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APR 09 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

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Fwd 4/10/15
APR 10 2015
By Case Mgmt

April 7, 2015

Kenneth Sheehan, Secretary
N.J. Board of Public Utilities
44 South Clinton Avenue, 9th floor
P.O. Box 350
Trenton, NJ 08625-0350

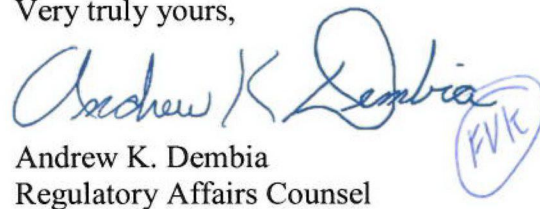
Re: In the Matter of the Petition of
New Jersey Natural Gas Company
For the Annual Review and
Revision of its Basic Gas
Supply Service (BGSS) and its
Conservation Incentive Program (CIP)
for F/Y 2015
BPU Docket No. GR14060537

Dear Mr. Sheehan:

Enclosed with this letter is a fully executed Stipulation for Final Rates in the above captioned matter with separate and original signature pages for each signatory.

Please do not hesitate to contact me at 732-938-1073 if you need any additional information.

Very truly yours,


Andrew K. Dembia
Regulatory Affairs Counsel

AKD:fk

C: Christina Juarez (electronically)
Jerome May (electronically)
Sarah Steindel (electronically)
Alex Moreau (electronically)
Christopher Psihoules (electronically)
Robert Schultheis (electronically)

Case Mgmt
Legal
Emergency-TO



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APR 09 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES

IN THE MATTER OF THE PETITION OF)
NEW JERSEY NATURAL GAS COMPANY)
FOR THE ANNUAL REVIEW AND) BPU DOCKET NO. GR14060537
REVISION OF ITS BASIC GAS SUPPLY)
SERVICE (BGSS) AND ITS)
CONSERVATION INCENTIVE PROGRAM)
(CIP) FACTORS FOR F/Y 2015)
)

STIPULATION FOR FINAL RATES

APPEARANCES:

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

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

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

TO: THE NEW JERSEY BOARD OF PUBLIC UTILITIES

BACKGROUND

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR14060537 on June 2, 2014 ("2015 Annual Filing"), requesting that the New Jersey Board of Public Utilities (the "BPU" or "Board") approve NJNG's 2015 Annual Filing to: 1) maintain the Company's Periodic Basic Gas Supply Service ("BGSS") rate for the period October 1, 2014 through September 30, 2015; 2) approve a decrease to the Company's Balancing Charge; and 3) approve decreases to the Conservation Incentive Program ("CIP") factors effective October 1, 2014.

2. Specifically, the petition in the 2015 Annual Filing requested that the BPU maintain the existing per therm after-tax Periodic BGSS rate of \$0.5356 that is applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism. As requested by Board Staff, NJNG's filing reflected market conditions as of May 12, 2014 based on a one-year BGSS recovery period. For the October 2014 through September 2015 BGSS year, NJNG's filing included an estimated beginning under-recovery balance of \$9 million and an estimated ending over-recovery balance of \$0.5 million.

3. The petition also requested approval of a \$0.0113 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0863 to \$0.0750. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("Base Case Order"), NJNG is to adjust its balancing charge in the annual BGSS filing to reflect updated costs. For transportation customers, the balancing charge is a component of the delivery charge, and all balancing charge revenues from transportation customers are credited to BGSS. In order to provide a "Price-to-Compare" for sales customers, the balancing charge is deducted from the BGSS charge and included as a component of the delivery charge. Since the balancing charge is deducted from the BGSS price, and added to the delivery price, there is no balancing-related impact on a sales customer's bill.

4. As part of the 2015 Annual Filing, as authorized by the Board in Docket No. GR05121020, the Company also submitted its annual CIP rate filing for CIP year 2015 (October 1, 2014 through September 30, 2015) requesting that the BPU approve the implementation of updated CIP factors. The requested changes resulted in an overall decrease of after-tax revenue of approximately \$27 million to the current estimated annual CIP revenue of \$20.7 million. Specifically, the Company sought approval for the following changes to its after-tax per therm

CIP factors: 1) a decrease of \$0.0376 from the current rate of \$0.0049 for Group I Residential Non-Heat customers resulting in the proposed credit of (\$0.0327); 2) a decrease of \$0.0472 to the rate of \$0.0240 resulting in the proposed credit of (\$0.0232) for Group II Residential Heat customers; 3) a decrease of \$0.0479 to the current charge of \$0.0581 for Group III Small Commercial customers resulting in the proposed charge of \$0.0102; and 4) a decrease of \$0.0282 to the current charge of \$0.0568 resulting in the proposed charge of \$0.0286 for Group IV Large Commercial customers.

5. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by reductions in related BGSS costs. The Company reported total estimated CIP related margin credit for CIP year 2014 (October 1, 2013 through September 30, 2014) of (\$3.9) million with (\$11.3) million related to weather and \$7.4 million non-weather related. The Company has identified approximately \$12 million in BGSS savings available to offset non-weather related CIP charges for the October 2013 through September 2014 recovery period. The Company provided testimony that the margin deficiency does not result in a return on equity in excess of 10.3 percent.

6. On August 28, 2014, the Company submitted notification to the Board and the New Jersey Division of Rate Counsel ("Rate Counsel") in BPU Docket Nos. GR14060537 and GX01050304 (the "Generic BGSS Order") of its intent to self-implement a decrease in its Periodic BGSS rate from the then current level of \$0.5356¹ per therm to \$0.4804² per therm after-tax. This price decrease is pursuant to the terms of the Generic BGSS Order, which

¹ Current pre-tax price is \$0.5006 per therm.

² Proposed pre-tax price is \$0.4490 per therm.

permits NJNG to decrease its BGSS rate at any time upon five days notice and the filing of supporting documentation with the Board and Rate Counsel. The BGSS decrease results in a 5 percent decrease in the total monthly bill for a residential heating customer using 100 therms per month. The Company implemented this decrease effective October 1, 2014.

7. Reducing the current BGSS rate and CIP rates has resulted in an overall decrease of approximately \$10.24 per month, or 9.3 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) using 25 therms per month from these requested rate changes was a decrease of 7.0 percent per month, and to the average small commercial customer (Group III) using 100 therms a month, a decrease of 8.2 percent per month. Since the Periodic BGSS Pricing Mechanism does not impact larger commercial customers to whom the monthly BGSS is applicable, the impact of the CIP rate change will result in a 2.1 percent decrease to the average Group IV customer using 1,200 therms per month. The above CIP changes result in a decrease of after-tax CIP revenues of approximately \$27 million, and the resulting overall decrease in annual after-tax revenue resulting from the proposed BGSS and CIP decreases is approximately \$51 million.

8. Public hearings on this 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 any of the public hearings; and no written comments were received by the BPU, NJNG, or Rate Counsel.

9. NJNG, Board Staff, and the Rate Counsel (collectively, the "Parties") discussed certain matters at issue in this proceeding and determined that additional time was needed to complete the review of NJNG's proposed BGSS rate, balancing charge, and CIP rates. The Parties also agreed that maintaining the BGSS rate, implementing the requested decrease to the

balancing charge, and implementing the above modifications to the CIP rates, on a provisional basis, would be reasonable and executed a Stipulation for provisional rates. Accordingly, on September 30, 2014, the Board issued an Order (“September 2014 Order”) in this proceeding approving the Stipulation authorizing the Company to: 1) maintain the Company’s periodic BGSS rate of \$0.5356 per therm after-tax and noting the Company’s self-implementing decrease to \$0.4804 per therm after tax; 2) decrease the Company’s balancing charge to \$0.0750 per therm after-tax; and 3) adjust the following CIP rates to (after-tax basis): (\$0.0327) per therm for Group I Residential Non-Heat customers; (\$0.0232) per therm for Group II Residential Heat customers; \$0.0102 per therm for Group III Small Commercial customers; and, \$0.0286 per therm for Group IV Large Commercial customers.

