

Agenda Date: 5/23/12 Agenda Item: 2C

STATE OF NEW JERSEY Board of Public Utilities 44 South Clinton Avenue, 9th Floor Post Office Box 350 Trenton, New Jersey 08625-0350 <u>www.nj.gov/bpu/</u>

<u>ENERGY</u>

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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 REVIEW AND REVISION OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR FISCAL YEAR 2012

DECISION AND ORDER APPROVING STIPULATION FOR FINAL RATES

DOCKET NO. GR11060331

Parties of Record:

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

BY THE BOARD:

Per the generic Order of the New Jersey Board of Public Utilities ("Board") dated January 6, 2003, in Docket No. GX01050304 ("January BGSS Order"), each of New Jersey's four gas distribution companies ("GDCs") submits to the Board its annual Basic Gas Supply Service ("BGSS") gas cost filing for the BGSS year beginning October 1 by June 1 of that year. In accordance with the above noted Order, on June 1, 2011, New Jersey Natural Gas Company ("Company," or "NJNG") filed its annual BGSS petition ("Petition") to establish new rates for the BGSS year October 1, 2011 through September 30, 2012.

In addition, the January BGSS Order authorizes each GDC to:

- 1) self-implement up to a 5% BGSS increase effective December 1 of the current year and February 1 of the following year with one month's advance notice to the Board and the Division of Rate Counsel ("Rate Counsel"), and
- 2) decrease its BGSS rate, provide refunds or rate credits at any time upon five days notice and the filing of supporting documentation to the Board and to Rate Counsel.

The Petition sought to decrease the Company's BGSS rate applicable to residential and small commercial customers from an after-tax rate of \$0.8346 per therm to \$0.7116 per therm, generating a \$55.2 million annual decrease in BGSS billings. Approval of this request would translate into a monthly bill decrease of approximately \$12.30 or 9.1% for the average residential customer using 100 therms per month.

The Petition also included a proposed update of the Conservation Incentive Program ("CIP")¹ rates to be effective as of October 1, 2011. In accordance with the Board's decision in Docket No. GR05121020, the CIP provides for a rate adjustment related to changes in average use per customer as compared to a pre-established benchmark. Based on actual and estimated data through September 30, 2011, the Company sought to revise the level of its CIP recovery rate resulting in a net decrease in customer billings. Approval of the proposed CIP rate reduction would decrease the bill of an average residential customer using 100 therms per month by approximately \$1.13 or 0.8% per month.

The Company also proposed to decrease its after-tax balancing charge by \$0.0042 per therm, from \$0.0886 to \$0.0844 to reflect up-dated costs. Supply imbalances occur when transportation customers use more or less gas than the amount they agreed to take from their third party suppliers. The balancing charge represents the cost to NJNG's transportation customers for NJNG providing gas from its BGSS portfolio to adjust for transportation customers' over/under consumption. All balancing charge revenues from transportation customers are credited to the BGSS. For sales 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."

The following table summarizes net billing reductions as detailed in the Petition:

	BGS	S/CIP Billings (\$1	Millions)
Customer Class	@ In-Place Rates	@ Proposed Rates	Billing (Reductions)
Residential Non-Heat	\$2.5	\$2.3	(\$0.2)
Residential Heat	\$358.4	\$301.7	(\$56.7)
General Service - Small	\$22.8	\$20.0	(\$2.8)
General Service - Large	\$3.8	\$5.3	\$1.5
and the second	\$387.5	\$329.3	(\$58.2)

Based on the proposed BGSS, CIP and Balancing Charge rate changes, a typical residential heating customer using 100 therms would see a bill decrease of \$13.43 or 9.9% on the monthly gas bill.

After publication of notice in newspapers of general circulation in the Company's service territory, on July 26 and July 27, 2011, public hearings in this matter were held in Rockaway and Freehold, respectively. No members of the public appeared at either of the hearings.

NJNG, the Division of Rate Counsel ("Rate Counsel") and Board Staff (collectively, the "Parties") determined that additional time was needed to complete the review of NJNG's

¹ The CIP was approved by the Board in Docket No. GR05120120 in Board Orders dated October 12 and December 12, 2006 ("CIP Order"). The CIP encourages the Company to foster customer conservation by allowing it to share in energy related savings due to conservation. The non-weather related CIP surcharges are limited to corresponding decreases in specific supply related costs incorporated in the Company's BGSS Rates. The CIP surcharge is also subject to a return on equity cap of 10.5%.

proposed BGSS, CIP and balancing charge rates, and agreed that provisional approval of the proposed rate changes was reasonable.

The Parties agreed that the following proposed after-tax rates should be made provisionally effective as of October 1, 2011, subject to refund with interest, an opportunity for a full review at the Office of Administrative Law, and final approval by the Board:

	After-Tax Rates Per Therm Per 06/01/11 Petition					
	Proposed	Then-Current				
BGSS	\$0.7116	\$0.8346				
Balancing Charge Rate	\$0.0844	\$0.0886				
CIP:						
Residential - Non-Heat	\$0.0255	-\$0.0033				
Residential - Heat	\$0.0066	\$ 0.0179				
Commercial - Small	\$0.0464	\$0.0339				
Commercial - Large	\$0.0391	\$0.0278				

On September 22, 2011, the Board approved the Parties' August 29, 2011, Stipulation for Provisional Rates reflecting the above "proposed after-tax rates, to be effective October 1, 2011, and ordered that the matter be transmitted to the Office of Administrative Law for full review and an Initial Decision, and then returned to the Board for a Final Decision.

Pursuant to the January BGSS Order, on November 17, 2011, and January 25, 2012, the Company notified the Board and Rate Counsel that, as a result of a decline in gas commodity prices, the Company was implementing bill credits for its BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012.

On March 9, 2012, NJNG notified the Board Secretary that the Company would apply the \$0.4419 per therm bill credit to these same customers for the period March 15, 2012, through March 31, 2012. Although the impact of these credits vary from customer to customer, for the average residential customer the after-tax credit of \$0.4419 per therm translated into a fourmonth credit of approximately \$220. Concurrently, NJNG announced that effective April 1, 2012, the existing provisional BGSS after-tax per therm rate of \$0.7116 was to be reduced to \$0.6681 per therm resulting in a monthly decrease of approximately \$4.35 or y 3.6% for a residential heating customer using 100 therms.²

STIPULATION³

Subsequent to the issuance of discovery and responses thereto by the Company, on April 13, 2012, the Parties entered into a stipulation ("Stipulation") agreeing that the following previously approved provisional rates, and the up-dated BGSS after-tax rate, which was effective April 1,

² Reference: "Exhibit A" attached to the Stipulation.

³ Although summarized in this Order, the detailed terms of the Stipulation control, subject to the findings and conclusions of this Order.

2012, be made final and remain in effect until further Board Order, or Company action in accordance with the January BGSS Order:

Re. Stipulation: "Exhibit C"	After-Tax
	Rates Per Therm
BGSS (eff. April 1, 2012)	\$0.6681
Balancing Charge	\$0.0844
CIP:	
Residential - Non-Heat	\$0.0255
Residential - Heat	\$0.0066
Commercial - Small	\$0.0464
Commercial - Large	\$0.0391

Tariff sheets reflecting these rates are attached to the Stipulation as"Exhibit D".

The Parties concur that the savings generated by the release of contracted pipeline capacity, referenced in paragraphs 6 through 9 and "Exhibit B" of the Stipulation, are sufficient to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

The Company will continue to e-mail the Parties in this proceeding the monthly "BGSS NYMEX Update Report" ("Exhibit E" attached to the Stipulation) and the "Calculation of Net Cost of Gas per Therm" report ("Exhibit F" attached to the Stipulation).

On April 17, 2012, Administrative Law Judge Richard McGill issued his Initial Decision recommending Board approval of the Stipulation for Final Rates, finding the settlement to be voluntary, dispositive of all issues in controversy, and consistent with the law.

