



Agenda Date: 11/16/15
Agenda Item: 2H

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 APPROVAL OF)
RATES AND CERTAIN TARIFF MODIFICATIONS)
RELATED TO NATURAL GAS VEHICLES SET FORTH)
IN THE COMPANY'S TARIFF FOR GAS SERVICE) DOCKET NO. GR14040358

Parties of Record:

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

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities ("Board") is considering a stipulation ("Stipulation") executed by New Jersey Natural Gas Company ("Company" or "NJNG"), the New Jersey Division of Rate Counsel ("Rate Counsel") and Board Staff ("Staff") (collectively, the "Parties").

BACKGROUND

Governor Chris Christie released the 2011 New Jersey Energy Master Plan ("EMP") on December 6, 2011. The expressed purpose of the EMP is "to document the Christie Administration's strategic vision for the use, management, and development of energy in New Jersey over the next decade." As required by law, the EMP includes long-term objectives and interim measures consistent with and necessary to achieving those objectives."¹

The EMP recognized a need for New Jersey to encourage the creation and expansion of clean energy transportation. Specifically, the EMP states:

¹ 2011 New Jersey Energy Master Plan at .1 (available at http://nj.gov/emp/docs/pdf/2011_Final_Energy_Master_Plan.pdf)

Natural Gas Vehicles (“NGVs”) offer a complementary technology to other new technologies designed to supplant gasoline and diesel fuel usage for transportation . . . High diesel fuel costs coupled with expensive emission compliance costs make compressed natural gas (“CNG”) a viable alternative to conventional diesel engine and internal combustion vehicles.

[EMP at 132.]

The EMP further encouraged gas utilities to provide guidance on the “construction, operation and maintenance of CNG refueling stations for business fleets.” (*Id.* at 135).

By Order dated June 18, 2012 (“June 2012 Order”), the Board approved a \$10 million CNG pilot program for NJNG to install, own, and maintain CNG vehicle re-fueling stations at host customer locations within the Company’s service territory.² In addition, the CNG pilot program included an associated cost recovery mechanism which would apply to program investments in an amount not to exceed \$10 million. The purpose of the CNG pilot program was to stimulate the deployment and use of NGVs in the State, with particular emphasis on fleet-based organizations. The host customer was required to use at least twenty (20) percent of the re-fueling station’s CNG capacity and make the re-fueling station open to the public. The capital investment costs associated with the CNG pilot program were to be recovered from the Company’s customers through its base rates. Residential customers received a base rate adjustment associated with fifty (50) percent of the revenue requirement amount they would have been responsible for under an across-the-board adjustment to all customer classes. The base rate adjustments for the remaining revenue requirement reflected an across-the-board adjustment to the other applicable customer classes so that natural gas revenues for each of the customer classes were impacted by the same percentage.

On August 21, 2013, the Board approved the Company’s request to extend the term of the CNG pilot program due to Super Storm Sandy which the Company maintained significantly delayed marketing efforts as well as installation of CNG infrastructure. The Board approved a six (6) month extension of the CNG pilot program until December 31, 2013.³

NJNG represents that it ceased all marketing activities associated with the CNG pilot program as of December 31, 2013, and did not consider or award any additional contracts to potential host facilities after that date. According to information provided by the Company, under the CNG pilot program, the Company executed three contracts with host customers: (1) Shore Point Distributing, Inc. (“Shore Point”) in Freehold, N.J.; (2) Middletown Township in Middletown, N.J.; (“Middletown”) and (3) Waste Management Inc., in Toms River, N.J. (“Waste Management”) Originally, the Company expected all three (3) stations to be operational and open to the public by the end of September 2015. During the course of reviewing this matter, NJNG stated that Shore Point and Middletown became operational and open to the public in September 2015, and that Waste Management would be operational and open to the public by the end of December 2015.

² In re the Petition of New Jersey Natural Gas Company for Approval of a Pilot Program for the Installation of Compressed Natural Gas Infrastructure and an Associated Recovery Mechanism with the Approval of Changes in the Company’s Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 and 48:2-23 et seq., BPU Docket No. GR11060361, Order dated June 18, 2012. (“June 2012 Order”)

³ See, Order, BPU Docket No. GR11060361 (August 21, 2013).

APRIL 2014 FILING

On April 14, 2014, NJNG filed a petition with the Board requesting approval of certain modifications to the Company's current tariff regarding NGVs. According to the petition, the purpose of the filing was to provide the Company with the ability to offer services to respond to the needs of the emerging NGV market. According to NJNG, the Company's proposed NGV Tariff modifications, including the updated rates and charges, are necessary and proper for the provision of NGV re-fueling services to NJNG's residential and commercial customers.

According to the petition, the proposed NGV tariff modifications would provide residential and commercial customers with refueling opportunities for the following service classifications: (1) Company-owned and operated CNG re-fueling facilities ("Company Facilities"); (2) separately metered customer owned and operated CNG re-fueling facilities ("Customer Facilities"); (3) separately metered Company owned CNG re-fueling facilities operated by the Customer at its location ("Company Facilities at Customer Location"). The Company asserted that the proposed rates and modifications would allow customers interested in taking advantage of the CNG refueling opportunities in the Company's service territory to more easily evaluate possible vehicle fueling options and determine the best approach to manage the refueling of NGVs based upon their particular circumstances. The Company maintained that the proposed rates and tariffs would provide the necessary information for customers to evaluate the various refueling service options, installation costs and the requirements for owning and/or operating CNG re-fueling facilities. The Company asserted that the proposed rate and tariff modifications would have no adverse impact on the rates charged or services provided to NJNG customers served under other service classifications.

According to the petition, individual NGV owners refueling their vehicles at NJNG facilities or their own facilities as well as NGV facility owner/operator ("NGV Customer") would be required to sign a service agreement which sets forth the vehicles to be served to be eligible for this service. For NGV Customers who own/operate the NGV station, the customer is the owner/operator of the NGV station, not the owner of the NGV vehicle that chooses to fuel its NGV at the owner/operator facility. For individual NGV owners who choose to fuel at NJNG's existing NGV facilities, that individual NGV Customer must sign the service agreement prior to being permitted to enter NJNG's property. Firm sales gas service is provided to an individual NGV owner refueling its vehicle(s), as well as to a NGV facility owner/operator who uses Company Facilities and purchases gas supply pursuant to the Company's Rider "A" for Basic Gas Supply Service ("BGSS"). Firm sales or transportation gas service is also provided where a customer under NGV Service Facility Classification Customer Facilities or Company Facilities at the Customer Location, purchases gas supply pursuant to the Company's Rider "A" for BGSS or from a marketer or broker, respectively. NGV Customers installing CNG re-fueling facilities on their premises must meet all applicable licensing, permitting and other legal requirements associated with owning and operating CNG refueling facilities. The failure of the NGV Customer to comply with this provision could result in the Company suspending or terminating gas service to such facilities without further liability.

The proposed charges for the following customers under NGV Service Facility Classifications are shown below: (1) Company Facilities, (2) Customer Facilities, or (3) Company Facilities at Customer Location. The proposed rates are on a per-therm basis, except for the Customer Charge which is a fixed, per meter per NGV Customer amount. The per-therm rates are also

shown as prices per Gasoline Gallon Equivalent (“GGE”)⁴. The minimum monthly charge shall be the Customer Charge. Where service is taken for less than one month, the minimum charge will be prorated. These proposed rates are inclusive of all applicable taxes and riders with the exception of the State of New Jersey Motor Vehicle fuel tax and Federal excise tax. These rates are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company.

	Company Facilities	Customer Facilities	Company Facilities at Customer Location
Customer Charge:			
Residential Customer Charge per meter per month	N/A	\$8.25	\$8.25
Commercial Customer Charge per meter per month	N/A	\$50.00	\$50.00
Delivery Charge:			
Delivery Charge per therm	\$0.2767	\$0.2767	\$0.2767
	(\$0.3459 per GGE)	(\$0.3459 per GGE)	(\$0.3459 per GGE)
Compression Charge:			
Compression Charge per therm	\$0.4976	N/A	See “Special Provision IV” of this Service Classification
	(\$0.6220 per GGE)		
Maintenance Charge:			
Maintenance Charge per therm	N/A	N/A	\$0.1798
			(\$0.2248 per GGE)
BGSS Charge:			
Monthly BGSS Charge per therm for Sales Customers	See “Summary of Rates Components at the end of the Tariff for Sales Customers”		

The Company’s proposed NGV tariff modifications also included the specifications for metering of the CNG service and the reimbursement of the Company’s incremental costs such as but not limited to, permitting, licensing, and legal expenses associated with rendering this service. In addition, the Company’s filing included: (i) the requirements for and obligations of an NGV customer regarding the installation of the requisite facilities for a Company-owned and customer operated CNG facility; (ii) the calculation of the main extension cost and extension cost deposit for the customer-owned re-fueling facilities; (iii) the requirements for and obligations of an NGV customer who contracts with a marketer or broker for the supply of natural gas for NGV re-fueling purposes, as well as the daily balancing limitations and charges; and (iv) commercial customer obligations related to providing natural gas for resale as a vehicle fuel.

⁴ GGE is the amount of alternative fuel it takes to equal the energy content of one liquid gallon of gasoline.

After notice, public hearings were held on September 3, 2014 in Freehold, N.J., and on September 9, 2014 in Rockaway, N.J. No members of the public appeared at either hearing, and no written comments regarding the petition were received.

STIPULATION

The Parties engaged in discovery and NJNG responded to those questions. The Parties executed a stipulation of settlement ("Stipulation") on November, 2, 2015. Below are the salient terms of the Stipulation:⁵

17. The Effective Date of the Stipulation will be the "effective date" of a Board Order approving the Stipulation without material modification, or a date otherwise specified by the Board, in accordance with N.J.S.A. 48:2-40.
18. The Parties agree that the proposed amendments described above, as modified by the Stipulation below, and set forth in the revised tariff sheets set forth in Attachment A to the Stipulation are necessary to enable NJNG to implement the proposed NGV Service Classification as modified by the Stipulation. The revised tariff sheets shall become effective on the first day of the month following the Effective Date of the Board Order. The revised tariff sheets have been modified from those sought in the Petition to eliminate the Company Facilities at Customer Location Service Classification. As a result, NJNG will not operate and/or own any NGV facilities at NGV Customer locations. Additionally, the revised tariff sheets include modifications to clarify automated meter reading requirements and extension cost deposits. Specifically, the modifications are as follows:

- Automated meter reading requirements:

For Commercial NGV customers, metering shall include an automated meter recording device ("AMR"), which shall be furnished and installed by the Company at the customer's expense. The Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation. The Customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the NGV service agreement with the prime interest rate used to calculate carrying costs on the unpaid balance. Payments made by the Customer shall not give the Customer ownership of the AMR equipment. The AMR equipment is and shall remain the sole property of the Company.

⁵ Although described at some length in this Order, should there be any conflict between this summary and the Stipulation, the terms of the Stipulation control, subject to the findings and conclusions in this Order.

For Residential customers, an AMR device will not be required for this service. However, upon prior notice to the Customer, the Company reserves the right to install an AMR at its own expense. Should the Company decide to install the AMR, the Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company.

- Extension cost deposits:

The Company shall install gas main extensions and service line connections at the Customer's location (collectively, the "Extension Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the estimated annual distribution revenue. An applicant shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue. The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company. The Extension Cost Deposit, as defined above, shall remain, without interest, in the possession of the Company, subject to an annual review of the Customer's actual annual distribution revenue for up to ten years from when the Customer began receiving service. Annually, if the Customer's actual annual distribution revenue for the prior year is greater than the estimated annual distribution revenue used to determine the Extension Cost or greater than any prior year's actual distribution revenue, the Company shall provide a refund in the amount of the remaining years of the ten (10) years times the difference between that year's actual distribution revenue and the greater of the estimated annual distribution revenue used to determine the Extension Cost Deposit and the highest prior year's actual distribution revenue. No further calculation shall be performed when accumulated refunds are equal to the Extension Cost Deposit and in no event shall refunds exceed the initial deposit. All deposits not returned to the applicant within a period of ten (10) years after the Company first makes gas service available shall remain the property of the Company with no further obligation of refund. The Company and applicant may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution. Where it is necessary to provide additional facilities to serve increased requirements of an existing Customer, the Company reserves the right to require the Customer to contribute or deposit an amount equal to the cost of such additional facilities. This amount shall be subject to refund as outlined earlier in this section except that refunds shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

19. Attachment B to the Stipulation is a list of NJNG's responses to the discovery requests submitted by Rate Counsel and Staff in this proceeding and which together with such responses, are stipulated to as part of the record for this matter.
20. NJNG will maintain adequate records, to determine the number of customers taking service under the NGV Service Classification, the type of service provided to each customer, the annual revenue by customer, and the volumes of natural gas used by service type. Such volumes shall be broken out by use between NJNG and customers, as a percentage of the total volumes distributed at the Company facilities at Company location. Statements of the total costs of the Company facilities at Company location shall be broken out by investment costs, where applicable, maintenance and other annual expenses. The Company shall also maintain information concerning the number of each individual NGV owner refueling its vehicle(s) at NJNG facilities or their own facilities as well as a NGV facility owner/operator taking BGSS with the respective terms used under BGSS and the number purchasing natural gas supplies from third-party suppliers and the level of annual revenues generated by each type of NGV Fueling Station. The Company shall also maintain information concerning the number of its NGVs that use the Company's NGV facilities and the terms used by Company vehicles at the Company's NGV Fueling Facilities. This information shall be provided to Board Staff and Rate Counsel on an annual basis commencing one year from the effective date of the Board Order approving the Stipulation.

RATE TREATMENT

21. The rates and charges for NGV Service for the two types of NGV Service Facility Classifications, i.e., (1) Company Facilities and (2) Customer Owned Facilities are intended to enable the Company to provide NGV Service that is not cross-subsidized by other Service Classifications. NGV Service will be treated as a separate Tariff rate class in future embedded cost of service studies submitted by the Company in base rate proceedings. The rates and charges for NGV Service include, where applicable, a Customer Charge, a Distribution Charge, a Delivery Charge, Compression Charge, BGSS Charge and all applicable taxes and assessments including the Societal Benefits Charge, the Energy Efficiency Program Charge and other applicable Board approved charges. The rates and charges for NGV Service are set forth in Attachment C to the Stipulation.
22. The Parties agree that the Company will separately account for the costs and revenues associated with each of the two types of NGV Service Facility Classifications so that the allocation of those costs can be reviewed in its next base rate proceeding. Nothing in the Stipulation will preclude any Party from taking any position concerning the proper allocation of costs and/or revenues associated with the NGV Service Classification in the Company's next base rate proceeding.

DISCUSSION AND FINDING

The Board has carefully reviewed the record in this matter, including the petition, discovery responses and the Stipulation. As noted in the June 2012 Order, the Board is aware that CNG offers an environmentally friendly and economically beneficial fuel replacement for petroleum-based sources. June 2012 Order at 5. The Board recognized that the upfront costs of building the infrastructure necessary to support a viable NGV market in New Jersey may have served as an impediment to construction. The Board further recognized that the lack of existing CNG refueling infrastructure within the State hinders the potential market for NGVs and the resulting benefits to be achieved from this fuel source. Id. The Board continues to believe that the upfront costs of refueling infrastructure has inhibited the growth of the NGV market in the State.

As noted above, the 2011 EMP calls upon the Board to explore what incentives are available to promote CNG as an alternate fuel, and to look to the gas utilities to provide guidance on the construction, operation, and maintenance of CNG fueling stations. The Board, in its continuing effort to determine what incentives will provide the impetus for the growth of CNG use for NGVs, acknowledges that the proposed program under review includes reporting requirements that will allow the Board to determine whether the Company's NGV program may serve as a foundation and guide for future CNG programs in the State.

The Board believes that the development of CNG is best served by concentrating primarily on commercial fleets, and the proposed program is an appropriate way to "jump start" an untapped market. Increasing the number of CNG refueling stations in the State will hopefully stimulate the market for CNG, and can provide a gateway for additional use by other types of vehicles, thereby reducing emissions and pollution from particulate matter even further.

Under NJNG's proposal as modified by the Stipulation, customers wishing to invest in NGVs will have access to additional fueling stations necessary for these projects to go forward. Currently there are few fueling stations in the State and by NJNG committing to open its existing CNG fueling facilities to the public, it will help customers to invest in cleaner alternative vehicles but without cross subsidization by NJNG customers taking service under other service classifications. Under the proposal, customers can install CNG facilities at their own locations receiving gas from NJNG at tariffed rates, and open their stations to the public if they choose to do so. Greater access to public CNG fueling stations may provide the stimulus for greater commercial and residential reliance on cleaner NGVs for the benefit of the environment. The proposed rates and tariff modifications will allow those residential and commercial customers interested in taking advantage of the CNG refueling opportunities in the Company's service territory to more easily evaluate possible vehicle fueling options and determine the best approach to manage the refueling of NGVs based upon their particular circumstances. The proposed rates and tariff modifications provide the necessary information for customers to evaluate the various refueling service options, installation costs and the requirements for owning and/or operating CNG refueling facilities.

The Parties reserve their rights to review all costs, and revenues generated from providing service to the NGV customers under the tariff in the Company's next base rate case which will be filed in 2015, and to take whatever positions they deem appropriate concerning the allocation of costs and revenues associated with the NGV service classification. Accordingly, the Board **HEREBY FINDS** that the Stipulation is reasonable, in the public interest and in accordance with the law.

Therefore, the Board **HEREBY ADOPTS** the attached Stipulation in its entirety, and **HEREBY INCORPORATES** its terms and conditions as though fully set forth herein.

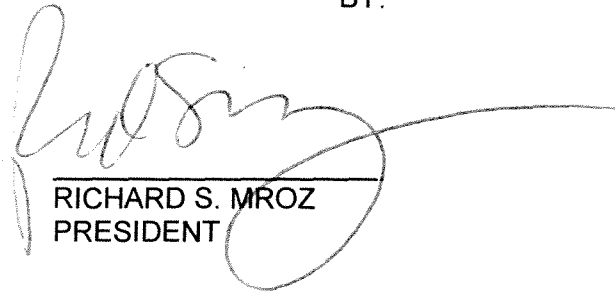
The Company is **HEREBY DIRECTED** to file the appropriate tariff sheets conforming to the terms and conditions of this Order within five days of service of this Order. The effective date of the tariff shall be December 1, 2015.

The effective date of this Order shall be November 26, 2015.

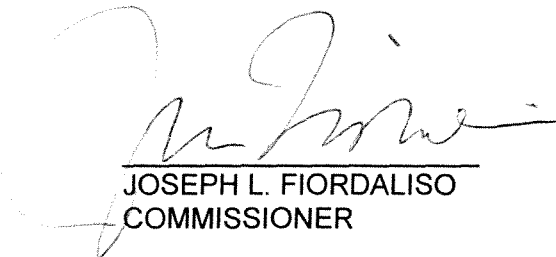
The Company's rates remain subject to audit by the Board. This Decision and Order shall not prelude the Board from taking any actions deemed to be appropriate as a result of any Board audit.

