



Agenda Date: 9/16/10
Agenda Item: 2A

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center, Suite 801
Newark, NJ 07102
www.nj.gov/bpu

ENERGY

IN THE MATTER OF THE PETITION OF)	DECISION AND ORDER
NEW JERSEY NATURAL GAS COMPANY)	APPROVING STIPULATION
FOR THE ANNUAL REVIEW AND)	FOR PROVISIONAL RATES
REVISION OF ITS BASIC GAS SUPPLY)	
SERVICE (BGSS), ITS CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS AND)	
FOR MODIFICATION TO ITS WEATHER)	
NORMALIZATION CLAUSE (WNC) FACTOR)	
FOR FISCAL YEAR 2011)	DOCKET NO. GR10060382

Tracey Thayer, Esq. for New Jersey Natural Gas Company

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, **Henry Ogden, Esq.** and **Judith Appel, Esq.** Assistant Deputy Rate Counsels, Division of Rate Counsel (**Stefanie A. Brand, Esq.**, Director)

Jessica Campbell, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (**Paula T. Dow**, Attorney General of New Jersey)

(SERVICE LIST ATTACHED)

BY THE BOARD:

BACKGROUND

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs") submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1 by June 1 of that year. In addition, the January BGSS Order authorizes each GDC to self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year, with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel"), .

In accordance with the above noted Order, on June 1, 2010, New Jersey Natural Gas Company ("Company," or "NJNG") filed its annual BGSS petition ("Petition") to establish new rates for the period October 1, 2010 through September 30, 2011. The Company's petition sought to decrease the BGSS rate applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism from \$0.8828 per therm to \$0.8346 per therm including taxes, generating a \$22.2 million annual decrease in BGSS revenues to NJNG. The Company's request translates into a decrease of approximately \$4.82 per month, or approximately 3.5 percent, for the average residential customer using 100 therms per month.

The Company also seeks an increase in its balancing charge from \$0.0789 per therm to \$0.0886 per therm including taxes. All balancing charge revenues from transportation customers are credited to the BGSS. For sales customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

The Petition also included a Conservation Incentive Program ("CIP")¹ proposal seeking approval of the following changes to its after-tax per therm CIP rates: (a) a decrease from a charge of \$0.0435 to a credit of \$0.0033 for Group I Residential Non-Heat customers, (b) an increase in the charge from \$0.0079 to \$0.0179 for Group II Residential Heat Customers, (c) an increase in the charge from \$0.0184 to \$0.0339 for Group III General Service - Small customers, and (d) an increase in the charge from \$0.0260 to \$0.0278 for Group IV General Service - Large customers effective as of October 1, 2010. The Company seeks to revise the level of the Company's CIP recovery rates for the CIP year, October 1, 2010 through September 30, 2011 resulting in a \$5.05 million increase in revenues to NJNG which translates into an increase of approximately \$1.00 per month or .7%, to the average residential heating customer using 100 therms per month

The Petition also included a request by the Company to maintain its current Weather Normalization Clause ("WNC") rate of \$0.0001 per therm including taxes through December 31, 2010. The Company proposes to eliminate the WNC billing factor effective January 1, 2011 and transfer the remaining WNC over or under recovery balance to the BGSS balance.

Pursuant to the Board's October 12, 2006 Order in Docket No. GR05121020, any non-weather related CIP surcharges must be offset by reductions in BGSS related costs. The Company reported total CIP related revenue of \$13.19 million and deducted an amount of \$7.72 million representing warmer than normal weather². The resulting amount, \$5.47 million, represents the non-weather related portion of CIP revenue. According to the Company, total reductions in capacity based BGSS costs were \$5.52 million for the period.

As proposed, the net annual revenue decrease to the Company from the BGSS decrease and the CIP revisions is approximately \$17.1 million (including taxes). If approved, the combined proposed changes in the Company's BGSS and CIP rates, with the WNC rate remaining the same, would result in a net decrease of approximately 2.8% or \$3.82 per month after taxes to the total bill of an average residential heating customer using 100 therms per month.