DISCUSSION AND FINDING

The Board, having carefully reviewed the Initial Decision and Stipulation for Final BGSS and CIP Rates in this proceeding, <u>HEREBY FINDS</u> that, subject to the terms and conditions set forth below, the Initial Decision and Stipulation are reasonable, in the public interest and in accordance with the law. Accordingly, the Board <u>HEREBY ADOPTS</u> their terms and conditions as though fully set forth herein.

The Board <u>HEREBY DIRECTS</u> that the after-tax per-therm BGSS rate of \$0.6681, applicable to residential and small commercial customers, be made final, effective as of the date of this Order. Any net over-recovery on the BGSS balance at the end of the BGSS period shall be subject to refund with interest.

The Board <u>HEREBY</u> <u>DIRECTS</u> that the Company's after-tax per-therm balancing charge of \$0.0844 per therm, be made final and effective as of the date of this Order.

The Board <u>HEREBY DIRECTS</u> that the Company's after-tax per-therm CIP rates of a charge of \$0.0255 for Group I Residential Non-Heat Customers, a charge of \$0.0066 for Group II Residential Heat Customers, a charge of \$0.0464 for Group III General Service - Small Commercial Customers, and a charge of \$0.0391 for Group IV General Service - Large Commercial Customers, be made final and effective as of the date of this Order.

The Company's gas costs will remain subject to audit by the Board. This Decision and Order shall not preclude nor prohibit the Board from taking any actions determined to be appropriate as a result of any such audit.

DATED: 5/23/12

BOARD OF PUBLIC UTILITIES BY:

ROBERT M. HAN PRESIDENT

EANNE M. FOX COMMISSIONER

NICHOLAS ASSELTA

ATTEST: Kuit 233

KRISTI IZZO SECRETARY

JOSEPH L. FIORDALISO COMMISSIONER

MARY ANNA HOLDEN

HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities V. A. Barger

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 Review and Revision of its Conservation Incentive Program (CIP) Factors for F/Y 2012 - Docket No. GR11060331

SERVICE LIST

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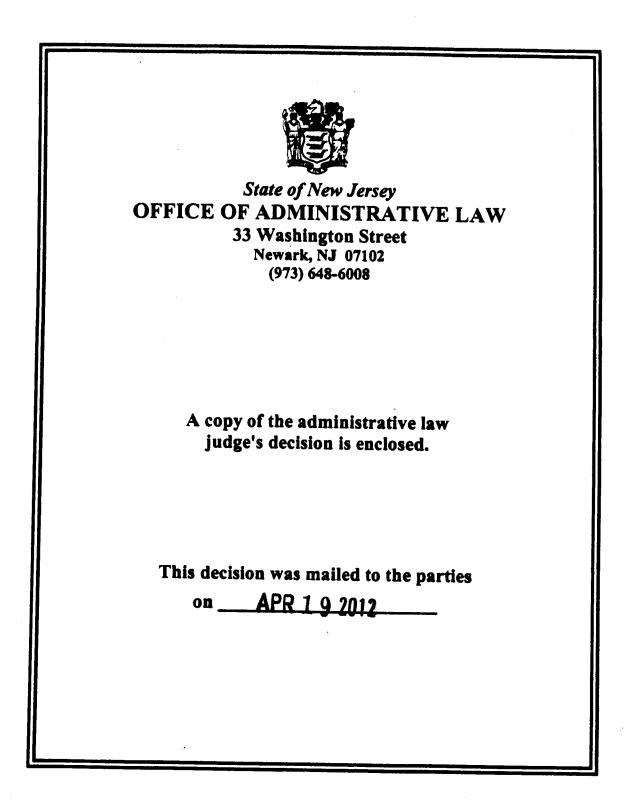
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State of New Jersey OFFICE OF ADMINISTRATIVE LAW

> INITIAL DECISION SETTLEMENT

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 REVIEW AND REVISION OF ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR FISCAL YEAR 2012.

OAL DKT. NO. PUC 12520-11 BPU DKT. NO. GR11060331

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

- Felicia Thomas-Friel, Deputy Rate Counsel, Sarah H. Steindel, Assistant Deputy Rate Counsel, and Christine M. Juarez, Assistant Deputy Rate Counsel, for the New Jersey Division of Rate Counsel (Stefanie A. Brand, Director, attorney)
- Alex Moreau, Deputy Attorney General, and Veronica Beke, Deputy Attorney General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey, attorney)

Record Closed: April 16, 2012

Decided: April 17, 2012

BEFORE RICHARD McGILL, ALJ:

OAL DKT. NO. PUC 12520-11

On June 1, 2011, New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition with the New Jersey Board of Public Utilities ("Board") requesting approval of NJNG's annual filing to establish new Basic Gas Supply Service ("BGSS") rates for the period from October 1, 2011, to September 30, 2012, to change the current balancing charge and to implement updated Conservation Incentive Program ("CIP") factors effective October 1, 2011. The filing includes a reduction of \$0.1230 per therm after-tax in NJNG's Periodic BGSS Pricing Mechanism effective October 1, 2011, thereby decreasing NJNG's annual after-tax rate from \$0.8346 per therm to \$0.7116 per therm. The changes to the BGSS and CIP rates result in an overall decrease of \$13.43 per month, or 9.9 percent, to the average residential heating customer using 100 therms per month. The reduction in the Company's annual after-tax revenues is approximately \$58.2 million.

Public hearings on the petition were held on July 26, 2011, in Rockaway Borough and on July 27, 2011, in Freehold Township. No members of the public attended the hearings, and no written comments were received. On September 22, 2011, the Board issued an Order approving a Stipulation of the parties recommending implementation of the proposed BGSS and CIP rates on a provisional basis.

The matter was transmitted to the Office of Administrative Law on October 20, 2011, for determination as a contested case. Prior to hearing, the parties filed a Stipulation which resolves all issues in this case. The main provision of the Stipulation is that the previously approved provisional rates, as decreased pursuant to the Company's notice of a Periodic BGSS rate reduction effective April 1, 2012, should be deemed final rates.

Having reviewed the record and the settlement terms, I FIND as follows:

- 1. The parties have voluntarily agreed to the settlement as evidenced by their signatures or the signatures of their representatives.
- 2. The settlement fully disposes of all issues in controversy and is consistent with the law.

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Therefore, I **CONCLUDE** that the agreement meets the requirements of <u>N.J.A.C.</u> 1:1-19.1 and that the settlement should be approved. Accordingly, it is **ORDERED** that the parties comply with the terms of the settlement, and it is **FURTHER ORDERED** that the proceedings in this matter be concluded.

I hereby FILE my initial decision with the BOARD OF PUBLIC UTILITIES for consideration.

This recommended decision may be adopted, modified or rejected by the **BOARD OF PUBLIC UTILITIES,** which by law is authorized to make a final decision in this matter. If the Board of Public Utilities does not adopt, modify or reject this decision within forty-five days and unless such time limit is otherwise extended, this recommended decision shall become a final decision in accordance with <u>N.J.S.A.</u> 52:14B-10.

<u>April 17, 2012</u> DATE

RICHARD McGILL, ALJ

Date Received at Agency:

Date Mailed to Parties:

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DIRECTOR AND CHIEF ADMINISTRATIVE LAW JUDGE

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

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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) FACTORS FOR F/Y 2012

BPU DOCKET NO. GR11060331

STIPULATION FOR FINAL BGSS AND CIP RATES

APPEARANCES:

Tracey Thayer, Esq., New Jersey Natural Gas Company for the Petitioner, New Jersey Natural Gas Company

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

Alex Moreau and Veronica Beke, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

TO: THE HONORABLE RICHARD MCGILL, ADMINISTRATIVE LAW JUDGE

BACKGROUND

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR11060331 on June 1, 2011 ("June 1 Filing"), requesting that the New Jersey Board of Public Utilities (the "BPU" or "Board") approve NJNG's annual filing to establish new Basic Gas Supply Service ("BGSS") rates for the period October 1, 2011 through September 30, 2012, approve a change to the current balancing charge and approve the implementation of updated Conservation Incentive Program ("CIP") factors effective October 1, 2011.

