



Agenda Date: 10/15/15  
Agenda Item: 2A

**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 )  
NATURAL GAS COMPANY FOR APPROVAL OF THE NJ )  
RISE PROGRAM AND ASSOCIATED RATE RECOVERY )  
MECHANISM ) DOCKET NO. GR15050638

**Parties of Record:**

**Andrew K. Dembia, Esq.**, for New Jersey Natural Gas Company  
**Stefanie A. Brand, Esq.**, Director, New Jersey Division of Rate Counsel

By the Board:

On September 3, 2013, New Jersey Natural Gas Company ("NJNG" or "Company") petitioned the New Jersey Board of Public Utilities ("Board") for approval of its NJ Reinvestment in System Enhancement program ("NJ RISE Program"), and to allow for the recovery of costs incurred to implement the proposed program which the Company maintained would bolster its utility infrastructure so that it may be better able to withstand the effects of future Major Storm Events.<sup>1</sup> NJNG proposed to implement six (6) investment projects, and requested approval of approximately \$102.5 million in infrastructure upgrades and associated operation and maintenance expenses. The Company requested authorization from the Board to utilize the accounting treatment previously approved by the Board and agreed to by the Division of Rate Counsel ("Rate Counsel") and Board staff ("Staff") for NJNG's infrastructure work in the Company's Accelerated Infrastructure Investment Program ("AIP"),<sup>2</sup> with the costs to be collected from ratepayers through an annual "NJ RISE base rate adjustment" mechanism.

By Order dated July 23, 2014 ("NJ RISE Order"), the Board approved a stipulation of the parties setting an NJ RISE Program investment level of up to \$102.5 million, excluding allowance for funds used during construction ("AFUDC").

<sup>1</sup> "Major Storm Event" is defined as sustained impact on or interruption of utility service resulting from conditions beyond the control of the utility that affect at least ten percent of the customers in area.

<sup>2</sup> I/M/O the Proceeding for Infrastructure Investment and a Cost Recovery Mechanism for All Gas and Electric Utilities and I/M/O the Petition of New Jersey Natural Gas Company for Approval of an Accelerated Energy Infrastructure Investment Program and for Approval of Necessary Changes to Gas Rates and Changes to Gas Rates in the Company's Tariff, Docket Nos. EO09010049, GO09010052, GR07110889 and GR10100793.

Additionally, in relevant part, the NJ RISE Order provided that:

- 1) The Company submit one filing to recover NJ RISE Program costs, reserving the Company's right to request additional relief in a subsequent proceeding should the total project costs exceed \$102.5 million;
- 2) The Company file a base rate case no later than November 1, 2015 ("November 2015 base rate case") that is to include NJ RISE Program costs incurred after July 31, 2015, up to the rate-effective date of the November 2015 base rate case Order; and
- 3) The recovery mechanism to be implemented for any subsequent NJ RISE Program expenditures will be addressed in the November 2015 base rate case.

On May 29, 2015, consistent with the NJ RISE Order, NJNG petitioned the Board for recovery in base rates of the initial revenue requirements associated with the NJ RISE projects through July 31, 2015, consisting of what the Company represents are prudently-incurred capitalized expenditures including engineering, design and construction, net cost of removal, property acquisition, labor, material overheads and AFUDC, which are to be recorded during construction in an associated construction work in progress ("CWIP") account and, upon completion, transferred to a plant-in-service account.

On August 14, 2015, the Company updated its NJ RISE capital investment expenditure data to reflect twelve (12) months of actual data through July 31, 2015. The updated filing reflects an annualized increase in the revenue requirement of \$398,758 associated with NJ RISE Program capital investment costs of \$3,159,266.

According to the Company, the proposed rate adjustments are based on a calculation consistent with the rate design methodology used to set rates in NJNG's most recent base rate case.<sup>3</sup>

Public hearings were conducted in this matter, after notice, in Freehold Township, New Jersey on August 24, 2015 and in Rockaway Borough, New Jersey on August 25, 2015. No members of the public attended the public hearings and the Board did not receive any written comments on the NJ Rise Program.

Throughout the course of this matter, the Company, Rate Counsel and Staff have engaged in discovery.

