

**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 2016)

BPU DOCKET NO. GR1506 _____
OAL DOCKET NO. _____

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 - Jayana S. Shah
 Managing Director - Gas Supply

 - Tina M. Trebino
 Director – Rates and Tariff

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

¹ For ease of presentation, the filing contains BGSS schedules for the NJNG fiscal years (FY) 2015 and 2016 (October 1-September 30). Actual BGSS schedules for FY2014 and projected BGSS schedules for FY2017 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 2016
BPU DOCKET NO. GR1506_____**

FILING DATE: June 1, 2015
EFFECTIVE DATE: October 1, 2015

BASIS FOR REQUEST:

BASIC GAS SUPPLY SERVICE (“BGSS”)

1. New Jersey Natural Gas Company (the “Company”) proposes to maintain its periodic BGSS billing factor for sales customers at its current after-tax level of \$0.4804 per therm (\$0.4490 per therm pre-tax).
2. The Company may increase the BGSS price up to a maximum of 5 percent of the total residential bill on December 1, 2015 and/or February 1, 2016 pursuant to the Order in BPU Docket No. GX01050304 (“Generic BGSS Order”). As is required by the Generic BGSS Order, if such an increase is necessary, the Company will provide notice to the Board and Rate Counsel of its election to adjust its BGSS rates upward. Additionally, pursuant to the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or bill credits at any time upon five days’ notice to the Board and to Rate Counsel. The Company currently intends to provide bill credits in the 2015-2016 winter. The bill credit per therm will be determined in the fall of 2015 and notification of the Company’s intent to implement the bill credit will be provided to the Board and Rate Counsel at that time. Exhibit B to the Petition includes an estimated pre-tax bill credit of \$0.2092 per therm (\$0.2238 per therm after-tax) during the months of November 2015 through February 2016 (“bill credit period”). In total, customer charges are estimated to be reduced by \$63.7 million, inclusive of sales tax, during the bill credit period. Although the impact of this credit will vary from customer to customer based on individual usage patterns and weather patterns during the four months, the average residential customer could see a total credit of approximately \$141 which translates to a 14.3 percent reduction to the total bill on an annual basis.
3. The Company proposes to decrease its Balancing Charge from its current after-tax level of \$0.0750 per therm (\$0.0701 per therm pre-tax) to \$0.0679 per therm (\$0.0635 per therm pre-tax). This factor results in an after-tax decrease of \$0.0071 per therm effective October 1, 2015 (a pre-tax decrease of \$0.0066 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 relevant 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 and the May 21, 2014 Order in BPU Docket No. GR13030185, the Company proposes to adjust its after-tax CIP recovery rates as a component of delivery charges effective October 1, 2015. 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/ (Credit) per therm</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Change in Recovery \$ million</u>
Group I	Residential Non-Heat	(\$0.0327)	(\$0.0403)	(\$0.02)
Group II	Residential Heat	(\$0.0232)	(\$0.0224)	\$0.37
Group III	General Service - Small	\$0.0102	\$0.0128	\$0.09
Group IV	General Service - Large	\$0.0286	\$0.0339	<u>\$0.75</u>
Total				\$1.19

IMPACT TO CUSTOMERS - CIP

The proposed October 1, 2015 CIP changes result in a 0.08 percent increase to the total bill of an average residential heating sales customer (Group II), a 0.6 percent decrease for an average residential non-heat sales customer (Group I), a 0.2 percent increase for an average sales customer in Group III, and a 0.6 percent increase for 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 2016**

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY) BPU DOCKET NO. GR1506____
FOR THE ANNUAL REVIEW AND)
REVISION OF ITS BASIC GAS SUPPLY) PETITION
SERVICE (BGSS) AND CONSERVATION)
INCENTIVE PROGRAM (CIP) FACTORS)
FOR F/Y 2016)**

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

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued on January 17, 2002 by the New Jersey Board of Public Utilities (the “BPU” or “Board”) in BPU Docket No. GX01050304¹, and the applicable provisions of N.J.S.A. 48:2-21, New Jersey Natural Gas Company (“NJNG” or the “Company”) hereby requests the Board to accept the Company’s annual filing for its Basic Gas Supply Service (“BGSS”), and approve the Company’s related request to 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 and in Docket No. GR13030185 dated May 21, 2014 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the operation of the Conservation Incentive Program (“CIP”) for the period from October 1, 2014 through September

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

30, 2015 and approve the Company's related request to increase its CIP recovery rates for Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers and decrease its CIP recovery rate for Group I Residential Non-Heat customers effective October 1, 2015.

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

3. The instant filing includes actual and projected natural gas commodity, storage and interstate transportation costs, including the costs and results of natural gas supplies set by hedges; deferred balances and the timeframe over which such balances and related rates are to be collected or returned; projected rates supported by projected volumes, revenues, and costs; and, a written explanation of any significant activities or trends which may affect costs for the prospective period. This filing also includes 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 \$0.4804 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, 2013 through April 30, 2015, and projected data for the twenty-nine (29) month period May 1, 2015 through September 30, 2017².

7. As approved in the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or bill credits at any time upon five days' notice to the Board and to the Division of Rate Counsel ("Rate Counsel"). The Company currently intends to provide bill credits in the 2015-2016 winter. The bill credit per therm will be determined in the fall of 2015 and notification of the Company's intent to implement the bill credit will be provided to the Board and Rate Counsel at that time. Exhibit B to the Petition includes an estimated pre-tax bill credit of \$0.2092 per therm (\$0.2238 per therm after-tax) during the months of November 2015 through February 2016 ("bill credit period"). In total, customer charges are estimated to be reduced by \$63.7 million, inclusive of sales tax, during the bill credit period. Although the impact of this credit will vary from customer to customer based on individual usage patterns and weather patterns during the four months, the average residential customer could see a total credit of approximately \$141 which translates to a 14.3 percent reduction to the total bill on an annual basis.

8. 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 \$0.0071 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 relevant BGSS "Price-to-Compare."

² The instant filing contains BGSS schedules for the NJNG fiscal years (FY) 2015 and 2016 (October 1 – September 30). Actual BGSS schedules for FY2014 and projected BGSS schedules for FY2017 will be included in workpapers to be filed shortly.

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

10. Based on actual data for the period October 1, 2014 through April 30, 2015, and projected data for the period May 1, 2015 through September 30, 2015, the CIP calculations for fiscal year 2015, including projected over or underrecovery balances, result in the following recovery amounts: 1) a margin credit of approximately \$0.1 million for Group I Residential Non-Heat customers; 2) a margin credit of approximately \$9.7 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$0.4 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$4.4 million for Group IV General Service – Large customers.³

11. 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, 2015 for the following after-tax CIP rates which, as compared to existing charges, result in the following changes per therm:

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	(\$0.0403)	(\$0.0327)	(\$0.0076)
Group II	Residential Heat	(\$0.0224)	(\$0.0232)	\$0.0008
Group III	General Service - Small	\$0.0128	\$0.0102	\$0.0026
Group IV	General Service - Large	\$0.0339	\$0.0286	\$0.0053

12. The proposed October 1, 2015 CIP changes result in a 0.6 percent decrease for an average residential non-heat sales customer (Group I), a \$0.08 or 0.08 percent increase to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 0.2

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

percent increase for an average sales customer in Group III and a 0.6 percent increase for an average Group IV sales customer.

13. This filing is supported by and includes the testimonies of Jayana S. Shah-Managing Director, Gas Supply; Tina M. Trebino-Director, Rates and Tariff; and Anne-Marie Peracchio-Director, Conservation and Clean Energy 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, 2015, using actual data for the period from October 1, 2014 through April 30, 2015 and projected data for the period from May 1, 2015 through September 30, 2015.⁴ Actual BGSS schedules for fiscal year (FY) 2014 will be included in MFRs and Workpapers to be filed shortly under separate cover.

Exhibit B BGSS schedules for the twelve (12) month period from October 1, 2015 through September 30, 2016, using projected data for the entire period.⁵ Projected BGSS schedules for FY2017 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.

⁴ The projected data includes the May 11, 2015 NYMEX settlement prices as requested by BPU Staff.

⁵ Id.

Exhibit F Proposed tariff pages for Petitioner's Tariff Gas Service,
BPU No. 8-Gas

Exhibit G Proposed Form of Notice of Public Hearing.

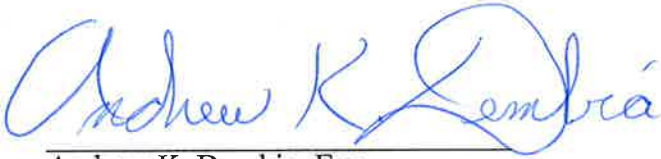
14. NJNG has served notice and a copy of this filing, together with a copy of the annexed exhibits, schedules and NJNG's supporting testimonies being filed herewith, upon the New Jersey Division of Rate Counsel, 140 East Front Street, Trenton, New Jersey.

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, 2015;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2015;
4. Approving the requested CIP rates effective October 1, 2015; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By: 
Andrew K. Dembia, Esq.
Attorney for New Jersey Natural Gas Company

Dated: May 29, 2015

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 29th day
of May, 2015.



Lisa Hamilton



EXHIBIT A
Seven Months Actual through April 2015 and
Five Months Projected through September 2015¹

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

¹ For ease of presentation, the filing contains BGSS schedules for fiscal years (FY) 2015 and 2016. Actual BGSS schedules for FY2014 and projected BGSS schedules for FY2017 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

	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
	Actual Estimate												
1. Under/(Over) Recovered Gas Costs Beg. of Period	12,577	12,570	8,061	3,254	(23,973)	(3,638)	3,206	(914)	(2,553)	(3,410)	(4,252)	(4,987)	12,577
2. Net Cost Appl. To BGSS Sales (Sch 2a)	11,450	27,023	36,062	29,624	78,157	51,095	15,532	10,452	8,792	9,091	9,029	8,842	295,149
3. BGSS Recoveries (Sch 2b)	(8,368)	(24,607)	(34,278)	(49,212)	(51,835)	(37,854)	(14,768)	(7,589)	(5,319)	(5,421)	(5,299)	(5,254)	(249,804)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	3,081	2,416	1,785	(19,588)	26,322	13,241	764	2,863	3,473	3,670	3,730	3,588	45,345
Adjustments	0	0	0	0	(0)	(3)	0	0	0	0	0	0	(3)
5. Interruptible (Sch.4a)	(1)	(1)	(2)	0	(0)	0	0	(1)	(1)	(1)	(1)	(1)	(10)
6. Sayreville (Sch.4b)	0	0	(1)	(1)	(7)	(2)	0	(4)	(4)	(4)	(4)	(4)	(30)
7. Forked River (Sch.4c)	(138)	(144)	(144)	(103)	(63)	(121)	(156)	(145)	(143)	(146)	(147)	(140)	(1,591)
8. Transportation(Sch.4d)	98	0	103	107	131	61	10	0	0	0	0	0	509
9. FRM Program (Sch 4i)	1,236	0	174	80	8	70	952	412	412	412	412	412	4,580
10. Storage Incentive (Sch.4j)	(250)	(1,248)	(723)	(1,393)	(78)	(249)	(745)	(113)	(156)	(156)	(142)	(113)	(5,367)
11. Off-System Sales (Sch.4e)	(3,450)	(4,371)	(4,498)	(4,503)	(4,143)	(4,574)	(4,080)	(4,219)	(4,093)	(4,219)	(4,219)	(4,093)	(50,461)
12. Capacity Rel. (Sch.4f)	0	0	0	0	0	0	0	0	0	0	0	0	0
13. Supplier Ref. and Misc. Adj. (Sch.5)	(437)	(1,086)	(1,433)	(1,758)	(1,763)	(1,488)	(756)	(339)	(243)	(250)	(250)	(242)	(10,046)
14. Balancing Credits and Penalty Charges (Sch.4g)	(147)	(74)	(68)	(66)	(70)	(89)	(109)	(93)	(103)	(149)	(115)	(110)	(1,193)
15. Ocean Peaking Power (Sch.4h)													
16. Total Debits and Credits (L.5 through L.15)	(3,088)	(6,925)	(6,592)	(7,638)	(5,987)	(6,397)	(4,884)	(4,502)	(4,330)	(4,512)	(4,465)	(4,291)	(63,612)
17. Under/(Over) Recov. Gas Costs, End of Period (L's 1,4,&16)	12,570	8,061	3,254	(23,973)	(3,638)	3,206	(914)	(2,553)	(3,410)	(4,252)	(4,987)	(5,690)	(5,690)

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2015
(000)/THERMS

SCHEDULE 2a

COST OF GAS-CURRENT PERIOD	Actual 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	
Total Gas Costs ¹	9,392	27,975	45,233	41,857	92,946	61,410	16,630	6,556	5,692	5,992	5,744	5,073	324,502
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	5	133	0	0	0	0	0	0	138
Sayreville (Sch. 4b)	4	11	5	0	1	0	0	4	4	5	5	4	41
Forked Rv.(Sch. 4c)	0	0	5	11	101	18	0	11	13	15	14	12	200
Off System Sales (Sch. 4e)	1,990	6,070	14,439	17,509	19,552	15,514	5,645	1,052	1,697	1,845	1,660	1,030	88,004
Capacity Release (Sch. 4f)	(4,058)	(5,142)	(5,291)	(5,298)	(4,875)	(5,381)	(4,800)	(4,963)	(4,815)	(4,963)	(4,963)	(4,815)	(59,366)
Storage Incentive Sales							248						248
Company Use Gas	8	14	13	10	6	30	5						87
Total Reductions	(2,057)	952	9,171	12,232	14,789	10,315	1,098	(3,896)	(3,101)	(3,099)	(3,284)	(3,768)	29,353
Net Cost Appl. To BGSS Sales (Sch. 1., L. 2)	11,450	27,023	36,062	29,624	78,157	51,095	15,532	10,452	8,792	9,091	9,029	8,842	295,149

SCHEDULE 2b

BGSS Sales	18,678	54,752	74,235	109,711	115,850	84,080	33,529	17,375	12,053	12,223	11,956	11,943	556,385
A/C Sales								26	29	26	22	32	135
Monthly BGSS Sales	2,563	5,982	7,770	13,911	14,829	10,611	3,906	2,678	1,802	1,859	1,858	1,821	69,587
FEED	29	26	29	28	27	29	29	40	40	40	40	40	396
BGSS Sales less Monthly and A/C	16,086	48,745	66,435	95,772	100,995	73,440	29,593	14,632	10,182	10,299	10,037	10,051	486,266
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490
A/C Rate	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.2978	0.2978	0.2978	0.2978	0.2978	0.2978
Monthly BGSS Rate	0.4423	0.4529	0.5709	0.4455	0.4367	0.4587	0.3760	0.3713	0.4001	0.4153	0.4133	0.3920	0.4153
FEED Rate	0.4171	0.4361	0.4245	0.4804	0.4791	0.4332	0.4046	0.4449	0.4449	0.4449	0.4449	0.4449	0.4449
Recoveries:													
Periodic BGSS	7,223	21,886	29,829	43,002	45,347	32,975	13,287	6,570	4,572	4,624	4,507	4,513	218,334
A/C	0	0	0	0	0	0	0	8	9	8	7	9	40
Monthly BGSS	1,133	2,709	4,436	6,197	6,476	4,867	1,469	994	721	772	768	714	31,256
FEED	12	11	12	14	13	13	12	18	18	18	18	18	175
Total BGSS Recovery (Sch. 1., L. 3))	8,368	24,607	34,278	49,212	51,835	37,854	14,768	7,589	5,319	5,421	5,299	5,254	249,804

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

NEW JERSEY NATURAL GAS COMPANY
TOTAL GAS COSTS
BGSS YEAR 2015

SCHEDULE 2c

	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15												
	Actual												Estimate											
MDth	21,309	24,269	21,646	17,082	10,983	5,378	1,494	4,560	7,912	11,156	14,507	17,859												
Beginning of Month Storage Balance	6,122	4,442	7,232	33,347	9,275	5,432	10,027	5,807	5,432	5,556	5,439	5,065												
Commodity Purchases	27,432	28,711	28,878	50,429	20,259	14,810	11,521	10,367	13,344	16,712	19,946	22,924												
Sub-total of Available Supplies	970	2,088	4,305	4,761	3,339	5,215	3,694	718	983	983	895	629												
Less volumes with assigned cost allocations	0	0	0	0	0	0	0	0	3	3	2	3												
Off System Sales, Electric Gen, Interr.Sales, Other	256	598	777	1,391	1,483	1,061	391	268	180	186	186	182												
AC Sales	3	3	3	3	3	3	3	3	4	4	4	4												
Monthly BGSS Sales	2	3	3	2	1	7	1																	
FEED Sales	1,231	2,691	5,088	6,157	4,825	6,286	4,089	992	1,170	1,176	1,087	819												
Company Use Non Prod Sales	26,200	26,019	23,790	44,272	15,433	8,524	7,432	9,374	12,174	15,536	18,859	22,106												
Sub-total of Assigned Cost Allocations	<i>volume available for allocation</i>																							
Allocation WACOG Volume	61,038	73,011	64,718	49,707	33,183	17,921	7,885	15,715	21,348	32,410	43,568	53,799												
\$000	25,228	22,060	18,249	15,949	32,199	17,165	(1,512)	(1,756)	2,697	2,837	3,202	4,296												
Beginning of Month Storage Balance	10,559	9,141	23,261	34,930	55,795	26,050	17,167	12,356	12,466	13,229	12,783	11,384												
Commodity Purchases	7,632	6,716	6,681	6,643	6,849	6,616	6,888	4,287	4,428	4,287	4,287	4,428												
Demand Charges	104,456	110,928	112,909	107,229	128,026	67,752	30,387	30,602	40,938	52,762	63,840	73,907												
Sub-total of Available Supplies	1,993	6,081	14,449	17,520	19,658	15,666	5,892	1,068	1,715	1,864	1,679	1,047												
Less volumes with assigned cost allocations	0	0	0	0	0	0	0	0	8	8	7	9												
Off System Sales, Electric Gen, Interr.Sales, Other	1,133	2,709	4,436	6,197	6,476	4,867	1,469	994	721	772	768	714												
AC Sales	12	11	12	14	13	13	12	18	18	18	18	18												
Monthly BGSS Sales	3,139	8,801	18,897	23,731	26,147	20,546	7,373	2,087	2,462	2,662	2,471	1,787												
FEED Sales	101,317	102,127	94,012	83,498	101,879	47,206	23,024	28,514	38,476	50,101	61,369	72,120												
Sub-total of Assigned cost allocations	<i>\$ available for allocation</i>																							
Allocation WACOG Costs	3,8670	3,9250	3,9518	1,8860	6,6014	5,5382	3,0981	3,0417	3,1606	3,2247	3,2540	3,2625												
\$/Dth WACOG																								
MDth	1,609	4,874	6,644	9,577	10,099	7,344	2,959	1,463	1,018	1,030	1,004	1,005												
Periodic BGSS Sales	7	7	17	28	19	29	27	6	4	3	2	2												
CoUse	1,615	4,882	6,661	9,605	10,118	7,373	2,986	1,469	1,022	1,033	1,006	1,007												
Periodic BGSS Sales & CoUse & UFG	<i>volume to be allocated</i>																							
\$000	6,246	19,160	26,323	18,115	66,794	40,834	9,252	4,469	3,230	3,331	3,273	3,286												
Periodic BGSS (\$/Therm WACOG * Periodic BGSS volume) / =	<i>allocated cost</i>																							
Plus assigned cost allocations	1,993	6,081	14,449	17,520	19,658	15,666	5,892	1,068	1,715	1,864	1,679	1,047												
Off System Sales, Electric Gen, Interr.Sales, Other	0	0	0	0	0	0	0	0	8	8	7	9												
AC Sales	1,133	2,709	4,436	6,197	6,476	4,867	1,469	994	721	772	768	714												
Monthly BGSS Sales	12	11	12	14	13	13	12	18	18	18	18	18												
FEED Sales	3,139	8,801	18,897	23,731	26,147	20,546	7,373	2,087	2,462	2,662	2,471	1,787												
Sub-total of Assigned cost allocations	9,385	27,961	45,220	41,846	92,940	61,380	16,625	6,556	5,692	5,992	5,744	5,073												
Total Allocated Costs (Sch 2a Total Gas Costs)	66,911	60,651	49,707	33,183	17,921	7,885	15,529	21,348	32,410	43,568	53,799	63,844												
End of Month Storage Balance	76,295	88,612	94,927	75,029	110,862	69,264	32,154	27,905	38,101	49,560	59,544	68,917												
Total Allocated Costs & Storage Balances	28,160	22,316	17,982	32,199	17,165	(1,512)	(1,786)	2,697	2,837	3,202	4,296	4,990												
Current Month WACOG Inventory Balance																								

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

SCHEDULE 3

	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
							Actual	Estimate					
Residential BGSS Sales	15,412	46,275	62,810	90,097	94,764	68,956	28,127	13,964	9,791	9,898	9,637	9,664	459,393
Residential Air Conditioning								5	4	4	3	3	20
Total Residential Sales	15,412	46,275	62,810	90,097	94,764	68,956	28,127	13,969	9,795	9,901	9,639	9,667	459,413
C&I Monthly BGSS Sales	2,563	5,982	7,770	13,911	14,829	10,611	3,906	2,678	1,802	1,859	1,858	1,821	69,587
C&I Periodic BGSS Sales	674	2,470	3,626	5,676	6,231	4,484	1,467	668	391	401	400	387	26,873
Air Conditioning								21	25	22	19	28	116
FEED	29	26	29	28	27	29	29	40	40	40	40	40	396
Total Commercial & Industrial Sales	3,265	8,477	11,425	19,615	21,086	15,124	5,402	3,406	2,258	2,322	2,317	2,276	96,972
Total Firm Sales	18,678	54,752	74,235	109,711	115,850	84,080	33,529	17,375	12,053	12,223	11,956	11,943	556,385
Interruptible IGS (Sch. 4a)	0	0	0	0	4	64	0	0	0	0	0	0	67
Sayreville (Sch. 4b)	17	28	18	0	0	0	0	25	24	25	25	24	187
Forked River(Sch. 4c)	0	0	12	21	142	50	0	77	74	77	77	74	603
Off System Sales(Sch. 4e)	9,684	20,848	43,021	47,588	33,240	52,040	35,741	7,078	9,732	9,732	8,847	6,195	283,744
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	9,701	20,876	43,051	47,608	33,386	52,154	35,741	7,179	9,830	9,833	8,949	6,293	284,601
Total Sales	28,379	75,628	117,285	157,319	149,236	136,234	69,270	24,555	21,883	22,056	20,905	18,236	840,986
Firm Transportation	5,385	11,567	14,747	17,146	16,601	13,448	9,095	4,806	3,926	4,094	4,129	3,951	108,894
Residential Transportation	1,853	5,296	7,022	9,837	10,170	7,156	2,914	1,344	843	864	859	839	48,995
Interruptible Transportation	2,478	2,475	2,384	1,509	631	1,996	2,337	2,303	2,184	2,262	2,258	2,180	24,995
Ocean Peaking Power	3,390	466	111	60	144	1,090	1,840	1,767	3,811	8,222	4,959	2,692	28,552
Red Oak	0	0	11,984	35,878	27,279	25,132	26,243	29,506	30,690	36,107	37,093	36,319	295,229
Total Transportation	13,105	19,803	36,247	64,430	54,825	48,821	42,429	39,726	41,454	51,549	49,297	44,980	506,666
Total Mtherms	41,484	95,431	153,532	221,749	204,061	185,055	111,699	64,281	63,337	73,605	70,202	63,216	1,347,652