After publication of notice in newspapers in general circulation in the Company's service territory, on July 26 and August 2, 2010, public hearings in this matter were held in Freehold and Rockaway, New Jersey. The public notice also advised customers that the Board's January BGSS Order granted the Company the discretion to self-implement an increase in its BGSS rates to be effective December 1st of this year and/or February 1st of next year after prior notice to the Board and Rate Counsel, with each increase capped at 5% of the total NJNG residential bill. The public notice also stated that the Company is permitted to decrease its BGSS rate at any time upon two weeks' notice to the Board and Rate Counsel. No members of the public appeared at either of the hearings to provide comments related to the Company's

¹ The CIP was approved by the Board in Docket No. GR05120120 in Board Orders dated October 12 and December 12, 2006 ("CIP Order"). The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated in the Company's BGSS Rates. The CIP surcharge is also subject to a ROE cap of 10.5%.

² Colder than normal weather would be represented by a negative amount.

request to decrease its periodic BGSS rates, revise its CIP rates, or maintain its current WNC rates.

THE STIPULATION

Following a review by, and subsequent discussions among representatives of NJNG, Rate Counsel, and Staff, the only parties to this proceeding at this time (collectively, "Parties"), entered into the attached Stipulation for Provisional BGSS, CIP, and WNC Rates ("Stipulation") dated August 24, 2010. The attached Stipulation for Provisional Rates solely addresses establishing new provisional BGSS and CIP rates, and maintaining the current WNC rate for the Company.

The key provisions of the Stipulation are as follows:

- 1) The Parties have determined that additional time is needed to complete the review of NJNG's proposed BGSS rate, CIP rates, WNC rate, and related issues but agree that the implementation of the most recently proposed BGSS price decrease, proposed balancing charge, and proposed CIP rates, and maintenance of the current WNC rate on a provisional basis, are reasonable at this time.
- 2) The Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it would be both reasonable and in the public interest for the Board to authorize the following:
 - a decrease in the periodic BGSS rate to \$0.8346 per therm including taxes,
 - an increase to \$0.0886 per therm including taxes in the Company's balancing charge,the implementation of the filed for CIP rates, on a per therm after tax basis, of a credit of \$0.0033 for Group I Residential Non-Heat Customers, a charge of \$0.0179 for Group II Residential Heat Customers, a charge of \$0.0339 for Group III General Service - Small Customers, and a charge of \$0.0278 for Group IV General Service - Large Customers; and maintenance of the WNC rate of \$0.0001 per therm including taxes

The proposed BGSS, CIP, and WNC rates would be charged on a provisional basis, subject to refund with interest on any net over-recovery, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board. The stipulated change represents an overall decrease from current rates of approximately 2.8% or \$3.82 per month for a typical residential sales service customer using 100 therms per month. This action will lead to a decrease in annual revenue to NJNG of approximately \$17.1 million.

DISCUSSION AND FINDINGS

The Board, having carefully reviewed the record to date in this proceeding and the attached Stipulation, HEREBY FINDS that, subject to the terms and conditions set forth below, the Stipulation is reasonable, in the public interest and in accordance with the law.

Accordingly, the Board HEREBY ADOPTS the Stipulation as its own, as if fully set forth herein. The Board HEREBY APPROVES on a provisional basis, the Company's implementation of a decrease in the Company's after-tax per-therm BGSS rate to \$0.8346 and HEREBY DIRECTS that the new rates resulting from this Stipulation are to become effective on or after the date of this Order. The Board HEREBY APPROVES on a provisional basis, the Company's implementation of an increase in the Company's pre-tax balancing charge to \$0.0886 per therm

effective as of October 1, 2010. The Board HEREBY APPROVES on a provisional basis, the Company's implementation of the following after-tax per therm CIP rates, also as of October 1, 2010: a credit of \$0.0033 for Group I Residential Non-Heat Customers, a charge of \$0.0179 for Group II Residential Heat Customers, a charge of \$0.0339 for Group III General Service - Small Customers, and a charge of \$0.0278 for Group IV General Service - Large Customers. The Board HEREBY APPROVES on a provisional basis, the Company's maintenance of its current after-tax per-therm WNC rate of \$0.0001. Any net over-recovery on the BGSS and CIP at the end of the BGSS period shall be subject to refund with interest.


Accordingly, the Board HEREBY ORDERS that this matter be transmitted to the OAL for full review and an Initial Decision, and then returned to the Board for a Final Decision.