#### **STIPULATION**<sup>4</sup>

Subsequent to discovery and substantive discussions of the issues, on September 23, 2015, the Company, Rate Counsel and Board Staff (collectively, "the Parties") executed a stipulation ("Stipulation").

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<sup>3</sup> I/M/O the Petition of New Jersey Natural Gas Company for Approval of an Increase in Gas Rates, Depreciation Rates for Gas Property, and for Changes in the Tariff for Gas Service Pursuant to N.J.S.A. 48:2-18 and N.J.S.A. 48-2-21, Order dated October 3, 2008.

<sup>4</sup> Although summarized in this Order, the detailed terms of the stipulation are controlling, subject to the findings and conclusions of this Order.

The Stipulation provides the following:

1. Although the Company's updated filing reflects an annualized increase in revenue requirement of \$398,758, based on the Public Notice, NJNG is limited to a revenue requirement increase of \$388,798. The base tariff rates associated with the annualized increase in revenue requirement of \$388,798, and the rate design, as provided in the NJ RISE Order are provided in Attachment A to the Stipulation.
2. Regarding the methodology addressing the accumulated depreciation reserve and associated deferred income tax reserve balances, the Parties agree to reflect the balances calculated by the Company for purposes of this NJ RISE cost recovery filing only. The Parties agree to address the appropriate cost recovery methodology to be used prospectively after this NJ RISE cost recovery filing in the Company's upcoming rate case, to be filed on or before November 15, 2015. The Parties' agreement to reflect the current methodology utilized by the Company for purposes of this cost recovery filing does not affect the Parties' rights to propose alternative methodologies in the upcoming rate case.
3. Pursuant to the terms of the NJ RISE Order, NJNG may implement the base tariff rates in Attachment A to the Stipulation effective November 1, 2015. The rate adjustments established therein shall be provisional and subject to refund solely based upon a Board finding that NJNG imprudently incurred capital investment expenditures under the NJ RISE Program.
4. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the above paragraphs. Proposed tariff sheets are attached as Attachment B to the Stipulation.

### **DISCUSSION AND FINDINGS**

The Board approved the NJ RISE Program as part of an effort to help protect NJNG's infrastructure from future Major Storm Events. The program provides for reporting by the Company and oversight by Staff and Rate Counsel, with improvements to be made where found to be needed based on the effectiveness of the methods, plans and processes used by the Company before, during and after a qualifying event. As noted above, the NJ RISE Order allows the Company to recover the revenue requirements associated with NJ RISE projects placed in service on a provisional basis pending the filing of the November 2015 base rate case. The Board has reviewed the May 2015 filing, as well as the August 2015 update to that filing for the revenue requirements associated with the NJ RISE investments for all expenditures related to facilities that have been completed and placed in service as of July 31, 2015.

Based on the Board's careful review and consideration of the record in this proceeding, the Board **HEREBY FINDS** the Stipulation to be reasonable and in accordance with the law, striking an appropriate balance between the needs of customers and of the Company.

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein, and **HEREBY APPROVES** the Company's implementation of base tariff rates associated with an annualized increase in its revenue requirement of \$388,798, the amount that was publically noticed, to become effective for service rendered on and after November 1, 2015.

The annual impact of these rates on the typical residential hearing customer using 1,000 therms annually is \$0.70 or approximately .07%.

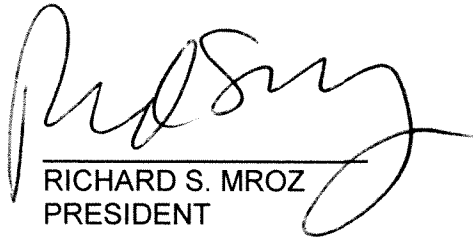
The Board **HEREBY DIRECTS** the Company to file tariff sheets in the form attached as Appendix B to the Stipulation within five days of the effective date of this Order.

The Company's costs 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.


This Order shall be effective on October 25, 2015.

