



RECEIVED

JUN 02 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

June 1, 2015

VIA FEDERAL EXPRESS

Honorable Irene Kim Asbury, 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 2016
BPU DOCKET NO. GR15060644

Dear Secretary Asbury:

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 2016. 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.

CMS
LEGAL/M. Lupo
DAG
RPA
J. May
H. Rich
R. Schulteis
ENERGY (4)
Enclosures

Respectfully submitted,

Andrew K. Dembia, Esq.
Regulatory Affairs Counsel

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 2016
DOCKET NO. GR1506_____

RECEIVED

JUN 02 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

SERVICE LIST

NJNG

Mark R. Sperduto
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Henry Rich
N.J. Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Andrew Dembia, Esq.
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Scott Sumliner
N.J. Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Anne-Marie Peracchio
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

Megan Lupo, BPU
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Tina Trebino
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

* Robert Schultheis
NJ Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Jayana Shah
New Jersey Natural Gas Company
1415 Wyckoff Road
P.O. Box 1464
Wall, NJ 07719

DIVISION OF RATE COUNSEL

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

NJ BOARD OF PUBLIC UTILITIES

Jerome May
N.J. Board of Public Utilities
Division of Energy
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350

Brian Lipman
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

* Individuals designated to receive copies of electronic documents on CD.

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 2016
DOCKET NO. GR1506 _____

RECEIVED

JUN 02 2015

BOARD OF PUBLIC UTILITIES
MAIL ROOM

SERVICE LIST

Felicia Thomas-Friel, Esq.
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

Shelly Massey
Division of Rate Counsel
140 East Front Street – 4th Floor
P.O. Box 003
Trenton, NJ 08625

DEPT. OF LAW & PUBLIC SAFETY –
DIVISION OF LAW

Caroline Vachier, DAG
Section Chief
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Alex Moreau, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

Christopher Psihoules, DAG
Division of Law
124 Halsey Street
P.O. Box 45029
Newark, NJ 07101

5/27/15

* Individuals designated to receive copies of electronic documents on CD.

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

IN THE MATTER OF THE PETITION OF)	
NEW JERSEY NATURAL GAS COMPANY)	BPU DOCKET NO. GR1506_____
FOR THE ANNUAL REVIEW AND)	
REVISION OF ITS BASIC GAS SUPPLY)	PETITION
SERVICE (BGSS) AND CONSERVATION)	
INCENTIVE PROGRAM (CIP) FACTORS)	
FOR F/Y 2016)	

**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 and in Docket No. GR13030185 dated May 21, 2014 (“CIP Orders”), NJNG hereby requests that the Board accept the Company’s filing related to the operation of the Conservation Incentive Program (“CIP”) for the period from October 1, 2014 through September

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.

30, 2015 and approve the Company's related request to increase its CIP recovery rates for Group II Residential Heat customers, Group III General Service – Small customers, and Group IV General Service – Large customers and decrease its CIP recovery rate for Group I Residential Non-Heat customers effective October 1, 2015.

1. NJNG is a corporation duly organized under the laws of the State of New Jersey and is a public utility engaged in the distribution and transportation of natural gas subject to the jurisdiction of the Board. The Company's principal business office is located at 1415 Wyckoff Road, Wall Township, New Jersey 07719.

2. Communications and correspondence relating to this filing should be sent to:

Mark R. Sperduto, Senior Vice President, Regulatory Affairs
Andrew K. Dembia, Esq., Regulatory Affairs Counsel
New Jersey Natural Gas Company
1415 Wyckoff Road, P.O. Box 1464
Wall, N.J. 07719
(732) 938-1214 (Sperduto)
(732) 938-1073 (Dembia)
(732) 938-2620 (fax)

3. The instant filing includes actual and projected natural gas commodity, storage and interstate transportation costs, including the costs and results of natural gas supplies set by hedges; deferred balances and the timeframe over which such balances and related rates are to be collected or returned; projected rates supported by projected volumes, revenues, and costs; and, a written explanation of any significant activities or trends which may affect costs for the prospective period. This filing also includes testimony, schedules, and data that are responsive to and consistent with the recommended minimum filing requirements ("MFRs") for annual BGSS filings. Additional information related to the MFRs will be provided within Workpapers to be filed shortly.

4. Based on the information provided herein, the Company proposes to maintain its existing BGSS price applicable to residential and small commercial customers of \$0.4804 per therm, after tax.

5. The costs and recoveries associated with the BGSS price have no net impact on NJNG's base revenues or return on investment, and will not change NJNG's income or rate of return.

6. NJNG is providing nineteen (19) months of actual BGSS data for the period October 1, 2013 through April 30, 2015, and projected data for the twenty-nine (29) month period May 1, 2015 through September 30, 2017².

7. As approved in the Generic BGSS Order, the Company may decrease its BGSS rate, provide refunds or bill credits at any time upon five days' notice to the Board and to the Division of Rate Counsel ("Rate Counsel"). The Company currently intends to provide bill credits in the 2015-2016 winter. The bill credit per therm will be determined in the fall of 2015 and notification of the Company's intent to implement the bill credit will be provided to the Board and Rate Counsel at that time. Exhibit B to the Petition includes an estimated pre-tax bill credit of \$0.2092 per therm (\$0.2238 per therm after-tax) during the months of November 2015 through February 2016 ("bill credit period"). In total, customer charges are estimated to be reduced by \$63.7 million, inclusive of sales tax, during the bill credit period. Although the impact of this credit will vary from customer to customer based on individual usage patterns and weather patterns during the four months, the average residential customer could see a total credit of approximately \$141 which translates to a 14.3 percent reduction to the total bill on an annual basis.

