



September 23, 2014

***VIA FEDERAL EXPRESS***

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

Re: IN THE MATTER OF THE PETITION  
OF NEW JERSEY NATURAL GAS  
PETITION COMPANY FOR THE ANNUAL  
REVIEW AND REVISION OF SOCIETAL  
BENEFITS CHARGE FACTORS FOR  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409\_\_

Dear Secretary Izzo:

Enclosed herewith for filing, please find an original and ten (10) copies of the Petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Societal Benefits Charge (SBC) Factors.

Included in this filing are the testimonies of Michael P. Moscufo, Jr. and John Raspa, schedules and red-lined NJNG tariff sheets in support of this Petition.

A copy of the Petition is being served upon the New Jersey Division of Rate Counsel and the Division of Law.

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

Respectfully submitted,

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

Andrew K. Dembia  
Regulatory Affairs Counsel

AKD:fk  
Enclosures

C: Service List

**IN THE MATTER OF THE PETITION OF  
NEW JERSEY NATURAL GAS COMPANY  
FOR THE ANNUAL REVIEW AND REVISION OF  
SOCIETAL BENEFITS CHARGE (SBC) FACTORS  
FOR REMEDIATION YEARS 2014  
DOCKET NO. GR1409 \_\_\_\_\_  
OAL DOCKET NO. PUC \_\_\_\_\_**

**SERVICE LIST**

NJNG

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New Jersey Natural Gas Company  
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Wall, NJ 07719

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NJ BOARD OF PUBLIC  
UTILITIES

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**IN THE MATTER OF THE PETITION OF  
NEW JERSEY NATURAL GAS COMPANY  
FOR THE ANNUAL REVIEW AND REVISION OF  
SOCIETAL BENEFITS CHARGE (SBC) FACTORS  
FOR REMEDIATION YEARS 2014  
DOCKET NO. GR1409 \_\_\_\_\_  
OAL DOCKET NO. PUC \_\_\_\_\_**

**SERVICE LIST**

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

<b>IN THE MATTER OF THE PETITION</b>	)	
<b>OF NEW JERSEY NATURAL GAS</b>	)	<b>PETITION</b>
<b>COMPANY FOR THE ANNUAL REVIEW</b>	)	
<b>AND REVISION OF SOCIETAL BENEFITS</b>	)	<b>BPU DOCKET NO. GR1409__</b>
<b>CHARGE FACTORS FOR</b>	)	
<b>REMEDATION YEAR 2014</b>	)	

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

New Jersey Natural Gas Company (“Petitioner”, “NJNG” or the “Company”) hereby requests that the New Jersey Board of Public Utilities (the “Board” or “BPU”) approve, pursuant to N.J.S.A. 48:2-21, the Company’s filing related to its Societal Benefits Charge (“SBC”) factors. The factors included in the SBC are the Remediation Adjustment (“RA”) rate, the statewide Universal Service Fund (“USF”) rate,<sup>1</sup> and the New Jersey Clean Energy Program (“NJCEP”) rate. The Company is requesting in this filing that the Board: (1) decrease the Company’s existing after-tax RA rate of \$0.0300 per therm to \$0.0134 per therm; (2) decrease the NJCEP rate of \$0.0422 per therm to \$0.0257 per therm; and (3) approve the remediation expenditures incurred by the Company for the period July 1, 2013 through June 30, 2014 (“Remediation Year 2014”), to be effective October 1, 2014, or as of the effective date of the Board Order in this proceeding. These rate changes result in an overall decrease of approximately 3 percent<sup>2</sup> to the average residential heating customers’ monthly bill.

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<sup>1</sup> USF is a fund established by the Board to help provide affordable electric and natural gas heating service for eligible residential customers in New Jersey. The statewide USF rates are addressed in annual filings submitted simultaneously by New Jersey’s natural gas and electric utilities. The current after-tax natural gas USF factor of \$0.0126 per therm was approved by the Board in its September 18, 2013 Order in Docket No. ER13060534. On June 20, 2014, NJNG filed a letter petition with the BPU requesting an increase to the statewide USF factor from \$0.0126 per therm to \$0.0170 per therm, effective October 1, 2014.

<sup>2</sup> See Attachment A to the Petition for the SBC rate impacts on NJNG customers.

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

2. Communications and correspondence relating to this Petition 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, New Jersey 07719  
(732) 938-1214 (M. Sperduto)  
(732) 938-1073 (A. Dembia)  
(732) 938-2620 (fax)

Frederick W. Peters, Esq.  
Law Offices of Frederick W. Peters  
1101 14th Street, NW  
Suite 550  
Washington, D.C. 20005  
(202) 216-8920

3. The SBC was established within the Electric Discount and Energy Competition Act (“EDECA”), N.J.S.A. 48:3-49 et seq., for the recovery by natural gas and electric utilities of costs associated with Manufactured Gas Plant (“MGP”) remediation, consumer education, assistance to low-income customers including the USF, and renewable and energy-efficiency programs now provided through the NJCEP.

4. Pursuant to a Board Order dated March 30, 2001, approving the Stipulation in Docket Nos. GX99030121 and GO99030123 (the “Unbundling Order”), NJNG received approval to implement and assess an SBC as a non-bypassable charge applicable to the Company’s customers<sup>3</sup>.

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<sup>3</sup> Pursuant to legislation signed into law on January 28, 2011, N.J.S.A. 48:3-60.1, natural gas commodity and delivery service charges for natural gas that is used to generate electricity for resale are not to include SBC charges.

5. In addition to the Petition, this filing includes testimonies, schedules and red-lined NJNG Gas Service Tariff sheets<sup>4</sup> in support of NJNG's proposed RA and CEP factor decreases. The direct testimony of Michael P. Moscufo, Jr. includes Exhibit A, Schedule 3 for the RA Factor and Exhibit B for the NJCEP Factor. The direct testimony of John Raspa, which addresses remediation activities at each of NJNG's former five MGP sites, also is included. Additional information responsive to the fifteen (15) minimum filing requirements ("MFR's") for RA filings, approved by the BPU in Docket No. GR13070674, will be provided at a later date under separate cover.

6. As part of the settlement of the Company's base rate case in BPU Docket No. GR91081383J, and subsequently approved in the Unbundling Order noted above, the Board approved and established the RA clause as the cost recovery method by which the Company is permitted to recover its actual Remediation Costs, on a deferred basis, over a rolling-seven year period. Remediation Costs include all investigation, testing, land acquisition if appropriate, remediation and/or litigation costs and expenses, and other liabilities specifically relating to MGP facility sites, disposal sites, or sites to which material may have migrated, as a result of the earlier operation or decommissioning of MGP sites.

7. In BPU Docket No. EX99050347, the Board approved the implementation of the Comprehensive Resource Analysis ("CRA") Program pursuant to EDECA. Those programs now are referred to as NJCEP. On August 7, 2008, in BPU Docket No. EO07030203, the Board established each utility's level of expenditures for the statewide NJCEP for calendar years 2009 through 2012. Subsequent utility expenditure levels, in various BPU Dockets, were approved by the BPU. NJNG's funding obligation, approved by the BPU in June 2014 in Docket No. EO11050324, is \$15.6 million through June 2015.

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<sup>4</sup> NJNG Gas Service Tariff Sheets – Attachment B to the Petition.

8. On July 23, 2014, in BPU Docket No. GR13070674, the Board issued an “Order Adopting Initial Decision and Approving Stipulation” (“July 23 Order”) which authorized the Company to maintain its after-tax RA rate of \$0.0300 per therm, its NJCEP after-tax rate of \$0.0422 per therm and its USF after-tax rate in its SBC of \$0.0126 per therm. These rates comprise NJNG’s SBC after-tax rate of \$0.0848 per therm.


9. The Company has served a copy of this Petition, together with the testimonies, schedules and red-lined tariff sheets, upon the New Jersey Division of Rate Counsel and the Division of Law.

**WHEREFORE**, NJNG respectfully requests that the Board:

- (i) approve as of October 1, 2014, or as of the effective date of the Board Order in this proceeding, NJNG's request to: (1) decrease its RA Factor; (2) decrease its NJCEP Factor; and (3) approve Remediation Year 2014 costs;
- (ii) grant final approval of the Company's proposals included in this Petition; and
- (iii) grant 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

Date: September 23, 2014



STATE OF NEW JERSEY )  
COUNTY OF MONMOUTH )

**VERIFICATION**

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

1. I am Senior Vice President, Regulatory Affairs for New Jersey Natural Gas Company, the Petitioner in the foregoing Petition.
2. I have read the annexed Petition, along with the Schedules and 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 23 day  
of September, 2014

  
\_\_\_\_\_  


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



New Jersey Natural Gas Company  
Net impact of Proposed Rate Changes  
BPU Docket No. GR1409  
FY2015

(\$/therm)

Component of	Current		10/1/2014 Proposed		Change	
	Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
RAC Delivery Price	0.0280	0.0300	0.0125	0.0134	(0.0155)	(0.0166)
NJCEP Delivery Price	0.0394	0.0422	0.0240	0.0257	(0.0154)	(0.0165)
USF Delivery Price	0.0118	0.0126	0.0118	0.0126	0.0000	0.0000
<b>Total SBC</b>	<b>0.0792</b>	<b>0.0848</b>	<b>0.0483</b>	<b>0.0517</b>	<b>(0.0309)</b>	<b>(0.0331)</b>

