



Agenda Date: 10/16/13

Agenda Item: 2B

STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY)
NATURAL GAS COMPANY FOR THE ANNUAL)
REVIEW AND REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS) AND CONSERVATION INCENTIVE)
PROGRAM (CIP) FACTORS FOR FISCAL YEAR 2014)

ORDER

DOCKET NO. GR13050425

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 Order"), each of New Jersey's four gas distribution companies ("GDCs") is directed to submit to the Board by June 1 its annual Basic Gas Supply Service ("BGSS") cost filing for the BGSS year beginning October 1. In addition, the January Order authorizes each GDC to a.) 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 b.) implement a decrease in its BGSS rate at any time during the year upon five days' notice to the Board and Rate Counsel.

On May 24, 2013, New Jersey Natural Gas Company ("NJNG" or "the Company") notified the Board and Rate Counsel of its intent to decrease its BGSS after-tax per therm rate applicable to residential and small commercial customers, effective June 1, 2013, from its then current level of \$0.6681 to \$0.6056, translating into a monthly bill reduction of \$6.25 (5.2%) for a residential heating customer using 100 therms per month.

In accordance with the January Order, on May 29, 2013, the Company filed with the Board its annual BGSS petition proposing to maintain the June 1, 2013 per therm after-tax rate of \$0.6056. According to the petition, at the present BGSS rate, the Company projects to be under-recovered by \$46,000 at September 30, 2013, and by \$1.8 million at September 30, 2014, the end of the BGSS year. Should market conditions change, the Company will consider utilization of the self-implementing price increases, decreases, credits or refunds as authorized by the January Order.

The Company is also proposing to decrease its after-tax balancing charge effective November 1, 2013 by \$0.0035 per therm, from \$0.0898 to \$0.0863, to reflect up-dated costs. Supply imbalances occur when transportation customers use more or less gas than the amount they agreed to take from a third party supplier. 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." There is no balancing charge related impact on sales customers' bills, as the balancing charge is deducted from the BGSS price and added to the delivery price.

The petition also includes a Conservation Incentive Program ("CIP")¹ proposal seeking approval for the following after-tax per therm CIP rates to be effective November 1, 2013: Residential Heating - \$0.0240, Residential Non-Heating - \$0.0049, Small General Service - \$0.0581, and Large General Service - \$.0568.

The proposed CIP rates are intended to implement a net after-tax decrease of \$7.4 million in NJNG's CIP revenues, comprised of the following elements:

(\$000)	CIP Deficiency - 2012-2013			Prior Period Under Recovery	Totals
	Non-Weather	Weather	Total		
Group I - Res. No Heat	\$0	\$0	\$0	\$61	\$14
Group II - Res. Heat	\$4,163	\$3,482	\$7,645	\$2,308	\$9,953
Group III - G. S. Small	\$1,099	\$265	\$1,364	\$430	\$1,794
Group IV - G.S. Large	\$6,090	\$672	\$6,762	\$372	\$7,134
Total	\$11,305	\$4,420	\$15,725	\$3,171	\$18,896
Projected CIP Pre-Tax Revenues at Existing Rates					\$18,896
Pre-Tax Difference					\$7,400
After-Tax Difference					\$5,189

Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges must be offset by reductions in BGSS related costs. Based on the Company's filing, after adjusting for the warmer than normal weather², the non-weather CIP value subject to the BGSS savings comparison is \$11.3 million. As this amount is less than the Company-identified BGSS related reductions of \$13.5 million, the Company maintains that it has met the BGSS savings test. In addition, as the Company's estimated return on equity at September 30, 2013 of 9.72% is less than the 10.3% ceiling, the Company posits that it is entitled to recover the combined weather and non-weather margin CIP deficiency of \$15.7 million.

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

² The Winter Period of October 2012 through May 2013 was 3.2% warmer than normal.

The Company's proposal, if approved, would translate into a decrease of \$1.12 (1.0%) a month for a residential heating customer using 100 therms, and \$11.20 if using 1,000 therms for the year.

After publication of notice in newspapers in general circulation in the Company's service territory, on September 10 and 11, 2013, public hearings in this matter were held in Rockaway and Freehold, respectively. No members of the public appeared at either of the hearings or submitted written comments on the petition.

THE STIPULATION³

Following a review by, and subsequent discussions among, representatives of NJNG, Rate Counsel and Board Staff (collectively, "the Parties") determined that additional time is needed to complete a comprehensive review of NJNG's proposed BGSS, CIP and balancing charge rates. However, as indicated in a stipulation signed by the Parties on September 26, 2013 ("Stipulation"), they also agreed that approval of the proposed rates on a provisional basis is reasonable at this time.