Specifically, the petition requested that the Board approve a decrease of \$0.1230 2. per therm after-tax in NJNG's Periodic BGSS rate applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism, effective October 1, 2011, thereby decreasing NJNG's annual BGSS after-tax rate from \$0.8346 per therm to \$0.7116.1 The Periodic BGSS Pricing Mechanism applies to NJNG's Residential Service ("RS"), General Service-Small ("GSS"), Distributed Generation-Residential ("DGR") and Economic Development ("ED") customers who use less than 5,000 therms annually. This requested change represented a BGSS decrease of approximately \$12.30 per month, or 9.1 percent, for the average residential sales heating customer using 100 therms per month. NJNG's filing was based on market conditions as of May 10, 2011 and a one-year BGSS recovery period. The proposed rates resulted in a decrease of after-tax BGSS revenues by \$55.2 million.

The petition also requested a \$0.0042 per therm decrease to the NJNG after-tax 3. balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0886 to \$0.0844. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("Base Case Order"), NJNG is required to adjust its balancing charge in the annual BGSS filing to reflect updated costs. All balancing charge revenues from transportation customers are credited to BGSS. For sales customers, the balancing charge is deducted from the BGSS charge and included as a component of the delivery charge.

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The June 1 filing also included testimony, schedules and data that are responsive to and consistent with the Minimum Filing Requirements (MFRs) for annual BGSS filings, pursuant to the Board's generic BGSS Order in Docket No. GX01050304.

4. Within the June 1 filing, as authorized by the Board in Docket No. GR05121020 the Company submitted its annual CIP filing for October 1, 2011 through September 30, 2012 (2012 CIP Year), requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2011. As such, the Company sought approval for the following changes to its after-tax per therm CIP factors: (i) an increase from a credit of \$0.0033 for Group I Residential Non-Heat customers to a charge of \$0.0255; (ii) a decrease in the charge of \$0.0179 to \$0.0066 for Group II Residential Heat customers; (iii) an increase in the charge of \$0.0339 to \$0.0464 for Group III Small Commercial customers; and, (iv) an increase in the charge of \$0.0278 to \$0.0391 for Group IV Large Commercial customers effective as of October 1, 2011. The proposed changes resulted in an overall after-tax decrease of \$3.02 million to annual CIPrelated revenues. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders ("CIP Orders") in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by BGSS cost savings during the period the surcharge is in effect. Accordingly, the Company reported \$8.6 million in estimated CIP non-weather related revenues to be recovered (\$7.2 million for the CIP year October 1, 2010 through September 30, 2011 and \$1.4 million of carry-over CIP non-weather related revenues to be recovered for the CIP year October 1, 2009 through September 30, 2010) to be recovered during the 2012 CIP Year and identified \$13.1 million in BGSS savings for the 2012 CIP Year, more than offsetting non-weather related CIP charges for the same period. Accordingly, the Parties have reviewed the Company's calculations and believe that the terms of the CIP Orders were met. The Company updated for actual information through September 30, 2011 and reported a total of \$9.1 million in CIP non-weather related revenues to be recovered, which amount will be reflected in and subject to review in the CIP petition to be filed no later than June 1, 2012.

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5. The changes to the BGSS and CIP rates as requested resulted in an overall decrease of approximately \$13.43 per month, or 9.9 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) from these requested rate changes was a decrease of 6.0 percent per month and to the average small commercial customer (Group III) a decrease of 7.4 percent per month. Since the BGSS change does not impact larger commercial customers (Group IV), as the monthly BGSS is applicable to that group, it was only the CIP rate change that impacted these customers in the June 1 filing, resulting in a 0.9 percent increase to the average Group IV customer. The above CIP changes resulted in a decrease in after-tax CIP revenues of \$3.02 million. Accordingly, the overall decrease in annual after-tax revenue resulting from the BGSS decrease and CIP-related changes was approximately \$58.2 million. The foregoing rate impacts are detailed in Exhibit A, page 1 attached hereto.

6. As detailed in the testimony of Jayana S. Shah filed in this proceeding (the "JSS Testimony"), the approximately \$13.1 million in BGSS saving identified in the Petition included savings resulting from the non-renewal of a contract for 30,000 dekatherms per day of firm transportation capacity on Texas Eastern Transmission, L.P. The contract expired on October 31, 2011. The Company identified \$7,993,500 in annual cost savings resulting from the non-renewal. The demand cost savings identified by the Company were in effect during the 2012 CIP recovery year for an 11-month period, resulting in \$7,336,500 in demand cost savings reflected in the Company's Petition. The Company's calculations underlying the claimed savings are shown in the attached Exhibit B which includes the details of the Company's BGSS savings.

7. As also described in the JSS Testimony, and in updated discovery responses provided to the parties, the results of the Tennessee Gas Pipeline General Section 4 rate case

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(RP11-1566-000), pending resolution when this case was filed, altered the net economics of the Tennessee capacity release of 10,728 dekatherms per day included in the Company's existing CIP BGSS savings approved in the January 20, 2010 CIP Order in Docket No. GR05121020 and reflected in the Company's Petition in the instant proceeding. The approved Tennessee rates were lower than those previously in effect, thus reducing the \$13.1 million in claimed BGSS savings for the 2012 CIP recovery year by \$425,058. AND MARK MARKED OF

8. As further detailed in the JSS Testimony, effective January 8, 2012, NJNG did not renew a contract that was previously released for 11,000 dekatherms per day of firm transportation capacity on Tennessee Gas Pipeline. Giving effect to the Tennessee approved rates effective January 15, 2012, as discussed in Paragraph 7 above, the non-renewal of the contract increased the claimed \$13.1 million in BGSS savings for the 2012 CIP recovery year by \$527,767.

9. As a result of the updates described in paragraphs 7 and 8 above, the Company's claimed BGSS savings available to offset the CIP charge in effect for the 2012 CIP recovery year are approximately \$13.2 million which is detailed in Exhibit B (Page 3, Section VI, CIP Year 2011-2012) and includes the Company's calculations of the impacts of these updates.

10. Public hearings on these petitions were held on July 26, 2011 in Rockaway Borough and on July 27, 2011 in Freehold Township. No members of the public appeared at the public hearings and no written comments were received.

11. On September 22, 2011, the Board issued an Order ("September 2011 Order") approving the requested rate changes on a provisional basis, pursuant to the terms of a Stipulation entered into among the Company, BPU Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties in this proceeding (the "Signatory Parties"). On

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November 17, 2011 and January 25, 2012, NJNG submitted notice to the BPU and Rate Counsel of bill credits for its Periodic BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012. On March 9, 2012, NJNG notified the Board of its intention to implement a bill credit of \$0.4419 per therm after tax effective March 15, 2012 through March 31, 2012. The Company estimated that an average residential heating customer would receive total bill credits of \$220, during the months of December 2011 through March 2011. The total refunds amounted to approximately 17.8% of the total annual bill for a customer using 1000 therms per year. On March 9, 2012 the Company further notified the Board of its intention to implement a rate reduction of \$0.0435 per therm in the provisionally-approved Periodic BGSS rate of \$0.7116 per therm, effective April 1, 2012, resulting in a Periodic BGSS rate of \$0.6681 per therm inclusive of sales tax. This amounts to a decrease of \$4.35 or 3.6 percent on a 100-therm monthly bill, as demonstrated on Exhibit A, page 2.

