<b>DGC-Balancing Delivery Charge (DEL)</b>	<b>a+b+c=d</b>	<b><u>0.30560.2943</u></b>	<b><u>0.27280.2615</u></b>	

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

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

**Date of Issue:** ~~December 19, 2014~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

**Effective for service rendered on and after** ~~October~~<sup>January</sup> 1,

**Filed pursuant to Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the~~  
**Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~<sup>First</sup> Revised Sheet No. 258**  
**Superseding ~~Twenty-First~~<sup>Twentieth</sup> Revised Sheet No. 258**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

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

**Date of Issue:** ~~December 19, 2014~~<sup>43</sup>  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

**Effective for service rendered on**  
**and after ~~October~~<sup>January</sup> 1,**

**Filed pursuant to Order of the Board of Public Utilities entered in**  
**Docket No. GR1406** ~~Filed pursuant to the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the~~  
~~Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in~~  
~~Docket No. E01110800~~

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Firm Cogeneration (FC)

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		49.49	49.49	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<u>Delivery Charge ("DEL") per therm</u>				
Transport Rate:				
Pre-tax Base Rate		0.1253	0.1253	
SUT		<u>0.0088</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
Total Transport Rate	a	0.1668	0.1668	
Balancing Charge	b	<del>0.0863</del> 0.0750	<del>0.0863</del> 0.0750	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0422	0.0422	Rider E
RA		0.0300	0.0300	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
Total SBC	c	<u>0.0848</u>	<u>0.0848</u>	
Delivery Charge (DEL)	a+b+c=d	<del>0.3379</del> 0.3266	<del>0.3379</del> 0.3266	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.7809	X	Rider A
Less: Balancing	f	<del>0.0863</del> 0.0750	X	
BGS	e-f=g	<del>0.6946</del> 0.705	X	
		<u>2</u>		

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

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

Date of Issue: ~~April~~29, 2014  
Issued by: Mark R. Sperduto, Senior Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~May 1, 2014

**EXHIBIT G**

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

# NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS

## Docket No. GR1406\_\_\_\_\_

### NOTICE OF FILING AND PUBLIC HEARING

#### TO OUR CUSTOMERS:

**PLEASE TAKE NOTICE** that on June 2, 2014, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2014–2015 Basic Gas Supply Service (“BGSS”) petition 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”). At that time, NJNG also filed for Board approval of proposed price decreases related to the Conservation Incentive Program (“CIP”) and the Balancing Charge. Pursuant to its filing, NJNG requested that the Board permit NJNG to maintain its BGSS rate and decrease its CIP factors effective October 1, 2014. The impact of the CIP rate change for a residential heating customer using an average of 100 therms per month will be a **decrease of (\$4.72) per month or (4.3) percent**. A copy of the filing is available at [www.njng.com/regulatory](http://www.njng.com/regulatory).

Additionally, NJNG requested that the Board permit NJNG to decrease its Balancing Charge applicable to transportation customers receiving their natural gas supply from a third party supplier by \$0.0113 per therm effective October 1, 2014. The impact of the Balancing Charge decrease for a residential heating transportation customer transporting an average of 100 therms per month will be a decrease of (\$1.13) per month, or (1.0) percent. All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For sales customers, there is no impact from the Balancing Charge change since the Balancing Charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”

The effect of the Company’s request for the price adjustments to be effective October 1, 2014, 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, 2014	Proposed Bill as of October 1, 2014	BGSS	CIP	Net (Decrease)	BGSS	CIP	Net (Decrease)
<b>Residential Heat Sales</b>	100	\$109.80	\$105.08	\$0.00	(\$4.72)	(\$4.72)	0.0%	(4.3%)	(4.3%)
<b>Residential Non-Heat Sales</b>	25	\$33.16	\$32.23	\$0.00	(\$0.93)	(\$0.93)	0.0%	(2.8%)	(2.8%)
<b>General Service - Small</b>	100	\$125.84	\$121.05	\$0.00	(\$4.79)	(\$4.79)	0.0%	(3.8%)	(3.8%)
<b>General Service - Large</b>	1200	\$1,641.58	\$1,607.74	\$0.00	(\$33.84)	(\$33.84)	0.0%	(2.1%)	(2.1%)

TAKE FURTHER NOTICE that future changes in NJNG’s price 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, 2014, and to a maximum of 5 percent of the total residential bill, effective February 1, 2015. 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 adjustments 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, 2014	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
<b>Residential Heat Sales</b>	100	\$105.08	\$115.85	\$10.77	10.3%
<b>Residential Non-Heat Sales</b>	25	\$32.23	\$34.91	\$2.68	8.3%
<b>General Service - Small</b>	100	\$121.05	\$131.82	\$10.77	8.9%

The Board has the statutory authority to establish the BGSS, CIP and Balancing charges at levels it finds just and reasonable. Therefore, the Board may establish the BGSS, CIP and Balancing charges 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 at the following dates, times and places:

\_\_\_\_\_, 2014 at 4:30 and 5:30 pm.  
Rockaway Township Municipal Building  
Conference Room  
65 Mt. Hope Road  
Rockaway, NJ 07866

\_\_\_\_\_, 2014 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: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 9<sup>th</sup> Floor, P.O. Box 350, Trenton, NJ 08625-0350. Copies of NJNG's June 2, 2014, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, [www.njng.com](http://www.njng.com), or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 7<sup>th</sup> Floor, Trenton, NJ 08625-0350.

Tracey Thayer, Esq.  
**New Jersey Natural Gas**

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY AND EXHIBITS OF**

**JAYANA S. SHAH**

**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) FACTORS FOR F/Y 2015  
BPU DOCKET NO. GR1406\_\_\_\_\_**  
**Direct Testimony of Jayana S. Shah**

**I. Background and Purpose**

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

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

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

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

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

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

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

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

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

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

- 14 • discuss current conditions in natural gas markets that may affect the Company's  
15 BGSS pricing and BGSS incentive programs;
- 16 • describe and detail how the Company actively manages and optimizes its gas supply  
17 and capacity portfolio on a daily, monthly and seasonal basis throughout the year to  
18 provide reliable service to customers at a reasonable cost, including steps it has taken  
19 to hedge its projected BGSS winter period sales requirements; and
- 20 • provide the basis for and a narrative explanation of the significant drivers of the  
21 BGSS rate which the Company is proposing through this proceeding to be approved  
22 and effective October 1, 2014. I am also sponsoring a number of exhibits that  
23 provide the requisite detail and support for the projected gas costs and forecasted  
24 sales in this case consistent with the annual Minimum Filing Requirements ("MFRs")  
25 that were established in the Generic BGSS Order.

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

27 **A.** The balance of my testimony is organized as follows:  
28 Section II: Current Market Conditions and Impact to BGSS  
29 Section III: Optimization Strategy  
30 Section IV: Periodic BGSS Pricing effective October 1, 2014



1 Section V: MFR Supporting Data and Information

2 Section VI: Conclusion

3  
4 **II. Current Market Conditions and Impact to BGSS**

5 **Q. PLEASE DESCRIBE ANY CHANGES IMPACTING AVAILABLE NATURAL**  
6 **GAS SUPPLIES.**

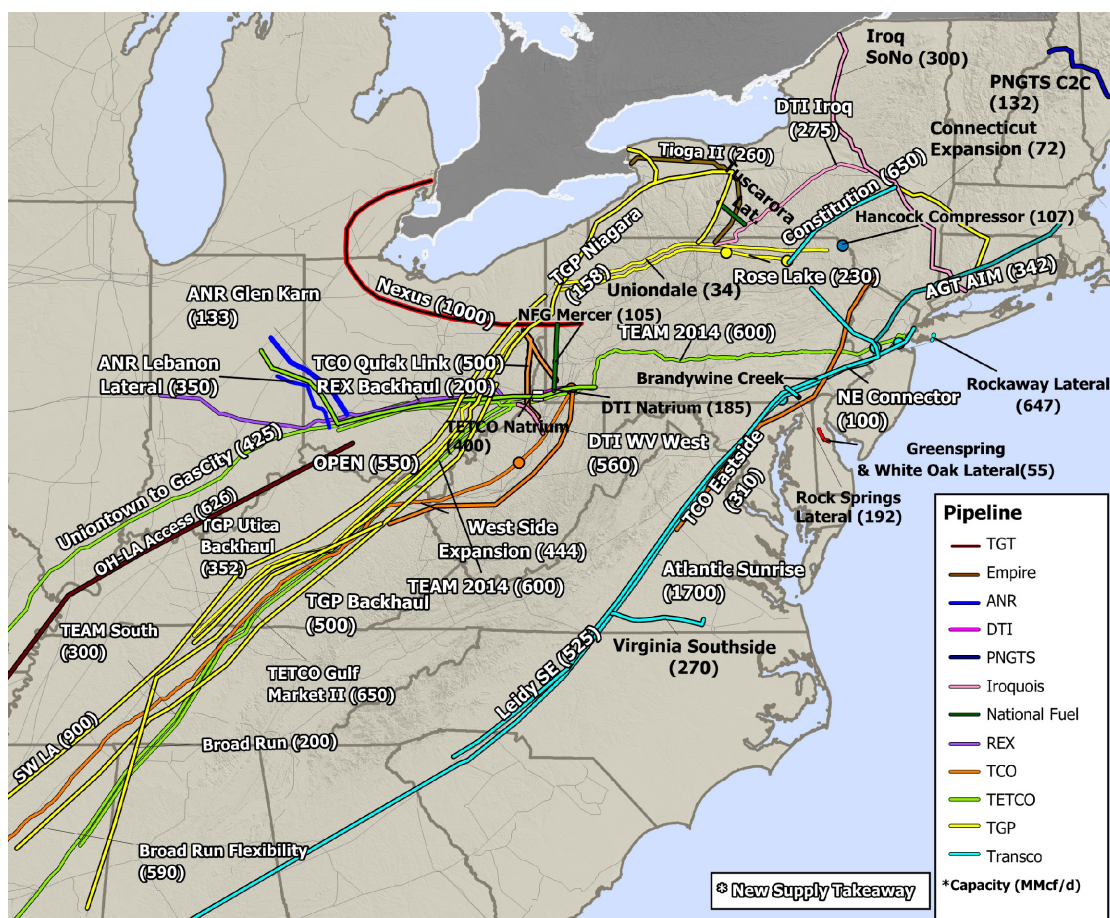
7 **A.** Over the last several years, natural gas production from unconventional sources, such as  
8 shale, has fundamentally changed the gas supply and transportation infrastructure in the  
9 United States and will continue to do so. United States dry natural gas production grew  
10 by 2.3 Bcf/day to 75.4 Bcf/d between 2013 and 2014.<sup>1</sup> Marcellus Shale production as of  
11 May 12, 2014 was 14.1 Bcf/day<sup>2</sup>. Seven regional pipeline expansions with nearly 2.4  
12 Bcf/day of capacity came online in late 2013 and early 2014, setting the stage for  
13 continued growth in 2014. Marcellus Shale production has continued to displace  
14 traditional gas supplies from Canada, Mid-Continent, and Gulf of Mexico and expansion  
15 projects have been announced by interstate pipelines to deliver the increasing Northeast  
16 production to these regions. Twenty-seven pipeline projects are planned in 2014 through  
17 2017 that would provide 13.4 Bcf/day of new supply takeaway capacity.

18  
19  

---

<sup>1</sup> Bentek Supply and Demand Daily published May 12, 2014

<sup>2</sup> Id.