10. The components of the above rates are as follows: reducing the current BGSS rate and CIP rates has resulted in an overall decrease of approximately \$10.24 per month, or 9.3 percent, to the average residential heating customer (Group II) using 100 therms per month. The impact to the average residential non-heat customer (Group I) using 25 therms per month from these requested rate changes was a decrease of 7.0 percent per month, to the average small commercial customer (Group III) using 100 therms a month a decrease of 8.2 percent per month. Since the Periodic BGSS Pricing Mechanism does not impact larger commercial customers to whom the monthly BGSS is applicable, the impact of the CIP rate change will result in a 2.1 percent decrease to the average Group IV customer based upon using 1,200 therms per month. The above CIP changes result in a decrease of after-tax CIP revenues of approximately \$27 million and the resulting overall decrease in annual after-tax revenue resulting from the proposed BGSS and CIP decreases is approximately \$51 million. Those rates, effective as of October 1,

2014, were subject to refund with interest, with an opportunity for a full review at the Office of Administrative Law (“OAL”), if necessary, and final approval by the Board.³

11. On November 24, 2014, this matter was transmitted to the OAL as a contested case and was assigned to the Honorable Leland McGee, Administrative Law Judge (“ALJ”).

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

13. Specifically, based upon and subject to the terms and conditions set forth herein, the Parties **STIPULATE AND AGREE** as follows:

STIPULATED ISSUES

14. The Parties agree that the current Periodic BGSS rate and the previously approved provisional rates, as described above in Paragraphs 9 and 10, should be deemed by Your Honor and the Board to be final rates. Those rates are: 1) the Company’s Periodic BGSS rate of \$0.4804 per therm after tax effective October 1, 2014; 2) the Company’s balancing charge of \$0.0750 per therm after-tax; and 3) the following CIP rates all on an after-tax basis: a credit of (\$0.0327) per therm for Group I Residential Non-Heat customers; a credit of (\$0.0232) per therm for Group II Residential Heat customers; a charge of \$0.0102 per therm for Group III Small Commercial customers; and a charge of \$0.0286 per therm for Group IV Large Commercial customers. As a result of this Stipulation, the rates approved in the September 2014 Order on a provisional basis and the Company’s self-implemented BGSS rate decrease as of October 1, 2014 will be final and remain in effect until further Board Order or further action by the

³ This Stipulation for provisional rates was negotiated and executed prior to a transfer of this case to the OAL.

Company in accordance with the Generic Order. The tariff sheets reflecting these rates, which will remain in effect, are attached hereto as Exhibit A.

15. The Parties further Stipulate that the benchmark utilized in the Storage Incentive Program will be reviewed, along with the Company's other currently effective BGSS incentives, in the Company's BGSS Incentives filing anticipated to be filed by April 30, 2015 in accordance with the Board's August 18, 2011 Order in Docket No. GR11040195.⁴

16. This Stipulation represents a mutual balancing of interests, contains interdependent provisions, and, therefore, is intended to be accepted and approved in its entirety. In the event any particular aspect of this Stipulation is not accepted and approved in its entirety by Your Honor and/or the Board, any Party aggrieved thereby shall not be bound to proceed with this Stipulation and shall have the right to litigate all issues addressed herein to a conclusion. More particularly, in the event this Stipulation is not adopted in its entirety by Your Honor and/or the Board, in any applicable Order(s), then any Party hereto is free to pursue its then available legal remedies with respect to all issues addressed in this Stipulation as though this Stipulation had not been signed.

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

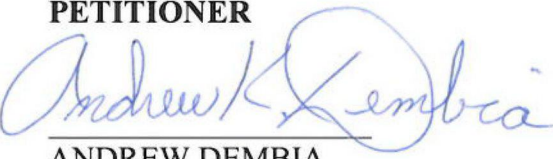
18. It is specifically understood and agreed that this Stipulation represents a negotiated agreement and has been made exclusively for the purpose of these proceedings.

⁴ The Company's current BGSS incentive mechanisms, the Off System Sales and Capacity Release ("OSS-CR") program, the Financial Risk Management ("FRM") program, and the Storage Incentive ("SI") program ("BGSS Incentive Programs") were approved by the Board on August 18, 2011 in BPU Docket No. GR11040195. The Board authorized these BGSS Incentive Programs to continue as currently structured until October 31, 2015. The Board further directed the Company to make a filing at least six months prior to October 31, 2015 if the Company intends to continue the incentive programs.

Except as expressly provided herein, NJNG, Board Staff, and Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein. All rates are subject to audit by the Board. The Parties acknowledge that a Board Order adopting the Initial Decision approving this Stipulation will become effective upon the service of said Board Order, or upon such date after the service thereof as the Board may specify, in accordance with N.J.S.A. 48:2-40.