12. On October 5, 2011, this matter was transmitted to the Office of Administrative Law and assigned to the Honorable Richard McGill, Administrative Law Judge. The Signatory Parties participated in a prehearing conference on December 20, 2011, which was followed by the issuance of a Prehearing Order by Judge McGill on January 11, 2012 establishing the issues to be addressed and a procedural schedule.

STIPULATED ISSUES

13. Following the issuance of discovery and responses thereto by the Company, the Signatory Parties have reached an agreement that the previously approved provisional rates, as described above in Paragraphs 2-4, and as decreased pursuant to the Company's notice of a Periodic BGSS rate decrease effective April 1, 2012, should be deemed final rates. As a result of the Stipulation, the rates previously approved on a provisional basis, as modified by BGSS rate

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decrease to be implemented on April 1, 2012, will remain in effect until further Board Order or further action by the Company in accordance with the Board's Generic BGSS Order in Docket No. GX01050304.

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14. Accordingly, the Signatory Parties stipulate and agree that it is both reasonable and in the public interest for the Board, following the issuance of an Initial Decision from Judge McGill recommending adoption of these stipulated matters, to authorize the following rates as final until changed by the Board or the Company in the future: 1) the Company's periodic BGSS rates of \$0.7116 per therm after-tax effective from October 1, 2011 through March 31, 2012 and \$0.6681 per therm after-tax effective on and after April 1, 2012; 2) the Company's balancing charge of \$0.0844 per therm; and 3) the following CIP rates all on an after-tax basis: \$0.0255 per therm for Group I Residential Non-Heat customers, \$0.0066 per therm for Group II Residential Heat customers, \$0.0464 per therm for Group III Small Commercial customers, and \$0.0391 per therm for Group IV Large Commercial customers. A schedule listing the foregoing rates is attached as Exhibit C.

15. It is agreed by the Signatory Parties that the rates described in Paragraph 14 will be deemed final as of the effective date of the Board Order accepting the Initial Decision approving this Stipulation. Tariff Sheets reflecting these rates, which will remain in effect until further Board Order or further action by the Company in accordance with the Board's generic BGSS Order in Docket No. GX01050304, are attached hereto as Exhibit D.

16. Rate Counsel and Staff have reviewed the BGSS savings transactions and savings calculations as referenced in paragraphs 6 through 9 herein and are in agreement that the claimed savings are eligible to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

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17. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-NCHART-1) attached hereto as Exhibit E; and 2) the Calculation of Net Cost of Gas per Therm Report (also known as S-NCHART-2), a monthly report of unitized BGSS costs and credits (attached hereto as Exhibit F). The chart reflected in Exhibit E is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit F is to be submitted to the Parties on approximately the 15th of the following month.

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18. 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 the Board, any Signatory 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 the Board, in any applicable Order(s), then any Signatory 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.

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

20. 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, and Rate Counsel shall not be deemed

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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.

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WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY NATURAL GAS PETITIONER

By:

TRACEY THAYER, ESQ. New Jersey Natural Gas

NEW JERSEY DIVISION OF RATE COUNSEL STEFANIE A. BRAND. DIRECTOR

By:

SARAH H. STEINDEL, ESQ. ASSISTANT DEPUTY RATE COUNSEL

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY

By:

ALEX MOREAU DEPUTY ATTORNEY GENERAL

Date:

WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY NATURAL GAS PETITIONER

By: <u>ARCEY THAYER, ESQ.</u> New Jersey Natural Gas

NEW JERSEY DIVISION OF RATE COUNSEL STEFANIE A. BRAND. DIRECTOR

By:

SARAH H. STEINDEL, ESQ. ASSISTANT DEPUTY RATE COUNSEL

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY

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NEW JERSEY NATURAL GAS PETITIONER

By:

TRACEY THAYER, ESQ. New Jersey Natural Gas

NEW JERSEY DIVISION OF RATE COUNSEL STEFANIE A. BRAND. DIRECTOR

By:

SARAH H. STÉINDEL, ESQ. ASSISTANT DEPUTY RATE COUNSEL

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY

ALEX MOREAU DEPUTY ATTORNEY GENERAL

Date:

By:

Exhibit A Page 1 of 2 Final Stipulation

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New Jersey Natural Gas Company Net Impact of Rate Changes Effective October 1, 2011 BPU Docket No. GR11060331 F/Y 2012

1		Death	r to October 1, 2	011	Effe	ctive October 1, 20	11
		Residential Non-	Residential		Residential Non-	Residential	
Pre-tax Period	lic BGSS	Heat	Heat	GSS	Heat	Heat	GSS
		\$0.7800	\$0.7800	\$0.7800	\$0.6650	\$0.6650	\$0.66
After-tax Perio		\$0.8346	\$0.8346	\$0.8346	\$0.7116	\$0 7440	
Less: Balancii	ng	(\$0.0886)	(\$0.0886)	(\$0.0886		\$0.7116 (<u>\$0.0844)</u>	\$0.71 ⁻ (\$0.084
BGSS Price To	o Compare	<u>\$0.7460</u>	<u>\$0,7460</u>	\$0.7460	\$0.6272	\$0.6272	\$0.627
·		·I					<u>**</u>
	idential Non-Heating Cus	tomers		25 therm bill			
Prices prior to	10/1/11 Customer Charge			20 010111 014			
	Delivery		\$8.25 \$0.5069	\$8.25			
	BGSS		\$0.5069	\$12.67 \$18.65			
		Total	\$1.2529	\$39.57			
Prices effective	e 10/1/11		•		·		
	Customer Charge		\$8.25	E0.0-	Į į		
	Delivery		ამ.∠5 \$0.5315	\$8.25 \$13.29	ļ		
	BGSS	.	\$0.6272	\$15.68	[
	_	Total	\$1.1587	\$37.22			
	Decrease Decrease as a percer	nt		(\$2.36) (6.0%)			
mpact on Resi	dential Heating Customer	<u>s</u>		<u> </u>			
rices prior to 1	10/1/11			100 therm bill	1000 therm annual bill		
	Customer Charge Delivery	-	\$8.25	\$8.25	\$99.00		
	BGSS		\$0.5281 \$0.7460	\$52.81 \$74.60	\$528.10		
		Totai	\$1.2741	\$135.66	\$746.00 \$1,373.10		
rices effective	10/1/11		-		₩ 1,010.10		
	Customer Charge		\$8.25	\$8.25	* • • • • •		
	Delivery		\$0.5126	\$51.26	\$99.00 \$512.60		
	BGSS	Total	\$0.6272	\$62.72	\$627.20		
		(Utal	\$1.1398	\$122.23	\$1,238.80		
	Deserves						
	Decrease Decrease as a percent	t		(\$13.43) [.] (9.9%)	(\$134.30) (9.8%)		
ipact on Comn					(\$134.30)		
	Decrease as a percent				(\$134.30)		
ipact on Comn lices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge	l 	\$25.00	(9.9%) 100 therm bill	(\$134.30)		
	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery	l 	\$25.00 \$0.4965	(9.9%) 100 therm bill \$25.00	(\$134.30)		
	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge		\$0.4965 \$0.7460	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS	Total	\$0.4965	(9.9%) 100 therm bill \$25.00 \$49.65	(\$134.30)		
	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS		\$0.4965 \$0.7460 \$1.2425	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery		\$0.4965 \$0.7460 \$1.2425 \$25.00	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge	Total	\$0.4965 \$0.7460 \$1.2425	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery		\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05)	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272	(9.9%) 100 therm bill \$25.00 \$49.65 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20	(\$134.30)		
ices prior to 10 ices effective 1 Dact on Comm	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS D/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05)	(\$134.30)		
ices prior to 10	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS D/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill	(\$134.30)		
ices prior to 10 ices effective 1 Dact on Comm	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers 1/1/11 Customer Charge Decrease Decrease as a percent	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00	(\$134.30)		
ices prior to 10 ices effective 1 Dact on Comm	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS D/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers 1/11 Customer Charge Demand Charge Delivery	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill	(\$134.30)		
ices prior to 10 ices effective 1 Dact on Comm	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers 1/1/11 Customer Charge Decrease Decrease as a percent	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299 \$0.6304	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS Decrease Decrease Decrease as a percent ercial GSL Customers 1/11 Customer Charge Demand Charge Demand Charge Delivery BGSS (May 2011)	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88	(\$134.30)		
ices prior to 10 ices effective 1 Dact on Comm	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS Decrease Decrease Decrease as a percent ercial GSL Customers (1/11 Customer Charge Decrease (1/11) Customer Charge Demand Charge Demand Charge Delivery BGSS (May 2011) D/1/11	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299 \$0.6304	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 10/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers 11/11 Customer Charge Demand Charge Delivery BGSS (May 2011) 1/11 Customer Charge	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 \$1.1320 \$1.50 \$0.4299 \$0.6304 \$1.0603 \$40.00	(9.9%) 100 therm bill \$25.00 \$49.65 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48 \$1,487.86 \$40.00	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS Decrease Decrease Decrease as a percent ercial GSL Customers (1/11 Customer Charge Decrease (1/11) Customer Charge Demand Charge Demand Charge Delivery BGSS (May 2011) D/1/11	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299 \$0.6304 \$1.0603 \$40.00 \$1.50	(9.9%) 100 therm bill \$25.00 \$49.65 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48 \$1,487.86 \$40.00 \$175.50	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers 0/1/11 Customer Charge Delivery BGSS 0/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers 1/1/11 Customer Charge Demand Charge Delivery BGSS (May 2011) 0/1/11 Customer Charge Delivery BGSS (May 2011)	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 \$1.1320 \$1.50 \$0.4299 \$0.6304 \$1.0603 \$40.00 \$1.50 \$0.4370	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48 \$1,487.86 \$1,487.86	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers (1/11 Customer Charge Decrease as a percent ercial GSL Customers (1/11 Customer Charge Demand Charge Delivery BGSS (May 2011) D/1/11 Customer Charge Delivery BGSS (May 2011)	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 1 \$40.00 \$1.50 \$0.4299 \$0.6304 \$1.0603 \$40.00 \$1.50	(9.9%) 100 therm bill \$25.00 \$49.65 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48 \$1,487.86 \$40.00 \$175.50	(\$134.30)		
ices prior to 10 ices effective 1 pact on Commu ces prior to 10,	Decrease as a percent nercial GSS Customers D/1/11 Customer Charge Delivery BGSS Decrease Decrease as a percent ercial GSL Customers (1/11 Customer Charge Decrease as a percent ercial GSL Customers (1/11 Customer Charge Demand Charge Delivery BGSS (May 2011) D/1/11 Customer Charge Delivery BGSS (May 2011)	Total	\$0.4965 \$0.7460 \$1.2425 \$25.00 \$0.5048 \$0.6272 \$1.1320 \$1.1320 \$1.50 \$0.4299 \$0.6304 \$1.60 \$1.50 \$0.4370 \$0.6346	(9.9%) 100 therm bill \$25.00 \$49.65 \$74.60 \$149.25 \$25.00 \$50.48 \$62.72 \$138.20 (\$11.05) (7.4%) 200 therm bill \$40.00 \$175.50 \$515.88 \$756.48 \$1,487.86 \$40.00 \$175.50 \$524.40 \$761.52	(\$134.30)		