<u>Impact on Residential Non-Heating Customers</u>			
25 therm bill			
<b>Current Prices</b>			
Customer Charge	\$8.25	\$8.25	
Delivery	\$0.5471	\$13.68	
BGSS	\$0.4493	\$11.23	
Total	\$0.9964	\$33.16	
<b>Proposed prices- effective 10/1/14</b>			
Customer Charge	\$8.25	\$8.25	
Delivery	\$0.5140	\$12.85	
BGSS	\$0.4493	\$11.23	
Total	\$0.9633	\$32.33	
<b>Increase</b>		(\$0.83)	
<b>Increase as a percent</b>		(2.50%)	
<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1000 therm annual bill
<b>Current Prices</b>			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5662	\$56.62	\$566.20
BGSS	\$0.4493	\$44.93	\$449.30
Total	\$1.0155	\$109.80	\$1,114.50
<b>Proposed prices- effective 10/1/14</b>			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5331	\$53.31	\$533.10
BGSS	\$0.4493	\$44.93	\$449.30
Total	\$0.9824	\$106.49	\$1,081.40
<b>Increase</b>		(\$3.31)	(\$33.10)
<b>Increase as a percent</b>		(3.01%)	(2.97%)
<u>Impact on Commercial GSS Customers</u>			
100 therm bill			
<b>Current Prices</b>			
Customer Charge	\$25.00	\$25.00	
Delivery	\$0.5591	\$55.91	
BGSS	\$0.4493	\$44.93	
Total	\$1.0084	\$125.84	
<b>Proposed prices- effective 10/1/14</b>			
Customer Charge	\$25.00	\$25.00	
Delivery	\$0.5260	\$52.60	
BGSS	\$0.4493	\$44.93	
Total	\$0.9753	\$122.53	
<b>Increase</b>		(\$3.31)	
<b>Increase as a percent</b>		(2.63%)	
<u>Impact on Commercial GSL Customers</u>			
1200 therm bill			
<b>Current Prices</b>			
Customer Charge	\$40.00	\$40.00	
Demand Charge	\$1.50	\$175.50	
Delivery	\$0.4938	\$592.56	
BGSS (Sep 2014)	\$0.6010	\$721.20	
Total	\$1.0948	\$1,529.26	
<b>Proposed prices- effective 10/1/14</b>			
Customer Charge	\$40.00	\$40.00	
Demand Charge	\$1.50	\$175.50	
Delivery	\$0.4607	\$552.84	
BGSS (Sep 2014)	\$0.6010	\$721.20	
Total	\$1.0617	\$1,489.54	
<b>Increase</b>		(\$39.72)	
<b>Increase as a percent</b>		(2.60%)	

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~~~First~~ Revised Sheet No. 51  
Superseding ~~Twenty-First~~~~Twentieth~~ 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 ~~\$0.566~~20.5331

**Residential Non-Heating**

Delivery Charge per therm ~~\$0.547~~10.5140

**BGSS Charge:**

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

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

**Date of Issue:** ~~December 19, 2013~~  
**Issued by:** ~~Mark R. Sperduto, Senior Vice President~~  
**2014**  
**Wall, NJ 07719**

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

**Filed pursuant to**

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

**Docket No. GRI409 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SERVICE CLASSIFICATION – DGR**

**DISTRIBUTED GENERATION SERVICE - RESIDENTIAL**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$8.25

**Delivery Charge:**

November - April ~~\$0.39590~~**0.3628**

May - October ~~\$0.33880~~**0.3057**

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

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

**BALANCING CHARGE ADJUSTMENTS**

Date of Issue: ~~December 19, 2013~~  
Issued by: Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

Filed pursuant to  
**Order of the Board of Public Utilities entered in**  
**Docket No. GR1409 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy**  
**Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SERVICE CLASSIFICATION – DGR**

**DISTRIBUTED GENERATION SERVICE - RESIDENTIAL**

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

**Date of Issue:** ~~December 19, 2013~~  
**Issued by:** Mark R. Spurduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to  
Order of the Board of Public Utilities entered in  
Docket No. GR1409 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy  
Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twenty-~~Second~~~~First~~ Revised Sheet No. 56  
Superseding ~~Twenty-First~~~~Twentieth~~ Revised Sheet No. 56**

**SERVICE CLASSIFICATION – GSS**

**GENERAL SERVICE - SMALL**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$25.00

**Delivery Charge:**

Delivery Charge per therm \$~~0.559~~0.5260

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

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

**BALANCING CHARGE ADJUSTMENTS**

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

**Date of Issue:** ~~December 19, 2013~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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

**Filed pursuant to**

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

**Docket No. GRI409 the Board’s Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment (“TEFA”) Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SERVICE CLASSIFICATION - GSL**

**GENERAL SERVICE - LARGE**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$40.00

**Demand Charge:**

Demand Charge per therm applied to HMAD \$1.50

**Delivery Charge:**

Delivery Charge per therm ~~\$0.49380~~ 0.4607

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

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

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

**Date of Issue:** ~~December 19, 2013~~  
**Issued by:** Mark R. Sperduto, Senior Vice President  
2014  
Wall, NJ 07719

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Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Fourteenth~~**Thirteenth** Revised Sheet No. 62  
Superseding ~~Thirteenth~~**Twelfth** Revised Sheet No. 62

**SERVICE CLASSIFICATION - FT**

**FIRM TRANSPORTATION SERVICE**

**AVAILABILITY**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$50.00

**Demand Charge:**

Demand Charge per therm applied to MDQ \$1.37

**Delivery Charge:**

Delivery Charge per therm for High Load Factor ("HLF") customers ~~\$0.22750~~**1.1944**

Delivery Charge per therm for Low Load Factor ("LLF") customers ~~\$0.25930~~**2.262**

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

**MINIMUM MONTHLY CHARGE**

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

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

**DETERMINATION OF LOAD FACTOR**

**1. Calculation of Load Factor**

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

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**Docket No. E01110800**



**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 62  
Superseding ~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 62**

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

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**~~Docket No. E01110800~~**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SERVICE CLASSIFICATION - DGC**

**DISTRIBUTED GENERATION SERVICE - COMMERCIAL**

**AVAILABILITY**

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

**CONDITIONS PRECEDENT**

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

**MONTHLY RATES**

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<b><u>Customer Charge:</u></b>		
Customer Charge per meter per month	\$40.00	\$40.00
<b><u>Demand Charge:</u></b>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<b><u>Delivery Charge per therm:</u></b>		
November - April	<del>\$0.30560.2725</del>	<del>\$0.21930.1862</del>
May - October	<del>\$0.27280.2397</del>	<del>\$0.18650.1534</del>

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.

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Docket No. E01110800**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SERVICE CLASSIFICATION - FC**

**FIRM COGENERATION**

**AVAILABILITY**

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

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

**CHARACTER OF SERVICE**

Firm gas sales or transportation service.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$49.49

**Demand Charge:**

Demand Charge per therm applied to MDQ \$1.00

**Delivery Charge:**

Delivery Charge per therm ~~\$0.33790~~.3048

**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**

**BPU No. 8 - Gas**

~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 77  
Superseding ~~Thirteenth~~~~Twelfth~~ Revised Sheet No. 77

**SERVICE CLASSIFICATION - IS**

**INTERRUPTIBLE SERVICE**

**AVAILABILITY**

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

**CHARACTER OF SERVICE**

Interruptible gas sales and transportation service.

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$575.00

**Delivery Charge:**

**Customers with Alternate Fuel**

Delivery Charge per therm ~~\$0.17040~~.1373

**Customers without Alternate Fuel**

Delivery Charge per therm ~~\$0.41210~~.3790

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

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

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Docket No. E01110800

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

~~Fifth~~**Fourth** Revised Sheet No. 97  
~~Fourth~~**Third** Revised Sheet No. 97

**SERVICE CLASSIFICATIONS - CNG**

**COMPRESSED NATURAL GAS**

**AVAILABILITY**

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

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

**CONDITIONS PRECEDENT**

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

**DEFINITION OF TERM USED HEREIN**

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

**CHARACTER OF SERVICE**

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

**MONTHLY RATES**

**Customer Charge:**

Customer Charge per meter per month \$50.00

**Delivery Charge:**

Delivery Charge per therm \$~~0.48640~~**0.4533**  
(\$~~0.60800~~**0.5666** per GGE)

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

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**~~Fifth~~~~Fourth~~ Revised Sheet No. 97  
Superseding ~~Fourth~~~~Third~~ Revised Sheet No. 97**

**SERVICE CLASSIFICATIONS - CNG**

**COMPRESSED NATURAL GAS**

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

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~~Third~~~~Second~~ Revised Sheet No. 165  
Superseding ~~Second~~~~First~~ Revised Sheet No. 165

**RIDER "C"**

**REMEDIATION ADJUSTMENT (RA) (continued)**

**III. TRACKING THE OPERATION OF THE REMEDIATION ADJUSTMENT CLAUSE**

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

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

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

~~\$0.03000~~.0134

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**~~Fourth~~ Revised Sheet No. 171  
Superseding ~~Third~~ Revised Sheet No. 171**

**RIDER "E"**

**NEW JERSEY'S CLEAN ENERGY PROGRAM (Continued)**

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

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

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

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

~~\$0.04220~~.0257

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

<u>Customer Charge</u>		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
 <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		0.0240	0.0240	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	<i>0.3951</i>	<i>0.3951</i>	
<i>Balancing Charge</i>	b	<i>0.0863</i>	<i>0.0863</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del>	<del>0.04220.0257</del>	Rider E
		<u>257</u>		
RA		<del>0.03000.0</del>	<del>0.03000.0134</del>	Rider C
		<u>134</u>		
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.08480.0</del>	<del>0.08480.0517</del>	
		<u>517</u>		
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.56620.5</del>	<del>0.56620.5331</del>	
		<u>331</u>		
 <u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<u>0.0863</u>	x	
<b>BGS</b>	e-f=g	<u>0.4493</u>	x	

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

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

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

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BPU No. 8 - Gas

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

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

<u>Customer Charge</u>		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
 <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		0.0049	0.0049	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	<i>0.3760</i>	<i>0.3760</i>	
<i>Balancing Charge</i>	b	<i>0.0863</i>	<i>0.0863</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del> <u>257</u>	<del>0.04220.0257</del>	Rider E
RA		<del>0.03000.0</del> <u>134</u>	<del>0.03000.0134</del>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.08480.0</del> <u>517</u>	<del>0.08480.0517</del>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.54710.5</del> <u>140</u>	<del>0.54710.5140</del>	
 <u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<u>0.0863</u>	x	
<b>BGS</b>	e-f=g	<u>0.4493</u>	x	