The Parties recommend that the following proposed after-tax rates be effective on a provisional basis for service rendered on and after November 1, 2013, or the effective date of the Board Order adopting this Stipulation. These rates will be subject to refund with interest, an opportunity for a full review at the Office of Administrative Law (OAL"), if necessary, and final approval by the Board:

Proposed After Tax Rates Per Therm	
BGSS	\$0.6056
Balancing Charge	\$0.0863
CIP:	
Residential - Heat	\$0.0240
Residential - No Heat	\$0.0049
Small General Service	\$0.0581
Large General Service	\$0.0568

Exhibit A to the Stipulation provides the bill impacts of the agreed-to rates. The proposed tariff sheets are attached as Exhibit B.

The Company agrees to continue to provide Rate Counsel and Staff, the following information up-dated on a monthly basis: 1) the BGSS NYMEX Update Report attached to the Stipulation as Exhibit C, and 2) a monthly report reflecting the calculation of net gas cost per therm, attached to the Stipulation as Exhibit D. The chart reflected on Exhibit C is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit D is to be submitted to the Parties on approximately the 15th of the following month.

³ Although summarized in this Order, the detailed terms of the stipulation control, subject to the findings and conclusions of this Order.

DISCUSSION AND FINDING

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

Accordingly, the Board **HEREBY ADOPTS** the Stipulation as its own, as if fully set forth herein. The Board **HEREBY APPROVES** on a provisional basis, the Company's maintenance of its after-tax per therm BGSS rate of \$0.6056. The Board **HEREBY APPROVES** on a provisional basis, the Company's implementation of a decrease in the Company's after-tax balancing charge to \$0.0863 per therm effective November 1, 2013. The Board **HEREBY APPROVES** on a provisional basis, the Company's implementation of the following after-tax per therm CIP rates, also effective November 1, 2013: a charge of \$0.0049 for residential non-heating customers, a charge of \$0.0240 for residential heating customers, a charge of \$0.0581 for small general service customers, and a charge of \$0.0568 for large general service customers. Any net over-recovery on the BGSS and CIP at the end of the BGSS period shall be subject to refund with interest.

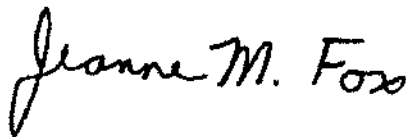
The Company is **HEREBY DIRECTED** to file revised tariff sheets conforming to the terms and conditions of this Order by November 1, 2013.

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

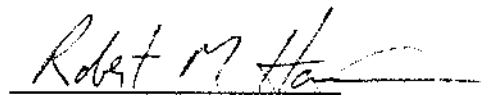
The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 10/16/13

BOARD OF PUBLIC UTILITIES
BY:



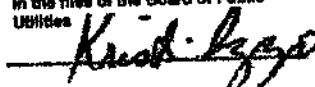
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ROBERT M. HANNA
PRESIDENT
JOSEPH L. FIORDALISO
COMMISSIONER
MARY-ANNA HOLDEN
COMMISSIONER
DIANNE SOLOMON
COMMISSIONER

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
CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR FISCAL YEAR 2014
DOCKET NO. GR13050425

SERVICE LIST

Tracey Thayer, Esq.
New Jersey Natural Gas Company
1415 Wyckoff Road
Post Office Box 1464
Wall, NJ 07719
tthayer@njng.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
sbrand@rpa.state.nj.us

Sarah Steindel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ssteinde@rpa.state.nj.us

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street, 4th Floor
Post Office Box 003
Trenton, NJ 08625-0003
ftthomas@rpa.state.nj.us

Babette Tenzer, DAG
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
babette.tenzer@lps.state.nj.us

Jerome May, Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
jerome.may@bpu.state.nj.us

Rosalie Serapiglia
Assistant Director
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
rosalie.serapiglia@bpu.state.nj.us

Robert Schultheis
Division of Energy
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, NJ 08625-0350
robert.schultheis@bpu.state.nj.us

Veronica Beke, DAG
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
veronica.beke@lps.state.nj.us

Alex Moreau, DAG
Department of Law & Public Safety
124 Halsey Street
Post Office Box 45029
Newark, NJ 07101-45029
alex.moreau@lps.state.nj.us

**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. GR13050425
REVISION OF ITS BASIC GAS SUPPLY)	
SERVICE (BGSS) AND ITS)	
CONSERVATION INCENTIVE PROGRAM)	
(CIP) FACTORS FOR F/Y 2014)	
)	

STIPULATION FOR PROVISIONAL RATES

APPEARANCES:

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

Sarah H. Steindel, Esq. and Christina Juarez, Esq., Assistant Deputy Rate Counsels, New Jersey Division of Rate Counsel (Stefanie Brand, Esq., Director)

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

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR13050425 on May 29, 2013 ("2014 Annual Filing"), requesting that the New Jersey Board of Public Utilities (the "BPU" or "Board") approve NJNG's 2014 Annual Filing to:

1) maintain the June 1, 2013 Periodic Basic Gas Supply Service ("BGSS") rate for the period October 1, 2013 through September 30, 2014; 2) approve a decrease to the Company's Balancing

Charge; and 3) approve decreases to the Conservation Incentive Program ("CIP") factors effective October 1, 2013.