Exhibit A Page 2 of 2 Final Stipulation

New Jersey Natural Gas Company Net Impact of Rate Changes Effective April 1, 2012 BPU Docket No. GR11060331 F/Y 2012

		D	rior to April 1, 201	(\$/therm)	·····		
		Residential Non-	Residential	۷	Prices Residential Non-	Effective April 1, 2	012
		Heat	Heat	GSS		Residential	
Pre-tax Periodic BG	SS	\$0.6650	\$0.6650	\$0.6650	Heat \$0.6244	Heat \$0.6244	GSS
After-tax Periodic B					\$0.0244	#0.0244	\$0.624
Less: Balancing	1655	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.668
action Durancing		<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	(\$0.0844)	(\$0.084
BGSS Price To Con	npare	<u>\$0.6272</u>	\$0.6272	<u>\$0.6272</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	\$0.583
Impact on Resident	ial Non-Heating Custo	omers		25 th h 11			
Prices prior to 4/1/1	2			25 therm bill			
	Customer Charge		\$8.25	\$8.25	ſ		
	Delivery		\$0.5344	\$13.36			
Ł	BGSS	_	\$0.6272	\$15.68	1		
		Total	\$1.1616	\$37.29			
Prices effective 4/1/	12						
	Customer Charge		\$8.25	60 DE			
0	Delivery		\$0.5344	\$8.25 \$13.36			
E	BGSS		\$0.5837	\$14.59			
		Total	\$1.1181	\$36.20			
_							
	ecrease			(\$1.09)			
L L	ecrease as a percent			(2.9%)			
mpact on Residentia	al Heating Customers						
					1000 therm annual		
rices prior to 4/1/12				100 therm bill	bill		
	ustomer Charge		\$8.25	\$8.25	#00.00		
D	elivery		\$0.5155	\$51.55	\$99.00 \$515.50		
В	GSS		\$0.6272	\$62.72	\$627.20		
		Total	\$1.1427	\$122.52	\$1,241.70		
rices effective 4/1/1	n						
	∡ ustomer Charge						
	elivery		\$8.25	\$8.25	\$99.00		
	GSS		\$0.5155 \$0.5837	\$51.55	\$515.50		
		Total	\$1.0992	\$58.37 \$118.17	\$583.70 \$1,198.20		
_					\$1,190.20		
	ecrease			(\$4.35)	(\$43.50)		
	ecrease as a percent			(3.6%)	(3.5%)		
npact on Commercia	al GSS Customers	*******					
rices prior to 4/1/12				100 therm bill			
	istomer Charge		\$25.00	\$25.00			
De	livery		\$0.5100	\$25.00 \$51.00			
BG	SSS		\$0.6272	\$62.72			
		Total	\$1.1372	\$138.72	1		
ices effective 4/1/12							
	stomer Charge		#05.00		1		
	stomer charge		\$25.00	\$25.00			
	iss		\$0.5100	\$51.00			
		Total	<u>\$0.5837</u> \$1.0937	\$58.37			
			W1.000/	\$134.37			
BG Dee	Crease		<u></u>				
BG Dee	crease crease as a percent			(\$4.35) (3.1%)			

Exhibit B Final Stipulation Page 1 of 5

New Jersey Natural Gas CIP BGSS Savings

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.

I. Waddington to South Commack Iroquois Capacity

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

Year	Days	Release Quantity	Rate	Value
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185

II. Transco Capacity

A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

	_	Release			
<u>CIP Year</u>	<u>Days</u>	<u>Quantity</u>	Rate		Value
2009-2010	273	5,000	\$ 0.11870	\$	162,026
2010-2011	365	5,000	\$ 0.11870	ŝ	216,628
2011-2012	366	5,000	\$ 0.11870	Š	217,221
2012-2013	182	5,000	\$ 0.11870	\$	108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

		Release			
<u>CIP Year</u>	Days	Quantity	Rate		Value
2009-2010	273	3,250	\$ 0.11870	\$	105,317
2010-2011	365	3,250	\$ 0.11870	\$	140,808
2011-2012	366	3,250	\$ 0.11870	ŝ	141,194
2012-2013	182	3,250	\$ 0.11870	\$	70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

		Release			
<u>CIP Year</u>	Days	Quantity	Rate		Value
2009-2010	273	10,350	\$ 0.11870	\$	335,393
2010-2011	365	10,350	\$ 0.11870	ŝ	448.419
2011-2012	366	10,350	\$ 0.11870	\$	449.647
2012-2013	182	10,350	\$ 0.11870	\$	223,595

Exhibit B Final Stipulation Page 2 of 5

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III. Tennessee Capacity

A. NJNG shall release 11,000 dth of Tennessee capacity from Tennessee Z5 East Aurora to Tennessee Z4 Browns Run. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64306). UPDATE: contract was terminated January 8, 2012. Savings continue at Tennessee rate case approved rates.