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) \$/THERMS

SCHEDULE 4a

	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
	Actual												Estimate
INTERRUPTIBLE SALES													
Interruptible & IGS Revenues	0	0	0	0	6	154	0	0	0	0	0	0	160
Less Tefa-Sls tax and Cust Chg	0	0	0	0	(0)	(10)	0	0	0	0	0	0	(10)
Less BPU/RC Assessment	0	0	0	0	(0)	(0)	0	0	0	0	0	0	(0)
Net Revenue	0	0	0	0	6	143	0	0	0	0	0	0	149
Interr. Sales (Sch.3)	0	0	0	0	4	64	0	0	0	0	0	0	67
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					1.35148	2.04871							n/a
Cost of Gas (Sch. 2a)	0	0	0	0	5	133	0	0	0	0	0	0	138
Gross Margin	0	0	0	0	1	10	0	0	0	0	0	0	11
Less RA and CRA	0	0	0	0	(0)	(4)	0	0	0	0	0	0	(5)
Less EE and USF	0	0	0	0	(0)	(3)	0	0	0	0	0	0	(3)
Sharing Margin	0	0	0	0	0	3	0	0	0	0	0	0	3
Cust. sharing @ 100%	0	0	0	0	0	3	0	0	0	0	0	0	3
Total Credit (Sch.1, L.5)	0	0	0	0	0	3	0	0	0	0	0	0	3

SCHEDULE 4b

SAYREVILLE													
Revenue	4	12	6	0	1	0	0	5	5	6	6	5	51
Less BPU/RC Assessment	(0)	(0)	(0)	0	(0)	0	0	(0)	(0)	(0)	(0)	(0)	(0)
Net Revenue	4	12	6	0	1	0	0	5	5	6	6	5	51
Therm Sales (Sch. 3)	17	28	18	0	0	0	0	25	24	25	25	24	187
Rate per therm	0.20898	0.37668	0.27017	0.00000	2.05850			0.14870	0.17443	0.18959	0.18763	0.16633	n/a
Cost of Gas (Sch. 2a)	4	11	5	0	1	0	0	4	4	5	5	4	41
Total Credit (Sch.1, L.6)	1	1	2	0	0	0	0	1	1	1	1	1	10

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) \$/THERMS

SCHEDULE 4e

	Actual												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	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	
OFF-SYSTEM SALES																									
Revenues	2,283	7,539	15,290	19,148	19,644	15,808	6,521	1,186	1,881	2,028	1,827	1,164	2,283	7,539	15,290	19,148	19,644	15,808	6,521	1,186	1,881	2,028	1,827	1,164	94,318
Net Revenue	2,283	7,539	15,290	19,148	19,644	15,808	6,521	1,186	1,881	2,028	1,827	1,164	2,283	7,539	15,290	19,148	19,644	15,808	6,521	1,186	1,881	2,028	1,827	1,164	94,318
Therm sales	9,684	20,848	43,021	47,588	33,240	52,040	35,741	7,078	9,732	9,732	8,847	6,195	9,684	20,848	43,021	47,588	33,240	52,040	35,741	7,078	9,732	9,732	8,847	6,195	283,744
Rate per therm COG	0.205	0.291	0.336	0.368	0.588	0.298	0.158	0.149	0.174	0.190	0.188	0.166	0.205	0.291	0.336	0.368	0.588	0.298	0.158	0.149	0.174	0.190	0.188	0.166	
Cost of Gas (Sch. 2a)	1,990	6,070	14,439	17,509	19,552	15,514	5,645	1,052	1,697	1,845	1,660	1,030	1,990	6,070	14,439	17,509	19,552	15,514	5,645	1,052	1,697	1,845	1,660	1,030	88,004
Net Margin	294	1,468	851	1,639	92	293	877	133	183	183	167	133	294	1,468	851	1,639	92	293	877	133	183	183	167	133	6,314
Customer sharing @ 85% (Sch. 1., L 11)	250	1,248	723	1,393	78	249	745	113	156	156	142	113	250	1,248	723	1,393	78	249	745	113	156	156	142	113	5,367
NJNG Sharing @ 15%	44	220	128	246	14	44	131	20	28	28	25	20	44	220	128	246	14	44	131	20	28	28	25	20	947
Total Credit = Cost of Gas plus sharings	2,239	7,318	15,162	18,903	19,630	15,764	6,390	1,166	1,853	2,001	1,802	1,144	2,239	7,318	15,162	18,903	19,630	15,764	6,390	1,166	1,853	2,001	1,802	1,144	93,371

CAPACITY RELEASE

SCHEDULE 4f

Revenue	4,058	5,142	5,291	5,298	4,875	5,381	4,800	4,963	4,815	4,963	4,963	4,815	4,963	4,815	4,963	4,815	4,963	4,815	4,963	4,815	4,963	4,815	4,963	4,815	4,963	59,366
Customer Sharing @ 85% (Sch. 1., L 12)	3,450	4,371	4,498	4,503	4,143	4,574	4,080	4,219	4,093	4,219	4,219	4,093	4,219	4,093	4,219	4,093	4,219	4,093	4,219	4,093	4,219	4,093	4,219	4,093	4,219	50,461

BALANCING CREDITS & PENALTY CHARGES

SCHEDULE 4g

Current Month MBR Penalty Charges	15	15	16	17	29	168	54	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	314
Current Month Balancing Charges (Sch. 1., L 14)	422	1,071	1,417	1,742	1,734	1,320	702	339	243	250	250	242	242	242	242	242	242	242	242	242	242	242	242	242	242	9,733
	437	1,086	1,433	1,758	1,763	1,488	756	339	243	250	250	242	242	242	242	242	242	242	242	242	242	242	242	242	242	10,046

OCEAN PEAKING POWER

SCHEDULE 4h

Therm Sales (Sch. 3)	3,390	466	111	60	144	1,090	1,840	1,767	3,811	8,222	4,959	2,692	28,552
Revenue	158	80	73	70	75	96	117	99	110	160	123	118	1,280
Less Sales Tax	(10)	(5)	(5)	(5)	(5)	(6)	(8)	(7)	(7)	(10)	(8)	(8)	(84)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(4)
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	147	74	68	66	70	89	109	93	103	149	115	110	1,193
Customer Sharing @ 100%	147	74	68	66	70	89	109	93	103	149	115	110	1,193
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch. 1., L. 16)	147	74	68	66	70	89	109	93	103	149	115	110	1,193

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
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
	0	0
TOTALS	0	0

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

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	INTEREST		SCHEDULE 6 INTEREST
			RATE	RATE	
SEP 2014	12,577		7.76%		
OCT 2014	12,570	12,573	0.00647		81
NOV 2014	8,061	10,315	0.00647		67
DEC 2014	3,254	5,657	0.00647		37
JAN 2015	(23,973)	(10,360)	0.00647		(67)
FEB 2015	(3,638)	(13,805)	0.00647		(89)
MAR 2015	3,206	(216)	0.00647		(1)
APR 2015	(914)	1,146	0.00647		7
MAY 2015	(2,553)	(1,733)	0.00647		(11)
JUN 2015	(3,410)	(2,981)	0.00647		(19)
JUL 2015	(4,252)	(3,831)	0.00647		(25)
AUG 2015	(4,987)	(4,620)	0.00647		(30)
SEP 2015	(5,690)	(5,339)	0.00647		(35)
					<u>(85)</u>
TOTAL					<u><u>(85)</u></u>

INTEREST TO BE CREDITED TO CUSTOMER

EXHIBIT B
Projected October 2015 - September 2016²

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

² For ease of presentation, the filing contains BGSS schedules for fiscal years (FY) 2015 and 2016. Actual BGSS schedules for FY2014 and projected BGSS schedules for FY2017 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 2016
\$(000)

SCHEDULE 1

Estimate	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	TOTAL
1. Under/(Over) Recovered Gas Costs Beg. of Period	(5,775)	(7,620)	(3,958)	2,069	9,269	16,964	10,976	6,540	4,628	3,420	2,209	1,087	(5,775)
2. Net Cost Appl. To BGSS Sales (Sch 2a)	13,001	22,278	34,960	42,270	37,822	30,991	14,588	8,641	6,838	7,063	6,956	6,829	232,238
3. BGSS Recoveries (Sch 2b)	(10,180)	(13,552)	(22,867)	(28,135)	(24,284)	(31,588)	(16,191)	(7,860)	(5,446)	(5,542)	(5,399)	(5,366)	(176,411)
4. Under/(Over) Rec. Gas Costs - Current Period (L.2 - L.3)	2,820	8,726	12,094	14,135	13,538	(597)	(1,603)	781	1,393	1,521	1,557	1,462	55,827
Adjustments													
5. Interruptible (Sch.4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
6. Sayreville (Sch.4b)	(1)	(1)	(1)	(1)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(10)
7. Forked River (Sch.4c)	(1)	(1)	(1)	(1)	(1)	(1)	(4)	(4)	(4)	(4)	(4)	(4)	(31)
8. Transportation(Sch.4d)	(154)	(149)	(156)	(158)	(150)	(159)	(139)	(145)	(143)	(146)	(147)	(140)	(1,786)
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)	(170)	(170)	(638)	(1,275)	(638)	(170)	(170)	(170)	(234)	(234)	(213)	(170)	(4,250)
12. Capacity Rel. (Sch.4f)	(4,206)	(3,875)	(3,999)	(3,999)	(3,750)	(3,999)	(2,308)	(2,385)	(2,308)	(2,385)	(2,385)	(2,308)	(37,909)
13. Supplier Ref. and Misc. Adj.(Sch.5)	0	0	0	0	0	0	0	0	0	0	0	0	0
14. Balancing Credits and Penalty Charges (Sch.4g)	(412)	(761)	(1,194)	(1,426)	(1,225)	(967)	(548)	(307)	(220)	(227)	(226)	(219)	(7,734)
15. Ocean Peaking Power (Sch.4h)	(132)	(107)	(78)	(74)	(78)	(93)	(75)	(93)	(103)	(149)	(115)	(110)	(1,208)
16. Total Debits and Credits (L.5 through L. 15)	(4,665)	(5,064)	(6,067)	(6,935)	(5,843)	(5,391)	(2,833)	(2,693)	(2,600)	(2,733)	(2,679)	(2,540)	(50,043)
17. Under/(Over) Recov. Gas Costs. End of Period (L-s 1,4,&16)	(7,620)	(3,958)	2,069	9,269	16,964	10,976	6,540	4,628	3,420	2,209	1,087	9	9

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED GAS COSTS AND RECOVERIES
BGSS YEAR 2016
(000)/THERMS

SCHEDULE 2a

Estimate	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	TOTAL
COST OF GAS-CURRENT PERIOD													
Total Gas Costs ¹	9,133	19,694	33,749	45,107	37,206	28,319	13,528	7,355	6,200	6,431	6,026	5,383	218,131
REDUCTIONS TO COST OF GAS													
Natural Gas Vehicles Interruptible (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	2	2	3	3	3	3	6	5	5	6	5	5	47
Forked Rv. (Sch. 4c)	5	6	7	7	7	7	17	16	16	17	16	15	137
Off System Sales (Sch. 4e)	1,073	1,966	3,484	7,532	3,786	2,023	1,633	1,498	2,056	2,152	1,854	1,250	30,308
Capacity Release (Sch. 4f)	(4,948)	(4,559)	(4,705)	(4,705)	(4,412)	(4,705)	(2,715)	(2,806)	(2,715)	(2,806)	(2,806)	(2,715)	(44,599)
Total Reductions	(3,868)	(2,584)	(1,211)	2,837	(617)	(2,672)	(1,060)	(1,286)	(638)	(632)	(930)	(1,445)	(14,107)
Net Cost Appl. To BGSS Sales (Sch. 1., L. 2)	13,001	22,278	34,960	42,270	37,822	30,991	14,588	8,641	6,838	7,063	6,956	6,829	232,238

GAS COST RECOVERIES

	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	TOTAL
SCHEDULE 2b													
BGSS Sales	23,148	50,149	84,677	103,582	89,263	69,682	36,090	17,645	12,227	12,401	12,131	12,090	523,084
A/C Sales	3,823	7,295	11,134	13,162	11,430	8,850	4,976	2,720	29	26	22	32	135
Monthly BGSS Sales FEED	40	40	40	40	40	40	40	40	40	40	40	40	476
BGSS Sales less Monthly and A/C	19,286	42,815	73,503	90,381	77,793	60,793	31,074	14,859	10,321	10,442	10,177	10,183	451,626
Recovery Rate \$ per Therm:													
Periodic BGSS Rate	0.4490	0.2398	0.2398	0.2398	0.2398	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490	0.4490
A/C Rate	0.4490	0.2398	0.2398	0.2398	0.2398	0.4490	0.4490	0.3366	0.3366	0.3366	0.3366	0.3366	0.3366
Monthly BGSS Rate	0.3933	0.4479	0.4691	0.4896	0.4910	0.4830	0.4463	0.4273	0.4269	0.4367	0.4252	0.4174	0.4174
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	8,659	10,267	17,626	21,673	18,655	27,296	13,952	6,672	4,634	4,688	4,569	4,572	143,264
A/C	0	0	0	0	0	0	0	9	10	9	7	11	46
Monthly BGSS	1,504	3,267	5,223	6,444	5,612	4,275	2,221	1,162	784	827	805	766	32,889
FEED	18	18	18	18	18	18	18	18	18	18	18	18	212
Total BGSS Recovery (Sch. 1, L. 3)	10,180	13,552	22,867	28,135	24,284	31,588	16,191	7,860	5,446	5,542	5,399	5,366	176,411

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

NEW JERSEY NATURAL GAS COMPANY
ESTIMATED THERM SALES
BGSS YEAR 2016
(000)THERMS

SCHEDULE 3

	Estimate	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	TOTAL
Residential BGSS Sales	18,242	40,386	69,052	84,856	73,076	57,237	29,591	14,179	9,923	10,033	9,769	9,787	9,787	426,132
Residential Air Conditioning	18,242	40,386	69,052	84,856	73,076	57,237	29,591	14,184	9,927	10,036	9,771	9,791	9,791	426,151
Total Residential Sales														
C&I Monthly BGSS Sales	3,823	7,295	11,134	13,162	11,430	8,850	4,976	2,720	1,836	1,893	1,893	1,893	1,836	70,847
C&I Periodic BGSS Sales	1,044	2,428	4,451	5,525	4,717	3,555	1,483	680	399	409	408	408	396	25,495
Air Conditioning														
FEED	40	40	40	40	40	40	40	40	40	40	40	40	40	476
Total Commercial & Industrial Sales	4,906	9,763	15,625	18,727	16,186	12,445	6,498	3,460	2,299	2,364	2,360	2,299	2,299	96,933
Total Firm Sales	23,148	50,149	84,677	103,582	89,263	69,682	36,090	17,645	12,227	12,401	12,131	12,090	12,090	523,084
Interruptible IGS (Sch. 4a)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sayreville (Sch. 4b)	11	10	11	11	10	11	24	25	24	25	25	25	24	211
Forked River(Sch. 4c)	27	26	27	27	25	27	74	77	74	77	77	77	74	614
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	6,195	125,708
Natural Gas Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Firm Sales	6,076	8,500	13,784	27,529	13,780	7,604	7,176	7,179	9,830	9,833	8,949	6,293	6,293	126,533
Total Sales	29,224	58,649	98,460	131,111	103,042	77,286	43,266	24,824	22,057	22,234	21,080	18,383	18,383	649,617
Firm Transportation	6,100	9,641	13,955	16,081	14,117	11,602	7,169	4,914	4,034	4,123	4,158	3,974	3,974	99,868
Residential Transportation	1,983	4,154	7,045	8,651	7,330	5,536	2,959	1,344	843	864	859	839	839	42,407
Interruptible Transportation	2,392	2,299	2,396	2,340	2,095	2,381	2,159	2,303	2,184	2,262	2,258	2,180	2,180	27,248
Ocean Peaking Power	2,794	1,787	298	225	300	1,239	508	1,767	3,811	8,222	4,959	2,692	2,692	28,603
Red Oak	34,223	33,821	36,632	27,585	31,419	38,220	30,886	29,506	30,690	36,107	37,093	35,319	35,319	401,500
Total Transportation	47,493	51,702	60,326	54,882	55,261	58,979	43,681	39,834	41,562	51,578	49,326	45,003	45,003	599,626
Total Mtherms	76,717	110,351	158,786	185,993	158,304	136,265	86,947	64,658	63,618	73,812	70,406	63,386	63,386	1,249,243

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED INCOME SHARING DERIVED
FROM OFF-SYSTEM SALES, CAPACITY RELEASE, BALANCING CHARGES, & OCEAN PEAKING POWER
BGSS YEAR 2016
(000) \$/THERMS

SCHEDULE 4e

OFF-SYSTEM SALES	Estimate	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	TOTAL
Revenues	1,273	2,166	4,234	9,032	4,536	2,223	1,833	1,698	2,331	2,427	2,104	1,450	35,308	
Net Revenue	1,273	2,166	4,234	9,032	4,536	2,223	1,833	1,698	2,331	2,427	2,104	1,450	35,308	
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	0.178	0.232	0.253	0.274	0.275	0.267	0.231	0.212	0.211	0.221	0.210	0.202		
Cost of Gas (Sch. 2a)	1,073	1,966	3,484	7,532	3,786	2,023	1,633	1,498	2,056	2,152	1,854	1,250	30,308	
Net Margin	200	200	750	1,500	750	200	200	200	275	275	250	200	5,000	
Customer sharing @ 85% (Sch.1,L.11)	170	170	638	1,275	638	170	170	170	234	234	213	170	4,250	
NJNG Sharing @ 15%	30	30	113	225	113	30	30	30	41	41	37	30	750	
Total Credit = Cost of Gas plus sharings	1,243	2,136	4,122	8,807	4,423	2,193	1,803	1,668	2,290	2,385	2,067	1,420	34,558	

CAPACITY RELEASE

SCHEDULE 4f

Revenue	4,948	4,559	4,705	4,705	4,412	4,705	2,715	2,806	2,715	2,806	2,806	2,715	44,599
Customer Sharing @ 85% (Sch.1.,L.12)	4,206	3,875	3,999	3,999	3,750	3,999	2,308	2,385	2,308	2,385	2,385	2,308	37,909

BALANCING CREDITS & PENALTY CHARGES

SCHEDULE 4g

Current Month MBR Penalty Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Current Month Balancing Charges	412	761	1,194	1,426	1,225	967	548	307	220	227	226	219	7,734
(Sch.1.,L.14)	412	761	1,194	1,426	1,225	967	548	307	220	227	226	219	7,734

OCEAN PEAKING POWER

SCHEDULE 4h

Therm Sales (Sch. 3)	2,794	1,787	298	225	300	1,239	508	1,767	3,811	8,222	4,959	2,692	28,603
Revenue	142	115	84	80	84	100	81	99	110	160	123	118	1,296
Less Sales Tax	(9)	(8)	(5)	(5)	(5)	(7)	(5)	(7)	(7)	(10)	(8)	(8)	(85)
Less BPU/RC Assessment	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(4)
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	132	107	78	74	78	93	75	93	103	149	115	110	1,208
Customer Sharing @ 100%	132	107	78	74	78	93	75	93	103	149	115	110	1,208
Balancing Charges	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Credit (Sch.1, L.16)	132	107	78	74	78	93	75	93	103	149	115	110	1,208

**NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED SUPPLIER REFUNDS AND
MISCELLANEOUS ADJUSTMENTS
BGSS YEAR 2016
\$(000)**

SCHEDULE 5

(Sch 1, LINE 13)	85	85
Opening balance BGSS Interest Sch 6		85
OCT 2015	0	0
NOV 2015	0	0
DEC 2015	0	0
JAN 2016	0	0
FEB 2016	0	0
MAR 2016	0	0
APR 2016	0	0
MAY 2016	0	0
JUN 2016	0	0
JUL 2016	0	0
AUG 2016	0	0
SEP 2016	0	0
TOTALS		85

NEW JERSEY NATURAL GAS COMPANY
BGSS YEAR 2016
COMPUTATION OF INTEREST ON UNDER/(OVER) RECOVERED BALANCES

DATE	COMBINED BALANCE	\$(000) AVERAGE BALANCE	INTEREST RATE	INTEREST	SCHEDULE 6
SEP 2015	(5,690)		7.76%		
OCT 2015	(7,620)	(6,655)	0.00647	(43)	(43)
NOV 2015	(3,958)	(5,789)	0.00647	(37)	(37)
DEC 2015	2,069	(945)	0.00647	(6)	(6)
JAN 2016	9,269	5,669	0.00647	37	37
FEB 2016	16,964	13,116	0.00647	85	85
MAR 2016	10,976	13,970	0.00647	90	90
APR 2016	6,540	8,758	0.00647	57	57
MAY 2016	4,628	5,584	0.00647	36	36
JUN 2016	3,420	4,024	0.00647	26	26
JUL 2016	2,209	2,814	0.00647	18	18
AUG 2016	1,087	1,648	0.00647	11	11
SEP 2016	9	548	0.00647	4	4
					<u>278</u>
TOTAL					<u><u>0</u></u>

INTEREST TO BE CREDITED TO CUSTOMER

EXHIBIT C
CONSERVATION INCENTIVE PROGRAM (CIP) SCHEDULES

INDEX OF SCHEDULES:

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

New Jersey Natural Gas Company
Conservation Incentive Program
Group I: Residential Non-Heat
FY2015

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
Residential Non-Heating									
October	a	217,430	15,892	13.7	19.6	(5.9)	(94,081)	\$0.3163	(\$29,758)
November	a	265,658	15,573	17.1	24.4	(7.3)	(114,306)	\$0.3163	(\$36,155)
December	a	322,488	15,499	20.8	21.1	(0.3)	(4,495)	\$0.3163	(\$1,422)
January	a	439,755	15,429	28.5	22.0	6.5	100,288	\$0.3163	\$31,721
February	a	445,121	15,367	29.0	17.5	11.5	176,260	\$0.3163	\$55,751
March	a	407,940	15,309	26.7	17.3	9.4	143,135	\$0.3163	\$45,274
April	a	252,399	15,321	16.5	7.6	8.9	135,898	\$0.3163	\$42,984
May	e	182,613	15,863	11.5	8.3	3.2	50,920	\$0.3163	\$16,106
June	e	289,539	16,429	17.6	12.7	4.9	80,830	\$0.3163	\$25,566
July	e	323,353	16,523	19.6	19.4	0.2	2,809	\$0.3163	\$888
August	e	291,935	16,522	17.7	17.6	0.1	1,157	\$0.3163	\$366
September	e	339,593	16,439	20.7	19.4	1.3	20,713	\$0.3163	\$6,551
Total		<u>3,777,825</u>		<u>239.2</u>	<u>206.9</u>		499,126		\$157,874

