



Agenda Date: 5/23/12  
Agenda Item: 2C

**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
Post Office Box 350  
Trenton, New Jersey 08625-0350  
[www.nj.gov/bpu/](http://www.nj.gov/bpu/)

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY )	DECISION AND ORDER
NATURAL GAS COMPANY FOR THE ANNUAL )	APPROVING STIPULATION
REVIEW AND REVISION OF ITS BASIC GAS SUPPLY )	FOR FINAL RATES
SERVICE (BGSS) AND REVIEW AND REVISION OF )	
ITS CONSERVATION INCENTIVE PROGRAM (CIP) )	
FACTORS FOR FISCAL YEAR 2012 )	DOCKET NO. GR11060331

**Parties of Record:**

**Tracey Thayer, Esq.**, for New Jersey Natural Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

**BY THE BOARD:**

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 accordance with the above noted Order, on June 1, 2011, New Jersey Natural Gas Company ("Company," or "NJNG") filed its annual BGSS petition ("Petition") to establish new rates for the BGSS year October 1, 2011 through September 30, 2012.

In addition, the January BGSS Order authorizes each GDC to:

- 1) 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"), and
- 2) decrease its BGSS rate, provide refunds or rate credits at any time upon five days notice and the filing of supporting documentation to the Board and to Rate Counsel.

The Petition sought to decrease the Company's BGSS rate applicable to residential and small commercial customers from an after-tax rate of \$0.8346 per therm to \$0.7116 per therm, generating a \$55.2 million annual decrease in BGSS billings. Approval of this request would translate into a monthly bill decrease of approximately \$12.30 or 9.1% for the average residential customer using 100 therms per month.

The Petition also included a proposed update of the Conservation Incentive Program (“CIP”)<sup>1</sup> rates to be effective as of October 1, 2011. In accordance with the Board’s decision in Docket No. GR05121020, the CIP provides for a rate adjustment related to changes in average use per customer as compared to a pre-established benchmark. Based on actual and estimated data through September 30, 2011, the Company sought to revise the level of its CIP recovery rate resulting in a net decrease in customer billings. Approval of the proposed CIP rate reduction would decrease the bill of an average residential customer using 100 therms per month by approximately \$1.13 or 0.8% per month.

The Company also proposed to decrease its after-tax balancing charge by \$0.0042 per therm, from \$0.0886 to \$0.0844 to reflect up-dated costs. Supply imbalances occur when transportation customers use more or less gas than the amount they agreed to take from their third party suppliers. The balancing charge represents the cost to NJNG’s transportation customers for NJNG providing gas from its BGSS portfolio to adjust for transportation customers’ over/under consumption. 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 following table summarizes net billing reductions as detailed in the Petition:

Customer Class	BGSS/CIP Billings (\$Millions)		
	@ In-Place Rates	@ Proposed Rates	Billing (Reductions)
Residential Non-Heat	\$2.5	\$2.3	(\$0.2)
Residential Heat	\$358.4	\$301.7	(\$56.7)
General Service - Small	\$22.8	\$20.0	(\$2.8)
General Service - Large	\$3.8	\$5.3	\$1.5
	\$387.5	\$329.3	(\$58.2)

Based on the proposed BGSS, CIP and Balancing Charge rate changes, a typical residential heating customer using 100 therms would see a bill decrease of \$13.43 or 9.9% on the monthly gas bill.

After publication of notice in newspapers of general circulation in the Company’s service territory, on July 26 and July 27, 2011, public hearings in this matter were held in Rockaway and Freehold, respectively. No members of the public appeared at either of the hearings.

NJNG, the Division of Rate Counsel (“Rate Counsel”) and Board Staff (collectively, the “Parties”) determined that additional time was needed to complete the review of NJNG’s

<sup>1</sup> 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 return on equity cap of 10.5%.

proposed BGSS, CIP and balancing charge rates, and agreed that provisional approval of the proposed rate changes was reasonable.

The Parties agreed that the following proposed after-tax rates should be made provisionally effective as of October 1, 2011, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law, and final approval by the Board:

	After-Tax Rates Per Therm Per 06/01/11 Petition	
	Proposed	Then-Current
BGSS	\$0.7116	\$0.8346
Balancing Charge Rate	\$0.0844	\$0.0886
CIP:		
Residential - Non-Heat	\$0.0255	-\$0.0033
Residential - Heat	\$0.0066	\$0.0179
Commercial - Small	\$0.0464	\$0.0339
Commercial - Large	\$0.0391	\$0.0278

On September 22, 2011, the Board approved the Parties' August 29, 2011, Stipulation for Provisional Rates reflecting the above "proposed after-tax rates, to be effective October 1, 2011, and ordered that the matter be transmitted to the Office of Administrative Law for full review and an Initial Decision, and then returned to the Board for a Final Decision.

Pursuant to the January BGSS Order, on November 17, 2011, and January 25, 2012, the Company notified the Board and Rate Counsel that, as a result of a decline in gas commodity prices, the Company was implementing bill credits for its BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012.

On March 9, 2012, NJNG notified the Board Secretary that the Company would apply the \$0.4419 per therm bill credit to these same customers for the period March 15, 2012, through March 31, 2012. Although the impact of these credits vary from customer to customer, for the average residential customer the after-tax credit of \$0.4419 per therm translated into a four-month credit of approximately \$220. Concurrently, NJNG announced that effective April 1, 2012, the existing provisional BGSS after-tax per therm rate of \$0.7116 was to be reduced to \$0.6681 per therm resulting in a monthly decrease of approximately \$4.35 or y 3.6% for a residential heating customer using 100 therms.<sup>2</sup>

### **STIPULATION**<sup>3</sup>

Subsequent to the issuance of discovery and responses thereto by the Company, on April 13, 2012, the Parties entered into a stipulation ("Stipulation") agreeing that the following previously approved provisional rates, and the up-dated BGSS after-tax rate, which was effective April 1,

<sup>2</sup> Reference: "Exhibit A" attached to the Stipulation.

<sup>3</sup> Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

2012, be made final and remain in effect until further Board Order, or Company action in accordance with the January BGSS Order:

Re. Stipulation: "Exhibit C"	After-Tax Rates Per Therm
BGSS (eff. April 1, 2012)	\$0.6681
Balancing Charge	\$0.0844
CIP:	
Residential - Non-Heat	\$0.0255
Residential - Heat	\$0.0066
Commercial - Small	\$0.0464
Commercial - Large	\$0.0391

Tariff sheets reflecting these rates are attached to the Stipulation as "Exhibit D".

The Parties concur that the savings generated by the release of contracted pipeline capacity, referenced in paragraphs 6 through 9 and "Exhibit B" of the Stipulation, are sufficient to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

The Company will continue to e-mail the Parties in this proceeding the monthly "BGSS NYMEX Update Report" ("Exhibit E" attached to the Stipulation) and the "Calculation of Net Cost of Gas per Therm" report ("Exhibit F" attached to the Stipulation).

On April 17, 2012, Administrative Law Judge Richard McGill issued his Initial Decision recommending Board approval of the Stipulation for Final Rates, finding the settlement to be voluntary, dispositive of all issues in controversy, and consistent with the law.

#### **DISCUSSION AND FINDING**

The Board, having carefully reviewed the Initial Decision and Stipulation for Final BGSS and CIP Rates in this proceeding, HEREBY FINDS that, subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board HEREBY ADOPTS their terms and conditions as though fully set forth herein.

The Board HEREBY DIRECTS that the after-tax per-therm BGSS rate of \$0.6681, applicable to residential and small commercial customers, be made final, effective as of the date of this Order. Any net over-recovery on the BGSS balance at the end of the BGSS period shall be subject to refund with interest.

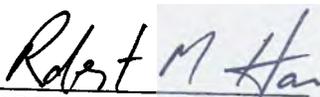
The Board HEREBY DIRECTS that the Company's after-tax per-therm balancing charge of \$0.0844 per therm, be made final and effective as of the date of this Order.

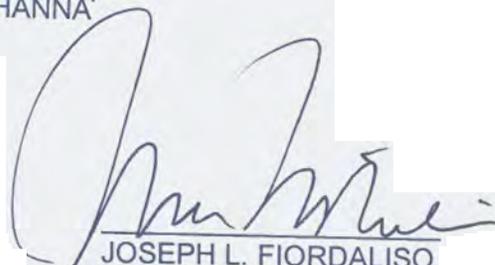
The Board HEREBY DIRECTS that the Company's after-tax per-therm CIP rates of a charge of \$0.0255 for Group I Residential Non-Heat Customers, a charge of \$0.0066 for Group II Residential Heat Customers, a charge of \$0.0464 for Group III General Service - Small Commercial Customers, and a charge of \$0.0391 for Group IV General Service - Large Commercial Customers, be made final and effective as of 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: 5/23/12

BOARD OF PUBLIC UTILITIES  
BY:

  
ROBERT M. HANNA  
PRESIDENT

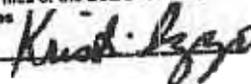
  
JOSEPH L. FIORDALISO  
COMMISSIONER

  
JEANNE M. FOX  
COMMISSIONER

  
NICHOLAS ASSELTA  
COMMISSIONER

  
MARY ANNA HOLDEN  
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), and Review and Revision of its Conservation Incentive Program (CIP) Factors for F/Y 2012 - Docket No. GR11060331

SERVICE LIST

Sheila DeLucia, Chief  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350  
[sheila.delucia@bpu.state.nj.us](mailto:sheila.delucia@bpu.state.nj.us)

Robert Schultheis  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Fl  
P.O. Box 350  
Trenton, NJ 08625  
[robert.schultheis@bpu.state.nj.us](mailto:robert.schultheis@bpu.state.nj.us)

Jerome May, Director  
Energy Division  
Board of Public Utilities  
44 South Clinton Avenue, 9<sup>th</sup> Floor  
P.O. Box 350  
Trenton, New Jersey 08625-0350  
[jerome.may@bpu.state.nj.us](mailto:jerome.may@bpu.state.nj.us)

Babette Tenzer, DAG  
Department of Law & Public Safety  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
[babette.tenzer@lps.state.nj.us](mailto:babette.tenzer@lps.state.nj.us)

Stefanie A. Brand, Esq., Director  
New Jersey Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, New Jersey 07101  
[sbrand@rpa.state.nj.us](mailto:sbrand@rpa.state.nj.us)

Alex Moreau, DAG  
Department of Law & Public Safety  
124 Halsey Street, 2nd Floor  
P.O. Box 45029  
Newark, NJ 07101  
[alex.moreau@lps.state.nj.us](mailto:alex.moreau@lps.state.nj.us)

Felicia Thomas-Friel, Esq  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Fl  
P.O. Box 46005  
Newark, NJ 07101  
[fthomas@rpa.state.nj.us](mailto:fthomas@rpa.state.nj.us)

Sarah Steindel, Esq.  
Division of Rate Counsel  
31 Clinton Street, 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101  
[ssteinde@rpa.state.nj.us](mailto:ssteinde@rpa.state.nj.us)

Tracey Thayer, Esq.  
New Jersey Natural Gas Company  
1415 Wyckoff Road  
P.O. Box 1464  
Wall, NJ 07719  
[tthayer@njng.com](mailto:tthayer@njng.com)



*State of New Jersey*  
**OFFICE OF ADMINISTRATIVE LAW**  
33 Washington Street  
Newark, NJ 07102  
(973) 648-6008

**A copy of the administrative law  
judge's decision is enclosed.**

**This decision was mailed to the parties  
on APR 19 2012**



**State of New Jersey**  
OFFICE OF ADMINISTRATIVE LAW

**INITIAL DECISION**

**SETTLEMENT**

**IN THE MATTER OF THE PETITION OF  
NEW JERSEY NATURAL GAS COMPANY  
FOR THE ANNUAL REVIEW AND REVISION  
OF ITS BASIC GAS SUPPLY SERVICE  
(BGSS) AND REVIEW AND REVISION OF ITS  
CONSERVATION INCENTIVE PROGRAM (CIP)  
FACTORS FOR FISCAL YEAR 2012.**

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OAL DKT. NO. PUC 12520-11

BPU DKT. NO. GR11060331

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

**Felicia Thomas-Friel**, Deputy Rate Counsel, **Sarah H. Steindel**, Assistant Deputy Rate Counsel, and **Christine M. Juarez**, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (Stefanie A. Brand, Director, attorney)

**Alex Moreau**, Deputy Attorney General, and **Veronica Beke**, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

Record Closed: April 16, 2012

Decided: April 17, 2012

**BEFORE RICHARD McGILL, ALJ:**

On June 1, 2011, New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval of NJNG's annual filing to establish new Basic Gas Supply Service ("BGSS") rates for the period from October 1, 2011, to September 30, 2012, to change the current balancing charge and to implement updated Conservation Incentive Program ("CIP") factors effective October 1, 2011. The filing includes a reduction of \$0.1230 per therm after-tax in NJNG's Periodic BGSS Pricing Mechanism effective October 1, 2011, thereby decreasing NJNG's annual after-tax rate from \$0.8346 per therm to \$0.7116 per therm. The changes to the BGSS and CIP rates result in an overall decrease of \$13.43 per month, or 9.9 percent, to the average residential heating customer using 100 therms per month. The reduction in the Company's annual after-tax revenues is approximately \$58.2 million.

Public hearings on the petition were held on July 26, 2011, in Rockaway Borough and on July 27, 2011, in Freehold Township. No members of the public attended the hearings, and no written comments were received. On September 22, 2011, the Board issued an Order approving a Stipulation of the parties recommending implementation of the proposed BGSS and CIP rates on a provisional basis.

The matter was transmitted to the Office of Administrative Law on October 20, 2011, for determination as a contested case. Prior to hearing, the parties filed a Stipulation which resolves all issues in this case. The main provision of the Stipulation is that the previously approved provisional rates, as decreased pursuant to the Company's notice of a Periodic BGSS rate reduction effective April 1, 2012, should be deemed final rates.

Having reviewed the record and the settlement terms, I **FIND** as follows:

1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or the signatures of their representatives.
2. The settlement fully disposes of all issues in controversy and is consistent with the law.

Therefore, I **CONCLUDE** that the agreement meets the requirements of N.J.A.C. 1:1-19.1 and that the settlement should be approved. Accordingly, it is **ORDERED** that the parties comply with the terms of the settlement, and it is **FURTHER ORDERED** that the proceedings in this matter be concluded.

I hereby **FILE** my initial decision with the **BOARD OF PUBLIC UTILITIES** for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES**, which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with N.J.S.A. 52:14B-10.