DATED: 11/16/15

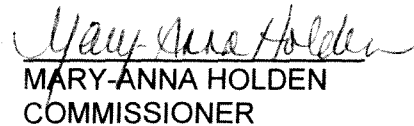
BOARD OF PUBLIC UTILITIES
BY:



RICHARD S. MROZ
PRESIDENT



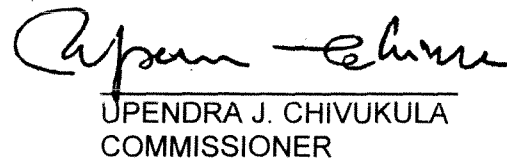
JOSEPH L. FIORDALISO
COMMISSIONER



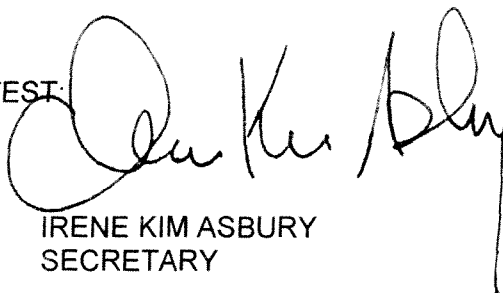
MARY-ANNA HOLDEN
COMMISSIONER



DIANNE SOLOMON
COMMISSIONER

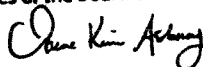


UPENDRA J. CHIVUKULA
COMMISSIONER

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 MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR
APPROVAL OF RATES AND CERTAIN TARIFF MODIFICATIONS RELATED TO NATURAL
GAS VEHICLES SET FORTH IN THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	STIPULATION OF
FOR APPROVAL OF RATES AND CERTAIN TARIFF)	SETTLEMENT
MODIFICATIONS RELATED TO NATURAL GAS)	
VEHICLES SET FORTH IN THE COMPANY'S TARIFF)	DOCKET NO.
FOR GAS SERVICE)	GR14040358

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

APPEARANCES:

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

Felicia Thomas-Friel, Deputy Rate Counsel, Kurt Lewandowski, Esq., Assistant Deputy Rate Counsel, New Jersey Division of Rate Counsel (Stefanie Brand, Esq., Director)

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

BACKGROUND

1. On April 14, 2014, New Jersey Natural Gas Company ("NJNG", "Company" or "Petitioner") a public utility of the State of New Jersey, subject to the jurisdiction of the New Jersey Board of Public Utilities ("BPU" or "Board"), filed a petition ("Petition"), pursuant to N.J.S.A. 48:2-21, 48:2-23 and N.J.A.C. 14:1-5.12 for certain modifications to the Company's Tariff for Gas Service ("Tariff") related to Natural Gas Vehicles ("NGVs"). The Company is seeking

authorization to amend the Company's Tariff to provide the Company with the ability to offer services to respond to the needs of the emerging NGV market.

2. According to the Company, the proposed NGV Tariff modifications, including the updated rates and charges, are necessary and proper for the provision of NGV re-fueling services to NJNG's residential and commercial customers. As set forth in the petition, the proposed NGV Tariff modifications provide customers with refueling opportunities at the following NGV Service Facility Classifications: (1) Company owned and operated CNG re-fueling facilities ("Company Facilities"), (2) separately metered customer owned and operated CNG re-fueling facilities ("Customer Facilities"), and (3) separately metered Company owned CNG re-fueling facilities operated by the customer at its location ("Company Facilities at Customer Location"). The proposed rates and Tariff modifications will allow those residential and commercial customers interested in taking advantage of the CNG refueling opportunities in the Company's service territory to more easily evaluate possible vehicle fueling options and determine the best approach to manage the refueling of NGVs based upon their particular circumstances. The proposed rates and Tariff modifications provide the necessary information for customers to evaluate the various refueling service options, installation costs and the requirements for owning and/or operating CNG refueling facilities.

CNG RE-FUELING STATION PILOT PROGRAM

3. On June 18, 2012, the BPU approved, on a (twelve) 12 month basis, a \$10 million CNG Pilot Program for NJNG to construct, own and maintain CNG vehicle re-fueling stations at host customer locations within the Company's service territory.¹ In addition, the approval of the CNG Pilot

¹ In the Matter of the Petition of New Jersey Natural Gas Company For Approval of a Pilot

Program included an associated cost recovery mechanism which would apply to an amount not to exceed \$10 million. The express purpose of the CNG Pilot Program was to stimulate the deployment and use of NGVs throughout the State, with particular emphasis on fleet-based organizations. The host customer was required to cover the cost of any new meters and associated remote reading equipment. The host customer was also required to use at least twenty (20) percent of the re-fueling station's CNG capacity and make the re-fueling station open to the public. The capital investment costs associated with the CNG Pilot Program were to be recovered from the Company's customers through its base rates. Residential customers would receive a base rate adjustment associated with fifty (50) percent of the revenue requirement amount they would have been responsible for under an across-the-board adjustment to the customer classes. The base rate adjustments for the remaining revenue requirement would reflect an across-the-board adjustment to the other applicable customer classes so that distribution revenues for each of the classes are impacted by the same percentage.²

4. On August 21, 2013, the Board approved the Company's request to extend the term of the CNG Pilot Program due to Super Storm Sandy which significantly delayed marketing efforts and delayed installation of CNG infrastructure. The Board approved a six (6) month extension of the CNG Pilot Program until December 31, 2013.³ NJNG ceased all marketing activities associated

Program for the Installation of Compressed Natural Gas Infrastructure and an Associated Recovery Mechanism with the Approval of Changes in the Company's Tariff For Gas Service Pursuant To N.J.S.A. 48:2-21 and 48:2-23 et seq., BPU Docket No. GR11060361 (June 18, 2012).

² Ibid. The methodology for recovery of the Program costs was later modified. See In the Matter of the Petition of New Jersey Natural Gas Company For Approval of a Pilot Program For The Installation Of Compressed Natural Gas Infrastructure and an Associated Recovery Mechanism With the Approval of Changes In The Company's Tariff For Gas Service Pursuant To N.J.S.A. 48:2-21 and 48:2-23 et seq., BPU Docket No. GR11060361 (April 24, 2014).

³ See In the Matter of the Petition of New Jersey Natural Gas Company For Approval of a Pilot Program For The Installation Of Compressed Natural Gas Infrastructure and an Associated

with the CNG Pilot Program as of December 31, 2013. Pursuant to the BPU's Order dated August 21, 2013, the CNG Pilot Program terminated; no further marketing or contracts were considered or awarded by NJNG to potential host facilities.

5. Under the CNG Pilot Program, the Company executed three (3) contracts with the following host customers:

Shore Point Distributing, Inc., Freehold, NJ,
Middletown Township, Middletown, NJ, and
Waste Management Inc., Toms River, NJ.

The Shore Point Distributing, Inc. and Waste Management, Inc. stations were operational and opened to the public in September 2015. NJNG expects the Middletown Township station to be operational and open to the public by the end of December 2015.

6. By way of comparison, the proposed NGV Gas Tariff amendments are separate and distinct from the Company's Board approved CNG Pilot Program. The CNG Pilot Program, as stated above, was for a limited duration and only authorized application of the cost recovery mechanism for up to \$10 million of capital investments. These limitations resulted in a very limited number of customers, specifically three, to participate in the CNG Pilot Program. More importantly, the CNG Pilot Program terminated on December 31, 2013. There is no current tariff provision to address the construction or operation of any additional CNG re-fueling stations, appropriate terms and conditions or applicable rates and charges. Therefore, the Company filed this Petition proposing the following amendments to its gas tariff to establish rates and terms and conditions of service for those potential customers seeking to pursue CNG re-fueling options.

Recovery Mechanism With the Approval of Changes In The Company's Tariff For Gas Service Pursuant To N.J.S.A. 48:2-21 and 48:2-23 et seq., BPU Docket No. GR11060361 (August 21, 2013).

PROPOSED NGV GAS TARIFF AMENDMENTS

7. As set forth in its Petition, the proposed amendments to the Company's Tariff were as follows:

NGV service would be available to any residential or commercial customer for the purpose of fueling natural gas vehicles at facilities operating under the following NGV Service Facility Classifications: (1) Company Facilities; (2) Customer Facilities; or (3) Company Facilities at Customer Location. Individual NGV owners refueling their vehicles at NJNG facilities or their own facilities as well as a NGV facility owner/operator (hereinafter referred to as "NGV Customer") must sign a service agreement which sets forth the vehicles to be served to be eligible for this service. For NGV Customers who own/operate the NGV station, the customer is the owner/operator of the NGV station, not the owner of the NGV vehicle that chooses to fuel its NGV at the owner/operator NGV facility. For individual NGV's who choose to fuel at NJNG's existing NGV facilities, that individual NGV Customer must sign the service agreement prior to being permitted to enter NJNG's property. Firm sales gas service is provided where an individual NGV owner refueling its vehicle(s) as well as a NGV facility owner/operator who uses Company Facilities purchases gas supply pursuant to the Company's Rider "A" for Basic Gas Supply Service ("BGSS"). Firm sales or transportation gas service is also provided where a customer under NGV Service Facility Classification Customer Facilities or Company Facilities at Customer Location, purchases gas supply pursuant to the Company's Rider "A" for BGSS or from a marketer or broker, respectively. NGV Customers installing CNG re-fueling facilities on their premises must meet all applicable licensing, permitting and other legal requirements associated

with owning and operating CNG refueling facilities. The failure of the NGV Customer to comply with this provision may result in the Company suspending or terminating gas service to such facilities without further liability.

8. The proposed charges for those customers under NGV Service Facility Classifications: (1) Company Facilities, (2) Customer Facilities, or (3) Company Facilities at Customer Location”) are as follows:

	Company Facilities	Customer Facilities	Company Facilities at Customer Location
<u>Customer Charge:</u>			
Residential Customer Charge per meter per month	N/A	\$8.25	\$8.25
Commercial Customer Charge per meter per month	N/A	\$50.00	\$50.00
<u>Delivery Charge:</u>			
Delivery Charge per therm	\$0.2767	\$0.2767	\$0.2767
	(\$0.3459 per GGE)	(\$0.3459 per GGE)	(\$0.3459 per GGE)
<u>Compression Charge:</u>			
Compression Charge per therm	\$0.4976	N/A	See “Special Provision IV” of this Service Classification
	(\$0.6220 per GGE)		
<u>Maintenance Charge:</u>			
Maintenance Charge per therm	N/A	N/A	\$0.1798
			(\$0.2248 per GGE)
<u>BGSS Charge:</u>			
Monthly BGSS Charge per therm for Sales Customers	See “Summary of Rate Components” at the end of this Tariff		

9. The proposed rates are on a per-therm basis, except for the Customer Charge which is a fixed, per meter per NGV Customer amount. The per-therm rates are also shown as prices per Gasoline

Gallon Equivalent (“GGE”). The minimum monthly charge shall be the Customer Charge. Where service is taken for less than one month, the minimum charge will be prorated. These rates are inclusive of all applicable taxes and riders with the exception of the State of New Jersey Motor Vehicle fuel tax and Federal excise tax. These rates are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company.

10. The following tariff provisions were proposed to be applicable to all NGV customers under the Customer Facilities at Customer Location Service Classification or the Company Facilities at Customer Location Service Classifications:

- (a) All natural gas delivered will be separately metered and shall not be used interchangeably with gas supplied under any other Service Classification.
- (b)(i) For Commercial NGV Customers, metering shall include an automated meter recording device (“AMR”), which shall be furnished and installed by the Company at the customer's expense. The customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the customer's expense for such installation. The Commercial NGV Customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the initial NGV agreement with the prime interest rate used to calculate carrying costs on the unpaid balance. Payments made by the Commercial NGV Customer shall not give the customer ownership of the AMR equipment. The AMR equipment is and shall remain the sole property of the Company.

- (b)(ii) For Residential NGV Customers, an AMR device will not be required for this service. However, upon prior notice to the residential customer, the Company reserves the right to install an AMR at the Company's expense. Should the Company decide to install an AMR device, the Residential NGV Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company.
- (c) The maximum monthly and hourly quantities of gas to be delivered shall be specified in the service agreement and may be changed only with approval of the Company.
- (d) The NGC Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to, permitting, licensing, and legal expenses) incurred in connection with the initiation and rendering of service under this Service Classification. The Company shall provide an estimate of such expenses prior to their incurrence and may include these expenses as part of the Facilities cost.
- (e) For Commercial NGV Customers, if the Commercial NGV Customer provides natural gas for resale as a vehicle fuel, the Commercial NGV Customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and for the metering of such sale in accordance with all applicable standards and regulations.

11. The following tariff provisions were proposed to be applicable to all NGV Customers under the Customer Facilities at Customer Location Service Classification:

- (a) The Company shall install gas main extensions and service line connections at the NGV Customer's location (collectively, the "Extension Cost") to serve the NGV Customer free of charge where the Extension Cost does not exceed ten (10) times the estimated annual distribution revenue. An applicant shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue. The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company.
- (b) The Extension Cost Deposit, as defined above, shall remain, without interest, in the possession of the Company, subject to an annual review of the customer's actual annual distribution revenue for up to ten years from when the customer began receiving service. Annually, if the customer's actual annual distribution revenue for the prior year is greater than the estimated annual distribution revenue used to determine the Extension Cost or greater than any prior year's actual distribution revenue, the Company shall provide a refund in the amount of the remaining years of the ten (10) years times the difference between that year's actual distribution revenue and the greater of the estimated annual distribution revenue used to determine the Extension Cost Deposit and the highest prior year's actual distribution revenue. No further calculation shall be performed when accumulated refunds are equal to the Extension Cost Deposit and in no event shall refunds exceed the initial deposit.

- (c) All deposits not returned to the applicant within a period of ten (10) years after the Company first makes gas service available shall remain the property of the Company with no further obligation of refund. The Company and the customer may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution.
- (d) Where it is necessary to provide additional facilities to serve increased requirements of an existing customer, the Company reserves the right to require the customer to contribute or deposit an amount equal to the cost of such additional facilities. This amount shall be subject to refund as outlined earlier in this section except that refunds shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

12. The following tariff provisions were proposed to be applicable to all NGV Customers under the Company Facilities at Customer Location (CFCL) Service Classification:

- (a) The Company shall install gas main extensions, service line connections, and compressed natural gas re-fueling facilities at the customer's location (collectively, the "CFCL Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the estimated annual distribution revenue. If the CFCL Cost exceeds ten (10) times the annual distribution revenue, the customer shall be required to pay a monthly compression charge.
- (b) The Company shall own and maintain the compressed natural gas re-fueling facilities at the Customer's Location. The customer is required to monitor and operate these facilities at its own expense. The dispensing of CNG into NGVs shall be the sole responsibility of the Customer.

- (c) Section 7.5 of the Standard Terms and Conditions of the Company's tariff sets forth standards that establish the Company's liability for damages. Section 7.5 applies to any claim arising from services provided or facilities constructed, maintained or operated by the Company under this Service Classification. Moreover, the specific provisions of Section 7.5 that apply to Customers will apply both to Customers signing an NGV Service Agreement and members of the public who obtain CNG under this Service Classification.
- (d) Compression Charge: If the CFCL Cost exceeds ten (10) times the estimated annual distribution revenue, the customer shall pay a monthly compression charge. The monthly compression charge per \$1 million of the CFCL Cost that exceeds ten (10) times the annual distribution revenue is as follows:

Term of Agreement	Monthly Compression Charge per \$1 million
60 months	\$24,777
120 months	\$14,453
180 months	\$11,137
240 months	\$9,569

Additional term lengths are available upon agreement between the Company and the customer. The customer's monthly Compression Charge shall be the actual cost of the facilities rounded to the nearest thousand, divided by \$1 million, times the above Monthly Compression Charge per \$1 million.

- (e) Annually for the term of the Service Agreement, the Company shall review the customer's actual annual distribution revenue. If the customer's actual annual distribution revenue for the prior year is greater than the estimated annual

distribution revenue used to determine the CFCL Cost or greater than any prior year's actual distribution revenue, the Company shall reduce the Monthly Compression Charge for the remaining term of the agreement. No further calculation shall be performed after ten (10) times the actual annual distribution revenue equals or exceeds the CFCL Cost and in no event shall the reduction exceed the total compression charges paid.

(f) Where applicable, on a not unduly discriminatory basis, the Company may require revenue guarantees from any NGV Customer sufficient to enable the Company to fully recover the amount of the CFCL Cost that exceeds ten (10) times the annual distribution revenue over a negotiated period as set forth in the Service Agreement.

(g) Where it is necessary to provide additional facilities to serve increased requirements of an existing customer, the Company reserves the right to require the customer to pay a monthly compression charge or a deposit based on the cost of such additional facilities. This amount shall be subject to annual review as outlined earlier in this stipulation except that the review shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

PROCEDURAL HISTORY

13. After appropriate public notice, public hearings on the petition were held on September 3, 2014 in Freehold Township and on September 9, 2014 in Rockaway Borough. No members of the public appeared at either public hearing and no written comments regarding the petition were received by the BPU, NJNG or Rate Counsel.

14. NJNG has received and responded to all discovery requests that have been propounded in this proceeding by BPU Staff and Rate Counsel.

15. Following settlement discussions among representatives of NJNG, BPU Staff, and Rate Counsel, (the "Parties") reached the following agreement.

16. Specifically, in consideration of the terms, covenants, conditions and agreements contained herein, the Parties hereby **STIPULATE AND AGREE** as follows:

STIPULATED ISSUES

17. The Effective Date of this Stipulation will be the "effective date" of a Board Order approving this Stipulation without material modification, or a date otherwise specified by the Board, in accordance with N.J.S.A. 48:2-40.

18. The Parties agree that the proposed amendments described above, as modified herein below, and set forth in the revised tariff sheets set forth in Attachment A are necessary to enable NJNG to implement the proposed NGV Service Classification as modified herein. These revised tariff sheets shall become effective on the first day of the month following the Effective Date of the Board Order. The revised tariff sheets have been modified from those sought in the Petition to eliminate the Company Facilities at Customer Location Service Classification. As a result, NJNG will not operate and/or own any NGV facilities at NGV Customer locations. Additionally, the revised tariff sheets include modifications to clarify automated meter reading requirements and extension cost deposits. Specifically, the modifications are as follows:

- Automated meter reading requirements:

For Commercial NGV customers, metering shall include an automated meter recording device ("AMR"), which shall be furnished and installed by the Company at the Customer's expense. The Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation. The Customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the NGV service agreement with the prime interest rate used to calculate carrying costs on the unpaid balance. Payments made by the Customer shall not give the Customer ownership of the AMR equipment. The AMR equipment is and shall remain the sole property of the Company.

For Residential customers, an AMR device will not be required for this service. However, upon prior notice to the Customer, the Company reserves the right to install an AMR at its own expense. Should the Company decide to install the AMR, the Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company.