2. On May 24, 2013, the Company submitted notification to the Board and the New Jersey Division of Rate Counsel ("Rate Counsel") in BPU Docket Nos. GR12060472 and GX01050304 (the "Generic BGSS Order") of its intent to decrease its Periodic BGSS rate effective June 1, 2013 from the then-current level of \$0.6681¹ per therm to \$0.6056² per therm inclusive of sales tax. On June 1, 2013, the reduced BGSS rate went into effect. The price decrease, pursuant to the terms of the Generic BGSS Order, resulted in a 5.2 percent decrease for a residential heating customer using 100 therms per month.

3. Specifically, the petition in the 2014 Annual Filing requested that the BPU maintain the June 1, 2013 per therm after-tax Periodic BGSS rate of \$0.6056 that is applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism. As requested by Board Staff, NJNG's filing reflected market conditions as of May 10, 2013 based on a one-year BGSS recovery period. For the October 2013 through September 2014 BGSS year, NJNG's filing included an estimated beginning under recovery of \$46,000 and an estimated ending under recovery of \$1.8 million.

4. The petition also requested a \$0.0035 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0898 to \$0.0863. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("Base Case Order"), NJNG is to adjust its balancing charge in the annual BGSS filing to reflect updated costs. For transportation customers, the balancing charge is a component of the delivery

¹ Current pre-tax price is \$0.6244 per therm.

² Proposed pre-tax price is \$0.5660 per therm.

charge and all balancing charge revenues from transportation customers are credited to BGSS. In order to provide a "Price-to-Compare" for sales customers, the balancing charge is deducted from the BGSS charge and included as a component of the delivery charge in order to provide a "Price-to-Compare." Since the balancing charge is deducted from the BGSS price and added to the delivery price there is no balancing-related impact on a sales customer's bill.

5. Within the 2014 Annual Filing, as authorized by the Board in Docket No. GR05121020, the Company also submitted its annual CIP rate filing for CIP year 2014, October 1, 2013 through September 30, 2014, requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2013. The requested changes result in an overall decrease of after-tax revenue of approximately \$7.44 million to the current estimated annual CIP revenue of \$27.7 million. Specifically, the Company is seeking approval for the following changes to its after-tax per therm CIP factors: 1) a decrease of \$0.0103 from the current rate of \$0.0152 for Group I Residential Non-Heat customers resulting in the proposed charge of \$0.0049; 2) a decrease of \$0.0112 to the current rate of \$0.0352 resulting in the proposed charge of \$0.0240 for Group II Residential Heat customers; 3) a decrease of \$0.0269 to the current charge of \$0.0850 for Group III Small Commercial customers resulting in the proposed charge of \$0.0581; and 4) a decrease of \$0.0113 to the current charge of \$0.0681 resulting in the proposed charge of \$0.0568 for Group IV Large Commercial customers, all effective as of October 1, 2013. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by reductions in related BGSS costs. The Company reported total estimated CIP related revenue deficiency for CIP year 2013, October 1, 2012 through September 30, 2013, of \$15.7 million with \$4.4 million related to weather and \$11.3 million non-weather related. The Company has identified

approximately \$13.5 million in BGSS savings available to offset non-weather related CIP charges for the October 2013 through September 2014 recovery period. The Company provided testimony that recovery of the \$15.7 million margin deficiency will not result in a return on equity in excess of 10.3 percent.

6. Maintaining the current the BGSS rate put into effect June 1, 2013 and decreasing the CIP rates will result in a requested overall decrease of approximately \$1.12 per month, or 1.0 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) using 25 therms per month from these requested rate changes will be a decrease of 0.7 percent per month, to the average small commercial customer (Group III) using 100 therms a month will see a decrease of 2.0 percent per month, and to the average large commercial customer (Group IV) an decrease of 0.9 percent based upon using 1,200 therms per month. The above changes result in an overall decrease of after-tax revenue resulting from the proposed CIP-related changes of approximately \$7.44 million.

7. Public hearings on these petitions were held on September 10, 2013 in Rockaway Borough and on September 11, 2013 in Freehold Township and no members of the public appeared at any of the public hearings and no written comments were received by the BPU, NJNG or Rate Counsel.

STIPULATED ISSUES

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

also agree that maintaining the currently effective BGSS rate, implementing the requested changes to the balancing charge, and implementing the above modifications to the CIP rates, on a provisional basis and subject to the terms below, would be reasonable at this time.

9. Accordingly, the Parties stipulate and agree that pending the conclusion of any further review and discussions among the Parties, it is both reasonable and in the public interest for the Board to authorize the following: 1) maintain the Company's periodic BGSS rate of \$0.6056 per therm after-tax; 2) decrease the Company's balancing charge to \$0.0863 per therm after-tax; and 3) adjust the following CIP rates all on an after-tax basis to: \$0.0049 per therm for Group I Residential Non-Heat customers; \$0.0240 per therm for Group II Residential Heat customers; \$0.0581 per therm for Group III Small Commercial customers; and, \$0.0568 per therm for Group IV Large Commercial customers.