April 17, 2012  
DATE

Richard McGill  
RICHARD MCGILL, ALJ

Date Received at Agency:

4-19-12  
Laura Sanders

Date Mailed to Parties: **APR 19 2012**

DIRECTOR AND  
CHIEF ADMINISTRATIVE LAW JUDGE

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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 )  
REVISION OF ITS BASIC GAS SUPPLY )  
SERVICE (BGSS) AND ITS )  
CONSERVATION INCENTIVE PROGRAM )  
(CIP) FACTORS FOR F/Y 2012 )  
)

BPU DOCKET NO. GR11060331

RECEIVED  
STATE OF NEW JERSEY  
OFFICE OF ADMINISTRATIVE LAW  
JUL 11 2011 10 22 AM

STIPULATION FOR FINAL BGSS AND CIP RATES

**APPEARANCES:**

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

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, Sarah H. Steindel, Esq. and Christine M. Juarez, Esq., Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Veronica Beke, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

**TO: THE HONORABLE RICHARD MCGILL, ADMINISTRATIVE LAW JUDGE**

BACKGROUND

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR11060331 on June 1, 2011 ("June 1 Filing"), requesting that the New Jersey Board of Public Utilities (the "BPU" or "Board") approve NJNG's annual filing to establish new Basic Gas Supply Service ("BGSS") rates for the period October 1, 2011 through September 30,

2012, approve a change to the current balancing charge and approve the implementation of updated Conservation Incentive Program ("CIP") factors effective October 1, 2011.

2. Specifically, the petition requested that the Board approve a decrease of \$0.1230 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, 2011, thereby decreasing NJNG's annual BGSS after-tax rate from \$0.8346 per therm to \$0.7116.<sup>1</sup> The Periodic BGSS Pricing Mechanism applies to NJNG's Residential Service ("RS"), General Service-Small ("GSS"), Distributed Generation-Residential ("DGR") and Economic Development ("ED") customers who use less than 5,000 therms annually. This requested change represented a BGSS decrease of approximately \$12.30 per month, or 9.1 percent, for the average residential sales heating customer using 100 therms per month. NJNG's filing was based on market conditions as of May 10, 2011 and a one-year BGSS recovery period. The proposed rates resulted in a decrease of after-tax BGSS revenues by \$55.2 million.

3. The petition also requested a \$0.0042 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0886 to \$0.0844. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("Base Case Order"), NJNG is required 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 deducted from the BGSS charge and included as a component of the delivery charge.

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<sup>1</sup> 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, as authorized by the Board in Docket No. GR05121020 the Company submitted its annual CIP filing for October 1, 2011 through September 30, 2012 (2012 CIP Year), requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2011. As such, the Company sought approval for the following changes to its after-tax per therm CIP factors: (i) an increase from a credit of \$0.0033 for Group I Residential Non-Heat customers to a charge of \$0.0255; (ii) a decrease in the charge of \$0.0179 to \$0.0066 for Group II Residential Heat customers; (iii) an increase in the charge of \$0.0339 to \$0.0464 for Group III Small Commercial customers; and, (iv) an increase in the charge of \$0.0278 to \$0.0391 for Group IV Large Commercial customers effective as of October 1, 2011. The proposed changes resulted in an overall after-tax decrease of \$3.02 million to annual CIP-related revenues. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders ("CIP Orders") in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by BGSS cost savings during the period the surcharge is in effect. Accordingly, the Company reported \$8.6 million in estimated CIP non-weather related revenues to be recovered (\$7.2 million for the CIP year October 1, 2010 through September 30, 2011 and \$1.4 million of carry-over CIP non-weather related revenues to be recovered for the CIP year October 1, 2009 through September 30, 2010) to be recovered during the 2012 CIP Year and identified \$13.1 million in BGSS savings for the 2012 CIP Year, more than offsetting non-weather related CIP charges for the same period. Accordingly, the Parties have reviewed the Company's calculations and believe that the terms of the CIP Orders were met. The Company updated for actual information through September 30, 2011 and reported a total of \$9.1 million in CIP non-weather related revenues to be recovered, which amount will be reflected in and subject to review in the CIP petition to be filed no later than June 1, 2012.

5. The changes to the BGSS and CIP rates as requested resulted in an overall decrease of approximately \$13.43 per month, or 9.9 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) from these requested rate changes was a decrease of 6.0 percent per month and to the average small commercial customer (Group III) a decrease of 7.4 percent per month. Since the BGSS change does not impact larger commercial customers (Group IV), as the monthly BGSS is applicable to that group, it was only the CIP rate change that impacted these customers in the June 1 filing, resulting in a 0.9 percent increase to the average Group IV customer. The above CIP changes resulted in a decrease in after-tax CIP revenues of \$3.02 million. Accordingly, the overall decrease in annual after-tax revenue resulting from the BGSS decrease and CIP-related changes was approximately \$58.2 million. The foregoing rate impacts are detailed in Exhibit A, page 1 attached hereto.

6. As detailed in the testimony of Jayana S. Shah filed in this proceeding (the "JSS Testimony"), the approximately \$13.1 million in BGSS saving identified in the Petition included savings resulting from the non-renewal of a contract for 30,000 dekatherms per day of firm transportation capacity on Texas Eastern Transmission, L.P. The contract expired on October 31, 2011. The Company identified \$7,993,500 in annual cost savings resulting from the non-renewal. The demand cost savings identified by the Company were in effect during the 2012 CIP recovery year for an 11-month period, resulting in \$7,336,500 in demand cost savings reflected in the Company's Petition. The Company's calculations underlying the claimed savings are shown in the attached Exhibit B which includes the details of the Company's BGSS savings.

7. As also described in the JSS Testimony, and in updated discovery responses provided to the parties, the results of the Tennessee Gas Pipeline General Section 4 rate case

(RP11-1566-000), pending resolution when this case was filed, altered the net economics of the Tennessee capacity release of 10,728 dekatherms per day included in the Company's existing CIP BGSS savings approved in the January 20, 2010 CIP Order in Docket No. GR05121020 and reflected in the Company's Petition in the instant proceeding. The approved Tennessee rates were lower than those previously in effect, thus reducing the \$13.1 million in claimed BGSS savings for the 2012 CIP recovery year by \$425,058.

8. As further detailed in the JSS Testimony, effective January 8, 2012, NJNG did not renew a contract that was previously released for 11,000 dekatherms per day of firm transportation capacity on Tennessee Gas Pipeline. Giving effect to the Tennessee approved rates effective January 15, 2012, as discussed in Paragraph 7 above, the non-renewal of the contract increased the claimed \$13.1 million in BGSS savings for the 2012 CIP recovery year by \$527,767.

9. As a result of the updates described in paragraphs 7 and 8 above, the Company's claimed BGSS savings available to offset the CIP charge in effect for the 2012 CIP recovery year are approximately \$13.2 million which is detailed in Exhibit B (Page 3, Section VI, CIP Year 2011-2012) and includes the Company's calculations of the impacts of these updates.

10. Public hearings on these petitions were held on July 26, 2011 in Rockaway Borough and on July 27, 2011 in Freehold Township. No members of the public appeared at the public hearings and no written comments were received.

11. On September 22, 2011, the Board issued an Order ("September 2011 Order") approving the requested rate changes on a provisional basis, pursuant to the terms of a Stipulation entered into among the Company, BPU Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties in this proceeding (the "Signatory Parties"). On

November 17, 2011 and January 25, 2012, NJNG submitted notice to the BPU and Rate Counsel of bill credits for its Periodic BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012. On March 9, 2012, NJNG notified the Board of its intention to implement a bill credit of \$0.4419 per therm after tax effective March 15, 2012 through March 31, 2012. The Company estimated that an average residential heating customer would receive total bill credits of \$220, during the months of December 2011 through March 2012. The total refunds amounted to approximately 17.8% of the total annual bill for a customer using 1000 therms per year. On March 9, 2012 the Company further notified the Board of its intention to implement a rate reduction of \$0.0435 per therm in the provisionally-approved Periodic BGSS rate of \$0.7116 per therm, effective April 1, 2012, resulting in a Periodic BGSS rate of \$0.6681 per therm inclusive of sales tax. This amounts to a decrease of \$4.35 or 3.6 percent on a 100-therm monthly bill, as demonstrated on Exhibit A, page 2.

12. On October 5, 2011, this matter was transmitted to the Office of Administrative Law and assigned to the Honorable Richard McGill, Administrative Law Judge. The Signatory Parties participated in a prehearing conference on December 20, 2011, which was followed by the issuance of a Prehearing Order by Judge McGill on January 11, 2012 establishing the issues to be addressed and a procedural schedule.

#### **STIPULATED ISSUES**

13. Following the issuance of discovery and responses thereto by the Company, the Signatory Parties have reached an agreement that the previously approved provisional rates, as described above in Paragraphs 2-4, and as decreased pursuant to the Company's notice of a Periodic BGSS rate decrease effective April 1, 2012, should be deemed final rates. As a result of the Stipulation, the rates previously approved on a provisional basis, as modified by BGSS rate

decrease to be implemented on April 1, 2012, will remain in effect until further Board Order or further action by the Company in accordance with the Board's Generic BGSS Order in Docket No. GX01050304.

14. Accordingly, the Signatory Parties stipulate and agree that it is both reasonable and in the public interest for the Board, following the issuance of an Initial Decision from Judge McGill recommending adoption of these stipulated matters, to authorize the following rates as final until changed by the Board or the Company in the future: 1) the Company's periodic BGSS rates of \$0.7116 per therm after-tax effective from October 1, 2011 through March 31, 2012 and \$0.6681 per therm after-tax effective on and after April 1, 2012; 2) the Company's balancing charge of \$0.0844 per therm; and 3) the following CIP rates all on an after-tax basis: \$0.0255 per therm for Group I Residential Non-Heat customers, \$0.0066 per therm for Group II Residential Heat customers, \$0.0464 per therm for Group III Small Commercial customers, and \$0.0391 per therm for Group IV Large Commercial customers. A schedule listing the foregoing rates is attached as Exhibit C.

15. It is agreed by the Signatory Parties that the rates described in Paragraph 14 will be deemed final as of the effective date of the Board Order accepting the Initial Decision approving this Stipulation. Tariff Sheets reflecting these rates, which will remain in effect until further Board Order or further action by the Company in accordance with the Board's generic BGSS Order in Docket No. GX01050304, are attached hereto as Exhibit D.

16. Rate Counsel and Staff have reviewed the BGSS savings transactions and savings calculations as referenced in paragraphs 6 through 9 herein and are in agreement that the claimed savings are eligible to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

17. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-NCHART-1) attached hereto as Exhibit E; and 2) the Calculation of Net Cost of Gas per Therm Report (also known as S-NCHART-2), a monthly report of unitized BGSS costs and credits (attached hereto as Exhibit F). The chart reflected in Exhibit E is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit F is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

18. 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 Signatory 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 Signatory 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.

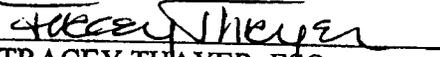
19. The Signatory Parties agree that they consider the Stipulation to be binding on them for all purposes herein.

20. 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, Board 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.

WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the 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

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND. DIRECTOR**

By: \_\_\_\_\_  
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

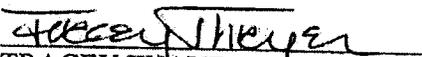
By: \_\_\_\_\_  
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

Date:

WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the 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

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND. DIRECTOR**

By:

\_\_\_\_\_  
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

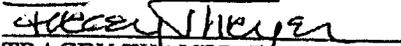
By:

  
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

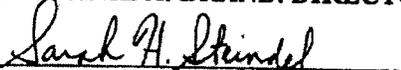
Date:

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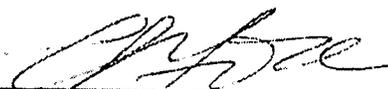
**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
TRACEY THAYER, ESQ.  
New Jersey Natural Gas

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, DIRECTOR**

By:   
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

By:   
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

Date:

New Jersey Natural Gas Company  
 Net Impact of Rate Changes Effective October 1, 2011  
 BPU Docket No. GR11060331  
 F/Y 2012

	(\$/therm)					
	Prior to October 1, 2011			Effective October 1, 2011		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.7800	\$0.7800	\$0.7800	\$0.6650	\$0.6650	\$0.6650
After-tax Periodic BGSS	\$0.8346	\$0.8346	\$0.8346	\$0.7116	\$0.7116	\$0.7116
Less: Balancing	(\$0.0886)	(\$0.0886)	(\$0.0886)	(\$0.0844)	(\$0.0844)	(\$0.0844)
<b>BGSS Price To Compare</b>	<b>\$0.7460</b>	<b>\$0.7460</b>	<b>\$0.7460</b>	<b>\$0.6272</b>	<b>\$0.6272</b>	<b>\$0.6272</b>

**Impact on Residential Non-Heating Customers**

Prices prior to 10/1/11 25 therm bill

Customer Charge		\$8.25	\$8.25
Delivery		\$0.5069	\$12.67
BGSS		\$0.7460	\$18.65
<b>Total</b>		<b>\$1.2529</b>	<b>\$39.57</b>

Prices effective 10/1/11

Customer Charge		\$8.25	\$8.25
Delivery		\$0.5315	\$13.29
BGSS		\$0.6272	\$15.68
<b>Total</b>		<b>\$1.1587</b>	<b>\$37.22</b>

**Decrease** (\$2.36)

**Decrease as a percent** (6.0%)

**Impact on Residential Heating Customers**

Prices prior to 10/1/11 100 therm bill      1000 therm annual bill

Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5281	\$52.81	\$528.10
BGSS		\$0.7460	\$74.60	\$746.00
<b>Total</b>		<b>\$1.2741</b>	<b>\$135.66</b>	<b>\$1,373.10</b>

Prices effective 10/1/11

Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5126	\$51.26	\$512.80
BGSS		\$0.6272	\$62.72	\$627.20
<b>Total</b>		<b>\$1.1398</b>	<b>\$122.23</b>	<b>\$1,238.80</b>

**Decrease** (\$13.43)

**Decrease as a percent** (9.9%)      (\$134.30) (9.8%)

**Impact on Commercial GSS Customers**

Prices prior to 10/1/11 100 therm bill

Customer Charge		\$25.00	\$25.00
Delivery		\$0.4965	\$49.65
BGSS		\$0.7460	\$74.60
<b>Total</b>		<b>\$1.2425</b>	<b>\$149.25</b>

Prices effective 10/1/11

Customer Charge		\$25.00	\$25.00
Delivery		\$0.5048	\$50.48
BGSS		\$0.6272	\$62.72
<b>Total</b>		<b>\$1.1320</b>	<b>\$138.20</b>

**Decrease** (\$11.05)

**Decrease as a percent** (7.4%)

**Impact on Commercial GSL Customers**

Prices prior to 10/1/11 1200 therm bill

Customer Charge		\$40.00	\$40.00
Demand Charge		\$1.50	\$175.50
Delivery		\$0.4299	\$515.88
BGSS (May 2011)		\$0.6304	\$756.48
<b>Total</b>		<b>\$1.0603</b>	<b>\$1,487.86</b>

Prices effective 10/1/11

Customer Charge		\$40.00	\$40.00
Demand Charge		\$1.50	\$175.50
Delivery		\$0.4370	\$524.40
BGSS (May 2011)		\$0.6346	\$761.52
<b>Total</b>		<b>\$1.0716</b>	<b>\$1,501.42</b>

**Increase** \$13.56

**Increase as a percent** 0.9%

New Jersey Natural Gas Company  
 Net Impact of Rate Changes Effective April 1, 2012  
 BPU Docket No. GR11060331  
 FY 2012