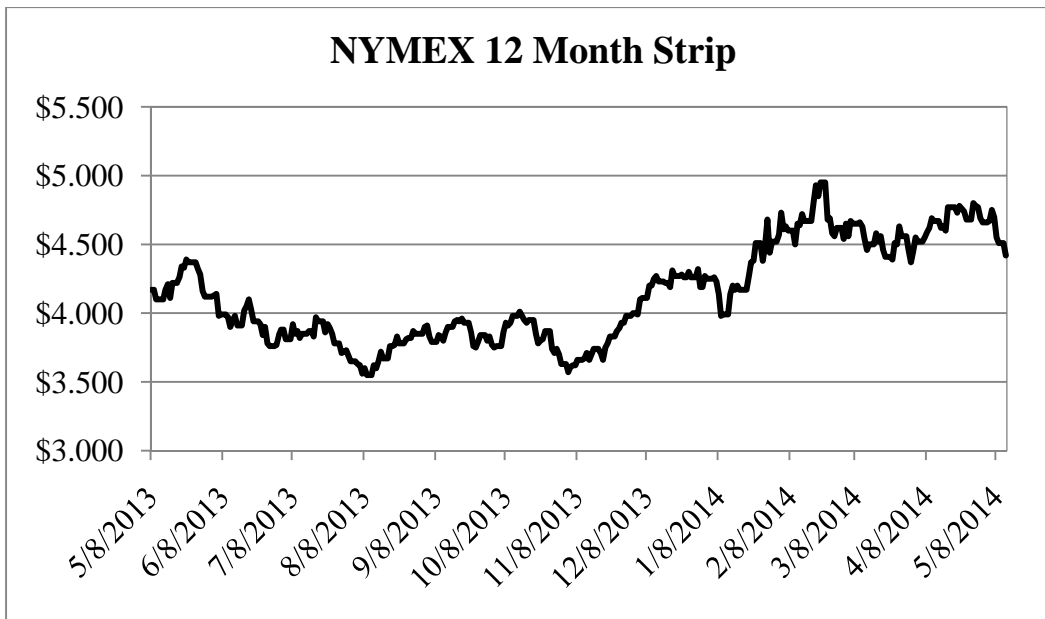
2014-2017 Pipeline Expansion Projects Map<sup>3</sup>

**Q. HOW HAVE THE SUPPLY CHANGES AFFECTED NJNG'S BGSS PRICING AND MARKET PRICES?**

**A.** The 12 month natural gas New York Mercantile Exchange ("NYMEX") strip price (the average of the monthly futures prices for a 12 month period) for the period ending May 12, 2014 demonstrates the volatile nature of the current natural gas market. As shown in the chart below, since NJNG's BGSS filing last year, the NYMEX strip has averaged approximately \$4.14 per dekatherm ("dth") with a high of \$4.95 per dth on February 21, 2014 and a low of \$3.55 on August 9, 2013, including daily settlement price swings as high as 26 cents per dth. The 12 month NYMEX strip settled at \$4.423 per dth on May

<sup>3</sup> Bentek Bi-Weekly Northeast Observer Expansions Report published May 9, 2014

12, 2014, which is the date requested by BPU Staff to be used for the underlying gas cost assumption where applicable for this year's BGSS filing.



Along with the monthly NYMEX pricing volatility, the higher than normal natural gas demands associated with the extreme nationwide cold weather caused daily spot prices to spike to extreme levels at times during the winter of 2013-2014.

**Q. HOW ARE MARCELLUS SHALE SUPPLIES AND MARKET AREA ASSETS BENEFITING THE BGSS CUSTOMERS?**

**A.** The Marcellus Shale is a natural gas supply formation extending from Ohio and West Virginia northeast into Pennsylvania and southern New York. The Marcellus Shale production has provided significant supplies this past BGSS period and is expected to continue as a major supply source for the coming BGSS period as well. Marcellus Shale production provides supply diversity and price competition by providing market area alternatives to the traditional Gulf Coast supplies and provides supply reliability requiring delivery via short-haul pipeline transportation capacity.

The Company's transport and storage assets are positioned to flow supply from Marcellus Shale. The Texas Eastern Transmission ("TETCO") M2 zone runs through the

1 Marcellus Shale and the Company has been able to buy production gas at the meter  
2 points on TETCO assets. The Tennessee Gas Pipeline (“TENN”) transportation assets in  
3 the Company’s portfolio also allow the receipt of Marcellus Shale production along the  
4 TENN Zone 4 300 line. Columbia Gas Transmission (“COLUM”), Transcontinental Gas  
5 Pipeline (“TRANSCO”), and Algonquin Gas Transmission (“AGT”) have also been  
6 receiving gas from Marcellus Shale. The majority of the market area assets of the  
7 Company are positioned to take advantage of the natural gas produced in the Marcellus  
8 Shale.

9 **Q. HAS THE COMPANY MADE ANY CHANGES TO PIPELINE CONTRACTS**  
10 **DURING THE PAST 12 MONTHS.**

11 **A.** Yes. NJNG has long held a “Portfolio Approach” to maintaining capacity, constantly  
12 seeking to hold the most reliable and cost efficient supply mix possible. Therefore, the  
13 Company is continually seeking opportunities and alternatives for reshaping the supply  
14 portfolio to achieve the best fit for the changing market and changing customer  
15 requirements for the maximum customer benefit. Based on historic utilization, peak day  
16 requirements, the need to maintain reliable city gate supply and the goal of providing  
17 stable prices for customers, NJNG extended various transportation and storage capacity  
18 contracts and contracted for a new storage and associated transportation capacity. These  
19 contract changes are listed in Exhibit JSS-5.

20 **Q. ARE THERE ANY OTHER MARKET OR REGULATORY ITEMS THAT**  
21 **WOULD AFFECT NJNG'S BGSS PRICING?**

22 **A.** Yes. The Federal Energy Regulatory Commission (“FERC”) issued a Notice of Proposed  
23 Rulemaking (“NOPR”) on March 20, 2014 that will have operational and cost  
24 implications for the entire natural gas industry. In the NOPR, FERC is proposing to  
25 amend its regulations relating to the scheduling of transportation service on interstate  
26 natural gas pipelines to better coordinate the scheduling practices of the natural gas and  
27 electricity industries. FERC is providing the natural gas and electric industries with six  
28 months to work on developing standards through the North American Energy Standards  
29 Board (NAESB) process. The parties must then either file consensus standards or notify

1 FERC that consensus cannot be reached. NJNG is an active participant in the NAESB  
2 process.

3 Numerous current proposals from FERC and stakeholders include changing the  
4 start of the Gas Day, changing the natural gas scheduling timelines, and proposals to  
5 bump scheduled interruptible and some lower priority firm services. Many in the natural  
6 gas industry would like to see any proposed changes pushed out to 2016; but it is more  
7 likely that FERC will seek a 2015 implementation date as electric grid reliability is  
8 currently of paramount concern.

9 The ultimate outcome of a changed scheduling process will likely increase costs  
10 of pipelines and local distribution companies through expenses associated with increased  
11 staffing, information technology changes, and higher O&M expenses. These proposed  
12 changes will also likely lead to increased rates paid on the interstate pipelines which  
13 those pipelines may seek to recover through Natural Gas Act Section 4 General rate  
14 cases.

### 15 16 **III. Optimization Strategy**

17 **Q. HOW IS NJNG'S GAS SUPPLY TEAM ORGANIZED AND POSITIONED TO**  
18 **OPTIMIZE THE COMPANY'S GAS SUPPLY AND CAPACITY PORTFOLIO**  
19 **TO BEST SERVE BGSS CUSTOMERS?**

20 **A.** NJNG's Gas Supply team holds regular monthly supply operations setup meetings and  
21 regular daily morning planning and afternoon recap meetings with NJNG Gas Control  
22 personnel to discuss the operational strategies that will best serve customer needs, taking  
23 into consideration the current market, weather, and other gas supply operations issues.  
24 NJNG's Gas Supply team also routinely meets with NJNG's Engineering and Operations  
25 personnel throughout the year to coordinate system operations with both winter and  
26 summer supply operations. Weather conditions, system limitations and requirements,  
27 market prices, storage status, pipeline constraints, market opportunities, and other  
28 demand/supply issues are reviewed and analyzed daily by the Gas Supply team in order

1 to ensure the optimal use of NJNG's portfolio of contract assets, including gas supply,  
2 transportation, and storage.

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

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

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

26 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW TO HELP**  
27 **MAINTAIN PRICE STABILITY FOR THE UPCOMING 2014-2015 WINTER**  
28 **HEATING SEASON?**

1    **A.**     In the normal course of the gas procurement function, NJNG's Gas Supply team has  
2           hedged approximately 67 percent of the projected winter period send-out of  
3           approximately 32.5 Bcf with 21.75 Bcf of fixed price positions as part of the Storage  
4           Incentive ("SI") program for the upcoming summer's injections. Another 9 percent of  
5           the normal weather winter heating season requirements will be hedged by the end of the  
6           2014 summer through the use of the fixed priced storage inventory that is not part of the  
7           SI program.

8  
9                                   **IV.    Periodic BGSS Pricing for October 2014**

10   **Q.    WHAT PERIODIC BGSS PRICING CHANGE DOES THE COMPANY**  
11   **PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1, 2014?**

12   **A.**     Through this filing, NJNG is proposing to maintain its current pre-tax Periodic BGSS  
13           recovery price of \$5.006 per dth (\$0.5006 per therm) for the 2015 BGSS year effective  
14           October 1, 2014.

15   **Q.    HOW ARE GAS COSTS ACCOUNTED FOR IN THE PROJECTED BGSS**  
16   **YEAR?**

17   **A.**     The Company utilizes a Weighted Average Cost of Gas ("WACOG") accounting  
18           methodology for allocating gas costs to the BGSS on a monthly basis. The weighted  
19           average of all available supplies, including all storage inventory balances, purchase and  
20           associated hedging costs, and demand and pipeline delivery charges less direct  
21           allocations are applied to the BGSS cost schedule based upon the Periodic BGSS sales  
22           volumes on a monthly basis. All costs not allocated each month are carried forward as an  
23           inventory balance.

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

26   **A.**     Over the years, through the efforts of Board Staff, the New Jersey Division of Rate  
27           Counsel ("Rate Counsel") and NJNG, BGSS incentive programs have been established  
28           that mitigate both the impacts of commodity prices and the volatility in the natural gas  
29           market for natural gas customers. The BGSS forecast in this filing includes the NJNG

1 BGSS incentives in Exhibits A and B projected through the 2015 BGSS period based on  
2 the current Board-approved sharing formulas. The Company's current BGSS incentive  
3 programs include the Off-System Sales ("OSS") and Capacity Release ("CR") programs,  
4 the Financial Risk Management ("FRM") program, and the SI program. These programs  
5 have been approved by the Board through October 31, 2015 pursuant to an August 8,  
6 2011 Order in Docket No. GR11040195.

7 The margins generated from Interruptible Sales, Interruptible Transport, Ocean  
8 Peaking Power transport, and the Sayreville and Forked River electric generation sales  
9 are included as 100 percent credits to the BGSS customers.

10 **Q. WHAT ARE THE IMPLICATIONS OF CURRENT MARKET VOLATILITY IN**  
11 **RELATION TO THE CURRENT BGSS PRICING?**

12 **A.** If approved by the Board, the requested pre-tax Periodic BGSS rate of \$5.006 per dth  
13 (\$0.5006 per therm) continuing through the 2015 BGSS year would result in a BGSS  
14 over-recovery of approximately \$0.5 million per Exhibit B, Schedule 1 at current market  
15 conditions. However, a change in the NYMEX futures of \$1 per dth would change the  
16 Company's over-or under-recovery balance. A \$1 per dth drop in the NYMEX futures  
17 prices would cause an approximate \$21.7 million change to the September 30, 2015  
18 balance, resulting in an over-recovered position of approximately \$22.1 million.  
19 Conversely, a \$21.2 million change to the September 30, 2015 balance from a \$1 per dth  
20 rise in the NYMEX futures prices would result in an under-recovered position of  
21 approximately \$20.7 million.