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

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

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		8.25	8.25	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
SUT		<u>0.0126</u>	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1921	0.1350	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.2248	0.1677	
<i>Balancing Charge</i>	b	0.0863	0.0863	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.0422</del> <u>0.0257</u>	<del>0.0422</del> <u>0.0257</u>	Rider E
RA		<del>0.0300</del> <u>0.0134</u>	<del>0.0300</del> <u>0.0134</u>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.0848</del> <u>0.0517</u>	<del>0.0848</del> <u>0.0517</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.3959</del> <u>0.3628</u>	<del>0.3388</del> <u>0.3057</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	0.5356	Rider A
Less: Balancing	f	<u>0.0863</u>	<u>0.0863</u>	
<b>BGS</b>	e-f=g	<u>0.4493</u>	<u>0.4493</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

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

BPU No. 8 - Gas

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Small (GSS)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		25.00	25.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<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		0.0581	0.0581	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	0.3880	0.3880	
<i>Balancing Charge</i>	b	0.0863	0.0863	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del> 257	<del>0.04220.0257</del>	Rider E
RA		<del>0.03000.0</del> 134	<del>0.03000.0134</del>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.08480.0</del> 517	<del>0.08480.0517</del>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.55910.5</del> 260	<del>0.55910.5260</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.5356	x	Rider A
Less: Balancing	f	<u>0.0863</u>	x	
<b>BGS</b>	e-f=g	<u>0.4493</u>	x	

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Docket No. GR1409 the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800

**NEW JERSEY NATURAL GAS COMPANY**

BPU No. 8 - Gas

Ninety-~~Third~~<sup>Second</sup> Revised Sheet No. 256  
Superseding Ninety-~~Second~~<sup>First</sup> 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>	
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2179	0.2179	
SUT		<u>0.0153</u>	<u>0.0153</u>	Rider B
After-tax Base Rate		0.2332	0.2332	
WNC		0.0000	0.0000	Rider D
CIP		0.0568	0.0568	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	0.3227	0.3227	
<i>Balancing Charge</i>	b	0.0863	0.0863	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del>	<del>0.04220.0257</del>	Rider E
		<u>257</u>		
RA		<del>0.03000.0</del>	<del>0.03000.0134</del>	Rider C
		<u>134</u>		
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.08480.0</del>	<del>0.08480.0517</del>	
		<u>517</u>		
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.49380.4</del>	<del>0.49380.4607</del>	
		<u>607</u>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.6873	X	Rider A
Less: Balancing	f	<u>0.0863</u>	X	
<b>BGS</b>	e-f=g	<u>0.6010</u>	X	

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

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Ninety-~~Third~~~~Second~~ Revised Sheet No. 256  
Superseding Ninety-~~Second~~~~First~~ Revised Sheet No. 256**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

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

**Date of Issue:** ~~August 28, 2014~~  
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**NEW JERSEY NATURAL GAS COMPANY**

BPU No. 8 - Gas

~~Fifteenth~~~~Fourteenth~~ Revised Sheet No. 257  
Superseding ~~Fourteenth~~~~Thirteenth~~ Revised Sheet No. 257

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**FIRM TRANSPORTATION (FT)**

		<u>HLF</u>	<u>LLF</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		50.00	50.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to MDQ		1.37	1.37	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1028	0.1325	
SUT		<u>0.0072</u>	<u>0.0093</u>	Rider B
After-tax Base Rate		0.1100	0.1418	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1427</i>	<i>0.1745</i>	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.025</del>	<del>0.04220.02</del>	Rider E
		<u>7</u>	<u>57</u>	
RA		<del>0.03000.013</del>	<del>0.03000.01</del>	Rider C
		<u>4</u>	<u>34</u>	
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	b	<del>0.08480.051</del>	<del>0.08480.05</del>	
		<u>7</u>	<u>17</u>	
<b>Delivery Charge (DEL)</b>	a+b=c	<del>0.22750.194</del>	<del>0.25930.22</del>	
		<u>4</u>	<u>62</u>	

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.

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Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in  
Docket No. E01110800

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Commercial Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0951	0.0645	
SUT		<u>0.0067</u>	<u>0.0045</u>	Rider B
After-tax Base Rate		0.1018	0.0690	
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.1345	0.1017	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.0422</del> <u>0.0257</u>	<del>0.0422</del> <u>0.0257</u>	Rider E
RA		<del>0.0300</del> <u>0.0134</u>	<del>0.0300</del> <u>0.0134</u>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.0848</del> <u>0.0517</u>	<del>0.0848</del> <u>0.0517</u>	
<b>DGC-FT Delivery Charge (DEL)</b>	<b>a+b=c</b>	<del>0.2193</del> <u>0.1862</u>	<del>0.1865</del> <u>0.1534</u>	
Balancing Charge	b	<u>0.0863</u>	<u>0.0863</u>	
<b>DGC-Balancing Delivery Charge (DEL)</b>	<b>a+b+c=d</b>	<del>0.3056</del> <u>0.2725</u>	<del>0.2728</del> <u>0.2397</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.

**Date of Issue:** ~~December 19, 2013~~  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

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

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

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

**Date of Issue:** ~~December 19, 2013~~  
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**Docket No. GR1409 ~~the Board's Secretary letter dated December 18, 2013 I/M/O the Phase Out of the Transitional Energy~~**  
**Facility Assessment ("TEFA") Pursuant to N.J.S.A. 48:2-21.34 (5) and N.J.S.A. 54:30A-102 in**  
**Docket No. EO1110800**

**NEW JERSEY NATURAL GAS COMPANY**

BPU No. 8 - Gas

~~Eighty-Sixth~~ Revised Sheet No. 259  
Superseding ~~Eighty-Sixth~~ Revised Sheet No. 259

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Firm Cogeneration (FC)**

		<u>Sales</u>	<u>Transport</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		49.49	49.49	
<b><u>Demand Charge</u></b>				
Demand Charge per therm per month applied to MDQ		1.00	1.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<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	<i>0.0863</i>	<i>0.0863</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.0422</del> <u>0.0257</u>	<del>0.0422</del> <u>0.0257</u>	Rider E
RA		<del>0.0300</del> <u>0.0134</u>	<del>0.0300</del> <u>0.0134</u>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	c	<del>0.0848</del> <u>0.0517</u>	<del>0.0848</del> <u>0.0517</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<del>0.3379</del> <u>0.3048</u>	<del>0.3379</del> <u>0.3048</u>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.6873	X	Rider A
Less: Balancing	f	<u>0.0863</u>	X	
<b>BGS</b>	e-f=g	<u><b>0.6010</b></u>	<b>X</b>	

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.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Eighty-~~Fifth~~~~Fourth~~ Revised Sheet No. 260  
Superseding Eighty-~~Fourth~~~~Third~~ Revised Sheet No. 260

SUMMARY OF INTERRUPTIBLE RATE COMPONENTS

INTERRUPTIBLE SALES AND TRANSPORTATION

With Alternate Fuel

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>	<u>Sales</u>	
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		575.00	575.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.0494	0.0494	
SUT		<u>0.0035</u>	<u>0.0035</u>	Rider B
After-tax Base Rate		0.0529	0.0529	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.0856	0.0856	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del>	<del>0.04220.0257</del>	Rider E
		<u>257</u>		
RA		<del>0.03000.0</del>	<del>0.03000.0134</del>	Rider C
		<u>134</u>		
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	b	<del>0.08480.0</del>	<del>0.08480.0517</del>	
		<u>517</u>		
<b>Delivery Charge (DEL)</b>	a+b=c	<del>0.17040.1</del>	<del>0.17040.1373</del>	
		<u>373</u>		
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	d	0.6873	X	Rider A
<b>BGS</b>	d	<u>0.6873</u>	X	

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

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

Date of Issue: ~~August 28, 2014~~  
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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Eighty-~~Sixth~~<sup>Fifth</sup> Revised Sheet No. 261  
Superseding Eighty-~~Fifth~~<sup>Fourth</sup> Revised Sheet No. 261

SUMMARY OF INTERRUPTIBLE RATE COMPONENTS

INTERRUPTIBLE SALES AND TRANSPORTATION

Without Alternate Fuel

		<u>Bundled</u>	<u>Transport</u>	<u>Reference</u>
		<u>Sales</u>	<u>Sales</u>	
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		575.00	575.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2753	0.2753	
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2946	0.2946	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.3273	0.3273	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del> 257	<del>0.04220.0257</del>	Rider E
RA		<del>0.03000.0</del> 134	<del>0.03000.0134</del>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	b	<del>0.08480.0</del> 517	<del>0.08480.0517</del>	
<b>Delivery Charge (DEL)</b>	a+b=c	<del>0.41210.3</del> 790	<del>0.41210.3790</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	d	0.6873	X	Rider A
<b>BGS</b>	d	<u>0.6873</u>	X	

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

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

Date of Issue: ~~August 28, 2014~~  
Issued by: Mark R. Sperduto, Senior Vice President  
1, 2014  
Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Thirty-First~~ ~~Thirtieth~~ Revised Sheet No. 262  
Superseding ~~Thirtieth~~ ~~Twenty-Ninth~~ Revised Sheet No. 262

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Compressed Natural Gas (CNG)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		50.00	50.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1448	0.1448	
CNG Charge		0.2000	0.2000	
SUT		<u>0.0241</u>	<u>0.0241</u>	Rider B
After-tax Base Rate		0.3689	0.3689	
EE		<u>0.0327</u>	<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	0.4016	0.4016	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		<del>0.04220.0</del> <del>257</del>	<del>0.04220.0257</del>	Rider E
RA		<del>0.03000.0</del> <del>134</del>	<del>0.03000.0134</del>	Rider C
USF		<u>0.0126</u>	<u>0.0126</u>	Rider H
<i>Total SBC</i>	b	<del>0.08480.0</del> <del>517</del>	<del>0.08480.0517</del>	
<b>Delivery Charge (DEL)</b>	a+b=c	<del>0.48640.4</del> <del>533</del>	<del>0.48640.4533</del>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	d	0.6873	X	Rider A
<b>BGS</b>	d	<u>0.6873</u>	X	

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

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

Date of Issue: ~~August 28, 2014~~  
Issued by: Mark R. Sperduto, Senior Vice President  
1, 2014  
Wall, NJ 07719

Effective for service rendered on  
and after ~~October~~ ~~September~~

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY OF MICHAEL P. MOSCUFO, JR.  
DIRECTOR - REVENUE REQUIREMENT**

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

3 **A.** My name is Michael P. Moscufo, Jr. and I am the Director – Revenue  
4 Requirement for New Jersey Natural Gas Company (“NJNG” or the “Company”).  
5 My business address is 1415 Wyckoff Road, Wall, New Jersey 07719.