10. It is agreed by the Parties that these rates will be effective as of the later of November 1, 2013 or the effective date of the Board Order adopting this Stipulation. These changes are on a provisional basis, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law ("OAL"), if necessary, and final approval by the Board.

11. This Stipulation represents an overall decrease of \$0.0112 per therm after-tax from the rates currently in effect, approximately 1.0 percent, or \$1.12 per month for a typical residential heat sales customer using 100 therms per month. The components of the agreed-upon rates are as follows: BGSS rate has no change and the CIP rate reflects a decrease of 1.0 percent. The overall impact to the average residential non-heat sales customer is a decrease of 0.7 percent or \$0.26 per month and to the average small commercial sales customer these changes represent a decrease of approximately 2.0 percent or \$2.69 per month. The total bill for large commercial

sales customers are decreasing due to the CIP rate change noted above by approximately 0.9 percent or \$13.96 per month for a customer using 1200 therms a month. These rate changes represent a decrease in annual after-tax revenue to NJNG of approximately \$7.44 million. Exhibit A to this Stipulation provides the impacts of the agreed-upon rate changes.

12. 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. The proposed tariff sheets are attached as Exhibit B.

13. 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 attached to the Stipulation as Exhibit C, and 2) a monthly report reflecting the calculation of net gas cost per therm, attached to the Stipulation as Exhibit D. The chart reflected on Exhibit C is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected on Exhibit D is to be submitted to the Parties on approximately the 15th of the following month.

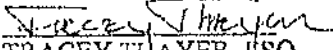
14. This Stipulation represents a mutual balancing of interests, contains interdependent provisions, and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved 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.

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

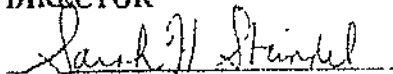
16. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings. Except as expressly provided herein, NJNG, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented 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 recommend that the Board transmit this proceeding to the OAL for an opportunity for a full review of all issues in this matter. 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 have these rates as of the later of November 1, 2013 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
TRACEY THAYER, ESQ.
New Jersey Natural Gas

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

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

**STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES
JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY**

By: 
ALEX MOREAU
DEPUTY ATTORNEY GENERAL

Date: 9/26/13

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR13050425
F/Y 2014

(\$/therm)

Price Impact for Group I - Residential Non-Heating Customers

	Component of	Current ¹		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0142	0.0152	0.0046	0.0049	(0.0096)	(0.0103)
NET IMPACT		<u>\$0.5802</u>	<u>\$0.6208</u>	<u>\$0.5706</u>	<u>\$0.6105</u>	<u>(\$0.0096)</u>	<u>(\$0.0103)</u>

Price Impact for Group II - Residential Heating Customers

	Component of	Current ¹		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0329	0.0352	0.0224	0.0240	(0.0105)	(0.0112)
NET IMPACT		<u>\$0.5989</u>	<u>\$0.6408</u>	<u>\$0.5884</u>	<u>\$0.6296</u>	<u>(\$0.0105)</u>	<u>(\$0.0112)</u>

Price Impact for Group III - General Service Small Customers

	Component of	Current ¹		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	\$0.5660	\$0.6056	\$0.5660	\$0.6056	\$0.0000	\$0.0000
CIP	Delivery Price	0.0794	0.0850	0.0543	0.0581	(0.0251)	(0.0269)
NET IMPACT		<u>\$0.6454</u>	<u>\$0.6906</u>	<u>\$0.6203</u>	<u>\$0.6637</u>	<u>(\$0.0251)</u>	<u>(\$0.0269)</u>

Price Impact for Group IV - General Service Large Customers

	Component of	Current ¹		Proposed		Change	
		Pre-tax	Post-tax	Pre-tax	Post-tax	Pre-tax	Post-tax
BGSS	BGSS	Changes Monthly					
CIP	Delivery Price	0.0636	0.0681	0.0531	0.0568	(0.0105)	(0.0113)
NET IMPACT		<u>\$0.0636</u>	<u>\$0.0681</u>	<u>\$0.0531</u>	<u>\$0.0568</u>	<u>(\$0.0105)</u>	<u>(\$0.0113)</u>

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

BGSS projected annual therms	423,082 (000s)
CIP Group I projected annual therms	3,135 (000s)
CIP Group II projected annual therms	445,928 (000s)
CIP Group III projected annual therms	33,110 (000s)
CIP Group IV projected annual therms	134,663 (000s)

	Projected Revenue at Current Rates \$million	Projected Revenue at Proposed Rates \$million	Change \$million
BGSS	\$256.2	\$256.2	\$0.00
CIP Group I	\$0.0	\$0.02	(\$0.03)
CIP Group II	\$15.7	\$10.7	(\$4.99)
CIP Group III	\$2.8	\$1.9	(\$0.89)
CIP Group IV	\$9.2	\$7.6	(\$1.52)
IMPACT	<u>\$283.9</u>	<u>\$278.5</u>	<u>(\$7.44)</u>

¹ BGSS rate implemented effective June 1, 2013 per the Company's May 24, 2013 notification letter in BPU in Docket Nos. GR12060742 and GX01050304.