22 The Generic BGSS pricing mechanism permits the Company to: (a) self-  
23 implement two additional rate increases of up to 5 percent each, effective December 1  
24 and February 1 each year if necessary after 30 days prior notice to the BPU Staff and  
25 Rate Counsel; and (b) implement a decrease to its BGSS rate, a refund or bill credit at  
26 any time during the year upon five days notice to BPU Staff and Rate Counsel. This  
27 pricing flexibility provides a valuable safety net to mitigate potential rate shock to  
28 customers and helps ensure that the Company's gas cost under-recoveries do not become  
29 excessive during periods of market price increases. Hypothetically, if market conditions



1 changed and the Company were to elect to implement the 5 percent increase effective  
2 December 1, 2014, an additional \$18.5 million in BGSS recovery would be generated. If,  
3 instead, the Company were to elect to implement the 5 percent increase effective  
4 February 1, 2015, an additional \$10.7 million in BGSS recovery would be generated in  
5 order to offset any under-recovery resulting from a rise in market pricing. If the Company  
6 were to elect to implement both 5 percent increases effective December 1, 2014 and  
7 February 1, 2015, an additional \$29.7 million in BGSS recovery would be generated in  
8 order to offset any under-recovery resulting from a rise in market pricing.

9 As market conditions change, NJNG will continue to manage the hedged  
10 positions and storage dispatch to minimize BGSS costs. The Company will continue to  
11 consider the utilization of bill credits, refunds and the self-implementing BGSS price  
12 adjustments to manage the projected September 2015 over/under recovery balance.

13  
14 **V. MFR Supporting Data and Information**

15 **Q. ARE YOU SPONSORING ANY EXHIBITS THAT ADDRESS THE MINIMUM**  
16 **FILING REQUIREMENTS (“MFRs”) FOR ANNUAL BGSS FILINGS?**

17 **A.** Yes. I am sponsoring Exhibit Nos. JSS-1 through JSS-5 (and related workpapers) that  
18 provide MFR supporting data and information as required in the Generic BGSS Order.

19 **Q. DOES NJNG HAVE ANY GAS SUPPLY TRANSACTIONS WITH AN**  
20 **AFFILIATE?**

21 **A.** Yes. NJNG has entered into the following pre-arranged releases with NJRES: (1)  
22 159,790 dth per day of TETCO firm transportation capacity from November 1, 2010  
23 through October 31, 2014; (2) various amounts of firm capacity on the Iroquois,  
24 Tennessee, Dominion, Stagecoach Storage, TETCO, and TRANSCO effective April 1,  
25 2014 through March 31, 2015; and (3) 80,000 dth per day of TETCO firm transportation  
26 capacity effective April 1, 2014 through March 31, 2016. Under these agreements,  
27 NJNG can purchase commodity from NJRES. These releases are included in Schedule 4f,  
28 Income Sharing Derived from Capacity Release, of Exhibits A and B, attached to this  
29 filing.

1  
2 **VI. Conclusion**

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

4 **A.** NJNG's Gas Supply team was able to optimize the value of the Company's gas supply,  
5 transportation and storage portfolio, hedge its gas costs, and provide its BGSS customers  
6 with reliable natural gas supply services. The Company will continue gas cost  
7 management activities, including the successful optimization of storage injections, by  
8 hedging gas costs and by engaging in off-system sales and capacity release transactions  
9 during periods when that capacity is not required to serve core customers. NJNG  
10 constantly monitors changing market conditions and focuses on lowering costs to provide  
11 reliable supply in the most cost effective manner.

12 NJNG is requesting approval to maintain its current pre-tax Periodic BGSS rate  
13 of \$5.006 per dth (\$0.5006 per therm). The Company will continue to consider utilization  
14 of bill credits, refunds and the self-implementing price adjustments to manage the  
15 upcoming September 2015 over/under recovery balance.

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

17 **A.** Yes.

## JSS Exhibits

Exhibit JSS-1:	Projected cost of gas for the forecast period
Exhibit JSS-2:	Dates of service interruptions, the service categories affected, the number of customers affected, and whether each interruption was operational or economic in nature.
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 that would affect the cost or service NJNG receives from its pipeline suppliers
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 AMA Mdth	Dominion Mdth	Hedged \$000	FEED Mdth	PSEG Mdth	Other Mdth	Demand Mdth	Storage Mdth	LNG Mdth	Total Mdth
May-14	0	0	543	233	3,872	0	1,240	0	3	0	729	0	(4,252)	17	2,384
Jun-14	0	0	470	150	2,567	0	1,200	0	3	0	993	0	(3,259)	18	2,142
Jul-14	0	0	485	155	2,407	0	1,240	0	3	0	994	0	(3,142)	17	2,160
Aug-14	0	0	485	155	2,423	0	1,240	0	3	0	906	0	(3,184)	17	2,046
Sep-14	0	0	470	150	2,470	0	1,200	0	3	0	640	0	(3,172)	18	1,779
Oct-14	93	155	698	233	3,683	0	1,240	0	3	0	607	0	(3,933)	18	2,796
Nov-14	90	150	0	118	2,295	115	180	0	3	0	850	0	1,623	16	5,440
Dec-14	130	217	0	122	818	368	558	0	3	0	1,378	0	5,583	78	9,255
Jan-15	167	279	0	122	1,323	466	756	0	5	1	2,752	0	6,169	250	12,291
Feb-15	118	196	0	110	654	407	672	0	5	0	1,378	0	5,755	77	9,371
Mar-15	93	155	0	122	1,644	275	248	0	5	0	760	0	3,875	17	7,194
Apr-15	90	150	470	118	4,594	0	1,200	0	5	0	728	0	(3,294)	17	4,078
May-15	0	0	485	122	3,235	0	1,240	0	5	0	729	0	(3,404)	17	2,429
Jun-15	0	0	470	118	2,658	0	1,200	0	5	0	993	0	(3,294)	18	2,169
Jul-15	0	0	485	122	2,726	0	1,240	0	5	0	994	0	(3,404)	17	2,185
Aug-15	0	0	485	122	2,701	0	1,240	0	5	0	906	0	(3,404)	17	2,072
Sep-15	0	0	470	118	2,647	0	1,200	0	5	0	640	0	(3,294)	18	1,804

	Algonquin	Columbia	Tennessee	Transco	Tetco	Storage AMA	Dominion	Hedged	FEED	PSEG	Other	Demand	Storage	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
May-14	0	0	1,897	1,069	15,500	0	4,972	(3,955)	14	0	3,399	5,116	(12,359)	169	15,822
Jun-14	0	0	1,471	605	8,955	0	4,115	(1,961)	14	0	3,912	5,249	(13,220)	179	9,318
Jul-14	0	0	1,522	682	8,959	0	4,407	(2,021)	14	0	4,227	5,143	(12,777)	169	10,325
Aug-14	0	0	1,521	667	8,697	0	4,285	(1,843)	14	0	3,742	5,143	(13,018)	169	9,377
Sep-14	0	0	1,461	574	8,213	0	3,982	(1,686)	14	0	2,522	5,249	(12,931)	179	7,577
Oct-14	318	729	2,739	896	12,445	0	4,156	3,381	14	0	2,509	5,143	(16,513)	177	15,995
Nov-14	366	716	0	539	8,363	399	694	0	14	0	3,550	6,228	6,406	157	27,433
Dec-14	751	1,070	0	571	3,195	1,277	2,201	0	14	0	5,861	6,150	22,035	765	43,892
Jan-15	1,540	1,396	0	580	5,328	1,618	3,077	0	23	4	11,980	6,150	24,348	2,453	58,497
Feb-15	942	975	0	521	2,636	1,412	2,736	0	22	0	6,033	6,384	22,714	756	45,130
Mar-15	442	755	0	565	6,413	954	977	0	23	0	3,255	6,150	15,294	167	34,995
Apr-15	330	649	1,678	484	16,419	0	4,244	0	23	0	3,042	6,619	(12,031)	167	21,625
May-15	0	0	1,722	447	10,807	0	4,158	0	23	0	2,830	6,546	(11,740)	167	14,960
Jun-15	0	0	1,675	421	8,505	0	3,806	0	23	0	3,638	6,619	(10,957)	177	13,905
Jul-15	0	0	1,742	458	8,818	0	3,900	0	23	0	3,789	6,546	(11,398)	167	14,045
Aug-15	0	0	1,740	454	8,693	0	3,894	0	23	0	3,454	6,546	(11,357)	167	13,613
Sep-15	0	0	1,677	412	7,786	0	3,511	0	23	0	2,304	6,934	(10,226)	177	12,595

	Algonquin \$/dth	Columbia \$/dth	Tennessee \$/dth	Transco \$/dth	Tetco \$/dth	Storage AMA \$/dth	Dominion \$/dth	Hedged \$/dth	FEED \$/dth	PSEG \$/dth	Other \$/dth	Demand \$/dth	Storage \$/dth	LNG \$/dth	Total
May-14			3.4960	4.5973	4.0034		4.0100		4.3600		4.6638		2.9069	9.9398	6.6364
Jun-14			3.1318	4.0302	3.4881		3.4290		4.3600		3.9384		4.0563	9.9398	4.3497
Jul-14			3.1369	4.4008	3.7223		3.5540		4.3600		4.2518		4.0673	9.9398	4.7804
Aug-14			3.1338	4.3013	3.5885		3.4560		4.3600		4.1315		4.0885	9.9398	4.5839
Sep-14			3.1106	3.8261	3.3253		3.3180		4.3600		3.9426		4.0770	9.9398	4.2599
Oct-14	3.4162	4.7057	3.9267	3.8555	3.3788		3.3520		4.3600		4.1327		4.1983	9.8120	5.7196
Nov-14	4.0711	4.7763		4.5689	3.6441	3.4701	3.8581		4.3600		4.1789		3.9469	9.8120	5.0432
Dec-14	5.7687	4.9297		4.6867	3.9071	3.4701	3.9452		4.3600		4.2535		3.9469	9.8120	4.7425
Jan-15	9.1988	5.0019		4.7623	4.0276	3.4701	4.0675		4.3600	4.3297	4.3527		3.9469	9.8120	4.7592
Feb-15	8.0122	4.9739		4.7359	4.0319	3.4701	4.0717		4.3600		4.3797		3.9469	9.8120	4.8161
Mar-15	4.7534	4.8715		4.6395	3.9011	3.4701	3.9384		4.3600		4.2840		3.9469	9.8120	4.8647
Apr-15	3.6685	4.3289	3.5736	4.1069	3.5736		3.5370		4.3600		4.1783		3.6525	9.8120	5.3024
May-15			3.5474	3.6692	3.3410		3.3535		4.3600		3.8838		3.4489	9.8120	6.1590
Jun-15			3.5655	3.5682	3.1992		3.1715		4.3600		3.6617		3.3264	9.8120	6.4118
Jul-15			3.5898	3.7601	3.2349		3.1455		4.3600		3.8110		3.3484	9.8120	6.4267
Aug-15			3.5847	3.7245	3.2186		3.1405		4.3600		3.8142		3.3365	9.8120	6.5703
Sep-15			3.5696	3.4910	2.9409		2.9255		4.3600		3.6009		3.1046	9.8120	6.9816