DATED: *October 15, 2015*


BOARD OF PUBLIC UTILITIES  
BY:

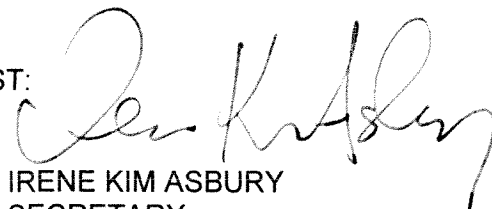
  
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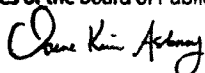
  
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DIANNE SOLOMON  
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UPENDRA J. CHIVUKULA  
COMMISSIONER

ATTEST:   
IRENE KIM ASBURY  
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  
APPROVAL OF THE NJ RISE PROGRAM AND ASSOCIATED RATE RECOVERY  
MECHANISM - DOCKET NO. GR15050638

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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 APPROVAL OF THE NJ RISE PROGRAM ) BPU DOCKET NO.: GR15050638  
AND ASSOCIATED RATE RECOVERY )  
MECHANISM )

**STIPULATION**

**APPEARANCES:**

Andrew K. Dembia, Esq., New Jersey Natural Gas Company, for Petitioner, New Jersey Natural Gas Company

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

Alex Moreau and Christopher Psihoules, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (John J. Hoffman, Acting Attorney General of the State of New Jersey)

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

**BACKGROUND**

1. On May 29, 2015, New Jersey Natural Gas Company (NJNG, the Company) filed a Petition with the Board of Public Utilities (BPU or Board) seeking BPU approval to recover the initial revenue requirements associated with certain capitalized investment costs and related depreciation expense of the NJ Reinvestment In System Enhancement Program (NJ RISE) through July 31, 2015.

2. NJNG's Petition in this matter sought Board approval for base rate changes to provide for cost recovery associated with the Company's NJ RISE Program. The NJ RISE Program was addressed in a Board Order dated July 23, 2014 in BPU Docket Nos. AX13030197 and GR13090828 (NJ RISE Order) that adopted a Stipulation among the parties. That Stipulation and Board Order provided for the filing of the current Petition for cost recovery.
3. NJNG sought authority to establish rates to recover an annualized increase in revenue requirement of approximately \$0.130 million associated with NJ RISE capital investment costs and depreciation expense. The annualized increase in gas revenue requirement was supported by Exhibit B, Schedule JMC-NJ RISE-1 attached to the Petition, which was based upon actual expenditures through May 31, 2015 and projected expenditures through July 31, 2015. The annual impact of the rates as proposed in the Petition to the typical residential heat customer that uses 1,000 therms annually is an increase of \$0.30 or approximately 0.03%.
4. On August 14, 2015, the Company provided updated schedules with actual capital investment and depreciation expense data through July 31, 2015. The updated Schedule JMC-NJ RISE-1 (July Update) reflects the annualized increase in revenue requirement of \$398,758 associated with NJ RISE capital investment costs of \$3,159,266.
5. Public hearings on this petition were held on August 24, 2015 in Freehold Township and on August 25, 2015 in Rockaway Borough. No members of the public appeared at either hearing nor were any written comments received by the BPU, NJNG or Rate Counsel.
6. Upon review of the filing, discussing the facts and issues in settlement and reviewing responses to discovery, the BPU Staff, the New Jersey Division of Rate Counsel (Rate



Counsel), and NJNG, the only parties to this proceeding (collectively, the Parties), stipulate and agree as follows:

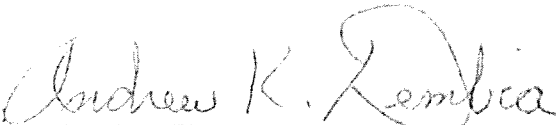
**STIPULATED ISSUES**

7. Based on the Public Notice, NJNG is limited to a revenue requirement increase of \$388,798. The base tariff rates associated with that annualized increase in revenue requirement, i.e. \$388,798, and the rate design, as provided in the NJ RISE Order are provided in Attachment A to this Stipulation. The annual impact of the rates as proposed to the typical residential heat customer that uses 1,000 therms annually is an increase of \$0.70 or approximately 0.07%. See, Attachment A.
8. Regarding the methodology addressing the accumulated depreciation reserve and associated deferred income tax reserve balances, the Parties agree to reflect the balances calculated by the Company for purposes of this NJ RISE cost recovery filing only. The parties agree to address the appropriate cost recovery methodology to be used prospectively after this NJ RISE cost recovery filing in the Company's upcoming rate case, to be filed on or before November 15, 2015. The parties' agreement to reflect the current methodology utilized by the Company for purposes of this cost recovery filing does not affect the Parties rights to propose alternative methodologies in the upcoming rate case.
9. The Parties agree that pursuant to the terms of the NJ RISE Order, NJNG may implement the base tariff rates in Attachment A effective November 1, 2015. The rate adjustments established herein shall be provisional and subject to refund solely based upon a Board finding that NJNG imprudently incurred capital investment expenditures under the NJ RISE Program.