New Jersey Natural Gas Company
Net Impact of Proposed Rate Changes
BPU Docket No. GR13050425
FY 2014

(\$/therm)

	Current ¹			Proposed		
	Residential Non-Heat	Residential Heat	GSS	Residential Non-Heat	Residential Heat	GSS
Pre-tax Periodic BGSS	\$0.5660	\$0.5660	\$0.5660	\$0.5660	\$0.5660	\$0.5660
After-tax Periodic BGSS	\$0.6056	\$0.6056	\$0.6056	\$0.6056	\$0.6056	\$0.6056
Least Balancing	(\$0.0898)	(\$0.0898)	(\$0.0898)	(\$0.0893)	(\$0.0893)	(\$0.0893)
BGSS Price To Compare	\$0.5158	\$0.5158	\$0.5158	\$0.5193	\$0.5193	\$0.5193

<u>Impact on Residential Non-Heating Customers</u>				
			25 therm bill	
Current Prices				
	Customer Charge	\$8.25		\$8.25
	Delivery	\$0.5662		\$13.90
	BGSS	\$0.5158		\$12.90
	Total	\$1.0720		\$35.05
Proposed prices- effective 10/1/13				
	Customer Charge	\$8.25		\$8.25
	Delivery	\$0.5424		\$13.56
	BGSS	\$0.5193		\$12.98
	Total	\$1.0617		\$34.79
	Decrease			(\$0.26)
	Decrease as a percent			(0.7%)

<u>Impact on Residential Heating Customers</u>				
			100 therm bill	1000 therm annual bill
Current Prices				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5762	\$57.62	\$578.20
	BGSS	\$0.5158	\$51.58	\$515.80
	Total	\$1.0920	\$117.45	\$1,191.00
Proposed prices- effective 10/1/13				
	Customer Charge	\$8.25	\$8.25	\$99.00
	Delivery	\$0.5616	\$56.16	\$561.50
	BGSS	\$0.5193	\$51.93	\$519.30
	Total	\$1.0608	\$116.33	\$1,179.80
	Increase			(\$1.12)
	Increase as a percent			(1.0%)

<u>Impact on Commercial GSS Customers</u>				
			100 therm bill	
Current Prices				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.5638	\$56.38	
	BGSS	\$0.5158	\$51.58	
	Total	\$1.0996	\$134.96	
Proposed prices- effective 10/1/13				
	Customer Charge	\$25.00	\$25.00	
	Delivery	\$0.5534	\$55.34	
	BGSS	\$0.5193	\$51.93	
	Total	\$1.0727	\$132.27	
	Increase			(\$2.69)
	Increase as a percent			(2.0%)

<u>Impact on Commercial GSI Customers</u>				
			1200 therm bill	
Current Prices				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.5017	\$602.04	
	BGSS (July 2013)	\$0.5694	\$683.28	
	Total	\$1.0711	\$1,500.82	
Proposed prices- effective 10/1/13				
	Customer Charge	\$40.00	\$40.00	
	Demand Charge	\$1.50	\$175.50	
	Delivery	\$0.4869	\$584.28	
	BGSS (July 2013)	\$0.5729	\$687.48	
	Total	\$1.0598	\$1,487.26	
	Increase			(\$13.56)
	Increase as a percent			(0.9%)

¹ BGSS rate implemented effective June 1, 2013 per the Company's May 24, 2013 notification letter in BPU in Docket Nos. GR12060742 and GX1050304.

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*~~Eighteenth~~Seventeenth Revised Sheet No. 51
Superseding ~~Seventeenth~~Sixteenth 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 \$0.57620,5614

Residential Non-Heating

Delivery Charge per therm \$0.55620,5474

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: June 21, 2013
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

**Effective for service rendered on
and after July 1, 2013**

**Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR1303012312970644**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Fifteenth and sixteenth Revised Sheet No. 54
Superseding Fourteenth Thirteenth 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 \$0.10470 / cu ft

May - October \$0.11260 / cu ft

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: June 11, 2013
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

**Effective for service rendered on
and after July 1, 2013**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Eighteenth~~*Seventeenth Revised Sheet No. 56*
~~Superseding Seventeenth~~*Sixteenth 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 \$0.4330000000

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: June 21, 2013
Issued by: Mark R. Sperduto, Senior Vice President
Wall, NJ 07719

Effective for service rendered on
and after July 1, 2013

Eighteenth~~Seventeenth~~ Revised Sheet No. 59

Superseding Seventeenth/Sixteenth Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

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.