**New Jersey Natural Gas Company  
Historical Service Interruptions  
for BGSS Year 2014  
(MFR#10)**

<b>Tariff Condition</b>	<b>Period</b>	<b>Applicable Service Classes</b>	<b># of cust</b>	<b>Reason(s)</b>
<b>Interruption</b>	1/3/14 - 1/8/14	Interruptible Transportation & Interruptible Sales	38	Operational
	1/21/14 - 1/29/14	Interruptible Transportation & Interruptible Sales	38	Operational
	2/10/14 - 2/11/14	Interruptible Transportation & Interruptible Sales	35	Operational
	2/16/14	Interruptible Transportation & Interruptible Sales	35	Operational
	2/27/14 - 2/28/14	Interruptible Transportation & Interruptible Sales	35	Operational
	3/3/14 @4pm - 3/4/14	Interruptible Transportation & Interruptible Sales	35	Operational
<b>Daily Balancing<sup>1</sup></b>	12/11/13 - 12/18/13	Interruptible Transportation & Interruptible Sales	38	Operational & Economic
	1/2/14	Interruptible Transportation & Interruptible Sales	38	Operational & Economic
	1/9/14	Interruptible Transportation & Interruptible Sales	38	Operational & Economic
	1/30/14	Interruptible Transportation & Interruptible Sales	38	Operational & Economic
	2/6/14 - 2/9/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	2/12/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	2/15/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	2/17/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	2/25/14 - 2/26/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	3/5/14 - 3/6/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	3/13/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic
	3/17/14	Interruptible Transportation & Interruptible Sales	35	Operational & Economic

<sup>1</sup> 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						NOAA DEGREE DAYS								
Month	Day	Texas		Algonquin	Tennessee	Columbia	NORTH	Texas		Transco	NJ	LNG	CENTRAL	TOTAL SENDOUT	Electric		FIRM SENDOUT	NOAA DEGREE DAYS
		Eastern	Western					Generation	Interruptible									
Jan'14	7	35,192	16,009	42,715	16,861	110,777	383,950	34,490	161,198	579,638	690,415	776	296	689,343	55			
Jan'14	22	29,539	15,236	45,731	9,806	100,312	473,582	36,222	16,089	525,893	626,205	0	0	626,205	50			
Jan'14	3	39,240	11,894	35,773	9,757	96,664	421,712	33,965	50,360	506,037	602,701	43	255	602,403	54			
Jan'14	23	25,902	13,904	45,711	9,747	95,264	470,815	31,174	738	502,727	597,991	21	0	597,970	50			
Mar'14	3	38,846	12,007	35,779	6,793	93,425	393,024	29,439	74,760	497,223	590,648	1,508	11,962	577,178	49			
Jan'13	22	38,819	8,615	34,806	9,012	91,252	363,061	37,271	80,933	481,265	572,517	100	15,709	556,708	48			
Jan'13	23	40,194	9,759	34,862	8,984	93,799	359,516	37,299	79,605	476,420	570,219	269	0	569,950	48			
Jan'13	24	36,337	11,728	35,009	9,901	92,975	404,614	36,534	29,096	470,244	563,219	587	0	562,632	46			
Jan'13	25	33,048	10,930	34,925	8,130	87,033	378,682	42,524	21,779	442,985	530,018	724	0	529,294	46			
Jan'13	26	36,148	8,525	31,726	7,637	84,036	392,543	36,952	1,452	430,947	514,983	10,382	0	504,601	43			
Jan'12	3	35,779	12,073	34,964	1,996	84,812	387,186	33,459	51,692	472,337	557,148	8,575	35,632	512,941	44			
Jan'12	15	44,381	6,424	29,981	4,236	85,022	377,028	37,865	20,302	435,195	520,216	8,792	31	511,393	45			
Feb'12	12	32,825	7,041	28,847	2,554	71,267	351,643	26,529	521	378,693	449,960	11,604	0	438,356	36			
Jan'12	13	35,651	5,075	25,057	2,242	68,025	352,568	25,973	2,866	381,407	449,431	8,745	35,212	405,474	33			
Jan'12	21	45,377	4,726	23,377	2,557	76,037	350,597	20,776	1,435	372,808	448,845	10,867	0	437,978	39			



## FISCAL YEAR 2014 STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES

### ALGONQUIN

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/31/13	RP14-123-000	Accepted November 26, 2013 Order	Plain Vanilla Intervention for NJNG	Annual FRQ (Fuel) Filing
11/15/13	RP14-174-000	Accepted December 11, 2013 Order	Plain Vanilla Intervention for NJNG	Shorten Posting Period for Available Capacity (from 15 days to 7 days)
12/19/13	RP14-307-000	Accepted January 7, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to implement FERC Order 787 (permissible voluntary communications between ISOs/RTOs or public utilities and pipelines)
01/31/14	RP14-417-000	Accepted March 12, 2014 Order	Plain Vanilla Intervention for NJNG	Fuel (FRQ) Settlement Compliance Filing in RP13-1040-000
02/28/14	CP14-96-000	Pending	Plain Vanilla Intervention for NJNG	Algonquin Incremental Market Project (AIM) – to provide 342,000 dts/day – cost \$972mm

### COLUMBIA GAS

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
11/01/13	RP14-143-000	Accepted November 26, 2013 Order	Plain Vanilla Intervention for NJNG	OTRA Filing
11/01/13	CP14-17-000	Pending	Plain Vanilla Intervention for NJNG	Certificate Application for East Side Expansion Project - NJNG will be a shipper – In Sep 2012 NJNG signed a PA for 40,000 dts/day expected to be in-service by Sep 2015
12/02/13	RP14-241-000	Accepted December 19, 2013 Order	Plain Vanilla Interventions for NJNG	TCO Modernization Base Rate Reduction Filing
12/16/13	RP14-287-000	Accepted March 11, 2014 Order	Plain Vanilla Intervention for NJNG	OTRA Extension Filing
12/31/13	RP14-333-000	January 30, 2014 Order	Plain Vanilla Intervention for NJNG	Environmental Rate Adjustment Filing (from RP95-408)
12/31/13	RP14-337-000	Pending	Plain Vanilla Intervention for NJNG	Penalty Revenue Crediting Report

12/31/13	RP14-341-000	January 30, 2014 Order	Plain Vanilla Intervention for NJNG	Annual CCRM Rate Filing
01/24/14	RP14-393-000	Pending	Plain Vanilla Intervention for NJNG	Commonwealth Capacity Settlement (regarding 54,632 dts/day)
02/10/14	CP14-77-000	Pending	Plain Vanilla Intervention for NJNG	CP Application for Line R-701 extension - \$25.3 mm (part of Modernization Program)
02/28/14	RP14-551-000	March 31, 2014 Order Accepted & Suspended Subject to Refund, Condition & Further Review -	Plain Vanilla Intervention for NJNG	Annual RAM (Fuel) Filing
02/28/14	RP14-552-000	Accepted March 26, 2014 Order	Plain Vanilla Intervention for NJNG	Annual EPCA Filing
02/28/14	RP14-553-000	Accepted March 26, 2014 Order	Plain Vanilla Intervention for NJNG	Annual TCRA Filing
02/28/14	RP14-567-000	March 28, 2014 Order Accepted Subject to Condition -	Plain Vanilla Intervention for NJNG	OTRA Tariff Modification Filing
02/28/14	RP14-575-000	Pending	Plain Vanilla Intervention for NJNG	Annual Report on Operational Transactions
03/06/14	CP14-99-000	Pending	Plain Vanilla Intervention for NJNG	Notice of Request Under Blanket Authorization – replace Line 1655 8” bare steel with 12” bare steel – provide additional 15,700 dt/day to UGI - \$17.6mm – should be related to Modernization Settlement
03/07/14	RP14-611-000	Accepted April 4, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to authorize extension of Columbia’s previously granted authority to acquire and use off-system Millennium capacity through August 31, 2025
03/14/14	RP14-624-000	Accepted April 10, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate & Non-Conforming Agreements Filing w/ Virginia Power Services Energy Corp. (VEPCO Warren County Project) - CCRM costs included
03/25/14	RP14-642-000	Accepted April 22, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate – WGL Amendment (CCRM surcharge mentioned)
04/01/14	RP14-712-000	Accepted April 29, 2014 Order	Plain Vanilla Intervention for NJNG	Summer OTRA Filing

**COLUMBIA GULF**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/1/13	RP14-4-000	Accepted October 21, 2013 Order	Plain Vanilla Intervention for NJNG	Out-of-Cycle Fuel (TRA) Filing
12/31/13	RP14-338-000	Pending	Plain Vanilla Intervention for NJNG	Penalty Revenue Crediting Report
02/28/14	RP14-550-000	March 31, 2014 Order Accepted & Suspended Subject to Refund, Condition & Further Review -	Plain Vanilla Intervention for NJNG	Annual Fuel Filing (TRA)
02/28/14	RP14-576-000	Pending	Plain Vanilla Intervention for NJNG	Annual Report on Operational Transactions

**DOMINION (DTI/CNG)**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/31/13	RP14-126-000	Accepted November 19, 2013 Order	Plain Vanilla Intervention for NJNG	Non-Conforming SA with Doswell that allows for different receipt point combinations in the summer and winter months
12/06/13	RP14-262-000	February 5, 2014 Order on Uncontested Settlement - Accepted Tariff Sheets April 4, 2014 Order	Plain Vanilla Intervention for NJNG	Petition for Approval of Fuel Settlement
01/23/14	RP14-389-000	Accepted February 21, 2014 Order	Plain Vanilla Intervention for NJNG	Non-Conforming Agreements with AEU & Gulfport (Lebanon West Project) re: South Point
02/28/14	RP14-571-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Allegheny Storage Project Storage Service to be effective April 1, 2014
03/13/14	CP14-106-000	April 24, 2014 Order Approving Abandonment of Service	Plain Vanilla Intervention for NJNG	Joint Application with Nat Fuel to abandon Rate Schedules X-32 of DTI & X-38 of Nat Fuel
04/15/14	RP14-738-000	Pending	Plain Vanilla Intervention for NJNG	Filing for Mutually Agreed Secondary Access to Applicable Market Center

**MILLENNIUM PIPELINE**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
01/27/14	RP14-395-000	Accepted February 26, 2014 Order	Plain Vanilla Intervention for NJNG	Retainage Clean-Up Filing (for backhaul fuel)
02/03/14	RP14-439-000	March 5, 2014 Order Accepting Tariff Records	Intervention & Protest for NJNG (Jointly with NJRES)	Retainage Calculation Revision Filing (to include electric costs in gas fuel tracker)
02/25/14	RP14-510-000	Pending	Plain Vanilla Intervention for NJNG	Annual Operational Transaction Report
02/28/14	RP14-569-000	March 31, 2014 Order	Plain Vanilla Intervention for NJNG	Annual RAM (Fuel) Filing
02/28/14	RP14-579-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate Service Agreement with Southwestern – (negotiated rate cap of \$0.0075 for all surcharges)
02/28/14	RP14-585-000	Accepted March 28, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate & Non-Conforming Agreement with WPX, Columbia and Southwestern
03/31/14	RP14-698-000	Pending	Plain Vanilla Intervention for NJNG	Negotiated Rate SAs w/TCO, NatGrid, KeySpan, Con Ed & Central Hudson (rate reduction)
04/16/14	RP14-742-000	Pending	Plain Vanilla Intervention for NJNG	Filing of 11 Conforming & Non-Conforming Agreements with WPX, Carrizo, Nat Grid, Southwestern, Con Ed & Central Hudson - Conversion of BH to FT
04/23/14	RP14-764-000	Pending	Plain Vanilla Intervention for NJNG	Negotiated Rate Agreement with WPX
04/25/14	RP14-772-000	Pending	Plain Vanilla Intervention for NJNG	Negotiated Rate Service Agreements with Southwestern (Provide Notice of DTI Holding Point Interconnect)

**STECKMAN RIDGE STORAGE**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
12/06/13	RP14-260-000	Accepted January 7, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to implement a firm no-notice storage service