10. The Company will submit final tariff sheets within five (5) business days of the effective date of the Board's Order in this docket conforming to the agreed upon rates and terms set-forth in the above paragraphs. Proposed tariff sheets are attached as Attachment B.
11. This Stipulation represents a mutual balancing of interests, contains interdependent provisions, and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.
12. The Parties agree that they consider the Stipulation to be binding on them for all purposes herein.
13. 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. The Parties further acknowledge that a Board Order approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties hereto do respectfully submit this Stipulation and request that the Board issue a Decision and Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to implement these rates as of the later of November 1, 2015 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS  
PETITIONER**

By:   
ANDREW K. DEMBIA, ESQ.  
New Jersey Natural Gas

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

By:   
MAURA CAROSELLI, ESQ.  
ASSISTANT DEPUTY RATE COUNSEL

**JOHN J. HOFFMAN  
ACTING ATTORNEY GENERAL OF NEW JERSEY  
Attorney for the Staff of the Board of Public Utilities**

By:   
ALEX MOREAU  
DEPUTY ATTORNEY GENERAL

Date: September 23, 2015

New Jersey Natural Gas Company  
Base Revenues at Present and Proposed Rates

	Billing Units	Present Rates		Proposed Rates		
		Rate	Revenue	Rate	Revenue	Increase
<b>Residential Service</b>						
		RS		RS		
Customer	5,772,200	\$ 7.71	\$ 44,503,661	\$ 7.71	\$ 44,503,661	
Distribution Service						
Residential Sales	426,151,139	\$ 0.3163	\$ 134,791,605	\$ 0.3169	\$ 135,047,296	
Residential Transport	42,406,580	\$ 0.3163	13,413,201	\$ 0.3169	13,438,645	
<b>Subtotal</b>	468,557,719		<b>\$ 192,708,467</b>		<b>\$ 192,989,602</b>	
<u>Adjustments</u>						
Air Conditioning Discount	19,517	\$ (0.2600)	\$ (5,074)	\$ (0.2606)	\$ (5,086)	
<b>Total Class Base Revenues</b>			<b>\$ 192,703,393</b>		<b>\$ 192,984,516</b>	0.15%

<b>General Service - Small</b>						
		GS - Small		GS - Small		
Less than 5,000 Annual Therms						
Customer	329,555	\$ 23.36	\$ 7,698,396	\$ 23.36	\$ 7,698,396	
Distribution Service						
Sales	25,428,174	\$ 0.2778	\$ 7,063,947	\$ 0.2785	\$ 7,081,746	
Transport	8,555,534	\$ 0.2778	2,376,727	\$ 0.2785	2,382,716	
<b>Subtotal</b>	33,983,708		<b>\$ 17,139,070</b>		<b>\$ 17,162,859</b>	0.14%
<b>Total Class Base Revenues</b>			<b>\$ 17,139,070</b>		<b>\$ 17,162,859</b>	0.14%

<b>General Service - Large</b>						
		GS - Large		GS - Large		
Greater than 5,000 Annual Therms						
Customer	113,734	\$ 37.38	\$ 4,251,360	\$ 37.38	\$ 4,251,360	
Demand	13,622,030	\$ 1.4019	\$ 19,096,724	\$ 1.4019	\$ 19,096,724	
Distribution Service						
Sales	69,654,714	\$ 0.2179	\$ 15,177,762	\$ 0.2185	\$ 15,219,555	
Transport	70,836,095	\$ 0.2179	15,435,185	\$ 0.2185	15,477,687	
<b>Subtotal</b>	140,490,809		<b>\$ 53,961,032</b>		<b>\$ 54,045,326</b>	0.16%
<b>Total Class Base Revenues</b>			<b>\$ 53,961,032</b>		<b>\$ 54,045,326</b>	0.16%

