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May 30, 2014
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VIA FEDERAL EXPRESS

NJ BPU
CASE MANAGEMENT

Honorable Kristi Izzo, Secretary
New Jersey Board of Public Utilities
44 South Clinton Avenue, 9th Floor
P.O. Box 350
Trenton, NJ 08625-0350

Re: IN THE MATTER OF NEW JERSEY
NATURAL GAS COMPANY'S
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS)
AND CONSERVATION INCENTIVE PROGRAM (CIP)
FACTORS FOR F/Y 2015
BPU DOCKET NO. GR1406 0537

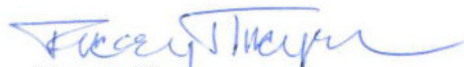
Dear Secretary Izzo:

Enclosed herewith for filing please find an original and ten (10) copies of the petition of New Jersey Natural Gas Company (NJNG) for the Annual Review and Revision of its Basic Gas Supply Service (BGSS) and Conservation Incentive Program (CIP) Factors for F/Y 2015. Included in this filing are the testimonies of Jayana S. Shah, Tina M. Trebino, and Anne-Marie Peracchio in support of this petition.

Copies of the petition, including the supporting exhibits and testimony, are also being served upon the New Jersey Division of Rate Counsel.

Kindly acknowledge receipt of this filing by date stamping the enclosed copy of this letter and returning same in the self-addressed, stamped envelope.

Respectfully submitted,


Tracey Thayer
Director, Regulatory Affairs Counsel

CMS
DAG
Legal - 2
RPA
Energy - 6

Enclosures

C: Service List

**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2015
DOCKET NO. GR1406_____**

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**NEW JERSEY NATURAL GAS COMPANY
ANNUAL REVIEW AND REVISION OF ITS
BASIC GAS SUPPLY SERVICE (BGSS) AND
REVIEW AND REVISION OF ITS CONSERVATION
INCENTIVE PROGRAM (CIP) FOR F/Y 2015
DOCKET NO. GR1406_____**

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STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY)

FOR THE ANNUAL REVIEW AND

REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS) AND CONSERVATION)
INCENTIVE PROGRAM (CIP) FACTORS)
FOR F/Y 2015)

) BPU DOCKET NO. GR1406 _____

) OAL DOCKET NO. _____

RECEIVED

MAY 30 2014

BOARD OF PUBLIC UTILITIES
MAIL ROOM

CMS
DAG
Legal
EPA
Energy

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

**IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY) **BPU DOCKET NO. GR1406_____**
FOR THE ANNUAL REVIEW AND)
REVISION OF ITS BASIC GAS SUPPLY) **PETITION**
SERVICE (BGSS) AND CONSERVATION)
INCENTIVE PROGRAM (CIP) FACTORS)
FOR F/Y 2015**

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

Pursuant to the “Order Approving BGSS Price Structure” (“Generic BGSS Order”) issued on January 17, 2002 by the New Jersey Board of Public Utilities (the “BPU” or “Board”) in BPU Docket No. GX01050304¹, and the applicable provisions of N.J.S.A. 48:2-21, New Jersey Natural Gas Company (“NJNG” or the “Company”) hereby requests the Board to accept the Company’s annual filing for its Basic Gas Supply Service (“BGSS”), and approve the Company’s related request to maintain the existing BGSS price applicable to residential and certain small commercial customers (“Periodic BGSS”). NJNG also hereby requests that the Board approve, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in a BPU Order in Docket No. GR07110889 dated October 3, 2008 (“Base Case Order”), a decrease to its balancing charge to reflect updated costs. Additionally, pursuant to N.J.S.A. 48:2-21 and the authority granted the Company in BPU Orders in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the Conservation Incentive Program (“CIP”) for the period from October 1, 2013 through September 30, 2014 and approve the Company’s related request to

¹ The referenced BGSS Order contemplates that annual BGSS filings are made by natural gas companies by June 1 of each year, with proposed BGSS price adjustments to be effective October 1 of each year, and authorizes two additional self-implementing rate adjustments (subject to limits) upon notice to the Board on November 1 and January 1 each year to take effect on December 1 and February 1 respectively. Pursuant to the same order, BGSS is priced on a monthly basis for large commercial and industrial customers.