<u>CIP Year</u>	<u>Days</u>	Quantity		Rate		Value
2009-2010	273	11,000	\$	0.019726	\$	59.237
2010-2011	365	11,000	\$	0.019726	¢.	,
2011-2012	366	11.000	ŝ	0.150816	ŝ	79,200
2012-2013	365	11,000	ŝ	0.200153	-	607,184
2013-2014	365	,	-		\$	803,614
	202	11,000	\$	0.200153	\$	803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramscy. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.

		Release				
<u>CIP Year</u>	Days	Quantity		Rate		Value
2009-2010	273	10,728	\$	0.278795	¢	
2010-2011		,	-		3	816,518
	365	10,728	\$	0.278795	\$	1,091,681
2011-2012	366	10,728	\$	0.170539	S	669.614
2012-2013	182	10,728	\$	0.10(404	÷	
	102	10,728	ъ	0.126404	\$	246.804

IV. Texas Eastern Capacity

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

		Release		
<u>CIP Year</u>	Days	Quantity	Rate	Value
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.

CIP Year	Days	Quantity	Rate		Value
2011-2012	335	30,000	\$ 0.730000	\$	7,336,500
2012-2013	365	30,000	\$ 0.730000	S	7,993,500
2013-2014	365	30,000	\$ 0.730000	\$	7,993,500

Exhibit B Final Stipulation Page 3 of 5

V. Dominion Gas Capacity

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

		Release			
<u>CIP Year</u>	Days	Quantity	Rate		Value
2009-2010	273	20,000	\$ 0.127557	\$	696,461
2010-2011	365	20,000	\$ 0.127557	Ś	931,166
2011-2012	366	20,000	\$ 0.127557	ŝ	933,717
2012-2013	182	20,000	\$ 0.127557	\$	464,307

B. NEW TRANSACTION: As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<u>CIP Year</u>	Value		
2011-2012	\$ 217,305		
2012-2013	\$ 217,305		
2013-2014	\$ 217,305		

VI. Total of all Releases by Year

<u>CIP Year</u>	Days	Value
2009-2010	273	\$ 8,058,378
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

¹ The BGSS savings for the 2009-2010 CIP year includes \$655,230 for one month of the value of Texas Eastern STX-M3 capacity and \$2,774,000 for the annual value of the release of 20,000 dth of Iroquois capacity, both of which were part of the BGSS savings identified in the September 30, 2006 CIP Stipulation.

Exhibit B Final Stipulation Page 4 of 5

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VII. Agreement with NJRES

- A. NJNG and NJRES shall enter into the following transactions for NJNG's right to call on physical supply at no additional fixed cost. The estimated annual value of the peak day physical call options is \$300,000.
 - (1) NJNG and NJRES shall enter into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.
 - (2) NJNG and NJRES shall enter into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in Gas Daily.
- B. NJNG and NJRES shall enter into an agreement where NJNG will release its Central New York Oil and Gas (Stagecoach Storage) with a total storage capacity of 1,630,990 to NJRES for the period from January 1, 2010 to March 31, 2013. NJNG will initially transfer the gas in storage to NJRES at NJNG's weighted average cost of gas (WACOG) price at January 1, 2010. NJRES will manage the storage and provide delivery to NJNG at NJNG's request at the WACOG price. The WACOG will be reset each October 31st based on the balance at the prior March 31 and ratable injections for April through October at the first of the month index for the Tennessee 500 leg as reported in *Inside FERC* plus applicable FT transport charges.

New Jersey Natural Gas Company Conservation Incentive Program Filing Year ended September 30, 2011

GR11060331

Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period

Recurring initial savings identified ¹	\$5,531,561	Tennessee 10,728 dth/day ⁴ (\$425,058)	Tennessee 11,000 dth/day ⁴ \$527,767	Revised Savings \$5,634,269
Additional Savings ²	\$217,305			\$217,305
Additional Savings ³	\$7,336,500			<u>\$7,336,500</u>
Total BGSS Savings Available for CIP comparison	<u>\$13.085.366</u>	<u>(\$425.058)</u>	<u>\$527.767</u>	<u>\$13.188.074</u>

NOTE: Pursuant of the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

¹ Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.

² As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

³ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day * \$0.73 per dth * 366 days = \$7,336,500)

⁴ Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672
Revised	106	10,728	\$0.27 8795	\$317,037
Revised	260	10,728	\$0.126404	\$352,577
			Total Revised	\$669,614
Change in CIP Savings Value				<u>(\$425.058</u>
Co	ontract 6430	6: 11,000 Dth	per Day	
C	Days	6: 11,000 Dth Volume (dths/day)	per Day Rate	Value
		Volume		
Approved in GR05121020	Days	Volume (dths/day)	Rate	\$79,417
Approved in GR05121020 Revised Revised	Days 366	Volume (dths/day) 11,000	Rate \$0.019726	\$79,417 \$21,536
Approved in GR05121020 Revised	Days 366 100	Volume (dths/day) 11,000 11,000	Rate \$0.019726 \$0.019578	\$79,417 \$21,536
Approved in GR05121020 Revised	Days 366 100	Volume (dths/day) 11,000 11,000	Rate \$0.019726 \$0.019578 \$0.200153	\$79,417 \$21,536 <u>\$585,648</u>

Exhibit C Final Stipulation

New Jersey Natural Gas Company Final Rates BPU Docket No. GR11060331 F/Y 2012

Rate Type	Effective	After-tax Rate per therm
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

Exhibit D Tariff Sheets

<u>BPU No. 8 - Gas</u>

Twelfth Revised Sheet No. 51 Superseding Eleventh Revised Sheet No. 51

SERVICE CLASSIFICATION - RS

<u>RESIDENTIAL SERVICE</u>

<u>AVAILABILITY</u>

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.

<u>MONTHLY RATES</u>

Customer Charge:

Customer Charge per meter per month	\$8.25
Delivery Charge:	
Residential Heating	
Delivery Charge per therm	\$0.5155
Residential Non-Heating	
Delivery Charge per therm	\$0.5344
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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

Tenth Revised Sheet No. 54 Superseding Ninth Revised Sheet No. 54

SERVICE CLASSIFICATION – DGR

DISTRIBUTED GENERATION SERVICE - RESIDENTIAL

<u>AVAILABILITY</u>

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.

<u>MONTHLY RATES</u>

<u>Customer Charge:</u> Customer Charge per meter per month	\$8.25
<u>Delivery Charge:</u> November - April	\$0.3737
May - October	\$0.3167
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.

<u>MINIMUM MONTHLY CHARGE</u>

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

BPU No. 8 - Gas

Twelfth Revised Sheet No. 56 Superseding Eleventh Revised Sheet No. 56

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<u>SERVICE CLASSIFICATION – GSS</u>

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

<u>Customer Charge:</u> Customer Charge per meter per month	\$25.00
<u>Delivery Charge:</u> Delivery Charge per therm	\$0.5100
BGSS Charge	

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

BPU No. 8 - Gas

Twelfth Revised Sheet No. 59 Superseding Eleventh Revised Sheet No. 59

SERVICE CLASSIFICATION - GSL

GENERAL SERVICE - LARGE

<u>AVAILABILITY</u>

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.