**New Jersey Natural Gas Company  
Base Revenues at Present and Proposed Rates**

General Service - CAC		CAC		GS - Small		
<b>Less than 5,000 Annual Therms</b>						
Customer	493	\$ 23.36	\$ 11,515	\$ 23.36	\$ 11,515	
Distribution Service						
Winter Therms	66,391	\$ 0.2778	\$ 18,443	\$ 0.2785	\$ 18,490	
All summer therms	48,696	\$ 0.0563	2,742	\$ 0.0563	2,742	
<b>Subtotal</b>	<u>115,087</u>		<u>\$ 32,700</u>		<u>\$ 32,746</u>	
<b>Greater than 5,000 Annual Therms</b>						
Customer	256	\$ 37.38	\$ 9,577	\$ 37.38	\$ 9,577	
Demand	46,159	\$ 1.4019	\$ 64,711	\$ 1.4019	\$ 64,711	
Distribution Service						
Winter Therms	195,805	\$ 0.2179	\$ 42,666	\$ 0.2185	\$ 42,783	
All summer therms	67,094	\$ 0.0563	3,777	\$ 0.0563	3,777	
<b>Subtotal</b>	<u>262,900</u>		<u>\$ 120,731</u>		<u>\$ 120,848</u>	
<b>Total Class Base Revenues</b>			<b>\$ 153,430</b>		<b>\$ 153,594</b>	0.1%

Firm Transportation		FT		FT		
Customer	2,484	\$ 46.73	\$ 116,077	\$ 46.73	\$ 116,077	
Demand	1,753,694	\$ 1.2776	\$ 2,240,519	\$ 1.2776	\$ 2,240,519	
Distribution Service						
High Load Factor therms	13,012,627	\$ 0.1028	\$ 1,337,698	\$ 0.1028	\$ 1,337,698	
Low Load Factor therms	5,585,174	\$ 0.1325	740,036	\$ 0.1325	740,036	
<b>Total Class Base Revenues</b>	<u>18,597,801</u>		<u>\$ 4,434,330</u>		<u>\$ 4,434,330</u>	0.0%

Distributed Generation - Commercial		DGC		DGC		
Customer	84	\$ 37.38	\$ 3,140	\$ 37.38	\$ 3,140	
Demand	213,395	\$ 0.56	\$ 119,501	\$ 0.56	\$ 119,501	
Distribution Service						
Winter therms	1,335,995	\$ 0.0951	\$ 127,053	\$ 0.0953	\$ 127,320	
Summer therms	1,019,493	\$ 0.0645	65,757	\$ 0.0647	65,961	
<b>Total Class Base Revenues</b>	<u>2,355,488</u>		<u>\$ 315,452</u>		<u>\$ 315,923</u>	0.15%

<b>TOTAL BASE REVENUES</b>	<u>268,706,708</u>	<u>269,096,549</u>	0.145%
		<b>INCREASE \$ 389,841</b>	
		<b>TARGET INCREASE \$ 388,798</b>	0.145%
		<b>Difference \$ 1,043</b>	

New Jersey Natural Gas Company  
 Net impact of Proposed Rate Changes  
 BPU Docket No. GR15050638