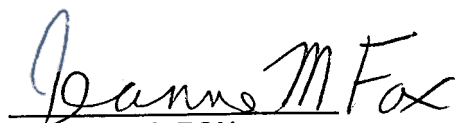
The Company is HEREBY DIRECTED to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five (5) business days from the date of this Order.

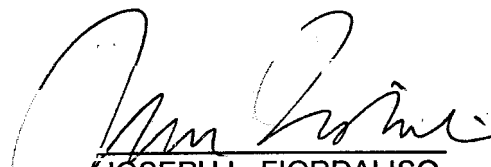
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

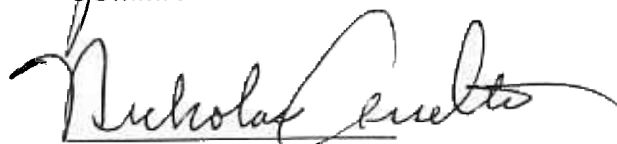
DATED: 9/16/10


BOARD OF PUBLIC UTILITIES
BY:


LEE A. SOLOMON
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

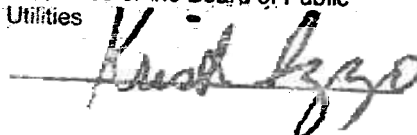

NICHOLAS ASSELTA
COMMISSIONER


ELIZABETH RANDALL
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



In the Matter of the Petition of New Jersey Natural Gas Company
For the Annual Review and Revision of Its Basic Gas Supply
Service (BGSS), Its Conservation Incentive Program
(CIP) Factors, and for Modification to its Weather Normalization Clause (WNC)
Factor, for Fiscal Year 2011
Docket No. GR10060382

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY)
FOR THE ANNUAL REVIEW AND) BPU DOCKET NO. GR10060382
REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS), ITS CONSERVATION)
INCENTIVE PROGRAM (CIP) FACTORS)
AND FOR MODIFICATION TO ITS)
WEATHER NORMALIZATION CLAUSE)
(WNC) FACTOR FOR F/Y 2011)**

STIPULATION FOR PROVISIONAL BGSS, CIP AND WNC RATES

APPEARANCES:

Tracey Thayer, Esq., New Jersey Natural Gas Company for the Petitioner, New Jersey Natural Gas Company

Judith B. Appel, Esq. and Henry M. Ogden, Esq., Assistant Deputy Rate Counsels, Division of Rate Counsel (Stefanie A. Brand, Esq., Director)

Jessica Campbell, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Paula T. Dow, Attorney General of New Jersey)

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR10060382 on June 1, 2010 ("June 1 Filing"), requesting that the New Jersey Board of Public Utilities ("BPU" or the "Board") approve NJNG's annual filing to establish new Basic Gas Supply Service ("BGSS") rates for the period October 1, 2010 through September 30, 2011, approve the implementation of updated Conservation Incentive Program ("CIP") factors

effective October 1, 2010, and eliminate the current Weather Normalization Clause (“WNC”) rate related to recovery from the 2005-2006 winter period effective January 1, 2011. The Company also proposed to transfer any remaining WNC over or under recovery balance to the Company’s BGSS balance.

2. Specifically, the petition requested that the BPU approve a decrease of \$0.0482 per therm after-tax in NJNG’s periodic BGSS rate applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism, effective October 1, 2010, thereby decreasing NJNG’s annual BGSS after-tax rate from \$0.8828 per therm to \$0.8346 per therm.¹ This requested change represents a BGSS decrease of approximately \$4.82 per month, or 3.5 percent, for the average residential sales heating customer using 100 therms per month. NJNG’s filing was based on market conditions as of April 30, 2010 based on a one-year BGSS recovery period. This proposal would decrease after-tax BGSS revenues by \$22.2 million.

3. The petition also requested a \$0.0097 per therm increase to the NJNG after-tax balancing charge, thereby increasing the per therm after-tax balancing charge from \$0.0789 to \$0.0886. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 (“Base Case Order”), NJNG is authorized to adjust its balancing charge in the annual BGSS filing to reflect updated costs. All Balancing Charge revenues from transportation customers are credited to BGSS. For sales customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS “Price-to-Compare.”