- Extension cost deposits:

The Company shall install gas main extensions and service line connections at the Customer's location (collectively, the "Extension Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the estimated annual distribution revenue. An applicant shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue. The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company. The Extension Cost Deposit, as defined above, shall remain, without interest, in the possession of the Company, subject to an annual review of the Customer's actual annual distribution revenue for up to ten years from when the Customer began receiving service. Annually, if the Customer's actual annual distribution revenue for the prior year is greater than the estimated annual distribution revenue used to determine the Extension Cost or greater than any prior year's actual distribution revenue, the Company shall provide a refund in the amount of the remaining years of the ten (10) years times the difference between that year's actual distribution revenue and the greater of the estimated annual distribution revenue used to determine the Extension Cost Deposit and the highest prior year's actual distribution revenue. No further calculation shall be performed when accumulated refunds are equal to the Extension Cost Deposit and in no event shall refunds exceed the initial deposit. All deposits not returned to the applicant within a period of ten (10) years after the Company first makes gas service available shall remain the property of the Company with no further obligation of refund. The Company and applicant may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution. Where it is necessary to provide additional facilities to serve increased requirements of an existing Customer, the Company reserves the right to

require the Customer to contribute or deposit an amount equal to the cost of such additional facilities. This amount shall be subject to refund as outlined earlier in this section except that refunds shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

19. Attachment B is a list of NJNG's responses to the discovery requests submitted by Rate Counsel and Staff in this proceeding and which together with such responses, are stipulated to as part of the record for this matter.

20. NJNG will maintain adequate records, to determine the number of customers taking service under the NGV Service Classification, the type of service provided to each customer, the annual revenue by customer, and the volumes of natural gas used by service type. Such volumes shall be broken out by use between NJNG and customers, as a percentage of the total volumes distributed at the Company facilities at Company location. Statements of the total costs of the Company facilities at Company location shall be broken out by investment costs, where applicable, maintenance and other annual expenses. The Company shall also maintain information concerning the number of each individual NGV owner refueling its vehicle(s) at NJNG facilities or their own facilities as well as a NGV facility owner/operator taking BGSS with the respective terms used under BGSS and the number purchasing natural gas supplies from third-party suppliers and the level of annual revenues generated by each type of NGV Fueling Station. The Company shall also maintain information concerning the number of its NGVs that use the Company's NGV facilities and the terms used by Company vehicles at the Company's NGV Fueling Facilities. This information shall be provided to Board Staff and Rate Counsel on an annual basis commencing one year from the effective date of the Board Order approving this Stipulation.

RATE TREATMENT

21. The rates and charges for NGV Service for the two types of NGV Service Facility Classifications, i.e., (1) Company Facilities and (2) Customer Owned Facilities are intended to enable the Company to provide NGV Service that is not cross-subsidized by other Service Classifications. NGV Service will be treated as a separate Tariff rate class in future embedded cost of service studies submitted by the Company in base rate proceedings. The rates and charges for NGV Service include, where applicable, a Customer Charge, a Distribution Charge, a Delivery Charge, Compression Charge, BGSS Charge and all applicable taxes and assessments including the Societal Benefits Charge, the Energy Efficiency Program Charge and other applicable Board approved charges. The rates and charges for NGV Service are set forth in Attachment C incorporated herein by reference.

22. The Parties agree that the Company will separately account for the costs and revenues associated with each of the two types of NGV Service Facility Classifications so that the allocation of those costs can be reviewed in its next base rate proceeding. Nothing in this Stipulation will preclude any Party from taking any position concerning the proper allocation of costs and/or revenues associated with the NGV Service Classification in the Company's next base rate proceeding.

FURTHER PROVISIONS

23. The Parties further agree that this Stipulation fully disposes of all issues in controversy in this proceeding. This Stipulation represents a mutual balance of interests, contains interdependent

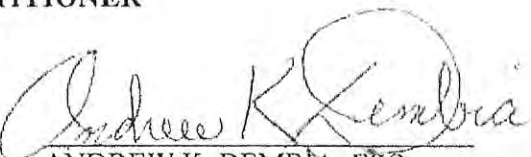
provisions and, therefore, is intended to be accepted and approved in its entirety. In the event any provision of this Stipulation is not accepted and approved in its entirety by the Board, any Party aggrieved thereby will not be bound to proceed with this Stipulation and will have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event the Board, in any applicable order(s), does not adopt this Stipulation in its entirety, 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.

24. It is the intent of the Parties that the provisions hereof be approved by the Board as being in the public interest. The Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.


25. 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, or Rate Counsel will not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein.

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


**NEW JERSEY NATURAL GAS
PETITIONER**

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

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

By: 
KURT LEWANDOWSKI, 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
11/02/2015

Date: October 27, 2015

NEW JERSEY NATURAL GAS COMPANY

Second Revised Sheet No. 2
First Revised Sheet No. 2

BPU No. 8 - Gas

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Service Classifications

	<u><i>Rate</i></u> <u><i>Schedule</i></u>	<u><i>Sheets</i></u> <u><i>No.</i></u>
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Date of Issue:

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

Effective for service rendered on
and after

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- 1.1 Introduction
- 1.2 Application of Tariff
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- 8.9 Late Payment Charge
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- 8.11 Returned Check Charge
- 8.12 Field Collection Charge

Date of Issue:**Issued by: Mark R. Sperduto, Senior Vice President
Wall, NJ 07719****Effective for service rendered on
and after**

STANDARD TERMS AND CONDITIONS

6. METERING AND MEASURING EQUIPMENT (continued)

6.11 SUB-METERING AND SALES FOR RESALE OF GAS SERVICE

Sub-metering, the practice in which the customer of record buys gas from the company and resells it through some metering device to tenants at a profit, is not permitted in any form. Gas service supplied by the Company shall not be resold by the Customer to others except where the Customer is another publicly regulated gas utility company, where the natural gas is used for conversion to compressed natural gas, or when check-metering as defined below is being used by the Customer.

6.12 CHECK-METERING

Check-metering is defined as the practice in which a Customer, through the use of a gas check meter, monitors or evaluates his own consumption or the consumption of a tenant for accountability or conservation purposes.

Gas check meters are devices that measure the volume of gas being delivered to particular locations in a system after measurement by a utility-owned meter. Gas check meters provide the Customer the means to apportion among the end users the cost of gas service being supplied through the Company meter.

Check-metering is permitted in new or existing buildings or premises where the basic characteristic of use is industrial or commercial. Check metering is not permitted in new or existing buildings or premises where the basic characteristic of use is residential, except for condominiums or cooperative housing, or where such buildings or premises are publicly financed or government owned or are charitable in nature.

If the Customer charges the tenant for usage incurred by the tenant, reasonable administrative expenses may be included, but such charges shall not exceed the amount the Company would charge if the tenant was served and billed directly by the Company.

Prior to the installation of any gas check metering devices, the Customer is required to contact the Company in order to ascertain whether the affected premises are located within a utilization pressure area of the Company's distribution system and whether or not the installation of a check metering device will cause any significant pressure drop within the affected premises.

All gas-consuming devices in any tenant unit must be metered through a single gas check-meter.

The ownership of all check-metering devices is that of the Customer, along with all incidents in connection with said ownership, including accuracy of the meter reading and billing, liability arising from the presence of the equipment and the maintenance and repair of the equipment. Any additional costs which may result from and are attributable to the installation of check-metering devices shall be borne by the Customer.

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

Effective for service rendered on and after

NEW JERSEY NATURAL GAS COMPANY

*First Revised Sheet No. 74
Superseding Original Sheet No. 74*

BPU No. 8 - Gas

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE

AVAILABILITY

This service is available to any residential or commercial customer for the purpose of fueling natural gas vehicles at Company owned and operated compressed natural gas (“CNG”) re-fueling facilities (“Company facilities”) and at separately metered Customer owned and operated CNG re-fueling facilities (“Customer owned facilities”).

CONDITIONS PRECEDENT

The Customer must sign a service agreement which sets forth the vehicles to be served to be eligible for this service.

DEFINITION OF TERM USED HEREIN

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

CHARACTER OF SERVICE

Firm sales gas service where Customer who uses Company facilities purchases gas supply pursuant to the Company’s Rider “A” for Basic Gas Supply Service (“BGSS”). Firm sales or transportation gas service where Customer who uses Customer owned facilities purchases gas supply pursuant to the Company’s Rider “A” for BGSS or from a Marketer or Broker, respectively.

LICENSING, PERMITS AND LEGAL REQUIREMENTS

Customers installing CNG re-fueling facilities on their premises must meet all applicable licensing, permitting and other legal requirements associated with owning and operating CNG refueling facilities. The failure of the customer to comply with this provision may result in the Company suspending or terminating gas service to such facilities without further liability.

MONTHLY RATES

	Gas Available at Company Facilities	Customer Owned Facilities
<u>Customer Charge:</u>		
Residential Customer Charge per meter per month	N/A	\$8.25
Commercial Customer Charge per meter per month	N/A	\$50.00
<u>Delivery Charge:</u>		
Delivery Charge per therm	\$0.2436 (\$0.3045 per GGE)	\$0.2436 (\$0.3045 per GGE)

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

*Effective for service rendered on
and after*

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

**First Revised Sheet No. 75
Superseding Original Sheet No. 75**

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE (continued)

	Gas Available at Company Facilities	Customer Owned Facilities
<u>Compression Charge:</u>		
Compression Charge per therm	\$0.4976 (\$0.6220 per GGE)	N/A

BGSS Charge:

Monthly BGSS Charge per therm for Sales Customers	See "Summary of Rate Components" at the end of this Tariff
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These rates are inclusive of all applicable taxes and riders with the exception of the State of New Jersey Motor Vehicle fuel tax and Federal excise tax. These rates are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See "Summary of Rate Components" 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.

SPECIAL PROVISIONS

I. Applicable to All Customers in this Service Classification

1. Taxes, Assessments and Surcharges

The Customer shall pay all riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

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

*Effective for service rendered on
and after*

SERVICE CLASSIFICATION - NGV**NATURAL GAS VEHICLE SERVICE (continued)**II. *Applicable to All Customers Who Use Customer Owned Facilities*1. **Facilities**

The Company shall install gas main extensions and service line connections at the Customer's location (collectively, the "Extension Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the estimated annual distribution revenue. An applicant shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue. The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company.

The Extension Cost Deposit, as defined above, shall remain, without interest, in the possession of the Company, subject to an annual review of the Customer's actual annual distribution revenue for up to ten years from when the Customer began receiving service. Annually, if the Customer's actual annual distribution revenue for the prior year is greater than the estimated annual distribution revenue used to determine the Extension Cost or greater than any prior year's actual distribution revenue, the Company shall provide a refund in the amount of the remaining years of the ten (10) years times the difference between that year's actual distribution revenue and the greater of the estimated annual distribution revenue used to determine the Extension Cost Deposit and the highest prior year's actual distribution revenue. No further calculation shall be performed when accumulated refunds are equal to the Extension Cost Deposit and in no event shall refunds exceed the initial deposit.

All deposits not returned to the applicant within a period of ten (10) years after the Company first makes gas service available shall remain the property of the Company with no further obligation of refund. The Company and applicant may agree upon a satisfactory revenue guarantee in lieu of a deposit or contribution.

Where it is necessary to provide additional facilities to serve increased requirements of an existing Customer, the Company reserves the right to require the Customer to contribute or deposit an amount equal to the cost of such additional facilities. This amount shall be subject to refund as outlined earlier in this section except that refunds shall be a function of the incremental distribution revenue generated by the increased requirements over a predetermined base.

2. **Separately Metered**

Gas delivered hereunder will be separately metered and shall not be used interchangeably with gas supplied under any other service classification.

Date of Issue:

Issued by: **Mark R. Sperduto, Senior Vice President**
Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Original Sheet No. 76a

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE (continued)

3. Automated Meter Reading Device

For Commercial customers, metering shall include an automated meter recording device (AMR), which shall be furnished and installed by the Company at the Customer's expense. The Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company. The Company shall provide technical assistance in order to minimize the Customer's expense for such installation.

The Customer may reimburse the Company for the AMR expense, either in a lump sum payment when service is initiated or over the life of the initial NGV agreement with the prime interest rate used to calculate carrying costs on the unpaid balance. Payments made by the Customer shall not give the Customer ownership of the AMR equipment. The AMR equipment is and shall remain the sole property of the Company.

For Residential customers, an AMR device will not be required for this service. However, upon prior notice to the Customer, the Company reserves the right to install an AMR at its own expense. Should the Company decide to install the AMR, the Customer shall furnish an electrical supply and phone line or data plan, as needed, for the operation of the device, in an area acceptable to the Company.

4. Maximum Quantities

The maximum monthly and hourly quantities of gas to be delivered shall be specified in the service agreement and may be changed only with approval of the Company.

5. Incremental Expenses

The Customer shall reimburse the Company for any out-of-pocket expenses (including, but not limited to, permitting, licensing, and legal expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence and may include these expenses as part of the Facilities cost referenced in Section I of this Service Classification.

6. Resale of Vehicle Fuel

If the Customer provides natural gas for resale as a vehicle fuel, the Customer will be responsible for collecting and paying all applicable taxes on the gas compressed for resale and for the metering of such sale in accordance with all applicable standards and regulations.

III. Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker

1. Customer Responsibility

The Customer must provide to the Company's satisfaction a firm gas supply having marketable title of gas with firm transportation capacity to the Company's distribution system. In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalance.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Original Sheet No. 76b

SERVICE CLASSIFICATION - NGV

NATURAL GAS VEHICLE SERVICE (continued)

2. **Billing**

Customers purchasing gas supply from a Marketer of Broker can only be billed through Billing Option 1 as defined in Service Classification-MBR.

3. **Daily Balancing**

The Company reserves the right to require at any time that a Customer shall limit its takes to no more than the quantity of gas delivered to the city gate by Customer's transporters, less the adjustment for fuel use and unaccounted for gas.

If a Customer takes more gas than allowed pursuant to the preceding paragraph, after notification that this daily balancing limitation is in effect, the Customer shall be charged for the excess at a rate equal to the highest price of daily ranges for delivery in Texas Eastern zone M-3 which are published in Gas Daily on the table, "Daily Price Survey". This rate shall not be lower than any penalty charge incurred by the Company on the same day for unauthorized daily overruns on the interstate pipelines which deliver gas into New Jersey.

There will be no daily or monthly penalties charged to the Shipper for delivering gas in excess of the daily balancing limitation specified volume.

4. **Additional Requirements**

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written service agreement shall be required for Natural Gas Vehicle Customers. .

TERMS AND CONDITIONS

Service is subject to the Standard Terms and Conditions of this Tariff and the service agreement.

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SERVICE CLASSIFICATION - IS

INTERRUPTIBLE SERVICE (continued)

3. **BGSS**

Customers will be supplied under the Monthly BGSS service which will be applied to all therms billed each month. See "Rate Summaries" for the current price.

III. *Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker*

1. **Return to Sales Classification**

Upon a Customer's election to take service under the IS Service Classification, it shall be required to provide the Company with no less than 30 days notice of the Customer's intention to return to sales service under Service Classification IS. The Company may accept less than thirty (30) days notice if gas is available to serve the Customer.

2. **Incremental Expenses**

The Customer will reimburse the Company for any out-of-pocket expenses (including, but not limited to legal and travel expenses) incurred in connection with the initiation and rendering of service under this service classification. The Company shall provide an estimate of such expenses prior to their incurrence.

3. **Service Charge Waiver**

The Customer charge for IS sales service will be waived in months when a Customer uses IS transportation service to meet all its gas needs.

4. **Customer Responsibility**

In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalances.

5. **Additional Requirements**

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

***First Revised Sheet No. 82
Superseding Original Sheet No. 82***

SERVICE CLASSIFICATION - IGS

INCREMENTAL GAS SERVICE

AVAILABILITY

This service is available when requested by a Customer, and when the Company has the capability to deliver incrementally purchased gas supplies. The service will be available for a limited term to Customers served under Service Classifications IS.

CONDITIONS PRECEDENT

The Customer shall execute a service agreement with the Company. The service agreement will contain the time period of the agreement, charges for the gas service, and the estimated volume of sales. These provisions may be amended as necessary; such amendments may be made by telephone and agreed to in writing (fax, e-mail, etc. are acceptable).

CHARACTER OF SERVICE

Gas service will be provided only to the extent that gas supplies may be incrementally purchased and are offered for sale by the Company.

The Company reserves the right to curtail or interrupt this service immediately if, in the Company's sole discretion, continuance of this service would adversely affect service to other Customers.

OFFERING OF SERVICE

This service will be offered to customer classes as follows:

Non-Firm

December through March - rates must be above otherwise applicable tariff rates.

April through November - rates may be below otherwise applicable tariff rates.

When rates are offered below otherwise applicable tariff rates, this service is offered only for volumes of gas that are incremental and which would not be used except for the existence of this offer.

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NEW JERSEY NATURAL GAS COMPANY

*Second Revised Sheet No. 85
Superseding First Revised Sheet No. 85*

BPU No. 8 - Gas

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS

AVAILABILITY

This service classification is for marketers and brokers who have been engaged by transportation customers using RS, GSS, GSL, FT, DGC, CNG, NGV or IS Services to be responsible for delivering natural gas to the Company's Citygates on behalf of those Customers. All marketers or brokers who wish to act on behalf of Customers will be required to be certified by the Company as meeting minimum standards. Pursuant to this certification, the marketers or brokers will be required to sign a service agreement and post a deposit or letter of credit in order to have the Company accept its natural gas at the citygate.

CONDITIONS PRECEDENT

The Marketer or Broker shall execute a service agreement with the Company.

The Marketer or Broker shall provide a written notification to the Company of the identity of Customer(s) on whose behalf they are acting.

For customers using Billing Option 1, 2, or 3, the Marketer or Broker shall post a cash deposit or letter of credit equal to at least three (3) times the estimated usage for one (1) day in January times the most current January's price for Texas Eastern zone M-3 for any and all customers on whose behalf the Marketer or Broker is acting. For customers using Billing Option 3, the Marketer or Broker shall also post a cash deposit or letter of credit equal to at least two (2) times the January delivery charges for each service classification for any and all Customers on whose behalf the Marketer or Broker is acting. The Marketer or Broker shall agree the Company has the right to access and apply the cash deposit or letter of credit to any payment obligations which are deemed to be late. In lieu of a cash deposit or letter of credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a guaranty from such financially responsible parent or parent companies of the Marketer or Broker for the payment of any liabilities or obligations to be incurred by the Marketer or Broker. In lieu of a cash deposit or letter of credit from a Marketer or Broker, the Company may, in its sole discretion, agree to accept a surety bond for the payment of any liabilities or obligations to be incurred by the Marketer or Broker.

RATES

Basic Service	\$65.00 per month	includes administration of nominations, balancing, inquiry, security review and FT & IS volumes provided twice per month
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Wall, NJ 07719

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

***Second Revised Sheet No. 87
Superseding First Revised Sheet No. 87***

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

Option 3

The Marketer will send the total bill to each customer and remit to the Company the transportation charges associated with the customer. Marketer shall receive a total annual credit of \$3.60 per customer for each FT, GSL, RS and GSS customer billed according to this option. Such credit shall be applied monthly on a pro-rated basis.

DELIVERIES TO COMPANY'S CITYGATE

1. FT DGC-FT, CNG and NGV Service

The Marketer or Broker shall use its best efforts to achieve a balance between its deliveries and its aggregate customer requirements on a monthly basis. The Company reserves the right to require a Marketer or Broker to balance deliveries and takes of transported gas.

2. IS Service

The Marketer or Broker shall use its best efforts to achieve a balance between its deliveries and its aggregate customer requirements on a monthly basis. The Company reserves the right to require a Marketer or Broker to balance deliveries and takes of transported gas.

