



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 LETTER PETITION OF)
NEW JERSEY NATURAL GAS COMPANY TO)
CLARIFY TARIFF LANGUAGE PURSUANT TO)
N.J.A.C. 14:1-5.11)
)
) DOCKET NO. GO11100652

APPEARANCES:

Tracey Thayer, New Jersey Natural Gas Company
Stefanie A. Brand, Director, New Jersey Division of Rate Counsel

BY THE BOARD:

By this Order, the New Jersey Board of Public Utilities (“BPU” or “Board”) considers a letter petition filed on October 19, 2011 by New Jersey Natural Gas Company (“NJNG” or the “Company”) pursuant to N.J.A.C. 14:1-5.11 to clarify existing NJNG Tariff language concerning rates for the Distributed Generation Service Classification (“DGC”) customers. According to the letter petition, NJNG became aware that certain DGC Tariff language needed clarification to avoid confusion and to ensure that the Tariff clearly provided customers with information concerning the DGC delivery requirements and related delivery rates. The Company has proposed no change to any of the rates or procedures.

BACKGROUND

On July 26, 2001, NJNG filed a petition, in BPU Docket No. GT01070450, pursuant to N.J.S.A. 48:2-21.2(1)(c), seeking Board approval of an initial DGC Tariff reflecting proposed terms, conditions, and prices. This petition was filed in accordance with the Board’s March 30, 2001 Order in NJNG’s rate unbundling proceeding, BPU Docket. No. G099030123, requiring the Company to develop a DGC classification applicable to customers using new Distributed Generation (“DG”) technologies.

On January 23, 2003, the Board approved a stipulation executed by NJNG, Board Staff, and the New Jersey Division of Rate Counsel ("Rate Counsel"), known then as the Division of Ratepayer Advocate. The Order stated that Distributed Generation Service was an important step in developing the DG technology market, and making it available to not only large users but also to small commercial and residential consumers.

Special Provision 1 of the Company's tariff in the DGC Service Classification includes language about balancing natural gas deliveries and usage by DGC customers who deliver natural gas to NJNG in similar manners as both firm transportation customers ("FT") and General Service customers. According to the Company, since FT customers use best efforts to deliver an amount of natural gas supply that is close to their requirements, any variances are cashed-out on a monthly basis so that no imbalances are carried forward into the next month. Because of that monthly cash-out, FT customers are not charged a balancing charge but rather their suppliers pay a cashed-out charge based on the weekly spot index price for the New York City citygate as published by Natural Gas Week's Major Market Prices, adjusted by a specific penalty factor depending upon the imbalance level as described in the Marketer and Broker Requirements tariff. On the other hand, General Service customers deliver an average daily usage for the month as determined by the Company, and have a balancing charge imposed to cover the Company's costs of balancing the difference between customer usage and the supplies delivered on their behalf. According to the Company, this distinction was not clear in the DGC Tariff, and as a result, NJNG received sufficient inquiries from customers about the DGC Service Classification and the associated pricing prompting NJNG to file the October 19, 2011 letter petition.

In its letter petition, the Company proposes modifications to its DGC Tariff, Tariff Sheet Nos. 65-68, and Summary of Firm Commercial Rate Components, Tariff Sheet No. 258 to clarify the minimum daily delivery volumes, the balancing options and related pricing for DGC customers. NJNG also proposes modifications to Tariff Sheets No. 85, 87, 89, 90 and 92 of the Marketers and Brokers Requirements and to its Rider "A" – Basic Gas Supply Service ("BGSS"), Tariff Sheet No. 155.

Rate Counsel filed comments to the Board on February 22, 2012, stating that the proposed changes appear consistent with the intent of the DGC Tariff as adopted by the Board and are consistent with the Company's current practice. Therefore, Rate Counsel has no objection to the implementation of the proposed changes to the Company's Tariff.