	Prior to April 1, 2012			Prices Effective April 1, 2012		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
	(\$/therm)					
Pre-tax Periodic BGSS	\$0.6650	\$0.6650	\$0.6650	\$0.6244	\$0.6244	\$0.6244
After-tax Periodic BGSS	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.6681
Less: Balancing	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)
<b>BGSS Price To Compare</b>	<b>\$0.6272</b>	<b>\$0.6272</b>	<b>\$0.6272</b>	<b>\$0.5837</b>	<b>\$0.5837</b>	<b>\$0.5837</b>

<u>Impact on Residential Non-Heating Customers</u>			
		25 therm bill	
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.6272	\$15.68
	Total	\$1.1616	\$37.29
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.5837	\$14.59
	Total	\$1.1181	\$36.20
	<b>Decrease</b>		(\$1.09)
	<b>Decrease as a percent</b>		(2.9%)
<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1000 therm annual bill
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.6272	\$627.20
	Total	\$1.1427	\$627.20
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.5837	\$583.70
	Total	\$1.0992	\$1,198.20
	<b>Decrease</b>		(\$4.35)
	<b>Decrease as a percent</b>		(3.6%)
<u>Impact on Commercial GSS Customers</u>			
		100 therm bill	
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.6272	\$62.72
	Total	\$1.1372	\$138.72
<b>Prices effective 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.5837	\$58.37
	Total	\$1.0937	\$134.37
	<b>Decrease</b>		(\$4.35)
	<b>Decrease as a percent</b>		(3.1%)

**New Jersey Natural Gas  
CIP BGSS Savings**

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. *Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.*

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

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

<u>Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185

**II. Transco Capacity**

A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	5,000	\$ 0.11870	\$ 162,026
2010-2011	365	5,000	\$ 0.11870	\$ 216,628
2011-2012	366	5,000	\$ 0.11870	\$ 217,221
2012-2013	182	5,000	\$ 0.11870	\$ 108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	3,250	\$ 0.11870	\$ 105,317
2010-2011	365	3,250	\$ 0.11870	\$ 140,808
2011-2012	366	3,250	\$ 0.11870	\$ 141,194
2012-2013	182	3,250	\$ 0.11870	\$ 70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,350	\$ 0.11870	\$ 335,393
2010-2011	365	10,350	\$ 0.11870	\$ 448,419
2011-2012	366	10,350	\$ 0.11870	\$ 449,647
2012-2013	182	10,350	\$ 0.11870	\$ 223,595

**III. Tennessee Capacity**

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

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	11,000	\$ 0.019726	\$ 59,237
2010-2011	365	11,000	\$ 0.019726	\$ 79,200
2011-2012	366	11,000	\$ 0.150816	\$ 607,184
2012-2013	365	11,000	\$ 0.200153	\$ 803,614
2013-2014	365	11,000	\$ 0.200153	\$ 803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsy. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). *UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.*

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,728	\$ 0.278795	\$ 816,518
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681
2011-2012	366	10,728	\$ 0.170539	\$ 669,614
2012-2013	182	10,728	\$ 0.126404	\$ 246,804

**IV. Texas Eastern Capacity**

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. *NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.*

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500

V. **Dominion Gas Capacity**

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

<u>CIP Year</u>	<u>Days</u>	<u>Release</u>		<u>Rate</u>		<u>Value</u>
		<u>Quantity</u>				
2009-2010	273	20,000	\$	0.127557	\$	696,461
2010-2011	365	20,000	\$	0.127557	\$	931,166
2011-2012	366	20,000	\$	0.127557	\$	933,717
2012-2013	182	20,000	\$	0.127557	\$	464,307

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

<u>CIP Year</u>	<u>Value</u>
2011-2012	\$ 217,305
2012-2013	\$ 217,305
2013-2014	\$ 217,305

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

<u>CIP Year</u>	<u>Days</u>	<u>Value</u>
2009-2010	273	\$ 8,058,378 <sup>1</sup>
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

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

**VII. Agreement with NJRES**

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

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

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

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

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2011**

GR11060331

**Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period**

		Tennessee 10,728 dth/day <sup>4</sup>	Tennessee 11,000 dth/day <sup>4</sup>	Revised Savings
Recurring initial savings identified <sup>1</sup>	\$5,531,561	(\$425,058)	\$527,767	\$5,634,269
Additional Savings <sup>2</sup>	\$217,305			\$217,305
Additional Savings <sup>3</sup>	<u>\$7,336,500</u>			<u>\$7,336,500</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<u>\$13,085,366</u>	<u>(\$425,058)</u>	<u>\$527,767</u>	<u>\$13,188,074</u>

NOTE: Pursuant to the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

<sup>2</sup> As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<sup>3</sup> Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day \* \$0.73 per dth \* 366 days = \$7,336,500)

<sup>4</sup> Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

**Contract 64307: 10,728 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672
Revised	106	10,728	\$0.278795	\$317,037
Revised	260	10,728	\$0.126404	<u>\$352,577</u>
			Total Revised	\$669,614
Change in CIP Savings Value				<u>(\$425,058)</u>

**Contract 64306: 11,000 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	11,000	\$0.019726	\$79,417
Revised	100	11,000	\$0.019578	\$21,536
Revised	266	11,000	\$0.200153	<u>\$585,648</u>
			Total Revised	<u>\$607,184</u>
Change in CIP Savings Value				<u>\$527,767</u>
Total Tennessee Change in CIP Savings Value				<u>\$102,709</u>

**New Jersey Natural Gas Company**  
**Final Rates**  
**BPU Docket No. GR11060331**  
**F/Y 2012**

<u>Rate Type</u>	<u>Effective</u>	<u>After-tax Rate per therm</u>
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

**Exhibit D**  
**Tariff Sheets**

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Twelfth Revised Sheet No. 51  
Superseding Eleventh 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 \$0.5155

**Residential Non-Heating**

Delivery Charge per therm \$0.5344

**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 20, 2011**  
**Issued by: Mark R. Spurduto, Vice President**  
**Wall, NJ 07719**

**Effective for service rendered on  
and after January 1, 2012**

**Filed pursuant to Order of the Board of Public Utilities entered in  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Tenth Revised Sheet No. 54  
Superseding Ninth 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 \$0.3737

May - October \$0.3167

**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 20, 2011  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 56  
Superseding Eleventh 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 \$0.5100

**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 20, 2011  
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Wall, NJ 07719

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 59*

*Superseding Eleventh 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 \$0.4402

**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 20, 2011  
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Wall, NJ 07719

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Eleventh Revised Sheet No. 65  
Superseding Tenth 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**

**Customer Charge:**

Customer Charge per meter per month	\$40.00
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**Demand Charge:**

Demand Charge per therm applied to PBQ	\$0.60
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**Delivery Charge:**

November - April	\$0.2793
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May - October	\$0.2465
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These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

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

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

**Ninth Revised Sheet No. 71  
Superseding Eighth 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 \$0.3024

**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: October 19, 2011**  
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**Wall, NJ 07719**

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Forty-Sixth Revised Sheet No. 155  
Superseding Forty-Fifth Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$0.0844 per therm

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

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

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

Date of Issue: March 29, 2012  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Tenth Revised Sheet No. 156  
Superseding Ninth Revised Sheet No. 156

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$0.0273) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

Date of Issue: March 9, 2012  
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**NEW JERSEY NATURAL GAS COMPANY**

***BPU No. 8 - Gas***

***Third Revised Sheet No. 182  
Superseding Second Revised Sheet No. 182***

**RIDER "I"**

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

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

***Date of Issue: September 27, 2011  
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***Filed pursuant to Order of the Board of Public Utilities entered in  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Thirteenth Revised Sheet No. 252  
Superseding Twelfth Revised Sheet No. 252*

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Heating Customers**

		<u>Bundled Sales</u>	<u>Transport Sales</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		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3599</i>	<i>0.3599</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5155</u></b>	<b><u>0.5155</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e		x	Rider A
		0.6681		
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	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:** *March 9, 2012*  
**Issued by:** *Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 253  
Superseding Eleventh Revised Sheet No. 253*

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

<u>Customer Charge</u>		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
 <b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.3788	0.3788	
<i>Balancing Charge</i>	b	0.0844	0.0844	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5344</u></b>	<b><u>0.5344</u></b>	
 <b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	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:** March 9, 2012  
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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 254  
Superseding Eleventh 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	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	<u>0.0097</u>	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2181</i>	<i>0.1611</i>	
<i>Balancing Charge</i>	b	0.0844	0.0844	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i>0.0712</i>	<i>0.0712</i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3737</u></b>	<b><u>0.3167</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	<u>0.0844</u>	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b><u>0.5837</u></b>	

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**

*Thirteenth Revised Sheet No. 255  
Superseding Twelfth Revised Sheet No. 255*

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Small (GSS)**

		<u>Bundled</u>	<u>Transport</u>	
		<u>Sales</u>	<u>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		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
<i>After-tax Base Rate</i>				
WNC		0.2953	0.2953	
CIP		0.0000	0.0000	Rider D
EE		0.0464	0.0464	Rider I
		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	0.3544	0.3544	
<i>Balancing Charge</i>	b	0.0844	0.0844	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5100</u></b>	<b><u>0.5100</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	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.

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**NEW JERSEY NATURAL GAS COMPANY**

*Fifty-Third Revised Sheet No. 256*

*BPU No. 8 - Gas*

*Superseding Fifty-Second Revised Sheet No. 256*

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Large (GSL)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2846</i>	<i>0.2846</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4402</u></b>	<b><u>0.4402</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	X	

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

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

*Date of Issue: March 29, 2012*  
*Issued by: Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Eleventh Revised Sheet No. 258  
Superseding Tenth 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		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<u>0.1237</u>	<u>0.0909</u>	
<i>Balancing Charge</i>	b	<u>0.0844</u>	<u>0.0844</u>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<u>0.0712</u>	<u>0.0712</u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.2793</u></b>	<b><u>0.2465</u></b>	

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

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

**Date of Issue:** December 20, 2011  
**Issued by:** Mark R. Sperduto, Vice President  
Wall, NJ 07719

*Effective for service rendered on  
and after January 1, 2012*

*Filed pursuant to Order of the Board of Public Utilities entered in  
Docket No. EO11110800*

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Fiftieth Revised Sheet No. 259  
Superseding Forty-Ninth 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>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1468</i>	<i>0.1468</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i>0.0712</i>	<i>0.0712</i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3024</u></b>	<b><u>0.3024</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	X	

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

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

**Date of Issue:** March 29, 2012  
**Issued by:** Mark R. Sperduto, Vice President  
Wall, NJ 07719

*Effective for service rendered on  
and after April 1, 2012*

**NJNG**  
**BGSS Nymex Update Report**  
**as of 3/2/12**

Exhibit E  
 Final Stipulation

Month	a		b	c = b - a		d	e	f = d - e	g = c x f
	Nymex 5/10/11	\$		Nymex 3/2/12	Incr/ (Decr)				
Oct-11	\$ 4.413	\$ 3.759	\$ (0.654)			6,144,298	5,779,363	364,935	(\$872,559)
Nov-11	\$ 4.577	\$ 3.524	\$ (1.053)			3,155,208	1,150,000	2,005,208	(\$4,457,578)
Dec-11	\$ 4.792	\$ 3.364	\$ (1.428)			1,538,627	300,000	1,238,627	(\$2,638,275)
Jan-12	\$ 4.908	\$ 3.084	\$ (1.824)			1,052,405	-	1,052,405	(\$2,185,846)
Feb-12	\$ 4.897	\$ 2.678	\$ (2.219)			1,063,912	-	1,063,912	(\$2,171,445)
Mar-12	\$ 4.837	\$ 2.446	\$ (2.391)			1,036,228	-	1,036,228	(\$2,105,615)
Apr-12	\$ 4.707	\$ 2.484	\$ (2.223)			1,036,422	-	1,036,422	(\$2,104,973)
May-12	\$ 4.730	\$ 2.600	\$ (2.130)						
Jun-12	\$ 4.769	\$ 2.692	\$ (2.077)						
Jul-12	\$ 4.814	\$ 2.773	\$ (2.041)						
Aug-12	\$ 4.839	\$ 2.807	\$ (2.032)						
Sep-12	\$ 4.848	\$ 2.817	\$ (2.031)						
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 2.919</b>	<b>\$ (1.842)</b>	<b>-38.7%</b>		<b>15,027,101</b>	<b>7,229,363</b>	<b>7,797,737</b>	<b>(\$16,536,291)</b>
Oct-12	\$ 4.413	\$ 2.872	\$ (1.541)			2,031,860	-	2,031,860	(\$3,131,097)
Nov-12	\$ 4.577	\$ 3.050	\$ (1.527)			4,219,690	1,293,636	2,926,054	(\$4,468,085)
Dec-12	\$ 4.792	\$ 3.345	\$ (1.447)			7,483,323	6,005,815	1,477,508	(\$2,137,954)
Jan-13	\$ 4.908	\$ 3.481	\$ (1.427)			9,050,789	7,704,888	1,345,901	(\$1,920,601)
Feb-13	\$ 4.897	\$ 3.495	\$ (1.402)			7,568,878	6,671,949	896,929	(\$1,257,494)
Mar-13	\$ 4.837	\$ 3.474	\$ (1.363)			6,218,639	3,934,993	2,283,646	(\$3,112,609)
Apr-13	\$ 4.707	\$ 3.446	\$ (1.261)			3,190,489	-	3,190,489	(\$4,023,207)
May-13	\$ 4.730	\$ 3.487	\$ (1.243)			1,550,564	-	1,550,564	(\$1,927,351)
Jun-13	\$ 4.769	\$ 3.536	\$ (1.233)			1,057,936	-	1,057,936	(\$1,304,435)
Jul-13	\$ 4.814	\$ 3.579	\$ (1.235)			1,069,576	-	1,069,576	(\$1,320,926)
Aug-13	\$ 4.839	\$ 3.594	\$ (1.245)			1,041,828	-	1,041,828	(\$1,297,076)
Sep-13	\$ 4.848	\$ 3.595	\$ (1.253)			1,042,141	-	1,042,141	(\$1,305,802)
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 3.413</b>	<b>\$ (1.348)</b>	<b>-28.3%</b>		<b>45,525,713</b>	<b>25,611,281</b>	<b>19,914,432</b>	<b>(\$27,206,638)</b>

a: Nymex rate used for annual BGSS periodic rate of \$6.65 effective October 1, 2011