The Company reserves the right to curtail IS Service at any time upon notice to the Customer(s) receiving the service.

3. RS, GSS, GSL and DGC-Balancing Service

The Marketer or Broker agrees to deliver to the Company's citygate a volume of gas for each day of the month equal to the average daily usage for that month for each Customer on whose behalf it is operating as specified by the Company. The Company will provide the Customer and the Marketer or Broker with the minimum daily delivery requirement by month in advance during the year.

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

**Second Revised Sheet No. 89
Superseding First Revised Sheet No. 89**

SERVICE CLASSIFICATIONS - MBR

MARKETERS AND BROKERS REQUIREMENTS (continued)

SPECIAL PROVISIONS (continued)

SPECIAL PROVISIONS

1. Monthly Imbalances

a. FT, DGC-FT, CNG, NGV and IS Transportation Services

The Customer shall use its best efforts to achieve a balance between its deliveries and its requirements on a monthly basis. Imbalances in the volumes of gas delivered for the aggregate Customers' accounts (net of Special Provision 3, Fuel Use and Unaccounted for Gas) and the volumes of gas used in the aggregate by the Customers, will be cashed-out each month so that no imbalances will be carried into the next month. The cashout will be charged to the Marketer or Broker each month. The Company will use the weekly spot index price for New York City citygate, as published by Natural Gas Week's "Major Market Prices".

If the imbalance is negative (in aggregate the Customers used more gas than was delivered in aggregate by the Marketer or Broker), the Marketer or Broker will purchase gas from the Company at the rates below:

<u>Imbalance Level</u>	<u>Calculation</u>
0% - ≤ 5%	quantity * Highest Weekly Index Price
>5% - ≤ 10%	quantity >5% * Highest Weekly * 1.1 + level above
>10% - ≤ 15%	quantity >10% * Highest Weekly * 1.2 + levels above
>15% - ≤ 20%	quantity >15% * Highest Weekly * 1.3 + levels above
>20% - ≤ 25%	quantity >20% * Highest Weekly * 1.4 + levels above
>25%	quantity >25% * Highest Weekly * 1.5 + levels above

If the imbalance is positive (the Customer delivered more gas than was used by the Customer), the Company will purchase gas from the Customer at the rates below:

<u>Imbalance Level</u>	<u>Calculation</u>
0% - ≤ 5%	quantity * Lowest Weekly Index Price
>5% - ≤ 10%	quantity >5% * Lowest Weekly * .90 + level above
>10% - ≤ 15%	quantity >10% * Lowest Weekly * .80 + levels above
>15% - ≤ 20%	quantity >15% * Lowest Weekly * .70 + levels above
>20% - ≤ 25%	quantity >20% * Lowest Weekly * .60 + levels above
>25%	quantity >25% * Lowest Weekly * .50 + levels above

All revenues and purchases derived from imbalances will be credited to the BGSS.

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NEW JERSEY NATURAL GAS COMPANY

**First Revised Sheet No. 100
Superseding Original Sheet No. 100**

BPU No. 8 - Gas

SERVICE CLASSIFICATIONS - CNG

COMPRESSED NATURAL GAS (Continued)

II. Applicable to All Customers Purchasing Gas Supply from a Marketer or Broker

1. Customer Responsibility

The Customer must provide to the Company's satisfaction a firm gas supply having marketable title of gas with firm transportation capacity to the Company's distribution system. In the event the Customer designates a Marketer or Broker in accordance with Service Classification MBR, the Customer will remain responsible for a pro rata share of any Charges which such Marketer or Broker fails to pay to the Company including payments for Unauthorized Use or for Monthly Imbalance.

2. Billing

Customers purchasing gas supply from a Marketer or Broker can only be billed through Billing Option 1 as defined in Service Classification-MBR.

3. Daily Balancing

The Company reserves the right to require at any time that a Customer shall limit its takes to no more than the quantity of gas delivered to the city gate by Customer's transporters, less the adjustment for fuel use and unaccounted for gas.

If a Customer takes more gas than allowed pursuant to the preceding paragraph, after notification that this daily balancing limitation is in effect, the Customer shall be charged for the excess at a rate equal to the highest price of daily ranges for delivery in Texas Eastern zone M-3 which are published in Gas Daily on the table, "Daily Price Survey". This rate shall not be lower than any penalty charge incurred by the Company on the same day for unauthorized daily overruns on the interstate pipelines which deliver gas into New Jersey.

There will be no daily or monthly penalties charged to the Shipper for delivering gas in excess of the daily balancing limitation specified volume.

4. Additional Requirements

Service is subject to the terms and conditions of the Marketer and Broker Requirements section of this Tariff (Service Classification – MBR) and Section 10 of the Company's Standard Terms and Conditions.

PAYMENT

Bills are due within 10 days after the Company sends the bill and is subject to a late payment charge as set forth in Paragraph 8.9 of the Standard Terms and Conditions of this Tariff.

CONTRACT

A written agreement shall be required for Compressed Natural Gas Host Customers and non-Host Customers Fleets.

TERMS AND CONDITIONS

Service is subject to the Company's Standard Terms and Conditions of this Tariff.

Date of Issue:

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Wall, NJ 07719**

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and after**

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Original Sheet No. 263

SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTSNatural Gas Vehicles (NGV)Gas Available at Company Facilities

		\$ per therm	\$ per GGE	<u>Reference</u>
<u>Delivery Charge ("DEL")</u>				
<i>Transport Rate:</i>				
Pre-tax Base Rate		0.1448		
SUT		<u>0.0101</u>		Rider B
After-tax Base Rate		0.1549		
EE		<u>0.0327</u>		Rider F
<i>Total Transport Rate</i>	a	0.1876		
<i>Societal Benefits Charge ("SBC"):</i>				
NJ's Clean Energy		0.0257		Rider E
RA		0.0134		Rider C
USF		<u>0.0169</u>		Rider H
<i>Total SBC</i>	b	<u>0.0560</u>		
Delivery Charge (DEL)	a+b=c	0.2436	0.3045	
Compression Charge	d	0.4976	0.6220	
Monthly Basic Gas Supply Charge ("BGS")	e	<u>0.4564</u>	<u>0.5705</u>	Rider A
Total Variable Charge	d+e=f	<u>1.1976</u>	1.4970	
New Jersey Motor Vehicle Fuel Tax	g		0.0000	
Federal Excise Fuel Tax	h		<u>0.1830</u>	
Total Price	g+h=i		<u>1.6800</u>	

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 Docket No. GRI4040358

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Original Sheet No. 264

SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTS

Natural Gas Vehicles (NGV)

	<u>Customer Owned Facilities</u>		<u>Reference</u>
<i>Customer Charge</i>			
Customer Charge per meter per month		\$50.00	
<u>Delivery Charge ("DEL")</u>		\$ per therm	\$ per GGE
<i>Transport Rate:</i>			
Pre-tax Base Rate		0.1448	
SUT		<u>0.0101</u>	Rider B
After-tax Base Rate		0.1549	
EE		<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1876</i>	
<i>Societal Benefits Charge ("SBC"):</i>			
NJ's Clean Energy		0.0257	Rider E
RA		0.0134	Rider C
USF		<u>0.0169</u>	Rider H
<i>Total SBC</i>	b	<i><u>0.0560</u></i>	
Delivery Charge (DEL)	a+b=c	0.2436	0.3045
Monthly Basic Gas Supply Charge ("BGS")	d	<u>0.4564</u>	<u>0.5705</u> Rider A
Total Variable Charge	c+d=e	<u>0.7000</u>	<u>0.8750</u>

Customer, DEL, and BGS charges are presented on customer bills for Firm Sales Gas Service.
Customer and DEL charges are presented on customer bills for Firm Transport Gas Service.

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Wall, NJ 07719

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IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-1

Request: Please provide a list of all currently owned Company compressed natural gas ("CNG") facilities. Please include the location for all facilities.

Response: NJNG currently owns two compressed natural gas re-fueling stations at the following locations:

- Operations Center – Lakewood, New Jersey
- W.L. Maude Service Center - Wall, New Jersey

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-2

Request: For all proposed customers charges, please provide all backup for the proposed charges. Please provide in excel format with all formulae intact.

Response: The customer charge is proposed to be \$50.00 per meter per month, the same customer charge applicable to customers served under NJNG's Compressed Natural Gas (CNG) service classification approved in the Board's June 18, 2012 order in Docket No. GR11060361 and the Firm Transportation Service classification.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-3

Request: For all proposed delivery charges, please provide all backup for the proposed charges. Please provide in excel format with all formulae intact.

Response: The pre-tax base rate component of \$0.1448 per therm included in the delivery charge is proposed to be the same base rate applicable to customers served under NJNG's Compressed Natural Gas (CNG) service classification approved in the Board's June 18, 2012 order in Docket No. GR11060361. The pre-tax base rate is based on NJNG's FT rates and assumes 100% load factor to convert demand charge to a volumetric charge, shown below.

After-tax FT Demand Charge per MDQ	a	1.3670
Pre-tax FT Demand Charge per MDQ	b=a/1.07	1.2776
Pre-tax FT Demand Charge 100% load factor	c=b*12/365	0.0420
FT HLF Pre-tax Base Rate per therm	d	<u>0.1028</u>
Total CNG/NGV Pre-tax Base Rate per therm	e=c+d	0.1448

The remaining charges included in the delivery charge are taxes and approved riders (EE, SBC).

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-4

Request: For all proposed compression charges, please provide all backup for the proposed charges. Please provide in excel format with all formulae intact.

Response: Please see the attached files:

- 'NGV compression charge company station.xls' provides support for the proposed compression charge of \$0.4976 per therm for gas available at company facilities.
- 'NGV compression charge company facilities at customer location.xls' provides support for the proposed compression charges per \$1 million of the Extension Cost for gas available at company facilities at customer location.

Please note that in order to conserve resources, these excel files are being provided via email only. To request a copy on CD please contact France Karras at fkarras@njng.com.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-5

Request: For all proposed maintenance charges, please provide all backup for the proposed charges. Please provide in excel format with all formulae intact.

Response: As shown in the attachment to S-NJNG-NGV-4, the proposed maintenance charge included in the compression charge at a company station is \$0.21 per GGE. This is based on a bid received from ANGI Energy Systems for maintenance of the CNG facilities being built by NJNG pursuant to the Board's June 18, 2012 order in Docket No. GR11060361. In the CNG business since 1983, ANGI Energy Systems is a leading supplier of CNG refueling equipment for natural gas vehicles, designing, manufacturing and maintaining systems for CNG vehicle fueling.

The maintenance charge for the 'Customer who uses Company Facilities at Customer Location' is also proposed to be \$0.21 per GGE. Including sales tax, the maintenance charge per GGE is \$0.2247 and the maintenance charge per therm is proposed to be \$0.1798 per therm. Exhibit I, pages 4, 18, 21 and 33 to the Petition of this proceeding inadvertently included the maintenance charge per GGE as the therm price. Corrected tariff sheets are attached for your convenience.

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

First Revised Sheet No. 75
Superseding Original Sheet No. 75SERVICE CLASSIFICATION - NGVNATURAL GAS VEHICLE SERVICE (continued)Maintenance Charge:

Maintenance Charge per therm	N/A	N/A	\$0.1798
			(\$0.2247 per GGE)

BGSS Charge:

Monthly BGSS Charge per therm for Sales Customers	See "Summary of Rate Components" at the end of this Tariff
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These rates are inclusive of all applicable taxes and riders with the exception of the State of New Jersey Motor Vehicle fuel tax and Federal excise tax. These rates are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See "Summary of Rate Components" 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.

SPECIAL PROVISIONSI. Applicable to All Customers in this Service Classification1. Taxes, Assessments and Surcharges

The Customer shall pay all riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

II. Applicable to All Customers Who Use Customer Facilities or Company Facilities at Customer Location1. Facilities

The Company shall install gas main extensions, service line connections, and, for Customers who use Company Facilities at Customer Location, compressed natural gas refueling facilities at the Customer's location (collectively, the "Extension Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the annual distribution revenue.

An applicant who intends to use their own facilities shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue.

The determination of the Extension Cost Deposit for an applicant who intends to use Company Facilities at the applicant's location is detailed in Section III of this Service Classification.

The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company.

1. Separately Metered

Date of Issue: ~~October 6, 2008~~
 Issued by: Mark R. Sperduto, Senior Vice President
 Wall, NJ 07719

Effective for service rendered on
 and after ~~October 3, 2008~~

NEW JERSEY NATURAL GAS COMPANY

- BPU No. 8 - Gas

Original Sheet No. 265

SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTS

Natural Gas Vehicles (NGV)

Customer Who Uses Company Facilities at Customer Location

<u>Customer Charge</u>			<u>Reference</u>
<u>Customer Charge per meter per month</u>		<u>\$50.00</u>	
<u>Delivery Charge ("DEL")</u>		<u>\$ per therm</u>	<u>\$ per GGE</u>
<u>Transport Rate:</u>			
<u>Pre-tax Base Rate</u>		<u>0.1448</u>	
<u>SUT</u>		<u>0.0101</u>	<u>Rider B</u>
<u>After-tax Base Rate</u>		<u>0.1549</u>	
<u>EE</u>		<u>0.0327</u>	<u>Rider F</u>
<u>Total Transport Rate</u>	<u>a</u>	<u>0.1876</u>	
<u>Societal Benefits Charge ("SBC"):</u>			
<u>NJ's Clean Energy</u>		<u>0.0422</u>	<u>Rider E</u>
<u>RA</u>		<u>0.0300</u>	<u>Rider C</u>
<u>USF</u>		<u>0.0126</u>	<u>Rider H</u>
<u>Total SBC</u>	<u>b</u>	<u>0.0848</u>	
<u>Delivery Charge (DEL)</u>	<u>a+b=</u>	<u>0.2724</u>	<u>0.3405</u>
	<u>c</u>		
<u>Compression Charge</u>		<u>See Special Provision III of Service Classification NGV</u>	
<u>Maintenance Charge</u>		<u>0.1798</u>	<u>0.2247</u>
<u>Monthly Basic Gas Supply Charge ("BGS")</u>		<u>0.7572</u>	<u>0.9465</u>
			<u>Rider A</u>
<u>Total Variable Charge</u>		<u>1.2543</u>	<u>1.5679</u>

Customer, DEL, Compression, Maintenance, and BGS charges are presented on customer bills for Firm Sales Gas Service.

Customer, DEL, Compression, and Maintenance charges are presented on customer bills for Firm Transport Gas Service.

Date of Issue: Effective for service rendered on
Issued by: Mark R. Spurduto, Senior Vice President and after, 2014
Wall, NJ 07719

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

First Revised Sheet No. 75
Superseding Original Sheet No. 75**SERVICE CLASSIFICATION - NGV****NATURAL GAS VEHICLE SERVICE (continued)****Maintenance Charge:**

Maintenance Charge per therm	N/A	N/A	\$0.1798____ (\$0.2247 per GGE)
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BGSS Charge:

Monthly BGSS Charge per therm for Sales Customers	See "Summary of Rate Components" at the end of this Tariff
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These rates are inclusive of all applicable taxes and riders with the exception of the State of New Jersey Motor Vehicle fuel tax and Federal excise tax. These rates are subject to adjustment for all other applicable riders, taxes, assessments or similar charges lawfully imposed by the Company. See "Summary of Rate Components" 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.

SPECIAL PROVISIONS***I. Applicable to All Customers in this Service Classification******1. Taxes, Assessments and Surcharges***

The Customer shall pay all riders, taxes, assessments and surcharges that are lawfully imposed upon the Company in providing service under this classification.

II. Applicable to All Customers Who Use Customer Facilities or Company Facilities at Customer Location***1. Facilities***

The Company shall install gas main extensions, service line connections, and, for Customers who use Company Facilities at Customer Location, compressed natural gas refueling facilities at the Customer's location (collectively, the "Extension Cost") to serve the customer free of charge where the Extension Cost does not exceed ten (10) times the annual distribution revenue.

An applicant who intends to use their own facilities shall be required to provide an Extension Cost Deposit for the value of any Extension Cost that is greater than ten (10) times the annual distribution revenue.

The determination of the Extension Cost Deposit for an applicant who intends to use Company Facilities at the applicant's location is detailed in Section III of this Service Classification.

The Extension Cost for which the Company receives a deposit shall include the tax consequences incurred by the Company.

Date of Issue:

Issued by: **Mark R. Sperduto, Senior Vice President**
Wall, NJ 07719

**Effective for service rendered on
and after**

NEW JERSEY NATURAL GAS COMPANY

- BPU No. 8 - Gas

Original Sheet No. 265

SUMMARY OF RESIDENTIAL AND FIRM COMMERCIAL RATE COMPONENTSNatural Gas Vehicles (NGV)Customer Who Uses Company Facilities at Customer Location

<i>Customer Charge</i>			<u>Reference</u>
— Customer Charge per meter per month		\$50.00	
<u>Delivery Charge (“DEL”)</u>		\$ per therm	\$ per GGE
<i>Transport Rate:</i>			
Pre-tax Base Rate		0.1448	
SUT		<u>0.0101</u>	Rider B
After-tax Base Rate		0.1549	
EE		<u>0.0327</u>	Rider F
<i>Total Transport Rate</i>	a	<i>0.1876</i>	
<i>Societal Benefits Charge (“SBC”):</i>			
NJ’s Clean Energy		0.0422	Rider E
RA		0.0300	Rider C
USF		<u>0.0126</u>	Rider H
<i>Total SBC</i>	b	<u>0.0848</u>	
Delivery Charge (DEL)	a+b= c	<u>0.2724</u>	0.3405
<i>Compression Charge</i>		See Special Provision III of Service Classification NGV	
<i>Maintenance Charge</i>		0.1798	0.2247
<i>Monthly Basic Gas Supply Charge (“BGS”)</i>		0.7572	0.9465 Rider A
<i>Total Variable Charge</i>		1.2543	1.5679

Customer, DEL, Compression, Maintenance, and BGS charges are presented on customer bills for Firm Sales Gas Service.

Customer, DEL, Compression, and Maintenance charges are presented on customer bills for Firm Transport Gas Service.

Date of Issue:

Issued by: **Mark R. Sperduto, Senior Vice President**
Wall, NJ 07719

*Effective for service rendered on
and after, 2014*

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-6

Request: Please indicate how many customers currently take service under the NGV tariff. Please provide any bill impacts on these customers as a result of this petition.

Response: The Company does not currently have any customers taking service under the NGV tariff. However, the interest in NGVs in NJNG's service territory has been growing and the proposed tariff modifications provide purchase and refueling options to reflect the needs of the expanding NGV marketplace.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: S-NJNG-NGV-7

Request: Please indicate why the service is changing from non-firm to firm.

Response: The existing NGV tariff was put in place many years ago as a non-firm service. The interest in NGVs has been growing from both the private and public sectors in New Jersey, especially for organizations with large fleets, as well as public and private transportation companies and refuse haulers.

These customers depend on their vehicles for the operation of their businesses and firm natural gas service for refueling the NGV's offers these customers the reliability they require for their operations.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-1

Request: Reference the Petition, Exhibit 1, p. 24 (draft tariff Sheet 76b). Please provide a copy of the proposed written service agreement for Natural Gas Vehicle (NGV) customers.