<u>Impact on Residential Non-Heating Customers</u>			
		25 therm bill	
<b>Current Prices</b>			
	Customer Charge	\$8.25	\$8.25
	Delivery	\$0.4694	\$11.74
	BGSS	\$0.4054	\$10.13
	Total	\$0.8748	\$30.12
<b>Proposed prices- effective 11/1/15</b>			
	Customer Charge	\$8.25	\$8.25
	Delivery	\$0.4701	\$11.75
	BGSS	\$0.4054	\$10.14
	Total	\$0.8755	\$30.14
	<b>Increase</b>		\$0.02
	<b>Increase as a percent</b>		0.07%
<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1000 therm annual bill
<b>Current Prices</b>			
	Customer Charge	\$8.25	\$8.25
	Delivery	\$0.4789	\$47.89
	BGSS	\$0.4054	\$405.40
	Total	\$0.8843	\$96.68
			\$983.30
<b>Proposed prices- effective 11/1/15</b>			
	Customer Charge	\$8.25	\$8.25
	Delivery	\$0.4796	\$47.96
	BGSS	\$0.4054	\$405.40
	Total	\$0.8850	\$96.75
			\$984.00
	<b>Increase</b>		\$0.07
	<b>Increase as a percent</b>		0.07%
<u>Impact on Commercial GSS Customers</u>			
		100 therm bill	
<b>Current Prices</b>			
	Customer Charge	\$25.00	\$25.00
	Delivery	\$0.4711	\$47.11
	BGSS	\$0.4054	\$40.54
	Total	\$0.8765	\$112.65
<b>Proposed prices- effective 11/1/15</b>			
	Customer Charge	\$25.00	\$25.00
	Delivery	\$0.4719	\$47.19
	BGSS	\$0.4054	\$40.54
	Total	\$0.8773	\$112.73
	<b>Increase</b>		\$0.08
	<b>Increase as a percent</b>		0.07%
<u>Impact on Commercial GSL Customers</u>			
		1200 therm bill	
<b>Current Prices</b>			
	Customer Charge	\$40.00	\$40.00
	Demand Charge	\$1.50	\$175.50
	Delivery	\$0.4255	\$510.60
	BGSS (May 2015)	\$0.3234	\$388.08
	Total	\$0.7489	\$1,114.18
<b>Proposed prices- effective 11/1/15</b>			
	Customer Charge	\$40.00	\$40.00
	Demand Charge	\$1.50	\$175.50
	Delivery	\$0.4261	\$511.32
	BGSS (May 2015)	\$0.3234	\$388.08
	Total	\$0.7495	\$1,114.90
	<b>Increase</b>		\$0.72
	<b>Increase as a percent</b>		0.06%

**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Fifth Revised Sheet No. 51*

*BPU No. 8 - Gas*

*Superseding Twenty-Fourth 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 \$0.4796

**Residential Non-Heating**

Delivery Charge per therm \$0.4701

**BGSS Charge:**

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

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

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**NEW JERSEY NATURAL GAS COMPANY**

**BPU No. 8 - Gas**

*Twenty-Fifth Revised Sheet No. 56  
Superseding Twenty-Fourth 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 \$0.4719

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

The minimum monthly charge shall be the Customer Charge.

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

**BALANCING CHARGE ADJUSTMENTS**

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

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**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Fifth Revised Sheet No. 59*

BPU No. 8 - Gas

Superseding Twenty-Fourth 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 HMAID \$1.50

**Delivery Charge:**

Delivery Charge per therm \$0.4261

**BGSS Charge:**

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

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

**MINIMUM MONTHLY CHARGE**

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

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

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**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Fifth Revised Sheet No. 65*

*BPU No. 8 - Gas*

*Superseding Twenty-Fourth Revised Sheet No. 65*

**SERVICE CLASSIFICATION - DGC**

**DISTRIBUTED GENERATION SERVICE - COMMERCIAL**

**AVAILABILITY**

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

**CONDITIONS PRECEDENT**

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

**MONTHLY RATES**

	<u>DGC-Balancing</u>	<u>DGC-FT</u>
<b><u>Customer Charge:</u></b>		
Customer Charge per meter per month	\$40.00	\$40.00
<b><u>Demand Charge:</u></b>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<b><u>Delivery Charge per therm:</u></b>		
November - April	\$0.2657	\$0.1907
May - October	\$0.2329	\$0.1579

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

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

**MINIMUM MONTHLY CHARGE**

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

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**NEW JERSEY NATURAL GAS COMPANY**

*Fourth Revised Sheet No. 167  
Superseding Third Sheet No. 167*

**BPU No. 8 - Gas**

**RIDER "D"**

**WEATHER NORMALIZATION CLAUSE (continued)**

will be updated annually in the WNC proceeding for the offset of the update of degree days. Degree day consumption factors for the \_\_\_\_\_ Winter Period are set forth below and presented as therms per degree day:

	Residential	GSS	GSL
	Heat	Total	Total
	<u>Total</u>	<u>Total</u>	<u>Total</u>
Oct.			
Nov.			
Dec.			
Jan.			
Feb.			
Mar.			
Apr.			
May			

The consumption factors established in advance of each Winter Period shall be based on the forecast number of customers by class. These factors shall be trued-up at the end of the Winter Period for which the factors apply in order to reflect the actual average number of customers by class.