<u>MONTHLY RATES</u>

<u>Customer Charge:</u> 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	\$0.4402
BGSS Charge per therm for Sales Customers	See "Rate Summaries" at the end of this

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: Issued by:

December 20, 2011 Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

Tariff

Eleventh Revised Sheet No. 65 <u>Superseding Tenth Revised Sheet No</u>. 65

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SERVICE CLASSIFICATION - DGC

DISTRIBUTED GENERATION SERVICE - COMMERCIAL

<u>AVAILABILITY</u>

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

Customer Charge:

Customer Charge per meter per month	\$40.00
Demand Charge:	
Demand Charge per therm applied to PBQ	\$0.60
Delivery Charge:	
November - April	\$0.2793
May - October	\$0.2465

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.

<u>MINIMUM MONTHLY CHARGE</u>

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

Date of Issue: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

BPU No. 8 - Gas

Ninth Revised Sheet No. 71 Superseding Eighth Revised Sheet No. 71

SERVICE CLASSIFICATION - FC

FIRM COGENERATION

<u>AVAILABILITY</u>

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 <u>N.J.S.A.</u> 54:30A-50 to receive service under this classification.

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

<u>Customer Charge</u> : Customer Charge per meter per month	\$49.49
Demand Charge:	
Demand Charge per therm applied to MDQ	\$1.00
<u>Delivery Charge:</u>	
Delivery Charge per therm	\$0.3024
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: October 19, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after November 1, 2011

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. ER11070397

BPU No. 8 - Gas

Forty-Sixth Revised Sheet No. 155 Superseding Forty-Fifth Revised Sheet No. 155

<u>RIDER "A"</u>

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE

<u>CLASS</u>

APPLICATION

<u>CHARGE</u>

RS, GSS, and ED sales customers using less than 5,000 therms annually

Included in the Basic Gas Supply Charge

\$0.6681 per therm

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BALANCING CHARGE

<u>CLASS</u>

RS, GSS, GSL, ED

<u>APPLICATION</u>

<u>CHARGE</u>

Included in the Delivery Charge

\$0.0844 per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>

APPLICATION

GSL, FC and ED sales customers using 5,000 therms or greater annually

Included in the Basic Gas Supply Charge

Effective Date	Charge Per Therm
April 1, 2011	\$0,7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331 and GX01050304

Tenth Revised Sheet No. 156 Superseding Ninth 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>	APPLICATION	<u>CREDIT</u>
RS, GSS, GSL, FC, and ED sales customers	Embedded within the Periodic Basic Gas Supply Charge and the	(\$0.0273) per therm

Monthly Basic Gas Supply Charge

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

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after March 15, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331and GX01050304

Third Revised Sheet No. 182 Superseding Second Revised Sheet No. 182

<u>RIDER "I"</u>

<u>CONSERVATION INCENTIVE PROGRAM – CIP (Continued)</u>

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 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.

Date of Issue: September 27, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after October 1, 2011

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331

BPUNo. 8 - Gas

Thirteenth Revised Sheet No. 252 Superseding Twelfth Revised Sheet No. 252

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

<u>Customer Charge</u> Customer Charge per meter		Bundled Sales	Transport Sales	<u>Reference</u>
per month		8.25	8.25	
-				
<u>Delivery Charge ("DEL") per therm</u> Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	0.0223	Rider B
		0.0220	0.0225	Rider B
After-tax Base Rate		0.3406	0.3406	
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		0.0127	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.3599	0.3599	
Balancing Charge	Ъ	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	0.0185	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5155</u>	<u>0.5155</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e		x	Rider A
		0.6681	A	
Less: Balancing	f	<u>0.0844</u>	x	
BGS	e-f=g	<u>0.5837</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.

Date of Issue: Issued by: March 9, 2012 Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331 and GX01050304

Twelfth Revised Sheet No. 253 Superseding Eleventh Revised Sheet No. 253

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SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

<u>Customer</u> Charge		Bundled Sales	Transport Sales	Reference
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	<u>0.0223</u>	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		0.0127	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.3788	0.3788	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	С	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5344</u>	<u>0.5344</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681		
Less: Balancing	f	<u>0.0844</u>	x x	Rider A
BGS	e-f=g	<u>0.5837</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.

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331 and GX01050304

Twelfth Revised Sheet No. 254 <u>Superseding Eleventh Revised Sheet No. 254</u>

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

<u>Customer Charge</u>		<u>Nov - Apr</u>	<u>May - Oct</u>	Reference
Customer Charge per meter per month		8.25	8.25	
<u>Delivery Charge ("DEL") per therm</u>				
Transport Rate:				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		0.0134	<u>0.0097</u>	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.2181	0.1611	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3737</u>	<u>0.3167</u>	
<u>Basic Gas Supply Charge ("BGS")</u>				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	0.0844	
BGS	e-f=g	0.5837	<u>0.5837</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.

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331 and GX01050304

BPU No. 8 - Gas

Thirteenth Revised Sheet No. 255 <u>Superseding Twelfth Revised Sheet No. 255</u>

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Small (GSS)

<u>Customer Charge</u> Customer Charge per meter per month	I	Bundled Sales 25.00	Transport <u>Sales</u> 25.00	<u>Reference</u>
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.0464	0.0464	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.3544	0.3544	
Balancing Charge	ь	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0185	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5100</u>	<u>0.5100</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	е	0.6681	x	Rider A
Less: Balancing	f	<u>0.0844</u>	x	MUCI A
BGS	e-f=g	0.5837	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.

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. GR11060331 and GX01050304

BPUNo. 8 - Gas

Fifty-Third Revised Sheet No. 256 <u>Superseding Fifty-Second Revised Sheet No. 256</u>

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

General Service - Large (GSL)

		Bundled Sales	Transport Sales	Reference
Customer Charge			. <u></u>	
Customer Charge per meter per mont	h	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>				
Transport Rate:				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.2846	0.2846	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.4402</u>	<u>0.4402</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.4015</u>	Х	

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.

Date of Issue: Issued by:

March 29, 2012 Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after April 1, 2012

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Commercial Distributed Generation Service

<u>Customer</u> Charge		<u>Nov - Apr</u>	<u>May - Oct</u>	Reference
Customer Charge per meter per month		40.00	40.00	
Demand Charge				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
<u>Delivery Charge ("DEL") per therm</u>				
Transport Rate:				
Pre-tax Base Rate		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.1237	0.0909	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	0.0185	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.2793</u>	<u>0.2465</u>	

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.

Date of Issue: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after January 1, 2012

Filed pursuant to Order of the Board of Public Utilities entered in Docket No. E011110800

Fiftieth Revised Sheet No. 259 Superseding Forty-Ninth Revised Sheet No. 259

SUMMARY OF FIRM COMMERCIAL RATE COMPONENTS

Firm Cogeneration (FC)

<u>Customer</u> Charge		Sales	Transport	Reference
Customer Charge per meter per month		49.49	49.49	
Demand Charge				
Demand Charge per therm per month appli	ed			
to MDQ		1.00	1.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1253	0.1253	
SUT		0.0088	<u>0.0088</u>	Rider B
After-tax Base Rate		0.1341	0.1341	
EE		0.0127	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.1468	0.1468	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		0.0185	0.0185	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3024</u>	<u>0.3024</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	х	Rider A
Less: Balancing	f	<u>0.0844</u>	X	RIUCI A
BGS	e-f=g	<u>0.4015</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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719