¹ The June 1 filing also included testimony, schedules and data that are responsive to and consistent with the Minimum Filing Requirements (MFRs) for annual BGSS filings, pursuant to the Board’s generic BGSS Order in Docket No. GX01050304.

4. Within the June 1 filing, the Company submitted its annual CIP filing for CIP year 2011, October 1, 2010 through September 30, 2011, requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2010. In this filing, the Company is seeking approval for the following changes to its after-tax per therm CIP factors: (i) a decrease from a charge of \$0.0435 for Group I Residential Non-Heat customers to a credit of \$0.0033, (ii) an increase in the charge from \$0.0079 to \$0.0179 for Group II Residential Heat customers, (iii) an increase in the charge from \$0.0184 to \$0.0339 for Group III Small Commercial customers, and (iv) an increase in the charge from \$0.0260 to \$0.0278 for Group IV Large Commercial customers effective as of October 1, 2010. This proposal will result in an overall after-tax increase of \$5.05 million to annual CIP-related revenues, which have been offset by reductions in gas costs, as described below. The CIP changes, without recognition of reductions in gas costs, represent an increase of approximately \$1.00 per month, or 0.7 percent, for the average residential sales heating customer using 100 therms per month. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by reductions in related BGSS costs. The Company reported total CIP related revenue of \$13.19 million with \$7.72 million related to weather and \$5.47 million non-weather related. Total reductions in capacity based BGSS costs were \$5.52 million.

5. Additionally, the Company proposed the elimination of the Company's Weather Normalization Clause ("WNC") rate related to recovery from the 2005-2006 winter period effective January 1, 2011. Based upon actual volumes of natural gas sold between October 2009 and April 2010 and projected volumes for May 2010 through September 2010, the Company estimated that it will not have collected the authorized funds related to the WNC 2005-2006 Winter Period as of September 30, 2010. By maintaining the current WNC rate of \$0.0001 per

therm after-tax for three additional months, the Company anticipates recovering the remaining WNC balance over the period ending December 31, 2010. At that point, the Company has proposed to eliminate the WNC rate as of January 1, 2011 and transfer any remaining over or under recovery balance to the Company's BGSS balance.

6. The changes to the BGSS and CIP rates would result in a requested overall decrease of approximately \$3.82 per month, or 2.8 percent, to the average residential heating customer using 100 therms per month. The impact to the average residential non-heat customer from this request would be a decrease of 5.7 percent per month and to the average small commercial customer a decrease of 2.2 percent per month. Since the BGSS change does not impact larger commercial customers to whom the monthly BGSS is applicable, the impact of this filing would result in a 0.2 percent increase from the CIP change to the average Group IV customer. The resulting overall decrease in annual after-tax revenue resulting from the proposed BGSS decrease and CIP-related revenues is approximately \$17.1 million.

7. Public hearings on these petitions were held on July 26, 2010 in Freehold Borough and on August 2, 2010 in Rockaway Township. No members of the public appeared at the public hearings.

STIPULATED ISSUES

8. NJNG, Board Staff, and the Division of Rate Counsel ("Rate Counsel") (collectively the Parties), the only Parties to these proceedings, have discussed certain matters at issue herein. As a result of those discussions, the Parties have determined that additional time is needed to complete the review of NJNG's proposed BGSS rates, the proposed balancing charge, the proposed CIP rates, the proposed treatment of the WNC rate and other aspects of the Company's BGSS and CIP filings. However, the Parties also agree that the implementation of

the decrease to the Company's BGSS prices, the increase to the balancing charge, the modifications to the CIP rates and maintenance of the current WNC rate through December 31, 2010, on a provisional basis, is reasonable at this time.

9. Accordingly, the Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize the following rates: 1) a decrease of \$0.0482 in the Company's periodic BGSS rate, thus establishing the rate of \$0.8346 per therm after-tax; 2) an increase of \$0.0097 to the Company's balancing charge; 3) the proposed CIP rates all on an after-tax basis as follows: a decrease of \$0.0468 to the rate for Group I Residential Non-Heat customers, an increase of \$0.01 to the rates for Group II Residential Heat customers, an increase of \$0.0155 to the rates for Group III Small Commercial customers, an increase of \$0.0018 on the rates for Group IV Large Commercial customers; and 4) the maintenance of the current WNC rate of \$0.0001 through December 31, 2010 with any remaining balance transferred to the Company's BGSS balance as of January 1, 2011.