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

8 **A.** I received a Bachelor of Science degree in Accounting from the Philadelphia  
9 College of Textiles and Sciences (currently Philadelphia University) in 1979.  
10 Furthermore, I am a Certified Public Accountant licensed in the State of New  
11 Jersey and the Commonwealth of Pennsylvania.

12 I was employed by Associated Utility Services in 1980 as a Regulatory Analyst  
13 and promoted to Assistant Vice President in late 1984. In July 1985 I joined the  
14 firm of Coopers & Lybrand in their Regulatory Advisory and Accounting Group,  
15 providing accounting, auditing and regulatory services to gas, electric and  
16 municipal utility clients of the firm. In 1990 I joined Public Service Electric and  
17 Gas Company (“PSE&G”) as a Principal Auditor and in 1991 was promoted to  
18 their Utility Rate Group. During the period 1991 through mid-2006, I participated  
19 in the following proceedings: gas and electric distribution base rate proceedings,  
20 former manufactured gas plant remediation (“RAC”) proceedings, nuclear  
21 decommissioning proceedings, Basic Gas Supply Service (“BGSS”) proceedings  
22 and a Merger & Acquisition proceeding. I submitted testimony in several PSE&G  
23 RAC proceedings and testified in a PSE&G gas base rate proceeding on the  
24 subject of Cash Working Capital.

25 In September 2006, I joined NJNG and currently maintain the title of Director –  
26 Revenue Requirement. Since 2006, I have been involved in a NJNG base rate  
27 case filing before the New Jersey Board of Public Utilities (“BPU” or the



1 “Board”) and several rate proceedings, including the BGSS, Societal Benefits  
2 Charge (“SBC”), NJNG Infrastructure Programs (Accelerated Infrastructure  
3 Program (“AIP”), Safety Acceleration and Facility Enhancement (“SAFE”), and NJ  
4 Reinvestment in System Enhancements (“NJ RISE”), Energy Efficiency (“EE”)  
5 Programs, Natural Gas Vehicle (“NGV”) and other matters requiring BPU review  
6 and/or approval. I submitted testimony in NJNG’s last six SBC proceedings and  
7 in the 2007 NJNG base rate case on the subject of Cash Working Capital.

8 **Q. WHAT ARE YOUR RESPONSIBILITIES AS THE DIRECTOR –**  
9 **REVENUE REQUIREMENT?**

10 **A.** I am responsible for directing the preparation of the Company’s rate and revenue  
11 requirement matters submitted to the BPU, including the annual SBC filing, the  
12 annual AIP, SAFE, NJ RISE and EE Program filings and/or reports, and other  
13 miscellaneous regulatory filings requiring review and approval by the BPU.  
14 Additionally, I am involved with audits related to the BGSS, SBC, RAC and in  
15 the Regulatory Affairs Department’s daily operations including the financial and  
16 regulatory review of quarterly and annual filings before the SEC.

17 **Q. HAVE YOU PREVIOUSLY TESTIFIED IN OTHER STATE**  
18 **REGULATORY PROCEEDINGS?**

19 **A.** Yes. In addition to the proceedings mentioned previously in New Jersey, I have  
20 testified in a base rate case regulatory proceeding in the State of Florida.

21 **Q. WHAT ARE YOUR RESPONSIBILITIES WITH RESPECT TO THIS**  
22 **PROCEEDING?**

23 **A.** I am responsible for: 1) supporting the schedules contained in the Company’s  
24 SBC filing, including the Remediation Adjustment (“RA”) component of the  
25 SBC, which sets forth and summarizes actual and estimate remediation  
26 expenditures incurred by the Company during the period July 1, 2013 – June 30,  
27 2014 (“Remediation Year 2014”) for the remediation at former NJNG  
28 manufactured gas plant (“MGP”) sites; 2) supporting the interest calculation on  
29 unrecovered deferred MGP expenditure balances; 3) calculating the proposed RA  
30 factor necessary to recover the MGP expenditure balance, including interest; and

1 4) addressing the rates for the other clauses within the SBC, including the New  
2 Jersey Clean Energy Program (“NJCEP”) and the Universal Service Fund  
3 (“USF”).

4 In this SBC filing, NJNG is petitioning the Board: (1) for approval of the RA  
5 expenditures for the period July 1, 2013 through June 30, 2014; (2) to decrease  
6 the current after-tax RA rate of \$0.0300 per therm to \$0.0134 per therm; and (3)  
7 to decrease the current after-tax NJCEP rate from \$0.0422 per therm to \$0.0257  
8 per therm, effective October 1, 2014, or as of the date of a Board order in this  
9 proceeding approving these proposed rates.

10  
11 **I. HISTORY OF NJNG’S REMEDIATION ADJUSTMENT CLAUSE**

12 **Q. PLEASE DESCRIBE THE HISTORY OF NJNG’S REMEDIATION**  
13 **ADJUSTMENT CLAUSE.**

14 **A.** As part of the settlement of the Company’s base rate case filing in Docket No.  
15 GR91081383J, NJNG was authorized in June 1992 to recover Remediation Costs  
16 on a deferred basis, over a rolling seven-year period and subject to BPU approval.  
17 As defined in the Company’s BPU-approved tariff, “Remediation Costs” include  
18 costs associated with all investigation, testing, land acquisition if appropriate,  
19 remediation and/or litigation costs and expenses, or other liabilities, excluding  
20 personal injury claims, specifically relating to former MGP facility sites, disposal  
21 sites, or sites to which material may have migrated, as a result of the earlier  
22 operation or decommissioning of MGP sites. Examples of Remediation Costs the  
23 Company has previously included for recovery in SBC filings include: soil  
24 disposal and replacement, installation and maintenance of long-term groundwater  
25 treatment facilities, estuary development, site engineering and construction,  
26 consulting, community outreach, legal expenses and certain incremental payroll  
27 costs directly relating to the remediation of former MGP sites, disposal sites, or  
28 sites to which material may have migrated since operation of these MGP sites.  
29 Based on the above settlement, the total annual charge for such Remediation  
30 Costs during any Recovery Year (October through the following September) is

1 not permitted to exceed five percent of the Company's total revenues from firm  
2 natural gas sales during the preceding Remediation Year (July through the  
3 following June).

4 **Q. HOW IS THE NJNG RA FACTOR CURRENTLY DERIVED AND**  
5 **CALCULATED?**

6 A. The Company is currently authorized by the BPU to calculate its RA factor using  
7 a methodology that permits the Company to recover one-seventh of the actual  
8 Remediation Costs the Company incurs each Remediation Year, until fully  
9 amortized, plus any prior year Remediation Cost under- or over-recoveries and  
10 net of any accumulated deferred third-party recoverable costs. In addition,  
11 pursuant to the BPU's "Order Adopting Initial Decision and Stipulation" dated  
12 October 5, 2004 in Docket No. GR03030200, the Company is required to  
13 calculate and is permitted to recover monthly carrying costs on its unamortized  
14 MGP expenditure balances using the methodology set forth on Original Sheet No.  
15 164, dated October 3, 2008 of the Company's Tariff. The referenced methodology  
16 provides, in pertinent part, that the Company shall calculate carrying costs on any  
17 under- or over-recovered RA cost balances, net of the deferred income taxes  
18 associated with those balances, using the same interest rate, which rate will be  
19 adjusted each August 31 based upon the seven-year constant maturity Treasury  
20 rate, shown in the Federal Reserve Statistical Release, plus 60 basis points.  
21 Interest applicable to the Company's unamortized RA balance shall be calculated  
22 and will accrue on a monthly basis and shall be rolled into the RA balance at the  
23 beginning of the next Remediation Year, as set forth in Original Sheet No. 164  
24 referenced above. The impact and effect of this carrying cost methodology is set  
25 forth in Exhibit A, Schedule 7, addressed in further detail below.

26



1 (3) The actual and estimated interest for Remediation Year 2014 of  
2 approximately \$0.602 million.

3 (4) The final item included in the MGP cost on Exhibit A, Schedule 3 is a  
4 \$1.0 million credit related to \$3 million in insurance proceeds received as a result  
5 of litigation at the Long Branch MGP Site. Consistent with prior insurance  
6 proceeds being returned through the RAC, the proceeds are being amortized over  
7 a 3-year period (\$1.0 million for the remediation period) as a credit to the MGP  
8 program expenditures for Remediation Year 2014.

9 The resulting net total amount of \$8.46 million to be recovered is then divided by  
10 the projected therm sales of natural gas for the fiscal year ending September 30,  
11 2015 which yields a pre-tax RA factor of \$0.0125 per therm (\$0.0134 per therm  
12 after-tax). As a result of the above calculations shown on Exhibit A, Schedule 3,  
13 NJNG is proposing to decrease the current after-tax RA Factor of \$0.0300 per  
14 therm to \$0.0134 per therm.