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.

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
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Delivery Charge:

Delivery Charge per therm	\$6.00
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BGSS Charge:

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.

*Effective for service rendered on
and after July 1, 2013*

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*~~Eighteenth Seventeenth Revised Sheet No. 65~~
Superseding ~~Seventeenth Sixteenth 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>
<u>Customer Charge:</u>		
Customer Charge per meter per month	\$40.00	\$40.00
<u>Demand Charge:</u>		
Demand Charge per therm applied to PBQ	\$0.60	\$0.60
<u>Delivery Charge per therm:</u>		
November - April	\$0.2138	\$0.2138
May - October	\$0.1811	\$0.1811

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.

Date of Issue: June 21, 2013
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

Effective for service rendered on
and after July 1, 2013

Filed pursuant to Order of the Board of Public Utilities entered in
Docket No. GR1305042513070644

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Thirteenth Revised Sheet No. 71
Superseding Twelfth 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
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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	\$9.3779 (2012)
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BGSS Charge:

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

Date of Issue: June 21, 2013
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

**Effective for service rendered on
and after July 1, 2013**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

~~Sixty-Seventh~~^{Sixth} Revised Sheet No. 155
~~Superseding Sixty-Sixth~~^{Fifth} Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, and ED sales customers using less than 5,000 therms annually	Included in the Basic Gas Supply Charge	\$0.6056 per therm

BALANCING CHARGE

<u>CLASS</u>	<u>APPLICATION</u>	<u>CHARGE</u>
RS, GSS, GSL, DGC, ED	Included in the Delivery Charge	\$0.0898 ^{\$0.0863} per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

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

<u>Effective Date</u>	<u>Charge Per Therm</u>
September 1, 2012	\$0.5347
October 1, 2012	\$0.5881
November 1, 2012	\$0.6385
December 1, 2012	\$0.6636
January 1, 2013	\$0.6252
February 1, 2013	\$0.6073
March 1, 2013	\$0.6300
April 1, 2013	\$0.6892
May 1, 2013	\$0.7089
June 1, 2013	\$0.7084
July 1, 2013	\$0.6592
August 1, 2013	\$0.6303
September 1, 2013	\$0.6423

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

Date of Issue: August 29, 2013
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

Effective for service rendered on
and after September 1, 2013

NJNG
BGSS Nymex Update Report
as of 9/6/13

<u>Month</u>	<u>Nymex</u> <u>5/8/13</u>	<u>NYMEX</u> <u>9/6/13</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>
Jun-13	\$ 3.978	\$ 4.148	\$ 0.170					
Jul-13	\$ 4.030	\$ 3.707	\$ (0.323)					
Aug-13	\$ 4.057	\$ 3.459	\$ (0.598)					
Sep-13	\$ 4.059	\$ 3.567	\$ (0.492)		971,882	800,000	171,882	(\$84,566)
Avg Total	\$ 4.031	\$ 3.720	\$ (0.311)	-7.7%	971,882	800,000	171,882	(\$84,566)
Oct-13	\$ 4.081	\$ 3.530	\$ (0.551)		1,922,707	900,000	1,022,707	(\$563,512)
Nov-13	\$ 4.165	\$ 3.617	\$ (0.548)		3,979,036	1,146,486	2,832,551	(\$1,552,238)
Dec-13	\$ 4.339	\$ 3.781	\$ (0.558)		7,103,207	5,322,658	1,780,549	(\$993,546)
Jan-14	\$ 4.423	\$ 3.866	\$ (0.557)		8,553,081	6,828,463	1,724,617	(\$960,612)
Feb-14	\$ 4.399	\$ 3.867	\$ (0.532)		7,206,881	5,913,020	1,293,861	(\$688,334)
Mar-14	\$ 4.336	\$ 3.832	\$ (0.504)		5,772,083	3,487,391	2,284,692	(\$1,151,485)
Apr-14	\$ 4.106	\$ 3.770	\$ (0.336)		3,013,308	-	3,013,308	(\$1,012,471)
May-14	\$ 4.104	\$ 3.785	\$ (0.316)		1,468,490	-	1,468,490	(\$464,043)
Jun-14	\$ 4.135	\$ 3.817	\$ (0.318)		1,005,231	-	1,005,231	(\$319,663)
Jul-14	\$ 4.168	\$ 3.849	\$ (0.319)		1,015,156	-	1,015,156	(\$323,835)
Aug-14	\$ 4.189	\$ 3.866	\$ (0.323)		987,743	-	987,743	(\$319,041)
Sep-14	\$ 4.188	\$ 3.867	\$ (0.321)		986,947	-	986,947	(\$316,810)
Avg Total	\$ 4.219	\$ 3.788	\$ (0.432)	-10.2%	43,013,870	23,598,019	19,415,851	(\$8,665,589)