**TENNESSEE**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/01/13	RP14-14-000	Pending	Plain Vanilla Intervention for NJNG	MPP Project Non-Conforming Service Agreements
10/15/13	RP14-43-000	November 14, 2013 Order	Plain Vanilla Intervention for NJNG	Rate Schedule PAL Flexibility Filing
11/25/13	RP14-215-000	Pending	Plain Vanilla Intervention for NJNG	2012-2013 Cashout Report
12/31/13	RP14-343-000	Accepted January 28, 2014 Order	Plain Vanilla Intervention for NJNG	Amended Negotiated Rate Agreement with Seneca (involves reservation charge crediting and leased capacity)
02/18/14	RP14-481-000	Accepted March 11, 2014 Order	Plain Vanilla Intervention for NJNG	Rate Schedule PAL Filing (rate)
02/21/14	CP14-88-000	Pending	Plain Vanilla Intervention for NJNG	CP Application for Niagara Expansion Project in southwestern NY and northwestern PA - will provide an additional 158,000 dt/day - related to Nat Fuel CP14-100 Northern Access 2015 Project
02/28/14	RP14-563-000	Accepted March 26, 2014 Order	Plain Vanilla Intervention for NJNG	Annual Fuel Tracker Filing
05/01/14	RP14-829-000	Pending	Plain Vanilla Intervention for NJNG	Station 87 - Zone 1 Supply Area Pooling Filing
05/01/14	RP14-835-000	Pending	Plain Vanilla Intervention for NJNG	Clean-Up Filing (mentions ROFR clarification)

**TEXAS EASTERN**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/07/13	RP14-25-000	Accepted October 16, 2013 Order	Plain Vanilla Intervention for NJNG	CP11-56 Negotiated Rate Agreements with Project Customers; Chesapeake, Con Ed & Statoil
10/07/13	RP14-26-000	Accepted October 16, 2013 Order	Plain Vanilla Intervention for NJNG	Non-Conforming Service Agreements with Project Customers; Chesapeake, Con Ed & Statoil
10/07/13	RP14-27-000	Accepted October 16, 2013 Order	Plain Vanilla Intervention for NJNG	CP11-56 New Jersey-New York Expansion – Recourse Rates for Manhattan Expansion
10/10/13	CP14-4-000	January 29, 2014 Order Issuing Certificate & Approving Abandonment	Plain Vanilla Intervention for NJNG	CP Application for Emerald Longwall Mine Panel D1 Project

10/17/13	CP14-9-000	February 3, 2014 Order Issuing Certificate & Approving Abandonment	Plain Vanilla Intervention for NJNG	CP Application for Bailey East Mine Panel 1L Project
10/23/13	RP14-67-000	Accepted November 14, 2013 Order	Plain Vanilla Intervention for NJNG	Annual PCB Filing
10/31/13	RP14-100-000	Accepted November 26, 2013 Order	Plain Vanilla Intervention for NJNG	ConocoPhillips releases to Chesapeake, Noble, Range and Statoil
10/31/13	RP14-127-000	Accepted November 26, 2013 Order	Plain Vanilla Intervention for NJNG	Rate Schedules X-135 & X-137 Extensions of Primary Term with DTI
11/01/13	RP14-137-000	Accepted November 19, 2013 Order	Plain Vanilla Intervention for NJNG	Annual ASA Filing
11/15/13	RP14-177-000	Accepted December 11, 2013 Order	Plain Vanilla Intervention for NJNG	Shorten Posting Period for Available Capacity (from 15 days to 7 days)
11/27/13	RP14-234-000	Accepted December 23, 2013 Order	Plain Vanilla Intervention for NJNG	Conoco Phillips releases to J. Aron, South Jersey & Statoil
12/10/13	CP14-29-000	Pending	Plain Vanilla Intervention for NJNG	Application to abandon in place by sale certain pipeline facilities in offshore Gulf of Mexico
12/19/13	RP14-309-000	Accepted January 7, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to implement FERC Order 787 (permissible voluntary communications between ISOs/RTOs or public utilities and pipelines)
12/27/13	RP14-325-000	Accepted January 30, 2014 Order	Plain Vanilla Intervention for NJNG	Semi-Annual EPCA Filing
01/22/14	RP14-378-000	Accepted February 26, 2014 Order	Plain Vanilla Intervention for NJNG	NJNG FT-1 Negotiated Rate Agreement eff Nov 1, 2014 thru Oct 31, 2015 (Contract 910230 – TIME 100,000 dts/day)
01/22/14	RP14-379-000	Accepted March 14, 2014 Order	Plain Vanilla Intervention for NJNG	Modifications to Pro-Forma Exhibits A & C – eff Apr 1, 2014
01/29/14	RP14-402-000	Accepted March 5, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate Filings w/EQT, South Jersey and Noble for FT-1 TEMAX – Feb 1, 2014 thru Oct 31, 2020
01/29/14	RP14-403-000	Accepted March 25, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate Filing with South Jersey for FT-1 TEMAX – April 1, 2014 thru Oct 31, 2020
01/29/14	RP14-404-000	Accepted March 25, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate Filing with EQT for FT-1 TEMAX – April 1, 2016 thru Oct 31, 2020

01/31/14	CP14-68-000	Pending	Plain Vanilla Intervention for NJNG	CP Application for Ohio Extension Project (OPEN) – 76 miles of new 30” pipe – to provide 550,000 dts/day with reverse flow capabilities from receipt points in Ohio to delivery points in the Gulf Coast area
02/19/14	RP14-486-000	Accepted March 11, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to Modify Section 3.2 of Rate Schedule FT-1 & IT-1 to Describe Usage-1 Charge
03/11/14	CP14-104-000	Pending	Plain Vanilla Intervention for NJNG	CP Application for U2GC Project to provide 425,000 dts/day from Appalachian Supply Sources to interconnect w/Panhandle - \$56.5mm
03/24/14	RP14-634-000	Accepted April 22, 2014 Order	Plain Vanilla Intervention for NJNG	NJRES FT-1 Negotiated Rate Contract 910531 for 89,000 dts/day April 1, 2014 thru March 31, 2015
03/31/14	RP14-669-000	Accepted April 29, 2014 Order	Plain Vanilla Intervention for NJNG	NJRES TIME II Negotiated Rate Contract 8932289 for 37,441 dts/day April 1, 2014 thru Oct 31, 2014 - from NJNG
04/21/14	RP14-750-000	Pending	Plain Vanilla Intervention for NJNG	RP14-442 Show Cause Compliance Filing
04/23/14	CP14-227-000	Pending	Plain Vanilla Intervention for NJNG	Joint Abbreviated Application of Tetco and Enable Gas Transmission for Authorization to Abandon Leased Capacity and to Reacquire the Capacity
04/29/14	RP14-784-000	Pending	Plain Vanilla Intervention for NJNG	Filing to modify various provisions of its tariff to reflect current and anticipated system operations and bidirectional flow of gas – Segmenting in Access Area / Distinguish Contemporary SAs & Legacy SAs

**TRANSCO**

<b>Filing Date</b>	<b>Docket</b>	<b>Order Date/Status</b>	<b>Type of Intervention</b>	<b>Description of Filing</b>
10/16/13	RP14-46-000	November 15, 2013 Order – April 15, 2014 Order	Intervention & Protest for NJNG	Clarifications & Revisions Filing
10/22/13	RP14-65-000	Accepted November 14, 2013 Order	Plain Vanilla Intervention for NJNG	Filing to set forth the process by which Transco may agree to charge a capacity release

				replacement shipper the same negotiated commodity rate as that charged to the releasing shipper
10/31/13	RP14-116-000	Accepted November 19, 2013 Order	Plain Vanilla Intervention for NJNG	Cherokee Non-Conforming Agreements - Commodity Electric Power Unit Rate Surcharge of \$0.00 that is intended to collect the commodity electric power costs at Compressor Stations 115 and 125 allocated to the Project. The Stations 115 and 125 commodity electric power costs allocated to the Project will be absorbed by Transco – such costs will not be shifted to other Transco shippers. Rate also applies to a Replacement Shipper and related to filing above in RP14-65-000.
11/06/13	RP14-156-000	Accepted November 21, 2013 Order	Plain Vanilla Intervention for NJNG	AGL temporarily released to Replacement Shippers capacity that is subject to a negotiated rate SA for FT service under Transco's Cherokee Expansion. This filing summarizes the essential elements of 60 SA(s) that contain negotiated usage rates between Transco and replacement shippers. Transco determined that the Replacement Shippers, by virtue of their roles as Marketers participating in a state-regulated retail access program are similarly situated to AGL.
11/06/13	RP14-156-000	Pending	Plain Vanilla Intervention for NJNG	Negotiated Rates Filing – Cherokee AGL temporary releases with 60 service agreements w/negotiated commodity rates – marketers participating in state retail access program
11/07/13	CP14-18-000	Pending	Plain Vanilla Intervention for NJNG	Woodbridge Delivery Lateral Project (264,000 dts/day to CPV Shore)
11/13/13	CP14-20-000	Approved February 27, 2014 Order	Plain Vanilla Intervention for NJNG	Application to abandon FT service to Delmarva
12/27/13	CP14-34-000	February 28, 2014 Order Approving	Plain Vanilla Intervention for NJNG	Application to abandon by sale to High Point Gas Gathering



		Abandonment		offshore laterals and abandon 25.3% interest in another offshore/onshore lateral
01/16/14	RP14-372-000	Accepted February 12, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated Rate Filing Cherokee Expansion – AGL & MGAG (proportionate share of epc surcharge language)
01/22/14	RP14-381-000	Accepted February 20, 2014 Order	Plain Vanilla Intervention for NJNG	DPEs – Northeast Supply Lateral (NY Facilities Group)
02/24/14	RP14-507-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Annual Fuel Filing
02/27/14	RP14-526-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Annual Electric Power Tracker Filing
02/27/14	RP14-528-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Remove Rate Schedules X-274 & X-275 References from Tariff
02/28/14	RP14-565-000	Accepted March 24, 2014 Order	Plain Vanilla Intervention for NJNG	Revise Trenton Woodbury Expansion reservation rate surcharge (VPEM)
03/14/14	RP14-623-000	Pending	Plain Vanilla Intervention for NJNG	Petition for Limited Waiver of the application of the No-Conduit Rule (re: Cardinal Pipeline)
03/14/14	RP14-625-000	Accepted March 27, 2014 Order	Plain Vanilla Intervention for NJNG	Filing to Eliminate Rate Schedules X-274 & X-275 from Volume 2Tariff (supplements RP14-528 above)
03/24/14	RP14-635-000	Accepted April 18, 2014 Order	Plain Vanilla Intervention for NJNG	SS-2 Storage Fuel Tracker Filing
03/28/14	RP14-658-000	Accepted April 23, 2014 Order	Plain Vanilla Intervention for NJNG	Negotiated MarketLink Rates (split into 3 separate transportation agreements for VPEM)
04/22/14	RP14-763-000	Pending	Plain Vanilla Intervention for NJNG	Annual Adjustment to SS-2 Storage Gas Balances Filing
05/01/14	RP14-833-000	Pending	Plain Vanilla Intervention for NJNG	Rate Adjustment Filing for Eminence Insurance Proceeds from RP12-993 Rate Case Stipulation

## **Contract Changes**

Transportation capacity contracts extended:

Pipeline	Contract	Maximum Daily Quantity (DTH)	Extended Start Date	Extended End Date
Algonquin	510478	12,000	Jul-2014	Jun-2015
Dominion	200447	5,000	Apr-2015	Mar-2016
Dominion	200583	15,000	Apr-2015	Mar-2016
Tenn	29185	10,894	Nov-2014	Oct-2019
Tetco	8696	27,000	Jun-2015	May-2016
Tetco	8697	9,498	Nov-2014	Oct-2015
Tetco	330789	10,789	Apr-2015	Mar-2016
Tetco	331500	35,000	Apr-2015	Mar-2016
Tetco	331724	35,487	Apr-2015	Mar-2016
Tetco	331821	9,555	Apr-2015	Mar-2016
Tetco	800506	12,000	Nov-2014	Oct-2015
Tetco	910060	40,000	Nov-2014	Oct-2015
Tetco	910064	1,060	Nov-2014	Oct-2015
Tetco	910230	100,000	Nov-2014	Oct-2015
Tetco	910240	59,790	Nov-2014	Oct-2015
Tetco	910508	20,000	Nov-2014	Oct-2015
Tetco	910593	10,559	Nov-2014	Oct-2015
Transco	1000628	5,000	Jan-2015	Dec-2015
Transco	1000674	3,250	Jan-2015	Dec-2015
Transco	1003834	10,350	Jan-2015	Dec-2015

Storage capacity contracts extended:

Storage	Contract	Maximum Storage Quantity (DTH)	Extended Start Date	Extended End Date
Dominion	600031	4,353,382	Apr-2016	Mar-2017
Tetco	400188	3,973,146	May-2015	Apr-2016
Tetco	412004	2,180,010	May-2015	Apr-2016
Transco	1003970	922,185	Apr-2015	Mar-2016

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

Pipeline	Contract	Maximum Daily Quantity (DTH)	Start Date	End Date
Dominion	700098	25,000	Aug-2013	Mar-2016

New Storage capacity contract:

Storage	Contract	Maximum Storage Quantity (DTH)	Start Date	End Date
Dominion	300194	1,750,000	Aug-2013	Mar-2016

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY AND EXHIBITS OF**

**TINA M. TREBINO**

**MANAGER - REGULATORY AFFAIRS**

**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) FACTORS  
FOR F/Y 2015  
BPU DOCKET NO. GR1406\_\_\_\_  
Direct Testimony of Tina M. Trebino**

**I. Introduction**

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

A. My name is Tina M. Trebino and I am Manager, Regulatory Affairs for New Jersey Natural Gas Company (the “Company” or “NJNG”). My business address is 1415 Wyckoff Road, Wall, New Jersey 07719.

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

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

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

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

**Q. WHAT ARE YOUR RESPONSIBILITIES AS MANAGER OF REGULATORY AFFAIRS?**

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

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  
4 NJNG 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 sections of the filing: (1)  
8 background of previous BGSS and CIP proceedings; (2) BGSS projections and proposed  
9 price to be effective October 1, 2014; (3) CIP prices to be effective as of October 1, 2014;  
10 (4) Balancing Charge to be effective as of October 1, 2014; (5) miscellaneous items  
11 related to the Company's last rate case proceeding; and (6) the impact to customers of the  
12 proposed price changes to be effective October 1, 2014.

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 price increases each year as described below  
22 and price decreases, rate credits, or refunds at any time during the year with five days  
23 written notice to the BPU Staff and the New Jersey Division of Rate Counsel ("Rate  
24 Counsel"). Through this mechanism, any initial price change requested, after notice and  
25 hearing, is based on an annual BGSS filing submitted in June of each year with rates to  
26 be effective October 1 of the year filed. If needed, two additional provisional and self-  
27 implementing price increases are permitted on the subsequent December 1 and February  
28 1, after thirty days prior notice to the BPU Staff and Rate Counsel. Each self-  
29 implementing increase cannot exceed a maximum of five percent of the Company's total  
30 average residential heating customer's bill.

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

3 **A.** On May 31, 2013, NJNG filed a petition requesting that the BPU approve NJNG's annual  
4 filing for the BGSS year of October 1, 2013 through September 30, 2014, BPU Docket  
5 No. GR13050425. That petition requested that the BPU approve the continuation of the  
6 pre-tax periodic BGSS price of \$0.5660 per therm (\$0.6056 per therm after-tax) which  
7 was implemented effective June 1, 2013. The petition also requested a decrease to the  
8 after-tax per therm balancing charge from \$0.0898 to \$0.0863. The Company also  
9 requested modification of its CIP rates for fiscal year 2014. Specifically, the petition  
10 requested that the BPU approve the implementation of after-tax per therm CIP factors of  
11 \$0.0049 for Group I Residential Non-Heat customers, \$0.0240 for Group II Residential  
12 Heat customers, \$0.0581 for Group III General Service – Small commercial customers,  
13 and \$0.0568 for Group IV General Service – Large commercial customers, effective as of  
14 October 1, 2013. In October 2013, the BPU approved the BGSS price, the balancing  
15 charge and CIP prices on a provisional basis effective November 1, 2013.

16 On November 21, 2013, the Company submitted notification to the Board and  
17 Rate Counsel of its intent to decrease its BGSS price applicable to residential and small  
18 commercial customers on a self-implementing basis, effective December 1, 2013. The  
19 BGSS price was decreased from its pre-tax level of \$0.5660 per therm (\$0.6056 after-tax)  
20 to \$0.5006 per therm (\$0.5356 after-tax), representing a 6.0 percent decrease for a  
21 residential heating customer using 100 therms per month.

22 The November 2013 BGSS, CIP, and balancing rates and the December 2013  
23 BGSS rate remain provisional, subject to refund with interest. It is anticipated that a  
24 Board final decision on this matter will occur prior to October 1, 2014.

25

**III. BGSS Projections**

**Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS BALANCE AS OF SEPTEMBER 30, 2014?**

A. Exhibit A to the Petition, which provides the details of the Company's BGSS for the period October 1, 2013 through September 30, 2014, shows that the estimated BGSS ending balance will be approximately \$9 million under-recovered as of September 30, 2014.

**Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS BALANCE AS OF SEPTEMBER 30, 2015?**

A. Exhibit B to the Petition, which provides the details of the Company's projections for the period October 1, 2014 through September 30, 2015 based upon May 12, 2014 NYMEX pricing, as requested by BPU Staff, where applicable, shows that the estimated BGSS ending balance will be approximately \$0.5 million over-recovered as of September 30, 2015.

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

A. The Company proposes to maintain the current pre-tax periodic BGSS price of \$0.5006 per therm. If approved, the current after-tax price of \$0.5356 per therm will remain in effect. Should market conditions change and as permitted in the Generic BGSS Order, the Company will consider utilization of the self-implementing BGSS price increases, decreases, credits or refunds.

**IV. Conservation Incentive Program ("CIP")**

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

A. The CIP rate mechanism was initially approved by the Board in Docket No. GR05121020 in a December 12, 2006 Order and extended in its January 21, 2010 Order ("CIP Orders"). The CIP rate mechanism provides a rate adjustment related to changes in the average use per customer when compared to a pre-established baseline value, allowing NJNG to encourage customers to conserve energy. The Testimony of Anne-Marie Peracchio within this filing describes the programs NJNG has implemented to encourage customers to conserve energy, along with the results of those programs. Pursuant to the Company's Tariff approved in the Board's October 3, 2008 Order within



1 the Company's last base rate case proceeding in Docket No. GR07110889 ("Rate Case  
2 Order"), the CIP  
3 is applicable to each of the following customer groups:

- 4 • Group I – Residential Non-Heat
- 5 • Group II – Residential Heat
- 6 • Group III – General Service - Small
- 7 • Group IV – General Service - Large

8 Pursuant to the CIP Orders, the margin deficiency or excess for each group is  
9 calculated each month by subtracting the baseline usage per customer, according to the  
10 Company's Tariff, from the actual usage per customer and multiplying the resulting  
11 therms by the actual number of customers and the margin recovery per therm. The  
12 October 2013 through September 2014 CIP margin deficiency/credit calculations for  
13 each group, with actual data through April 2014 and projected data for the remaining five  
14 months, are included as Exhibit C, Schedules 1 through 4 to the Petition. Groups I and II  
15 have projected margin credits and Groups III and IV have projected margin deficiencies.

16 **Q. PLEASE DESCRIBE THE WEATHER EXPERIENCED THIS YEAR AND ITS**  
17 **IMPACT ON CIP.**

18 A. For the period October 2013 through April 2014, NJNG experienced weather that  
19 was 11.3 percent colder than normal with January through March 2014 being 17.5  
20 percent colder than normal. Due to the cold weather, Group II residential heat customer  
21 usage was greater than the CIP baseline value resulting in an overall CIP margin credit.

22 **Q. PLEASE DESCRIBE THE BGSS SAVINGS TEST.**

23 A. Pursuant to the CIP Orders, NJNG must achieve a level of BGSS savings greater than or  
24 equal to the non-weather related reductions in usage in order to recover the full margin  
25 deficiency associated with those reductions. To determine the non-weather margin  
26 deficiency, the Company has calculated the weather related margin credit on Exhibit C,  
27 Schedule 5 to the Petition. Fixed consumption factors per degree day included in the CIP  
28 Tariff are divided by the number of customers associated with the consumption factors to  
29 determine the fixed consumption factors per degree day per customer. The fixed  
30 consumption factors per degree day per customer are multiplied by the actual number of  
31 customers to determine the associated consumption factors per degree day. The

consumption factors associated with actual customers are multiplied by the variance of the actual degree days from the degree days included in the CIP Tariff and the margin factors to determine the weather margin credit. The total CIP credit for the 2013-2014 CIP year is \$3.9 million of which \$11.3 million is related to weather. Exhibit C, Schedule 6 to the Petition demonstrates that the estimated margin related to the non-weather change in customer usage is \$7.4 million.

**Q. HAS THE COMPANY MET OR EXCEEDED THE BGSS SAVINGS TEST CRITERIA AS PROVIDED FOR IN THE CIP ORDERS?**

A. Yes. The total BGSS savings are approximately \$12 million for the October 2014 through September 2015 CIP recovery period. Since the non-weather portion of \$7.4 million is less than the total BGSS savings of \$12 million, the Company has exceeded the BGSS savings test for the October 2014 through September 2015 CIP recovery period.

**Q. PLEASE DESCRIBE THE CIP RETURN ON EQUITY (“ROE”) TEST.**

A. The CIP ROE test is based on the Tariff approved in the Rate Case Order and NJNG cannot recover any portion of its margin deficiency that will cause the Company to earn in excess of a 10.3 percent return on common equity for the annual period of the CIP year. Additionally, any portion of the margin deficiency which is not recoverable shall not be deferred for future recovery. Exhibit C, Schedule 7 to the Petition includes the calculation of the ROE test with actual data for the six months ended March 2014 and estimated data for the six months ended September 2014. The test shows that the estimated ROE for the 2013-2014 CIP year is 9.52 percent. Therefore, since the estimated ROE of 9.52 percent is less than the 10.3 percent ceiling, NJNG is entitled to fully recover its CIP deficiencies for Groups III and IV.

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

A. The CIP surcharge or credit for each group is determined by dividing the eligible aggregate margin deficiency or excess, adjusted for any under or over recovery of prior period CIP collection, by the forecasted annual usage of each group for October 2014 to September 2015. The following table shows the existing after-tax rates, proposed after-tax rates and resulting change for each CIP Group:

		Existing	Proposed	
		Charge	Charge/ (Credit)	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	\$0.0049	(\$0.0327)	(\$0.0376)
Group II	Residential Heat	\$0.0240	(\$0.0232)	(\$0.0472)
Group III	General Service - Small	\$0.0581	\$0.0102	(\$0.0479)
Group IV	General Service - Large	\$0.0568	\$0.0286	(\$0.0282)

1 The Company is requesting an effective date of October 1, 2014 for the above proposed  
2 rates.

#### 4 **V. Balancing Charge**

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

7 A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be adjusted in the  
8 Company's annual BGSS filing and is subject to review as part of such filing. The  
9 calculation of the balancing charge is presented in Exhibit D to the Petition and reflects  
10 updated pipeline demand charges, credit adjustments and percentage of peak day volume  
11 related to balancing associated with the pipeline demand portion of the balancing charge.  
12 Also, in accordance with the Rate Case Order, the portion of the charge related to  
13 inventory is not updated. The Company proposes decreasing its current after-tax per  
14 therm balancing charge of \$0.0863 to \$0.0750. All balancing revenues from  
15 transportation customers are credited to the BGSS as shown in Schedule 4g of Exhibits A  
16 and B. For BGSS customers, the balancing charge is included as a component of the  
17 delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-  
18 to-Compare."