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit) \$ (157,874)
Prior Period (Over) / Under Recovery³ \$ 46,101

Total Deficiency/(Credit) \$ (111,772)

Projected Residential Non-Heating Throughput for Recovery Period 2,969,201

Pre-tax CIP Charge/(Credit) \$ (0.0376)
BPU/RC Assessment Factor 1.002688

CIP Charge/(Credit) including assessments \$ (0.0377)
7% Sales Tax \$ (0.0026)

Proposed After-tax CIP Charge/(Credit) per Therm \$ (0.0403)

Current After-tax CIP Charge/(Credit) per Therm \$ (0.0327)

Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm \$ (0.0076)

¹ Per Exhibit C, Schedule 1, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 1, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group I: RS non-heat

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
Customers												
RS non-heat sales	14,450	14,156	14,095	14,050	14,003	13,968	14,006	14,522	15,088	15,183	15,181	15,098
RS non-heat transport	1,443	1,417	1,404	1,379	1,364	1,341	1,315	1,341	1,341	1,341	1,341	1,341
Total Customers	15,892	15,573	15,499	15,429	15,367	15,309	15,321	15,863	16,429	16,523	16,522	16,439
Volumes												
RS non-heat sales	195,820	238,379	287,019	392,943	400,288	366,177	226,480	164,063	271,395	304,313	272,852	321,255
RS non-heat transport	21,610	27,279	35,469	46,812	44,832	41,764	25,920	18,551	18,144	19,040	19,083	18,339
Total Volumes	217,430	265,658	322,488	439,755	445,121	407,940	252,399	182,613	289,539	323,353	291,935	339,593

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP I - RS NON-HEAT
FY2015

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	TOTAL
Beginning Under/(Over) Recovery \$	(69,500)	(62,847)	(54,718)	(44,849)	(31,393)	(17,772)	(5,289)	2,434	8,022	16,882	26,777	35,710	(69,500)
Therm Sales	217,430	265,658	322,488	439,755	445,121	407,940	252,399	182,613	289,539	323,353	291,935	339,593	3,777,825
Pre-tax Recovery Rate per Therm	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)	(0.0306)
Recovery \$	(6,653)	(8,129)	(9,868)	(13,457)	(13,621)	(12,483)	(7,723)	(5,588)	(8,860)	(9,895)	(8,933)	(10,392)	(115,601)
Ending Under/(Over) Recovery \$	(62,847)	(54,718)	(44,849)	(31,393)	(17,772)	(5,289)	2,434	8,022	16,882	26,777	35,710	46,101	46,101

New Jersey Natural Gas Company
Conservation Incentive Program
Group II: Residential Heat
FY2015

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust. (d) = (b) / (c)	Baseline Use / Cust. ² (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms (b)	Number of Customers (c)						
Residential Heating									
October	a	17,047,751	453,597	37.6	51.0	(13.4)	(6,087,265)	\$0.3163	(\$1,925,402)
November	a	51,305,368	455,435	112.7	97.4	15.3	6,945,388	\$0.3163	\$2,196,826
December	a	69,508,902	456,892	152.1	168.3	(16.2)	(7,387,951)	\$0.3163	(\$2,336,809)
January	a	99,493,970	457,896	217.3	190.4	26.9	12,308,257	\$0.3163	\$3,893,102
February	a	104,488,928	458,760	227.8	166.3	61.5	28,195,396	\$0.3163	\$8,918,204
March	a	75,703,229	459,164	164.9	136.9	28.0	12,842,825	\$0.3163	\$4,062,186
April	a	30,788,347	459,279	67.0	77.6	(10.6)	(4,849,983)	\$0.3163	(\$1,534,050)
May	e	15,130,545	459,215	33.0	41.2	(8.3)	(3,788,526)	\$0.3163	(\$1,198,311)
June	e	10,348,167	459,371	22.5	25.4	(2.9)	(1,318,396)	\$0.3163	(\$417,009)
July	e	10,442,237	459,855	22.7	24.1	(1.4)	(639,199)	\$0.3163	(\$202,179)
August	e	10,206,438	460,472	22.2	23.6	(1.4)	(658,475)	\$0.3163	(\$208,276)
September	e	10,166,240	461,176	22.0	26.1	(4.1)	(1,872,376)	\$0.3163	(\$592,232)
Total		<u>504,630,125</u>		<u>1,101.7</u>	<u>1,028.3</u>		33,689,696		\$10,656,051

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$ (10,656,051)
Prior Period (Over) / Under Recovery ³	\$ 980,695
Total Deficiency/(Credit)	\$ (9,675,356)
Projected Residential Heating Throughput for Recovery Period	465,588,518
Pre-tax CIP Charge/(Credit)	\$ (0.0208)
BPU/RC Assessment Factor	<u>1.002688</u>
CIP Charge/(Credit) including assessments	\$ (0.0209)
7% Sales Tax	<u>\$ (0.0015)</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$ (0.0224)
Current After-tax CIP Charge/(Credit) per Therm	<u>\$ (0.0232)</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	<u>\$ 0.0008</u>

¹ Per Exhibit C, Schedule 2, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 2, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group II: RS heat

Customers

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
RS heat sales	409,385	411,918	413,993	415,517	416,931	418,150	419,265	418,201	418,357	418,841	419,458	420,162
RS heat transport	44,212	43,517	42,900	42,380	41,829	41,014	40,014	41,014	41,014	41,014	41,014	41,014
Total Customers	453,597	455,435	456,892	457,896	458,760	459,164	459,279	459,215	459,371	459,855	460,472	461,176

Volumes

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
RS heat sales	15,216,642	46,036,578	62,522,711	89,703,573	94,363,744	68,589,355	27,900,273	13,805,301	9,523,796	9,597,018	9,366,636	9,345,902
RS heat transport	1,831,110	5,268,791	6,986,191	9,790,397	10,125,184	7,113,874	2,888,074	1,325,244	824,371	845,219	839,803	820,338
Total Volumes	17,047,751	51,305,368	69,508,902	99,493,970	104,488,928	75,703,229	30,788,347	15,130,545	10,348,167	10,442,237	10,206,438	10,166,240

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP II - RS HEAT
FY2015

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	TOTAL
Beginning Under/(Over) Recovery \$	(9,969,779)	(9,599,843)	(8,486,516)	(6,978,173)	(4,819,154)	(2,551,744)	(908,984)	(240,877)	87,456	312,011	538,608	760,087	(9,969,779)
Therm Sales	17,047,751	51,305,368	69,508,902	99,493,970	104,488,928	75,703,229	30,788,347	15,130,545	10,348,167	10,442,237	10,206,438	10,166,240	504,630,125
Pre-tax Recovery Rate per Therm	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)	(0.0217)
Recovery \$	(369,936)	(1,113,326)	(1,508,343)	(2,159,019)	(2,267,410)	(1,642,760)	(668,107)	(328,333)	(224,555)	(226,597)	(221,480)	(220,607)	(10,950,474)
Ending Under/(Over) Recovery \$	(9,599,843)	(8,486,516)	(6,978,173)	(4,819,154)	(2,551,744)	(908,984)	(240,877)	87,456	312,011	538,608	760,087	980,695	980,695

New Jersey Natural Gas Company
Conservation Incentive Program
Group III: General Service Small
FY2015

Customer Class	Actual/ Estimate	Actual per Books ¹		Actual Avg. Use / Cust.	Baseline Use / Cust. ²	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms	Number of Customers						
(a)		(b)	(c)	(d) = (b) / (c)	(e)				
<u>General Service Small</u>									
October	a	931,169	26,031	35.8	79.6	(43.8)	(1,140,920)	\$0.2778	(\$316,948)
November	a	3,335,600	26,844	124.3	99.9	24.4	653,923	\$0.2778	\$181,660
December	a	4,802,424	27,367	175.5	214.1	(38.6)	(1,056,915)	\$0.2778	(\$293,611)
January	a	7,438,211	27,543	270.1	254.6	15.5	425,810	\$0.2778	\$118,290
February	a	8,174,199	27,647	295.7	235.2	60.5	1,671,533	\$0.2778	\$464,352
March	a	5,814,312	27,735	209.6	187.6	22.0	611,282	\$0.2778	\$169,814
April	a	1,941,930	27,653	70.2	96.8	(26.6)	(735,027)	\$0.2778	(\$204,191)
May	e	929,030	27,408	33.9	47.2	(13.3)	(364,526)	\$0.2778	(\$101,265)
June	e	563,530	26,922	20.9	24.9	(4.0)	(106,880)	\$0.2778	(\$29,691)
July	e	579,604	26,531	21.9	27.4	(5.6)	(147,247)	\$0.2778	(\$40,905)
August	e	578,489	26,353	22.0	38.0	(16.1)	(422,965)	\$0.2778	(\$117,500)
September	e	560,069	26,346	21.3	14.7	6.6	172,830	\$0.2778	\$48,012
Total		<u>35,648,567</u>		<u>1,301.0</u>	<u>1,320.0</u>		<u>(439,102)</u>		<u>(\$121,983)</u>

Margin Revenue Factor / Therm Per Tariff Sheet No. 179

Margin Deficiency/ (Credit)	\$	121,983
Prior Period (Over) / Under Recovery ³	\$	<u>285,839</u>
Total Deficiency/(Credit)	\$	407,822
Projected Commercial Throughput for Recovery Period		34,046,883
Pre-tax CIP Charge/(Credit)	\$	0.0120
BPU/RC Assessment Factor		<u>1.002688</u>
CIP Charge/(Credit) including assessments	\$	0.0120
7% Sales Tax	\$	<u>0.0008</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0128
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0102</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0026</u>

¹ Per Exhibit C, Schedule 3, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 3, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group III: GSS

Customers

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
GSS Sales	20,019	20,840	21,392	21,667	21,777	21,931	21,872	21,684	21,198	20,807	20,629	20,622
GSS A/C	38	36	36	36	37	37	40					
GSS Transport	5,973	5,967	5,939	5,840	5,833	5,767	5,741	5,724	5,724	5,724	5,724	5,724
Total Customers	26,031	26,844	27,367	27,543	27,647	27,735	27,653	27,408	26,922	26,531	26,353	26,346

Volumes

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	
GSS Sales	663,931	2,463,679	3,621,940	5,667,070	6,222,903	4,476,454	1,469,005	667,561	390,592	400,901	399,786	387,131	
GSS A/C	9,371	5,635	3,374	8,219	7,462	7,609	(494)					41,176	
GSS Transport	257,867	866,286	1,177,110	1,762,922	1,943,835	1,330,248	473,419	261,469	172,938	178,703	178,703	172,938	
Total Volumes	931,169	3,335,600	4,802,424	7,438,211	8,174,199	5,814,312	1,941,930	929,030	563,530	579,604	578,489	560,069	
												26,830,954	
													41,176
													8,776,438
													35,648,567

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP III - GENERAL SERVICE SMALL
FY 2015

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	TOTAL
Beginning Under/(Over) Recovery \$	624,500	615,654	583,966	538,343	467,680	390,025	334,789	316,341	307,515	302,162	296,655	291,160	624,500
Therm Sales	931,169	3,335,600	4,802,424	7,438,211	8,174,199	5,814,312	1,941,930	929,030	563,530	579,604	578,489	560,069	35,648,567
Pre-tax Recovery Rate per Therm	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	0.0095	
Recovery \$	8,846	31,688	45,623	70,663	77,655	55,236	18,448	8,826	5,354	5,506	5,496	5,321	338,661
Ending Under/(Over) Recovery \$	615,654	583,966	538,343	467,680	390,025	334,789	316,341	307,515	302,162	296,655	291,160	285,839	285,839

New Jersey Natural Gas Company
Conservation Incentive Program
Group IV: General Service Large
FY2015

Customer Class (a)	Actual/ Estimate	Actual per Books ¹		Large Customer Adjustment (c2)	Adjusted Number of Customers (c) = (c1) + (c2)	Actual Avg. Use / Cust. ² (d) = (b) / (c)	Baseline Use / Cust. (e)	Difference (f) = (d) - (e)	Aggregate Therm Impact (g) = (f) * (c)	Margin Factor	Margin Variance
		Total Class Therms (b)	Number of Customers (c1)								
General Service Large											
October	a	6,437,978	9,335	155	9,490	678.4	1,059.1	(380.7)	(3,612,691)	\$0.2179	(\$787,205)
November	a	15,066,718	9,448	157	9,605	1,568.6	2,026.2	(457.6)	(4,395,600)	\$0.2179	(\$957,801)
December	a	19,718,082	9,522	165	9,687	2,035.5	2,591.6	(556.1)	(5,386,736)	\$0.2179	(\$1,173,770)
January	a	26,992,136	9,562	165	9,727	2,775.0	3,012.6	(237.6)	(2,311,111)	\$0.2179	(\$503,591)
February	a	27,393,178	9,571	166	9,737	2,813.2	2,687.9	125.3	1,219,905	\$0.2179	\$265,817
March	a	20,614,778	9,571	166	9,737	2,117.1	2,090.8	26.3	256,187	\$0.2179	\$55,823
April	a	10,374,339	9,548	166	9,714	1,068.0	1,251.1	(183.1)	(1,778,826)	\$0.2179	(\$387,606)
May	e	5,848,351	9,382	166	9,548	612.5	803.7	(191.2)	(1,825,268)	\$0.2179	(\$397,726)
June	e	4,186,613	9,339	168	9,507	440.4	564.1	(123.7)	(1,176,191)	\$0.2179	(\$256,292)
July	e	4,324,311	9,319	171	9,490	455.7	541.0	(85.3)	(809,677)	\$0.2179	(\$176,429)
August	e	4,323,647	9,304	174	9,478	456.2	485.2	(29.0)	(275,048)	\$0.2179	(\$59,933)
September	e	4,184,994	9,306	177	9,483	441.3	631.3	(190.0)	(1,801,558)	\$0.2179	(\$392,559)
Total		<u>149,465,125</u>				<u>15,461.9</u>	<u>17,744.6</u>		(21,896,614)		(\$4,771,272)

Margin Revenue Factor / Therm Per Tariff Sheet No. 17³

Margin Deficiency/ (Credit)	\$	4,771,272
Prior Period (Over) / Under Recovery ³	\$	<u>(325,244)</u>
Total Deficiency/(Credit)	\$	4,446,029
Projected Commercial Throughput for Recovery Period		140,686,614
Pre-tax CIP Charge/(Credit)	\$	0.0316
BPU/RC Assessment Factor		<u>1.002688</u>
CIP Charge/(Credit) including assessment:	\$	0.0317
7% Sales Tax	\$	<u>0.0022</u>
Proposed After-tax CIP Charge/(Credit) per Therm	\$	0.0339
Current After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0286</u>
Increase/ (Decrease) in After-tax CIP Charge/(Credit) per Therm	\$	<u>0.0053</u>

¹ Per Exhibit C, Schedule 4, Page 2

² Per Tariff Sheet No. 180

³ Per Exhibit C, Schedule 4, Page 3

New Jersey Natural Gas Company
Customers and Therms

Group IV: GSL

Customers

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
GSL Sales	4,993	5,107	5,240	5,516	5,543	5,571	5,243	5,479	5,436	5,416	5,401	5,403
GSL A/C	25	26	22	22	20	20	20	20	20	20	20	20
GSL Transport	4,317	4,316	4,260	4,024	4,009	3,980	4,285	3,903	3,903	3,903	3,903	3,903
Total Customers	9,335	9,448	9,522	9,562	9,571	9,571	9,548	9,382	9,339	9,319	9,304	9,306

Volumes

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15
GSL Sales	2,485,631	5,870,312	7,686,926	13,781,097	14,692,609	10,530,969	3,827,203	2,617,322	1,742,077	1,798,237	1,797,565	1,740,397
GSL A/C	41,572	76,039	57,113	92,039	85,267	78,535	39,762	3,231,029	2,444,536	2,526,074	2,526,082	2,444,597
GSL Transport	3,910,774	9,120,367	11,974,043	13,119,000	12,615,302	10,005,275	6,507,374	5,848,351	4,186,613	4,324,311	4,323,647	4,184,994
Total Volumes	6,437,978	15,066,718	19,718,082	26,992,136	27,393,178	20,614,778	10,374,339	8,466,702	6,373,226	6,646,568	6,647,299	6,409,988

NEW JERSEY NATURAL GAS COMPANY
STATEMENT OF ESTIMATED UNDER/(OVER) RECOVERED CIP BALANCE
GROUP IV - GENERAL SERVICE LARGE
FY 2015

	Actual Oct-14	Actual Nov-14	Actual Dec-14	Actual Jan-15	Actual Feb-15	Actual Mar-15	Actual Apr-15	Estimate May-15	Estimate Jun-15	Estimate Jul-15	Estimate Aug-15	Estimate Sep-15	TOTAL
Beginning Under/(Over) Recovery \$	3,665,475	3,493,581	3,091,300	2,564,827	1,844,137	1,112,739	562,325	285,330	129,179	17,396	(98,063)	(213,504)	3,665,475
Therm Sales	6,437,978	15,066,718	19,718,082	26,992,136	27,393,178	20,614,778	10,374,339	5,848,351	4,186,613	4,324,311	4,323,647	4,184,994	149,465,125
Pre-tax Recovery Rate per Therm	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	0.0267	
Recovery \$	171,894	402,281	526,473	720,690	731,398	550,415	276,995	156,151	111,783	115,459	115,441	111,739	3,990,719
Ending Under/(Over) Recovery \$	3,493,581	3,091,300	2,564,827	1,844,137	1,112,739	562,325	285,330	129,179	17,396	(98,063)	(213,504)	(325,244)	(325,244)

**New Jersey Natural Gas Company
Conservation Incentive Program
Weather Normalization Calculation for the 2014-15 Winter Period**

**Group II
RS/RT Heat**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CUSTOMERS IN CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-14	a	291	196	(95)	47,501	423,958	0.1120	453,597	50,822	(4,828,067)	\$0.3163	(\$1,527,117)
Nov-14	a	534	623	89	62,849	425,205	0.1478	455,435	67,317	5,991,242	\$0.3163	\$1,895,030
Dec-14	a	857	772	(85)	72,822	426,251	0.1708	456,892	78,057	(6,634,841)	\$0.3163	(\$2,098,600)
Jan-15	a	963	1,077	114	77,499	426,848	0.1816	457,896	83,136	9,477,517	\$0.3163	\$2,997,739
Feb-15	a	854	1,128	274	71,612	427,359	0.1676	458,760	76,874	21,063,424	\$0.3163	\$6,662,361
Mar-15	a	702	816	114	69,254	427,621	0.1620	459,164	74,363	8,477,326	\$0.3163	\$2,681,378
Apr-15	a	393	313	(80)	66,260	427,749	0.1549	459,279	71,144	(5,691,525)	\$0.3163	(\$1,800,229)
May-15	e	150	140	(10)	53,528	421,996	0.1268	459,215	58,249	(582,491)	\$0.3163	(\$184,242)
TOTAL		4,744	5,065	321						27,272,587		\$8,626,319

**Group III
GSS**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CUSTOMERS IN CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-14	a	291	196	(95)	4,405	26,621	0.1655	26,031	4,307	(409,194)	\$0.2778	(\$113,674)
Nov-14	a	534	623	89	4,224	27,067	0.1561	26,844	4,189	372,841	\$0.2778	\$103,575
Dec-14	a	857	772	(85)	6,086	27,373	0.2223	27,367	6,085	(517,197)	\$0.2778	(\$143,677)
Jan-15	a	963	1,077	114	6,879	27,524	0.2499	27,543	6,884	784,739	\$0.2778	\$218,000
Feb-15	a	854	1,128	274	6,918	27,652	0.2502	27,647	6,917	1,895,184	\$0.2778	\$526,482
Mar-15	a	702	816	114	6,235	27,628	0.2257	27,735	6,259	713,546	\$0.2778	\$198,223
Apr-15	a	393	313	(80)	4,667	27,502	0.1697	27,653	4,693	(375,415)	\$0.2778	(\$104,290)
May-15	e	150	140	(10)	4,010	27,001	0.1485	27,408	4,070	(40,704)	\$0.2778	(\$11,308)
TOTAL		4,744	5,065	321						2,423,799		\$673,331

**Group IV
GSL**

		DEGREE DAYS WNC ¹	DEGREE DAYS ACTUAL	VARIANCE	CUSTOMERS IN CONSUMPTION FACTOR ¹	CUSTOMERS IN CONSUMPTION FACTOR	CONSUMPTION FACTOR USE PER CUST	CUSTOMERS ACTUAL	ACTUAL CONSUMPTION FACTOR	TOTAL THERMS	MARGIN FACTOR ²	MARGIN IMPACT
Oct-14	a	291	196	(95)	13,070	7,162	1.8249	9,490	17,318	(1,645,221)	\$0.2179	(\$358,494)
Nov-14	a	534	623	89	16,930	7,248	2.3357	9,605	22,436	1,996,765	\$0.2179	\$435,095
Dec-14	a	857	772	(85)	18,299	7,351	2.4893	9,687	24,114	(2,049,671)	\$0.2179	(\$446,623)
Jan-15	a	963	1,077	114	19,152	7,359	2.6027	9,727	25,316	2,885,997	\$0.2179	\$628,859
Feb-15	a	854	1,128	274	17,801	7,339	2.4255	9,737	23,619	6,471,480	\$0.2179	\$1,410,135
Mar-15	a	702	816	114	17,305	7,395	2.3402	9,737	22,787	2,597,742	\$0.2179	\$566,048
Apr-15	a	393	313	(80)	14,840	7,362	2.0158	9,714	19,582	(1,566,541)	\$0.2179	(\$341,349)
May-15	e	150	140	(10)	13,831	7,234	1.9119	9,548	18,255	(182,550)	\$0.2179	(\$39,778)
TOTAL		4,744	5,065	321						8,508,002		\$1,853,894

**Total
All Groups**

										TOTAL THERMS	MARGIN IMPACT
Oct-14	a									(6,882,481)	(\$1,999,285)
Nov-14	a									8,360,848	\$2,433,700
Dec-14	a									(9,201,709)	(\$2,688,901)
Jan-15	a									13,148,253	\$3,844,598
Feb-15	a									29,430,089	\$8,598,979
Mar-15	a									11,788,614	\$3,445,649
Apr-15	a									(7,633,481)	(\$2,245,869)
May-15	e									(805,745)	(\$235,327)
TOTAL										38,204,387	\$11,153,544

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

² 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.