a: Nymex rate used for annual BGSS periodic rate filing on June 1, 2013

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2014 BGSS filing

d: Sales forecast (includes fuel requirement) used in the 2014 BGSS filing

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-NCART-2

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

	Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Actual May-13	Actual Jun-13	Actual Jul-13	Actual Aug-13	Estimate Sep-13	12 Month Weighted Average
1 NYMEX - 5.10.12 - Included in BGSS Filing	\$2,757.0	\$3,033.0	\$3,374.0	\$3,525.0	\$3,538.0	\$3,520.0	\$3,500.0	\$3,538.0	\$3,584.0	\$3,632.0	\$3,650.0	\$3,630.0	
2 NYMEX - Actual Settlement	\$3,023.0	\$3,477.0	\$3,695.0	\$3,354.0	\$3,226.0	\$3,427.0	\$3,976.0	\$4,152.0	\$4,148.0	\$3,707.0	\$3,459.0	\$3,597.0	
Breakdown of Gross Cost of Gas Per Therm:													
13 Flowing Gas Cost	\$0,364.4	\$0,381.0	\$0,329.5	\$0,253.4	\$0,261.8	\$0,429.3	\$0,400.6	\$0,118.3	\$0,038.5	\$0,014.3	\$0,007.5	\$0,097.0	\$0,297.7
14 Gas Withdrawn From Storage Cost	\$0,050.0	\$0,194.3	\$0,281.6	\$0,357.7	\$0,401.3	\$0,244.2	\$0,007.1	\$0,084.8	\$0,011.7	\$0,024.6	\$0,000.0	\$0,000.0	\$0,240.0
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0,436.8	\$0,170.5	\$0,141.1	\$0,105.7	\$0,113.4	\$0,125.0	\$0,275.5	\$0,640.1	\$0,783.0	\$0,827.1	\$0,850.3	\$0,723.0	\$0,224.8
17 Storage Demand Cost													
18 Peaking Cost	\$0,024.6	\$0,006.9	\$0,007.6	\$0,035.5	\$0,013.7	\$0,004.4	\$0,007.1	\$0,027.9	\$0,020.1	\$0,022.0	\$0,028.5	\$0,018.6	\$0,015.8
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost													
21 Other Costs													
22 Total Gross Cost of Gas Per Therm	\$0,842.8	\$0,752.8	\$0,759.8	\$0,752.4	\$0,750.2	\$0,803.9	\$0,690.3	\$0,781.0	\$0,853.4	\$0,882.0	\$0,869.2	\$0,838.6	\$0,776.2
Breakdown of Gross Cost of Gas Per Therm:													
23 NYMEX - Actual Settlement													
24 Flowing Gas Cost	\$3,755.0	\$3,524.0	\$3,364.0	\$3,084.0	\$2,878.0	\$2,448.0	\$2,191.0	\$2,038.0	\$2,429.0	\$2,774.0	\$3,010.0	\$2,634.0	
25 Gas Withdrawn From Storage Cost	\$0,341.7	\$0,927.4	\$0,250.3	\$0,221.6	\$0,340.0	\$0,182.0	\$0,452.1	\$0,086.7	\$0,115.6	\$0,054.9	\$0,116.9	\$0,105.8	\$0,276.3
26 Hedged Volumes Delivered Cost	\$0,087.1	\$0,020.6	\$0,351.2	\$0,387.6	\$0,241.5	\$0,707.6	\$0,000.4	\$0,007.7	\$0,000.0	\$0,206.5	\$0,027.2	\$0,000.3	\$0,265.7
27 Pipeline Demand Cost	\$0,441.2	\$0,210.9	\$0,128.0	\$0,100.5	\$0,129.2	\$0,205.7	\$0,273.3	\$0,713.6	\$0,674.4	\$0,728.8	\$0,784.9	\$0,798.2	\$0,248.8
28 Storage Demand Cost													
29 Peaking Cost	\$0,011.5	\$0,010.0	\$0,004.4	\$0,021.6	\$0,006.0	\$0,010.2	\$0,009.2	\$0,017.4	\$0,033.2	\$0,036.5	\$0,028.3	\$0,041.6	\$0,013.8
30 Weighted Average Fuel Cost													
31 Variable Pipeline Cost													
32 Other Costs													
33 Total Gross Cost of Gas Per Therm	\$0,981.5	\$1,188.9	\$0,734.0	\$0,741.3	\$0,716.8	\$0,741.6	\$0,735.1	\$0,829.3	\$0,823.2	\$0,916.0	\$0,957.2	\$0,948.9	\$0,904.7

Footnotes:

- Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage
- ~ Flowing Gas includes the net effect of W/ACOG cost accounting.
- Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss
- ~ Withdrawals include NJNG 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 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

Credits, Refunds, & Recoveries Per Therm:

- 1 Asset Management Credits
- 2 Off-system sales
- 3 Capacity release
- 4 On System Credits to BGSS-P Customers
- 5 Supplier Refunds
- 6 Gas for Company Use
- 7 Line Loss
- 8 Transfer to Non BGSS-P Customers
- 9 Over / Under Recovery & Interest to Customers
- 10 Other
- 11 Total Credits, Refunds, & Recoveries per Therm
- 12 Total Net Cost Per Therm (Pg 1 Line 22 - Pg 2 Line 11)

Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-13	Actual Feb-13	Actual Mar-13	Actual Apr-13	Actual May-13	Actual Jun-13	Actual Jul-13	Actual Aug-13	Estimate Sep-13	12 Month Weighted Average
\$0.0222	\$0.0062	\$0.0064	\$0.0281	\$0.0239	\$0.0079	\$0.0111	\$0.0020	\$0.0038	\$0.0157	\$0.0272	\$0.0059	\$0.0155
\$0.0081	\$0.0392	\$0.0313	\$0.0241	\$0.0236	\$0.0280	\$0.0649	\$0.1324	\$0.1848	\$0.2030	\$0.2047	\$0.1799	\$0.0523
-\$0.0091	\$0.0323	\$0.0295	\$0.0277	\$0.0280	\$0.0315	\$0.0315	\$0.0310	\$0.0242	\$0.0023	\$0.0145	\$0.0514	\$0.0268
\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0039	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0006
\$0.0007	\$0.0002	\$0.0001	\$0.0002	\$0.0002	\$0.0002	\$0.0004	\$0.0007	\$0.0012	\$0.0012	\$0.0013	\$0.0000	\$0.0003
\$0.0919	\$0.0757	\$0.0760	\$0.0687	\$0.0691	\$0.0731	\$0.0685	\$0.1034	\$0.1144	\$0.1199	\$0.1139	\$0.1017	\$0.0787
\$0.0146	-\$0.0253	-\$0.0109	-\$0.0268	\$0.0209	\$0.0350	-\$0.1305	-\$0.1129	-\$0.0439	-\$0.0262	-\$0.0284	-\$0.0653	-\$0.0151
\$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
\$0.2184	\$0.1284	\$0.1354	\$0.1280	\$0.1558	\$0.1785	\$0.0659	\$0.1586	\$0.2874	\$0.3160	\$0.3032	\$0.2735	\$0.1592
\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.6244	\$0.5560	\$0.5660	\$0.5560	\$0.5560	\$0.6191

Credits, Refunds, & Recoveries Per Therm:

- 13 Asset Management Credits
- 14 Off-system sales
- 15 Capacity release
- 16 On System Credits to BGSS-P Customers
- 17 Supplier Refunds
- 18 Gas for Company Use
- 19 Line Loss
- 20 Transfer to Non BGSS-P Customers
- 21 Over / Under Recovery & Interest to Customers
- 22 Other
- 23 Total Credits, Refunds, & Recoveries per Therm
- 24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)

Actual Oct-12	Actual Nov-12	Actual Dec-12	Actual Jan-12	Actual Feb-12	Actual Mar-12	Actual Apr-12	Actual May-12	Actual Jun-12	Actual Jul-12	Actual Aug-12	Actual Sep-12	Weighted Average
\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0292	\$0.0352	\$0.0087	\$0.0457	\$0.0305	\$0.0938	\$0.0955	\$0.0581	\$0.0379
\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0287	\$0.0492	\$0.0585	\$0.1593	\$0.1450	\$0.1706	\$0.1834	\$0.1734	\$0.0566
\$0.0201	\$0.0223	\$0.0182	\$0.0205	\$0.0155	\$0.0108	\$0.0206	\$0.0311	\$0.0229	\$0.0475	\$0.0509	\$0.0397	\$0.0269
\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0038	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.0005	\$0.0003	\$0.0001	\$0.0001	\$0.0001	\$0.0002	\$0.0003	\$0.0007	\$0.0009	\$0.0010	\$0.0000	\$0.0009	\$0.0002
\$0.0667	\$0.0804	\$0.0747	\$0.0687	\$0.0697	\$0.0656	\$0.0652	\$0.0804	\$0.0857	\$0.0848	\$0.0968	\$0.0892	\$0.0742
-\$0.0040	-\$1.3156	\$0.3081	\$0.3268	\$0.3247	\$0.1382	-\$0.0708	-\$0.1123	-\$0.0861	-\$0.0859	-\$0.6543	-\$0.0368	\$0.0338
\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	-\$0.0350	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
\$0.2165	\$0.5039	\$0.4920	\$0.4893	\$0.4948	\$0.3030	\$0.0975	\$0.2049	\$0.1968	\$0.2916	-\$0.2517	\$0.3245	\$0.2240
\$0.6650	\$0.6650	\$0.2520	\$0.2820	\$0.2520	\$0.4365	\$0.6377	\$0.6244	\$0.6244	\$0.6244	\$1.2089	\$0.6244	\$0.5807

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.