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2012 BGSS filing

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-NCHART-2

**New Jersey Natural Gas Company  
Calculation of Net Cost of Gas Per Therm**

Page 1

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
1 NYMEX - 5/10/11 - Included in BGSS Filing	\$4,4130	\$4,5770	\$4,7920	\$4,9080	\$4,8970	\$4,8370	\$4,7070	\$4,7300	\$4,7690	\$4,8140	\$4,8390	\$4,8480	
2 NYMEX - Actual Settlement	\$3,7590	\$3,5240	\$3,3640	\$3,0840	\$2,6780								
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
13 Flowing Gas Cost	\$0,3417	\$0,9274	\$0,2503	\$0,2216	\$0,2425	\$0,2749	\$0,4472	\$0,2845	\$0,1176	\$0,1468	\$0,1606	\$0,1596	\$0,3134
14 Gas Withdrawn From Storage Cost	\$0,0871	\$0,0206	\$0,3512	\$0,3976	\$0,3818	\$0,3305	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,0000	\$0,2478
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0,4412	\$0,2109	\$0,1280	\$0,1005	\$0,0972	\$0,1216	\$0,2318	\$0,4735	\$0,6977	\$0,6846	\$0,7029	\$0,7080	\$0,2153
17 Storage Demand Cost													
18 Peaking Cost	\$0,0115	\$0,0100	\$0,0044	\$0,0216	\$0,0105	\$0,0029	\$0,0057	\$0,0117	\$0,0181	\$0,0169	\$0,0174	\$0,0184	\$0,0109
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost													
21 Other Costs													
<b>Total Gross Cost of Gas Per Therm</b>	<b>\$0,8815</b>	<b>\$1,1689</b>	<b>\$0,7940</b>	<b>\$0,7413</b>	<b>\$0,7319</b>	<b>\$0,7299</b>	<b>\$0,6847</b>	<b>\$0,7698</b>	<b>\$0,8334</b>	<b>\$0,8483</b>	<b>\$0,8809</b>	<b>\$0,8860</b>	<b>\$0,7874</b>

	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	12 Month Weighted Average
23 NYMEX - Actual Settlement	\$3,8370	\$3,2920	\$4,2670	\$4,2160	\$4,3160	\$3,7930	\$4,2400	\$4,3770	\$4,3260	\$4,3570	\$4,3700	\$3,8570	
<b>Breakdown of Gross Cost of Gas Per Therm:</b>													
24 Flowing Gas Cost	\$0,4406	\$0,4856	\$0,3296	\$0,3734	\$0,4488	\$0,2476	\$0,4573	\$0,2331	\$0,0690	\$0,0105	\$0,0610	\$0,0533	\$0,3479
25 Gas Withdrawn From Storage Cost	\$0,0093	\$0,1626	\$0,4455	\$0,4094	\$0,2956	\$0,4762	\$0,0596	\$0,0368	-\$0,0042	\$0,0000	\$0,0006	\$0,0164	\$0,2998
26 Hedged Volumes Delivered Cost													
27 Pipeline Demand Cost	\$0,4570	\$0,2069	\$0,0967	\$0,0898	\$0,1232	\$0,1513	\$0,2712	\$0,5695	\$0,8312	\$0,8781	\$0,8647	\$0,8378	\$0,2202
28 Storage Demand Cost													
29 Peaking Cost	\$0,0089	\$0,0072	\$0,0044	\$0,0222	\$0,0227	\$0,0064	\$0,0099	\$0,0271	\$0,0370	\$0,0312	\$0,0235	\$0,0298	\$0,0150
30 Weighted Average Fuel Cost													
31 Variable Pipeline Cost													
32 Other Costs													
<b>Total Gross Cost of Gas Per Therm</b>	<b>\$0,9157</b>	<b>\$0,8623</b>	<b>\$0,8763</b>	<b>\$0,8949</b>	<b>\$0,8903</b>	<b>\$0,8816</b>	<b>\$0,7980</b>	<b>\$0,8665</b>	<b>\$0,9329</b>	<b>\$0,9197</b>	<b>\$0,9498</b>	<b>\$0,9372</b>	<b>\$0,8829</b>

**Footnotes:**

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- Flowing Gas includes the net effect of WACOG cost accounting.
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- Withdrawals include NYMEX inventory costs only. Pipeline delivery charges are included in total costs; storage fees are not tracked separately.
- Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage
- Nov-Mar storage withdrawals are part of NYMEX's supply hedging. Hedged costs are included in total costs, not tracked separately.
- Pipeline Demand Cost = Fixed Pipeline costs
- Storage Demand Cost = Fixed Storage related costs
- Storage & Transport demand charges are reported as a combined total on the Pipeline Demand Cost row.
- Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...
- Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline
- Delivery & fuel costs are included in total costs; not tracked separately.
- Variable Pipeline Cost = Pipeline Charge per therm shipped
- Delivery & fuel costs are included in total costs; not tracked separately.

**New Jersey Natural Gas Company**  
**Calculation of Net Cost of Gas Per Therm**

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
1 Asset Management Credits													
2 Off-system sales													
3 Capacity release													
4 On System Credits to BGSS-P Customers	\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0139	\$0.0161	\$0.0046	\$0.0095	\$0.0139	\$0.0137	\$0.0141	\$0.0141	\$0.0257
5 Supplier Refunds	\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0216	\$0.0291	\$0.0491	\$0.1043	\$0.1475	\$0.1507	\$0.1548	\$0.1497	\$0.0482
6 Gas for Company Use	\$0.0201	\$0.0223	\$0.0162	\$0.0205	\$0.0215	\$0.0222	\$0.0275	\$0.0389	\$0.0469	\$0.0491	\$0.0503	\$0.0469	\$0.0248
7 Line Loss	\$0.0005	\$0.0003	\$0.0000	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
8 Transfer to Non BGSS-P Customers	\$0.0967	\$0.0804	\$0.0747	\$0.0687	\$0.0644	\$0.0640	\$0.0741	\$0.0892	\$0.0895	\$0.0925	\$0.0954	\$0.0929	\$0.0001
9 Over / Under Recovery & Interest to Customers	-\$0.0040	-\$1.3156	\$0.3091	\$0.3366	\$0.3586	-\$0.0666	-\$0.1356	-\$0.1370	-\$0.1283	-\$0.1227	-\$0.0985	-\$0.0828	\$0.0738
10 Other	\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.2165	\$0.5039	\$0.4820	\$0.4893	\$0.4799	\$0.0649	\$0.0197	\$0.1048	\$0.1684	\$0.1833	\$0.2159	\$0.2210	\$0.1984
12 <b>Total Net Cost Per Therm (Pg. 1 Line 22 - Pg. 2 Line 11)</b>	\$0.6650	\$0.6650	\$0.2520	\$0.2520	\$0.2520	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.5890

**Credits, Refunds, & Recoveries Per Therm:**

	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	12 Month Weighted Average
<b>Credits, Refunds, &amp; Recoveries Per Therm:</b>													
13 Asset Management Credits													
14 Off-system sales													
15 Capacity release													
16 On System Credits to BGSS-P Customers	\$0.0470	\$0.0560	\$0.0498	\$0.0840	\$0.0847	\$0.0410	\$0.0151	\$0.0252	\$0.0865	\$0.0745	\$0.0630	\$0.0369	\$0.0602
17 Supplier Refunds	\$0.0437	\$0.0284	\$0.0141	\$0.0097	\$0.0120	\$0.0165	\$0.0344	\$0.0800	\$0.1125	\$0.1248	\$0.1322	\$0.1236	\$0.0281
18 Gas for Company Use	\$0.0299	\$0.0102	\$0.0222	\$0.0184	\$0.0209	\$0.0235	\$0.0207	\$0.0241	\$0.0292	\$0.0311	\$0.0251	\$0.0265	\$0.0210
19 Line Loss	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
20 Transfer to Non BGSS-P Customers	\$0.0005	\$0.0002	\$0.0001	\$0.0003	\$0.0003	\$0.0003	\$0.0004	\$0.0005	\$0.0009	\$0.0010	\$0.0009	\$0.0009	\$0.0000
21 Over / Under Recovery & Interest to Customers	\$0.1026	\$0.0797	\$0.0854	\$0.0778	\$0.0800	\$0.0779	\$0.0853	\$0.1058	\$0.1188	\$0.1096	\$0.1208	\$0.1116	\$0.0853
22 Other	-\$0.0879	-\$0.0922	-\$0.0754	-\$0.0753	-\$0.0877	-\$0.0575	-\$0.1378	-\$0.1491	-\$0.1850	-\$0.2013	-\$0.1788	-\$0.1423	-\$0.0922
23 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.1357	\$0.0823	\$0.0963	\$0.1149	\$0.1103	\$0.1016	\$0.0180	\$0.0865	\$0.1529	\$0.1397	\$0.1632	\$0.1573	\$0.1027
24 <b>Total Net Cost Per Therm (Pg. 1 Line 33 - Pg. 2 Line 23)</b>	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7866	\$0.7800	\$0.7801

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayreville, Forked River, Ocean Power, etc...  
Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage  
Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.



April 13, 2012

***VIA FACSIMILE AND REGULAR MAIL***

The Honorable Richard McGill  
Office of Administrative Law  
33 Washington Street  
Newark, NJ 07102

Re: **IN THE MATTER OF THE PETITION OF  
NEW JERSEY NATURAL GAS COMPANY  
FOR THE ANNUAL REVIEW AND APPROVAL OF ITS BASIC  
GAS SUPPLY SERVICE (BGSS) AND ITS CONSERVATION  
INCENTIVE PROGRAM (CIP) FACTORS  
FOR FISCAL YEAR 2012**

**OAL Docket No. PUC 12520-2011N  
BPU Docket No. GR12060331**

Dear Judge McGill:

I am pleased to report that a Stipulation of Settlement resolving all issues has been entered into among New Jersey Natural Gas Company, the Staff of the New Jersey Board of Public Utilities (the Board) and the New Jersey Division of Rate Counsel, the only parties to the above captioned proceeding. A copy of the fully executed document is attached hereto. Please advise if you need the Stipulation to be provided with original signature pages. Additionally, we would greatly appreciate having an Initial Decision prepared as soon as possible so that this matter can be addressed by the Board on May 1, 2012. In order to accommodate their internal deadlines, I have been advised by Board Staff that all documents need to be finalized by Thursday, April 19, 2012.

previously scheduled hearing dates can be cancelled. If you have any questions or need additional information, I can be reached at (732) 919-8025.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Tracey Thayer".

Tracey Thayer, Esq.  
Director, Regulatory Affairs Counsel

C: Service List (electronically only)

**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. GR11060331  
REVISION OF ITS BASIC GAS SUPPLY )  
SERVICE (BGSS) AND ITS )  
CONSERVATION INCENTIVE PROGRAM )  
(CIP) FACTORS FOR F/Y 2012 )  
)**

**STIPULATION FOR FINAL BGSS AND CIP RATES**

**APPEARANCES:**

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

Felicia Thomas-Friel, Esq., Deputy Rate Counsel, Sarah H. Steindel, Esq. and Christine M. Juarez, Esq., Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie A. Brand, Director)

Alex Moreau and Veronica Beke, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

**TO: THE HONORABLE RICHARD MCGILL, ADMINISTRATIVE LAW JUDGE**

**BACKGROUND**

1. New Jersey Natural Gas Company (“NJNG” or the “Company”) filed a petition in Docket No. GR11060331 on June 1, 2011 (“June 1 Filing”), requesting that the New Jersey Board of Public Utilities (the “BPU” or “Board”) approve NJNG’s annual filing to establish new Basic Gas Supply Service (“BGSS”) rates for the period October 1, 2011 through September 30,

2012, approve a change to the current balancing charge and approve the implementation of updated Conservation Incentive Program (“CIP”) factors effective October 1, 2011.

2. Specifically, the petition requested that the Board approve a decrease of \$0.1230 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, 2011, thereby decreasing NJNG’s annual BGSS after-tax rate from \$0.8346 per therm to \$0.7116.<sup>1</sup> The Periodic BGSS Pricing Mechanism applies to NJNG’s Residential Service (“RS”), General Service-Small (“GSS”), Distributed Generation-Residential (“DGR”) and Economic Development (“ED”) customers who use less than 5,000 therms annually. This requested change represented a BGSS decrease of approximately \$12.30 per month, or 9.1 percent, for the average residential sales heating customer using 100 therms per month. NJNG’s filing was based on market conditions as of May 10, 2011 and a one-year BGSS recovery period. The proposed rates resulted in a decrease of after-tax BGSS revenues by \$55.2 million.

3. The petition also requested a \$0.0042 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0886 to \$0.0844. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 (“Base Case Order”), NJNG is required 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 deducted from the BGSS charge and included as a component of the delivery charge.

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<sup>1</sup> 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, as authorized by the Board in Docket No. GR05121020 the Company submitted its annual CIP filing for October 1, 2011 through September 30, 2012 (2012 CIP Year), requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2011. As such, the Company sought approval for the following changes to its after-tax per therm CIP factors: (i) an increase from a credit of \$0.0033 for Group I Residential Non-Heat customers to a charge of \$0.0255; (ii) a decrease in the charge of \$0.0179 to \$0.0066 for Group II Residential Heat customers; (iii) an increase in the charge of \$0.0339 to \$0.0464 for Group III Small Commercial customers; and, (iv) an increase in the charge of \$0.0278 to \$0.0391 for Group IV Large Commercial customers effective as of October 1, 2011. The proposed changes resulted in an overall after-tax decrease of \$3.02 million to annual CIP-related revenues. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders ("CIP Orders") in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by BGSS cost savings during the period the surcharge is in effect. Accordingly, the Company reported \$8.6 million in estimated CIP non-weather related revenues to be recovered (\$7.2 million for the CIP year October 1, 2010 through September 30, 2011 and \$1.4 million of carry-over CIP non-weather related revenues to be recovered for the CIP year October 1, 2009 through September 30, 2010) to be recovered during the 2012 CIP Year and identified \$13.1 million in BGSS savings for the 2012 CIP Year, more than offsetting non-weather related CIP charges for the same period. Accordingly, the Parties have reviewed the Company's calculations and believe that the terms of the CIP Orders were met. The Company updated for actual information through September 30, 2011 and reported a total of \$9.1 million in CIP non-weather related revenues to be recovered, which amount will be reflected in and subject to review in the CIP petition to be filed no later than June 1, 2012.

5. The changes to the BGSS and CIP rates as requested resulted in an overall decrease of approximately \$13.43 per month, or 9.9 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) from these requested rate changes was a decrease of 6.0 percent per month and to the average small commercial customer (Group III) a decrease of 7.4 percent per month. Since the BGSS change does not impact larger commercial customers (Group IV), as the monthly BGSS is applicable to that group, it was only the CIP rate change that impacted these customers in the June 1 filing, resulting in a 0.9 percent increase to the average Group IV customer. The above CIP changes resulted in a decrease in after-tax CIP revenues of \$3.02 million. Accordingly, the overall decrease in annual after-tax revenue resulting from the BGSS decrease and CIP-related changes was approximately \$58.2 million. The foregoing rate impacts are detailed in Exhibit A, page 1 attached hereto.

6. As detailed in the testimony of Jayana S. Shah filed in this proceeding (the “JSS Testimony”), the approximately \$13.1 million in BGSS saving identified in the Petition included savings resulting from the non-renewal of a contract for 30,000 dekatherms per day of firm transportation capacity on Texas Eastern Transmission, L.P. The contract expired on October 31, 2011. The Company identified \$7,993,500 in annual cost savings resulting from the non-renewal. The demand cost savings identified by the Company were in effect during the 2012 CIP recovery year for an 11-month period, resulting in \$7,336,500 in demand cost savings reflected in the Company’s Petition. The Company’s calculations underlying the claimed savings are shown in the attached Exhibit B which includes the details of the Company’s BGSS savings.