WHEREFORE, the Parties do respectfully submit this Stipulation and request that the Your Honor issue an Initial Decision and that the Board issue an Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to make the currently provisional rates final as of the later of April 1, 2015 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 

ANDREW DEMBIA
New Jersey Natural Gas

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

By: _____
SARAH H. STEINDEL
ASSISTANT DEPUTY RATE COUNSEL

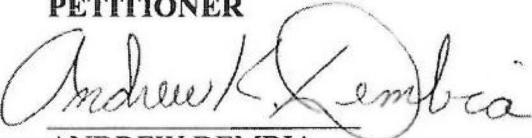
**STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES
JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY**

By: _____
ALEX MOREAU
DEPUTY ATTORNEY GENERAL

Date: March 25, 2015

WHEREFORE, the Parties do respectfully submit this Stipulation and request that the Your Honor issue an Initial Decision and that the Board issue an Order approving it in its entirety, in accordance with the terms hereof, as soon as reasonably possible in order to make the currently provisional rates final as of the later of April 1, 2015 or the effective date of the Board Order approving this Stipulation.

**NEW JERSEY NATURAL GAS
PETITIONER**


By: 

ANDREW DEMBIA
New Jersey Natural Gas

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

By: _____
SARAH H. STEINDEL
ASSISTANT DEPUTY RATE COUNSEL

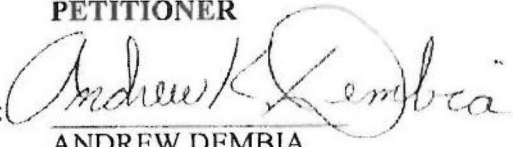
**STAFF OF THE NEW JERSEY
BOARD OF PUBLIC UTILITIES
JOHN J. HOFFMAN
ACTING ATTORNEY GENERAL OF NEW JERSEY**

By: 
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DEPUTY ATTORNEY GENERAL

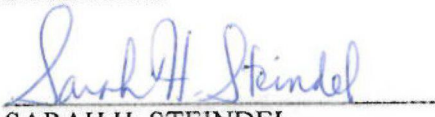
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**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
ANDREW DEMBIA
New Jersey Natural Gas

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

By: 
SARAH H. STEINDEL
ASSISTANT DEPUTY RATE COUNSEL

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

By: 
ALEX MOREAU
DEPUTY ATTORNEY GENERAL

Date: March 25, 2015

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Twenty-Third Revised Sheet No. 51
Superseding Twenty-Second Revised Sheet No. 51*

SERVICE CLASSIFICATION - RS

RESIDENTIAL SERVICE

AVAILABILITY

This service is available to any residential Customer in the territory served by the Company using gas for any domestic purpose. This rate is applicable to individually-metered apartments and to rooming and boarding houses where the number of rental bedrooms is not more than twice the number of bedrooms used by the Customer.

Gas delivered under this schedule may not be used for other than domestic purposes except when such use is incidental to domestic use.

CHARACTER OF SERVICE

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

MONTHLY RATES

Customer Charge:

| | |
|-------------------------------------|--------|
| Customer Charge per meter per month | \$8.25 |
|-------------------------------------|--------|

Delivery Charge:

Residential Heating

| | |
|---------------------------|----------|
| Delivery Charge per therm | \$0.5120 |
|---------------------------|----------|

Residential Non-Heating

| | |
|---------------------------|----------|
| Delivery Charge per therm | \$0.5025 |
|---------------------------|----------|

BGSS Charge:

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

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

Date of Issue: *September 30, 2014*
Issued by: *Mark R. Spurduto, Senior Vice President*
Wall, NJ 07719

*Effective for service rendered on
and after October 1, 2014*

*Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GR14060537*

NEW JERSEY NATURAL GAS COMPANY

Twentieth Revised Sheet No. 54

BPU No. 8 - Gas

Superseding Nineteenth Revised Sheet No. 54

SERVICE CLASSIFICATION – DGR

DISTRIBUTED GENERATION SERVICE - RESIDENTIAL

AVAILABILITY

This service is available to any residential customer using distributed generation technologies including, but not limited to, microturbines and fuel cells to generate electricity for domestic purposes.

CHARACTER OF SERVICE

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$8.25

Delivery Charge:

November - April \$0.3889

May - October \$0.3318

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge. Where service is taken for less than one month, the minimum charge will be prorated.