**VI. Miscellaneous**

**Q. PLEASE DESCRIBE THE PIPELINE INTEGRITY MANAGEMENT (“PIM”) REQUIREMENTS FROM THE COMPANY’S LAST RATE CASE AS IT RELATES TO BGSS.**

A. Pursuant to the Rate Case Order, the Company included in base rates an annual amount of \$1.4 million for Operation and Maintenance (“O&M”) costs associated with PIM regulations and compliance. Effective October 1, 2008, the Company is to record, as either a deferred regulatory asset or liability, the difference between that amount included in base rates, \$1.4 million, and the actual PIM O&M costs incurred for PIM compliance. NJNG cannot charge the deferred asset for greater than \$700,000 in any year. Additionally, NJNG must reflect any regulatory liability in its entirety, and if the accumulated PIM deferral balance results in a liability greater than \$1 million, the Company is to reflect the full reduction in rates in the next annual BGSS filing as a credit to gas costs. The accumulated deferral is to be tracked and reported in the Company’s annual BGSS filing.

**Q. PLEASE EXPLAIN THE PIM RESULTS.**

A. As shown on Exhibit TMT-1, the Company has incurred \$2,121,497 of PIM expenses for the twelve months ended September 30, 2013. Since the expenses are greater than \$2.1 million, NJNG has recorded a deferred regulatory asset of the maximum allowed amount of \$700,000 and the remaining \$21,497 has been charged to operations expense. The Company is currently projecting PIM expenses of approximately \$2.0 million for the twelve month ended September 30, 2014 resulting in a deferred regulatory asset of approximately \$600,000. Since the annual deferred asset balance is less than \$700,000, the entire amount is expected to be deferred.

**VII. Impact on Customers**

**Q. WHAT IS THE IMPACT TO RESIDENTIAL HEAT CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO CIP AND BALANCING RATES?**

A. The proposed CIP rate for Group II residential heat customers results in an overall \$4.72 or 4.3 percent decrease to the total monthly 100 therm bill for a residential heat sales customer. Exhibit E to the Petition provides the supporting calculations. Residential heat

1 transportation customers will have a 4.9 percent decrease due to the changes in the CIP  
2 and balancing rates.<sup>1</sup>

3 **Q. WHAT IS THE IMPACT TO RESIDENTIAL NON-HEAT CUSTOMERS AS A**  
4 **RESULT OF THE PROPOSED CHANGES TO CIP AND BALANCING RATES?**

5 A. The proposed CIP rate for Group I residential non-heat customers results in an overall  
6 decrease of 2.8 percent to the total monthly 25 therm bill for a residential non-heat sales  
7 customer. Residential non-heat transportation customers will have a 3.5 percent decrease  
8 due to the changes in the CIP and balancing rates.<sup>2</sup>

9 **Q. WHAT IS THE IMPACT TO CIP GROUP III GENERAL SERVICE - SMALL**  
10 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO CIP AND**  
11 **BALANCING RATES?**

12 A. The proposed CIP rate for Group III General Service – Small (“GSS”) customers results  
13 in an overall 3.8 percent decrease to the total monthly 100 therm bill for a GSS sales  
14 customer. GSS transportation customers will have a 4.4 percent decrease due to the  
15 changes in the CIP and balancing rates.<sup>3</sup>

16 **Q. WHAT IS THE IMPACT TO CIP GROUP IV GENERAL SERVICE - LARGE**  
17 **CUSTOMERS AS A RESULT OF THE PROPOSED CHANGES TO CIP AND**  
18 **BALANCING RATES?**

19 A. The proposed CIP rate for Group IV General Service – Large (“GSL”) customers results  
20 in a 2.1 percent decrease for GSL sales customers using 1,200 therms per month. GSL  
21 transportation customers will have a 2.7 percent decrease due to the changes in the CIP  
22 and balancing rates.<sup>4</sup>

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

24 A. Yes.

---

<sup>1</sup> Percentage change assumes transportation customers are receiving gas supply at NJNG’s BGSS recovery rates.

<sup>2</sup> Id.

<sup>3</sup> Id.

<sup>4</sup> Id.

**New Jersey Natural Gas Company  
Pipeline Integrity Management ("PIM") Expenses**

<b>Expense Type</b>	<b>Actual FY 2009</b>	<b>Actual FY 2010</b>	<b>Actual FY 2011</b>	<b>Actual FY 2012</b>	<b>Actual FY 2013</b>	<b>Actual Oct 13 - Apr 14</b>	<b>Forecast FY 2014</b>
<i>* Labor</i>	\$407,647	\$498,428	\$511,829	\$581,689	\$508,134	\$260,990	\$515,000
<i>**Non Labor</i>	\$1,415,093	\$1,601,251	\$1,558,453	\$1,490,074	\$1,613,364	\$429,254	\$1,486,000
<b>Total O&amp;M</b>	<b>\$1,822,740</b>	<b>\$2,099,679</b>	<b>\$2,070,282</b>	<b>\$2,071,764</b>	<b>\$2,121,497</b>	<b>\$690,245</b>	<b>\$2,001,000</b>
<b>Deferred PIM Expenses (1)</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>	<b>Estimated FY 2014</b>	<b>\$601,000</b>
	\$422,740	\$699,679	\$670,282	\$671,764	\$700,000		

(1) In accordance with the October 3, 2008 Board Order in Docket No. GRO7110889 ("Rate Case Order"), \$700,000 of PIM Operational and Maintenance (O&M) costs in excess of \$1.4 million can be deferred annually.

\* Labor expenses include NJNG incremental labor expenses associated with the PIM plan or field activities of assessing transmission pipelines. These activities include survey, mapping and the inspection of pipelines in accordance with PIM requirements.

\*\* Non-labor expenses include external vendor and contractor expenses associated with assessing NJNG transmission pipelines in accordance with NJNG's PIM plan. In addition, the costs of all material required to perform NJNG's PIM plan activities are included in these expenses. These activities include survey, mapping, inspection, and anomaly remediation in accordance with PIM requirements.

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY AND EXHIBITS OF**

**ANNE-MARIE PERACCHIO**

**DIRECTOR – CONSERVATION AND CLEAN ENERGY POLICY**

**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 REVIEW AND REVISION OF ITS  
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS  
FOR F/Y 2015  
BPU DOCKET NO. GR1405 \_\_\_\_\_  
Direct Testimony of Anne-Marie Peracchio**

**Introduction**

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

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

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

A. I received a Bachelor of Science degree in Accounting with a double major in Philosophy from the University of Scranton in 1990. I also was awarded a Masters of Business Administration from Monmouth University in May 1997. I was a Certified Public Accountant in the State of New York. I was employed by KPMG Peat Marwick in various positions within the Audit Department from September 1990 to June 1993.

In June 1993, I accepted a position with New Jersey Resources Corporation, the parent of NJNG, in the Internal Audit Department and held that position until February 1995 when I accepted a position as a Senior Rate Analyst in the Regulatory Affairs Department of the Company. In July 1997, I was promoted to Manager, Regulatory Affairs and in January 1999, I was promoted to Director, Regulatory Affairs. In December of 2006, I was named to the new position of Director, Conservation and Affordability. In December 2009, I shifted responsibilities to serve as the Director, Conservation and Clean Energy Policy.

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

A. I report directly to the Vice President, Marketing and Business Intelligence and I am responsible for developing and ensuring implementation of the Company’s customer conservation programs pursuant to the Board’s approval of the Conservation Incentive Program and supporting the efforts of NJNG’s team implementing the NJNG energy efficiency program - The SAVEGREEN Project® (“SAVEGREEN”). I also identify opportunities to help drive cultural changes within the organization to support the Company’s concerted focus on conservation. Most of those programs fall under the



1 Company's Conserve to Preserve® ("CTP") initiative that will be discussed in more  
2 detail below. Additionally, I have been and continue to be involved in the development of  
3 NJNG's policy positions on a number of energy-related issues, including the State and  
4 Local Energy Efficiency Action Network. I serve as a Company representative on a  
5 number of Committees and Task Forces for New Jersey's Clean Energy Program  
6 ("NJCEP"), Sustainable Jersey™, and the American Gas Association ("AGA") and am a  
7 member of the Board of Trustees for Sustainable Jersey.

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

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

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

15 A. By way of this testimony, I explain and provide support for the following sections of the  
16 Company's filing: (1) background of the Conservation Incentive Program ("CIP"); (2) an  
17 overview of NJNG's CIP program activity over the past year; (3) an update on CIP  
18 expenditures to date; and (4) an update on plans for future CIP activities. The testimony  
19 of Tina M. Trebino, also filed within this proceeding, discusses the CIP tariff mechanism,  
20 recent financial results and proposed rates for the October 1, 2014 implementation.

21  
22 **CIP BACKGROUND**

23 **Q. PLEASE BRIEFLY SUMMARIZE THE CIP PROGRAM.**

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

customer conservation efforts over the first three-year term, providing a funding amount of \$2 million for such programs. In an Order dated January 21, 2010, the Board approved the extension of the CIP program ("CIP Extension Order") and NJNG agreed to contribute \$575,000 annually for CIP programs. Any unspent balance of the annual amount is carried-over into the next CIP year. On May 21, 2014, the Board issued an Order in Docket No. GR13030185 in which, among other things, continued the CIP programs and NJNG agreed to contribute \$700,000 annually beginning October 1, 2014.

### **PROGRAM ACTIVITY**

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

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

- **E-tips:** The expenses in this category cover costs associated with the external service used to distribute E-tips, NJNG's optional conservation e-mail newsletter, and other minor promotional expenses. Currently, more than 90,000 customers registered to receive our monthly E-Tip service. This is the most effective vehicle for promoting special offers and limited time promotions.
- **CTP Dashboard:** On September 30, 2013, NJNG launched a new version of the CTP Dashboard using the Energy Savvy Optix Engage software service. This version is no longer integrated with the NJNG billing system. As a result, it is much easier for customers to use and they can complete an assessment even without an account number readily accessible. Since other components of the software package are used by SAVEGREEN, NJNG is able to easily track online audits that become SAVEGREEN projects. Through this service, NJNG can also easily target messaging to follow-up with customers based upon particular profile characteristics (e.g. indication of a drafty home or interest in income qualified programs). Activity for Fiscal 2014 with this new product is significantly higher than prior years. NJNG also re-launched the related CTP Community Rewards program through

1 which schools can raise funds by encouraging members to use the  
2 Dashboard.