New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2015
CIP Recovery Tests
Summary

Step 1: Determine Weather and Non-Weather CIP Impacts

	<u>Weather</u>	<u>Non-Weather</u>	<u>Total</u>
CIP Group 1	\$ -	\$ (157,874)	\$ (157,874)
CIP Group 2	\$ (8,626,319)	\$ (2,029,732)	\$ (10,656,051)
CIP Group 3	\$ (673,331)	\$ 795,314	\$ 121,983
CIP Group 4	\$ (1,853,894)	\$ 6,625,166	\$ 4,771,272
Total Deficiency/(Credit)	\$ (11,153,544)	\$ 5,232,874	\$ (5,920,670)

Step 2: Apply Modified BGSS Savings Test

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

Non-Weather Impact	\$ 5,232,874
75% Factor	<u>75%</u>
Subtotal	\$ 3,924,656
Prior Year Carry-Forward (Modified BGSS Savings Test)	\$ -
Non-weather Impact Subject to Test	\$ 3,924,656

B. BGSS Savings

Permanent Capacity Savings	\$ 12,043,561
Additional Capacity BGSS Savings	\$ -
Avoided Cost BGSS Savings	<u>\$ 1,121,166</u>
Total BGSS Savings	\$ 13,164,727

C. Results

Non-Weather Impacts Passing Test (current accrual)	\$ 5,232,874
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

Notes:

(1) Derivation of Avoided Cost BGSS Savings detailed on supporting schedule

New Jersey Natural Gas Company
Conservation Incentive Program Filing
Year ended September 30, 2015
CIP Recovery Tests
Summary

Step 3: Apply Variable Margin Revenue Test

<u>A. Non-weather Impact Subject to Variable Margin Revenue Test</u>	
Non-Weather Impact	\$ 5,232,874
Prior Year Carry-Forward (Variable Margin Revenue Test)	\$ -
Non-weather Impact Subject to Test	\$ 5,232,874
<u>B. Variable Margin Revenues</u>	
Variable Margin Revenues	\$ 197,359,221
6.5% Factor	6.5%
Total Fixed Recovery Cap	\$ 12,828,349
<u>C. Results</u>	
Non-Weather Impacts Passing Test (current accrual)	\$ 5,232,874
Non-Weather Impacts Passing Test (prior year carry-forward)	\$ -
Non-Weather Impacts Exceeding Test	\$ -

Notes:

- (1) Variable margin revenues equal to the actual number of customers multiplied by the Benchmark UPC and multiplied by the margin revenue factor

Step 4: Determine Recoverable Non-Weather CIP Impacts

<u>A. Current Year Accrual Recoverable Non-Weather Impacts</u>	
Amount Passing Modified BGSS Savings Test	\$ 5,232,874
Amount Passing Variable Margin Revenue Test	\$ 5,232,874
Recoverable Amount	\$ 5,232,874
<u>B. Previous Carry-Forward Recoverable Amounts</u>	
Amount Passing Modified BGSS Savings Test	\$ -
Amount Passing Variable Margin Revenue Test	\$ -
Deduction for any amount also included in above	\$ -
	\$ -
Total Non-Weather Recoverable CIP Amount	<u><u>\$ 5,232,874</u></u>

New Jersey Natural Gas
CIP Recovery Tests
CIP BGSS Savings

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

I. Permanent BGSS Savings

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

II. Additional Capacity BGSS Savings

<u>CIP Recovery</u>	<u>Year</u>	<u>Annual \$</u>
	2015-2016	\$ -

III. Avoided Capacity

<u>CIP Recovery</u>	<u>Year</u>	<u>Annual \$</u>
	2015-2016	\$ 1,121,166

VI. Total of all Savings

<u>CIP Recovery</u>	<u>Permanent Capacity Savings</u>	<u>Additional Capacity BGSS Savings</u>	<u>Avoided Cost BGSS Savings</u>	<u>Annual \$</u>
Year				
2015-2016	\$ 12,043,561	\$ -	\$ 1,121,166	\$ 13,164,727

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

Month (a)	Base Year Customer Count (b)	Current Year Customer Count (c)	Net Increase/ (Decrease) Customer Count (d) = (b) / (c)	Baseline Use / Cust. (e)	Avoided Capacity (f) = (d) * (e)
Group 1: RSG Non-Heating					
October	16,343	15,892	(451)	20	(8,832)
November	16,048	15,573	(475)	24	(11,602)
December	15,912	15,499	(413)	21	(8,715)
January	15,836	15,429	(407)	22	(8,959)
February	15,759	15,367	(392)	18	(6,852)
March	15,688	15,309	(379)	17	(6,561)
April	15,726	15,321	(405)	8	(3,074)
May	16,125	15,863	(262)	8	(2,175)
June	16,590	16,429	(161)	13	(2,042)
July	16,675	16,523	(151)	19	(2,936)
August	16,626	16,522	(104)	18	(1,834)
September	16,373	16,439	66	19	1,275
Subtotal				206.9	(62,308)
				Average Per Unit BGSS Capacity Cost	<u>0.1377</u>
Total Group 1 Avoided Capacity Cost BGSS Savings					(8,580)
Group 2: RSG Heating					
October	446,439	453,597	7,158	51	365,055
November	447,823	455,435	7,613	97	741,461
December	449,072	456,892	7,821	168	1,316,219
January	449,885	457,896	8,011	190	1,525,384
February	450,487	458,760	8,273	166	1,375,830
March	450,989	459,164	8,175	137	1,119,138
April	451,220	459,279	8,059	78	625,357
May	451,321	459,215	7,895	41	325,259
June	451,454	459,371	7,917	25	201,100
July	451,798	459,855	8,057	24	194,171
August	452,298	460,472	8,175	24	192,921
September	452,651	461,176	8,525	26	222,506
Subtotal				1028.3	8,204,401
				Average Per Unit BGSS Capacity Cost	<u>0.1377</u>
Total Group 2 Avoided Capacity Cost BGSS Savings					1,129,746
Total Avoided Capacity Cost BGSS Savings					1,121,166

Notes:

- (1) Base Year Customer Count is equal to the test year customer count used to set base rates in a base rate case
- (2) Until a base rate case is implemented, the Base Year Customer Count shall be the actual customer count for the period October 2013 - September 2014
- (3) Current Year Customer Count is equal to the customer count in the CIP accrual year.
- (4) The average per unit BGSS Capacity Cost represents the average of all capacity costs in the BGSS portfolio included in the annual BGSS filing for the prospective BGSS year. This value is used as a proxy for the avoided cost of incremental capacity.

New Jersey Natural Gas
CIP Recovery Tests
Variable Margin

Group I	\$1,037,044
Group II	\$148,957,306
Group III	\$10,025,133
Group IV	<u>\$37,339,737</u>
Total Variable Margin	\$197,359,221

Customer Class	Actual/ Estimate	Number of Customers	Baseline Use / Cust.	Margin Factor	Variable Revenue
<u>Residential Non-Heating</u>					
October	a	15,892	19.6	\$0.3163	\$98,523
November	a	15,573	24.4	\$0.3163	\$120,188
December	a	15,499	21.1	\$0.3163	\$103,438
January	a	15,429	22.0	\$0.3163	\$107,364
February	a	15,367	17.5	\$0.3163	\$85,060
March	a	15,309	17.3	\$0.3163	\$83,768
April	a	15,321	7.6	\$0.3163	\$36,830
May	e	15,863	8.3	\$0.3163	\$41,644
June	e	16,429	12.7	\$0.3163	\$65,995
July	e	16,523	19.4	\$0.3163	\$101,391
August	e	16,522	17.6	\$0.3163	\$91,974
September	e	16,439	19.4	\$0.3163	<u>\$100,871</u>
Total			206.9		\$1,037,044
<u>Residential Heating</u>					
October	a	453,597	51.0	\$0.3163	\$7,317,102
November	a	455,435	97.4	\$0.3163	\$14,030,877
December	a	456,892	168.3	\$0.3163	\$24,321,888
January	a	457,896	190.4	\$0.3163	\$27,576,137
February	a	458,760	166.3	\$0.3163	\$24,131,098
March	a	459,164	136.9	\$0.3163	\$19,882,489
April	a	459,279	77.6	\$0.3163	\$11,272,940
May	e	459,215	41.2	\$0.3163	\$5,984,292
June	e	459,371	25.4	\$0.3163	\$3,690,598
July	e	459,855	24.1	\$0.3163	\$3,505,399
August	e	460,472	23.6	\$0.3163	\$3,437,278
September	e	461,176	26.1	\$0.3163	<u>\$3,807,209</u>
Total			1,028.3		\$148,957,306
<u>GSS</u>					
October	a	26,031	79.6	\$0.2778	\$575,611
November	a	26,844	99.9	\$0.2778	\$744,984
December	a	27,367	214.1	\$0.2778	\$1,627,708
January	a	27,543	254.6	\$0.2778	\$1,948,036
February	a	27,647	235.2	\$0.2778	\$1,806,411
March	a	27,735	187.6	\$0.2778	\$1,445,424
April	a	27,653	96.8	\$0.2778	\$743,628
May	e	27,408	47.2	\$0.2778	\$359,378
June	e	26,922	24.9	\$0.2778	\$186,225
July	e	26,531	27.4	\$0.2778	\$201,946
August	e	26,353	38.0	\$0.2778	\$278,192
September	e	26,346	14.7	\$0.2778	<u>\$107,588</u>
Total			1,320.0		\$10,025,133
<u>GSL</u>					
October	a	9,490	1,059.1	\$0.2179	\$2,190,048
November	a	9,605	2,026.2	\$0.2179	\$4,240,848
December	a	9,687	2,591.6	\$0.2179	\$5,470,331
January	a	9,727	3,012.6	\$0.2179	\$6,385,180
February	a	9,737	2,687.9	\$0.2179	\$5,703,149
March	a	9,737	2,090.8	\$0.2179	\$4,436,139
April	a	9,714	1,251.1	\$0.2179	\$2,648,176
May	e	9,548	803.7	\$0.2179	\$1,672,084
June	e	9,507	564.1	\$0.2179	\$1,168,561
July	e	9,490	541.0	\$0.2179	\$1,118,704
August	e	9,478	485.2	\$0.2179	\$1,002,050
September	e	9,483	631.3	\$0.2179	<u>\$1,304,468</u>
Total			17,744.6		\$37,339,737

**NEW JERSEY NATURAL GAS COMPANY
CONSERVATION INCENTIVE PROGRAM
EARNINGS TEST
OCTOBER 1, 2014 THROUGH SEPTEMBER 30, 2015
SIX MONTH ACTUAL, SIX MONTH ESTIMATE**

BPU DOCKET No. GR1506_____

	(000's)
Net Income	\$79,564
Less:	
Net earnings from margin sharing, net of tax	8,873
Other income, net of tax	3,783
Net Income - Earnings Test	\$66,908
Average Thirteen Month Common Equity	760,497
Actual Rate of Return on Common Equity	8.80%

EXHIBIT D

CALCULATION OF REVISED BALANCING CHARGE

FOR F/Y 2016

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

	\$000
<u>Balancing Charge related to Inventory¹</u>	
12 month Average inventory balance (TETCO storages and LNG)	\$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
<u>Balancing Charge related to Demand Charges²</u>	
Pipeline Demand Charges	\$114,047
Adjustments (BGSS Incentive Credits)	<u>(\$42,036)</u>
Total	\$72,011
% of Peak Related to Balancing	<u>53.2%</u>
Balancing	\$38,335
Annual Firm Therms (000)	<u>647,237</u>
Pre-tax Balancing Charge	\$0.0592
<u>Total Balancing Charge</u>	
Pre-tax Balancing Charge related to Inventory	\$0.0043
Pre-tax Balancing Charge related to Demand Charges	<u>\$0.0592</u>
Total Pre-tax Balancing Charge	\$0.0635
Total After-tax Balancing Charge	\$0.0679
Current After-tax Balancing Charge	<u>\$0.0750</u>
Increase/(Decrease) to After-tax Balancing Charge	(\$0.0071)
<u>Calculation of % of Peak Related to Balancing</u>	
	000 therms
Peak Day Therms	8,851
Average Therms on a January Day	<u>4,139</u>
Balancing Therms	4,712
% of Peak	53.2%

¹ 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.

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

EXHIBIT E

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

FOR F/Y 2016

**New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR1506
FY 2016**

(\$/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	\$0.4490	\$0.4804	\$0.4490	\$0.4804	\$0.0000	\$0.0000
CIP	Delivery Price	<u>(0.0306)</u>	<u>(0.0327)</u>	<u>(0.0377)</u>	<u>(0.0403)</u>	<u>(0.0071)</u>	<u>(0.0076)</u>
NET IMPACT		<u>\$0.4184</u>	<u>\$0.4477</u>	<u>\$0.4113</u>	<u>\$0.4401</u>	<u>(\$0.0071)</u>	<u>(\$0.0076)</u>

Price Impact for Group II - Residential Heating Customers							
	Component of	Current ¹		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.4490	\$0.4804	\$0.4490	\$0.4804	\$0.0000	\$0.0000
CIP	Delivery Price	<u>(0.0217)</u>	<u>(0.0232)</u>	<u>(0.0209)</u>	<u>(0.0224)</u>	<u>0.0008</u>	<u>0.0008</u>
NET IMPACT		<u>\$0.4273</u>	<u>\$0.4572</u>	<u>\$0.4281</u>	<u>\$0.4580</u>	<u>\$0.0008</u>	<u>\$0.0008</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	\$0.4490	\$0.4804	\$0.4490	\$0.4804	\$0.0000	\$0.0000
CIP	Delivery Price	<u>0.0095</u>	<u>0.0102</u>	<u>0.0120</u>	<u>0.0128</u>	<u>0.0025</u>	<u>0.0026</u>
NET IMPACT		<u>\$0.4585</u>	<u>\$0.4906</u>	<u>\$0.4610</u>	<u>\$0.4932</u>	<u>\$0.0025</u>	<u>\$0.0026</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	<u>0.0267</u>	<u>0.0286</u>	<u>0.0317</u>	<u>0.0339</u>	<u>0.0050</u>	<u>0.0053</u>
NET IMPACT		<u>\$0.0267</u>	<u>\$0.0286</u>	<u>\$0.0317</u>	<u>\$0.0339</u>	<u>\$0.0050</u>	<u>\$0.0053</u>

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

Periodic BGSS projected annual therms	451,626 (000s)
CIP Group I projected annual therms	2,969 (000s)
CIP Group II projected annual therms	465,589 (000s)
CIP Group III projected annual therms	34,047 (000s)
CIP Group IV projected annual therms	140,687 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$216.96	\$216.96	\$0.00
CIP Group I	(\$0.10)	(\$0.12)	(\$0.02)
CIP Group II	(\$10.80)	(\$10.43)	\$0.37
CIP Group III	\$0.35	\$0.44	\$0.09
CIP Group IV	<u>\$4.02</u>	<u>\$4.77</u>	<u>\$0.75</u>
IMPACT	<u>\$210.43</u>	<u>\$211.62</u>	<u>\$1.19</u>

New Jersey Natural Gas Company
Net impact of Proposed Rate Changes
BPU Docket No. GR1506
F/Y 2016

(\$/therm)

	Current			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.4490	\$0.4490	\$0.4490	\$0.4490	\$0.4490	\$0.4490
After-tax Periodic BGSS	\$0.4804	\$0.4804	\$0.4804	\$0.4804	\$0.4804	\$0.4804
Less: Balancing	<u>(\$0.0750)</u>	<u>(\$0.0750)</u>	<u>(\$0.0750)</u>	<u>(\$0.0679)</u>	<u>(\$0.0679)</u>	<u>(\$0.0679)</u>
BGSS Price To Compare	<u>\$0.4054</u>	<u>\$0.4054</u>	<u>\$0.4054</u>	<u>\$0.4125</u>	<u>\$0.4125</u>	<u>\$0.4125</u>

<u>Impact on Residential Non-Heating Customers</u>				
25 therm bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.4694	\$11.74	
BGSS		\$0.4054	\$10.14	
Total		<u>\$0.8748</u>	<u>\$30.12</u>	
Proposed prices- effective 10/1/15				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.4547	\$11.37	
BGSS		\$0.4125	\$10.31	
Total		<u>\$0.8672</u>	<u>\$29.93</u>	
Decrease			(\$0.19)	
Decrease as a percent			(0.63%)	
<u>Impact on Residential Heating Customers</u>				
100 therm bill 1000 therm annual bill				
Current Prices				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.4789	\$47.89	\$478.90
BGSS		\$0.4054	\$40.54	\$405.40
Total		<u>\$0.8843</u>	<u>\$96.68</u>	<u>\$983.30</u>
Proposed prices- effective 10/1/15				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.4726	\$47.26	\$472.60
BGSS		\$0.4125	\$41.25	\$412.50
Total		<u>\$0.8851</u>	<u>\$96.76</u>	<u>\$984.10</u>
Increase			\$0.08	\$0.80
Increase as a percent			0.08%	0.08%
<u>Impact on Commercial GSS Customers</u>				
100 therm bill				
Current Prices				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4711	\$47.11	
BGSS		\$0.4054	\$40.54	
Total		<u>\$0.8765</u>	<u>\$112.65</u>	
Proposed prices- effective 10/1/15				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4666	\$46.66	
BGSS		\$0.4125	\$41.25	
Total		<u>\$0.8791</u>	<u>\$112.91</u>	
Increase			\$0.26	
Increase as a percent			0.23%	
<u>Impact on Commercial GSL Customers</u>				
1200 therm bill				
Current Prices				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4255	\$510.60	
BGSS (May 2015)		\$0.3234	\$388.08	
Total		<u>\$0.7489</u>	<u>\$1,114.18</u>	
Proposed prices- effective 10/1/15				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4237	\$508.44	
BGSS (May 2015)		\$0.3305	\$396.60	
Total		<u>\$0.7542</u>	<u>\$1,120.54</u>	
Increase			\$6.36	
Increase as a percent			0.57%	

**NEW JERSEY NATURAL GAS COMPANY
SUMMARY OF PERIODIC BGSS COMPONENTS
BPU DOCKET NO GR1506 _____**

October 1, 2015
through
September 30, 2016
\$000

ESTIMATED UNDER/(OVER) RECOVERED GAS COSTS AT 10/1/15 (Exhibit B, Schedule 1)	<u><u>(\$5,775)</u></u> A
ESTIMATED NET COSTS APPLICABLE TO BGSS (Exhibit B, Schedule 2a)	<u><u>\$232,238</u></u> B
ESTIMATED ADJUSTMENTS	
Interruptible (Sch.4a)	\$0
Sayreville (Sch.4b)	(\$10)
Forked River (Sch.4c)	(\$31)
Transportation(Sch.4d)	(\$1,786)
FRM Program (Sch 4i)	\$0
Storage Incentive (Sch. 4j)	\$2,885
Off-System Sales (Sch.4e)	(\$4,250)
Capacity Rel. (Sch.4f)	(\$37,909)
Supplier Ref. and Miscellaneous Adj. (Sch.5)	\$0
Balancing Credits and Penalty Charges (Sch.4g)	(\$7,734)
Ocean Peaking Power (Sch. 4h)	(\$1,208)
TOTAL ADJUSTMENTS	<u><u>(\$50,043)</u></u> C
ESTIMATED UNDER/(OVER) RECOVERY AT 9/30/2016 (Exhibit B Schedule 1)	<u><u>\$9</u></u> D
A/C Sales Recovery	\$46
Monthly BGSS Sales Recovery	\$32,889
FEED	\$212
Bill Credit	(\$59,516)
ESTIMATED OTHER RECOVERY (Exhibit B Schedule 2b)	<u><u>(\$26,369)</u></u> E
ESTIMATED TOTAL EXCESS COSTS TO BE RECOVERED (Exhibit B Schedule 2b)	<u><u>\$202,780</u></u> A+B+C-D-E=F
BGSS Sales	523,084
A/C Sales {May - Sep}	135
Monthly BGSS Sales	70,847
FEED	476
ESTIMATED PERIODIC BGSS THERM SALES (Exhibit B Schedule 2b)	<u><u>451,626</u></u> G
PRE-TAX PERIODIC BGSS FACTOR PER THERM	<u><u>\$0.4490</u></u> F/G=H

EXHIBIT F

PROPOSED TARIFF SHEETS

NEW JERSEY NATURAL GAS COMPANY

Twenty-~~Fifth~~~~Fourth~~ Revised Sheet No. 51

BPU No. 8 - Gas

Superseding Twenty-~~Fourth~~~~Third~~ 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 \$~~0.47890~~.4726

Residential Non-Heating

Delivery Charge per therm \$~~0.46940~~.4547

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: ~~May 21, 2015~~
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

**Effective for service rendered on
and after ~~October~~June 1, 2015**

*Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GR1506 ~~14091047~~*

NEW JERSEY NATURAL GAS COMPANY

~~Twenty-First~~ **Second** Revised Sheet No. 54

BPU No. 8 - Gas

~~Superseding Twenty-First~~ **Superseding Twentieth** 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 ~~\$0.35580~~ **0.3487**

May - October ~~\$0.29870~~ **0.2916**

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: ~~May 21, 2015~~
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

Twenty-~~Fifth~~~~Fourth~~ Revised Sheet No. 56

BPU No. 8 - Gas

Superseding Twenty-~~Fourth~~~~Third~~ 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 ~~\$0.4711~~ 0.4666

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

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NEW JERSEY NATURAL GAS COMPANY

Twenty-~~Fifth~~~~Fourth~~ Revised Sheet No. 59

BPU No. 8 - Gas

Superseding Twenty-~~Fourth~~~~Third~~ Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

AVAILABILITY

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

CHARACTER OF SERVICE

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

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to HMAD \$1.50

Delivery Charge:

Delivery Charge per therm \$0.42550.4237

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

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NEW JERSEY NATURAL GAS COMPANY

Twenty-~~Fifth~~^{Fourth} Revised Sheet No. 65

Superseding Twenty-~~Fourth~~^{Third} Revised Sheet No. 65

BPU No. 8 - Gas

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL

AVAILABILITY

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

CONDITIONS PRECEDENT

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

MONTHLY RATES

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<u>Customer Charge:</u>		
Customer Charge per meter per month	\$40.00	\$40.00
<u>Demand Charge:</u>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<u>Delivery Charge per therm:</u>		
November - April	\$0.2655 <u>0.2584</u>	\$0.1905
May - October	\$0.2327 <u>0.2256</u>	\$0.1577

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

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

MINIMUM MONTHLY CHARGE

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

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NEW JERSEY NATURAL GAS COMPANY

~~Nineteenth~~~~Eighteenth~~ Revised Sheet No. 71

BPU No. 8 - Gas

Superseding ~~Eighteenth~~~~Seventeenth~~ 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 \$~~0.29780~~.2907

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.