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: *September 30, 2014*
Issued by: *Mark R. Spurduto, Senior Vice President*
Wall, NJ 07719

*Effective for service rendered on
and after October 1, 2014*

*Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GRI4060537*

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Twenty-Third Revised Sheet No. 56
Superseding Twenty-Second Revised Sheet No. 56*

SERVICE CLASSIFICATION – GSS

GENERAL SERVICE - SMALL

AVAILABILITY

This service is available to any Customer in the entire territory served by the Company who uses less than 5,000 therms annually and uses gas for all purposes other than residential service and interruptible service. Where the Customer uses the Cooling, Air Conditioning and Pool Heating service ("CAC"), the Company will, upon application by the Customer, meter the space heating and CAC use separately. Street Lighting Service also will be supplied under this schedule.

CHARACTER OF SERVICE

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$25.00

Delivery Charge:

Delivery Charge per therm \$0.5042

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

The minimum monthly charge shall be the Customer Charge.

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

BALANCING CHARGE ADJUSTMENTS

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

Date of Issue: September 30, 2014
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719

*Effective for service rendered on
and after October 1, 2014*

*Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GR14060537*

NEW JERSEY NATURAL GAS COMPANY

Twenty-Third Revised Sheet No. 59

BPU No. 8 - Gas

Superseding Twenty-Second Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

AVAILABILITY

This service is available to any Customer in the entire territory served by the Company who uses greater than or equal to 5,000 therms annually and uses gas for all purposes other than residential service and interruptible service. Where the Customer uses the Cooling, Air Conditioning and Pool Heating service ("CAC") under Special Provision 1 applicable to customers purchasing gas supply under Rider "A", the Company will, upon application by the Customer, meter the space heating and CAC use separately.

CHARACTER OF SERVICE

Firm gas service where Customer may either purchase gas supply from the Company's Rider "A" for Basic Gas Supply Service ("BGSS") or from a Marketer or Broker.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$40.00

Demand Charge:

Demand Charge per therm applied to HMAD \$1.50

Delivery Charge:

Delivery Charge per therm \$0.4586

BGSS Charge:

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

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

MINIMUM MONTHLY CHARGE

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

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

Date of Issue: September 30, 2014
Issued by: Mark R. Sperduto, Senior Vice President
Wall, NJ 07719

Effective for service rendered on
and after October 1, 2014

Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GRI4060537

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Twenty-Third Revised Sheet No. 65
Superseding Twenty-Second Revised Sheet No. 65*

SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL

AVAILABILITY

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

CONDITIONS PRECEDENT

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

MONTHLY RATES

| | <u>DGC-Balancing</u> | <u>DGC-FT</u> |
|------------------------------------------|----------------------|---------------|
| <u>Customer Charge:</u> | | |
| Customer Charge per meter per month | \$40.00 | \$40.00 |
| <u>Demand Charge:</u> | | |
| Demand Charge per therm applied to PBQ | \$0.60 | \$0.60 |
| <u>Delivery Charge per therm:</u> | | |
| November - April | \$0.2986 | \$0.2236 |
| May - October | \$0.2658 | \$0.1908 |

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

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

MINIMUM MONTHLY CHARGE

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

*Date of Issue: September 30, 2014
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719*

*Effective for service rendered on
and after October 1, 2014*

*Filed pursuant to
Order of the Board of Public Utilities entered in
Docket No. GR14060537*

NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Seventeenth Revised Sheet No. 71
Superseding Sixteenth Revised Sheet No. 71*

SERVICE CLASSIFICATION - FC

FIRM COGENERATION

AVAILABILITY

This service is applicable to commercial and industrial Customers using gas for the sequential production of electrical and/or mechanical energy and useful thermal energy from the same fuel source as defined in Section 201 of The Public Utility Regulatory Policies Act (PURPA) of 1978.

The Customer must 1) certify that the cogeneration facility is approved by FERC as a "Qualifying Facility"; 2) sign a Service Agreement; and 3) be in compliance with the terms of N.J.S.A. 54:30A-50 to receive service under this classification.