- 3 • **Conserve to Preserve Business Online:** This service provides a  
4 comprehensive online resource for commercial customers that offers  
5 industry-specific information and features emerging technologies and  
6 business applications in one, well-organized location. It also provides a  
7 monthly e-newsletter to promote NJCEP programs and business-focused  
8 outreach events.
- 9 • **Community outreach:** The CIP funds for these activities are used in the  
10 production of materials promoting NJNG's programs, the payment of certain  
11 exhibit fees, and minor related promotional items. Through the NJNG  
12 Speakers Bureau program alone, we have conducted more than 125  
13 presentations that directly reached more than 6,050 individuals. In addition,  
14 the SAVEGREEN team has participated in dozens of other events and  
15 presentations during Fiscal 2014. The Company has also reached thousands  
16 of additional customers through participation in dozens of business expos,  
17 conferences, forums, and green fairs. NJNG continues to actively participate  
18 in Superstorm Sandy related events to ensure customers know about the  
19 NJNG and NJCEP energy-efficiency and conservation programs.
- 20 • **Employees/contractors/realtors and other stakeholders as champions:**  
21 NJNG's experience with SAVEGREEN has significantly expanded awareness  
22 and knowledge of energy-efficiency contractor activity in the Company's  
23 service territory and the marketplace. This category of expenses relates to  
24 activities through which NJNG contacts and directly interacts with these  
25 contractors. The primary activity in this category supports the provision of  
26 training classes and related energy-efficiency and conservation materials.  
27 NJNG has a similar program with realtors who are reached through office  
28 visits, a presence at the annual tri-state realtor convention and a training class.  
29 This CIP category also includes the production of supporting promotional  
30 materials, primarily information pads to be carried by NJNG field employees

1 and contractors for distribution to targeted customers, and for some employee  
2 incentive contests.

- 3 • **Customer participation activities:** NJNG has worked to engage more  
4 customers in energy-efficiency programs and provide conservation education  
5 by offering prizes for participation in online contests or through social media.  
6 We have used different approaches including quizzes, matching games, and  
7 creative posts. These efforts include programs such as “*Save Energy. Save*  
8 *Money. Win Prizes!*” in spring 2011 and 2012 and “*Love to Save. Love the*  
9 *Shore*” in spring 2013, as well as on-going trivia contests on our Facebook  
10 page. In fall 2013, NJNG reinstituted the successful “*Save Energy. Save*  
11 *Money. Win Prizes!*” sweepstakes promotion to encourage our customers to  
12 try the CTP Dashboard.
- 13 • **School Programs:** Through this funding category, NJNG sponsors the  
14 Alliance to Save Energy’s “Energy Hog” program which provides both  
15 classroom and take home resources for elementary school students as well as a  
16 free school assembly program. This category also includes expenses for  
17 annual conservation themed poster and video contests. In Fiscal 2013, the See  
18 the Light Toolkit pilot program provided benchmarking and measurement  
19 resources for schools. Following that program, we shifted our focus to  
20 support the launch of the new Sustainable Jersey for Schools program. This  
21 initiative provides comprehensive resources and engagement tools across  
22 many areas and ensures that the school administration is supportive.
- 23 • **Discounted on-line store:** NJNG offers a co-branded on-line store integrated  
24 with the existing NJCEP lighting store hosted by Energy Federation  
25 Incorporated (“EFI”).
- 26 • **Targeted mailing to low income customers:** NJNG identifies Universal  
27 Service Fund (“USF”) recipients who have not participated in the NJCEP  
28 Comfort Partners program within our service territory. NJNG then conducts  
29 direct mail campaigns to this group to encourage eligible customers to  
30 participate in the Comfort Partners Program.

- 1           •     **CTP Shopper's Guide:** NJNG has implemented a new online resource to  
2                 facilitate customer comparison of energy-efficient products, including  
3                 comparison shopping for a Home Performance with ENERGYSTAR audit.
- 4           •     **Smart Programmable Thermostats:** Within the past year, NJNG offered a  
5                 discount on the popular Nest™ self-learning thermostat. More than 2,600  
6                 units were sold through this special offer.

7

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

10    **A.**    Yes. As shown on Exhibit AMP-1, Fiscal 2013 customer activity in the energy efficiency  
11            sections of our website was the strongest ever, more than 10 times fiscal 2006. Some of  
12            this increase in website traffic may be related to customers seeking replacement  
13            equipment as a result of Superstorm Sandy. To date, activity for Fiscal 2014 has been  
14            extremely strong as well. That may include some remaining Superstorm Sandy impacts  
15            but is primarily driven by greater customer interest as a result of the colder than normal  
16            winter.

17

18    **CIP EXPENDITURE UPDATE**

19    **Q.     DID THE COMPANY HAVE ANY CARRY-OVER FUNDING TO ADD TO THE**  
20    **ANNUAL PROGRAM FUNDING COMMITMENT OF \$575,000 FOR FISCAL**  
21    **2014?**

22    **A.**    Yes. Although NJNG spent nearly \$592,000 on CIP activities in Fiscal 2013, the  
23            Company had a carryover balance of \$142,186 (including a prior year carryover amount  
24            of \$155,059). Accordingly, NJNG has \$723,126 available for Fiscal 2014 programs. See  
25            Attachment AMP-2, page 2 of 2 for the final summary of expenses and carry-over  
26            calculation for Fiscal 2014.

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

29    **A.**    As of May 20, 2014, NJNG has recorded expenses of approximately \$546,000 for the  
30            2014 CIP year. A summary of 2014 expenses by category is included as Attachment  
31            AMP-2, page 1 of 2.

1 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$723,126 ON THE**  
2 **CIP PROGRAM THIS FISCAL YEAR?**

3 A. It is difficult to project the overall response to programs and the timing for the launch of  
4 some new programs. However, NJNG expects to spend the targeted amount this year and  
5 will carry-over any unspent fund into Fiscal 2015 CIP programs. Projected expenses for  
6 the remainder of the year are reflected on Attachment AMP-2, page 1 of 2.

7  
8 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

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

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

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

14 A. Yes. While there are many smaller concepts under consideration, we are most excited  
15 about a potential program that could support customers facing temporary financial  
16 hardships. The targeted population will be those receiving assistance through  
17 NJSHARES, Temporary Relief for Utility Expenses (TRUE) Program or the Payment  
18 Assistance for Gas and Electric (PAGE) Program. These programs provide relief on  
19 natural gas and electric bills for low- to moderate-income households experiencing a  
20 temporary financial crisis. Eligibility to participate in any one of these programs indicates  
21 an income level that exceeds that allowing participation in NJCEP's Comfort Partners  
22 program. Due to their financial circumstances, this customer group is also unlikely to  
23 participate in other NJCEP programs or any of the SAVEGREEN programs or offers.  
24 Accordingly, we are investigating a program to offer some energy-efficiency measures  
25 and conservation tips for this customer segment to help reduce their energy burden.

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

28 A. Yes.

**New Jersey Natural Gas**  
**Comparison of Website Conservation Statistics**

<b>Page Views</b>	<b>Fiscal 2006</b>	<b>Fiscal 2007</b>	<b>Fiscal 2008</b>	<b>Fiscal 2009</b>	<b>Fiscal 2010</b>	<b>Fiscal 2011</b>	<b>Fiscal 2012</b>	<b>Fiscal 2013</b>	<b>Fiscal 2014 through April only</b>
Conservation Home	6,288	2,636	1,957	4,586	4,543	5,044	4,624	4,134	2,950
Conserve to Preserve		2,199	3,090	3,552	3,560	2,158	1,584	1,447	1,353
Home Energy Saving Tips		2,482	3,726	4,783	3,858	4,709	3,180	2,936	4,064
Residential Programs		9,171	11,613	16,070	18,156	18,838	15,020	20,557	13,055
Special Offers & Rebates		6,414	11,353	17,817	15,183	18,088	15,666	22,827	14,687
Energy Saving Tips for Your Business		413	855	1,073	740	891	668	562	381
Commercial Programs		541	728	1,187	1,052	1,102	907	906	591
Distributed Generation		430	500	631	587	996	871	1,240	444
Renewable Energy		834	928	1,038	1,258	1,978	1,755	1,633	877
Energy Hog Program	843	912	937						
Kids and Conservation			897	1,541	1,139	1,506	633	1,767	1099
SAVEGREEN Project					16,085	19,344	19,069	29,071	37,805
<b>Total</b>	<b>7,131</b>	<b>26,032</b>	<b>36,584</b>	<b>52,278</b>	<b>66,161</b>	<b>74,654</b>	<b>63,977</b>	<b>87,080</b>	<b>77,306</b>

**Note:** Fiscal 2013 ended the year at more than 10 times the level of activity pre-CIP. Strong results for Fiscal 2013 and the start of Fiscal 2014 are generally attributed to significantly colder than normal weather and thousands of customers considering equipment replacement options as a result of Superstorm Sandy. 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, 2014**  
**BPU Docket No. GR1405\_\_\_\_\_**

	Quarter Ending 12/31/13	Quarter Ending 3/31/14	Expenses from 4/1 - 5/15/2014	Estimated expenses 5/15-9/30/14*	Total Fiscal Year to Date
1 School/Children's Programs	\$56,945	\$12,871			\$69,816
Municipal Programs and EDF					
2 Climate Corp Program	\$25,873	\$17,800			\$43,673
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions	\$3,692	\$15,774	\$1,000	\$17,000	\$37,467
4 Online services and E-tips	\$17,325			\$65,000	\$82,325
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$27,175		\$25,000	\$52,175
Online store and direct purchase of					
6 energy saving products	\$272,269			\$10,000	\$282,269
7 Community Rewards		\$300	\$638	\$2,000	\$2,938
8 Events and general outreach costs	\$22,953		\$6,738	\$25,000	\$54,690
Other low income/senior focused					
9 outreach	\$19,236	\$16,029	\$625	\$25,000	\$60,890
Development work (e.g. customer feedback, EE organization					
10 memberships)		\$12,500	\$7,732		\$20,232
Publications and energy efficiency					
11 advertising	\$2,925	\$5,200		\$5,000	\$13,125
<b>Total Spent to Date</b>	<b><u>\$421,218</u></b>	<b><u>\$107,649</u></b>	<b><u>\$16,732</u></b>		<b>\$545,599</b>
<b>Projected Spending for rest of FY 2014</b>				<b><u>\$174,000</u></b>	<b>\$174,000</b>
				<b>Total spent \$</b>	<b>719,599</b>
				<b>Budget Available for Fiscal 2014 (see page 2 of 2) \$</b>	<b>723,126</b>
				<b>Estimated carryover to next year \$</b>	<b><u>3,527</u></b>

\*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, 2013**  
**BPU Docket No. GR1405**

	Quarter Ending 12/31/12	Quarter Ending 3/31/13	Quarter Ending 6/30/13	Quarter Ending 9/30/13	Final Fiscal 2013
1 School/Children's Programs	\$3,170	\$12,456	\$11,000	\$0	\$26,626
Municipal Programs and EDF					
2 Climate Corp Program	\$25,900	\$52,860	\$5,000	\$0	\$83,760
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions		\$1,607	\$13,000	\$12,999	\$27,606
4 Online services and E-tips	\$27,900	\$27,647	\$94,067	\$90,100	\$239,714
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$10,900			\$10,900
Online store and direct purchase of					
6 energy saving products	\$114	\$1,432		\$610	\$2,156
7 Community Rewards					\$0
8 Events and general outreach costs	\$14,674	\$18,870	\$41,904	\$1,500	\$76,949
9 Other low income focused outreach	\$5,666	\$5,090	\$16,260	\$0	\$27,016
Development work (e.g. customer feedback, EE organization					
10 memberships)	\$11,000	\$5,000	\$12,435	\$4,220	\$32,655
Publications and energy efficiency					
11 advertising		\$19,287	\$33,170	\$2,096	\$54,553
<b>Total</b>	<b>\$88,425</b>	<b>\$155,148</b>	<b>\$226,836</b>	<b>\$111,524</b>	<b>\$581,933</b>
<b>Spent to date</b>					
				<b>Funding Commitment for Fiscal 2013</b>	<b>\$ 575,000</b>
				<b>Carryover from Fiscal 2012</b>	<b>\$ 155,059</b>
				<b>Final carried over to Fiscal 2014</b>	<b>\$148,126</b>
				<b>Funding Commitment for Fiscal 2013</b>	<b>\$575,000</b>
				<b>Budget Available for Fiscal 2014</b>	<b>\$723,126</b>