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NEW JERSEY NATURAL GAS COMPANY

Eighty-Ninth~~Eightth~~ Revised Sheet No. 155

BPU No. 8 - Gas

Superseding Eighty-Eighth~~Seventh~~ Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<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	\$0.4804 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, DGC, ED	Included in the Delivery Charge	\$0.07500 <u>0.0679</u> per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<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, 2014	\$0.7809
June 1, 2014	\$0.7611
July 1, 2014	\$0.7366
August 1, 2014	\$0.6706
September 1, 2014	\$0.6873
October 1, 2014	\$0.4747
November 1, 2014	\$0.4860
December 1, 2014	\$0.6126
January 1, 2015	\$0.4781
February 1, 2015	\$0.4686
March 1, 2015	\$0.4921
April 1, 2015	\$0.4034
May 1, 2015	\$0.3984

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

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NEW JERSEY NATURAL GAS COMPANY

~~Fourteenth~~^{Thirteenth} Revised Sheet No. 156

BPU No. 8 - Gas

Superseding ~~Thirteenth~~^{Twelfth} Revised Sheet No. 156

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$0. 0270 ⁰²⁶⁵) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
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: ~~September 30, 2014~~
 Issued by: Mark R. Sperduto, Senior Vice President
 Wall, NJ 07719

Effective for service rendered on and after October 1, 201~~5~~⁴

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Eighth~~^{Seventh} Revised Sheet No. 182
~~Superseding Seventh~~^{Sixth} Revised Sheet No. 182

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

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

Group I (RS non-heating):	(\$ 0.03270 <u>0.0403</u>)
Group II (RS heating):	(\$ 0.02320 <u>0.0224</u>)
Group III (GSS, ED using less than 5,000 therms annually):	\$ 0.01020 <u>0.0128</u>
Group IV (GSL, ED using 5,000 therms or greater annually):	\$ 0.02860 <u>0.0339</u>

For the recovery of the October 201~~43~~⁴ through September 201~~54~~⁴ CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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NEW JERSEY NATURAL GAS COMPANY

~~Thirtieth Twenty-Ninth~~ Revised Sheet No. 252

BPU No. 8 - Gas

Superseding ~~Twenty-Eighth~~ 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	
 <u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
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				Rider I
		(0.02320.	(0.02320.0224	
		0224))	
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.34790.3	0.34790.3487	
		487		
<i>Balancing Charge</i>	b	0.07500.0	0.07500.0679	Rider A
		679		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
Delivery Charge (DEL)	a+b+c=d	0.47890.4	0.47890.4726	
		726		
 <u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	0.07500.0	x	
		679		
BGS	e-f=g	0.40540.4	x	
		125		

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirtieth~~~~Twenty-Ninth~~ Revised Sheet No. 252
Superseding ~~Twenty-Eighth~~ 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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirtieth Twenty-Ninth~~ Revised Sheet No. 253
~~Superseding Twenty-Ninth Eighth~~ 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	
 <u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
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		(0.03270.	(0.03270.0403	Rider I
		0403))	
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
 <i>Total Transport Rate</i>	 a	 0.33840.3 <u>308</u>	 0.33840.3308	
 <i>Balancing Charge</i>	 b	 0.07500.0 <u>679</u>	 0.07500.0679	Rider A
 <i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
 <i>Total SBC</i>	 c	 <u>0.0560</u>	 <u>0.0560</u>	
 Delivery Charge (DEL)	 a+b+c=d	 0.46940.4 <u>547</u>	 0.46940.4547	
 <u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	0.07500.0 <u>679</u>	x	
 BGS	 e-f=g	 0.40540.4 <u>125</u>	 x	

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

***~~Thirtieth~~~~Twenty-Ninth~~ Revised Sheet No. 253
Superseding ~~Twenty-Ninth~~~~Eighth~~ Revised Sheet No. 253***

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-~~Eighth~~^{Seventh} Revised Sheet No. 254
Superseding Twenty-~~Seventh~~^{Sixth} Revised Sheet No. 254

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<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	<i>0.2248</i>	<i>0.1677</i>	
<i>Balancing Charge</i>	b	0.0750 <u>0.0679</u>	0.0750 <u>0.0679</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
Delivery Charge (DEL)	a+b+c=d	0.3558 <u>0.3487</u>	0.2987 <u>0.2916</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.4804	0.4804	Rider A
Less: Balancing	f	0.0750 <u>0.0679</u>	0.0750 <u>0.0679</u>	
BGS	e-f=g	0.4054 <u>0.4125</u>	0.4054 <u>0.4125</u>	

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

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

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NEW JERSEY NATURAL GAS COMPANY

~~Thirty-First~~^{Thirtieth} Revised Sheet No. 255

BPU No. 8 - Gas

Superseding ~~Thirtieth~~^{Twenty-Ninth} Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

		<u>Bundled</u> <u>Sales</u>	<u>Transport</u> <u>Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2778	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		0.01020.0 <u>128</u>	0.01020.0128	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.34010.3 <u>427</u>	0.34010.3427	
<i>Balancing Charge</i>	b	0.07500.0 <u>679</u>	0.07500.0679	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
Delivery Charge (DEL)	a+b+c=d	0.47110.4 <u>666</u>	0.47110.4666	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	0.07500.0 <u>679</u>	x	
BGS	e-f=g	0.40540.4 <u>125</u>	x	

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NEW JERSEY NATURAL GAS COMPANY

~~Thirty-First~~~~Thirtieth~~ Revised Sheet No. 255

BPU No. 8 - Gas

Superseding ~~Thirtieth~~~~Twenty-Ninth~~ Revised Sheet No. 255

SUMMARY OF FIRM COMMERCIAL 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.

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NEW JERSEY NATURAL GAS COMPANY

One Hundred ~~Fourth~~^{Third} Revised Sheet No. 256

BPU No. 8 - Gas

Superseding One Hundred ~~Third~~^{Second} Revised Sheet No. 256

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>	<u>Sales</u>	
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<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		0.02860.0	0.02860.0339	Rider I
		<u>339</u>		
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.29450.2	0.29450.2998	
		<u>998</u>		
<i>Balancing Charge</i>	b	0.07500.0	0.07500.0679	Rider A
		<u>679</u>		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
Delivery Charge (DEL)	a+b+c=d	0.42550.4	0.42550.4237	
		<u>237</u>		
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.3984	X	Rider A
Less: Balancing	f	0.07500.0	X	
		<u>679</u>		
BGS	e-f=g	0.32340.3	X	
		<u>305</u>		

Date of Issue: ~~May 21, 2015~~
 Issued by: Mark R. Spurduto, Senior Vice President
 Wall, NJ 07719

Effective for service rendered on
 and after ~~October~~^{June} 1, 2015

Filed pursuant to
 Order of the Board of Public Utilities entered in
 Docket No. GR1506 ~~14091047~~

NEW JERSEY NATURAL GAS COMPANY

One Hundred ~~Fourth~~^{Third} Revised Sheet No. 256

BPU No. 8 - Gas

Superseding One Hundred ~~Third~~^{Second} 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: ~~May 21, 2015~~
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

**Effective for service rendered on
and after ~~October~~^{June} 1, 2015**

Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GR1506 ~~14091047~~

NEW JERSEY NATURAL GAS COMPANY

~~Twenty-Sixth~~ Revised Sheet No. 258

BPU No. 8 - Gas

~~Superseding Twenty-Fifth~~ 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>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0951	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		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
DGC-FT Delivery Charge (DEL)	a+b=c	0.1905	0.1577	
Balancing Charge	b	0.07500.0679	0.07500.0679	
DGC-Balancing Delivery Charge (DEL)	a+b+c=d	<u>0.26550.2584</u>	<u>0.23270.2256</u>	

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

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

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

Date of Issue: ~~May 21, 2015~~
 Issued by: Mark R. Spurduto, Senior Vice President
 Wall, NJ 07719

Effective for service rendered on
 and after ~~October~~ June 1, 2015

NEW JERSEY NATURAL GAS COMPANY

Ninety-~~Eighth~~^{Seventh} Revised Sheet No. 259

Superseding Ninety-~~Seventh~~^{Sixth} Revised Sheet No. 259

BPU No. 8 - Gas

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>				
<i>Transport Rate:</i>				
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
<i>Total Transport Rate</i>	a	<i>0.1668</i>	<i>0.1668</i>	
<i>Balancing Charge</i>	b	0.07500.0679	0.07500.0679	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
Delivery Charge (DEL)	a+b+c=d	0.29780.2907	0.29780.2907	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.3984	X	Rider A
Less: Balancing	f	0.07500.0679	X	
BGS	e-f=g	0.32340.330	X	
		<u>5</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: ~~May 21, 2015~~
 Issued by: ~~Mark R. Spurduto, Senior Vice President~~
 Wall, NJ 07719

Effective for service rendered on
 and after ~~October~~^{June} 1, 2015

Filed pursuant to
 Order of the Board of Public Utilities entered in
 Docket No. GR1506 ~~14091047~~

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. GR1506_____

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2015, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2015–2016 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 changes 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 adjust its CIP factors effective October 1, 2015. The impact of the CIP rate change for a residential heating customer using an average of 100 therms per month will be an **increase of \$0.08 per month or 0.08 percent**. A copy of the filing is available at 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 \$0.0071 per therm effective October 1, 2015. 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 (\$0.71) per month, or (0.7) 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, 2015, 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 June 1, 2015	Proposed Bill as of October 1, 2015	BGSS	CIP	Net Increase/ (Decrease)	BGSS	CIP	Net Increase/ (Decrease)
Residential Heat Sales	100	\$96.68	\$96.76	\$0.00	\$0.08	\$0.08	0.0%	0.08%	0.08%
Residential Non-Heat Sales	25	\$30.12	\$29.93	\$0.00	(\$0.19)	(\$0.19)	0.0%	(0.63%)	(0.63%)
General Service - Small	100	\$112.65	\$112.91	\$0.00	\$0.26	\$0.26	0.0%	0.23%	0.23%
General Service - Large	1200	\$1,114.18	\$1,120.54	\$0.00	\$6.36	\$6.36	0.0%	0.57%	0.57%

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, 2015, and to a maximum of 5 percent of the total residential bill, effective February 1, 2016. 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, 2015	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$96.76	\$106.68	\$9.92	10.3%
Residential Non-Heat Sales	25	\$29.93	\$32.41	\$2.48	8.3%
General Service - Small	100	\$112.91	\$122.83	\$9.92	8.8%

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 for the following dates, times and places:

August , 2015 at 4:30 and 5:30 pm.
 Rockaway Township Municipal Building
 Conference Room
 65 Mt. Hope Road
 Rockaway, NJ 07866

August , 2015 at 4:30 and 5:30 p.m.
 Freehold Township Municipal Building
 Conference Room
 One Municipal Plaza, Schanck Road
 Freehold, NJ 07728-3099

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed rate changes. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Irene Kim Asbury, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, P.O. Box 350, Trenton, NJ 08625-0350. Copies of NJNG's June 1, 2015, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 9th Floor, Trenton, NJ 08625-0350.

Andrew K. Dembia, Esq.
New Jersey Natural Gas

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

JAYANA S. SHAH

MANAGING DIRECTOR - GAS SUPPLY

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION INCENTIVE
PROGRAM (CIP) FACTORS FOR F/Y 2016
BPU DOCKET NO. GR1506_____**
Direct Testimony of Jayana S. Shah

I. Background and Purpose

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

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

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

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

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

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

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

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

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

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

- 15 • discuss current conditions in natural gas markets that may affect the Company's
16 BGSS pricing and BGSS incentive programs;
- 17 • describe and detail how the Company actively manages and optimizes its gas supply
18 and capacity portfolio on a daily, monthly and seasonal basis throughout the year to
19 provide reliable service to customers at a reasonable cost, including steps it has taken
20 to hedge its projected BGSS winter period sales requirements; and
- 21 • provide the basis for and a narrative explanation of the significant drivers of the
22 BGSS rate which the Company is proposing through this proceeding to be approved
23 and effective October 1, 2015. I am also sponsoring a number of exhibits that
24 provide the requisite detail and support for the projected gas costs and forecasted
25 sales in this case consistent with the annual Minimum Filing Requirements ("MFRs")
26 that were established in the Generic BGSS Order.

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

28 **A.** The balance of my testimony is organized as follows:
29 Section II: Current Market Conditions and Impact to BGSS

1 Section III: Optimization Strategy
2 Section IV: Periodic BGSS Pricing effective October 1, 2015
3 Section V: Minimum Filing Requirements (“MFR”) Supporting Data and Information
4 Section VI: Conclusion
5

6 **II. Current Market Conditions and Impact to BGSS**

7 **Q. PLEASE DESCRIBE ANY CHANGES IMPACTING AVAILABLE NATURAL**
8 **GAS SUPPLIES.**

9 **A.** Over the last several years, natural gas production from unconventional sources, such as
10 shale, has fundamentally changed the gas supply and transportation infrastructure in the
11 United States and will continue to do so. United States dry natural gas production grew
12 by 5.6 Bcf/day to 82.3 Bcf/d between 2014 and 2015.¹ Marcellus Shale production grew
13 by 2.83 Bcf/day to 16.32 Bcf/day.² 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. The Northeast region is poised to become a possible net
17 exporter of natural gas in 2016. During the second half of 2015, a total of 2.83 Bcf/d of
18 incremental capacity is expected in service from the Northeast to Midwest and
19 MidAtlantic markets.³ Fourteen pipeline projects are planned through 2017 that would
20 provide 11.3 Bcf/day of new supply takeaway capacity.⁴ Some of these pipeline projects
21 are displayed on the following map.

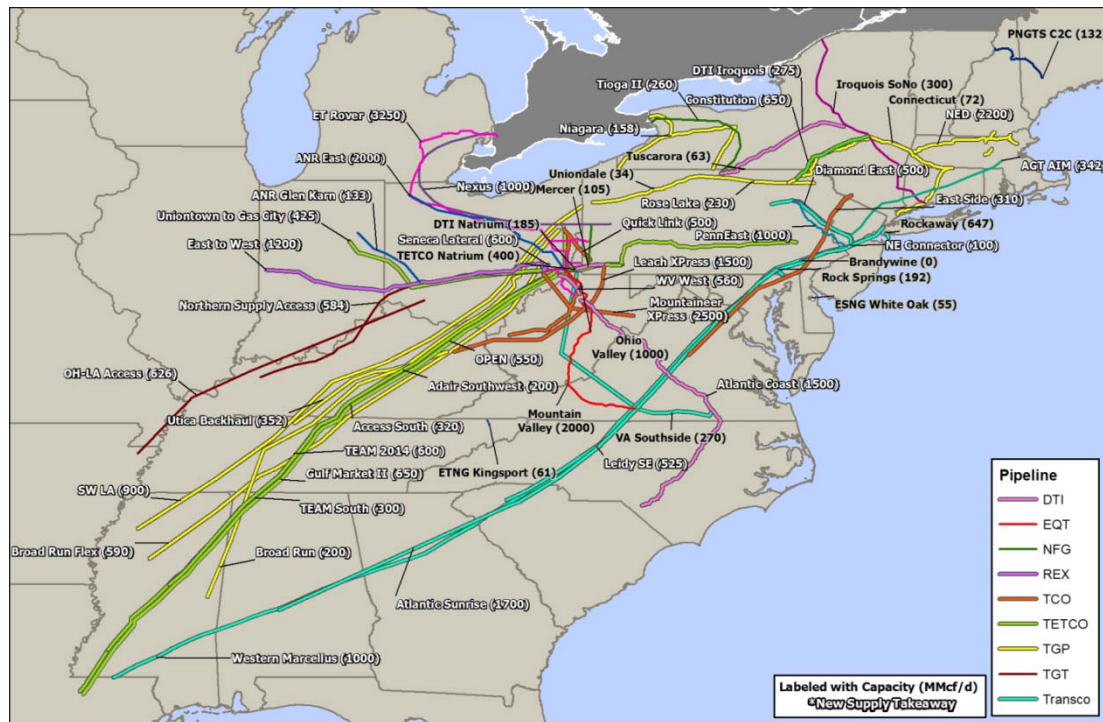
¹ Bentek Supply and Demand Daily published May 1, 2015

² Id.

³ Bentek Bi-Weekly Northeast Observer Expansions Report published May 1, 2015

⁴ Id.

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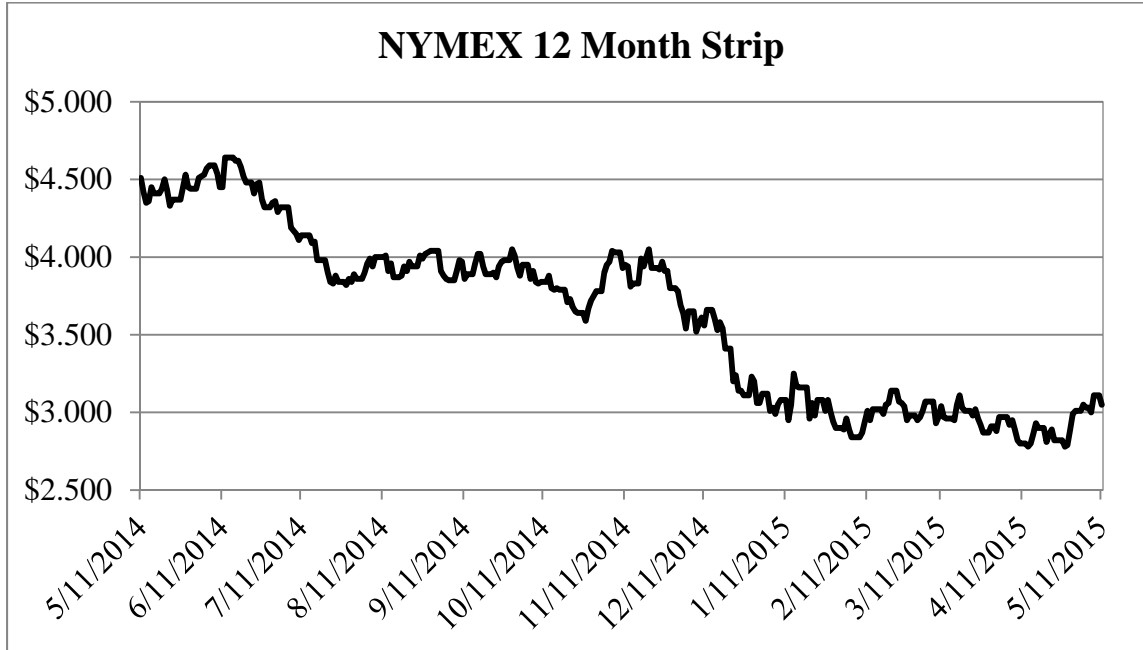
2014-2018 Pipeline Expansion Projects Map⁵

2

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

5 **A.** The 12 month natural gas New York Mercantile Exchange (“NYMEX”) strip price (the
 6 average of the monthly futures prices for a 12 month period) for the period ending May
 7 11, 2015 demonstrates the volatile nature of the current natural gas market. As shown in
 8 the chart below, since NJNG’s BGSS filing last year, the NYMEX strip has averaged
 9 approximately \$3.62 per dekatherm (“dth”) with a high of \$4.64 per dth on June 12, 2014
 10 and a low of \$2.78 on April 27, 2015 , including daily settlement price swings as high as
 11 21 cents per dth. The 12 month NYMEX strip settled at \$3.045 per dth on May 11, 2015,
 12 which is the date requested by BPU Staff to be used for the underlying gas cost
 13 assumption where applicable for this year’s BGSS filing.

⁵ Bentek Bi-Weekly Northeast Observer Expansions Report published May 1, 2015



1
2 **Q. HOW ARE MARCELLUS SHALE SUPPLIES AND MARKET AREA ASSETS**
3 **BENEFITING THE BGSS CUSTOMERS?**

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

11 The Company's transport and storage assets are positioned to flow supply from
12 Marcellus Shale. The Texas Eastern Transmission ("TETCO") M2 zone runs through the
13 Marcellus Shale and the Company has been able to buy production gas at the meter
14 points on TETCO assets. The Tennessee Gas Pipeline ("TENN") transportation assets in
15 the Company's portfolio also allow the receipt of Marcellus Shale production along the
16 TENN Zone 4 300 line. Columbia Gas Transmission ("COLUM"), Transcontinental Gas
17 Pipeline ("TRANSCO"), and Algonquin Gas Transmission ("AGT") have also been

1 receiving gas from Marcellus Shale. The majority of the market area assets of the
2 Company are positioned to take advantage of the natural gas produced in the Marcellus
3 Shale.

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

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

14 **Q. HAS THE COMPANY ENTERED INTO ANY NEW PIPELINE CONTRACTS**
15 **RELATED TO PRECEDENT AGREEMENTS FOR PIPELINE EXPANSION**
16 **PROJECTS?**

17 **A.** Yes. NJNG executed service agreements with Columbia Gas Transmission on January 6,
18 2015 related to the East Side Expansion Project. In September 2012, NJNG signed a
19 precedent agreement with Columbia Gas Transmission for 40,000 dths/day of East Side
20 Expansion project capacity expected to be in-service by September 2015. The project
21 receipt points from Tennessee Gas Pipeline and Millennium Pipeline provide access to
22 lower cost supply from Marcellus Shale. The peak day study shows a need for long-term
23 supply to maintain a 3-5% reserve for NJNG’s Northern Division, the supply area for this
24 agreement. The expected in-service date for the project capacity has been updated to
25 November 1, 2015.

26 **Q. HAS THE COMPANY ENTERED INTO ANY PRECEDENT AGREEMENTS**
27 **FOR PIPELINE EXPANSION PROJECTS?**

28 **A.** Yes. In June 2014, NJNG signed a precedent agreement with Transcontinental Gas
29 Pipeline Company for 180,000 dths/day of Garden State Expansion project capacity.

1 This capacity will provide for increased reliability for NJNG's service territory in
2 Monmouth and Ocean counties in conjunction with NJNG's Southern Reliability Link
3 ("SRL").⁶

4 In August 2014, NJNG signed a precedent agreement with PennEast Pipeline
5 Company for 180,000 dths/day of capacity. The capacity will increase access to
6 Marcellus supply. The pipeline capacity has the ability to deliver into four of the five
7 interstate pipelines on which NJNG has citygate stations.

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

10 **A.** Yes. On April 16, 2015, the Federal Energy Regulatory Commission (FERC) issued a
11 Final Rule concerning the coordination of scheduling processes of interstate natural gas
12 pipelines and start of the Gas Day to better coordinate the scheduling practices of the
13 natural gas and electricity industries. NJNG had joined in American Gas Association
14 (AGA) Comments to FERC filed in November 2014 where AGA supported the
15 recommended standards developed by the North American Energy Standards Board
16 (NAESB). In the final order, FERC adopted the timely, evening and intraday nomination
17 schedule proposed by NAESB. The timely nomination deadline will change from 11:30
18 am to 1:00 pm Central Clock Time (CCT). The changed scheduling process may
19 increase costs of pipelines and local distribution companies through expenses associated
20 with increased staffing, information technology changes, and higher operating
21 costs. These proposed changes will also likely lead to increased rates paid on the
22 interstate pipelines which those pipelines may seek to recover through Natural Gas Act
23 Section 4 General rate cases.

24 AGA did not support a change to the current Gas Day as FERC proposed in their
25 March 2014 Notice of Proposed Rulemaking (NOPR) to move the start of the Gas Day to
26 4:00 am CCT from its current 9:00 am CCT start time. FERC's Final Rule made no
27 change to the start of the current Gas Day.

⁶ On April 2, 2015, NJNG submitted a petition requesting approval and authorization to construct and operate the Southern Reliability Link (SRL) in BPU Docket No. GO15040403.