Response: Attached please find a Draft proposed written service agreement between New Jersey Natural Gas and Natural Gas Vehicle (NGV) customers.

**AGREEMENT
FOR CNG NATURAL GAS SERVICE**

This Agreement (“Agreement”) dated _____, 2014 (the “Effective Date”) is made between **NEW JERSEY NATURAL GAS COMPANY**, a New Jersey corporation, having an office at 1415 Wyckoff Road, P.O. Box 1464, Wall, New Jersey 07719 (“NJNG”), and _____ a corporation with an address at _____ (“Customer”).

WITNESSETH:

WHEREAS, NJNG owns and operates certain natural gas distribution facilities in the State of New Jersey through which it is able to provide natural gas distribution service (“Service”) pursuant to the Standard Terms and Conditions of NJNG’s Tariff; and

WHEREAS, NJNG operates a compressed natural gas (“CNG”) refueling station at _____ (the “Refueling Station”); and

WHEREAS, Customer, a _____, is desirous of and has requested NJNG to provide CNG to approximately _____ of Customer’s motor vehicles at the Refueling Station; and

WHEREAS, NJNG is willing to provide the Service requested by Customer; and

WHEREAS, Customer has received a complete copy of NJNG’s Tariff approved by the State of New Jersey, Board of Public Utilities (“BPU”) and agrees that this Agreement is subject to the terms and conditions of NJNG’s Tariff and any changes therein as approved by the BPU;

NOW, THEREFORE, NJNG and Customer Agree as follows:

ARTICLE I: RECITALS

The recitals included in the whereas clauses are incorporated herein.

ARTICLE II: SCOPE OF AGREEMENT

Subject to the terms, conditions and limitations of NJNG's Gas Tariff, this Agreement establishes mutually agreed and legally binding terms and conditions governing the distribution of natural gas from NJNG to Customer's motor vehicles at the Refueling Station during the term hereof.

ARTICLE III: COMMENCEMENT OF SERVICE AND TERM OF AGREEMENT

Commencement of Service under this Agreement and Customer's and NJNG's rights and obligations under this Agreement are expressly made subject to satisfaction of the following conditions precedent (which NJNG, in its sole discretion, will have the right to waive):

NJNG's receipt and acceptance of all necessary approvals and authorizations from the BPU, including rate and revenue treatment approvals, if any, in connection with NJNG providing service to Customer on the terms set forth herein; provided, however, that any such approvals or authorizations by the BPU relating either to this Agreement, or to any related requests by NJNG for BPU approval of the rate or revenue treatment of this Agreement, shall be on terms acceptable to NJNG in its sole discretion; and

Upon full satisfaction (or waiver by NJNG) of the foregoing conditions precedent, service under this Agreement will commence upon the Effective Date. The term of this Agreement shall begin on the date set forth above and shall continue for a period of one year. NJNG or Customer may terminate this Agreement for any reason other than for cause upon ten

(10) days prior written notice to the other party. Either party may terminate this Agreement for cause immediately upon written notice to the other party.

ARTICLE IV: RATES AND CHARGES

Customer shall pay all generally applicable charges included in the “Monthly Rates” section of Service Classification NGV, as set forth in NJNG’s Tariff, and as the same may hereafter be legally changed, amended or superseded. Customer agrees that NJNG shall have the unilateral right to file with the appropriate regulatory authority and make changes effective in such rates and charges, and to the Standard Terms and Conditions of NJNG’s Gas Tariff, provided that Customer shall have the right to challenge, as permitted by law, any such filings or proposed changes in such rates and charges.

ARTICLE V: DEFAULT

If either party:

- (i) makes a general assignment or other general arrangement for the benefit of creditors;
- (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) days;
- (iii) otherwise becomes bankrupt or insolvent (however evidenced);
- (iv) is unable to pay its debts as they fall due;
- (v) fails to pay or perform when due any payment obligation to the other party if such failure is not remedied by three (3) business days after notice of such failure is given to the failing party;
- (vi) breaches any other provision of this Agreement, if such breach is not cured within thirty (30) days after notice of such breach is given to the breaching party; or

(vii) makes any material misrepresentation under this Agreement;
then that party will be in default of this Agreement. In addition to all other remedies available hereunder and at law, the non-defaulting party shall have the right upon notice to the party in default to cancel this Agreement and proceed to withhold delivery/distribution of natural gas (if NJNG is the non-defaulting party) or suspend payments (if Customer is the non-defaulting party).

ARTICLE VI: CHARACTERISTICS OF SERVICE

Consistent with Section 9.1 of the Standard Terms and Conditions of NJNG's Gas Tariff, NJNG shall have the right, upon reasonable notice, to suspend, curtail or discontinue its service to Customer for purposes of making repairs, changes, replacements, or improvements in any part of its system.

ARTICLE VII: NECESSARY REGULATORY APPROVALS

Subject to the terms and conditions of this Agreement, NJNG shall proceed with due diligence to obtain all necessary regulatory approvals, if any, from all governmental and regulatory authorities having competent jurisdiction over this Agreement, including but not limited to the BPU. NJNG reserves the right to file and prosecute all petitions or requests for such approvals, and related requests for rate or revenue treatment of the service to be provided hereunder, in such a manner as it deems to be in its best interest.

Customer expressly agrees to use diligent and commercially reasonable efforts to support and cooperate with, and not to oppose, obstruct or otherwise interfere with in any manner

whatsoever, the efforts of NJNG to obtain all governmental or regulatory authorizations, if any, as may be necessary for NJNG to provide service under this Agreement to Customer.

ARTICLE VIII: REPRESENTATIONS OF THE PARTIES

Each party hereto represents and warrants that (i) this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and legally binding agreement enforceable against it in accordance with its terms, and (ii) the execution, delivery and performance of this Agreement by it does not conflict with or violate any terms of its charter or by-laws, or its certificate of limited partnership or partnership agreement (if applicable), as the case may be, or any material contract or agreement applicable to it.

ARTICLE IX: INDEMNIFICATION AND INSURANCE

Customer, shall, at its own expense, indemnify and defend and hold NJNG and its affiliates, officers, directors, employees, agents and contractors harmless from and against any and all claims, including claims asserted by third parties, expenses (including without limitation, attorneys' fees and allocated in-house legal expenses), losses or liabilities arising out of (i) the Customer's negligence or intentional or willful misconduct pursuant to this Agreement, including any violations of law, government regulations or orders or permit requirements by Customer related to the Agreement, and (ii) Customer's breach of, or failure to perform any, representation, warranty, covenant or other obligation under the Agreement.

Customer shall maintain insurance and provide certificates of insurance for a period of one year after the date of this Agreement, as set forth below. The insurance shall be with reliable insurance companies acceptable to NJNG.

Workers' Compensation	Statutory Coverage
Employer's Liability	\$1,000,000
Commercial General Liability	
Occurrence and Aggregate	\$2,000,000
Automobile Liability	\$2,000,000

Customer shall name NJNG as an additional insured on a broad form endorsement on its Commercial General Liability and Automobile Liability policies. The following language must appear on the certificate(s) of insurance:

“New Jersey Natural Gas Company and its affiliates are named as additional insureds with respect to all liabilities arising out of or resulting from the named insured’s work, operations, products, or services.”

ARTICLE X: NOTICES

- (a) ***Requirement of a Writing; Permitted Methods of Delivery.*** Each party giving or making any notice, request, demand or other communication (each, a “Notice”) pursuant to this Agreement shall give the Notice in writing and use one of the following methods of delivery, each of which for purposes of this Agreement is a writing: personal delivery, Registered or Certified Mail (in each case, return receipt requested and postage prepaid), nationally recognized overnight courier (with all fees prepaid), or facsimile.
- (b) ***Addressees and Addresses.*** Any party giving a Notice shall address the Notice to the appropriate person at the receiving party (the “Addressee”) at the address listed on the signature page of this Agreement or to another Addressee or another address as designated by a party in a Notice pursuant to this Section.

(c) ***Effectiveness of a Notice.*** Except as provided elsewhere in this Agreement, a Notice is effective only if the party giving the Notice has complied with subsections (a) and (b) and if the Addressee has received the Notice.

ARTICLE XI: ANNOUNCEMENTS

Neither party may issue any press release or make any announcement with respect to this Agreement without the prior written consent of the other party. That party shall not unreasonably withhold or delay its consent. Despite the previous sentences of this Article, the parties are entitled to make any disclosures required by law.

ARTICLE XII: AMENDMENTS

The parties may amend this Agreement only by a written agreement of the parties that identifies itself as an amendment to this Agreement.

ARTICLE XIII: WAIVERS

- (a) ***No Oral Waivers.*** The parties may waive any provision in this Agreement only by a writing executed by the party or parties against whom the waiver is sought to be enforced.
- (b) ***Effect of Failure, Delay or Course of Dealing.*** No failure or delay
- (i) in exercising any right or remedy, or
 - (ii) in requiring the satisfaction of any condition, under this Agreement, and no act, omission or course of dealing between the parties, operates as a waiver or estoppel of any right, remedy or condition.

(c) *Each Waiver for a Specific Purpose.* A waiver made in writing on one occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver on any future occasion or against any other Person.

ARTICLE XIV: SEVERABILITY

If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable.

ARTICLE XV: MERGER

This Agreement constitutes the final agreement between the parties. It is the complete and exclusive expression of the parties' agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. The provisions of this Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealings. In entering into this Agreement, neither party has relied upon any statement, representation, warranty or agreement of the other party except for those expressly contained in this Agreement. There are no conditions precedent to the effectiveness of this Agreement, other than those expressly stated in this Agreement.

ARTICLE XVI: COUNTERPARTS

The parties may execute this Agreement in multiple counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The

signatures of all of the parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this Agreement in the presence of the other parties to this Agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other parties. In proving this Agreement, a party must produce or account only for the executed counterpart of the party to be charged.

ARTICLE XVII: FORCE MAJEURE EVENT.

“*Force Majeure* Event” means any act or event, whether foreseen or unforeseen, that meets all three of the following tests:

- (a) The act or event prevents a party (the “Nonperforming Party”), in whole or in part, from
 - (i) performing its obligations under this Agreement; or
 - (ii) satisfying any conditions to the obligations of the other party (the “Performing Party”) under this Agreement.
- (b) The act or event is beyond the reasonable control of and not the fault of the Nonperforming Party.
- (c) The Nonperforming Party has been unable to avoid or overcome the act or event by the exercise of due diligence.

Despite the preceding definition of a *Force Majeure* Event, a *Force Majeure* Event excludes economic hardship, changes in market conditions, and insufficiency of funds.

“Nonperforming Party” has the meaning assigned in the definition of *Force Majeure* Event.

“Performing Party” has the meaning assigned in the definition of *Force Majeure* Event.

- (a) ***Suspension of Performance.*** If a *Force Majeure* Event occurs, the Nonperforming Party is excused from
 - (i) whatever performance is prevented by the *Force Majeure* Event to the extent prevented; and
 - (ii) satisfying whatever conditions precedent to the Performing Party’s obligations that cannot be satisfied, to the extent they cannot be satisfied.

Despite the preceding sentence, a *Force Majeure* Event does not excuse any obligation by either the Performing Party or the Nonperforming Party to make any payment required under this Agreement.

- (b) **Resumption of Performance.** When the Nonperforming Party is able to
 - (i) resume performance of its obligations under this Agreement, or
 - (ii) satisfy the conditions precedent to the Performing Party's obligations,it shall immediately give the Performing Party written notice to that effect and shall resume performance under this Agreement no later than two working days after the notice is delivered.
- (c) **Exclusive Remedy.** The relief offered by this *Force Majeure* provision is the exclusive remedy available to the Nonperforming Party with respect to a *Force Majeure* Event.

ARTICLE XVIII: TRANSACTION COSTS

Except as expressly provided in this Agreement, each party shall pay its own fees and expenses (including, without limitation, the fees and expenses of its agents, representatives, attorneys, and accountants) incurred in connection with the negotiation, drafting, execution, delivery, and performance of this Agreement and the transactions it contemplates.

ARTICLE XIX: ASSIGNMENT AND DELEGATION

- (a) **No Assignments.** No party may assign any of its rights under this Agreement, except with the prior written consent of the other party. That party shall not unreasonably withhold its consent. All assignments of rights are prohibited under this subsection, whether they are voluntary or involuntary, by merger, consolidation, dissolution, operation of law or any other manner. For purposes of this Section,
 - (i) a "change of control" is deemed an assignment of rights; and
 - (ii) "merger" refers to any merger in which a party participates, regardless of whether it is the surviving or disappearing corporation.
- (b) **No Delegations.** No party may delegate any performance under this Agreement.

(c) ***Ramifications of Purported Assignment or Delegation.*** Any purported assignment of rights or delegation of performance in violation of this Section is void.

ARTICLE XX: SUCCESSORS AND ASSIGNS.

(a) ***The Nonassigning Party's Performance Obligations.*** If there is an assignment of rights, the nonassigning party is deemed to have agreed to perform in favor of the assignee.

(b) ***The Assignee's Performance Obligations.*** If there is an assignment of rights,

- (i) a contemporaneous delegation is deemed to have occurred, and
- (ii) the assignee is deemed to have assumed the assignor's performance obligations in favor of the nonassigning party,

except if in either instance there is evidence to the contrary.

(c) ***Assignability of Rights and Delegability of Performance.*** This Section does not address, directly or indirectly, whether

- (i) rights under this Agreement are assignable; or
- (ii) performance under this Agreement is delegable.

Article XXI addresses these matters.

(d) ***Definitions.*** For purposes of this Section,

- (i) "assignment" means any assignment, whether voluntary or involuntary, by merger, consolidation, dissolution, operation of law or any other manner;
- (ii) "assignee" means any successor or assign of the assignor;
- (iii) a "change of control" is deemed an assignment of rights; and
- (iv) "merger" refers to any merger in which a party participates, regardless of whether it is the surviving or disappearing corporation.

ARTICLE XXI: NO THIRD PARTY BENEFICIARIES.

This Agreement does not and is not intended to confer any rights or remedies upon any Person other than the signatories.

ARTICLE XXII: CAPTIONS.

The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only, do not constitute a part of this Agreement, and do not affect this Agreement's construction or interpretation.

ARTICLE XXIII: GOVERNING LAW.

The laws of the State of New Jersey (without giving effect to its conflict of laws principles) govern all matters arising out of or relating to this Agreement and the transactions it contemplates, including, without limitation, its interpretation, construction, performance, and enforcement.

ARTICLE XXIV: OPERATION AND ACCESS.

Customer shall be solely responsible for the delivery of CNG from the Refueling Station into Customer's motor vehicles. Customer shall be solely responsible for the supervision of its employees in the refueling, proper operation, maintenance, and repairs of its CNG vehicles. Training of Customer's employees on proper fueling procedures shall be provided by Customer at Customer's own expense.

NJNG hereby grants Customer access to the Refueling Station for the sole purpose of permitting Customer to refuel its motor vehicles with CNG. The days and times of access shall be limited, in NJNG's sole discretion, so as not to interfere with the refueling of NJNG vehicles or with the safety, reliability and efficiency of NJNG's operations generally. The days and times of access shall be as determined by NJNG and communicated to Customer in writing, subject to change upon five (5) days written Notice.

IN WITNESS WHEREOF, the parties have executed the Agreement, through their respective officers, duly authorized for such purpose, as they so declare and represent, as of the date set out at the beginning of this Agreement.

NEW JERSEY NATURAL GAS CO.

CUSTOMER

Date: _____

Date: _____

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-2

Request: Reference the Petition, Exhibit 1, p. 30 (draft tariff Sheet 100). Please provide copies of the proposed written service agreements for Compressed Natural Gas (CNG) service (a) Host and (b) non-Host customers.

Response: Attached please find Draft proposed written service agreements for Compressed Natural Gas (CNG) service for (a) Host and (b) non-Host customers.

**SERVICE AGREEMENT
FOR FIRM NATURAL GAS SERVICE**

This Agreement (“Agreement”) dated _____, (the “Effective Date”) is made between **NEW JERSEY NATURAL GAS COMPANY**, a New Jersey corporation, having an office at 1415 Wyckoff Road, P.O. Box 1464, Wall, New Jersey 07719 (“NJNG”), and _____, having an office at _____, New Jersey _____ (“Customer”).

WITNESSETH:

WHEREAS, NJNG owns and operates certain natural gas distribution facilities in the State of New Jersey through which it is able to provide natural gas distribution service (“Service”) pursuant to the Standard Terms and Conditions of NJNG’s Tariff; and

WHEREAS, Customer, a _____, recently decided to build, operate and maintain a compressed natural gas (“CNG”) refueling station at _____ (the “Refueling Station”); and

WHEREAS, Customer is desirous of and has requested NJNG to provide natural gas distribution Service to the Refueling Station; and

WHEREAS, NJNG is willing to provide the Service requested by Customer; and

WHEREAS, Customer has received a complete copy of the terms and conditions of service approved by the State of New Jersey, Board of Public Utilities (“BPU”) for Natural Gas Vehicle Service (“NGV Service”) and agrees to be bound by such, and further Agrees that this Agreement is subject to the terms and conditions of NGV Service and the Standard Terms and Conditions of NJNG’s Tariff and any changes therein as approved by the BPU;

NOW, THEREFORE, NJNG and Customer Agree as follows:

ARTICLE I: RECITALS

The recitals included in the whereas clauses are incorporated herein.

ARTICLE II: SCOPE OF AGREEMENT

Subject to the terms, conditions and limitations of NJNG's Gas Tariff, this Agreement establishes mutually agreed and legally binding terms and conditions governing the distribution of natural gas from NJNG to Customer's Refueling Station meter during the term hereof. NJNG shall have the obligation to deliver natural gas at Customer's Refueling Station meter (the "Delivery Point") in accordance with the terms of NJNG's NGV Service Classification as set forth in NJNG's Tariff. Customer shall have the obligation to take delivery of the natural gas at the Delivery Point.

The Customer anticipates ____ vehicles will utilize the Customer's Refueling Station with an estimated annual usage of _____ therms. This estimated usage will be used to determine the estimated annual distribution revenue set forth in Article V hereof. The Company reserves the right to determine that the Customer's vehicles meet Company requirements as to safe design, construction and installation of compressed natural gas equipment as well as applicable codes and regulations, prior to providing service to such vehicles under the NGV Service Classification.

ARTICLE III: COMMENCEMENT OF SERVICE AND TERM OF AGREEMENT

Commencement of Service under this Agreement and Customer's and NJNG's rights and obligations under this Agreement are expressly made subject to satisfaction of the following condition precedent (which NJNG, in its sole discretion, will have the right to waive):

NJNG's receipt of deposit, as further set forth in Article V hereof, in form and substance acceptable to NJNG in its sole discretion.

Upon full satisfaction (or waiver by NJNG) of the foregoing condition precedent, service under this Agreement will commence upon completion of construction of the necessary NJNG facilities and Customer facilities (the "Commencement Date").

This Agreement will be in effect for a term of ___ years from the Commencement Date.

ARTICLE IV: RATES AND CHARGES

Customer shall pay all generally applicable delivery and meter-related rates and charges for Service Classification Natural Gas Vehicle Service ("NGV Service"), as set forth in NJNG's Tariff, and as the same may hereafter be lawfully changed, amended or superseded. Customer agrees that NJNG shall have the unilateral right to file with the appropriate regulatory authorities and make changes effective in such rates and charges, and to the Standard Terms and Conditions of NJNG's Gas Tariff, provided that Customer shall have the right to challenge, as permitted by law, any such filings or proposed changes in such rates and charges.