#### 15 **Schedule 4 – Prior Year Reconciliation**

16 Schedule 4 details the Company's actual and estimated recovery of \$20.14 million  
17 for the fiscal year ended September 2014, which amount is carried over to and  
18 utilized in Exhibit A, Schedule 3, Line 2.

#### 19 **Schedule 5 - Annual Cap Calculation**

20 Schedule 5 calculates the limitation on the annual recovery of NJNG's  
21 remediation costs. The Company's total annual amortization to be collected from  
22 customers during a prospective Recovery Year may not exceed 5 percent of the  
23 Company's total firm gas revenues collected from customers during the preceding  
24 Remediation Year. Schedule 5 shows that the total amount of approximately  
25 \$8.46 million projected to be recovered is less than the five percent revenue cap  
26 of approximately \$33.2 million based on the \$663.6 million in firm gas revenues  
27 for Remediation Year 2014.

28



1 or excess in recovery is carried in the Company's NJCEP deferred account  
2 balance to be included in the future year's rate calculations. In November 2012,  
3 the BPU approved the NJCEP funding obligation for NJNG at \$9.8 million for the  
4 period January 2013 through June 2013. On June 21, 2013, the BPU approved a  
5 funding obligation of \$15.6 million for NJNG for July 2013 through June 2014  
6 and on June 30, 2014, the BPU approved \$15.6 million through September 2015.  
7 In this filing, I have estimated the NJCEP recovery though September 2015 and  
8 included the BPU mandated NJCEP contributions through September 2015. This  
9 will allow NJNG to match the recoveries with the mandated NJCEP contributions  
10 through September 2015, representing the time period the proposed SBC rate will  
11 be in effect, pending an October 1, 2014 approval and Board Order in this  
12 proceeding. Exhibit B will be updated accordingly as more NJCEP funding  
13 information is released by the BPU.

14 **Q. WHAT IS THE PROPOSED AFTER-TAX NJCEP FACTOR FOR THIS**  
15 **FILING?**

16 **A.** The Company proposes to decrease its current after-tax NJCEP Factor from  
17 \$0.0422 per therm to \$0.0257 per therm, which reflects the recovery of NJNG's  
18 underrecovered NJCEP balance as of July 31, 2014, and recovers the NJCEP  
19 mandated funding levels through September 2015. Supporting documentation for  
20 this factor is presented in Exhibit B.

21 **Q. WHAT IS THE AFTER-TAX USF FACTOR THAT IS INCLUDED IN**  
22 **THIS SBC FILING?**

23 **A.** The after-tax USF factor included in this SBC filing is \$0.0126 per therm. This  
24 statewide USF factor was approved in Board Order Docket No. ER13060534,  
25 dated, September 18, 2013. On June 20, 2014, NJNG filed a letter petition with  
26 the BPU requesting an increase to the statewide USF factor from \$0.0126 to  
27 \$0.0170, effective October 1, 2014. As a result of the most recent USF filing,  
28 NJNG will maintain the current USF factor in its SBC until the BPU approves the  
29 current USF petition. No other changes to the USF Factor are being requested by  
30 the Company at this time. The USF and SBC information will be updated  
31 accordingly in this proceeding when the BPU approves a new USF Factor.

1

2

**IV. OVERALL PROPOSED PRICE CHANGES**

3

**Q. WHAT IS THE PROPOSED AFTER-TAX SBC BILLING FACTOR FOR THIS SBC FILING AND THE IMPACT ON CUSTOMERS?**

4

5

**A.** The Company is proposing to: decrease its current after-tax RA rate from \$0.0300 to \$0.0134 per therm and to decrease its after-tax NJCEP rate from \$0.0422 to \$0.0257 per therm. This results in a proposed overall SBC after-tax rate of \$0.0517<sup>1</sup> per therm, effective October 1, 2014 or as of the date of a Board Order in this Proceeding.

6

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

11

**A.** Yes.

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<sup>1</sup> The total SBC Factor includes the USF Factor of \$0.0126, approved by the BPU in Docket No. ER13060534, dated September 18, 2013.



Exhibit A  
Schedule 1

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDIAATION ADJUSTMENT RIDER  
REMEDIAATION YEAR 2014  
BPU DOCKET NO. GR1409

SUMMARY OF SITE EXPENSES  
July 2013 - June 2014

LINE NO.	SITE	CONSULTING	REMEDIAATION	LEGAL	OTHER	TOTAL REMEDIATION EXPENSES	THIRD PARTY EXPENSES	RECOVERY COST
1	Atl. Highlands	\$711,774.00	\$395,724.40	\$102,407.72	(\$106,954.38)	1,102,951.74	\$0.00	\$1,102,951.74
2	Berkeley	\$2,674.23	\$13,184.39	\$6,300.20	\$361.78	\$22,520.60	\$0.00	\$22,520.60
3	Long Branch	\$739,685.11	\$864,049.46	\$42,619.17	\$61,053.27	\$1,707,407.01	\$0.00	\$1,707,407.01
4	Manchester	\$54,896.88	\$26,007.80	\$6,300.20	\$402.20	\$87,607.08	\$0.00	\$87,607.08
5	Toms River	\$722,061.61	\$482,734.07	\$51,271.49	\$28,455.56	\$1,284,522.73	\$0.00	\$1,284,522.73
	TOTALS	\$2,231,091.83	\$1,781,700.12	\$208,898.78	(\$16,681.57)	\$4,205,009.16	\$0.00	\$4,205,009.16

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409

AMORTIZATION OF 6/30/14 RECOVERABLE COSTS

Line	YE 6/30/08	YE 6/30/09	YE 6/30/10	YE 6/30/11	YE 6/30/12	YE 6/30/13	YE 6/30/14	TOTAL
1	RECOVERABLE COSTS	\$18,036,915	\$17,306,937	\$4,177,316	\$13,015,017	\$10,405,054	\$5,236,008	\$72,382,256
2	LESS RECOVERED COSTS Y/E 9/30/08	0	0	0	0	0	0	\$0
3	LESS RECOVERED COSTS Y/E 9/30/09	(2,576,702)	0	0	0	0	0	(\$2,576,702)
4	LESS RECOVERED COSTS Y/E 9/30/10	(2,576,702)	(2,472,420)	0	0	0	0	(\$5,049,122)
5	LESS RECOVERED COSTS Y/E 9/30/11	(2,576,702)	(2,472,420)	(596,759)	0	0	0	(\$5,645,881)
6	LESS RECOVERED COSTS Y/E 9/30/12	(2,576,702)	(2,472,420)	(1,859,288)	0	0	0	(\$7,505,169)
7	LESS RECOVERED COSTS Y/E 9/30/13	(2,576,702)	(2,472,420)	(1,859,288)	(1,486,436)	0	0	(\$8,991,606)
8	LESS RECOVERED COSTS Y/E 9/30/14	(2,576,702)	(2,472,420)	(1,859,288)	(1,486,436)	(748,001)	0	(\$9,739,607)
9	RECOVERABLE COSTS (L9)	\$2,576,702	\$4,944,839	\$1,790,278	\$7,437,153	\$7,432,181	\$4,488,007	\$32,874,169
10	2008 REMEDIATION YEAR AMORTIZATION L9/1	2,576,702						2,576,702
11	2009 REMEDIATION YEAR AMORTIZATION L9/2							2,472,420
12	2010 REMEDIATION YEAR AMORTIZATION L9/3		2,472,420	596,759				596,759
13	2011 REMEDIATION YEAR AMORTIZATION L9/4				1,859,288			1,859,288
14	2012 REMEDIATION YEAR AMORTIZATION L9/5					1,486,436		1,486,436
15	2013 REMEDIATION YEAR AMORTIZATION L9/6					748,001		748,001
16	2014 REMEDIATION YEAR AMORTIZATION L9/7						600,716	600,716
18	AMORT. RECOVER. COST:(L10...L16)	\$2,576,702	\$2,472,420	\$596,759	\$1,859,288	\$1,486,436	\$600,716	\$10,340,322

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEARS 2014  
BPU DOCKET NO. GR1409

REMEDATION ADJUSTMENT FACTOR

<u>Line</u>				
1	<b><u>AMORTIZATION (Per Schedule 2)</u></b>		<u>\$10,340,322</u>	
	Total Amortization		\$10,340,322	<b>\$10,340,322</b> a
2	<b><u>PRIOR YEARS' RECONCILIATION</u></b>			
	Total to be Recovered 10/13-9/14	\$18,663,072		
	Projected Recovery through Sept. 30, 2014 (Per Schedule 4) (1)	<u>\$20,144,158</u>		
	Projected Over-recovery	(\$1,481,086)		<b>(\$1,481,086)</b> b
3	<b><u>INTEREST CALCULATION (Per Schedule 7 )</u></b>			
	Interest 10/13-9/14 (10 months actual, 2 months estimate)			<b>602,387</b> c
4	<b>NET ACCUMULATED DEFFERED 3RD PTY RECOVERABLE COSTS</b>	(2)		<u><b>(1,000,000)</b></u> d
5	<b>TOTAL TO BE RECOVERED</b>			<u><b>\$8,461,623</b></u> a+b+c+d
6	<b><u>THERM SALE PROJECTION (October 1, 2014 - September 30, 2015)</u></b>			
7	FIRM SALES	485,364,583		
8	FIRM TRANSPORTATION	164,500,329		
9	INTERRUPTIBLE TRANSPORTATION	<u>29,730,210</u>		
10	TOTAL	<u><u>679,595,122</u></u>		
	PRE-TAX RA FACTOR PER THERM (L5/L13)			<u><u>\$0.0125</u></u>
	AFTER-TAX RA FACTOR PER THERM			<u><u>\$0.0134</u></u>
			Decrease in current rate	(\$0.0166)

NOTES:

- (1) Ten months actual, 2 months estimate  
(2) Proceeds from Insurance Claim to be credited over 3 years