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III. Optimization Strategy

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

A. NJNG’s Gas Supply team holds regular monthly supply operations setup meetings and regular daily morning planning and afternoon recap meetings with NJNG Gas Control personnel to discuss the operational strategies that will best serve customer needs, taking into consideration the current market, weather, and other gas supply operations issues. NJNG’s Gas Supply team also routinely meets with NJNG’s Engineering and Operations personnel throughout the year to coordinate system operations with both winter and summer supply operations. Weather conditions, system limitations and requirements, market prices, storage status, pipeline constraints, market opportunities, and other demand/supply issues are reviewed and analyzed daily by the Gas Supply team in order to ensure the optimal use of NJNG’s portfolio of contract assets, including gas supply, transportation, and storage.

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

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

To that end, NJNG’s Gas Supply team meets daily with Gas Control to identify the Company’s actual gas needs at the city gate and to determine whether any capacity will not be necessary to meet customer requirements on that gas day. The Gas Supply team then finds either off-system sales or capacity release opportunities to generate value from such available capacity. On a monthly basis, the Gas Supply team meets with Gas

1 Control and discusses the system's average, maximum, and minimum load requirements
2 for the next month based on historical usage and weather patterns. Following the
3 monthly meeting, the NJNG trading team secures supply for the city gate and works to
4 optimize the value, through off-system sales or capacity releases, of capacity that will not
5 be needed to meet the Company's city gate requirements projected for the next month.
6 Similarly, on a seasonal basis, the Gas Supply team meets with Gas Control and
7 Engineering to discuss seasonal system requirements. Therefore, in each set up scenario
8 – whether daily, monthly or seasonal – the Gas Supply team's goal is to optimize the use
9 and value of the Company's gas supply, transportation and storage assets to secure
10 savings for the Company's BGSS customers, while maintaining city gate reliability.

11 **Q. WHAT ADDITIONAL STEPS IS THE COMPANY TAKING NOW TO HELP**
12 **MAINTAIN PRICE STABILITY FOR THE UPCOMING 2015-2016 WINTER**
13 **HEATING SEASON?**

14 **A.** In the normal course of the gas procurement function, NJNG's Gas Supply team has
15 hedged approximately 63 percent of the projected winter period send-out of
16 approximately 34.5 Bcf with 21.75 Bcf of fixed price positions as part of the Storage
17 Incentive ("SI") program for the upcoming summer's injections. Another 9.8 percent of
18 the normal weather winter heating season requirements will be hedged by the end of the
19 2015 summer through the use of the fixed priced storage inventory that is not part of the
20 SI program.

21
22 **IV. Periodic BGSS Pricing for October 2015**

23 **Q. WHAT PERIODIC BGSS PRICING CHANGE DOES THE COMPANY**
24 **PROPOSE TO IMPLEMENT EFFECTIVE OCTOBER 1, 2015?**

25 **A.** Through this filing, NJNG is proposing to maintain its current pre-tax Periodic BGSS
26 recovery price of \$4.490 per dth (\$0.4490 per therm) for the 2016 BGSS year effective
27 October 1, 2015.

28

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

3 **A.** Over the years, through the efforts of Board Staff, the Rate Counsel and NJNG, BGSS
4 incentive programs have been established that mitigate both the impacts of commodity
5 prices and the volatility in the natural gas market for natural gas customers. The
6 Company's current BGSS incentive programs include Off-System Sales ("OSS") and
7 Capacity Release ("CR") programs, Financial Risk Management ("FRM") program, and
8 SI program. These programs have been approved by the Board through October 31, 2015,
9 pursuant to an August 18, 2011 Order in Docket No. GR11040195. On March 27, 2015,
10 NJNG filed for approval of the continuation of its current margin sharing incentive
11 programs. The BGSS forecast in this filing includes the NJNG BGSS incentives in
12 Exhibits A and B as if they continue through the 2016 BGSS period.

13 With respect to margin credits, margins generated from Interruptible Sales,
14 Interruptible Transport, Ocean Peaking Power transport, and the Sayreville and Forked
15 River electric generation sales are included as 100 percent credits to the BGSS customers.

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

18 **A.** If approved by the Board, the requested pre-tax Periodic BGSS rate of \$4.490 per dth
19 (\$0.4490 per therm) continuing through the 2016 BGSS year would result in a BGSS
20 over-recovery of approximately \$59.5 million at current market conditions. In order to
21 address the over-recovery, the Company has included estimated bill credits in Exhibit B
22 in the amount of \$59.5 million for the November 2015 to February 2016 period based on
23 current market pricing. The Company will provide advance notice of the bill credit
24 amount to the BPU and Rate Counsel in the fall of 2015 in accordance with the Generic
25 BGSS pricing mechanism described below. The projected bill credit amount will target a
26 minimal over- or under-recovery balance at September 30, 2016. However, a change in
27 the NYMEX futures of \$1 per dth would change the Company's over-or under-recovery
28 balance and bill credit forecast. A \$1 change in the NYMEX futures prices would cause

1 an approximate \$25 million change to the September 30, 2016 balance and bill credit
2 forecast.

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

13 As market conditions change, NJNG will continue to manage the hedged
14 positions and storage dispatch to minimize BGSS costs. The Company will continue to
15 consider the utilization of bill credits, refunds and the self-implementing BGSS price
16 adjustments to manage the projected September 2016 over/under recovery balance.

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

19 **A.** The company has not entered into any new transactions. However, two transactions
20 NJNG entered into with a producer in the Marcellus Region beginning November 1, 2012
21 for supply management and capacity management were extended for an additional two
22 year period per a rollover option under the original agreement. The additional term of the
23 agreements is November 1, 2015 through October 31, 2017. The transactions provide for
24 continued demand cost savings.

25

1 **V. Minimum Filing Requirements (“MFR”) Supporting Data and Information**

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

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

6 **Q. DOES NJNG HAVE ANY GAS SUPPLY TRANSACTIONS WITH AN**
7 **AFFILIATE?**

8 **A.** Yes. As mentioned in NJNG’s 2015 BGSS filing in BPU Docket No. GR14060537,
9 NJNG has a pre-arranged release with NJRES of 80,000 dth per day of TETCO firm
10 transportation capacity effective April 1, 2014 through March 31, 2016. Additionally,
11 NJNG has continued the following pre-arranged releases with NJRES: (1) 80,000 dth per
12 day of TETCO firm transportation capacity effective November 1, 2014 through October
13 31, 2015 and (2) various amounts of firm capacity on Tennessee, Dominion, Stagecoach
14 Storage, and TETCO effective April 1, 2015 through March 31, 2016. Under these
15 agreements, NJNG can purchase commodity from NJRES. These releases are included in
16 Schedule 4f, Income Sharing Derived from Capacity Release, of Exhibits A and B,
17 attached to this filing.

18 **Q. WILL THE COMPANY BE PROVIDING ADDITIONAL INFORMATION FOR**
19 **MFRs?**

20 **A.** Yes. The Company will file workpapers with additional information for MFRs under
21 separate cover shortly. Additionally, pursuant to an MFR agreed to and approved in the
22 Company’s last BGSS/CIP filing in BPU Docket No. GR14060537, NJNG will provide
23 documentation for the evaluation of capacity portfolio changes, extensions of terms of
24 existing contracts, and releases of capacity to an affiliate, and the decisions associated
25 with those evaluations. NJNG will provide the information under separate cover
26 pursuant to a confidentiality agreement.

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VI. Conclusion1
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16**Q. PLEASE SUMMARIZE YOUR BGSS TESTIMONY.**

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

NJNG is requesting approval to maintain its current pre-tax Periodic BGSS rate of \$4.490 per dth (\$0.4490 per therm). The Company will continue to consider utilization of bill credits, refunds and the self-implementing price adjustments to manage the upcoming September 2016 over/under recovery balance.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?**A.** Yes.

JSS Exhibits

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

Exhibit JSS-1
Page 1 of 3

NEW JERSEY NATURAL GAS COMPANY
GAS SUPPLY AND COST SUMMARY

	Algonquin Mdth	Columbia Mdth	Tennessee Mdth	Transco Mdth	Tetco Mdth	Storage AMA Mdth	Dominion Mdth	Hedged Mdth	FEED Mdth	PSEG Mdth	Other Mdth	Demand Mdth	Storage Mdth	LNG Mdth	Total Mdth
May-15	0	0	780	887	2,115	0	1,240	0	4	0	718	0	(3,306)	17	2,455
Jun-15	0	0	755	858	1,569	0	1,200	0	4	0	983	0	(3,199)	18	2,188
Jul-15	0	0	780	887	1,599	0	1,240	0	4	0	983	0	(3,306)	17	2,205
Aug-15	0	0	780	887	1,570	0	1,240	0	4	0	895	0	(3,306)	17	2,087
Sep-15	0	266	755	858	1,290	0	1,200	0	4	0	629	0	(3,199)	18	1,821
Oct-15	0	465	780	887	2,194	0	1,240	0	4	0	608	0	(3,282)	18	2,914
Nov-15	0	450	755	558	1,335	252	0	0	4	0	850	0	1,623	16	5,843
Dec-15	130	465	780	698	358	333	0	0	4	0	1,378	0	5,583	78	9,807
Jan-16	167	465	780	698	1,409	333	0	0	4	1	2,753	0	6,212	250	13,073
Feb-16	126	435	730	653	747	311	0	0	4	0	1,378	0	5,811	77	10,273
Mar-16	0	465	780	577	898	333	0	0	4	0	760	0	3,875	17	7,708
Apr-16	0	450	1,077	558	3,222	0	1,800	0	4	0	718	0	(3,524)	17	4,321
May-16	0	465	1,113	577	1,370	0	1,860	0	4	0	718	0	(3,641)	17	2,482
Jun-16	0	450	1,077	558	839	0	1,800	0	4	0	983	0	(3,524)	18	2,205
Jul-16	0	465	1,113	577	845	0	1,860	0	4	0	983	0	(3,641)	17	2,223
Aug-16	0	465	1,113	577	816	0	1,860	0	4	0	895	0	(3,641)	17	2,105
Sep-16	0	450	1,077	558	823	0	1,800	0	4	0	629	0	(3,524)	18	1,836

Exhibit JSS-1
Page 2 of 3

	Algonquin	Columbia	Tennessee	Transco	Tetco	Storage AMA	Dominion	Hedged	FEED	PSEGE	Other	Demand	Storage	LNG	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
May-15	0	0	800	888	2,931	0	1,662	4,171	18	0	1,558	4,287	(5,221)	157	11,250
Jun-15	0	0	987	1,058	2,570	0	1,985	3,319	18	0	2,182	4,428	(10,657)	160	6,049
Jul-15	0	0	1,084	1,168	2,858	0	2,181	3,215	18	0	2,355	4,287	(10,713)	146	6,598
Aug-15	0	0	1,077	1,158	2,776	0	2,145	3,080	18	0	2,178	4,287	(9,772)	142	7,088
Sep-15	0	323	953	1,011	2,010	0	1,837	3,339	18	0	1,541	4,428	(9,595)	146	6,011
Oct-15	0	616	1,049	1,120	3,668	0	2,032	8,164	18	0	1,582	4,302	(10,869)	143	11,827
Nov-15	0	744	1,229	906	2,944	418	0	0	18	0	2,225	5,046	5,000	125	18,653
Dec-15	492	859	1,419	1,448	857	551	0	0	18	0	3,744	4,907	17,202	608	32,105
Jan-16	1,291	953	1,574	1,577	3,660	551	0	0	18	3	7,792	4,907	19,142	1,949	43,416
Feb-16	806	898	1,482	1,482	1,951	516	0	0	18	0	4,045	5,185	17,904	600	34,888
Mar-16	0	923	1,524	1,124	2,274	551	0	0	18	0	2,283	4,907	11,940	133	25,675
Apr-16	0	861	2,028	1,015	7,187	0	3,934	(33)	18	0	2,180	6,764	(7,798)	133	16,289
May-16	0	802	1,889	942	2,743	0	3,721	(30)	18	0	2,025	6,682	(7,241)	133	11,682
Jun-16	0	774	1,824	909	1,678	0	3,595	(22)	18	0	2,569	6,764	(6,979)	125	11,255
Jul-16	0	845	1,991	995	1,771	0	3,891	(14)	18	0	2,672	6,682	(7,551)	107	11,406
Aug-16	0	792	1,866	930	1,617	0	3,684	(27)	18	0	2,374	6,682	(7,136)	99	10,899
Sep-16	0	732	1,724	858	1,570	0	3,429	(26)	18	0	1,760	6,764	(6,654)	98	10,273

Exhibit JSS-1
Page 3 of 3

	Algonquin	Columbia	Tennessee	Transco	Tetco	Storage AMA	Dominion	Hedged	FEED	PSEG	Other	Demand	Storage	LNG	Total
	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	\$/dth	
May-15			1,0256	1,0010	1,3861		1,3400		4,3600		2,1698		1,5794	9,2425	4,5825
Jun-15			1,3075	1,2328	1,6383		1,6545		4,3600		2,2193		3,3315	8,8780	2,7644
Jul-15			1,3896	1,3175	1,7868		1,7590		4,3600		2,3952		3,2411	8,5910	2,9926
Aug-15			1,3804	1,3059	1,7676		1,7300		4,3600		2,4343		2,9564	8,3474	3,3957
Sep-15		1,2149	1,2622	1,1782	1,5589		1,5310		4,3600		2,4482		2,9986	8,1373	3,3003
Oct-15		1,3255	1,3448	1,2637	1,6718		1,6390		4,3600		2,6041		3,3120	7,9535	4,0585
Nov-15		1,6527	1,6273	1,6235	2,2058	1,6571			4,3600		2,6175		3,0805	7,7942	3,1925
Dec-15	3,7751	1,8472	1,8184	2,0735	2,3978	1,6571			4,3600		2,7162		3,0812	7,7942	3,2735
Jan-16	7,7133	2,0495	2,0171	2,2580	2,5974	1,6571			4,3600	2,7398	2,8306		3,0812	7,7942	3,3210
Feb-16	6,3895	2,0638	2,0312	2,2677	2,6116	1,6571			4,3600		2,9358		3,0812	7,7942	3,3962
Mar-16		1,9844	1,9533	1,9486	2,5332	1,6571			4,3600		3,0027		3,0812	7,7942	3,3308
Apr-16		1,9133	1,8833	1,8187	2,2309		2,1855		4,3600		3,0384		2,2132	7,7942	3,7693
May-16		1,7238	1,6972	1,6331	2,0031		2,0005		4,3600		2,8211		1,9886	7,7942	4,7071
Jun-16		1,7203	1,6937	1,6296	1,9996		1,9970		4,3600		2,6137		1,9805	6,9247	5,1037
Jul-16		1,8175	1,7893	1,7249	2,0956		2,0920		4,3600		2,7178		2,0738	6,2807	5,1318
Aug-16		1,7034	1,6771	1,6130	1,9829		1,9805		4,3600		2,6530		1,9598	5,8306	5,1782
Sep-16		1,6260	1,6011	1,5373	1,9066		1,9050		4,3600		2,7958		1,8883	5,4585	5,5952

**New Jersey Natural Gas Company
Historical Service Interruptions
for BGSS Year 2015
(MFR#10)**

Tariff Condition	Period	Applicable Service Classes	# of cust	Reason(s)
Interruption	1/7/15 - 1/10/15	Interruptible Transportation & Interruptible Sales	30	Operational
	1/26/15 - 2/2/15	Interruptible Transportation & Interruptible Sales	30	Operational
	2/5/15 - 2/6/15	Interruptible Transportation & Interruptible Sales	30	Operational
	2/12/2015 - 2/20/15	Interruptible Transportation & Interruptible Sales	30	Operational
	2/23/15 - 2/28/15	Interruptible Transportation & Interruptible Sales	30	Operational
	3/5/15 - 3/6/15	Interruptible Transportation & Interruptible Sales	29	Operational
Daily Balancing¹	1/6/2015	Interruptible Transportation & Interruptible Sales	30	Operational
	1/13/15 - 1/14/15	Interruptible Transportation & Interruptible Sales	30	Operational
	1/16/15 - 1/17/15	Interruptible Transportation & Interruptible Sales	30	Operational
	2/3/15	Interruptible Transportation & Interruptible Sales	30	Operational
	2/10/15 - 2/11/15	Interruptible Transportation & Interruptible Sales	30	Operational

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

EXHIBIT JSS-3

CENTRAL DIVISION															
Month	Day	NORTHERN DIVISION					CENTRAL DIVISION								
		Texas Eastern	Algonquin	Tennessee	Columbia	NORTH	Texas Eastern	Transco	NJNG LNG	CENTRAL	TOTAL				
									SENDOUT	SENDOUT	Interruptible	Electric Generation	FIRM SENDOUT	NOAA DEGREE DAYS	
Feb'15	15	41,114	18,050	37,625	15,418	112,207	482,121	126,218	84,204	692,543	804,750	499	87,297	716,954	56
Feb'15	20	31,241	18,810	43,165	12,556	105,772	516,418	124,519	40,045	680,982	786,754	401	105,744	680,609	54
Jan'15	7	28,761	14,883	41,951	18,610	104,205	449,746	144,552	57,783	652,081	756,286	177	120,848	635,261	50
Feb'15	19	32,353	18,771	43,024	12,492	106,640	512,467	96,486	22,449	631,402	738,042	458	64,480	673,104	54
Jan'15	8	22,301	16,599	37,282	19,543	95,725	452,088	154,117	1,487	607,692	703,417	248	130,023	573,146	45
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

**FISCAL YEAR 2015
STATUS OF NJNG INTERVENTIONS ON ALL PIPELINES**

ALGONQUIN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/29/14	RP15-136-000	Accepted November 25, 2014 Order	Plain Vanilla Intervention	Annual FRQ (Fuel) Filing
1/27/15	RP15-362-000	Pending	Plain Vanilla Intervention	Clean-Up Filing (438 pages)
2/23/15	RP15-495-000	Accepted March 17, 2015 Order	Plain Vanilla Intervention	Statements of Negotiated Rates Tariff Volume (will be similar filings for other Spectra pipes)

CNYOG (STAGECOACH)

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
11/24/14	RP15-200-000	Accepted December 16, 2014 Order	Plain Vanilla Intervention	Negotiated Rate Agreements with Southwestern Energy Services, Carrizo (Marcellus) & Anadarko Energy Services – receipt & delivery point modifications at Millennium interconnect – Dec 1, 2014
3/30/15	RP15-742-000	Pending	Plain Vanilla Intervention	Petition for Declaratory Order
5/5/15	RP15-970-000	Pending	Plain Vanilla Intervention	Tariff Filing to add a “PAL” Rate Schedule and Form of Service Agreement for Interruptible “PAL” Services

COLUMBIA GAS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/1/14	RP15-6-000	Accepted October 31, 2014 Order	Plain Vanilla Intervention	Filing to revise Section 19 Penalties Provision of GTC
10/10/14	RP15-47-000	November 20, 2014 Order Accepting & Suspending Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Negotiated & Non-Conforming Service Agreements – West Side Expansion (mentions CCRM)
10/31/14	RP15-108-000	Accepted November 21, 2014 Order	Plain Vanilla Intervention	Penalty Crediting Mechanism Revisions Filing

10/31/14	RP15-110-000	November 25, 2014 Order (OTRA extension rejected)	Plain Vanilla Intervention	OTRA Tariff Modification Filing (extend OTRA thru March 31, 2019)
10/31/14	RP15-112-000	Accepted November 19, 2014 Order	Plain Vanilla Intervention	Winter OTRA Rates Semi-Annual Tariff Filing
11/4/14	CP15-11-000	Pending	Plain Vanilla Intervention	Filing to replace 5.4 miles of 8 inch bare steel of Line 1655 with 6.5 miles of new 10 inch pipe (modernization program)
11/4/14	CP15-12-000	Pending	Plain Vanilla Intervention	Broad Run Connector Project – increase capacity by 582,000 dts/day – 1 Neg. Rate Customer – Columbia proposes rolled-in rate treatment - \$29.7 mm (involves CCRM)
12/1/14	RP15-232-000	Accepted December 16, 2014 Order	Plain Vanilla Intervention	Section 4 Update Filing – related to RP14-1193 – shift from auction to open season process
12/29/14	RP15-284-000	Accepted January 20, 2015 Order	Plain Vanilla Intervention	Annual Environmental Filing (RP95-408)
12/29/14	RP15-285-000	Pending	Plain Vanilla Intervention	Penalty Revenue Crediting Report for 2013-2014 contract year (no FERC Notice for Report)
12/30/14	RP15-296-000	Accepted January 29, 2015 Order	Plain Vanilla Intervention	Annual CCRM Filing
2/12/15	CP15-87-000	Pending	Plain Vanilla Intervention	Notice of Application for Utica Access Project in W.V. - 205,000 dts/day to a key pooling point for an unnamed shipper - \$45.3mm – starts from DTI Cornwell Compressor – TCO has acquired 205,000 dts/day of capacity from DTI (related to DTI CP15-7) -also adds firm gas supply to TCO Pool — in service date Nov 1, 2016
2/20/15	CP15-95-000	Pending	Plain Vanilla Intervention	CP Application for Tri-County Project to replace approx. 34 miles of pipe in Pa. – bare steel related to modernization - \$136mm – requesting pre-determination for rolled-in rate treatment
2/27/15	RP15-553-000	Accepted March 19, 2015 Order	Plain Vanilla Intervention	Annual EPCA Filing
2/27/15	RP15-554-000	Accepted – Subject to Conditions March 31, 2015 Order -	Plain Vanilla Intervention	Annual TCRA Filing

2/27/15	RP15-555-000	Accepted March 31, 2015 Order Subject to Condition	Plain Vanilla Intervention	Annual Fuel (RAM) Filing
2/27/15	RP15-571-000	Pending	Plain Vanilla Intervention	2014 Operational Transactions Report
03/27/15	CP15-133-000	Pending	Plain Vanilla Intervention	Application to abandon by sale to Mountaineer approx. 16.15 miles of Line SM-108 in W.V. as well as service currently provided through the facilities
4/1/15	RP15-835-000	Accepted May 7, 2015 Order	Plain Vanilla Intervention	Compliance Filing (re-docketed) from RP15-554 Annual TCRA Filing
4/1/15	RP15-838-000	Accepted April 28, 2015 Order	Plain Vanilla Intervention	Summer 2015 OTRA Filing
4/2/15	CP15-150-000	Pending	Plain Vanilla Intervention	Application to Modify Line WB2VA (WB2VA Integrity Project) – in WV & VA - \$34mm - This project was voted in during TCO's Modernization meeting in June 2014.
4/7/15	CP15-160-000	Pending	Plain Vanilla Intervention	Notice of Application of Columbia & KO Transmission for E System Project – Modernization Program - replacing bare steel – requesting pre-determination for rolled-in rates - \$119.5mm (TCO share is \$61.4mm)
5/1/15	RP15-284-000	Pending	Plain Vanilla Intervention	Environmental Report (from RP95-408 settlement)

COLUMBIA GULF

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/21/14	RP15-55-000	November 20, 2014 Order Accepting & Suspending Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Negotiated & Non-Conforming Service Agreements – West Side with Antero (mentions delivery point shift volumes to interconnect with Tetco & Transco)
10/31/14	RP15-109-000	Accepted November 21, 2014 Order	Plain Vanilla Intervention	Penalty Crediting Mechanism Revisions Filing
1/30/15	RP15-410-000	Accepted February 24, 2015 Order	Plain Vanilla Intervention	Section 4 Tariff Revisions – Availability of Capacity for Firm Services