7. As also described in the JSS Testimony, and in updated discovery responses provided to the parties, the results of the Tennessee Gas Pipeline General Section 4 rate case

(RP11-1566-000), pending resolution when this case was filed, altered the net economics of the Tennessee capacity release of 10,728 dekatherms per day included in the Company's existing CIP BGSS savings approved in the January 20, 2010 CIP Order in Docket No. GR05121020 and reflected in the Company's Petition in the instant proceeding. The approved Tennessee rates were lower than those previously in effect, thus reducing the \$13.1 million in claimed BGSS savings for the 2012 CIP recovery year by \$425,058.

8. As further detailed in the JSS Testimony, effective January 8, 2012, NJNG did not renew a contract that was previously released for 11,000 dekatherms per day of firm transportation capacity on Tennessee Gas Pipeline. Giving effect to the Tennessee approved rates effective January 15, 2012, as discussed in Paragraph 7 above, the non-renewal of the contract increased the claimed \$13.1 million in BGSS savings for the 2012 CIP recovery year by \$527,767.

9. As a result of the updates described in paragraphs 7 and 8 above, the Company's claimed BGSS savings available to offset the CIP charge in effect for the 2012 CIP recovery year are approximately \$13.2 million which is detailed in Exhibit B (Page 3, Section VI, CIP Year 2011-2012) and includes the Company's calculations of the impacts of these updates.

10. Public hearings on these petitions were held on July 26, 2011 in Rockaway Borough and on July 27, 2011 in Freehold Township. No members of the public appeared at the public hearings and no written comments were received.

11. On September 22, 2011, the Board issued an Order ("September 2011 Order") approving the requested rate changes on a provisional basis, pursuant to the terms of a Stipulation entered into among the Company, BPU Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties in this proceeding (the "Signatory Parties"). On

November 17, 2011 and January 25, 2012, NJNG submitted notice to the BPU and Rate Counsel of bill credits for its Periodic BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012. On March 9, 2012, NJNG notified the Board of its intention to implement a bill credit of \$0.4419 per therm after tax effective March 15, 2012 through March 31, 2012. The Company estimated that an average residential heating customer would receive total bill credits of \$220, during the months of December 2011 through March 2012. The total refunds amounted to approximately 17.8% of the total annual bill for a customer using 1000 therms per year. On March 9, 2012 the Company further notified the Board of its intention to implement a rate reduction of \$0.0435 per therm in the provisionally-approved Periodic BGSS rate of \$0.7116 per therm, effective April 1, 2012, resulting in a Periodic BGSS rate of \$0.6681 per therm inclusive of sales tax. This amounts to a decrease of \$4.35 or 3.6 percent on a 100-therm monthly bill, as demonstrated on Exhibit A, page 2.

12. On October 5, 2011, this matter was transmitted to the Office of Administrative Law and assigned to the Honorable Richard McGill, Administrative Law Judge. The Signatory Parties participated in a prehearing conference on December 20, 2011, which was followed by the issuance of a Prehearing Order by Judge McGill on January 11, 2012 establishing the issues to be addressed and a procedural schedule.

#### **STIPULATED ISSUES**

13. Following the issuance of discovery and responses thereto by the Company, the Signatory Parties have reached an agreement that the previously approved provisional rates, as described above in Paragraphs 2-4, and as decreased pursuant to the Company's notice of a Periodic BGSS rate decrease effective April 1, 2012, should be deemed final rates. As a result of the Stipulation, the rates previously approved on a provisional basis, as modified by BGSS rate

decrease to be implemented on April 1, 2012, will remain in effect until further Board Order or further action by the Company in accordance with the Board's Generic BGSS Order in Docket No. GX01050304.

14. Accordingly, the Signatory Parties stipulate and agree that it is both reasonable and in the public interest for the Board, following the issuance of an Initial Decision from Judge McGill recommending adoption of these stipulated matters, to authorize the following rates as final until changed by the Board or the Company in the future: 1) the Company's periodic BGSS rates of \$0.7116 per therm after-tax effective from October 1, 2011 through March 31, 2012 and \$0.6681 per therm after-tax effective on and after April 1, 2012; 2) the Company's balancing charge of \$0.0844 per therm; and 3) the following CIP rates all on an after-tax basis: \$0.0255 per therm for Group I Residential Non-Heat customers, \$0.0066 per therm for Group II Residential Heat customers, \$0.0464 per therm for Group III Small Commercial customers, and \$0.0391 per therm for Group IV Large Commercial customers. A schedule listing the foregoing rates is attached as Exhibit C.

15. It is agreed by the Signatory Parties that the rates described in Paragraph 14 will be deemed final as of the effective date of the Board Order accepting the Initial Decision approving this Stipulation. Tariff Sheets reflecting these rates, which will remain in effect until further Board Order or further action by the Company in accordance with the Board's generic BGSS Order in Docket No. GX01050304, are attached hereto as Exhibit D.

16. Rate Counsel and Staff have reviewed the BGSS savings transactions and savings calculations as referenced in paragraphs 6 through 9 herein and are in agreement that the claimed savings are eligible to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

17. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-NCHART-1) attached hereto as Exhibit E; and 2) the Calculation of Net Cost of Gas per Therm Report (also known as S-NCHART-2), a monthly report of unitized BGSS costs and credits (attached hereto as Exhibit F). The chart reflected in Exhibit E is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit F is to be submitted to the Parties on approximately the 15<sup>th</sup> of the following month.

18. 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 Signatory 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 Signatory 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.

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

20. 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, Board 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.

WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the entirety, in accordance with the terms hereof, as soon as reasonably possible.

**NEW JERSEY NATURAL GAS  
PETITIONER**

By: Tracey Thayer  
TRACEY THAYER, ESQ.  
New Jersey Natural Gas

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND. DIRECTOR**

By: \_\_\_\_\_  
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

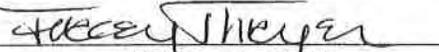
**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

By: \_\_\_\_\_  
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

Date:

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**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
TRACEY THAYER, ESQ.  
New Jersey Natural Gas

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND, DIRECTOR**

By: \_\_\_\_\_  
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

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PETITIONER**

By:   
TRACEY THAYER, ESQ.  
New Jersey Natural Gas

**NEW JERSEY DIVISION OF RATE COUNSEL  
STEFANIE A. BRAND. DIRECTOR**

By:   
SARAH H. STEINDEL, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES  
JEFFREY S. CHIESA  
ATTORNEY GENERAL OF NEW JERSEY**

By:   
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

Date:

New Jersey Natural Gas Company  
Net Impact of Rate Changes Effective October 1, 2011  
BPU Docket No. GR11060331  
FY 2012

	(\$/therm)					
	Prior to October 1, 2011			Effective October 1, 2011		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.7800	\$0.7800	\$0.7800	\$0.6650	\$0.6650	\$0.6650
After-tax Periodic BGSS	\$0.8346	\$0.8346	\$0.8346	\$0.7116	\$0.7116	\$0.7116
Less: Balancing	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>
<b>BGSS Price To Compare</b>	<b><u>\$0.7460</u></b>	<b><u>\$0.7460</u></b>	<b><u>\$0.7460</u></b>	<b><u>\$0.6272</u></b>	<b><u>\$0.6272</u></b>	<b><u>\$0.6272</u></b>

<b>Impact on Residential Non-Heating Customers</b>				
25 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5069	\$12.67	
BGSS		\$0.7460	\$18.65	
Total		<u>\$1.2529</u>	<u>\$39.57</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5315	\$13.29	
BGSS		\$0.6272	\$15.68	
Total		<u>\$1.1587</u>	<u>\$37.22</u>	
<b>Decrease</b>			(\$2.36)	
<b>Decrease as a percent</b>			(6.0%)	
<b>Impact on Residential Heating Customers</b>				
100 therm bill      1000 therm annual bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5281	\$52.81	\$528.10
BGSS		\$0.7460	\$74.60	\$746.00
Total		<u>\$1.2741</u>	<u>\$135.66</u>	<u>\$1,373.10</u>
<b>Prices effective 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5126	\$51.26	\$512.60
BGSS		\$0.6272	\$62.72	\$627.20
Total		<u>\$1.1398</u>	<u>\$122.23</u>	<u>\$1,238.80</u>
<b>Decrease</b>			(\$13.43)	(\$134.30)
<b>Decrease as a percent</b>			(9.9%)	(9.8%)
<b>Impact on Commercial GSS Customers</b>				
100 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4965	\$49.65	
BGSS		\$0.7460	\$74.60	
Total		<u>\$1.2425</u>	<u>\$149.25</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5048	\$50.48	
BGSS		\$0.6272	\$62.72	
Total		<u>\$1.1320</u>	<u>\$138.20</u>	
<b>Decrease</b>			(\$11.05)	
<b>Decrease as a percent</b>			(7.4%)	
<b>Impact on Commercial GSL Customers</b>				
1200 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4299	\$515.88	
BGSS (May 2011)		\$0.6304	\$756.48	
Total		<u>\$1.0603</u>	<u>\$1,487.86</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4370	\$524.40	
BGSS (May 2011)		\$0.6346	\$761.52	
Total		<u>\$1.0716</u>	<u>\$1,501.42</u>	
<b>Increase</b>			\$13.56	
<b>Increase as a percent</b>			0.9%	

New Jersey Natural Gas Company  
Net Impact of Rate Changes Effective April 1, 2012  
BPU Docket No. GR11060331  
F/Y 2012

(\$/therm)

	Prior to April 1, 2012			Prices Effective April 1, 2012		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.6650	\$0.6650	\$0.6650	\$0.6244	\$0.6244	\$0.6244
After-tax Periodic BGSS	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.6681
Less: Balancing	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)
<b>BGSS Price To Compare</b>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.5837</u>

<b>Impact on Residential Non-Heating Customers</b>			
25 therm bill			
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.6272	\$15.68
Total		<u>\$1.1616</u>	<u>\$37.29</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.5837	\$14.59
Total		<u>\$1.1181</u>	<u>\$36.20</u>
<b>Decrease</b>			(\$1.09)
<b>Decrease as a percent</b>			(2.9%)
<b>Impact on Residential Heating Customers</b>			
		100 therm bill	1000 therm annual bill
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.6272	\$62.72
Total		<u>\$1.1427</u>	<u>\$1,241.70</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.5837	\$58.37
Total		<u>\$1.0992</u>	<u>\$1,198.20</u>
<b>Decrease</b>			(\$4.35)
<b>Decrease as a percent</b>			(3.6%)
<b>Impact on Commercial GSS Customers</b>			
100 therm bill			
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.6272	\$62.72
Total		<u>\$1.1372</u>	<u>\$138.72</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.5837	\$58.37
Total		<u>\$1.0937</u>	<u>\$134.37</u>
<b>Decrease</b>			(\$4.35)
<b>Decrease as a percent</b>			(3.1%)

**New Jersey Natural Gas  
CIP BGSS Savings**

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. *Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.*

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

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

<u>Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	365	15,000	\$	0.36460	\$ 1,996,185
2010-2011	365	15,000	\$	0.36460	\$ 1,996,185
2011-2012	366	15,000	\$	0.36460	\$ 2,001,654
2012-2013	365	15,000	\$	0.36460	\$ 1,996,185

**II. Transco Capacity**

A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	5,000	\$	0.11870	\$ 162,026
2010-2011	365	5,000	\$	0.11870	\$ 216,628
2011-2012	366	5,000	\$	0.11870	\$ 217,221
2012-2013	182	5,000	\$	0.11870	\$ 108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	3,250	\$	0.11870	\$ 105,317
2010-2011	365	3,250	\$	0.11870	\$ 140,808
2011-2012	366	3,250	\$	0.11870	\$ 141,194
2012-2013	182	3,250	\$	0.11870	\$ 70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	10,350	\$	0.11870	\$ 335,393
2010-2011	365	10,350	\$	0.11870	\$ 448,419
2011-2012	366	10,350	\$	0.11870	\$ 449,647
2012-2013	182	10,350	\$	0.11870	\$ 223,595

**III. Tennessee Capacity**

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

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	11,000	\$ 0.019726	\$ 59,237
2010-2011	365	11,000	\$ 0.019726	\$ 79,200
2011-2012	366	11,000	\$ 0.150816	\$ 607,184
2012-2013	365	11,000	\$ 0.200153	\$ 803,614
2013-2014	365	11,000	\$ 0.200153	\$ 803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). **UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.**

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,728	\$ 0.278795	\$ 816,518
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681
2011-2012	366	10,728	\$ 0.170539	\$ 669,614
2012-2013	182	10,728	\$ 0.126404	\$ 246,804

**IV. Texas Eastern Capacity**

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. **NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.**

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500

**V. Dominion Gas Capacity**

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

<u>CIP Year</u>	<u>Days</u>	<u>Release</u>		<u>Rate</u>		<u>Value</u>
		<u>Quantity</u>				
2009-2010	273	20,000	\$	0.127557	\$	696,461
2010-2011	365	20,000	\$	0.127557	\$	931,166
2011-2012	366	20,000	\$	0.127557	\$	933,717
2012-2013	182	20,000	\$	0.127557	\$	464,307

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

<u>CIP Year</u>	<u>Value</u>
2011-2012	\$ 217,305
2012-2013	\$ 217,305
2013-2014	\$ 217,305

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

<u>CIP Year</u>	<u>Days</u>	<u>Value</u>
2009-2010	273	\$ 8,058,378 <sup>1</sup>
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

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

**VII. Agreement with NJRES**

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

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

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

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

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2011**

**GR11060331**

**Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period**

		Tennessee 10,728 dth/day <sup>4</sup>	Tennessee 11,000 dth/day <sup>4</sup>	Revised Savings
<b>Recurring initial savings identified<sup>1</sup></b>	\$5,531,561	(\$425,058)	\$527,767	\$5,634,269
<b>Additional Savings<sup>2</sup></b>	\$217,305			\$217,305
<b>Additional Savings<sup>3</sup></b>	<u>\$7,336,500</u>			<u>\$7,336,500</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<u>\$13,085,366</u>	<u>(\$425,058)</u>	<u>\$527,767</u>	<u>\$13,188,074</u>

*NOTE: Pursuant to the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.*

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

<sup>2</sup> As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<sup>3</sup> Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day \* \$0.73 per dth \* 366 days = \$7,336,500)

<sup>4</sup> Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

**Contract 64307: 10,728 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672
Revised	106	10,728	\$0.278795	\$317,037
Revised	260	10,728	\$0.126404	<u>\$352,577</u>
			Total Revised	\$669,614
Change in CIP Savings Value				<b><u>(\$425,058)</u></b>

**Contract 64306: 11,000 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	11,000	\$0.019726	\$79,417
Revised	100	11,000	\$0.019578	\$21,536
Revised	266	11,000	\$0.200153	<u>\$585,648</u>
			Total Revised	<b><u>\$607,184</u></b>
Change in CIP Savings Value				<b><u>\$527,767</u></b>
Total Tennessee Change in CIP Savings Value				<b><u>\$102,709</u></b>

**New Jersey Natural Gas Company**  
**Final Rates**  
**BPU Docket No. GR11060331**  
**F/Y 2012**

<b><u>Rate Type</u></b>	<b><u>Effective</u></b>	<b><u>After-tax Rate per therm</u></b>
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

**Exhibit D**  
**Tariff Sheets**

**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
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**Delivery Charge:****Residential Heating**

Delivery Charge per therm	\$0.5155
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**Residential Non-Heating**

Delivery Charge per therm	\$0.5344
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**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 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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
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**Delivery Charge:**

November - April	\$0.3737
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May - October	\$0.3167
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**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 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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
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**Delivery Charge:**

Delivery Charge per therm	\$0.5100
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**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

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

**BALANCING CHARGE ADJUSTMENTS**

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

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Date of Issue: December 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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 \$0.4402

**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 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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****Customer Charge:**

Customer Charge per meter per month	\$40.00
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**Demand Charge:**

Demand Charge per therm applied to PBQ	\$0.60
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**Delivery Charge:**

November - April	\$0.2793
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May - October	\$0.2465
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These rates are inclusive of all applicable taxes and riders and are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See Rate Summaries at the end of this Tariff for a summary of components incorporated in these rates.