As set forth in NJNG's Tariff, Customer has the option to purchase gas supply pursuant to NJNG's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

Metering shall include an automated meter recording device ("AMR Device"), which shall be furnished and installed by NJNG at the Customer's expense. Customer shall furnish an appropriate electrical supply and data plan for the operation of the AMR Device, in a location or

locations acceptable to NJNG. NJNG shall provide technical assistance to help minimize the Customer's expense for such installation.

ARTICLE V: DEPOSIT

(a) The Customer shall provide NJNG with a deposit for the Cost of an Extension to provide Service under this Agreement, as provided in this Article. To determine the deposit required for an Extension to provide Service under this Agreement, NJNG shall:

1. Estimate the actual Cost of the Extension required to bring Service to the Customer from the nearest existing infrastructure;
2. Estimate the annual distribution revenue that will be derived from the Customer, and multiply it by 10, to obtain estimated distribution revenue over a 10-year period; and
3. If the estimated Cost of the Extension under 1 above is greater than the estimated 10-year distribution revenue under 2 above, subtract the estimated 10-year distribution revenue determined under 2 above from the estimated Cost of the Extension determined under 1 above. This is the amount of the deposit.

(b) One year after the Customer begins receiving Service, NJNG shall calculate the distribution revenue derived from the Customer's first year of service. If the year one distribution revenue is less than the estimated annual distribution revenue that was used in (a)2 above to determine the deposit, NJNG is not required to provide a refund. If the year one distribution revenue exceeds the estimated annual distribution revenue, NJNG shall provide a refund to the Customer. The amount of the refund shall be the difference between the estimated and annual year one distribution revenues, multiplied by 10, limited to the amount of the deposit.

(c) Two years after the Customer begins receiving service, NJNG shall calculate the distribution revenue derived from the customer's second year of service. NJNG shall provide a refund to the Customer if the actual distribution revenue from the Customer's most recent year of service exceeds the greater of the amounts in (c)1 and 2 below. The amount of the refund shall be 10 multiplied by the difference between the distribution revenue from the most recent year of service and the higher of the following, limited to the amount of the deposit:

1. The estimated annual distribution revenue, which was used as the basis for the initial deposit; or
2. The highest actual distribution revenue from any prior year.

(d) The process in (c) above shall be repeated annually until the earlier of the following: NJNG has refunded the entire deposit to the Customer; or ten years have passed since the Customer began receiving service.

(e) For purposes of this Article, "Cost" means, with respect to the cost of construction of an Extension, actual and/or site-specific unitized expenses incurred for materials and labor (including both internal and external labor) employed in the design, purchase, construction, and/or installation of the Extension, including overhead directly attributable to the work, as well as overrides or loading factors such as those for back-up personnel for mapping, records, clerical, supervision or general office functions.

For purposes of this Article, "Extension" means the construction or installation of plant and/or facilities to convey new service from existing or new plant and/or facilities to the Refueling Station. This term includes all plant and/or facilities for transmission and/or

distribution, whether located overhead or underground, on a public street or right of way, or on private property or a private right of way, including the wire, poles or supports, cable, pipe, conduit or other means of conveying service from existing plant and/or facilities to the Refueling Station. An extension begins at the existing infrastructure and ends at the meter and includes the meter.

ARTICLE VI: DEFAULT

If either party:

- (i) makes a general assignment or other general arrangement for the benefit of creditors;
- (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) days;
- (iii) otherwise becomes bankrupt or insolvent (however evidenced);
- (iv) is unable to pay its debts as they fall due;
- (v) fails to pay or perform when due any payment obligation to the other party if such failure is not remedied by three (3) business days after notice of such failure is given to the failing party;
- (vi) breaches any other provision of this Agreement, if such breach is not cured within thirty (30) days after notice of such breach is given to the breaching party; or
- (vii) makes any material misrepresentation under this Agreement;

then that party will be in default of this Agreement. In addition to all other remedies available hereunder and at law, the non-defaulting party shall have the right upon notice to the party in default to cancel this Agreement and proceed to withhold delivery/distribution of natural gas (if NJNG is the non-defaulting party) or suspend payments (if Customer is the non-defaulting party). Upon any default under this Agreement by the Host, the Host shall promptly pay to NJNG the aggregate amount of all outstanding charges. Notwithstanding the exercise by any party of its rights under this section, no termination of this Agreement shall relieve either Party of its liability for the payment or performance of any obligation accrued prior to the termination date (including any indemnification obligation arising hereunder, whether or not notice of such indemnification claim has been given before such termination, or of any rights or obligations under any other provisions, which, by

their meaning or content, are intended to survive the termination hereof). Furthermore, upon termination of this Agreement for any reason, NJNG may, in its sole discretion, remove all CNG related facilities located on the Premises.

ARTICLE VII: CHARACTERISTICS OF SERVICE

Consistent with Section 9.1 of the Standard Terms and Conditions of NJNG's Gas Tariff, NJNG shall have the right, upon reasonable notice, to suspend, curtail or discontinue its service to Customer for purposes of making repairs, changes, replacements, or improvements in any part of its system.

ARTICLE VIII: REPRESENTATIONS OF THE PARTIES

Each party hereto represents and warrants that (i) this Agreement has been duly authorized, executed and delivered by it and constitutes a valid and legally binding agreement enforceable against it in accordance with its terms, and (ii) the execution, delivery and performance of this Agreement by it does not conflict with or violate any terms of its charter or by-laws, or its certificate of limited partnership or partnership agreement (if applicable), as the case may be, or any material contract or agreement applicable to it.

ARTICLE IX: INDEMNIFICATION

Customer, shall, at its own expense, indemnify and defend and hold NJNG and its affiliates, officers, directors, employees, agents and contractors harmless from and against any and all claims, including claims asserted by third parties, expenses (including without limitation, attorneys' fees and allocated in-house legal expenses), losses or liabilities arising out of (i) the

Customer's negligence or intentional or willful misconduct pursuant to this Agreement, including any violations of law, government regulations or orders or permit requirements by Customer related to the Agreement, and (ii) Customer's breach of, or failure to perform any, representation, warranty, covenant or other obligation under the Agreement.

ARTICLE X: NOTICES

(a) ***Requirement of a Writing; Permitted Methods of Delivery.*** Each party giving or making any notice, request, demand or other communication (each, a "Notice") pursuant to this Agreement shall give the Notice in writing and use one of the following methods of delivery, each of which for purposes of this Agreement is a writing: personal delivery, Registered or Certified Mail (in each case, return receipt requested and postage prepaid), nationally recognized overnight courier (with all fees prepaid), or facsimile.

(b) ***Addressees and Addresses.*** Any party giving a Notice shall address the Notice to the appropriate person at the receiving party (the "Addressee") at the address listed on the signature page of this Agreement or to another Addressee or another address as designated by a party in a Notice pursuant to this Section.

(c) ***Effectiveness of a Notice.*** Except as provided elsewhere in this Agreement, a Notice is effective only if the party giving the Notice has complied with subsections (a) and (b) and if the Addressee has received the Notice.

ARTICLE XI: ANNOUNCEMENTS

Neither party may issue any press release or make any announcement with respect to this Agreement without the prior written consent of the other party. That party shall not unreasonably

withhold or delay its consent. Despite the previous sentences of this Article, the parties are entitled to make any disclosures required by law.

ARTICLE XII: AMENDMENTS

The parties may amend this Agreement only by a written agreement of the parties that identifies itself as an amendment to this Agreement.

ARTICLE XIII: WAIVERS

- (a) ***No Oral Waivers.*** The parties may waive any provision in this Agreement only by a writing executed by the party or parties against whom the waiver is sought to be enforced.
- (b) ***Effect of Failure, Delay or Course of Dealing.*** No failure or delay
 - (i) in exercising any right or remedy, or
 - (ii) in requiring the satisfaction of any condition, under this Agreement, and no act, omission or course of dealing between the parties, operates as a waiver or estoppel of any right, remedy or condition.
- (c) ***Each Waiver for a Specific Purpose.*** A waiver made in writing on one occasion is effective only in that instance and only for the purpose stated. A waiver once given is not to be construed as a waiver on any future occasion or against any other Person.

ARTICLE XIV: SEVERABILITY

If any provision of this Agreement is determined to be invalid, illegal or unenforceable, the remaining provisions of this Agreement remain in full force, if the essential terms and conditions of this Agreement for each party remain valid, binding, and enforceable.

ARTICLE XV: MERGER

This Agreement constitutes the final agreement between the parties. It is the complete and exclusive expression of the parties' agreement on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. The provisions of this Agreement may not be explained, supplemented or qualified through evidence of trade usage or a prior course of dealings. In entering into this Agreement, neither party has relied upon any statement, representation, warranty or agreement of the other party except for those expressly contained in this Agreement. There are no conditions precedent to the effectiveness of this Agreement, other than those expressly stated in this Agreement.

ARTICLE XVI: COUNTERPARTS

The parties may execute this Agreement in multiple counterparts, each of which constitutes an original, and all of which, collectively, constitute only one agreement. The signatures of all of the parties need not appear on the same counterpart, and delivery of an executed counterpart signature page by facsimile is as effective as executing and delivering this Agreement in the presence of the other parties to this Agreement. This Agreement is effective upon delivery of one executed counterpart from each party to the other parties. In proving this

Agreement, a party must produce or account only for the executed counterpart of the party to be charged.

ARTICLE XVII: FORCE MAJEURE EVENT.

“*Force Majeure* Event” means any act or event, whether foreseen or unforeseen, that meets all three of the following tests:

- (a) The act or event prevents a party (the “Nonperforming Party”), in whole or in part, from
 - (i) performing its obligations under this Agreement; or
 - (ii) satisfying any conditions to the obligations of the other party (the “Performing Party”) under this Agreement.
- (b) The act or event is beyond the reasonable control of and not the fault of the Nonperforming Party.
- (c) The Nonperforming Party has been unable to avoid or overcome the act or event by the exercise of due diligence.

Despite the preceding definition of a *Force Majeure* Event, a *Force Majeure* Event excludes economic hardship, changes in market conditions, and insufficiency of funds.

“Nonperforming Party” has the meaning assigned in the definition of *Force Majeure* Event.

“Performing Party” has the meaning assigned in the definition of *Force Majeure* Event.

- (a) ***Suspension of Performance.*** If a *Force Majeure* Event occurs, the Nonperforming Party is excused from
 - (i) whatever performance is prevented by the *Force Majeure* Event to the extent prevented; and
 - (ii) satisfying whatever conditions precedent to the Performing Party’s obligations that cannot be satisfied, to the extent they cannot be satisfied.

Despite the preceding sentence, a *Force Majeure* Event does not excuse any obligation by either the Performing Party or the Nonperforming Party to make any payment required under this Agreement.

- (b) ***Resumption of Performance.*** When the Nonperforming Party is able to
 - (i) resume performance of its obligations under this Agreement, or

- (ii) satisfy the conditions precedent to the Performing Party's obligations, it shall immediately give the Performing Party written notice to that effect and shall resume performance under this Agreement no later than two working days after the notice is delivered.
- (c) ***Exclusive Remedy.*** The relief offered by this *Force Majeure* provision is the exclusive remedy available to the Nonperforming Party with respect to a *Force Majeure* Event.

ARTICLE XVIII: TRANSACTION COSTS

Except as expressly provided in this Agreement, each party shall pay its own fees and expenses (including, without limitation, the fees and expenses of its agents, representatives, attorneys, and accountants) incurred in connection with the negotiation, drafting, execution, delivery, and performance of this Agreement and the transactions it contemplates.

ARTICLE XIX: ASSIGNMENT AND DELEGATION

- (a) ***No Assignments.*** No party may assign any of its rights under this Agreement, except with the prior written consent of the other party. That party shall not unreasonably withhold its consent. All assignments of rights are prohibited under this subsection, whether they are voluntary or involuntary, by merger, consolidation, dissolution, operation of law or any other manner. For purposes of this Section,
 - (i) a "change of control" is deemed an assignment of rights; and
 - (ii) "merger" refers to any merger in which a party participates, regardless of whether it is the surviving or disappearing corporation.
- (b) ***No Delegations.*** No party may delegate any performance under this Agreement.
- (c) ***Ramifications of Purported Assignment or Delegation.*** Any purported assignment of rights or delegation of performance in violation of this Section is void.

ARTICLE XX: SUCCESSORS AND ASSIGNS.

- (a) ***The Nonassigning Party's Performance Obligations.*** If there is an assignment of rights, the nonassigning party is deemed to have agreed to perform in favor of the assignee.
- (b) ***The Assignee's Performance Obligations.*** If there is an assignment of rights,
- (i) a contemporaneous delegation is deemed to have occurred, and
 - (ii) the assignee is deemed to have assumed the assignor's performance obligations in favor of the nonassigning party,
- except* if in either instance there is evidence to the contrary.
- (c) ***Assignability of Rights and Delegability of Performance.*** This Section does not address, directly or indirectly, whether
- (i) rights under this Agreement are assignable; or
 - (ii) performance under this Agreement is delegable.
- Article XXI addresses these matters.
- (d) ***Definitions.*** For purposes of this Section,
- (i) "assignment" means any assignment, whether voluntary or involuntary, by merger, consolidation, dissolution, operation of law or any other manner;
 - (ii) "assignee" means any successor or assign of the assignor;
 - (iii) a "change of control" is deemed an assignment of rights; and
 - (iv) "merger" refers to any merger in which a party participates, regardless of whether it is the surviving or disappearing corporation.

ARTICLE XXI: NO THIRD PARTY BENEFICIARIES.

This Agreement does not and is not intended to confer any rights or remedies upon any Person other than the signatories.

ARTICLE XXII: CAPTIONS.

The descriptive headings of the Articles, Sections and subsections of this Agreement are for convenience only, do not constitute a part of this Agreement, and do not affect this Agreement's construction or interpretation.

ARTICLE XXIII: GOVERNING LAW.

The laws of the State of New Jersey (without giving effect to its conflict of laws principles) govern all matters arising out of or relating to this Agreement and the transactions it contemplates, including, without limitation, its interpretation, construction, performance, and enforcement.

IN WITNESS WHEREOF, the parties have executed the Agreement, through their respective officers, duly authorized for such purpose, as they so declare and represent, as of the date set out at the beginning of this Agreement.

NEW JERSEY NATURAL GAS CO.

Date: _____

Date: _____

COMPRESSED NATURAL GAS STATION AGREEMENT

THIS COMPRESSED NATURAL GAS STATION AGREEMENT (“Agreement”), is entered into this ____ day of _____ (“Effective Date”), by and between New Jersey Natural Gas Company, a New Jersey corporation with an address at 1415 Wyckoff Road, P.O. Box 1464, Wall, New Jersey 07719 (“NJNG”), and _____ with an address at _____ (“Host”). NJNG and Host may be referred to collectively as the Parties or singularly as a Party.

WHEREAS, NJNG is a public utility in the business of distributing natural gas and desires to promote the sale of compressed natural gas (“CNG”) as an alternative vehicular fuel; and

WHEREAS, Host owns the real property located at _____ (“Premises”), and owns and operates the business known as _____, on the Premises; and

WHEREAS, the Parties desire that a CNG fueling station be established on the Premises according to the terms and conditions of this Agreement; and

WHEREAS, Host has received a complete copy of NJNG’s Tariff (the “Tariff”) approved by the State of New Jersey, Board of Public Utilities (“BPU”) and agrees that this Agreement is subject to the terms and conditions of the Tariff and any changes therein as approved by the BPU;

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

1. *Incorporation of Recitals.* The foregoing recitals are incorporated into this Agreement by this reference.
2. *NJNG Operations.*
 - a. Pursuant to the terms of the Right-of-Way and Easement Grant described in paragraph 9 below (the “Grant”), Exhibit A to the Grant, and this Agreement, and except as provided in Paragraphs 4 and 14 below, NJNG shall, at its expense, install, operate and maintain natural gas service lines, compressors, operating equipment, time-fill facilities and equipment, high pressure cylinders, pumps, and other ancillary improvements and equipment necessary to provide CNG as a vehicular fuel (“CNG Facilities”) on the Premises.
 - b. NJNG shall conduct its business in a lawful manner and in compliance with all applicable governmental laws, rules, regulations and orders. If NJNG is unable to use the designated portion of the Premises for the purposes specified, NJNG may terminate this Agreement at any time without further liability. The termination shall be effective immediately upon written notice to Host.
 - c. NJNG will determine, based on Host’s potential CNG needs, the appropriate equipment for installation at Host’s location.
3. *NJNG General Obligations.* After reviewing the site, the Host plans for transitioning its fleet to CNG vehicles, and conducting discussions with Host, NJNG will determine the

necessary CNG equipment for the Host location. NJNG will be responsible for the installation of the CNG Facilities necessary to provide CNG as a vehicular fuel on a designated portion or portions of the Host property (“Station Property”). NJNG will also install the electric infrastructure necessary to support the CNG Facilities. NJNG will own and maintain the CNG Facilities at Host’s location. NJNG will determine the price at which Host receives CNG service pursuant to the Tariff. NJNG will provide proper fuel usage monitoring in conjunction with approved NJNG tariff metering to track and communicate natural gas usage to host.

4. *Host General Obligations.* Host hereby agrees to make available the land necessary to install the CNG Facilities. The Host anticipates [___] vehicles will utilize the Customer’s Refueling Station with an estimated annual usage of _____ therms. In accordance with the Tariff, this estimated usage will be used to determine the estimated annual distribution revenue. The Company reserves the right to determine that the Customer’s vehicles meet Company requirements as to safe design, construction and installation of compressed natural gas equipment as well as applicable codes and regulations, prior to providing service to such vehicles under the NGV Service Classification. Host shall pay NJNG for the CNG service pursuant to the Tariff.

Subject to all the other provisions of this Agreement, NJNG agrees to deliver and Host agrees to receive, or pay for if made available hereunder but not taken, a quantity of gas, during the term hereof, equal to ___ percent of the capacity of a CNG station with a capacity of _____ SCFM.

5. *NJNG Rights and Recourse.* The CNG Facilities to be installed will be sized by NJNG according to Host’s anticipated usage level, or the amount of CNG that the Host expects to be utilized at the CNG Facilities going forward. NJNG reserves the right to remove the CNG compression equipment, upon giving 120 day notice,: (1) upon any material failure of Host to meet its obligations; (2) if Host (or any of its employees or agents) damages the equipment in any manner; or (3) if Host causes any other person to act in an unsafe manner near the CNG equipment.