10. These rate changes will be effective as of October 1, 2010, or as of such date that the Board so decides. These changes are on a provisional basis, subject to refund with interest on any net BGSS and/or CIP over-recovery, an opportunity for a full review at the Office of Administrative Law (OAL), if necessary, and final approval by the Board.

11. This Stipulation represents an overall decrease of \$0.0382 per therm after-tax from the rates currently in effect, approximately 2.8 percent, or \$3.82 per month for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS 3.5 percent decrease and CIP 0.7 percent increase with WNC remaining the same. The overall impact to the average residential non-heat sales customer is a

decrease of 5.7 percent (\$2.38/month) and to the average small commercial sales customer these changes represent a decrease of approximately 2.2 percent (\$3.27/month). Large commercial sales customers are not affected by changes in the BGSS charge because they are subject to monthly BGSS market pricing for their natural gas supply. However, delivery rates for these customers are increasing due to the CIP rate change noted above by approximately 0.2 percent or \$2.16/month for a customer using 1200 therms a month. These rate changes will lead to a decrease in annual after-tax revenue to NJNG of approximately \$17 million. Attachment A to this Stipulation provides the information from Exhibit G in the June filing, showing the impacts of the agreed-upon rate changes.

12. The Company has provided updated tariff sheets reflecting the provisional rates agreed to by the Parties in this Stipulation.

13. This Stipulation represents a mutual balancing of interests, contains interdependent provisions, and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.


14. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

15. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings.

Except as expressly provided herein, NJNG, the Board, its Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. All rates are subject to audit by the Board. The parties recommend that the Board transmit this proceeding to the OAL for an opportunity for a full review of all issues in this matter.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
TRACEY THAYER, ESQ.
New Jersey Natural Gas

**DIVISION OF RATE COUNSEL
STEFANIE A. BRAND, ESQ.
DIRECTOR**

By: 
HENRY M. OGDEN, ESQ.
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES
PAULA T. DOW
ATTORNEY GENERAL OF NEW JERSEY**

By:  8/24/10
JESSICA CAMPBELL, DAG
DEPUTY ATTORNEY GENERAL

Date:

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR10060382
FY 2011

(\$/therm)

Price Impact for Group I - Residential Non-Heating Customers

	Component of	Current		Proposed ¹		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.8250	\$0.8828	\$0.7800	\$0.8346	(\$0.0450)	(\$0.0482)
CIP	Delivery Price	0.0407	0.0435	(0.0031)	(0.0033)	(0.0438)	(0.0468)
NET IMPACT		\$0.8657	\$0.9263	\$0.7769	\$0.8313	(\$0.0888)	(\$0.0950)

Price Impact for Group II - Residential Heating Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.8250	\$0.8828	\$0.7800	\$0.8346	(\$0.0450)	(\$0.0482)
CIP	Delivery Price	0.0074	0.0079	0.0167	0.0179	0.0093	0.0100
WNC	Delivery Price	0.0001	0.0001	0.0001	0.0001	0.0000	0.0000
NET IMPACT		\$0.8325	\$0.8908	\$0.7968	\$0.8526	(\$0.0357)	(\$0.0382)

Price Impact for Group III - General Service Small Customers

	Component of	Current		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.8250	\$0.8828	\$0.7800	\$0.8346	(\$0.0450)	(\$0.0482)
CIP	Delivery Price	0.0172	0.0184	0.0317	0.0339	0.0145	0.0155
WNC	Delivery Price	0.0001	0.0001	0.0001	0.0001	0.0000	0.0000
NET IMPACT		\$0.8423	\$0.9013	\$0.8118	\$0.8686	(\$0.0305)	(\$0.0327)

Price Impact for Group IV - General Service Large Customers

	Component of	Current		Proposed		Change	
		Pre-tax Changes Monthly	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS						
CIP	Delivery Price	0.0243	0.0260	0.0260	0.0278	0.0017	0.0018
WNC	Delivery Price	0.0001	0.0001	0.0001	0.0001	0.0000	0.0000
NET IMPACT		\$0.0244	\$0.0261	\$0.0261	\$0.0279	\$0.0017	\$0.0018