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409

PRIOR YEAR RECONCILIATION

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PRE-TAX RA REVENUE FACTOR - OCT 2013 - SEPT 2014	\$	0.0280	
<u>ACTUAL THERM SALES OCT 2013 - JULY 2014</u>			
FIRM SALES		491,070,000	
FIRM TRANSPORTATION		166,725,000	
INTERRUPTIBLE TRANSPORTATION		23,677,000	
TOTAL		<u>681,472,000</u>	\$ <u>19,081,216</u>
<u>ESTIMATED THERM SALES AUGUST - SEPTEMBER 2014</u>			
FIRM SALES		22,863,246	
FIRM TRANSPORTATION		10,243,104	
INTERRUPTIBLE TRANSPORTATION		4,855,865	
TOTAL		<u>37,962,215</u>	\$ <u>1,062,942</u>
PROJECTED ACTUAL RECOVERY 10/13-9/14			\$ <u>20,144,158</u>

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409

PRIOR YEAR RECONCILIATION

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PRE-TAX RA REVENUE FACTOR - OCT 2013 - SEPT 2014	\$	0.0280	
<u>ACTUAL THERM SALES OCT 2013 - JULY 2014</u>			
FIRM SALES		491,070,000	
FIRM TRANSPORTATION		166,725,000	
INTERRUPTIBLE TRANSPORTATION		23,677,000	
TOTAL		<u>681,472,000</u>	\$ 19,081,216
<u>ESTIMATED THERM SALES AUGUST - SEPTEMBER 2014</u>			
FIRM SALES		22,863,246	
FIRM TRANSPORTATION		10,243,104	
INTERRUPTIBLE TRANSPORTATION		4,855,865	
TOTAL		<u>37,962,215</u>	\$ 1,062,942
PROJECTED ACTUAL RECOVERY 10/13-9/14			<u>\$ 20,144,158</u>

**NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409**

**ANNUAL CAP CALCULATION**

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FIRM GAS REVENUES-REMEDATION YEAR 2014	\$	663,635,025 *
5% CAP		\$33,181,751
TOTAL TO BE RECOVERED IN 2015		\$8,461,623

\* Revenues based on Remediation Year July 1, 2013 - June, 30, 2014

NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409

**PROJECTED REMEDIATION EXPENDITURES**

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<u>MGP Site Location</u>	<u>Projected Gross Fiscal 2015 Remediation Expenditures</u>
Atlantic Highlands	\$2,000,000
Berkeley	\$20,000
Long Branch	\$5,000,000
Manchester	\$80,000
Toms River	\$6,000,000
Insurance Litigation	\$300,000
Total	<u><u>\$13,400,000</u></u>

**NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
REMEDATION ADJUSTMENT RIDER  
REMEDATION YEAR 2014  
BPU DOCKET NO. GR1409**

**REMEDATION INTEREST CALCULATION**

<i>Month-Year</i>	<i>Deferred Balance</i>	<i>Deferred Taxes</i>	<i>Net of Tax</i>	<i>Average Balance</i>	<i>Monthly Rate (1)</i>	<i>Monthly Interest (2)</i>
10/31/2013	\$ 46,240,847	\$ (18,889,386)	\$ 27,351,461	\$ 27,413,590	0.237%	\$ 64,879
11/30/2013	44,353,803	\$ (18,118,529)	26,235,274	26,793,368	0.237%	63,411
12/31/2013	41,542,278	\$ (16,970,021)	24,572,257	25,403,766	0.237%	60,122
1/31/2014	37,987,383	\$ (15,517,846)	22,469,537	23,520,897	0.237%	55,666
2/28/2014	34,968,358	\$ (14,284,574)	20,683,784	21,576,660	0.237%	51,065
3/31/2014	32,318,543	\$ (13,202,125)	19,116,418	19,900,101	0.237%	47,097
4/30/2014	31,290,579	\$ (12,782,201)	18,508,378	18,812,398	0.237%	44,523
5/31/2014	30,925,835	\$ (12,633,204)	18,292,631	18,400,505	0.237%	43,548
6/30/2014	30,809,372	\$ (12,585,628)	18,223,744	18,258,188	0.237%	43,211
7/31/2014	30,718,263	\$ (12,548,411)	18,169,852	18,196,798	0.237%	43,002
8/31/2014	30,592,790	\$ (12,497,155)	18,095,635	18,132,744	0.237%	42,931
9/30/2014	30,742,790	\$ (12,558,430)	18,184,360	18,139,997	0.221%	42,931 est.
<b>Total</b>						<b>\$ 602,387</b>

(1) Monthly rate is 1/12 of the Seven-Year Constant Maturity Treasury rate adjusted each August 31.

(2) Monthly interest is accumulated and added to the balance at the beginning of October.

The September 2014 Deferred Balance is an estimate and will be updated with the September actual.



**NEW JERSEY NATURAL GAS COMPANY  
SOCIETAL BENEFITS CHARGE (SBC)  
NEW JERSEY CLEAN ENERGY ADJUSTMENT CLAUSE  
BPU. DOCKET NO. GR1409 \_\_\_\_\_**

**NEW JERSEY CLEAN ENERGY ADJUSTMENT CLAUSE CALCULATION**

	<b>Estimated Balance (\$ 000)</b>
NJ Clean Energy Underrecovery Balance @ 7/31/14	\$1,318
Recovery for August 2014 through September 2014	(\$1,496)
Board Approved Amounts for August 2014 through September 2014 <sup>1</sup>	\$879
Board Approved Amounts for Oct 2014 through September 2015 <sup>1</sup>	\$15,576
<b>Estimated Amount to be Recovered</b>	<b>\$16,278</b>
	Projected 10/14-9/15
	Sales
Firm Sales	485,365
Firm Transportation	164,500
Interruptible	<u>29,730</u>
<b>Total</b>	679,595
Pre-tax NJ Clean Energy Recovery Rate \$ per Therm as Calculated	\$0.0240
After-tax NJ Clean Energy Recovery Rate \$ per Therm as Calculated	\$0.0257
Current Pre-tax NJ Clean Energy Recovery Rate \$ per Therm	\$0.0394
Current After-tax NJ Clean Energy Recovery Rate \$ per Therm	\$0.0422
Calculated Pre-tax NJ Clean Energy Recovery Rate \$ per Therm Increase	(\$0.0154)
Calculated After-tax NJ Clean Energy Recovery Rate \$ per Therm Increase	(\$0.0165)

<sup>1</sup> Per 6/30/14 Order in BPU Docket No. EO11050324V. Assumes approved contributions through June 2015 and estimates for July 2015 through September 2015 period based on approved amounts from prior period (July 2014 through September 2014).

**NEW JERSEY NATURAL GAS COMPANY**

**DIRECT TESTIMONY OF JOHN RASPA  
DIRECTOR OF ENVIRONMENTAL SERVICES**

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

3 **A.** My name is John Raspa. I am the Director - Environmental Services (“ES”) for  
4 New Jersey Natural Gas Company (“NJNG” or the “Company”). My business  
5 address is 1415 Wyckoff Road, Wall, New Jersey 07719.

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

8 **A.** I earned a bachelor’s degree in Chemical and Biological sciences from Rutgers  
9 University in 1976 and completed advanced postgraduate education in  
10 Environmental and Sanitary Engineering from Rutgers University, Cook College  
11 of Sciences. I maintain a professional certification in the field of Hazardous  
12 Materials Management. I am also skilled in Risk Management and Environmental  
13 Management Systems through formal training and practical applications in my  
14 professional career and have more than 30 years experience in the environmental  
15 field. I have held numerous positions and responsibilities in the area of  
16 environmental management that have included strategy, compliance, risk  
17 management and business acquisition. From 1976 to 1988, I worked in the public  
18 sector for various health and environmental agencies. Between 1989 and 2000, I  
19 was employed by a Fortune 500 specialty chemical manufacturer, during which  
20 period my responsibilities progressively included regional management (New  
21 Jersey), divisional management (national) and eventually global leadership for  
22 approximately 30 manufacturing locations. My duties during that time also  
23 included direct responsibility for the clean-up of major properties under various  
24 federal and state regulatory programs, including some located in New Jersey. In  
25 2001, I joined NJNG as the Director – Environmental, Health & Safety Services.

1 **Q. WHAT ARE YOUR PRIMARY DUTIES AND RESPONSIBILITIES AS**  
2 **NJNG'S DIRECTOR OF ENVIRONMENTAL SERVICES?**

3 **A.** As the Director – ES for NJNG, I have overall responsibility for creating a  
4 corporate vision and environmental strategy, through strategic planning, to  
5 address current and emerging trends affecting environmental issues, and to  
6 promote ES's performance by establishing and executing the Company's policy,  
7 key initiatives and opportunities. These activities support NJNG's overall  
8 corporate commitment to environmental responsibility. I am also responsible for  
9 developing and managing the department's operating budget in connection with  
10 ongoing activities at each of the Company's former manufactured gas plant  
11 ("MGP") sites which NJNG is responsible for remediating under the direction of  
12 the New Jersey Department of Environmental Protection ("NJDEP"). In addition,  
13 I maintain the oversight of various day-to-day activities involving decision  
14 making on key departmental matters, including the MGP program. My duties and  
15 responsibilities also include the following: ensuring that key safety, health and  
16 environmental liabilities and exposures are identified and addressed on a timely  
17 and effective basis through internal processes and procedures; developing and  
18 monitoring the MGP program's effectiveness; reporting key performance  
19 indicators to management; and developing and maintaining effective working  
20 relationships with federal, state and local stakeholders, public agencies and  
21 organizations whose collective responsibilities encompass environmental, health  
22 and safety issues. Those entities include, but are not limited to, municipal  
23 governments, community groups, the U.S. Environmental Protection Agency, the  
24 NJDEP, and the U.S. Occupational Safety and Health Administration.

25 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN REGULATORY**  
26 **PROCEEDINGS?**

27 **A.** Yes. I have submitted testimony on behalf of the Company in its last eight  
28 Societal Benefits Charge ("SBC") proceedings on the Remediation Adjustment  
29 ("RA") Factor, Docket Nos. GR04121565, GR05100846, GR06100746,  
30 GR08020106, GR09010076, GR10060433, GR12020123 and GR13070674.