6. *Environmental Contamination.* Host must completely disclose to NJNG any known environmental contamination on the Premises within 30 days of the Effective Date. If NJNG discovers environmental contamination present on the subject property, whether through a disclosure by Host or otherwise, NJNG reserves the right to terminate/withdraw from this Agreement at any time. Notwithstanding anything contained herein, NJNG will not be responsible for the remediation of any environmental contamination in or around the Premises except to the extent that the environmental contamination has been caused by NJNG’s (including employees, contractor, subcontractors and agents) negligence or willful misconduct. If NJNG encounters any soil contamination during the installation, maintenance, upgrade, or removal of the CNG Facilities that requires remediation or poses a hazard to its employees or contractors, and provided that such contamination was not caused by NJNG, NJNG may suspend the work until the contamination is fully remediated by Host, at the sole cost of Host, as required by applicable statutes and regulations. In the event NJNG, through its negligence or willful misconduct, causes any soil contamination during the installation, maintenance, upgrade, or removal of the CNG Facilities that requires remediation or poses a hazard to its employees or contractors, NJNG shall, to the extent such contamination was caused by NJNG, fully remediate such contamination, at NJNG’s cost, as required by applicable statutes and regulations,

7. *Access.* Host hereby agrees to provide appropriate and timely access to the Premises where the CNG Facilities will be located, to permit NJNG employees and other authorized persons to construct, install and maintain the CNG Equipment. The Host must also provide a safe environment for NJNG employees while accessing the CNG Facilities.

8. *Title.* Host warrants that it owns in fee simple the Premises located at _____, and that it has full right to make this Agreement.

9. *Right-of-Way and Relocation.* Within 90 days from the date of this Agreement set forth above, Host shall provide NJNG with a Right-of-Way and Easement Grant, in the same form attached as Addendum A, incorporated by this reference, for access to and the installation, operation, and maintenance of the CNG Facilities on designated portions of the Premises necessary to supply the CNG Services. NJNG shall have the right to test and calibrate all of its CNG Facilities at any reasonable time in compliance with all applicable laws, regulations and ordinances. Upon completion of the Right-of-Way and Easement Grant, NJNG is authorized to begin installation, operation and maintenance of the CNG Facilities on the Premises.

10. *Improvements to CNG Facilities.* NJNG shall pay 100% of the material and labor costs for installation of, and for all alterations and/or improvements to the CNG Facilities and shall provide and pay for the instrumentation measuring the quantity of CNG dispensed to customers. Standard maintenance on equipment shall be performed to OEM specifications. Upon request by either Host or NJNG, the Parties shall mutually connect, calibrate, and verify the working condition of the communication lines from the CNG pump to applicable instrumentation. All equipment or other property attached to or otherwise brought onto the Premises by NJNG shall, at all times, be considered as NJNG's personal property and may be removed at any time by NJNG. Host will pay for any additional meters and remote monitoring equipment that it requests. Such equipment requests will be reviewed with NJNG prior to purchase.

11. *Utilities.* NJNG shall arrange for and pay all charges it incurs for the installation of any third-party utility services, such as, but not limited to, water, electricity, telephone, cable communications, and any other third party utilities used upon or furnished to the CNG Facilities. Host shall not impede NJNG's efforts to bring utility services to the CNG Facilities. Once installation of any third-party utility services is complete, Host shall be solely responsible for and shall promptly pay all charges for water, electricity, telephone, cable communications and any other third-party utilities used upon or furnished to the CNG Facilities.

12. *Training.* Host shall have its personnel trained by NJNG in the various aspects of CNG supply and service. Host must ensure any use of the CNG Facilities by its employees meets all state and federal safety standards.

13. *Maintenance and Monitoring.* Host shall monitor the condition of the CNG Facilities and keep the area of the dispenser clean and free of unsightly conditions. Host agrees to properly maintain the Premises (including but not limited to the CNG Facilities), including prompt cleaning and clearance of ice, snow and debris, and to provide adequate lighting during all hours of darkness for persons seeking to use the CNG Facilities. Host shall clean the station, dispensers and pump(s) at regular intervals. In the event of a malfunction of any of the CNG

Facilities, Host shall notify an NJNG representative immediately by calling 800-221-0051.

14. *Customer Inquiries.* Host shall refer to NJNG any customers who make inquiries of any kind in connection with NJNG's service. Neither Party shall act or hold itself out as acting in a representative capacity of the other Party.

15. *Advertising.* Either party may, from time to time, promote and advertise its NGV stations, including the CNG Facilities. The CNG station will display branded messages and/or signage as determined by NJNG on the CNG station canopy and other selected CNG components.

16. *Independent Contractor.* With respect to any services provided by either Party under this Agreement, the Parties are and shall at all times be regarded as an independent contractor and the Parties' relationship shall not be construed as principal and agent, master and servant or employer and employee.

17. *Term.* The term of this Agreement shall commence on the Effective Date, and shall continue for a period of [] years (Initial Term). Following the Initial Term, this Agreement will continue from year to year unless terminated upon 120 days written advance notice by either Party to the other Party. Notwithstanding the foregoing, NJNG may terminate this Agreement immediately if ordered to do so by the BPU. Upon termination of this Agreement for any reason, NJNG shall have 120 days to remove its personal property. Host may terminate this agreement if the equipment installed by NJNG consistently fails to operate in a reliable manner. If Host reasonably determines that the equipment cannot operate in a reliable manner, Host will provide a 90-day notice to NJNG requesting a remedy to the operational issues. If at the conclusion of the 90-day remedy period, the equipment is still not operating consistently, Host may provide an additional 90-day notice and terminate the agreement.

19. *Indemnification.* Each Party shall indemnify, defend and hold harmless the other, its current and former employees, principals (partners, shareholders or holders of an ownership interest, as the case may be) and agents, from and against any claims, including third-party claims, demands, loss, damage or expense (including attorneys' fees) relating to (a) the negligence, recklessness, or willful misconduct of the indemnifying Party or any party under direction or control of the indemnifying Party, (b) a material breach of this Agreement by the indemnifying Party, or (c) the damage, loss or destruction of any property of the indemnified Party or its client(s), or injury or death to any persons resulting from the actions or inactions of any employee, agent or subcontractor of the indemnifying Party insofar as such damage arises out of or is in the course of fulfilling its obligations under this Agreement and to the extent such damage is due to any negligence, unlawful conduct, omission or default of the indemnifying Party, its employees, agents or subcontractors.

20. *Host's Insurance.* Without limiting any of the other obligations or liabilities of Host under this Agreement, Host shall maintain throughout the entire term of this Agreement without interruption, and provide certificates of insurance for the term of the Agreement and for a period of two years thereafter, at its own expense, as set forth below. The insurance shall be with reliable insurance companies acceptable to NJNG.

Workers' Compensation

Statutory Coverage

Employer's Liability	\$1,000,000
Commercial General Liability Occurrence and Aggregate	\$1,000,000
Umbrella/Excess Liability	\$10,000,000
Property: Occurrence and Aggregate	\$2,000,000
Automobile Liability	\$1,000,000

Host shall name NJNG and its subsidiaries as additional insureds on broad form endorsements on its Commercial General Liability, Property, and Automobile Liability policies.

21. *NJNG's Insurance.* NJNG agrees to maintain Commercial General Liability insurance in an amount of not less than \$2,000,000 per occurrence insuring against claims for bodily injury, death or property damage for which it is responsible under this Agreement, as a result of its use and occupancy of the designated portions of the Premises. NJNG may elect to assume its liabilities and the risk of loss under this Agreement through deductibles and/or a qualified self-insurance program. Upon Host's request, NJNG agrees to provide proof of insurance or a letter of self-insurance.

22. *Mutual Promises against Liens.* Host agrees and covenants that as of the Effective Date, there are no liens or encumbrances on the Premises that otherwise preclude NJNG from the installation, operation, and maintenance of the CNG Facilities. Neither Party shall, during the term of the Agreement, permit any lien or encumbrance to be attached to or upon any part of the Premises subject to NJNG's Right-of-Way by reason of any act or omission, and agree to save and hold harmless the other Party from or against any such lien or encumbrance or claim of lien or encumbrance.

23. *Assignment.* Host and NJNG shall have the right to assign this Agreement upon the prior written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, NJNG shall have the absolute right, without requiring the consent of Host, to assign to NJNG's affiliates, holding companies or subsidiaries, and shall notify Host in writing of any such assignment.

24. *Purchase or Lease of CNG Facilities.* During the term of this Agreement, Host may, upon written notice to NJNG, request to purchase or lease the CNG Facilities. Any such purchase or lease will be subject to terms and conditions acceptable to both Parties. Upon the execution by the Parties of a mutually acceptable agreement for the purchase or lease of the CNG Facilities, this Agreement shall terminate. The Parties acknowledge and agree that any such agreement may be subject to approval by the BPU.

25. *Necessary Regulatory Approvals.* Subject to the terms and conditions of this Agreement, NJNG shall proceed with due diligence to obtain all necessary regulatory approvals, if any, from

all governmental and regulatory authorities having competent jurisdiction over this Agreement, including but not limited to the BPU and any local zoning and land use agencies that may have competent jurisdiction over the subject matter of this Agreement. NJNG reserves the right to file and prosecute all petitions or requests for such approvals, and related requests for rate or revenue treatment of the service to be provided hereunder, in such a manner as it deems to be in its best interest.

The Host expressly agrees to use diligent and commercially reasonable efforts to support and cooperate with, and not to oppose, obstruct or otherwise interfere with in any manner whatsoever, the efforts of NJNG to obtain all governmental or regulatory authorizations, if any, as may be necessary for NJNG to effect the terms of this Agreement.

26. *Not Exclusive.* This Agreement does not establish an exclusive arrangement between the Parties. Nothing herein shall prevent NJNG from entering into negotiations or agreements with one or more other parties similar to this Agreement. NJNG expressly reserves the right to engage directly, or to contract with others, to distribute, market, and sell CNG elsewhere.

27. *Force Majeure Event.* “*Force Majeure Event*” means any act or event, whether foreseen or unforeseen, that meets all three of the following tests:

- (a) The act or event prevents a party (the “Nonperforming Party”), in whole or in part, from
 - (i) performing its obligations under this Agreement; or
 - (ii) satisfying any conditions to the obligations of the other party (the “Performing Party”) under this Agreement.
- (b) The act or event is beyond the reasonable control of and not the fault of the Nonperforming Party.
- (c) The Nonperforming Party has been unable to avoid or overcome the act or event by the exercise of due diligence.

Despite the preceding definition of a *Force Majeure Event*, a *Force Majeure Event* excludes economic hardship, changes in market conditions, and insufficiency of funds.

“Nonperforming Party” has the meaning assigned in the definition of *Force Majeure Event*.

“Performing Party” has the meaning assigned in the definition of *Force Majeure Event*.

- (a) ***Suspension of Performance.*** If a *Force Majeure Event* occurs, the Nonperforming Party is excused from
 - (i) whatever performance is prevented by the *Force Majeure Event* to the extent prevented; and
 - (ii) satisfying whatever conditions precedent to the Performing Party’s obligations that cannot be satisfied, to the extent they cannot be satisfied.

Despite the preceding sentence, a *Force Majeure Event* does not excuse any obligation by either the Performing Party or the Nonperforming Party to make any payment required under this Agreement.

- (b) ***Resumption of Performance.*** When the Nonperforming Party is able to
 - (i) resume performance of its obligations under this Agreement, or
 - (ii) satisfy the conditions precedent to the Performing Party’s obligations,

it shall immediately give the Performing Party written notice to that effect and shall resume performance under this Agreement no later than two working days after the notice is delivered.

(c) **Exclusive Remedy.** The relief offered by this *Force Majeure* provision is the exclusive remedy available to the Nonperforming Party with respect to a *Force Majeure* Event.

28. **Performance.** NJNG agrees that the CNG Facilities will be operational for Host in a reliable manner except for: (a) scheduled downtime (i.e., unavailability) for scheduled maintenance which NJNG either notifies Host of forty-eight (48) hours in advance (“Scheduled Downtime”) or that is conducted during NJNG's normal scheduled maintenance windows (which will be mutually agreed upon); (b) downtime caused by Host’s negligence or willful misconduct or the negligence or willful misconduct of any of Host’s employees, agents or contractors; (c) unscheduled maintenance necessary, in NJNG's reasonable discretion, to avoid a threat to the CNG Facilities; (d) downtime caused by Force Majeure (as defined in Section 27 above); or (e) downtime caused by the failure of power, facilities, equipment, systems or connections not owned or provided by NJNG. Scheduled Downtime shall mean no more than four (4) hours per calendar week (Sunday through Saturday).

NJNG agrees to have a qualified repair service on call 24 hours a day, 7 days a week, and in the event that Host or automated CNG Facilities electronic controls reports a material failure of the CNG Facilities, NJNG agrees to have a qualified repair service on the Premises within four (4) hours, subject to the provisions of Section 27, above.

In the event that the CNG Facilities are inoperable for a period longer than 24 hours, NJNG and Host agree to explore in good faith available workaround remedies, on terms mutually agreeable to the Parties, which may include, but are not limited to: obtaining temporary compression equipment and/or utilizing alternate CNG fueling sites.

29. **Default.** If either party:

- (i) makes a general assignment or other general arrangement for the benefit of creditors;
- (ii) files a petition or otherwise commences, authorizes, or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such petition filed against it and such proceeding remains undismissed for thirty (30) days;
- (iii) otherwise becomes bankrupt or insolvent (however evidenced);
- (iv) is unable to pay its debts as they fall due;
- (v) fails to pay or perform when due any payment obligation to the other party if such failure is not remedied by three (3) business days after notice of such failure is given to the failing party;
- (vi) breaches any other provision of this Agreement, if such breach is not cured within thirty (30) days after notice of such breach is given to the breaching party; or
- (vii) makes any material misrepresentation under this Agreement;

then that party will be in default of this Agreement. In addition to all other remedies available hereunder and at law, the non-defaulting party shall have the right upon notice to the party in default to cancel this Agreement and proceed to withhold delivery/distribution of natural gas (if NJNG is the non-defaulting party) or suspend payments (if Customer is the non-defaulting party).

Upon any default under this Agreement by the Host, the Host shall promptly pay to NJNG the aggregate amount of all outstanding charges. Notwithstanding the exercise by any party of its rights under this section, no termination of this Agreement shall relieve either Party of its liability for the payment or performance of any obligation accrued prior to the termination date (including any indemnification obligation arising hereunder, whether or not notice of such indemnification claim has been given before such termination, or of any rights or obligations under any other provisions, which, by their meaning or content, are intended to survive the termination hereof). Pursuant to and in accordance with Section 5, *NJNG Rights and Recourse* herein, upon termination of this Agreement for any reason, NJNG may, in its sole discretion, remove all CNG Facilities located on the Premises.

30. *Limitation of Damages.* In no event is either Party liable for any consequential or incidental damages, however caused.

31. *Notices.* All notices concerning this Agreement, other than the day-to-day communications between the Parties, shall be in writing and shall be sent to the relevant address set forth below. The Parties may designate other addressees or addresses by notice to the other Party. A notice shall be deemed effective: (a) when given by hand delivery; (b) three days after deposit into the U.S. mail, postage prepaid; or (c) one business day after deposit with commercial overnight delivery service, charges prepaid.

If to Host, to:

Attn.: _____
Email: _____
Fax: _____

If to NJNG, to:

New Jersey Natural Gas Company
1415 Wyckoff Road
Wall, New Jersey 07719
Attn: Thomas J. Massaro, Jr.
Email: TJMassaro@NJNG.com
Fax: (732) 938-2620

32. *Waiver.* No waiver of any breach of the terms and conditions of this Agreement to be performed by either Party shall be construed to be a waiver of any succeeding breach.

33. *Severance of Provisions.* If any portion of this Agreement shall become illegal, null or

void for any reason, or shall be held by any court of competent jurisdiction to be so, the remaining portions of this Agreement shall remain in full force and effect.

34. *Entire Agreement.* This document contains the entire agreement between the Parties. There are no covenants, representations, or warranties, express or implied, unless expressly set forth in this Agreement. This Agreement is binding upon the successors and assigns of the Parties and may not be amended except in writing signed by the Parties.

35. *Authority.* The signing of this Agreement on behalf of Host certifies the signer's authority to bind the corporation.

INTENDING TO BE LEGALLY BOUND, the Parties have executed this Agreement as of the date first written above.

NJNG

HOST

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-3

Request: Please provide a schedule showing the total capital expenditures to date pursuant to the CNG Program authorized by the Board of Public Utilities in BPU Docket No. GR11060361, broken down by location, customer name, and categories of expenditures.

Response: Attached please find a copy of the NJNG September 30, 2014 NGV Quarterly Report to the BPU that contains the NJNG capital expenditures incurred in Docket No. GR11060361.

New Jersey Natural Gas Company
Compressed Natural Gas (CNG) Refueling Stations
Pilot Program

BPU Quarterly Report

July 1, 2014 through September 30, 2014

BPU Docket No. GR11060361

Date: November 10, 2014

CNG Refueling Stations Pilot Program –Quarterly Report (July 2014-September 2014)

Proposed Capital Expenditures For CNG Projects:

During this period, all building permits were obtained thus allowing extensive site work and construction at the Shore Point Distributing CNG Station, Freehold Township to begin. Regarding the Waste Management CNG Station in Toms River, all construction permits are in place and site work has commenced, including the installation of all the 60 time-fill posts. The remaining CNG equipment components are being coordinated for delivery along with necessary heavy equipment rigging and crane services. The Middletown CNG station is pending receipt of building permits and a construction trailer is located on site.

Coordination of individual station electric and natural gas utility relocations, upgrades and connections remains a focal point of overall project management. Weekly project update calls with NCI LLC, (NCI), NJNG’s construction contractor, continue for all three CNG station projects.

ComData was awarded the bid for the point-of-sale hardware and software requirements (credit card/debit card payment technology) to facilitate payment for members of the public.

I. Status of CNG Projects:

All CNG station Building Permits for Shore Point Distributing and Waste Management were approved and issued by the respective municipalities. All Building Permit applications for the Middletown Township CNG Station were submitted in September 2014 and are currently pending.

NJNG has conducted weekly CNG Project update telephone calls with representatives of NCI. NJNG executed the contract for all three CNG station canopies on July 9, 2014 with Superior Canopies (“Superior”). Walter’s West End Supply, located in Branchburg, NJ is Superior’s local distributor for its product line. This contract was competitively bid and Superior was selected from three other vendors.

NJNG awarded contracts for CNG station components to the following vendors:

<u>Component</u>	<u>Vendor</u>
• CNG Station Canopies	Superior
• CNG Price Signs	Superior
• Point-of Sale hardware and software system	ComData Inc.

Shore Point Distributing:

The first preconstruction meeting for the Shore Point CNG station was held on July 10, 2014 at the Freehold Township municipal building. This meeting was required by the Township prior to any actual construction, wherein various building construction rules and protocols were discussed. NJNG, NCI, French & Parrello Engineers, and Township representatives were present. Multiple meetings occurred during this period and additional information addressing the following areas was requested: existing soil conditions, retaining wall certification, drive slab specifications, rebar design, concrete mix, bollards, electrical gear, canopy drawings, site lighting and multiple soil proctors.

Middletown Township:

NJNG and French & Parrello Engineering met with Middletown officials on August 1, 2014 to help gain consensus on the final CNG station plans and an estimated project timeline. On September 12, 2014, Middletown Township approved the CNG station construction plans.

Waste Management, Inc.:

On July 16, 2014, a pre-construction meeting with representatives of Waste Management, NCI, and JCP&L was held in Toms River. NCI has obtained all local building permits and significant construction of the CNG station has occurred during this Quarter.

A. Tasks Completed:

Shore Point Distributing:

Project construction underway

Permits and Milestones:

On July 10, 2014, an initial pre-construction meeting was held with Freehold Township officials.