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

Customer Charge:

Customer Charge per meter per month \$49.49

Demand Charge:

Demand Charge per therm applied to MDQ \$1.00

Delivery Charge:

Delivery Charge per therm \$0.3309

BGSS Charge:

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

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

*Date of Issue: September 30, 2014
Issued by: Mark R. Spurduto, Senior Vice President
Wall, NJ 07719*

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NEW JERSEY NATURAL GAS COMPANY

Eighty-Fifth Revised Sheet No. 155
Superseding Eighty-Fourth Revised Sheet No. 155

BPU No. 8 - Gas

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

| <u>CLASS</u> | <u>APPLICATION</u> | <u>CHARGE</u> |
|-----------------------------------------------------------------------|-----------------------------------------|--------------------|
| RS, GSS, and ED sales customers using less than 5,000 therms annually | Included in the Basic Gas Supply Charge | \$0.4804 per therm |

BALANCING CHARGE

| <u>CLASS</u> | <u>APPLICATION</u> | <u>CHARGE</u> |
|-----------------------|---------------------------------|--------------------|
| RS, GSS, GSL, DGC, ED | Included in the Delivery Charge | \$0.0750 per therm |

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

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

| <u>Effective Date</u> | <u>Charge Per Therm</u> |
|-----------------------|-------------------------|
| February 1, 2014 | \$0.8704 |
| March 1, 2014 | \$0.7912 |
| April 1, 2014 | \$0.7572 |
| May 1, 2014 | \$0.7809 |
| June 1, 2014 | \$0.7611 |
| July 1, 2014 | \$0.7366 |
| August 1, 2014 | \$0.6706 |
| September 1, 2014 | \$0.6873 |
| October 1, 2014 | \$0.4747 |
| November 1, 2014 | \$0.4860 |
| December 1, 2014 | \$0.6126 |
| January 1, 2015 | \$0.4781 |
| February 1, 2015 | \$0.4686 |

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Thirteenth Revised Sheet No. 156
Superseding Twelfth Revised Sheet No. 156*

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

| <u>CLASS</u> | <u>APPLICATION</u> | <u>CREDIT</u> |
|------------------------------------------|----------------------------------------------------------------------------------------------|----------------------|
| RS, GSS, GSL, FC, and ED sales customers | Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge | (\$0.0265) per therm |

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

*Seventh Revised Sheet No. 182
Superseding Sixth Revised Sheet No. 182*

RIDER "I"

CONSERVATION INCENTIVE PROGRAM – CIP (Continued)

The annual filing for the adjustment to the CIP rate shall be concurrent with the annual filing for BGSS. The CIP factor shall be credited/collected on a basis within the Delivery Charge for all service classifications stated above.

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

| | |
|------------------------------------------------------------|------------|
| Group I (RS non-heating): | (\$0.0327) |
| Group II (RS heating): | (\$0.0232) |
| Group III (GSS, ED using less than 5,000 therms annually): | \$0.0102 |
| Group IV (GSL, ED using 5,000 therms or greater annually): | \$0.0286 |

For the recovery of the October 2013 through September 2014 CIP margin deficiency, the recovery of the margin deficiency associated with non-weather related change in customer usage included in the above factors are offset by the BGSS savings component, as set forth in Rider A. The BGSS savings component is embedded within the Periodic BGSS Charge and the Monthly BGSS Charge.

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NEW JERSEY NATURAL GAS COMPANY

Twenty-Seventh Revised Sheet No. 252

BPU No. 8 - Gas

Superseding Twenty-Sixth Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

| | | <u>Bundled Sales</u> | <u>Transport Sales</u> | <u>Reference</u> |
|-------------------------------------------------|---------|--------------------------|----------------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 8.25 | 8.25 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.3163 | 0.3163 | |
| SUT | | <u>0.0221</u> | <u>0.0221</u> | Rider B |
| After-tax Base Rate | | 0.3384 | 0.3384 | |
| WNC | | 0.0000 | 0.0000 | Rider D |
| CIP | | (0.0232) | (0.0232) | Rider I |
| EE | | 0.0327 | 0.0327 | Rider F |
| CNGC | | <u>0.0000</u> | <u>0.0000</u> | Rider G |
| <i>Total Transport Rate</i> | a | <u>0.3479</u> | <u>0.3479</u> | |
| <i>Balancing Charge</i> | b | <u>0.0750</u> | <u>0.0750</u> | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <u>0.0891</u> | <u>0.0891</u> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.5120</u> | <u>0.5120</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Periodic BGSS | e | 0.4804 | x | Rider A |
| Less: Balancing | f | <u>0.0750</u> | x | |
| BGS | e-f=g | <u>0.4054</u> | x | |

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

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

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NEW JERSEY NATURAL GAS COMPANY

BPU No. 8 - Gas

Twenty-Seventh Revised Sheet No. 253
Superseding Twenty-Sixth Revised Sheet No. 253