**MINIMUM MONTHLY CHARGE**

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

Date of Issue: December 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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
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**Demand Charge:**

Demand Charge per therm applied to MDQ	\$1.00
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**Delivery Charge:**

Delivery Charge per therm	\$0.3024
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**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: *October 19, 2011*  
 Issued by: *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
 and after November 1, 2011*

RIDER "A"BASIC GAS SUPPLY SERVICE - BGSS(Continued)PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$0.0844 per therm

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

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

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

*Date of Issue:* March 29, 2012  
*Issued by:* Mark R. Sperduto, Vice President  
 Wall, NJ 07719

*Effective for service rendered on  
 and after April 1, 2012*

RIDER "A"BASIC GAS SUPPLY SERVICE - BGSS(Continued)BGSS SAVINGS COMPONENT RELATED TO THE CONSERVATION INCENTIVE PROGRAM (CIP)  
IN RIDER "I"

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$0.0273) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

Date of Issue: *March 9, 2012*  
 Issued by: *Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after March 15, 2012*

**RIDER "I"**

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

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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Date of Issue: September 27, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October 1, 2011

SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</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		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
<i>After-tax Base Rate</i>				
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3599</i>	<i>0.3599</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5155</u></b>	<b><u>0.5155</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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: March 9, 2012  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 253  
Superseding Eleventh Revised Sheet No. 253*

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

		<u>Bundled Sales</u>	<u>Transport Sales</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		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3788</i>	<i>0.3788</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5344</u></b>	<b><u>0.5344</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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:** *March 9, 2012*  
**Issued by:** *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	<u>0.0097</u>	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2181</i>	<i>0.1611</i>	
<i>Balancing Charge</i>	b	0.0844	0.0844	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i>0.0712</i>	<i>0.0712</i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3737</u></b>	<b><u>0.3167</u></b>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	<u>0.0844</u>	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b><u>0.5837</u></b>	

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: *March 9, 2012*  
Issued by: *Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral 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		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.0464	0.0464	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3544</i>	<i>0.3544</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5100</u></b>	<b><u>0.5100</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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: March 9, 2012  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		40.00	40.00	
<b><u>Demand Charge</u></b>				
Demand Charge per month applied to HMAD		1.50	1.50	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2846</i>	<i>0.2846</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4402</u></b>	<b><u>0.4402</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	<b>X</b>	

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

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

Date of Issue: *March 29, 2012*  
Issued by: *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSCommercial 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		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1237</i>	<i>0.0909</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.2793</u></b>	<b><u>0.2465</u></b>	

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

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

Date of Issue: December 20, 2011  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSFirm 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>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1468</i>	<i>0.1468</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3024</u></b>	<b><u>0.3024</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	<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.

Date of Issue: March 29, 2012  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

**NJNG**  
**BGSS Nymex Update Report**  
**as of 3/2/12**

Exhibit E  
Final Stipulation

<u>Month</u>	<i>a</i>	<i>b</i>	<i>c = b - a</i>		<i>d</i>	<i>e</i>	<i>f = d - e</i>	<i>g = c x f</i>
	<u>Nymex</u> <u>5/10/11</u>	<u>NYMEX</u> <u>3/2/12</u>	<u>Incr/</u> <u>(Decr)</u>	<u>% Chg</u>	<u>Sales</u> <u>forecast (dths)</u>	<u>Hedged</u> <u>volume (dths)</u>	<u>Unhedged</u> <u>volume (dths)</u>	<u>Change in</u> <u>value unhedged</u>
Oct-11	\$ 4.413	\$ 3.759	\$ (0.654)					
Nov-11	\$ 4.577	\$ 3.524	\$ (1.053)					
Dec-11	\$ 4.792	\$ 3.364	\$ (1.428)					
Jan-12	\$ 4.908	\$ 3.084	\$ (1.824)					
Feb-12	\$ 4.897	\$ 2.678	\$ (2.219)					
Mar-12	\$ 4.837	\$ 2.446	\$ (2.391)		6,144,298	5,779,363	364,935	(\$872,559)
Apr-12	\$ 4.707	\$ 2.484	\$ (2.223)		3,155,208	1,150,000	2,005,208	(\$4,457,578)
May-12	\$ 4.730	\$ 2.600	\$ (2.130)		1,538,627	300,000	1,238,627	(\$2,638,275)
Jun-12	\$ 4.769	\$ 2.692	\$ (2.077)		1,052,405	-	1,052,405	(\$2,185,846)
Jul-12	\$ 4.814	\$ 2.773	\$ (2.041)		1,063,912	-	1,063,912	(\$2,171,445)
Aug-12	\$ 4.839	\$ 2.807	\$ (2.032)		1,036,228	-	1,036,228	(\$2,105,615)
Sep-12	\$ 4.848	\$ 2.817	\$ (2.031)		1,036,422	-	1,036,422	(\$2,104,973)
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 2.919</b>	<b>\$ (1.842)</b>	<b>-38.7%</b>	<b>15,027,101</b>	<b>7,229,363</b>	<b>7,797,737</b>	<b>(\$16,536,291)</b>
Oct-12	\$ 4.413	\$ 2.872	\$ (1.541)		2,031,860	-	2,031,860	(\$3,131,097)
Nov-12	\$ 4.577	\$ 3.050	\$ (1.527)		4,219,690	1,293,636	2,926,054	(\$4,468,085)
Dec-12	\$ 4.792	\$ 3.345	\$ (1.447)		7,483,323	6,005,815	1,477,508	(\$2,137,954)
Jan-13	\$ 4.908	\$ 3.481	\$ (1.427)		9,050,789	7,704,888	1,345,901	(\$1,920,601)
Feb-13	\$ 4.897	\$ 3.495	\$ (1.402)		7,568,878	6,671,949	896,929	(\$1,257,494)
Mar-13	\$ 4.837	\$ 3.474	\$ (1.363)		6,218,639	3,934,993	2,283,646	(\$3,112,609)
Apr-13	\$ 4.707	\$ 3.446	\$ (1.261)		3,190,489	-	3,190,489	(\$4,023,207)
May-13	\$ 4.730	\$ 3.487	\$ (1.243)		1,550,564	-	1,550,564	(\$1,927,351)
Jun-13	\$ 4.769	\$ 3.536	\$ (1.233)		1,057,936	-	1,057,936	(\$1,304,435)
Jul-13	\$ 4.814	\$ 3.579	\$ (1.235)		1,069,576	-	1,069,576	(\$1,320,926)
Aug-13	\$ 4.839	\$ 3.594	\$ (1.245)		1,041,828	-	1,041,828	(\$1,297,076)
Sep-13	\$ 4.848	\$ 3.595	\$ (1.253)		1,042,141	-	1,042,141	(\$1,305,802)
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 3.413</b>	<b>\$ (1.348)</b>	<b>-28.3%</b>	<b>45,525,713</b>	<b>25,611,281</b>	<b>19,914,432</b>	<b>(\$27,206,638)</b>

a: Nymex rate used for annual BGSS periodic rate of \$6.65 effective October 1, 2011

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2012 BGSS filing

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-NCHART-2

**New Jersey Natural Gas Company  
Calculation of Net Cost of Gas Per Therm**

Page 1

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
1 NYMEX - 5/10/11 - Included in BGSS Filing	\$4.4130	\$4.5770	\$4.7920	\$4.9080	\$4.8970	\$4.8370	\$4.7070	\$4.7300	\$4.7690	\$4.8140	\$4.8390	\$4.8480	
2 NYMEX - Actual Settlement	\$3.7590	\$3.5240	\$3.3640	\$3.0840	\$2.6780								
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
13 Flowing Gas Cost	\$0.3417	\$0.9274	\$0.2503	\$0.2216	\$0.2425	\$0.2749	\$0.4472	\$0.2845	\$0.1176	\$0.1468	\$0.1606	\$0.1596	\$0.3134
14 Gas Withdrawn From Storage Cost	\$0.0871	\$0.0206	\$0.3512	\$0.3976	\$0.3818	\$0.3305	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2478
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0.4412	\$0.2109	\$0.1280	\$0.1005	\$0.0972	\$0.1216	\$0.2318	\$0.4735	\$0.6977	\$0.6846	\$0.7029	\$0.7080	\$0.2153
17 Storage Demand Cost													
18 Peaking Cost	\$0.0115	\$0.0100	\$0.0044	\$0.0216	\$0.0105	\$0.0029	\$0.0057	\$0.0117	\$0.0181	\$0.0169	\$0.0174	\$0.0184	\$0.0109
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost													
21 Other Costs													
22 <b>Total Gross Cost of Gas Per Therm</b>	\$0.8815	\$1.1689	\$0.7340	\$0.7413	\$0.7319	\$0.7299	\$0.6847	\$0.7698	\$0.8334	\$0.8483	\$0.8809	\$0.8860	\$0.7874
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
23 NYMEX - Actual Settlement	\$3.8370	\$3.2920	\$4.2670	\$4.2160	\$4.3160	\$3.7930	\$4.2400	\$4.3770	\$4.3260	\$4.3570	\$4.3700	\$3.8570	
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
24 Flowing Gas Cost	\$0.4406	\$0.4856	\$0.3296	\$0.3734	\$0.4488	\$0.2476	\$0.4573	\$0.2331	\$0.0690	\$0.0105	\$0.0610	\$0.0533	\$0.3479
25 Gas Withdrawn From Storage Cost	\$0.0093	\$0.1626	\$0.4455	\$0.4094	\$0.2956	\$0.4762	\$0.0596	\$0.0368	-\$0.0042	\$0.0000	\$0.0006	\$0.0164	\$0.2998
26 Hedged Volumes Delivered Cost													
27 Pipeline Demand Cost	\$0.4570	\$0.2069	\$0.0967	\$0.0898	\$0.1232	\$0.1513	\$0.2712	\$0.5695	\$0.8312	\$0.8781	\$0.8647	\$0.8378	\$0.2202
28 Storage Demand Cost													
29 Peaking Cost	\$0.0089	\$0.0072	\$0.0044	\$0.0222	\$0.0227	\$0.0064	\$0.0099	\$0.0271	\$0.0370	\$0.0312	\$0.0235	\$0.0298	\$0.0150
30 Weighted Average Fuel Cost													
31 Variable Pipeline Cost													
32 Other Costs													
33 <b>Total Gross Cost of Gas Per Therm</b>	\$0.9157	\$0.8623	\$0.8763	\$0.8949	\$0.8903	\$0.8816	\$0.7980	\$0.8665	\$0.9329	\$0.9197	\$0.9498	\$0.9372	\$0.8829

**Footnotes:**

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

~ Flowing Gas includes the net effect of WACOG cost accounting.

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

~ Withdrawals include NJNG inventoried costs only. Pipeline delivery charges are included in total costs; storage fees are not tracked separately .

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

~ Nov-Mar storage withdrawals are part of NJNG's supply hedging; Hedged costs are included in total costs, not tracked separately .

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

~ Storage & Transport demand charges are reported as a combined total on the Pipeline Demand Cost row.

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

~ Delivery & fuel costs are included in total costs; not tracked separately .

Variable Pipeline Cost = Pipeline Charge per therm shipped

~ Delivery & fuel costs are included in total costs; not tracked separately .

**New Jersey Natural Gas Company  
Calculation of Net Cost of Gas Per Therm**

Page 2

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
1 Asset Management Credits													
2 Off-system sales	\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0139	\$0.0161	\$0.0046	\$0.0095	\$0.0139	\$0.0137	\$0.0141	\$0.0141	\$0.0257
3 Capacity release	\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0216	\$0.0291	\$0.0491	\$0.1043	\$0.1475	\$0.1507	\$0.1548	\$0.1497	\$0.0482
4 On System Credits to BGSS-P Customers	\$0.0201	\$0.0223	\$0.0182	\$0.0205	\$0.0215	\$0.0222	\$0.0275	\$0.0389	\$0.0469	\$0.0491	\$0.0503	\$0.0469	\$0.0248
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	\$0.0005	\$0.0003	\$0.0001	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
7 Line Loss													
8 Transfer to Non BGSS-P Customers	\$0.0967	\$0.0804	\$0.0747	\$0.0687	\$0.0644	\$0.0640	\$0.0741	\$0.0892	\$0.0895	\$0.0925	\$0.0954	\$0.0929	\$0.0738
9 Over / Under Recovery & Interest to Customers	-\$0.0040	-\$1.3156	\$0.3091	\$0.3366	\$0.3586	-\$0.0666	-\$0.1356	-\$0.1370	-\$0.1293	-\$0.1227	-\$0.0985	-\$0.0826	\$0.0259
10 Other	\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.2165	\$0.5039	\$0.4820	\$0.4893	\$0.4799	\$0.0649	\$0.0197	\$0.1048	\$0.1684	\$0.1833	\$0.2159	\$0.2210	\$0.1984
12 <b>Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)</b>	\$0.6650	\$0.6650	\$0.2520	\$0.2520	\$0.2520	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.5890

	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
13 Asset Management Credits													
14 Off-system sales	\$0.0470	\$0.0560	\$0.0498	\$0.0840	\$0.0847	\$0.0410	\$0.0151	\$0.0252	\$0.0865	\$0.0745	\$0.0630	\$0.0369	\$0.0602
15 Capacity release	\$0.0437	\$0.0284	\$0.0141	\$0.0097	\$0.0120	\$0.0165	\$0.0344	\$0.0800	\$0.1125	\$0.1248	\$0.1322	\$0.1236	\$0.0281
16 On System Credits to BGSS-P Customers	\$0.0299	\$0.0102	\$0.0222	\$0.0184	\$0.0209	\$0.0235	\$0.0207	\$0.0241	\$0.0292	\$0.0311	\$0.0251	\$0.0265	\$0.0210
17 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
18 Gas for Company Use	\$0.0005	\$0.0002	\$0.0001	\$0.0003	\$0.0003	\$0.0003	\$0.0004	\$0.0005	\$0.0009	\$0.0010	\$0.0009	\$0.0009	\$0.0003
19 Line Loss													
20 Transfer to Non BGSS-P Customers	\$0.1026	\$0.0797	\$0.0854	\$0.0778	\$0.0800	\$0.0779	\$0.0853	\$0.1058	\$0.1188	\$0.1096	\$0.1208	\$0.1116	\$0.0853
21 Over / Under Recovery & Interest to Customers	-\$0.0879	-\$0.0922	-\$0.0754	-\$0.0753	-\$0.0877	-\$0.0575	-\$0.1378	-\$0.1491	-\$0.1950	-\$0.2013	-\$0.1788	-\$0.1423	-\$0.0922
22 Other													
23 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.1357	\$0.0823	\$0.0963	\$0.1149	\$0.1103	\$0.1016	\$0.0180	\$0.0865	\$0.1529	\$0.1397	\$0.1632	\$0.1573	\$0.1027
24 <b>Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)</b>	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7866	\$0.7800	\$0.7801

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.