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

BGSS projected annual therms	460,051 (000s)
CIP Group I projected annual therms	3,594 (000s)
CIP Group II projected annual therms	444,964 (000s)
CIP Group III projected annual therms	33,553 (000s)
CIP Group IV projected annual therms	137,011 (000s)
WNC projected annual therms	615,529 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$406.1	\$384.0	(\$22.17)
CIP Group I	\$0.2	(\$0.01)	(\$0.17)
CIP Group II	\$3.5	\$8.0	\$4.45
CIP Group III	\$0.6	\$1.1	\$0.52
CIP Group IV	\$3.6	\$3.8	\$0.25
WNC	\$0.1	\$0.1	\$0.00
IMPACT	\$414.0	\$396.9	(\$17.13)

¹ Proposed BGSS and CIP prices are requested to be effective October 1, 2010. The proposed WNC decrease is requested to be effective January 1, 2011 and is not reflected above. The WNC represents a 0.01% decrease to average customers in Groups II, III, and IV.

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR10060382
FY 2011

	Current (\$/therm)			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.8250	\$0.8250	\$0.8250	\$0.7800	\$0.7800	\$0.7800
After-tax Periodic BGSS	\$0.8828	\$0.8828	\$0.8828	\$0.8346	\$0.8346	\$0.8346
Less: Balancing	(\$0.0789)	(\$0.0789)	(\$0.0789)	(\$0.0886)	(\$0.0886)	(\$0.0886)
BGSS Price To Compare	\$0.8039	\$0.8039	\$0.8039	\$0.7460	\$0.7460	\$0.7460

<u>Impact on Residential Non-Heating Customers</u>				25 therm bill	
Current Prices					
Customer Charge		\$8.25		\$8.25	
Delivery		\$0.5366		\$13.42	
BGSS		\$0.8039		\$20.10	
Total		\$1.3405		\$41.76	
Proposed prices- effective 10/1/10					
Customer Charge		\$8.25		\$8.25	
Delivery		\$0.4995		\$12.49	
BGSS		\$0.7460		\$18.65	
Total		\$1.2455		\$39.39	
Decrease				(\$2.38)	
Decrease as a percent				(5.7%)	
<u>Impact on Residential Heating Customers</u>				100 therm bill	1000 therm annual bill
Current Prices					
Customer Charge		\$8.25		\$8.25	\$99.00
Delivery		\$0.5011		\$50.11	\$501.10
BGSS		\$0.8039		\$80.39	\$803.90
Total		\$1.3050		\$138.75	\$1,404.00
Proposed prices- effective 10/1/10					
Customer Charge		\$8.25		\$8.25	\$99.00
Delivery		\$0.5208		\$52.08	\$520.80
BGSS		\$0.7460		\$74.60	\$746.00
Total		\$1.2668		\$134.93	\$1,365.80
Decrease				(\$3.82)	(\$38.20)
Decrease as a percent				(2.8%)	(2.7%)
<u>Impact on Commercial GSS Customers</u>				100 therm bill	
Current Prices					
Customer Charge		\$25.00		\$25.00	
Delivery		\$0.4823		\$48.23	
BGSS		\$0.8039		\$80.39	
Total		\$1.2662		\$151.62	
Proposed prices- effective 10/1/10					
Customer Charge		\$25.00		\$25.00	
Delivery		\$0.4875		\$48.75	
BGSS		\$0.7460		\$74.60	
Total		\$1.2335		\$148.35	
Decrease				(\$3.27)	
Decrease as a percent				(2.2%)	
<u>Impact on Commercial GSL Customers</u>				1200 therm bill	
Current Prices					
Customer Charge		\$40.00		\$40.00	
Demand Charge		\$1.50		\$175.50	
Delivery		\$0.4117		\$494.04	
BGSS (May 2010)		\$0.6018		\$722.16	
Total		\$1.0135		\$1,431.70	
Proposed prices- effective 10/1/10					
Customer Charge		\$40.00		\$40.00	
Demand Charge		\$1.50		\$175.50	
Delivery		\$0.4232		\$507.84	
BGSS		\$0.5921		\$710.52	
Total		\$1.0153		\$1,433.86	
Increase				\$2.16	
Increase as a percent				0.2%	