7. **Margin Revenue Factor** - the weighted average block rate as quoted in the individual service classes to which this clause applies net of any adjustment from applicable Riders, including taxes. The weighted average shall be determined by multiplying the marginal revenue component of the rate of each service class to which this clause applies by each class's percentage of total consumption of all the classes to which this clause applies for the winter period and summing this result for all the classes to which this clause applies. The Margin Revenue Factors shall be redetermined each time new base rates are put into effect. The Margin Revenue Factor for Residential Heat Customers is \$0.3169. The Margin Revenue Factor for GSS customers is \$0.2785. The Margin Revenue Factor for GSL customers is \$0.2185.
8. **Annual Period** - shall be the 12 consecutive months from October 1 of one calendar year through September 30 of the following calendar year.
9. **Average 13 Month Common Equity Balance** - shall be the common equity balance at the beginning of the Annual Period (i.e., October 1) and the month ending balances for each of the twelve months in the Annual Period divided by thirteen (13).

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NEW JERSEY NATURAL GAS COMPANY

Fourth Revised Sheet No. 179

BPU No. 8 - Gas

Superseding Third Revised Sheet No. 179

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

7. **Customer Class Group** – For purposes of determining and applying the CIP, customers shall be aggregated into four separate recovery class groups. The Customer Class Groups shall be as follows:

- Group I: RS (non-heating customers only)
- Group II: RS (heating customers only)
- Group III: GSS, ED using less than 5,000 therms annually
- Group IV: GSL, ED using 5,000 therms or greater annually

8. **Forecast Annual Usage** – the Forecast Annual Usage (“FAU”) shall be the projected total annual throughput for all customers within the applicable Customer Class Group. The FAU shall be estimated based on normal weather.

9. **Incremental Large Customer Count Adjustment** – the Company shall maintain a list of incremental commercial and industrial customers added to its system on or after May 1, 2008 whose connected load is greater than that typical for the Company’s average commercial and industrial customer. For purposes of the CIP, large incremental customers shall be those customers whose connected load exceeds 2,000 cubic feet per hour (“CFH”). A new customer at an existing location previously connected to NJNG’s facilities shall not be considered an incremental customer. The Actual Number of Customers for the Customer Class Group shall be adjusted to reflect the impact of all such incremental commercial or industrial customers. Specifically, the Incremental Large Customer Count Adjustment for the applicable month shall equal the aggregate connected load for all active customers that exceed the 2,000 CFH threshold divided by 1,000 CFH, rounded to the nearest whole number.

10. **Margin Revenue Factor** – the Margin Revenue Factor (“MRF”) shall be the weighted-average margin rate as quoted in the individual service classes to which the CIP applies. The MRFs by Customer Class Group are as follows:

Group I (RS non-heating):	\$0.3169
Group II (RS heating):	\$0.3169
Group III (GSS, ED using less than 5,000 therms annually)	\$0.2785
Group IV (GSL, ED using 5,000 therms or greater annually)	\$0.2185

The MRF shall be reset each time new base rates are placed into effect.

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**NEW JERSEY NATURAL GAS COMPANY**

*Thirtieth Revised Sheet No. 252*

**BPU No. 8 - Gas**

**Superseding Twenty-Ninth 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		0.3169	0.3169	
SUT		<u>0.0221</u>	<u>0.0221</u>	Rider B
After-tax Base Rate		0.3391	0.3391	
WNC		0.0000	0.0000	Rider D
CIP		(0.0232)	(0.0232)	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<i>0.3486</i>	<i>0.3486</i>	
<i>Balancing Charge</i>	b	<i>0.0750</i>	<i>0.0750</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0560</u></i>	<i><u>0.0560</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4796</u></b>	<b><u>0.4796</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	<u>0.0750</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.4054</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**