6. NJNG is providing nineteen (19) months of actual BGSS data for the period October 1, 2012 through April 30, 2014, and projected data for the twenty-nine (29) month period May 1, 2014 through September 30, 2016.

7. As approved by the Board in the Base Case Order, NJNG is authorized to adjust its balancing charge in the annual BGSS filing to reflect updated costs. The Company is proposing to decrease its after-tax balancing charge by \$0.0113 per therm. All balancing charge revenues from transportation customers are credited to BGSS. For BGSS customers, the balancing charge is included as a component of the delivery charge and deducted from the BGSS charge in order to provide a BGSS "Price-to-Compare."

8. Pursuant to the CIP Orders, the CIP provides for a rate adjustment related to changes in average use per customer when compared to a pre-established baseline. Additionally, any recoveries sought by the Company must meet the Basic Gas Supply Service Savings Test and Earnings Test ("Tests") established in the CIP Orders.

9. Based on actual data for the period October 1, 2013 through April 30, 2014, and projected data for the period May 1, 2014 through September 30, 2014, the CIP calculations for fiscal year 2014, including projected over or underrecovery balances, result in the following recovery amounts: 1) a margin credit of approximately \$0.09 million for Group I Residential Non-Heat customers; 2) a margin credit of approximately \$9.8 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$0.3 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$3.7 million for Group IV General Service – Large customers.²

10. The testimony of Tina M. Trebino and Exhibit C within this filing demonstrate that NJNG is entitled to full recovery of such balances based on the Tests approved in the CIP Orders. Pursuant to the terms of the CIP Orders, the Company is proposing an effective date of October 1, 2014 for the following after-tax CIP rates which, as compared to existing charges, result in the following decreases per therm:

² The CIP recovery amounts are included in Exhibit C, Schedules 1 through 4.

- Exhibit B** BGSS schedules for the twelve (12) month period from October 1, 2014 through September 30, 2015, using projected data for the entire period.⁴ Projected BGSS schedules for FY2016 will be included in Workpapers to be filed shortly under separate cover.
- Exhibit C** CIP Schedules
- Exhibit D** Calculation of Balancing Charge
- Exhibit E** Impact of Proposed Rate Changes along with a summary of all the adjustments and appropriate balances contained in Exhibits A and B as necessary to compute the proposed BGSS price.
- Exhibit F** Proposed tariff pages for Petitioner's Tariff Gas Service, BPU No. 8-Gas
- Exhibit G** Proposed Form of Notice of Public Hearing.

13. NJNG has served notice and a copy of this filing, together with a copy of the annexed exhibits, schedules and NJNG's supporting testimonies being filed herewith, upon the New Jersey Division of Rate Counsel, 140 East Front Street, Trenton, New Jersey.

⁴ Id.

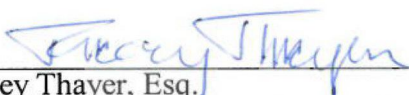
WHEREFORE, NJNG requests that the Board issue an Order:

1. Accepting for filing the Company's annual BGSS filing;
2. Approving the Company's request to maintain the Periodic BGSS price applicable to residential and small commercial customers effective October 1, 2014;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2014;
4. Approving the requested CIP rates which result in decreases effective October 1, 2014; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By:


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

Dated: May 30, 2014

STATE OF NEW JERSEY)
COUNTY OF MONMOUTH)

VERIFICATION


MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath
deposes and says:

1. I am Senior Vice President, Regulatory Affairs for New Jersey Natural Gas Company, the Petitioner in the foregoing Petition.
2. I have read the annexed Petition, along with the Exhibits attached thereto, and the matters and things contained therein are true to the best of my knowledge and belief.



Mark R. Spurduto

Sworn and subscribed to
before me this 30th day
of May, 2014.



Lisa Hamilton

LISA HAMILTON
NOTARY PUBLIC FOR NEW JERSEY
Commission Expires January 4, 2015