2/27/15	RP15-557-000	Accepted March 31, 2015 Order Subject to Condition	Plain Vanilla Intervention	Annual Fuel (TRA) Filing
2/27/15	RP15-600-000	Pending	Plain Vanilla Intervention	2014 Operational Transactions Report
3/6/15	CP15-109-000	Pending	Plain Vanilla Intervention	Cameron Access Project in Louisiana – 800,000 dts/day – binding PAs for 700,000 dts/day at negotiated incremental rate - \$309.9mm – in-service date Dec 2017 - to Cameron LNG export terminal with reverse flow east to west on West Lateral System

DOMINION (DTI/CNG)

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/22/14	CP15-7-000	Pending	Plain Vanilla Intervention	Monroe to Cornwell Project CP Application – 205,000 dts/day incremental firm - \$66.4mm
12/29/14	RP01-74-008	February 5, 2015 Order Approving Modification to Settlement	Plain Vanilla Intervention	Petition of DTI to Modify Term of Gathering and Products Extraction Settlement and Requesting Expedited Action (concern of General Sec 4 rate case vs. only limited Sec 4)

IROQUOIS

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
12/31/14	RP15-299-000	Pending	Plain Vanilla Intervention	Measurement Variance/Fuel Use Factors July 1 – Dec 31, 2014
4/8/15	RP15-859-000	Accepted April 23, 2015 Order	Plain Vanilla Intervention	Capacity Release Index Pricing Supporting Publication Filing

MILLENNIUM PIPELINE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
12/1/14	RP15-234-000	December 31, 2014 Order Accepting Proposed Tariff Records Subject to Conditions -	Plain Vanilla Intervention	Calculation of Reservation Charge Credits & Voluntary Interruption Commitments

		February 9, 2015 Order		
2/20/15	RP15-487-000	Accepted March 11, 2015 Order	Plain Vanilla Intervention	Annual RAM (fuel) Filing

TENNESSEE

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/31/14	RP15-130-000	Accepted December 1, 2014 Order - February 25, 2015 Order	Plain Vanilla Intervention	Pro-Forma LMS-MA and LMS-PA Cash-Out Indices Filing
11/06/14	RP15-157-000	Accepted December 3, 2014 Order	Plain Vanilla Intervention	Clean-Up Filing to Remove PS/GHG Surcharge for FT-A Extended Transportation Service
11/25/14	RP15-210-000	Report Accepted for informational purposes December 19, 2014 Order	Plain Vanilla Intervention	2013-2014 Cashout Report & Refund Plan
1/30/15	CP15-77-000	Pending	Plain Vanilla Intervention	CP Application for Broad Run Expansion Project for up to 200,000 dt/day in the southeastern U.S. - \$406.4mm – fully subscribed to Producer Antero Resources for Nov 1, 2017 in-service date – moves gas from West Virginia & Kentucky southward
2/13/15	CP15-88-000	Pending	Plain Vanilla Intervention for NJNG - Joint Protest with NJRES, National Fuel Gas Distribution, PSEG and ETown filed by Nat Fuel	CP Application to abandon by sale 1 of 4 looped parallel pipelines to Utica Marcellus Texas Pipeline (UMTP) for conversion to natural gas liquids service
2/18/15	RP15-471-000	Accepted March 10, 2015 Order	Plain Vanilla Intervention	Zone 1 Supply Area Pooling Area Revisions
2/27/15	RP15-574-000	Accepted March 31, 2015 Order	Plain Vanilla Intervention	Fuel Tracker Filing
4/2/15	CP15-148-000	Pending	Plain Vanilla Intervention	Notice of Application for Susquehanna West Project in PA. – increase east to west delivery by 145,000 dts/day - \$156.4mm

TEXAS EASTERN

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/1/14	RP15-19-000	Accepted October 21, 2014 Order	Plain Vanilla Intervention	TEAM 2014 In-Service Non-Conforming Agreements Filing
10/1/14	RP15-20-000	Accepted October 21, 2014 Order	Plain Vanilla Intervention	TEAM 2014 Project In-Service Negotiated Rate Compliance Filing
10/1/14	RP15-22-000	Accepted October 21, 2014 Order	Plain Vanilla Intervention	TEAM 2014 Project In-Service Recourse Rates Compliance Filing
10/29/14	RP15-74-000	Accepted November 20, 2014	Plain Vanilla Intervention	Annual PCB Filing
10/30/14	RP15-78-000	Accepted November 18, 2014 Order	Plain Vanilla Intervention	Tetco TIME II Negotiated Rate Filing with PSEG ERT
10/31/14	RP15-104-000	Accepted November 20, 2014	Plain Vanilla Intervention	Chesapeake Permanent Releases (contains non-conforming provisions)
10/31/14	RP15-122-000	Accepted November 25, 2014 - Accepted Correction Filing December 18, 2014 Order	Plain Vanilla Intervention	Annual ASA (Fuel) Filing
10/31/14	RP15-124-000	Accepted November 18, 2014 Order	Plain Vanilla Intervention	Filing of Con Ed NJ-NY Releases
10/31/14	RP15-125-000	Accepted November 20, 2014	Plain Vanilla Intervention	Filing of Releases to Twin Eagle
11/20/14	RP15-190-000	Accepted December 11, 2014 Order	Plain Vanilla Intervention	NJNG Negotiated Rate Filing FT-1 TIME Contract 910230 – 100,000 dts/day – Usage \$0.0596 – 11/1/15 to 10/31/16
12/19/14	CP15-37-000	Pending	Plain Vanilla Intervention	Notice of Request Under Blanket Authorization to replace pipe to accommodate a DOT pipeline class change to Class 3 from Class 1 (3,400 feet 30 inch & 1,903 feet 36 inch) – reliability and DOT pipeline class requirements
12/30/14	RP15-294-000	Accepted January 22, 2015 Order	Plain Vanilla Intervention	Semi-Annual EPC Filing
1/16/15	RP15-347-000	Accepted February 5, 2015 Order	Plain Vanilla Intervention	Non-Conforming Agreements Cleanup (mentions SS-1 storage withdrawal ratchets quantities)

2/18/15	RP15-460-000	Accepted Subject to Condition April 15, 2015 Order -	Plain Vanilla Intervention	Mainline-Lateral Fuel Option
2/19/15	RP15-474-000	Accepted March 24, 2015 Order	Plain Vanilla Intervention	Statements of Negotiated Rates Tariff Volume (will be similar filings for other Spectra pipes) 1,322 pages
2/19/15	CP15-90-000	Pending	Plain Vanilla Intervention	Gulf Markets Expansion Project for 650,000 dts/day to Gulf Coast of Louisiana & Texas - Tetco proposes rolled-in rate treatment and to charge existing recourse rates – cost approx. \$149.1mm
2/27/15	RP15-539-000	Accepted March 18, 2015 Order	Plain Vanilla Intervention	Non-Conforming Negotiated Rate Agreement with BP Energy – (receipts by displacement and if not then by physical flow)
3/3/15	CP15-103-000	Pending	Plain Vanilla Intervention	CP Application to abandon by sale to EnCrescent certain pipeline facilities (4 & 2 miles) in Texas and Louisiana- states no impact on certificated capacity and no reduction in service
3/9/15	RP15-625-000	Accepted March 26, 2015 Order	Plain Vanilla Intervention	Move Negotiated Rates to new volume – mentions NJNG Contract 910230
3/27/15	RP15-709-000	Accepted April 13, 2015 Order	Plain Vanilla Intervention	Negotiated Rates Filing – Chevron TEAM2014 long-term releases eff April 1, 2015 (250,000 dts)
3/31/15	RP15-807-000	Accepted April 22, 2015 Order	Plain Vanilla Intervention	Non-Conforming Agreements for April 2015 Filing
4/13/15	RP15-878-000	Accepted May 6, 2015 Order	Plain Vanilla Intervention	Non-Conforming and Negotiated Rate Agreement – Infinite Energy (Marietta SA)
4/29/15	RP15-927-000	Pending	Plain Vanilla Intervention	Modification of Exhibits to FT-1 Service Agreements (to accommodate receipt or delivery of gas by displacement language)

TRANSCO

Filing Date	Docket	Order Date/Status	Type of Intervention	Description of Filing
10/1/14	RP15-18-000	Accepted October 16, 2014 Order	Plain Vanilla Intervention	Filing to Revise Maximum Daily Delivery Point and Maximum Daily Facility Group

				Entitlements (DPE Filing)
10/21/14	RP15-56-000	Accepted November 25, 2014 Order	Plain Vanilla Intervention	Virginia Southside Expansion initial recourse rates filing (Z6-Z5)
10/22/14	RP15-60-000	Pending	Plain Vanilla Intervention	2014 Penalty Sharing Report
11/5/14	RP15-148-000	Accepted November 25, 2014 Order	Plain Vanilla Intervention	Filing re: GTC Section 39 Shipper Consent Timeline
11/18/14	CP15-16-000	Pending	Plain Vanilla Intervention	Hillabee Expansion Project in Alabama – 43.5 miles looping – abandon 1.13 Bcf/day by lease to Sabal Trail Transmission (CP15-17)
12/15/14	CP15-29-000	Pending	Plain Vanilla Intervention	Gulf Trace Expansion Project to backhaul 1.2 Bcf/day from Station 65 to Sabine Pass LNG Export Terminal in Louisiana – in-service date Jan 1, 2017 - \$278mm – fully subscribed to Sabine Pass 20 year primary term
1/29/15	RP15-403-000	Accepted February 19, 2015 Order	Plain Vanilla Intervention	Leidy Southeast Project Initial Rate Filing (also mentions interim service)
2/18/15	CP15-89-000	Pending	Intervention & Comments in Support	Garden State Expansion Project for NJNG – 180,000 dts/day in 2 phases (20,000 Nov 2016 & 160,000 Nov 2017) - \$116mm
2/18/15	RP15-461-000	Accepted March 31, 2015 Order	Plain Vanilla Intervention	Pro-Forma Rate Schedule FTP Filing (Firm Transportation – Production Area)
2/18/15	RP15-462-000	Accepted March 10, 2015 Order	Plain Vanilla Intervention	Woodbridge Delivery Lateral Initial Rate Filing
2/19/15	RP15-473-000	Accepted March 26, 2015 Order	Plain Vanilla Intervention	Mobile Bay South III Expansion Initial Rate Filing
2/23/15	RP15-498-000	Accepted March 19, 2015 Order	Plain Vanilla Intervention	Annual Fuel Tracker Filing
2/26/15	RP15-518-000	Accepted March 19, 2015 Order	Plain Vanilla Intervention	Annual EPCA Filing
3/18/15	RP15-656-000	Accepted April 7, 2015 Order	Plain Vanilla Intervention	LSS & SS-2 Fuel Tracking Filing (from Nat Fuel)
3/19/15	CP15-117-000	Pending	Plain Vanilla Intervention	Dalton Expansion Project (and Dalton Lateral) for 448,000 dts/day from a pooling point in Mercer County NJ to a LDC (AGL 240,000) to interconnect with Gulf South and power plant Oglethorpe Power (208,000) in Georgia – fully subscribed by the 2 shippers - \$471.9mm – in-service date

				May 1, 2017
3/23/15	CP15-118-000	Pending	Plain Vanilla Intervention	Virginia Southside Expansion Project II for 250,000 dts/day from pooling point in Mercer County NJ (165,000) and in VA (85,000) to a power plant in Greensville County VA – Virginia Power has signed up for all the capacity - \$190.8mm – Transco asking to combine rate treatment for this with prior Virginia Southside Expansion authorized in 2013 – in-service date Dec 1, 2017
3/31/15	CP15-138-000	Pending	Plain Vanilla Intervention	Atlantic Sunrise Project for 1.7 Bcf dts/day from northern PA Zone 6 to Station 85 Alabama Zone 4 - Construction and Ownership Agreement with Meade Pipeline to jointly own Central Penn Line (North & South) – 9 Project shippers – fully subscribed – in service July 1, 2017 – cost \$2.588 billion w/Transco share \$1.839 billion
4/17/15	RP15-896-000	Pending	Plain Vanilla Intervention	Annual Adjustment to SS-2 Storage Gas Balances Filing (Inventory Adjustment)

Contract Changes

Transportation capacity contracts extended:

Pipeline	Contract	Maximum Daily Quantity (DTH)	Extended Start Date	Extended End Date
Algonquin	510478	12,000	Jul-2015	Jun-2016
Dominion	200447	5,000	Apr-2016	Mar-2017
Dominion	200583	15,000	Apr-2016	Mar-2017
Tenn	311622	25,000	Apr-2015	Mar-2018
Tetco	8696	27,000	Jun-2016	May-2017
Tetco	8697	9,498	Nov-2015	Oct-2016
Tetco	330789	10,789	Apr-2016	Mar-2017
Tetco	331500	35,000	Apr-2016	Mar-2017
Tetco	331724	35,487	Apr-2016	Mar-2017
Tetco	331821	9,555	Apr-2016	Mar-2017
Tetco	800506	12,000	Nov-2015	Oct-2016
Tetco	910060	40,000	Nov-2015	Oct-2016
Tetco	910064	1,060	Nov-2015	Oct-2016
Tetco	910230	100,000	Nov-2015	Oct-2016
Tetco	910240	59,790	Nov-2015	Oct-2016
Tetco	910508	20,000	Nov-2015	Oct-2016
Tetco	910593	10,559	Nov-2015	Oct-2016
Transco	1000628	5,000	Jan-2016	Dec-2016
Transco	1000674	3,250	Jan-2016	Dec-2016
Transco	1003834	10,350	Jan-2016	Dec-2016
Transco	1010444	3,391	Jan-2016	Feb-2017

Storage capacity contracts extended:

Storage	Contract	Maximum Storage Quantity (DTH)	Extended Start Date	Extended End Date
Dominion	600031	4,353,382	Apr-2017	Mar-2018
Stagecoach	NJ_SC00296FS	2,280,330	Apr-2015	Mar-2018
Stagecoach	NJ_SC00297FS	1,630,990	Apr-2015	Mar-2018
Tetco	400188	3,973,146	May-2016	Apr-2017
Tetco	412004	2,180,010	May-2016	Apr-2017
Transco	1003970	922,185	Apr-2016	Mar-2017

NEW JERSEY NATURAL GAS COMPANY

DIRECT TESTIMONY AND EXHIBITS OF

TINA M. TREBINO

DIRECTOR – RATES AND TARIFF

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR THE ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS
FOR F/Y 2016
BPU DOCKET NO. GR1506____
Direct Testimony of Tina M. Trebino**

I. Introduction

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

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

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

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

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

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

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

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

27

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, 2015; (3) CIP prices to be effective as of October 1, 2015;
10 (4) Balancing Charge to be effective as of October 1, 2015; (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, 2015.

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, bill 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 June 2, 2014, NJNG filed a petition requesting that the BPU approve NJNG's annual
4 filing for the BGSS year of October 1, 2014 through September 30, 2015 in BPU Docket
5 No. GR14060537. That petition requested that the BPU approve the continuation of the
6 pre-tax periodic BGSS price of \$0.5006 per therm (\$0.5356 per therm after-tax). The
7 petition also requested a decrease to the after-tax per therm balancing charge from
8 \$0.0863 to \$0.0750. The Company also requested to decrease its CIP rates for fiscal year
9 2015. Specifically, the petition requested that the BPU approve the implementation of
10 after-tax per therm CIP factors of (\$0.0327) for Group I Residential Non-Heat customers,
11 (\$0.0232) for Group II Residential Heat customers, \$0.0102 for Group III General
12 Service – Small ("GSS) commercial customers, and \$0.0286 for Group IV General
13 Service – Large ("GSL") commercial customers, effective as of October 1, 2014. In
14 September 2014, the BPU approved the BGSS price, the balancing charge and CIP prices
15 on a provisional basis effective October 1, 2014.

16 On August 28, 2014, the Company submitted notification to the Board and Rate
17 Counsel of its intent to decrease its BGSS price applicable to residential and small
18 commercial customers on a self-implementing basis, effective October 1, 2014. The
19 BGSS price was decreased from its pre-tax level of \$0.5006 per therm (\$0.5356 after-tax)
20 to \$0.4490 per therm (\$0.4804 after-tax), representing a 5.0 percent decrease for a
21 residential heating customer using 100 therms per month.

22 The October 2014 BGSS, CIP, and balancing rates were approved by the Board
23 on a final basis on April 15, 2015.

24
25 **III. BGSS Projections**

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

28 **A.** Exhibit A to the Petition, which provides the details of the Company's BGSS for the
29 period October 1, 2014 through September 30, 2015, shows that the estimated BGSS
30 ending balance will be approximately \$5.7 million over-recovered as of September 30,
31 2015.

1 **Q. PLEASE DESCRIBE THE TREATMENT OF BGSS INTEREST WITHIN THE**
2 **BGSS SCHEDULES?**

3 A. In Schedule 6 of Exhibit A, NJNG estimates that it will owe \$85,000 in BGSS interest to
4 customers. Schedule 5 of Exhibit B includes the BGSS interest credit being transferred
5 into the opening Periodic BGSS balance as of October 1, 2015.

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

7 A. The Company proposes to maintain the current pre-tax periodic BGSS price of \$0.4490
8 per therm. If approved, the current after-tax price of \$0.4804 per therm will remain in
9 effect.

10 **Q. WHAT IS THE COMPANY'S CURRENT PROJECTION FOR THE BGSS**
11 **BALANCE AS OF SEPTEMBER 30, 2016?**

12 A. At current market conditions, maintaining the current pre-tax periodic BGSS price of
13 \$0.4490 per therm would result in a BGSS over-recovery of approximately \$59.5 million.

14 **Q. DOES THE COMPANY INTEND TO UTILIZE ANY OF THE PRICING**
15 **MECHANISMS FROM THE GENERIC BGSS ORDER?**

16 A. Yes. The Company currently intends to provide bill credits in the 2015-2016 winter. In
17 the fall of 2015, the Company will notify the Board and Rate Counsel of the level of bill
18 credits to be provided. Exhibit B to the Petition includes an estimated pre-tax bill credit
19 of \$0.2092 per therm (\$0.2238 per therm after-tax) during the months of November 2015
20 through February 2016 ("bill credit period"). In total, customer charges are estimated to
21 be reduced by \$63.7 million, inclusive of sales tax, during the bill credit period.
22 Although the impact of this credit will vary from customer to customer based on
23 individual usage patterns and weather patterns during the three months, the average
24 residential customer could see a total credit of approximately \$141 which translates to a
25 14.3 percent reduction to the total bill on an annual basis. Exhibit B to the Petition, which
26 includes the estimated bill credits and provides the details of the Company's projections
27 for the period October 1, 2015 through September 30, 2016 based upon May 11, 2015
28 NYMEX pricing, as requested by BPU Staff, where applicable, shows that the estimated
29 BGSS ending balance will be approximately \$9,000 as of September 30, 2016.

30

31

1
2 **IV. Conservation Incentive Program (“CIP”)**

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

4 A. The CIP rate mechanism was initially approved by the Board in Docket No. GR05121020
5 in a December 12, 2006 Order, extended in its January 21, 2010 Order, and approved to
6 continue in its May 21, 2014 Order in Docket No. GR13030185 (“CIP Orders”). The
7 CIP rate mechanism provides a rate adjustment related to changes in the average use per
8 customer when compared to a pre-established baseline value, allowing NJNG to
9 encourage customers to conserve energy. The Testimony of Anne-Marie Peracchio
10 within this filing describes the programs NJNG has implemented to encourage customers
11 to conserve energy, along with the results of those programs. Pursuant to the Company’s
12 Tariff approved in the Board’s October 3, 2008 Order within the Company’s last base
13 rate case proceeding in Docket No. GR07110889 (“Rate Case Order”), the CIP
14 is applicable to each of the following customer groups:

- 15 • Group I – Residential Non-Heat
16 • Group II – Residential Heat
17 • Group III – General Service - Small
18 • Group IV – General Service - Large

19 Pursuant to the CIP Orders, the margin deficiency or excess for each group is
20 calculated each month by subtracting the baseline usage per customer, according to the
21 Company’s Tariff, from the actual usage per customer and multiplying the resulting
22 therms by the actual number of customers and the margin recovery per therm. The
23 October 2014 through September 2015 CIP margin deficiency/credit calculations for each
24 group, with actual data through April 2015 and projected data for the remaining five
25 months, are included as Exhibit C, Schedules 1 through 4 to the Petition. Groups I and II
26 have projected margin credits and Groups III and IV have projected margin deficiencies.

27 **Q. PLEASE DESCRIBE THE WEATHER EXPERIENCED THIS YEAR AND ITS**
28 **IMPACT ON CIP.**

29 A. For the period October 2014 through April 2015, NJNG experienced weather that was
30 10.9 percent colder than normal with January through March 2015 being 22.7 percent
31 colder than normal. Due to the cold weather, Group II residential heat customer usage
32 was greater than the CIP baseline value resulting in an overall CIP margin credit.

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

2 A. Pursuant to the May 21, 2014 CIP Order, recovery of margin deficiencies associated with
3 non-weather related changes in customer usage is subject to a BGSS Savings Test and a
4 Variable Margin Revenue Test. In order to recover the CIP non-weather related margin
5 deficiency, the Company must: (1) have BGSS savings of at least 75 percent of the non-
6 weather related margin deficiency and; (2) the non-weather related margin deficiency
7 must be less than or equal to 6.5 percent of aggregate variable margins. Any amount that
8 exceeds these limitations may be deferred for future recovery and will be subject to the
9 recovery tests in that future period.

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

11 A. Pursuant to the May 21, 2014 CIP Order, NJNG must achieve a level of BGSS savings
12 greater than or equal to 75 percent of the margin deficiency associated with non-weather
13 related reductions in usage in order to recover the full margin deficiency associated with
14 those reductions. To determine the non-weather margin deficiency, the Company has
15 calculated the weather related margin credit on Exhibit C, Schedule 5 to the Petition.
16 Fixed consumption factors per degree day included in the CIP Tariff are divided by the
17 number of customers associated with the consumption factors to determine the fixed
18 consumption factors per degree day per customer. The fixed consumption factors per
19 degree day per customer are multiplied by the actual number of customers to determine
20 the associated consumption factors per degree day. The consumption factors associated
21 with actual customers are multiplied by the variance of the actual degree days from the
22 degree days included in the CIP Tariff and the margin factors to determine the weather
23 margin credit. The total CIP credit for the 2014-2015 CIP year is \$5.92 million of which
24 \$11.15 million is related to weather. Exhibit C, Schedule 6 to the Petition demonstrates
25 that the estimated margin related to the non-weather change in customer usage is \$5.23
26 million. The amount of the BGSS Savings required to meet the BGSS Savings test is 75
27 percent of the non-weather change in customer usage or \$3.92 million.