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

| | | <u>Bundled Sales</u> | <u>Transport Sales</u> | <u>Reference</u> |
|-------------------------------------------------|---------|--------------------------|----------------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 8.25 | 8.25 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.3163 | 0.3163 | |
| SUT | | <u>0.0221</u> | <u>0.0221</u> | Rider B |
| After-tax Base Rate | | 0.3384 | 0.3384 | |
| CIP | | (0.0327) | (0.0327) | Rider I |
| EE | | 0.0327 | 0.0327 | Rider F |
| CNGC | | <u>0.0000</u> | <u>0.0000</u> | Rider G |
| <i>Total Transport Rate</i> | a | <u>0.3384</u> | <u>0.3384</u> | |
| <i>Balancing Charge</i> | b | <u>0.0750</u> | <u>0.0750</u> | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <u>0.0891</u> | <u>0.0891</u> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.5025</u> | <u>0.5025</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Periodic BGSS | e | 0.4804 | x | Rider A |
| Less: Balancing | f | <u>0.0750</u> | x | |
| BGS | e-f=g | <u>0.4054</u> | x | |

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

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

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NEW JERSEY NATURAL GAS COMPANY

Twenty-Fifth Revised Sheet No. 254

BPU No. 8 - Gas

Superseding Twenty-Fourth Revised Sheet No. 254

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

| | | <u>Nov - Apr</u> | <u>May - Oct</u> | <u>Reference</u> |
|-------------------------------------------------|---------|----------------------|----------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 8.25 | 8.25 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.1795 | 0.1262 | |
| SUT | | <u>0.0126</u> | <u>0.0088</u> | Rider B |
| After-tax Base Rate | | 0.1921 | 0.1350 | |
| EE | | <u>0.0327</u> | <u>0.0327</u> | Rider F |
| <i>Total Transport Rate</i> | a | <u>0.2248</u> | <u>0.1677</u> | |
| <i>Balancing Charge</i> | b | 0.0750 | 0.0750 | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <u>0.0891</u> | <u>0.0891</u> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.3889</u> | <u>0.3318</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Periodic BGSS | e | 0.4804 | 0.4804 | Rider A |
| Less: Balancing | f | <u>0.0750</u> | <u>0.0750</u> | |
| BGS | e-f=g | <u>0.4054</u> | <u>0.4054</u> | |

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

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

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NEW JERSEY NATURAL GAS COMPANY

Twenty-Eighth Revised Sheet No. 255

Superseding Twenty-Seventh Revised Sheet No. 255

BPU No. 8 - Gas

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

| | | <u>Bundled</u> <u>Sales</u> | <u>Transport</u> <u>Sales</u> | <u>Reference</u> |
|------------------------------------------|---------|--------------------------------|----------------------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 25.00 | 25.00 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.2778 | 0.2778 | |
| SUT | | <u>0.0194</u> | <u>0.0194</u> | Rider B |
| After-tax Base Rate | | 0.2972 | 0.2972 | |
| WNC | | 0.0000 | 0.0000 | Rider D |
| CIP | | 0.0102 | 0.0102 | Rider I |
| EE | | 0.0327 | 0.0327 | Rider F |
| CNGC | | <u>0.0000</u> | <u>0.0000</u> | Rider G |
| <i>Total Transport Rate</i> | a | <u>0.3401</u> | <u>0.3401</u> | |
| <i>Balancing Charge</i> | b | <u>0.0750</u> | <u>0.0750</u> | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <u>0.0891</u> | <u>0.0891</u> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.5042</u> | <u>0.5042</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Periodic BGSS | e | 0.4804 | x | Rider A |
| Less: Balancing | f | <u>0.0750</u> | x | |
| BGS | e-f=g | <u>0.4054</u> | x | |

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

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

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NEW JERSEY NATURAL GAS COMPANY

Ninety-Eighth Revised Sheet No. 256
Superseding Ninety-Seventh Revised Sheet No. 256