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
2 **PROCEEDING?**

3 **A.** The purpose of this testimony is to: (1) provide a general overview of the  
4 Company's on-going MGP remediation program; (2) identify and describe the  
5 general nature and categories of expenses incurred by the Company during the  
6 period of July 1, 2013 through June 30, 2014 ("Remediation Year 2014"; (3)  
7 provide a brief history of the Company's former MGP sites, and (4) identify and  
8 report on key developments relating to ongoing remediation activities at those  
9 sites

10

11 **THE COMPANY'S MGP REMEDIATION PROGRAM**

12 **Q. PLEASE EXPLAIN THE NJDEP'S ROLE IN MGP SITE REMEDIATION.**

13 **A.** The remediation of the Company's MGP sites is subject to strict oversight by the  
14 NJDEP. NJNG must comply with relevant rules and regulations issued by that  
15 agency, including specific procedures and timetables within Administrative  
16 Consent Orders ("ACOs") issued for each of the Company's MGP sites. The  
17 ACOs also delineate the responsibilities of all parties regarding site remediation.  
18 As a result of the ACOs, all remedial action work plans for the Company's MGP  
19 sites must be submitted to and approved by the NJDEP. As of May 2012,  
20 dramatic changes became effective for the process in which the NJDEP will  
21 address future remediation oversight responsibilities. The Site Remediation  
22 Reform Act ("SRRA"), N.J.S.A. 58:10C-1 et seq. establishes a licensing program  
23 for environmental consultants and contractors to be certified by the NJDEP as  
24 Licensed Site Remediation Professionals ("LSRPs") overseen by a State licensing  
25 board. The LSRPs essentially replace some of the basic functions of the NJDEP.  
26 For example, in a wide variety of environmental settings and situations, LSRPs  
27 are authorized to sign and certify reports through the site investigation and  
28 cleanup process. The NJDEP is no longer required to review and approve  
29 investigation and cleanup plans in advance, or to issue "No Further Action" letters  
30 and Covenants Not to Sue at the conclusion of cleanups. LSRPs determine the  
31 correctness and conclusion of investigations and cleanups, and issue the final  
32 sign-off document known as a "Response Action Outcome" ("RAO"). LSRPs

1 have wide-ranging responsibilities, including permit revocation and other  
2 penalties and enforcement actions. Following an LSRP's issuance of a RAO, the  
3 NJDEP has three years to audit the LSRP's work, though the facts and  
4 circumstances for the NJDEP to invalidate an RAO are relatively narrow.

5 **Q. PLEASE DESCRIBE THE COMPANY'S MGP REMEDIATION**  
6 **STRATEGY AND YOUR SPECIFIC ROLE IN EFFECTIVELY**  
7 **IMPLEMENTING THAT STRATEGY.**

8 **A.** As a general matter, the Company's remediation strategy continues to include the  
9 identification, development and implementation of both conventional and  
10 innovative engineering and business solutions that enable NJNG to cost-  
11 effectively investigate, remediate and manage the risk of the long-term  
12 environmental liabilities associated with the Company's former MGP properties.  
13 NJNG's focus is on ensuring the protection of human health and the environment.  
14 I am directly responsible for all aspects of the Company's MGP remediation  
15 program, including the responsibility to identify and obtain the necessary  
16 resources to carry out the program. I am also responsible for ensuring adherence  
17 to NJDEP requirements. Additionally, I am charged with direct oversight and  
18 responsibility for monitoring all costs the Company incurs in connection with  
19 implementing the MGP program, including, but not limited to, those costs  
20 associated with investigations, testing, land acquisition, remediation and/or other  
21 liabilities specifically relating to the Company's former MGP sites, disposal sites,  
22 or sites to which MGP material may have migrated as a result of the operation or  
23 decommissioning of the Company's former MGP facilities ("Remediation  
24 Costs"). More detail on Remediation Costs is provided later in my testimony. As  
25 part of its MGP program, the Company is committed to ensuring that its MGP-  
26 related expenditures are limited to those that the Company believes are reasonable  
27 and necessary to implement the MGP program for the work plans authorized by  
28 the NJDEP. As a result, the Company consistently seeks to identify and separate  
29 MGP related soil/sediment impacts from non-site related contamination, such as  
30 vehicle exhaust, industrial air emissions, storm water runoff and residential  
31 furnaces, to avoid incurring any costs for the extensive remediation of non-MGP  
32 impacts.

1                   **THE GENERAL NATURE AND CATEGORIES OF REMEDIATION**

2                                   **COSTS**

3   **Q.   PLEASE DESCRIBE THE NATURE AND CATEGORIES OF THE**  
4       **REMEDATION COSTS THE COMPANY INCURRED DURING**  
5       **REMEDATION YEAR 2014 IN CONNECTION WITH IMPLEMENTING**  
6       **AND MANAGING ITS MGP PROGRAM.**

7   **A.**   The costs the Company incurred during Remediation Year 2014 to implement and  
8       manage its MGP program include costs for the following: outside consulting and  
9       engineering services; outside legal services; community outreach; analytical  
10      laboratory work; construction services (including construction management);  
11      health and safety activities; air monitoring and soil sampling; a variety of  
12      ancillary support services; and incremental internal labor directly associated with  
13      MGP activities. Third-party services provided to the Company in connection with  
14      MGP-related activities (such as project management and engineering support  
15      services, and contractors who provide physical remediation services) are  
16      competitively bid through NJNG's contractor procurement procedures.

17

18                   **BACKGROUND AND CURRENT STATUS OF REMEDIATION EFFORTS AT**  
19                                   **NJNG's MGP SITES**

20   **Q.   PLEASE PROVIDE A BRIEF BACKGROUND OF THE ATLANTIC**  
21       **HIGHLANDS SITE.**

22   **A.**   The Atlantic Highlands site was first occupied by the Atlantic Highlands Gas  
23       Company ("AHGC") in 1910. In 1913, AHGC was merged with and consolidated  
24       into Standard Gas Company ("SGC"), which subsequently merged with Freehold  
25       Gas Light Company in 1916. In the early 1920s, SGC was purchased and  
26       reorganized into a new entity known as County Gas Company ("CGC"). In 1952,  
27       CGC became New Jersey Natural Gas. The Atlantic Highlands site operated as a  
28       carbureted water gas manufacturing facility from 1910 until 1949, when  
29       manufacturing operations were discontinued. Coal and coke were used as  
30       feedstock to produce the carbureted water gas. Demolition activities at this site  
31       were completed around 1981. NJNG currently uses the Atlantic Highlands site as  
32       a Division Service Center.

1 **Q. PLEASE SUMMARIZE THE KEY EVENTS THAT OCCURRED DURING**  
2 **REMEDICATION YEAR 2014 IN CONNECTION WITH MGP**  
3 **REMEDICATION ACTIVITIES AT THE ATLANTIC HIGHLANDS SITE.**

4 **A.** Key activities undertaken by the Company at the Atlantic Highlands site during  
5 this time period included continued investigation, data evaluation, and document  
6 preparation connected with efforts for remediation work to commence at the  
7 AOC-1, AOC-1F, AOC-2, AOC-8A, AOC-8B, AOC-8C, AOC-8D, AOC-8E, and  
8 AOC-8F (south) properties. The Company is in the process of performing data  
9 evaluation and document preparation in order to justify to the site LSRP that the  
10 Company is not responsible for identified soil impact north of Center Avenue,  
11 including the AOC-8F (north), AOC-8G, AOC-8H, and AOC-8I properties

12 **Q. WHAT IS THE STATUS OF THE REMEDIATION WORK UNDERWAY**  
13 **AT THE ATLANTIC HIGHLANDS SITE?**

14 **A.** Remediation work currently underway includes:

15 A Remedial Investigation Work Plan is being prepared for the AOC-1F  
16 (Foodtown) property to further define the extent of free and residual product at  
17 the site.

18 A Remedial Action Report (RAR) is being finalized for the AOC-4  
19 (Sodon/Andersen) property.

20 A Remedial Investigation Report (RIR) for numerous third party properties  
21 located north of West Highland Avenue, including a segment Many Mind Creek  
22 (AOC-8), is currently under review by the LSRP.

23 The approved groundwater treatment system continues to operate successfully.

24 **Q. WHAT ARE THE NEXT STEPS REGARDING FUTURE REMEDIATION**  
25 **AT THE ATLANTIC HIGHLANDS SITE?**

26 **A.** The Company expects to complete the final cap construction work on the AOC-1  
27 and AOC-2 properties during the upcoming remediation year ending June 2015.  
28 In addition, the Company will continue to explore alternatives to address the  
29 remaining free and residual product impacts located at AOC-1 and several off-site  
30 properties.

31

1 **Q. PLEASE PROVIDE A BRIEF BACKGROUND OF THE LONG BRANCH**  
2 **SITE.**

3 **A.** The Long Branch site first operated as a gas manufacturing facility for the Long  
4 Branch Gas and Light Company (“LBGLC”) from approximately 1860-1870. In  
5 1895, LBGLC merged into Consolidated Gas Companies. The site was purchased  
6 and operated by Jersey Central Power & Light (“JCP&L”) from 1925 until 1952  
7 and was included in the sale of all JCP&L gas operations to NJNG in 1952.  
8 Although exact information is not available, it is likely that either carbureted  
9 water or oil gas was manufactured at this site. All manufacturing operations  
10 ceased in 1961. A portion of the former site was leased to the City of Long  
11 Branch from 1966 until 1976 for use as a park. In 1976, NJNG donated the  
12 property to the City of Long Branch. Demolition of plant-related structures was  
13 completed around 1983. At that time, another portion of the site was sold to  
14 private parties. The demolition of several plant structures on that portion of the  
15 site was completed in 1991.