28 There are three categories of BGSS savings: (1) permanent savings realized from
29 permanent capacity releases or contract terminations; (2) additional BGSS gas cost
30 savings from reductions of capacity on a long-term basis; and (3) avoided capacity costs
31 to meet residential customer growth. As shown in Exhibit C, Schedule 6, the Company
32 has approximately \$12.04 million of permanent savings approved in the May 21, 2014

1 CIP Order and approximately \$1.12 million of avoided capacity cost savings for a total
2 BGSS savings of \$13.16 million. NJNG has not incurred any additional BGSS gas costs
3 savings from long-term reductions of capacity. Avoided capacity costs savings are
4 calculated based on following methodology approved in the May 21, 2014 CIP Order: the
5 monthly net change in residential customers for Group I and Group II are multiplied by
6 their respective CIP benchmark use per customer and by the average fixed capacity cost
7 reflected in this filing.

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

9 A. To pass the Variable Margin Revenue Test approved in the May 21, 2014 CIP Order,
10 NJNG's non-weather related aggregate CIP margins must be less than or equal to 6.5
11 percent of aggregate variable margins for the CIP accrual year for all CIP Groups. The
12 variable margins for each group are calculated on a monthly basis by multiplying the
13 actual number of customers by the baseline use per customer and the group's margin per
14 therm. As shown in Exhibit C, Schedule 6, the recovery limitation is \$12.8 million, or
15 6.5 percent of the aggregate annual variable margin of \$197.4 million.

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

18 A. Yes. Since the total BGSS savings of \$13.16 million for the October 2015 through
19 September 2016 CIP recovery period are greater than the required amount to meet the test
20 of \$3.92 million, the Company has exceeded the BGSS Savings test for the October 2015
21 through September 2016 CIP recovery period. Additionally, the Company has met the
22 Variable Margin Revenue Test since the non-weather portion of \$5.23 million is less than
23 the recovery limitation of \$12.8 million.

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

25 A. The CIP Earning Test is based on the Tariff approved in the Rate Case Order and NJNG
26 cannot recover any portion of its margin deficiency that will cause the Company to earn
27 in excess of a 10.3 percent return on common equity for the annual period of the CIP
28 year. Additionally, any portion of the margin deficiency which is not recoverable shall
29 not be deferred for future recovery. Exhibit C, Schedule 7 to the Petition includes the
30 calculation of the Earnings Test with actual data for the six months ended March 2015
31 and estimated data for the six months ended September 2015. The test shows that the
32 estimated Return on Equity ("ROE") for the 2014-2015 CIP year is 8.8 percent.

1 Therefore, since the estimated ROE of 8.8 percent is less than the 10.3 percent ceiling,
2 NJNG may fully recover its CIP deficiencies for Groups III and IV.

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

5 A. The CIP surcharge or credit for each group is determined by dividing the eligible
6 aggregate margin deficiency or excess, adjusted for any under or over recovery of prior
7 period CIP collection, by the forecasted annual usage of each group for October 2015 to
8 September 2016. The following table shows the existing after-tax rates, proposed after-
9 tax rates and resulting change for each CIP Group:
10

<u>Group</u>	<u>Group Description</u>	Existing Charge/(Credit) <u>per therm</u>	Proposed Charge/ (Credit) <u>per therm</u>	Increase/ Decrease <u>per therm</u>
Group I	Residential Non-Heat	(\$0.0327)	(\$0.0403)	(\$0.0076)
Group II	Residential Heat	(\$0.0232)	(\$0.0224)	\$0.0008
Group III	General Service - Small	\$0.0102	\$0.0128	\$0.0026
Group IV	General Service - Large	\$0.0286	\$0.0339	\$0.0053

11 The Company is requesting an effective date of October 1, 2015 for the above proposed
12 rates.
13

14 **V. Balancing Charge**

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

17 A. Yes. Pursuant to the Rate Case Order, the balancing charge is to be adjusted in the
18 Company's annual BGSS filing and is subject to review as part of such filing. The
19 calculation of the balancing charge is presented in Exhibit D to the Petition and reflects
20 updated pipeline demand charges, credit adjustments and percentage of peak day volume
21 related to balancing associated with the pipeline demand portion of the balancing charge.
22 Also, in accordance with the Rate Case Order, the portion of the charge related to
23 inventory is not updated. The Company proposes decreasing its current after-tax per
24 therm balancing charge of \$0.0750 to \$0.0679. All balancing revenues from
25 transportation customers are credited to the BGSS as shown in Schedule 4g of Exhibits A

1 and B. For BGSS customers, the balancing charge is included as a component of the
2 delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-
3 to-Compare.”
4

5 **VI. Miscellaneous**

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

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

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

21 A. As shown on Exhibit TMT-1, the Company has incurred \$2,044,937 of PIM expenses for
22 the twelve months ended September 30, 2014 and NJNG has recorded a deferred
23 regulatory asset of \$644,937. The Company is currently projecting PIM expenses of
24 approximately \$2.0 million for the twelve months ended September 30, 2015, resulting in
25 a deferred regulatory asset of approximately \$600,000. Since the annual deferred asset
26 balance is less than \$700,000, the entire amount is expected to be deferred.
27

28 **VII. Impact on Customers**

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

31 A. The proposed CIP rate for Group II residential heat customers results in an overall \$0.08
32 or 0.08 percent increase to the total monthly 100 therm bill for a residential heat sales

1 customer. Exhibit E to the Petition provides the supporting calculations. Residential heat
2 transportation customers will have a 0.6 percent decrease due to the changes in the CIP
3 and balancing rates.¹

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

6 A. The proposed CIP rate for Group I residential non-heat customers results in an overall
7 decrease of 0.6 percent to the total monthly 25 therm bill for a residential non-heat sales
8 customer. Residential non-heat transportation customers will have a 1.1 percent decrease
9 due to the changes in the CIP and balancing rates.²

10 **Q. WHAT IS THE IMPACT TO CIP GROUP III GSS CUSTOMERS A RESULT OF**
11 **THE PROPOSED CHANGES TO CIP AND BALANCING RATES?**

12 A. The proposed CIP rate for Group III GSS customers results in an overall 0.2 percent
13 increase to the total monthly 100 therm bill for a GSS sales customer. GSS transportation
14 customers will have a 0.4 percent decrease due to the changes in the CIP and balancing
15 rates.³

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

18 A. The proposed CIP rate for Group IV GSL customers results in a 0.6 percent increase for
19 GSL sales customers using 1,200 therms per month. GSL transportation customers will
20 have a 0.2 percent decrease due to the changes in the CIP and balancing rates.⁴

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

22 A. Yes.

¹ Percentage change assumes transportation customers are receiving gas supply at NJNG's BGSS recovery rates.

² Id.

³ Id.

⁴ Id.

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

Expense Type	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Actual Oct 14 - Apr 15	Forecast FY 2015
* Labor	\$407,647	\$498,428	\$511,829	\$581,689	\$508,134	\$486,367	\$266,195	\$503,000
**Non Labor	\$1,415,093	\$1,601,251	\$1,558,453	\$1,490,074	\$1,613,364	\$1,558,570	\$399,838	\$1,499,838
Total O&M	\$1,822,740	\$2,099,679	\$2,070,282	\$2,071,764	\$2,121,497	\$2,044,937	\$666,033	\$2,002,838
	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014		Estimated FY 2015
Deferred PIM Expenses (1)	\$422,740	\$699,679	\$670,282	\$671,764	\$700,000	\$644,937		\$602,838

(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 2016
BPU DOCKET NO. GR1506 _____
Direct Testimony of Anne-Marie Peracchio**

1 **Introduction**

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

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

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

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

12 In June 1993, I accepted a position with New Jersey Resources Corporation, the
13 parent of NJNG, in the Internal Audit Department and held that position until February
14 1995 when I accepted a position as a Senior Rate Analyst in the Regulatory Affairs
15 Department of the Company. In July 1997, I was promoted to Manager, Regulatory Affairs
16 and in January 1999, I was promoted to Director, Regulatory Affairs. In December of 2006,
17 I was named to the new position of Director, Conservation and Affordability. In December
18 2009, I shifted responsibilities to serve as the Director, Conservation and Clean Energy
19 Policy.

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

22 A. I report directly to the Vice President, Marketing and Energy Efficiency and I am
23 responsible for developing and ensuring implementation of the Company’s customer
24 conservation programs pursuant to the Board’s approval of the Conservation Incentive
25 Program and supporting the efforts of NJNG’s team implementing the NJNG energy
26 efficiency program - The SAVEGREEN Project® (“SAVEGREEN”). I also identify
27 opportunities to help drive cultural changes within the organization to support the
28 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 detail
2 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 number
5 of Committees and Task Forces for New Jersey's Clean Energy Program ("NJCEP"),
6 Sustainable Jersey™, and the American Gas Association ("AGA") and I am a member of
7 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 "Board").

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

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

18
19 **CIP BACKGROUND**

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

21 A. On December 12, 2006, the BPU approved a three year CIP program in Docket No.
22 GR05121020 ("CIP Order"). The CIP is designed to decouple the link between customer
23 usage and NJNG's gross margin to allow NJNG to encourage its customers to conserve
24 energy. As such, the CIP contains a tariff mechanism that addresses gross margin variations
25 along with a commitment from NJNG to actively promote customer conservation. To meet
26 the conservation goals, NJNG agreed to promote energy-efficiency and conservation
27 activities and to modify the Company's internal culture to focus on energy efficiency. To
28 fulfill that commitment, NJNG initiated programs to further customer conservation efforts
29 over the first three-year term, providing a funding amount of \$2 million for such programs.
30 In an Order dated January 21, 2010, the Board approved the extension of the CIP program
31 ("CIP Extension Order") and NJNG agreed to contribute \$575,000 annually for CIP

1 programs. Any unspent balance of the annual amount is carried-over into the next CIP year.
2 On May 21, 2014, the Board issued an Order in Docket No. GR13030185 in which, among
3 other things, continued the CIP programs and NJNG agreed to contribute \$700,000
4 annually beginning October 1, 2014.

5
6 **PROGRAM ACTIVITY**

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

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

- 12 • **E-tips:** The expenses in this category cover costs associated with the external
13 service used to distribute E-tips, NJNG's optional conservation e-mail
14 newsletter, and other minor promotional expenses. Currently, more than
15 100,000 customers registered to receive our monthly E-Tip service. This is the
16 most effective vehicle for promoting special offers and limited time
17 promotions.
- 18 • **CTP Dashboard:** We continue to offer an on-line self-service audit that can
19 help customers get personalized recommendations for their best ways to save
20 energy. The Dashboard uses the Energy Savvy Optix Engage software service.
21 Through this service, NJNG can also easily target messaging to follow-up with
22 customers based upon particular profile characteristics (e.g. indication of a
23 drafty home or interest in income qualified programs). Activity for Fiscal 2014
24 was significantly higher than prior years due to initial promotion with a
25 companion sweepstakes. Activity for Fiscal 2015 was not expected to match
26 Fiscal 2014 since there is no longer a sweepstakes connection but activity levels
27 are still significantly higher than earlier fiscal years.
- 28 • **Conserve to Preserve Business Online:** This service provides a
29 comprehensive online resource for commercial customers that offers industry-
30 specific information and features emerging technologies and business

1 applications in one, well-organized location. It also provides a monthly e-
2 newsletter to promote NJCEP programs and business-focused outreach events.

- 3 • **Community outreach:** The CIP funds for these activities are used in the
4 production of materials promoting NJNG's programs, the payment of certain
5 exhibit fees, and minor related promotional items. NJNG has a robust Speakers
6 Bureau program that connects with community groups in formats that meet their
7 needs. The Company offers traditional presentations, game show formats,
8 lunch and learn series, and outreach tables at expos, trade shows, business
9 conferences and green fairs. Sometimes we work with community groups to
10 develop separate energy focused events. This year included efforts with the
11 Morris County Chamber of Commerce and the New Jersey Business and
12 Industry Association. The Company directly reaches thousands of customers
13 each year through participation in these types of events.

- 14 • **Employees/contractors/realtors and other stakeholders as champions:**
15 NJNG's experience with SAVEGREEN has significantly expanded awareness
16 and knowledge of energy-efficiency contractor activity in the Company's
17 service territory and the marketplace. This category of expenses relates to
18 activities through which NJNG contacts and directly interacts with these
19 contractors. The primary activity in this category supports the provision of
20 training classes and related energy-efficiency and conservation materials.
21 NJNG has a similar program with realtors who are reached through office visits,
22 a presence at the annual tri-state realtor convention and a training class. This
23 CIP category also includes the production of supporting promotional materials,
24 primarily information pads to be carried by NJNG field employees and
25 contractors for distribution to targeted customers, and for some employee
26 incentive contests.

- 27 • **Customer participation activities:** NJNG has worked to engage more
28 customers in energy-efficiency programs and provide conservation education
29 by offering prizes for participation in online contests or through social media.
30 We have used different approaches including quizzes, matching games, and
31 creative posts. In the fall of 2014, NJNG ran the 4th annual "Save Energy. Save

1 *Money. Win Prizes!*” sweepstakes promotion to help share energy saving tips
2 with our customers. These efforts also include on-going trivia contests on our
3 Facebook page.

- 4 • **School Programs:** Through this funding category, NJNG sponsors the
5 Alliance to Save Energy’s “Energy Hog” program which provides both
6 classroom and take home resources for elementary school students as well as a
7 free school assembly program. This category also includes expenses for annual
8 conservation themed poster and video contests. It also includes support for the
9 launch of the new Sustainable Jersey for Schools program, which already has
10 75 districts and 208 schools registered. This initiative provides comprehensive
11 resources and engagement tools across many areas and ensures that the school
12 administration is supportive.
- 13 • **Municipal Programs and EDF Climate Corp:** Through this category, NJNG
14 conducts direct outreach to municipalities to encourage them to reduce their
15 own energy usage and help us promote energy efficiency and energy
16 conservation to their residents and businesses. Outreach is conducted through
17 efforts with the League of Municipalities and Sustainable Jersey for Schools.
18 In prior years, we have funded Environmental Defense Fund (EDF) Climate
19 Corp Fellows to work at the municipal level helping municipalities and counties
20 reduce their energy usage. This year, we funded three Fellows that will be
21 assisting seven school districts within our service territory.
- 22 • **Energy Savings Products:** NJNG continues to offer a co-branded, on-line
23 store integrated with the existing NJCEP lighting store hosted by Energy
24 Federation Incorporated (“EFI”). Plus this category includes costs for energy
25 saving materials that are used directly in outreach activities (e.g. outlet gaskets).
- 26 • **Low-income/senior focused outreach:** NJNG continues to develop events and
27 work with organizations that help us reach low-income customers and our
28 senior population.
- 29 • **QUEST:** Our Quick Energy Savings Track (QUEST) program is currently
30 being piloted on a small scale. In my testimony last year, NJNG noted
31 consideration of the development of a potential program that could support

1 customers facing temporary financial hardships (the targeted population will be
2 those receiving assistance through NJSHARES, Temporary Relief for Utility
3 Expenses (TRUE) Program or the Payment Assistance for Gas and Electric
4 (PAGE) Program). These programs provide relief on natural gas and electric
5 bills for low- to moderate-income households experiencing a temporary
6 financial crisis. Eligibility to participate in any one of these programs indicates
7 an income level that exceeds the level allowed for participation in NJCEP's
8 Comfort Partners program. Due to their financial circumstances, this customer
9 group is also unlikely to participate in other NJCEP programs or any of the
10 SAVEGREEN programs or offers. The intention is to help these customers
11 with smaller measures that can provide immediate savings.

- 12 • **Other:** Some funds are also expended for advertising, survey work, and work
13 with organizations that actively support energy conservation and energy
14 efficiency.

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

17 **A.** Yes. As shown on Exhibit AMP-1, Fiscal 2014 customer activity in the energy efficiency
18 sections of our website was very strong, more than 20 times fiscal 2006. To date, activity
19 for Fiscal 2015 has been extremely strong as well despite the challenges of keeping
20 customers engaged when natural gas prices are lower.

21
22 **CIP EXPENDITURE UPDATE**

23 **Q. DID THE COMPANY HAVE ANY CARRY-OVER FUNDING TO ADD TO THE**
24 **ANNUAL PROGRAM FUNDING COMMITMENT OF \$700,000 FOR FISCAL**
25 **2015?**

26 **A.** Yes. Although NJNG spent nearly \$680,978 on CIP activities in Fiscal 2014, the Company
27 had a carryover balance of \$42,148 (including a prior year carryover amount of \$148,126).
28 Accordingly, NJNG has \$742,148 available for Fiscal 2015 programs. See Attachment
29 AMP-2, page 2 of 2 for the final summary of expenses and carry-over calculation for Fiscal
30 2014.

1

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

4 A. As of May 31, 2015, NJNG will record expenses of approximately \$335,000 for the 2015
5 CIP year. A summary of 2015 expenses by category is included as Attachment AMP-2,
6 page 1 of 2.

7 **Q. DOES THE COMPANY EXPECT TO EXPEND THE FULL \$742,148 ON THE CIP**
8 **PROGRAM THIS FISCAL YEAR?**

9 A. No. It is difficult to project the overall response to programs and the timing for the launch
10 of some new programs. However, NJNG expects that due to the timing of the launch of
11 some newer initiatives that require significant up-front planning, there will be carry-over
12 of unspent funds into Fiscal 2016 CIP programs. Projected expenses for the remainder of
13 the year are reflected on Attachment AMP-2, page 1 of 2.

14

15 **PROSPECTIVE CIP ACTIVITIES AND CHANGES**

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

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

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

21 A. Yes. NJNG is excited about two programs that may have a more significant budget impact
22 for Fiscal 2016. The first is exploration of a smart thermostat offer similar to the Nest
23 Thermostat discount offered last year. While there was a strong customer appeal to the
24 Nest we are exploring other equipment options that may allow for companion studies to be
25 performed allowing for the opportunity to evaluate energy savings. The second is the
26 potential to expand the QUEST pilot to a larger scale program.

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

28 A. Yes.

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

Page Views	Fiscal 2006	Fiscal 2007	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015 through April only
Conservation Home	6,288	2,636	1,957	4,586	4,543	5,044	4,624	4,134	4,339	3,313
Conserve to Preserve		2,199	3,090	3,552	3,560	2,158	1,584	1,447	1,880	1,108
Home Energy Saving Tips		2,482	3,726	4,783	3,858	4,709	3,180	2,936	5,617	5,491
Residential Programs		9,171	11,613	16,070	18,156	18,838	15,020	20,557	20,168	10,998
Special Offers & Rebates		6,414	11,353	17,817	15,183	18,088	15,666	22,827	22,288	12,278
Energy Saving Tips for Your Business		413	855	1,073	740	891	668	562	540	289
Commercial Programs		541	728	1,187	1,052	1,102	907	906	895	523
Distributed Generation		430	500	631	587	996	871	1,240	653	281
Renewable Energy		834	928	1,038	1,258	1,978	1,755	1,633	1,453	767
Energy Hog Program	843	912	937							
Kids and Conservation			897	1541	1139	1506	633	1767	1591	886
SAVEGREEN Project					51,154	66,108	66,955	89,391	150,793	108,889
Total	7,131	26,032	36,584	52,278	101,230	121,418	111,863	147,400	210,217	144,823

Note: Fiscal 2014 ended the year at more than 20 times the level of activity pre-CIP. Strong results for Fiscal 2014 and the start of Fiscal 2015 are generally attributed to significantly colder than normal weather. However, it is challenging to keep customers engaged on saving energy when natural gas bills are lower than prior years. Many visits can also be attributed to NJNG's significant outreach activity and promotion within our communication channels, including NJNG's E-tip service, frequent posts on social media, and content within NJNG's customer newsletter.

**New Jersey Natural Gas
CIP Expense through May 31, 2015
BPU Docket No. GR1506_____**

	Quarter Ending 12/31/14	Quarter Ending 3/31/15	Expenses from 4/1 - 5/31/2015	Estimated expenses 6/1-9/30/15*	Total Fiscal Year to Date
1 School/Children's Programs	\$54,500	\$10,151	\$6,781		\$71,432
Municipal Programs and EDF					
2 Climate Corp Program	\$71,471	\$3,000		\$1,000	\$75,471
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions	\$37,452	\$21,542	\$4,815	\$46,500	\$110,309
4 Online services and E-tips	\$18,024			\$30,000	\$48,024
Conservation/energy efficiency					
5 online promotion/sweepstakes	\$20,370	\$10,000		\$16,500	\$46,870
Online store and direct purchase of					
6 energy saving products	\$0		\$9,062	\$50,000	\$59,062
Quick Energy Savings Track					
7 (QUEST)	\$5,473	\$480	\$7,750	\$50,000	\$63,703
8 Events and general outreach costs	\$11,221	\$6,088	\$9,418	\$30,000	\$56,727
Other low income/senior focused					
9 outreach	\$3,664	\$2,750		\$12,500	\$18,914
Development work (e.g. customer					
10 feedback, EE organization					
memberships)	\$2,000	\$12,997		\$10,000	\$24,997
Publications and energy efficiency					
11 advertising		\$2,971	\$2,525	\$10,000	\$15,496
Total Spent to Date	<u>\$224,176</u>	<u>\$69,979</u>	<u>\$40,351</u>		\$334,505
Projected Spending for rest of FY 2015				<u>\$256,500</u>	\$256,500
				Total spent \$	591,005
				Budget Available for Fiscal 2015 (see page 2 of 2) \$	742,148
				Estimated carryover to next year \$	<u>151,143</u>

*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, 2014
BPU Docket No. GR1506

	Quarter Ending 12/31/13	Quarter Ending 3/31/14	Quarter Ending 6/30/14	Quarter Ending 9/30/14	Final Fiscal 2014
1 School/Children's Programs	\$56,945	\$13,401			\$70,346
Municipal Programs and EDF					
2 Climate Corp Program	\$25,873	\$17,800		\$6,500	\$50,173
Employees, HVAC Contractors, Realtors and other stakeholders as					
3 Champions	\$3,692	\$15,774	\$1,000	\$1,500	\$21,967
4 Online services and E-tips	\$17,325			\$68,926	\$86,251
Conservation/energy efficiency					
5 online promotion/sweepstakes		\$27,175		23850	\$51,025
Online store and direct purchase of					
6 energy saving products	\$272,226		\$3,315	\$11	\$275,552
7 Community Rewards		\$788	\$1,063	\$450	\$2,300
8 Events and general outreach costs	\$22,953		\$19,245	\$1,359	\$43,556
Other low income and senior					
9 focused outreach	\$19,236	\$16,029	\$625	\$12,560	\$48,450
Development work (e.g. customer					
10 feedback, EE organization		\$12,500	\$10,732		\$23,232
Publications and energy efficiency					
11 advertising	\$2,925	\$5,200			\$8,125
	<u>\$421,175</u>	<u>\$108,667</u>	<u>\$35,979</u>	<u>\$115,156</u>	\$680,978
Total Spent to date					
			Funding Commitment for Fiscal 2014	\$	575,000
			Carryover from Fiscal 2013	\$	148,126
			Final carried over to Fiscal 2015		<u>\$42,148</u>
			Funding Commitment for Fiscal 2015		<u>\$700,000</u>
			Budget Available for Fiscal 2015		<u><u>\$742,148</u></u>