The Board, having reviewed the proposed revisions to the DGC Tariff, **FINDS** them to be reasonable and consistent with the intent of the Tariff and, as represented by the Company, these clarifications will not result in changes to the approved rates or procedures. Thus, the Board **HEREBY APPROVES** NJNG's proposed tariff changes to its existing DGC Tariff.


The Board **HEREBY DIRECTS** the Company to file revised Tariffs within five (5) business days of service of this Order, to be effective on the date this Order is served or June 1, 2012, whichever is later.


DATED: 5/23/12

BOARD OF PUBLIC UTILITIES
BY:


ROBERT M. HANNA
PRESIDENT


JEANNE M. FOX
COMMISSIONER


JOSEPH L. FIORDALISO
COMMISSIONER

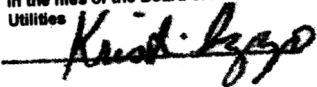

NICHOLAS ASSELTA
COMMISSIONER


MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:

KRISTI IZZO
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities



In the Matter of the Letter Petition of New Jersey Natural Gas Company to Clarify Tariff
Language Pursuant to N.J.A.C. 14:1-5.11
DOCKET NO. GO11100652

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CHRIS CHRISTIE
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KIM GUADAGNO
Lt. Governor

STEFANIE A. BRAND
Director

February 21, 2012

By Overnight Delivery Service

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

**Re: I/M/O Letter Petition of New Jersey Natural Gas
Company to Clarify Existing NJNG Tariff Language
Pursuant to N.J.A.C. 14:1-5.11
BPU Docket No. GO11100652**

Dear Secretary Izzo:

Please accept for filing this original and ten copies of comments submitted on behalf of the New Jersey Division of Rate Counsel ("Rate Counsel") concerning the above-referenced Letter Petition of New Jersey Natural Gas Company ("NJNG" or "Company") dated October 18, 2011 to make clarifying changes to its Board-approved Tariff. Enclosed is one additional copy. Please date stamp the copy as "filed" and return to us in the enclosed self-addressed, stamped envelope. Thank you for your consideration and attention to this matter.

NJNG is seeking to modify its Tariff as it relates to Distributed Generation Service - Commercial ("DGC") customers. DGC service is available to commercial customers using distributed electric generation technologies such as microturbines and fuel cells. Tariff Sheet No. 65. The Letter Petition states that the current tariff language has resulted in some customer confusion. Some DGC customers use their best efforts to deliver an amount of gas that is close to

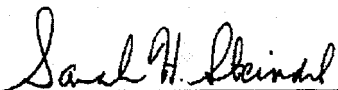
requirements, with any variances cashed out on a monthly basis. Such customers are not charged a balancing charge. Other customers, referred to in the Petition as General Service customers, deliver an average daily usage for the month and are charged a balancing charge. The Letter Petition states that this distinction is not sufficiently clear in the current Tariff. Letter Petition, p. 2.

NJNG is proposing to make changes in its DGC Tariff, Tariff Sheets Nos. 65-68, and Summary of Firm Commercial Rate Components, Tariff Sheet No. 258, to clarify the two different delivery options, and the related pricing, for DGC customers. The Company also is proposing conforming changes to its Marketers and Brokers requirements in Tariff Sheets Nos. 85, 87, 90 and 92 and to its Rider "A" – Basic Gas Supply Service, Tariff Sheet No. 155. Id.

Rate Counsel has reviewed the proposed modifications to NJNG's Tariff. The proposed Tariff changes all appear to be for the purpose of clarification, as represented in the Company's Letter Petition. These proposed changes appear consistent with the intent of the Tariff as adopted by the Board and consistent with the Company's current practice. Rate Counsel accordingly has no objection to the implementation of the proposed changes to the Company's Tariff.

Respectfully submitted,

STEFANIE A. BRAND
Director, Division of Rate Counsel

By: 
Sarah H. Steindel
Assistant Deputy Rate Counsel

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New Jersey Natural Gas Company to
Clarify Tariff Language

BPU Dkt. No. GO11100652

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