16 **Q. PLEASE SUMMARIZE THE KEY EVENTS THAT OCCURRED DURING**  
17 **REMEDIAION YEAR 2014 IN CONNECTION WITH MGP**  
18 **REMEDIAION ACTIVITIES AT THE LONG BRANCH SITE.**

19 **A.** Key activities undertaken by the Company at the Long Branch MGP site during  
20 this time period include:

- 21 • Indoor air investigation and additional site investigation work in regards to  
22 vapor intrusion.
- 23 • Continued permitting activities, preliminary site preparation work, and  
24 obtaining regulatory approvals addressing the remaining off-site property  
25 MGP impacts including the replacement of the Seaview Avenue Bridge,  
26 as required by the NJDEP.
- 27 • Continuation of negotiations with private property owners for property  
28 access to conduct remedial activities.
- 29 • The Company completed the installation of additional monitoring wells as  
30 required by the LSRP.

31



1 **Q. WHAT IS THE STATUS OF THE REMEDIATION WORK UNDERWAY**  
2 **AT THE LONG BRANCH SITE?**

3 **A.** The next step in the remediation process is the execution of the remediation plan  
4 and replacement of the Seaview Avenue Bridge commencing in Remediation  
5 Year 2015.

6 **Q. PLEASE PROVIDE A BRIEF BACKGROUND AND SUMMARIZE THE**  
7 **KEY EVENTS THAT OCCURRED DURING REMEDIATION YEAR 2014**  
8 **IN CONNECTION WITH MGP REMEDIATION ACTIVITIES AT THE**  
9 **MANCHESTER SITE.**

10 **A.** As a result of the dismantling of the Company's Long Branch and Atlantic  
11 Highlands plants in the mid 1970s, materials were delivered to an asphalt  
12 recycling facility identified as South Brunswick Asphalt ("SBA"). SBA operated  
13 in three locations, including Berkeley Township, Manchester Township and  
14 Barnegat Township. NJNG has completed investigation and remediation of soil  
15 impacts at the Manchester location and is currently assessing groundwater  
16 conditions for the presence of potential coal tar residuals. It is anticipated that  
17 additional remediation measures will be required to address residual product in  
18 the groundwater. The Company has engaged an LSRP to perform all future  
19 oversight responsibilities in accordance with the SRRA at the Manchester MGP  
20 site.

21 **Q. WHAT IS THE STATUS OF THE REMEDIATION WORK UNDERWAY**  
22 **AT THE MANCHESTER SITE?**

23 **A.** The Company has completed soil remediation with no further actions required.  
24 The remaining effort centers on groundwater contamination and the actions that  
25 are required by the regulations to meet water quality standards. The NJDEP and  
26 the Licensed Site Remediation Professional (LSRP) requested an investigation to  
27 complete groundwater delineation. The Company will continue to investigate and  
28 monitor the ground-water in and around the area of concern affected by MGP  
29 impacts. If, during the investigative and monitoring phase, we can attain natural  
30 attenuation that meets the standards, then there will be no further actions required  
31 on our part.

1 **Q. PLEASE PROVIDE A BRIEF BACKGROUND OF THE TOMS RIVER**  
2 **SITE.**

3 **A.** The Toms River site was operated as a coal gas plant from approximately 1900 to  
4 1911 by the Toms River and Island Heights Electric and Power Company. The  
5 site was sold to the Ocean County Gas Company in 1911 and operated by them  
6 until 1928 when the site was purchased by JCP&L. Gas manufacturing operations  
7 ceased in 1950. Although exact information is not available, it is likely that either  
8 carbureted water or oil gas was manufactured at the Toms River site. This site  
9 was included in the sale of all JCP&L gas operations to NJNG in 1952.  
10 Demolition activities at this site were completed around 1975. From 1952 until  
11 1989, NJNG used this site as a Division Service Center but ceased operations  
12 there in 1989 when the Company relocated the Division Offices. This cessation of  
13 operations triggered the Environmental Cleanup Responsibility Act (“ECRA”),  
14 requiring the submittal of an Initial Notice to the NJDEP.

15 **Q. PLEASE SUMMARIZE THE KEY EVENTS THAT OCCURRED DURING**  
16 **REMEDATION YEAR 2014 IN CONNECTION WITH MGP**  
17 **REMEDATION ACTIVITIES AT THE TOMS RIVER SITE.**

18 **A.** The Company completed pre-design investigation work to locate relic  
19 underground MGP and natural gas pipeline structures in connection with efforts  
20 to implement the selected in-situ stabilization (“ISS”) remedy on the AOC-1  
21 property.

22 The Company initiated the prerequisite work plan and bid document preparation  
23 for the upcoming ISS remediation work on the AOC-1 property.

24 The Company initiated the pilot test for the proposed off-site in-situ chemical  
25 oxidation (“ISCO”) remediation technology. ISCO remediation is proposed for  
26 product impacts on the MUA, NJDOT, and former Conrail properties.

27 The Company performed an analysis for the flow of groundwater pertaining to a  
28 water system.

29 **Q. WHAT ARE THE NEXT STEPS REGARDING FUTURE REMEDIATION**  
30 **AT THE TOMS RIVER SITE?**

31 **A.** The Company expects to initiate the ISS remediation on the AOC-1 property and  
32 complete the ISCO pilot test during fiscal year 2015. In addition, the Company

1 will continue efforts (e.g., discussions and negotiations) to obtain the required  
2 consent from off-site property owners to perform a restricted-use remedy on their  
3 respective properties.

4 **Q. PLEASE SUMMARIZE THE KEY EVENTS THAT OCCURRED DURING**  
5 **REMEDATION YEAR 2014 IN CONNECTION WITH MGP**  
6 **REMEDATION ACTIVITIES AT THE BERKELEY SITE.**

7 **A.** The Berkeley MGP site has been identified as an additional MGP location as a  
8 result of coal tar material disposal from the Long Branch and Atlantic Highlands  
9 MGP facilities in the late 1970's and 1980's, after the site was sold to South  
10 Brunswick Asphalt.

11 **Q. WHAT IS THE STATUS OF THE REMEDIATION WORK UNDERWAY**  
12 **AT THE BERKELEY MGP SITE?**

13 **A.** There are no current ongoing activities at the Berkeley property.

14 The Company anticipates a cooperative agreement with the property owner to  
15 address MGP impacts sometime in the future.

16 **Q. WHAT ARE NATURAL RESOURCE DAMAGES?**

17 **A.** The term Natural Resource Damages ("NRD") refers to claims that arise from  
18 alleged releases of hazardous substances that have resulted in injuries to natural  
19 resources (such as loss or impairment of ecological function) or the deprivation of  
20 natural resource services (such as water supply, recreation or ecological services)  
21 with respect to resources owned by, managed by, or otherwise within the  
22 trusteeship or co-trusteeship of the State of New Jersey.

23 **Q. HAVE ANY FORMAL NRD CLAIMS BEEN MADE OR FILED AGAINST**  
24 **THE COMPANY?**

25 **A.** No. NJDEP has not filed any formal NRD claims against the Company to date.  
26 Separately, an Environmental Justice ("EJ") petition filed on behalf of the  
27 Concerned Citizens Coalition in Long Branch has included NRD claims. The EJ  
28 petition is still active and being enforced by the NJDEP. The NJDEP has stated  
29 that they will explore Long Branch-related NRD claims upon the completion of  
30 remediation activities in Long Branch. NJNG anticipates that NRD claims may  
31 also be filed for each of its MGP sites since there are potential groundwater

1 impacts at each location. NJNG cannot predict whether the NJDEP will impose  
2 additional or modified remediation-related requirements in the future. Subject to  
3 that caveat, NJNG is not currently aware of any other material events relating to  
4 NJDEP directives, or otherwise, which could have an impact on the Company's  
5 NRD liability. As a result of prior settlement discussions with BPU Staff and Rate  
6 Counsel, no NRD expenses have been included for recovery in this filing.

7 **Q. PLEASE IDENTIFY MEMBERSHIP FEES PAID TO THE CHEMISTRY**  
8 **COUNCIL OF NEW JERSEY THAT ARE ESSENTIAL TO THE**  
9 **REGULATORY PROCESS.**

10 **A.** The Chemistry Council of New Jersey provides administrative services in  
11 managing the activities of The Site Remediation Industry Network of New Jersey  
12 ("SRIN"). SRIN is a coalition of more than twenty (20) companies and business  
13 associations that address issues regarding the Site Remediation Program of the  
14 NJDEP. The SRIN members are involved in the stakeholder process of the  
15 NJDEP's Administrative Requirements for the Remediation of Contaminated  
16 Sites ("AARCS"), the Technical Requirements for Site Remediation ("Tech  
17 Regs") and the Industrial Site Recovery Act ("ISRA") Rules. All of these  
18 regulations have direct impacts to the MGP remediation activities in New Jersey.

19 **Q. PLEASE IDENTIFY THE BENEFITS TO RATEPAYERS ASSOCIATED**  
20 **WITH SERVICES PROVIDED BY ISH, INC.**

21 **A.** Ish, Inc. administers a Members-directed Consortium of utility companies sharing  
22 existing operational, technical, and management information regarding MGP site  
23 assessment and remediation. The Consortium provides a forum for member  
24 companies to discuss and share technical issues and experiences related to  
25 investigation, remediation, and management of former MGP sites.

26 Through NJNG's participation with Ish, Inc., several technical issues have been  
27 addressed including:

- 28 • Industry Benchmarking of available technologies and their successful  
29 applications.
- 30 • Educational opportunities from discussion and sharing learned experiences  
31 from other utilities.

- 1           • Timely reviews and experience of new technologies related to MGP site
- 2           remediation.
- 3           • Exposure to a professional and knowledgeable utility/industry workforce
- 4           to enhance remediation learning experiences for NJNG's site remediation
- 5           staff.

6           NJNG believes the timely communication and implementation of these issues  
7           have provided benefits to the NJNG ratepayers since the early 1990's.

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

9   **A.    Yes.**