On July 18, 2014, a meeting was held with Verizon to discuss the raising of Verizon communication facilities located at the station's main entrance.

JCP&L started their work of raising their electric distribution facilities in order to provide un-inhibited access for the construction equipment.

During June and July, 2014 Shore Point Distributing took delivery of an additional ten dedicated Peterbilt CNG Class 8 tractors.

During the week of July 21, 2014 a survey crew began staking out the entrance for the station.

On July 25, 2014, NJNG met with representatives of Shore Point Distributing to provide an update on the progress of the station construction.

On August 8, 2014, NCI began to strip the top soil and install erosion control measures.

On August 12, 2014, NJNG completed the station meter design.

On August 14, 2014, a second pre-construction meeting was held with Freehold Township officials, NJNG, JCP&L, Verizon representatives, NJ DOT and various subcontractors.

On August 20, 2014, a Security and Closed Circuit TV design and project scope drawings were completed.

During the week of September 1, 2014, the Shore Point Distributing station storm water detention basin was excavated.

On September 3, 2014, NJNG received the sealed canopy design drawings and Freehold Township notified NJNG of its permit review.

On September 17, 2014 the proposed storm water structures were approved by Freehold Township.

On September 18, 2014, NJNG received Building, Plumbing and Electrical Permits from Freehold Township.

Middletown Township:

Meetings continued during the quarter regarding the delineation of Township Capital Improvements versus the scope of the NJNG CNG station footprint. The consensus process was protracted and the CNG station plans were officially released as complete by Middletown Township on September 12, 2014. Meetings during the period have been coordinated with U.S. Navy representatives from Earle Naval Weapon Station regarding gaining access to a high pressure natural gas distribution

main across adjacent federal lands. Multiple meetings have occurred during this period and wherein the additional information addressing the following areas was requested: existing soil conditions, retaining wall certification, drive slab specifications, rebar design, concrete mix, bollards, electrical gear, canopy drawings, site lighting and multiple soil proctors.

Permits and Milestones:

On July 14, 2014, NJNG received a NJ DEP Letter of Interpretation, Footprint of Disturbance letter and certified plan.

On July 16, 2014, NJNG met with a representative from the Earle Naval Weapons station in Middletown to discuss the proposed extension of a NJNG gas main to the Middletown CNG station.

On August 20, 2014, the station Security and CCTV design and project scope drawings were received.

On August 29, 2014, NJNG established contact with the JCP&L Senior Layout Electric Technician for the Middletown CNG station and NJNG received the sealed canopy design drawings.

On September 11, 2014, NJNG received the JCP&L specifications for transformer size and associated facilities.

On September 16, 2014, a meeting was held with representatives of JCP&L to discuss the relocation of JCP&L facilities.

On September 17, 2014, NJNG received the Middletown Township Zoning permit.

On September 18, 2014, NCI submitted to the Township all building permit applications.

Waste Management Inc.:

On July 3, 2014, NJNG submitted all of the associated paperwork required by the Toms River Township Engineer. Several meetings were held requesting additional

information addressing the following areas: drive slab specifications, rebar design, concrete mix, bollards, electrical gear, canopy drawings and truck bumpers.

Permits and Milestones:

On July 16, 2014 NJNG met with representatives of Waste Management, NCI, and JCP&L for a pre-construction meeting in Toms River.

On July 17, 2014, NJNG received JCP&L specifications for transformer design and associated facilities.

On July 29, 2014, Toms River issued its zoning permit.

On August 20, 2014, the Security and CCTV design and project scope drawings were received.

On August 28, 2014, the Township notified NJNG of its “Authority Having Jurisdiction/AHJ” review of permits.

On August 29, 2014, NJNG received the sealed canopy design drawings.

On September 4, 2014, NJNG received the Township’s Fire Department completed review of station plans.

On September 4, 2014, NJNG provided copies of the ASME vessel U-1A certifications to the Director, Toms River Fire Prevention Bureau and answered additional questions generated during their review of the station plans.

On September 15, 2014, installation of the time-fill equipment and truck bumpers commenced.

On September 19, 2014, NJNG received the building permits for the station.

On September 22, 2014, NJNG received Building, Plumbing and Electrical Permits from the Township.

On September 24, 2014, NJNG met with a Verizon Lead Network Engineer to discuss the location of communication facilities.

On September 26, 2014, NCI’s construction trailer was delivered to the station.

B. Percentage of Work Completed:

NJNG estimates that approximately 95 percent of the work has been completed for Phase I of the three CNG refueling stations.

Phase I

Shore Point Distributing:

There will be on-going Engineering design submittals that will have to be approved for Civil Engineering at this location; however the majority of legal work has been completed.

Middletown Township:

There will be on-going Engineering design submittals that will have to be approved for Civil Engineering at this location. A utility right of way remains to be finalized with the U.S. Department of Defense for the Navy's Earle Naval Weapons Station property.

Waste Management, Inc.:

There will be on-going Engineering submittals that will have to be approved for Civil Engineering at this location and there is some legal work with regard to deed and utility right of way requirements to be completed.

Phase II

NJNG has awarded the contract for the third party billing/POP/POS (Point of Purchase/Point of Sale a/k/a Credit-card and Debit-card system) to ComData, Inc. This is the last of the equipment selection requirements for the three CNG stations.

Phase III

Construction is on-going at both the Shore Point Distributing and Waste Management locations.

Phase IV

Delivery of Waste Management and Middletown CNG equipment components, compressors, dryers, ASME vessels, generators, Middletown time-fill equipment is scheduled for November 2014. Delivery of Shore Point Distributing CNG equipment is also scheduled for November 2014.

C. Anticipated Completion Date:

Construction and substantial station completion is now anticipated to occur in the fourth quarter of 2014 for all three locations.

D. Actual Level of Capital as of September 30, 2014:

<u>Entity</u>	<u>Type of Expenditure</u>	<u>Amount</u>
Middletown Township	Engineering Fees	\$68,651
Shore Point Distributing, Inc.	Engineering Fees	80,541
Waste Management Inc.	Engineering fees	28,000
Various Fees	Other capital expenses including legal fees, escrow requirements, permits, etc.	523,541
C P Industries	Pressure vessels	404,000
ANGI Energy Systems	Natural gas compressor system and controls	2,260,000
Cummins Power Systems	3 natural gas stand-by generators	\$801,175
WEH Technologies	16 natural gas fast-fill fittings and hoses	66,820

Bennett Pump Company	8 CNG fast-fill dispensers	441,782
NCI, LLC	Construction and Integration	4,465,300
Walter's West End Supply	Superior Canopies	152,658
Point of Sale System	ComData	31,725
Service Works Inc., SWI	Security Installation	\$104,963
Total		\$9,429,156

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-4

Request: Reference the Petition, page 7. Please indicate whether the NJNG conducted or commissioned a cost/benefit study for any of its proposed NGV fueling options. If so, please provide copies of the studies.

Response: NJNG did not conduct or commission a cost benefit study for the NGV fueling options.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
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DOCKET NO. GR14040358

Discovery Response

Request No: RCR-5

Request: Please specify and explain any measures the NJNG will take indemnify and insulate its other ratepayers from any financial risks associated with the proposed service options.

Response: The proposed service agreements will contain provisions to ensure that the Company's other customers are indemnified and insulated from any financial risks associated with the proposed NGV service options. Specifically, the Company will require the NGV customer to pay the Company for all services rendered in accordance with the NGV Service Classification tariff. Furthermore, to the extent required, the Customer must provide the Company with revenue guarantees sufficient to enable the Company to fully recover the costs of all CNG Infrastructure. The proposed Service Agreements will also contain a provision stating that upon any default under the Service Agreement by the Customer, the Customer shall promptly pay to the Company the aggregate amount of all outstanding charges. Also, termination of the Service Agreement shall not relieve the NGV Customer of its liability for the payment or performance of any obligation accrued prior to the Termination Date (including any indemnification obligation arising hereunder, whether or not notice of such indemnification claim has been given before such termination, or of any rights or obligations under any other provisions, which, by their meaning or content, are intended to survive the termination hereof).

Furthermore, in the event of a termination of the Service Agreement for any reason, the Company may, in its sole discretion, remove CNG Infrastructure located at the CNG Fueling Facility. The Company will make a good faith effort to recoup any residual value of the CNG Infrastructure.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
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DOCKET NO. GR14040358

Discovery Response

Request No: RCR-6

Request: Please provide a schedule showing, for each of the three NGV service options, NJNG's projections of: (a) the number of refueling stations; (b) the total number of annual vehicle refuelings; (c) the service volumes in therms; and (d) the total annual revenue.

Response: Please see Response RCR-9.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-7

Request: Has NJNG conducted or commissioned a study of whether its CNG NGV proposal will result in a reduction of greenhouse gas emissions? If so, please provide a copy of the study.

Response: No study has been commissioned. Several industry standard GHG reduction tools are available through the U.S. DOE Alternative Fuels Data Center/AFDC that can be utilized to track reductions associated with specific AFV fleets activities.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-8

Request: Please provide an explanation of how NJNG plans to record the revenues and costs associated with its CNG proposal for ratemaking purposes.

Response: NJNG will record the CNG revenue as operating revenue and costs as utility assets and expenses in conformance with the BPU approved Uniform System of Accounts.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
COMPANY FOR APPROVAL OF RATES AND CERTAIN TARIFF
MODIFICATIONS RELATED TO NATURAL GAS VEHICLES SET FORTH IN
THE COMPANY'S TARIFF FOR GAS SERVICE
DOCKET NO. GR14040358

Discovery Response

Request No: RCR-9

Request: Please provide a timetable showing NJNG's 5-year and 10-year projections of annual sales under the each of its proposed CNG service options, expressed in therms and dollars.

Response: Listed below is a 3-year projection related to the proposed NGV annual sales and therms. Please note that NJNG prepares its annual budgets and forecasts on a 3-year cycle.

Customer that uses Company facilities at Customer location:

	Number of refueling stations	Total number of annual vehicle refuelings	Service volumes in therms	Total annual revenue
Year 1	1	2,580	55,656	\$72,037
Year 2	2	5,160	111,313	\$144,074
Year 3	4	10,320	222,625	\$288,147

Customer uses Customer facilities:

	Number of refueling stations	Total number of annual vehicle refuelings	Service volumes in therms	Total annual revenue
Year 1	1	3,440	151,042	\$195,496
Year 2	2	6,880	302,083	\$390,992
Year 3	3	10,320	453,125	\$586,488

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
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DOCKET NO. GR14040358

Discovery Response

Request No: RCR-10

Request: Please provide an explanation of the steps NJNG would take and remedies it would pursue if a CNG customer fails to exceed 10 times the annual distribution revenue.

Response: Identical to the application of the 10 times revenue request in the main extension formula, the Company's tariff does not require that it verify that the actual customer usage exceeds the projected amount used in the revenue test. The revenue test is therefore being applied uniformly to all requests for service. However, there will be performance guarantees for customers who have NJNG build the CNG refueling equipment under the Company owned facilities at customer location scenario.

IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS
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DOCKET NO. GR14040358

Discovery Response

Request No: RCR-11

Request: Please explain (a) the conditions which would cause NJNG to remove NJNG-owned CNG refueling equipment from a customer's premises and (b) what NJNG would do with the CNG refueling equipment removed from the customer's premises.

Response:

- a) Grounds for removal of CNG Refueling Equipment
 - Failure to maintain an industry level of safety
 - Failure to use predefined volumes of natural gas
 - Sale of property/business
 - Fiscal insolvency
 - Changes in government regulation

- b) Options for used CNG Refueling Equipment
 - Refurbishment and reuse
 - Enhancement of other CNG installations
 - Partner with existing petroleum retailer
 - Refurbishment and sale

MONTHLY RATES

	Gas Available at Company Facilities	Customer Owned Facilities
<u>Customer Charge:</u>		
Residential Customer Charge per meter per month (same as Service Classification RS)	N/A	\$8.25
Commercial Customer Charge per meter per month (same as Service Classifications CNG and FT)	N/A	\$50.00
<u>Delivery Charge:</u>		
Pre-tax Base rate per therm (same as Service Classification CNG)	\$0.1448	\$0.1448
After-tax Base Rate	\$0.1549	\$0.1549
EE	\$0.0327	\$0.0327
SBC ¹	<u>\$0.0560</u>	<u>\$0.0560</u>
Delivery Charge per therm	\$0.2436 (\$0.3045 per GGE)	\$0.2436 (\$0.3045 per GGE)
<u>Compression Charge (See pp. 2-3):</u>		
Capital (Levelized revenue requirement of NJNG station)	\$0.1450	
Operating Expense (based on history at NJNG station)	\$0.1520	
Maintenance Charge (based on bid for maintenance of CNG facilities being built by NJNG pursuant to Board's June 18, 2012 order in Docket No. GR11060361)	<u>\$0.1680</u>	
Pre-tax Compression Charge per therm	\$0.4650	
Compression Charge per therm	\$0.4976 (\$0.6220 per GGE)	N/A

¹ The SBC charge has been updated to reflect approved changes since the time of this filing.

**CNG Compression rate
Gas Available at Company Facilities**

Capital Costs Levelized Revenue Requirement \$000	\$	68		
			GGE	Therms
Projected Annual Volume (000)		374		468
Capital \$ per GGE	\$	0.1813	\$	0.1450
Operating Expense \$ per GGE	\$	0.1900	\$	0.1520
Maintenance \$ per GGE	\$	<u>0.2100</u>	\$	<u>0.1680</u>
Compression Rate	\$	0.5813	\$	0.4650
Compression Rate including SUT	\$	0.6220	\$	0.4976

**Compression Rates
Gas Available at Company Facilities**

Inputs

Plant	\$ 735,001		
Book Depreciation Rate	2.59%	38.6100386	0.61003861
Tax Depreciation	MACRS 15		
ROR	7.76%		
Weighted Debt Return	2.482%		
Weighted Equity Return	5.278%		
Discount Rate- aft-tax WACC	6.75%		
IT Rate-combined	40.85%		
Tax Basis	\$ 735,001		

Year	Plant	Bk Depte	Accum Depre	Net Plant	Accumulated Deferred IT	Deferred IT	Rate Base	Debt Return	Equity Return	Current IT Requirement	Revenue Requirement	Discounted Revenue Requirement	
1	735,001	19,037	19,037	715,965	7,236	7,236	708,729	18,243	38,793	19,555	102,864	96,363	
2	735,001	19,037	38,073	696,928	20,747	27,983	668,945	17,591	37,407	5,087	99,868	87,644	
3	735,001	19,037	57,110	677,892	17,895	45,878	632,014	16,603	35,307	6,489	95,330	78,374	
4	735,001	19,037	76,146	658,855	15,328	61,206	597,650	15,687	33,358	7,710	91,118	70,177	
5	735,001	19,037	95,183	639,819	13,019	74,224	565,594	14,834	31,544	8,766	87,199	62,915	
6	735,001	19,037	114,219	620,782	10,938	85,162	535,620	14,038	29,852	9,678	83,543	56,467	
7	735,001	19,037	133,256	601,746	9,953	95,116	506,630	13,294	28,270	9,571	80,124	50,734	
8	735,001	19,037	152,292	582,709	9,953	105,069	477,640	12,575	26,740	8,514	76,818	45,567	
9	735,001	19,037	171,329	563,673	9,953	115,022	448,650	11,855	25,210	7,457	73,512	40,850	
10	735,001	19,037	190,365	544,636	9,953	124,975	419,661	11,136	23,680	6,400	70,205	36,547	
11	735,001	19,037	209,402	525,599	9,953	134,928	390,671	10,416	22,150	5,344	66,899	32,625	
12	735,001	19,037	228,438	506,563	9,953	144,882	361,681	9,696	20,620	4,287	63,593	29,053	
13	735,001	19,037	247,475	487,526	9,953	154,835	332,691	8,977	19,090	3,230	60,287	25,801	
14	735,001	19,037	266,511	468,490	9,950	164,785	303,705	8,257	17,559	2,177	56,980	22,845	
15	735,001	19,037	285,548	449,453	9,953	174,738	274,715	7,538	16,030	1,117	53,674	20,160	
16	735,001	19,037	304,585	430,417	1,087	175,625	254,592	6,818	14,499	8,927	50,388	17,722	
17	735,001	19,037	323,621	411,380	(7,776)	168,049	243,331	6,319	13,437	17,056	48,073	15,846	
18	735,001	19,037	342,658	392,344	(7,776)	160,272	232,071	6,039	12,843	16,646	46,789	14,448	
19	735,001	19,037	361,694	373,307	(7,776)	152,496	220,811	5,760	12,249	16,236	45,504	13,163	
20	735,001	19,037	380,731	354,271	(7,776)	144,720	209,551	5,481	11,654	15,825	44,220	11,983	
21	735,001	19,037	399,767	335,234	(7,776)	136,943	198,291	5,201	11,060	15,415	42,936	10,900	
22	735,001	19,037	418,804	316,198	(7,776)	129,167	187,031	4,922	10,466	15,004	41,652	9,906	
23	735,001	19,037	437,840	297,161	(7,776)	121,390	175,771	4,642	9,871	14,594	40,368	8,994	
24	735,001	19,037	456,877	278,125	(7,776)	113,614	164,511	4,363	9,277	14,183	39,083	8,157	
25	735,001	19,037	475,913	259,088	(7,776)	105,837	153,251	4,083	8,683	13,773	37,799	7,391	
26	735,001	19,037	494,950	240,051	(7,776)	98,061	141,990	3,804	8,089	13,363	36,515	6,688	
27	735,001	19,037	513,986	221,015	(7,776)	90,285	130,730	3,524	7,494	12,952	35,231	6,045	
28	735,001	19,037	533,023	201,978	(7,776)	82,508	119,470	3,245	6,900	12,542	33,946	5,457	
29	735,001	19,037	552,059	182,942	(7,776)	74,732	108,210	2,965	6,306	12,131	32,662	4,919	
30	735,001	19,037	571,096	163,905	(7,776)	66,955	96,950	2,686	5,711	11,721	31,378	4,427	
31	735,001	19,037	590,133	144,869	(7,776)	59,179	85,690	2,406	5,117	11,310	30,094	3,977	
32	735,001	19,037	609,169	125,832	(7,776)	51,402	74,430	2,127	4,523	10,900	28,810	3,567	
33	735,001	19,037	628,206	106,796	(7,776)	43,626	63,170	1,847	3,928	10,489	27,525	3,192	
34	735,001	19,037	647,242	87,759	(7,776)	35,850	51,910	1,568	3,334	10,079	26,241	2,851	
35	735,001	19,037	666,279	68,723	(7,776)	28,073	40,649	1,288	2,740	9,669	24,957	2,540	
36	735,001	19,037	685,315	49,686	(7,776)	20,297	29,389	1,009	2,145	9,258	23,673	2,257	
37	735,001	19,037	704,352	30,650	(7,776)	12,520	18,129	729	1,551	8,848	22,388	2,000	
38	735,001	19,037	723,388	11,613	(7,776)	4,744	6,869	450	957	8,437	21,104	1,768	
39	735,001	11,613	735,001	-	(4,744)	0	(0)	170	363	4,984	12,396	972	
											Total	925,290	
											Levelized years:	38.6100386	67,879