BPU No. 8 - Gas

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

| | | <u>Bundled Sales</u> | <u>Transport Sales</u> | <u>Reference</u> |
|------------------------------------------|---------|--------------------------|----------------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 40.00 | 40.00 | |
| <u>Demand Charge</u> | | | | |
| Demand Charge per month applied to HMAD | | 1.50 | 1.50 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Prc-tax Base Rate | | 0.2179 | 0.2179 | |
| SUT | | <u>0.0153</u> | <u>0.0153</u> | Rider B |
| After-tax Base Rate | | 0.2332 | 0.2332 | |
| WNC | | 0.0000 | 0.0000 | Rider D |
| CIP | | 0.0286 | 0.0568 | Rider I |
| EE | | 0.0327 | 0.0327 | Rider F |
| CNGC | | <u>0.0000</u> | <u>0.0000</u> | Rider G |
| <i>Total Transport Rate</i> | a | <i>0.2945</i> | <i>0.2945</i> | |
| <i>Balancing Charge</i> | b | <i>0.0750</i> | <i>0.0750</i> | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <i><u>0.0891</u></i> | <i><u>0.0891</u></i> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.4586</u> | <u>0.4586</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Monthly BGSS | e | 0.4686 | X | Rider A |
| Less: Balancing | f | <u>0.0750</u> | X | |
| BGS | e-f=g | <u>0.3936</u> | X | |

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

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

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NEW JERSEY NATURAL GAS COMPANY

Twenty-Third Revised Sheet No. 258

BPU No. 8 - Gas

Superseding Twenty-Second Revised Sheet No. 258

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service

| | | <u>Nov - Apr</u> | <u>May - Oct</u> | <u>Reference</u> |
|--------------------------------------------------|----------------|----------------------|----------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 40.00 | 40.00 | |
| <u>Demand Charge</u> | | | | |
| Demand Charge per therm per month applied to PBQ | | 0.60 | 0.60 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.0951 | 0.0645 | |
| SUT | | <u>0.0067</u> | <u>0.0045</u> | Rider B |
| After-tax Base Rate | | 0.1018 | 0.0690 | |
| EE | | 0.0327 | 0.0327 | Rider F |
| CNGC | | <u>0.0000</u> | <u>0.0000</u> | Rider G |
| <i>Total Transport Rate</i> | a | 0.1345 | 0.1017 | |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <u>0.0891</u> | <u>0.0891</u> | |
| DGC-FT Delivery Charge (DEL) | a+b=c | 0.2236 | 0.1908 | |
| Balancing Charge | b | <u>0.0750</u> | <u>0.0750</u> | |
| DGC-Balancing Delivery Charge (DEL) | a+b+c=d | <u>0.2986</u> | <u>0.2658</u> | |

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

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

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

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NEW JERSEY NATURAL GAS COMPANY

Ninety-Second Revised Sheet No. 259

Superseding Ninety-First Revised Sheet No. 259

BPU No. 8 - Gas

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Firm Cogeneration (FC)

| | | <u>Sales</u> | <u>Transport</u> | <u>Reference</u> |
|--------------------------------------------------|---------|----------------------|----------------------|------------------|
| <u>Customer Charge</u> | | | | |
| Customer Charge per meter per month | | 49.49 | 49.49 | |
| <u>Demand Charge</u> | | | | |
| Demand Charge per therm per month applied to MDQ | | 1.00 | 1.00 | |
| <u>Delivery Charge ("DEL") per therm</u> | | | | |
| <i>Transport Rate:</i> | | | | |
| Pre-tax Base Rate | | 0.1253 | 0.1253 | |
| SUT | | <u>0.0088</u> | <u>0.0088</u> | Rider B |
| After-tax Base Rate | | 0.1341 | 0.1341 | |
| EE | | <u>0.0327</u> | <u>0.0327</u> | Rider F |
| <i>Total Transport Rate</i> | a | <i>0.1668</i> | <i>0.1668</i> | |
| <i>Balancing Charge</i> | b | <i>0.0750</i> | <i>0.0750</i> | Rider A |
| <i>Societal Benefits Charge ("SBC"):</i> | | | | |
| NJ's Clean Energy | | 0.0422 | 0.0422 | Rider E |
| RA | | 0.0300 | 0.0300 | Rider C |
| USF | | <u>0.0169</u> | <u>0.0169</u> | Rider H |
| <i>Total SBC</i> | c | <i><u>0.0891</u></i> | <i><u>0.0891</u></i> | |
| Delivery Charge (DEL) | a+b+c=d | <u>0.3309</u> | <u>0.3309</u> | |
| <u>Basic Gas Supply Charge ("BGS")</u> | | | | |
| Monthly BGSS | e | 0.4686 | X | Rider A |
| Less: Balancing | f | <u>0.0750</u> | X | |
| BGS | e-f=g | <u>0.3936</u> | X | |

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

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

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