8. 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 \$0.0071 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 relevant BGSS "Price-to-Compare."

² The instant filing contains BGSS schedules for the NJNG fiscal years (FY) 2015 and 2016 (October 1 – September 30). Actual BGSS schedules for FY2014 and projected BGSS schedules for FY2017 will be included in workpapers to be filed shortly.

9. 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 value. Additionally, any recoveries sought by the Company must meet the Basic Gas Supply Service Savings Test, Variable Margin Revenue Test, and Earnings Test (“Tests”).

10. Based on actual data for the period October 1, 2014 through April 30, 2015, and projected data for the period May 1, 2015 through September 30, 2015, the CIP calculations for fiscal year 2015, including projected over or underrecovery balances, result in the following recovery amounts: 1) a margin credit of approximately \$0.1 million for Group I Residential Non-Heat customers; 2) a margin credit of approximately \$9.7 million for Group II Residential Heat customers; 3) a margin deficiency of approximately \$0.4 million for Group III General Service – Small customers; and, 4) a margin deficiency of approximately \$4.4 million for Group IV General Service – Large customers.³

11. 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, 2015 for the following after-tax CIP rates which, as compared to existing charges, result in the following changes per therm:

<u>Group</u>	<u>Group Description</u>	<u>Proposed Charge/ (Credit) per therm</u>	<u>Existing Charge/ (Credit) per therm</u>	<u>Increase/ (Decrease) per therm</u>
Group I	Residential Non-Heat	(\$0.0403)	(\$0.0327)	(\$0.0076)
Group II	Residential Heat	(\$0.0224)	(\$0.0232)	\$0.0008
Group III	General Service - Small	\$0.0128	\$0.0102	\$0.0026
Group IV	General Service - Large	\$0.0339	\$0.0286	\$0.0053

12. The proposed October 1, 2015 CIP changes result in a 0.6 percent decrease for an average residential non-heat sales customer (Group I), a \$0.08 or 0.08 percent increase to the total bill of a residential heating sales customer (Group II) using 100 therms per month, a 0.2

³ The CIP recovery amounts are included in Exhibit C, Schedules 1 through 4.

percent increase for an average sales customer in Group III and a 0.6 percent increase for an average Group IV sales customer.

13. This filing is supported by and includes the testimonies of Jayana S. Shah-Managing Director, Gas Supply; Tina M. Trebino-Director, Rates and Tariff; and Anne-Marie Peracchio-Director, Conservation and Clean Energy Policy. Additionally, annexed hereto and made a part of this Petition are the following exhibits and schedules:

Exhibit A BGSS schedules for the twelve (12) month period ending September 30, 2015, using actual data for the period from October 1, 2014 through April 30, 2015 and projected data for the period from May 1, 2015 through September 30, 2015.⁴ Actual BGSS schedules for fiscal year (FY) 2014 will be included in MFRs and Workpapers to be filed shortly under separate cover.

Exhibit B BGSS schedules for the twelve (12) month period from October 1, 2015 through September 30, 2016, using projected data for the entire period.⁵ Projected BGSS schedules for FY2017 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.

⁴ The projected data includes the May 11, 2015 NYMEX settlement prices as requested by BPU Staff.

⁵ Id.

Exhibit F Proposed tariff pages for Petitioner's Tariff Gas Service,
BPU No. 8-Gas

Exhibit G Proposed Form of Notice of Public Hearing.

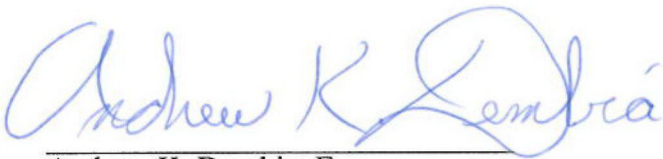
14. NJNG has served notice and a copy of this filing, together with a copy of the annexed exhibits, schedules and NJNG's supporting testimonies being filed herewith, upon the New Jersey Division of Rate Counsel, 140 East Front Street, Trenton, New Jersey.

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, 2015;
3. Approving the Company's request to decrease its Balancing Charge effective October 1, 2015;
4. Approving the requested CIP rates effective October 1, 2015; and
5. Granting such other relief as the Board deems just, reasonable and necessary.

Respectfully submitted,

NEW JERSEY NATURAL GAS COMPANY

By: 
Andrew K. Dembia, Esq.
Attorney for New Jersey Natural Gas Company

Dated: May 29, 2015

STATE OF NEW JERSEY)
COUNTY OF MONMOUTH)

VERIFICATION

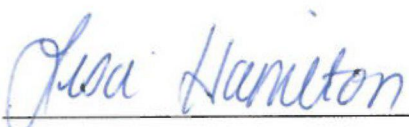
MARK R. SPERDUTO of full age, being duly sworn according to law, on his oath deposes and says:

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 29th day
of May, 2015.



Lisa Hamilton

LISA HAMILTON
Commission # 2171894
Notary Public - State of New Jersey
My Commission Expires
January 04, 2020