**NEW JERSEY NATURAL GAS COMPANY  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS) AND  
REVIEW AND REVISION OF ITS CONSERVATION  
INCENTIVE PROGRAM (CIP) FOR F/Y 2012  
DOCKET NO. GR11060331**

**SERVICE LIST**

NJNG

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

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

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

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

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

NJ BOARD OF PUBLIC UTILITIES

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

☞ Individuals to receive copies of all documents and filings by email only.  
\* Individuals designated to receive copy of CD attachment.

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

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

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

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

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

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

**NEW JERSEY NATURAL GAS COMPANY  
ANNUAL REVIEW AND REVISION OF ITS  
BASIC GAS SUPPLY SERVICE (BGSS) AND  
REVIEW AND REVISION OF ITS CONSERVATION  
INCENTIVE PROGRAM (CIP) FOR F/Y 2012  
DOCKET NO. GR11060331**

**SERVICE LIST**

DIVISION OF RATE COUNSEL

\* Stefanie A. Brand, Esq., Director  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

Paul Flanagan, Esq.  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

Felicia Thomas-Friel, Esq.  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

\* Sarah H. Steindel  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

Shelly Massy  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

Christine Juarez  
Division of Rate Counsel  
31 Clinton Street – 11<sup>th</sup> Floor  
P.O. Box 46005  
Newark, NJ 07101

\* Brian Kalcic  
Excel Consulting  
225 S. Meramec Avenue  
Suite 720T  
St. Louis Missouri 63105

David Peterson  
Chesapeak Regulatory Consulting  
10351 Southern Maryland Boulevard  
Suite 202  
Dunkirk, MD 20754-9500

DEPT. OF LAW & PUBLIC SAFETY –  
DIVISION OF LAW

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

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

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

New Jersey Natural Gas Company  
Net Impact of Rate Changes Effective October 1, 2011  
BPU Docket No. GR11060331  
FY 2012

	(\$/therm)					
	Prior to October 1, 2011			Effective October 1, 2011		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.7800	\$0.7800	\$0.7800	\$0.6650	\$0.6650	\$0.6650
After-tax Periodic BGSS	\$0.8346	\$0.8346	\$0.8346	\$0.7116	\$0.7116	\$0.7116
Less: Balancing	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0886)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>
<b>BGSS Price To Compare</b>	<b><u>\$0.7460</u></b>	<b><u>\$0.7460</u></b>	<b><u>\$0.7460</u></b>	<b><u>\$0.6272</u></b>	<b><u>\$0.6272</u></b>	<b><u>\$0.6272</u></b>

<b>Impact on Residential Non-Heating Customers</b>				
25 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5069	\$12.67	
BGSS		\$0.7460	\$18.65	
Total		<u>\$1.2529</u>	<u>\$39.57</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	
Delivery		\$0.5315	\$13.29	
BGSS		\$0.6272	\$15.68	
Total		<u>\$1.1587</u>	<u>\$37.22</u>	
<b>Decrease</b>			(\$2.36)	
<b>Decrease as a percent</b>			(6.0%)	
<b>Impact on Residential Heating Customers</b>				
100 therm bill      1000 therm annual bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5281	\$52.81	\$528.10
BGSS		\$0.7460	\$74.60	\$746.00
Total		<u>\$1.2741</u>	<u>\$135.66</u>	<u>\$1,373.10</u>
<b>Prices effective 10/1/11</b>				
Customer Charge		\$8.25	\$8.25	\$99.00
Delivery		\$0.5126	\$51.26	\$512.60
BGSS		\$0.6272	\$62.72	\$627.20
Total		<u>\$1.1398</u>	<u>\$122.23</u>	<u>\$1,238.80</u>
<b>Decrease</b>			(\$13.43)	(\$134.30)
<b>Decrease as a percent</b>			(9.9%)	(9.8%)
<b>Impact on Commercial GSS Customers</b>				
100 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.4965	\$49.65	
BGSS		\$0.7460	\$74.60	
Total		<u>\$1.2425</u>	<u>\$149.25</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$25.00	\$25.00	
Delivery		\$0.5048	\$50.48	
BGSS		\$0.6272	\$62.72	
Total		<u>\$1.1320</u>	<u>\$138.20</u>	
<b>Decrease</b>			(\$11.05)	
<b>Decrease as a percent</b>			(7.4%)	
<b>Impact on Commercial GSL Customers</b>				
1200 therm bill				
<b>Prices prior to 10/1/11</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4299	\$515.88	
BGSS (May 2011)		\$0.6304	\$756.48	
Total		<u>\$1.0603</u>	<u>\$1,487.86</u>	
<b>Prices effective 10/1/11</b>				
Customer Charge		\$40.00	\$40.00	
Demand Charge		\$1.50	\$175.50	
Delivery		\$0.4370	\$524.40	
BGSS (May 2011)		\$0.6346	\$761.52	
Total		<u>\$1.0716</u>	<u>\$1,501.42</u>	
<b>Increase</b>			\$13.56	
<b>Increase as a percent</b>			0.9%	

New Jersey Natural Gas Company  
Net Impact of Rate Changes Effective April 1, 2012  
BPU Docket No. GR11060331  
F/Y 2012

(\$/therm)

	Prior to April 1, 2012			Prices Effective April 1, 2012		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.6650	\$0.6650	\$0.6650	\$0.6244	\$0.6244	\$0.6244
After-tax Periodic BGSS	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.6681
Less: Balancing	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)	(\$0.0844)
<b>BGSS Price To Compare</b>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.5837</u>

<b>Impact on Residential Non-Heating Customers</b>			
25 therm bill			
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.6272	\$15.68
Total		<u>\$1.1616</u>	<u>\$37.29</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5344	\$13.36
BGSS		\$0.5837	\$14.59
Total		<u>\$1.1181</u>	<u>\$36.20</u>
<b>Decrease</b>			(\$1.09)
<b>Decrease as a percent</b>			(2.9%)
<b>Impact on Residential Heating Customers</b>			
		100 therm bill	1000 therm annual bill
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.6272	\$62.72
Total		<u>\$1.1427</u>	<u>\$1,241.70</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$8.25	\$8.25
Delivery		\$0.5155	\$51.55
BGSS		\$0.5837	\$58.37
Total		<u>\$1.0992</u>	<u>\$1,198.20</u>
<b>Decrease</b>			(\$4.35)
<b>Decrease as a percent</b>			(3.6%)
<b>Impact on Commercial GSS Customers</b>			
100 therm bill			
<b>Prices prior to 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.6272	\$62.72
Total		<u>\$1.1372</u>	<u>\$138.72</u>
<b>Prices effective 4/1/12</b>			
Customer Charge		\$25.00	\$25.00
Delivery		\$0.5100	\$51.00
BGSS		\$0.5837	\$58.37
Total		<u>\$1.0937</u>	<u>\$134.37</u>
<b>Decrease</b>			(\$4.35)
<b>Decrease as a percent</b>			(3.1%)

**New Jersey Natural Gas  
CIP BGSS Savings**

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. *Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.*

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

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

<u>Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	365	15,000	\$	0.36460	\$ 1,996,185
2010-2011	365	15,000	\$	0.36460	\$ 1,996,185
2011-2012	366	15,000	\$	0.36460	\$ 2,001,654
2012-2013	365	15,000	\$	0.36460	\$ 1,996,185

**II. Transco Capacity**

A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	5,000	\$	0.11870	\$ 162,026
2010-2011	365	5,000	\$	0.11870	\$ 216,628
2011-2012	366	5,000	\$	0.11870	\$ 217,221
2012-2013	182	5,000	\$	0.11870	\$ 108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	3,250	\$	0.11870	\$ 105,317
2010-2011	365	3,250	\$	0.11870	\$ 140,808
2011-2012	366	3,250	\$	0.11870	\$ 141,194
2012-2013	182	3,250	\$	0.11870	\$ 70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

<u>CIP Year</u>	<u>Days</u>	Release		<u>Rate</u>	<u>Value</u>
		<u>Quantity</u>			
2009-2010	273	10,350	\$	0.11870	\$ 335,393
2010-2011	365	10,350	\$	0.11870	\$ 448,419
2011-2012	366	10,350	\$	0.11870	\$ 449,647
2012-2013	182	10,350	\$	0.11870	\$ 223,595

**III. Tennessee Capacity**

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

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	11,000	\$ 0.019726	\$ 59,237
2010-2011	365	11,000	\$ 0.019726	\$ 79,200
2011-2012	366	11,000	\$ 0.150816	\$ 607,184
2012-2013	365	11,000	\$ 0.200153	\$ 803,614
2013-2014	365	11,000	\$ 0.200153	\$ 803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). **UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.**

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,728	\$ 0.278795	\$ 816,518
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681
2011-2012	366	10,728	\$ 0.170539	\$ 669,614
2012-2013	182	10,728	\$ 0.126404	\$ 246,804

**IV. Texas Eastern Capacity**

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

<u>CIP Year</u>	<u>Days</u>	<u>Release Quantity</u>	<u>Rate</u>	<u>Value</u>
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. **NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.**

<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	<u>Rate</u>	<u>Value</u>
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500

**V. Dominion Gas Capacity**

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

<u>CIP Year</u>	<u>Days</u>	<u>Release</u>		<u>Rate</u>		<u>Value</u>
		<u>Quantity</u>				
2009-2010	273	20,000	\$	0.127557	\$	696,461
2010-2011	365	20,000	\$	0.127557	\$	931,166
2011-2012	366	20,000	\$	0.127557	\$	933,717
2012-2013	182	20,000	\$	0.127557	\$	464,307

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

<u>CIP Year</u>	<u>Value</u>
2011-2012	\$ 217,305
2012-2013	\$ 217,305
2013-2014	\$ 217,305

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

<u>CIP Year</u>	<u>Days</u>	<u>Value</u>
2009-2010	273	\$ 8,058,378 <sup>1</sup>
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

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

**VII. Agreement with NJRES**

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

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

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

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

**New Jersey Natural Gas Company  
Conservation Incentive Program Filing  
Year ended September 30, 2011**

**GR11060331**

**Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period**

		Tennessee 10,728 dth/day <sup>4</sup>	Tennessee 11,000 dth/day <sup>4</sup>	Revised Savings
<b>Recurring initial savings identified<sup>1</sup></b>	\$5,531,561	(\$425,058)	\$527,767	\$5,634,269
<b>Additional Savings<sup>2</sup></b>	\$217,305			\$217,305
<b>Additional Savings<sup>3</sup></b>	<u>\$7,336,500</u>			<u>\$7,336,500</u>
<b>Total BGSS Savings Available for CIP comparison</b>	<u>\$13,085,366</u>	<u>(\$425,058)</u>	<u>\$527,767</u>	<u>\$13,188,074</u>

*NOTE: Pursuant to the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.*

<sup>1</sup> Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

<sup>2</sup> As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<sup>3</sup> Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day \* \$0.73 per dth \* 366 days = \$7,336,500)

<sup>4</sup> Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

**Contract 64307: 10,728 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672
Revised	106	10,728	\$0.278795	\$317,037
Revised	260	10,728	\$0.126404	<u>\$352,577</u>
			Total Revised	\$669,614
Change in CIP Savings Value				<b><u>(\$425,058)</u></b>

**Contract 64306: 11,000 Dth per Day**

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	11,000	\$0.019726	\$79,417
Revised	100	11,000	\$0.019578	\$21,536
Revised	266	11,000	\$0.200153	<u>\$585,648</u>
			Total Revised	<b><u>\$607,184</u></b>
Change in CIP Savings Value				<b><u>\$527,767</u></b>
Total Tennessee Change in CIP Savings Value				<b><u>\$102,709</u></b>

**New Jersey Natural Gas Company**  
**Final Rates**  
**BPU Docket No. GR11060331**  
**F/Y 2012**

<b><u>Rate Type</u></b>	<b><u>Effective</u></b>	<b><u>After-tax Rate per therm</u></b>
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

**Exhibit D**  
**Tariff Sheets**

**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	\$0.5155
---------------------------	----------

**Residential Non-Heating**

Delivery Charge per therm	\$0.5344
---------------------------	----------

**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 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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	\$0.3737
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May - October	\$0.3167
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**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 20, 2011  
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Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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	\$0.5100
---------------------------	----------

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

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

**BALANCING CHARGE ADJUSTMENTS**

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

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Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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
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**Demand Charge:**

Demand Charge per therm applied to HMAD	\$1.50
-----------------------------------------	--------

**Delivery Charge:**

Delivery Charge per therm	\$0.4402
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**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 20, 2011  
**Issued by:** Mark R. Spurduto, Vice President  
 Wall, NJ 07719

**Effective for service rendered on  
 and after January 1, 2012**

**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****Customer Charge:**

Customer Charge per meter per month	\$40.00
-------------------------------------	---------

**Demand Charge:**

Demand Charge per therm applied to PBQ	\$0.60
----------------------------------------	--------

**Delivery Charge:**

November - April	\$0.2793
------------------	----------

May - October	\$0.2465
---------------	----------

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

**MINIMUM MONTHLY CHARGE**

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

Date of Issue: December 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

**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
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**Demand Charge:**

Demand Charge per therm applied to MDQ	\$1.00
----------------------------------------	--------

**Delivery Charge:**

Delivery Charge per therm	\$0.3024
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**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:** *October 19, 2011*  
**Issued by:** *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after November 1, 2011*

RIDER "A"BASIC GAS SUPPLY SERVICE - BGSS(Continued)PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE<sup>1</sup>

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, ED	Included in the Delivery Charge	\$0.0844 per therm

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

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

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

*Date of Issue:* March 29, 2012  
*Issued by:* Mark R. Sperduto, Vice President  
 Wall, NJ 07719

*Effective for service rendered on  
 and after April 1, 2012*

RIDER "A"BASIC GAS SUPPLY SERVICE - BGSS(Continued)BGSS SAVINGS COMPONENT RELATED TO THE CONSERVATION INCENTIVE PROGRAM (CIP)  
IN RIDER "I"

<u>CLASS</u>	<u>APPLICATION</u>	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge	(\$0.0273) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

Date of Issue: March 9, 2012  
 Issued by: Mark R. Sperduto, Vice President  
 Wall, NJ 07719

Effective for service rendered on  
 and after March 15, 2012

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

Date of Issue: September 27, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after October 1, 2011

SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential Heating Customers

		<u>Bundled Sales</u>	<u>Transport Sales</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		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
<i>After-tax Base Rate</i>				
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3599</i>	<i>0.3599</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5155</u></b>	<b><u>0.5155</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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: March 9, 2012  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twelfth Revised Sheet No. 253  
Superseding Eleventh Revised Sheet No. 253*

**SUMMARY OF RESIDENTIAL RATE COMPONENTS**

**Residential Non-Heating Customers**

		<u>Bundled Sales</u>	<u>Transport Sales</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		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		<u>0.0223</u>	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3788</i>	<i>0.3788</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5344</u></b>	<b><u>0.5344</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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:** *March 9, 2012*  
**Issued by:** *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF RESIDENTIAL RATE COMPONENTSResidential Distributed Generation Service

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	<u>0.0097</u>	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2181</i>	<i>0.1611</i>	
<i>Balancing Charge</i>	b	0.0844	0.0844	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i>0.0712</i>	<i>0.0712</i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3737</u></b>	<b><u>0.3167</u></b>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	<u>0.0844</u>	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b><u>0.5837</u></b>	

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: *March 9, 2012*  
Issued by: *Mark R. Sperduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral 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		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.0464	0.0464	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.3544</i>	<i>0.3544</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.5100</u></b>	<b><u>0.5100</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.5837</u></b>	<b>x</b>	

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: March 9, 2012  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSGeneral Service - Large (GSL)

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<u>Customer Charge</u>				
Customer Charge per meter per month		40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied to HMAD		1.50	1.50	
<u>Delivery Charge ("DEL") per therm</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.2846</i>	<i>0.2846</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4402</u></b>	<b><u>0.4402</u></b>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	<b>X</b>	

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

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

Date of Issue: *March 29, 2012*  
Issued by: *Mark R. Spurduto, Vice President*  
*Wall, NJ 07719*

*Effective for service rendered on  
and after April 1, 2012*

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSCommercial 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		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1237</i>	<i>0.0909</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.2793</u></b>	<b><u>0.2465</u></b>	

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

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

Date of Issue: December 20, 2011  
Issued by: Mark R. Spurduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after January 1, 2012

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTSFirm 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>0.0127</u>	<u>0.0127</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1468</i>	<i>0.1468</i>	
<i>Balancing Charge</i>	b	<i>0.0844</i>	<i>0.0844</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0712</u></i>	<i><u>0.0712</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.3024</u></b>	<b><u>0.3024</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4859	X	Rider A
Less: Balancing	f	<u>0.0844</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.4015</u></b>	<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.

Date of Issue: March 29, 2012  
Issued by: Mark R. Sperduto, Vice President  
Wall, NJ 07719

Effective for service rendered on  
and after April 1, 2012

**NJNG**  
**BGSS Nymex Update Report**  
**as of 3/2/12**

Exhibit E  
Final Stipulation

<u>Month</u>	<i>a</i>	<i>b</i>	<i>c = b - a</i>		<i>d</i>	<i>e</i>	<i>f = d - e</i>	<i>g = c x f</i>
	<u>Nymex</u> <u>5/10/11</u>	<u>NYMEX</u> <u>3/2/12</u>	<u>Incr/</u> <u>(Decr)</u>	<u>% Chg</u>	<u>Sales</u> <u>forecast (dths)</u>	<u>Hedged</u> <u>volume (dths)</u>	<u>Unhedged</u> <u>volume (dths)</u>	<u>Change in</u> <u>value unhedged</u>
Oct-11	\$ 4.413	\$ 3.759	\$ (0.654)					
Nov-11	\$ 4.577	\$ 3.524	\$ (1.053)					
Dec-11	\$ 4.792	\$ 3.364	\$ (1.428)					
Jan-12	\$ 4.908	\$ 3.084	\$ (1.824)					
Feb-12	\$ 4.897	\$ 2.678	\$ (2.219)					
Mar-12	\$ 4.837	\$ 2.446	\$ (2.391)		6,144,298	5,779,363	364,935	(\$872,559)
Apr-12	\$ 4.707	\$ 2.484	\$ (2.223)		3,155,208	1,150,000	2,005,208	(\$4,457,578)
May-12	\$ 4.730	\$ 2.600	\$ (2.130)		1,538,627	300,000	1,238,627	(\$2,638,275)
Jun-12	\$ 4.769	\$ 2.692	\$ (2.077)		1,052,405	-	1,052,405	(\$2,185,846)
Jul-12	\$ 4.814	\$ 2.773	\$ (2.041)		1,063,912	-	1,063,912	(\$2,171,445)
Aug-12	\$ 4.839	\$ 2.807	\$ (2.032)		1,036,228	-	1,036,228	(\$2,105,615)
Sep-12	\$ 4.848	\$ 2.817	\$ (2.031)		1,036,422	-	1,036,422	(\$2,104,973)
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 2.919</b>	<b>\$ (1.842)</b>	<b>-38.7%</b>	<b>15,027,101</b>	<b>7,229,363</b>	<b>7,797,737</b>	<b>(\$16,536,291)</b>
Oct-12	\$ 4.413	\$ 2.872	\$ (1.541)		2,031,860	-	2,031,860	(\$3,131,097)
Nov-12	\$ 4.577	\$ 3.050	\$ (1.527)		4,219,690	1,293,636	2,926,054	(\$4,468,085)
Dec-12	\$ 4.792	\$ 3.345	\$ (1.447)		7,483,323	6,005,815	1,477,508	(\$2,137,954)
Jan-13	\$ 4.908	\$ 3.481	\$ (1.427)		9,050,789	7,704,888	1,345,901	(\$1,920,601)
Feb-13	\$ 4.897	\$ 3.495	\$ (1.402)		7,568,878	6,671,949	896,929	(\$1,257,494)
Mar-13	\$ 4.837	\$ 3.474	\$ (1.363)		6,218,639	3,934,993	2,283,646	(\$3,112,609)
Apr-13	\$ 4.707	\$ 3.446	\$ (1.261)		3,190,489	-	3,190,489	(\$4,023,207)
May-13	\$ 4.730	\$ 3.487	\$ (1.243)		1,550,564	-	1,550,564	(\$1,927,351)
Jun-13	\$ 4.769	\$ 3.536	\$ (1.233)		1,057,936	-	1,057,936	(\$1,304,435)
Jul-13	\$ 4.814	\$ 3.579	\$ (1.235)		1,069,576	-	1,069,576	(\$1,320,926)
Aug-13	\$ 4.839	\$ 3.594	\$ (1.245)		1,041,828	-	1,041,828	(\$1,297,076)
Sep-13	\$ 4.848	\$ 3.595	\$ (1.253)		1,042,141	-	1,042,141	(\$1,305,802)
<b>Avg Total \$</b>	<b>\$ 4.761</b>	<b>\$ 3.413</b>	<b>\$ (1.348)</b>	<b>-28.3%</b>	<b>45,525,713</b>	<b>25,611,281</b>	<b>19,914,432</b>	<b>(\$27,206,638)</b>

a: Nymex rate used for annual BGSS periodic rate of \$6.65 effective October 1, 2011

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2012 BGSS filing

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-NCHART-2

**New Jersey Natural Gas Company  
Calculation of Net Cost of Gas Per Therm**

Page 1

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
1 NYMEX - 5/10/11 - Included in BGSS Filing	\$4.4130	\$4.5770	\$4.7920	\$4.9080	\$4.8970	\$4.8370	\$4.7070	\$4.7300	\$4.7690	\$4.8140	\$4.8390	\$4.8480	
2 NYMEX - Actual Settlement	\$3.7590	\$3.5240	\$3.3640	\$3.0840	\$2.6780								
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
13 Flowing Gas Cost	\$0.3417	\$0.9274	\$0.2503	\$0.2216	\$0.2425	\$0.2749	\$0.4472	\$0.2845	\$0.1176	\$0.1468	\$0.1606	\$0.1596	\$0.3134
14 Gas Withdrawn From Storage Cost	\$0.0871	\$0.0206	\$0.3512	\$0.3976	\$0.3818	\$0.3305	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2478
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0.4412	\$0.2109	\$0.1280	\$0.1005	\$0.0972	\$0.1216	\$0.2318	\$0.4735	\$0.6977	\$0.6846	\$0.7029	\$0.7080	\$0.2153
17 Storage Demand Cost													
18 Peaking Cost	\$0.0115	\$0.0100	\$0.0044	\$0.0216	\$0.0105	\$0.0029	\$0.0057	\$0.0117	\$0.0181	\$0.0169	\$0.0174	\$0.0184	\$0.0109
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost													
21 Other Costs													
22 <b>Total Gross Cost of Gas Per Therm</b>	\$0.8815	\$1.1689	\$0.7340	\$0.7413	\$0.7319	\$0.7299	\$0.6847	\$0.7698	\$0.8334	\$0.8483	\$0.8809	\$0.8860	\$0.7874
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
23 NYMEX - Actual Settlement	\$3.8370	\$3.2920	\$4.2670	\$4.2160	\$4.3160	\$3.7930	\$4.2400	\$4.3770	\$4.3260	\$4.3570	\$4.3700	\$3.8570	
<b><u>Breakdown of Gross Cost of Gas Per Therm:</u></b>													
24 Flowing Gas Cost	\$0.4406	\$0.4856	\$0.3296	\$0.3734	\$0.4488	\$0.2476	\$0.4573	\$0.2331	\$0.0690	\$0.0105	\$0.0610	\$0.0533	\$0.3479
25 Gas Withdrawn From Storage Cost	\$0.0093	\$0.1626	\$0.4455	\$0.4094	\$0.2956	\$0.4762	\$0.0596	\$0.0368	-\$0.0042	\$0.0000	\$0.0006	\$0.0164	\$0.2998
26 Hedged Volumes Delivered Cost													
27 Pipeline Demand Cost	\$0.4570	\$0.2069	\$0.0967	\$0.0898	\$0.1232	\$0.1513	\$0.2712	\$0.5695	\$0.8312	\$0.8781	\$0.8647	\$0.8378	\$0.2202
28 Storage Demand Cost													
29 Peaking Cost	\$0.0089	\$0.0072	\$0.0044	\$0.0222	\$0.0227	\$0.0064	\$0.0099	\$0.0271	\$0.0370	\$0.0312	\$0.0235	\$0.0298	\$0.0150
30 Weighted Average Fuel Cost													
31 Variable Pipeline Cost													
32 Other Costs													
33 <b>Total Gross Cost of Gas Per Therm</b>	\$0.9157	\$0.8623	\$0.8763	\$0.8949	\$0.8903	\$0.8816	\$0.7980	\$0.8665	\$0.9329	\$0.9197	\$0.9498	\$0.9372	\$0.8829

**Footnotes:**

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

~ Flowing Gas includes the net effect of WACOG cost accounting.

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

~ Withdrawals include NJNG inventoried costs only. Pipeline delivery charges are included in total costs; storage fees are not tracked separately .

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

~ Nov-Mar storage withdrawals are part of NJNG's supply hedging; Hedged costs are included in total costs, not tracked separately .

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

~ Storage & Transport demand charges are reported as a combined total on the Pipeline Demand Cost row.

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

~ Delivery & fuel costs are included in total costs; not tracked separately .

Variable Pipeline Cost = Pipeline Charge per therm shipped

~ Delivery & fuel costs are included in total costs; not tracked separately .

**New Jersey Natural Gas Company  
Calculation of Net Cost of Gas Per Therm**

Page 2

	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
1 Asset Management Credits													
2 Off-system sales	\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0139	\$0.0161	\$0.0046	\$0.0095	\$0.0139	\$0.0137	\$0.0141	\$0.0141	\$0.0257
3 Capacity release	\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0216	\$0.0291	\$0.0491	\$0.1043	\$0.1475	\$0.1507	\$0.1548	\$0.1497	\$0.0482
4 On System Credits to BGSS-P Customers	\$0.0201	\$0.0223	\$0.0182	\$0.0205	\$0.0215	\$0.0222	\$0.0275	\$0.0389	\$0.0469	\$0.0491	\$0.0503	\$0.0469	\$0.0248
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	\$0.0005	\$0.0003	\$0.0001	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
7 Line Loss													
8 Transfer to Non BGSS-P Customers	\$0.0967	\$0.0804	\$0.0747	\$0.0687	\$0.0644	\$0.0640	\$0.0741	\$0.0892	\$0.0895	\$0.0925	\$0.0954	\$0.0929	\$0.0738
9 Over / Under Recovery & Interest to Customers	-\$0.0040	-\$1.3156	\$0.3091	\$0.3366	\$0.3586	-\$0.0666	-\$0.1356	-\$0.1370	-\$0.1293	-\$0.1227	-\$0.0985	-\$0.0826	\$0.0259
10 Other	\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.2165	\$0.5039	\$0.4820	\$0.4893	\$0.4799	\$0.0649	\$0.0197	\$0.1048	\$0.1684	\$0.1833	\$0.2159	\$0.2210	\$0.1984
12 <b>Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)</b>	\$0.6650	\$0.6650	\$0.2520	\$0.2520	\$0.2520	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.5890

	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
<b><u>Credits, Refunds, &amp; Recoveries Per Therm:</u></b>													
13 Asset Management Credits													
14 Off-system sales	\$0.0470	\$0.0560	\$0.0498	\$0.0840	\$0.0847	\$0.0410	\$0.0151	\$0.0252	\$0.0865	\$0.0745	\$0.0630	\$0.0369	\$0.0602
15 Capacity release	\$0.0437	\$0.0284	\$0.0141	\$0.0097	\$0.0120	\$0.0165	\$0.0344	\$0.0800	\$0.1125	\$0.1248	\$0.1322	\$0.1236	\$0.0281
16 On System Credits to BGSS-P Customers	\$0.0299	\$0.0102	\$0.0222	\$0.0184	\$0.0209	\$0.0235	\$0.0207	\$0.0241	\$0.0292	\$0.0311	\$0.0251	\$0.0265	\$0.0210
17 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
18 Gas for Company Use	\$0.0005	\$0.0002	\$0.0001	\$0.0003	\$0.0003	\$0.0003	\$0.0004	\$0.0005	\$0.0009	\$0.0010	\$0.0009	\$0.0009	\$0.0003
19 Line Loss													
20 Transfer to Non BGSS-P Customers	\$0.1026	\$0.0797	\$0.0854	\$0.0778	\$0.0800	\$0.0779	\$0.0853	\$0.1058	\$0.1188	\$0.1096	\$0.1208	\$0.1116	\$0.0853
21 Over / Under Recovery & Interest to Customers	-\$0.0879	-\$0.0922	-\$0.0754	-\$0.0753	-\$0.0877	-\$0.0575	-\$0.1378	-\$0.1491	-\$0.1950	-\$0.2013	-\$0.1788	-\$0.1423	-\$0.0922
22 Other													
23 <b>Total Credits, Refunds, &amp; Recoveries per Therm</b>	\$0.1357	\$0.0823	\$0.0963	\$0.1149	\$0.1103	\$0.1016	\$0.0180	\$0.0865	\$0.1529	\$0.1397	\$0.1632	\$0.1573	\$0.1027
24 <b>Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)</b>	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7866	\$0.7800	\$0.7801

**Footnotes:**

On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc...

Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage

Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.