**BPU No. 8 - Gas**

**Thirtieth Revised Sheet No. 253  
Superseding Twenty-Ninth 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		0.3169	0.3169	
SUT		<u>0.0221</u>	<u>0.0221</u>	Rider B
After-tax Base Rate		0.3391	0.3391	
CIP		(0.0327)	(0.0327)	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<i>0.3391</i>	<i>0.3391</i>	
<i>Balancing Charge</i>	b	<i>0.0750</i>	<i>0.0750</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<i><u>0.0560</u></i>	<i><u>0.0560</u></i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4701</u></b>	<b><u>0.4701</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	<u>0.0750</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.4054</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**

**BPU No. 8 - Gas**

**Thirty-First Revised Sheet No. 255  
Superseding Thirtieth Revised Sheet No. 255**

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**General Service - Small (GSS)**

		<u>Bundled Sales</u>	<u>Transport Sales</u>	<u>Reference</u>
<b><u>Customer Charge</u></b>				
Customer Charge per meter per month		25.00	25.00	
<b><u>Delivery Charge ("DEL") per therm</u></b>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.2785	0.2785	
SUT		<u>0.0194</u>	<u>0.0194</u>	Rider B
After-tax Base Rate		0.2980	0.2980	
WNC		0.0000	0.0000	Rider D
CIP		0.0102	0.0102	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<i>0.3409</i>	<i>0.3409</i>	
<i>Balancing Charge</i>	b	<i>0.0750</i>	<i>0.0750</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u><i>0.0560</i></u>	<u><i>0.0560</i></u>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4719</u></b>	<b><u>0.4719</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Periodic BGSS	e	0.4804	x	Rider A
Less: Balancing	f	<u>0.0750</u>	x	
<b>BGS</b>	e-f=g	<b><u>0.4054</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**

*One Hundred Seventh Revised Sheet No. 256  
Superseding One Hundred Sixth Revised Sheet No. 256*

**BPU No. 8 - Gas**

**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		0.2185	0.2185	
SUT		<u>0.0153</u>	<u>0.0153</u>	Rider B
After-tax Base Rate		0.2338	0.2338	
WNC		0.0000	0.0000	Rider D
CIP		0.0286	0.0286	Rider I
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	<i>0.2951</i>	<i>0.2951</i>	
<i>Balancing Charge</i>	b	<i>0.0750</i>	<i>0.0750</i>	Rider A
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<i>0.0560</i>	<i>0.0560</i>	
<b>Delivery Charge (DEL)</b>	a+b+c=d	<b><u>0.4261</u></b>	<b><u>0.4261</u></b>	
<b><u>Basic Gas Supply Charge ("BGS")</u></b>				
Monthly BGSS	e	0.4564	X	Rider A
Less: Balancing	f	<u>0.0750</u>	X	
<b>BGS</b>	e-f=g	<b><u>0.3814</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.

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**NEW JERSEY NATURAL GAS COMPANY**

*Twenty-Sixth Revised Sheet No. 258*

**BPU No. 8 - Gas**

***Superseding Twenty-Fifth Revised Sheet No. 258***

**SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS**

**Commercial Distributed Generation Service**

		<u>Nov - Apr</u>	<u>May - Oct</u>	<u>Reference</u>
<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		0.0953	0.0647	
SUT		<u>0.0067</u>	<u>0.0045</u>	Rider B
After-tax Base Rate		0.1020	0.0692	
EE		0.0327	0.0327	Rider F
CNGC		<u>0.0000</u>	<u>0.0000</u>	Rider G
<i>Total Transport Rate</i>	a	0.1347	0.1019	
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257	0.0257	Rider E
RA		0.0134	0.0134	Rider C
USF		<u>0.0169</u>	<u>0.0169</u>	Rider H
<i>Total SBC</i>	c	<u>0.0560</u>	<u>0.0560</u>	
<b>DGC-FT Delivery Charge (DEL)</b>	<b>a+b=c</b>	<b>0.1907</b>	<b>0.1579</b>	
Balancing Charge	b	<u>0.0750</u>	<u>0.0750</u>	
<b>DGC-Balancing Delivery Charge (DEL)</b>	<b>a+b+c=d</b>	<b><u>0.2657</u></b>	<b><u>0.2329</u></b>	

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

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

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

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