Effective for service rendered on and after April 1, 2012

BGSS Nymex Update Report as of 3/2/12 DNLN

Exhibit E Final Stipulation

144,298 5,779,363 364,935 155,208 1,150,000 2,005,208 538,627 300,000 1,238,627 052,405 - 1,052,405 053,912 - 1,053,912 053,912 - 1,063,912 053,912 - 1,063,912 053,912 - 1,063,912 053,912 - 1,063,912 036,422 - 1,063,912 036,422 - 1,063,912 036,422 - 1,063,912 036,422 - 1,036,228 031,860 - 2,031,860 219,690 1,293,636 2,926,654 031,860 - 2,031,860 219,690 1,293,636 1,477,508 050,789 7,704,888 1,347,508 050,789 7,704,888 1,347,508 050,789 7,704,888 1,347,508 050,789 7,704,888 1,347,508 051,644 - 1,057,936 051,888 1,347,508 3,190,489 057,936	4.413 5 (0.654) 4.577 5 5.279 (1.023) 5 4.577 5 5.246 (1.023) $6.144.286$ (2.231) (1.824) (1.652) 6.1457 5 2.246 (2.232) $3.155,208$ $1.570,000$ $2.005,208$ 4.707 5 2.041 $1.538,627$ $300,000$ $1.236,528$ 4.707 5 2.041 $1.538,627$ $300,000$ $1.236,528$ 4.768 5 2.0322 $1.063,912$ $1.063,912$ $1.063,912$ 4.789 5 2.001 5 $2.001,00$ $1.236,624$ $1.063,912$ 4.789 5 2.0322 $1.065,2465$ $1.063,912$ $1.063,6228$ 4.814 5 2.013 $1.052,405$ $1.063,912$ $1.075,9363$ $2.001,000$ $1.236,626,054$ 4.761 5 2.2919 (1.447) $7.93,737$ 6 $1.979,737$ 6 4.814 5 $2.817,920$ $1.036,6228$ $1.477,508$ <th>Nymex NY 5/10/11 3/ 3/</th> <th>- 9</th> <th><u>% Chq</u></th> <th>Sales <u>forecast (dths)</u></th> <th>ہ Hedged <u>volume (</u>dths)</th> <th>f = d - e Unhedged volume (dths)</th> <th><i>g</i> = <i>c</i> × <i>f</i> Change in value unhedged</th>	Nymex NY 5/10/11 3/ 3/	- 9	<u>% Chq</u>	Sales <u>forecast (dths)</u>	ہ Hedged <u>volume (</u> dths)	f = d - e Unhedged volume (dths)	<i>g</i> = <i>c</i> × <i>f</i> Change in value unhedged
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031,860 - 2,031,860 219,690 1,293,636 2,926,054 483,323 6,005,815 1,477,508 050,789 7,704,888 1,345,901 050,789 7,704,888 1,345,901 050,789 7,704,888 1,345,901 050,789 7,704,888 1,345,901 050,789 7,704,888 1,345,901 050,564 - 3,190,489 050,554 - 1,550,564 057,936 - 1,057,936 059,576 - 1,069,576 042,141 - 1,041,828 255,713 25,611,281 19,914,432	031,860 - 2,031,860 - 2,031,860 - 2,031,860 - 2,031,860 - 2,105,815 - 1,477,508 - 2,926,054 - 483,323 - 6,005,815 - 1,477,508 - 1,345,901 - 6,671,949 - 896,929 - 6,671,949 - 3,190,489 - 2,283,646 - 2,190,489 - 3,190,489 - 2,283,646 - 1,069,576 - 1,069,576 - 1,069,576 - 1,041,828 - 1,041,828 - 1,041,828 - 1,041,828 - 1,042,141 -	4.761 \$ 2		-38.7%	15,027,101	7.229.363	7 797 737	(\$16 536 201)
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050,789 7,704,888 1,345,901 568,878 6,671,949 896,929 568,878 6,671,949 896,929 218,639 3,934,993 2,283,646 190,489 - 3,190,489 550,564 - 1,550,564 057,936 - 1,057,936 041,828 - 1,069,576 042,141 - 1,042,141 255,713 25,611,281 19,914,432	050,789 7,704,888 1,345,901 66,878 6,671,949 896,929 218,639 3,934,993 2,283,646 190,489 - 3,190,489 550,564 - 1,550,564 057,936 - 1,067,936 041,828 - 1,064,141 042,141 - 1,042,141 19,914,432 (3)	4.792 \$	\$ (1.447)		7,483,323	6,005,815	1.477.508	(\$2 137 954)
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S-NCHART-2	New Jerse Calculatio	y Natural in of Net C	New Jersey Natural Gas Company Calculation of Net Cost of Gas Per Therm	pany 6 Per Ther	E							Pa	Page 1
1 NYMEX - 5/10/11 - Included in BGSS Filing 2 NYMEX - Actual Settement <u>Breakdown of Gross Cost of Gas Per Therm</u> :	Actual Oct-11 \$4.4130 \$3.7590	Actual Nov-11 \$4.5770 \$3.5240	Actual Dec-11 \$4,7920 \$3,3640	Actuat Jan-12 \$4.9080 \$3.0840	Estimate Feb-12 \$4.8970 \$2.6780	Estimate Mar-12 \$4.8370	Estimate Apr-12 \$4.7070	Estimate May-12 \$4.7300	Estimate Jun-12 \$4.7690	Estimate Jul-12 \$4.8140	Estimate Aug-12 \$4.8390	Estimate Sep-12 \$4.8480	12 Month Weighted Average
13 Flowing Gas Cost 14 Gas Withdrawn From Storage Cost 15 Hedged Volumes Delivered Cost	\$0.3417 \$0.0871	\$0.9274 \$0.0206	\$0.2503 \$0.3512	\$0.2216 \$0.3976	\$0.2425 \$0.3818	\$0.2749 \$0.3305	\$0.4472 \$0.0000	\$0.2845 \$0.0000	\$0.1176 \$0.0000	\$0.1468 \$0.0000	\$ 0.1606 \$ 0.0000	\$0.1596 \$0.0000	\$0.3134 \$0.2478
16 Pipeline Demand Cost 17 Storage Demand Cost	\$0.4412	\$0.2109	\$0.1280	\$0.1005	\$0.0972	\$0.1216	\$0.2318	\$0.4735	\$0.6977	\$0.6846	\$0.7029	\$0.7080	\$ 0.2153
18 Peaking Cost 19 Weighted Average Fuel Cost 20 Variative Diretion Cost	\$0.0115	\$ 0.0100	\$ 0.0044	\$0.0216	\$ 0.0105	\$ 0.0029	\$ 0.0057	\$0.0117	\$0.0181	\$0.0169	\$0.0174	\$0.0184	\$0.0109
21 Other Costs 22 Total Gross Cost of Gas Per Therm	\$0.8815	\$1.1689	\$0.7340	\$ 0.7413	\$0.7319	\$ 0.7299	\$0.6847	\$0.7698	\$0.8334	\$0.8483	\$0.8809	\$0.8860	\$0.7874
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
23 NYMEX - Actual Settlement <u>Breakdown of Gross Cost of Gas Per Therm:</u>	\$3.8370	\$3.2920	\$4.2670	54.2160	\$4.3160	\$3.7930	5 4.2400	\$4.3770	5 4.3260	\$4.3570	\$4 .3700	\$3.8570	
24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost	\$0.4406 \$0.0093	\$0.4856 \$0.1626	\$0.3296 \$0.4455	\$0.3734 \$0.4094	\$0.4488 \$0.2956	\$0.2476 \$0.4762	\$ 0.4573 \$ 0.0596	\$0.2331 \$0.0368	\$0.0690 -\$0.0042	\$0.0105 \$0.0000	\$0.0610 \$0.0006	\$0.0533 \$0.0164	\$0.3479 \$0.2998
27 Pipeline Demand Cost 8 Storage Demand Cost	\$0,4570	\$ 0.2069	\$0.0967	\$0.0898	\$ 0.1232	\$0.1513	\$0.2712	\$0.5695	\$ 0.8312	\$0.8781	\$0.8647	\$0.8378	\$ 0.2202
29 Peaking Cost 30 Weighted Average Fuel Cost 31 Vanabe Pipeline Cost	\$0.0089	\$ 0.0072	\$0.0044	\$ 0.0222	\$ 0.0227	\$ 0.0064	\$0.0099	\$0.0271	\$ 0.0370	\$0.0312	\$0.0235	\$0.0298	\$0.0150
ad Order Costs 33 Total Gross Cost of Gas Per Therm	\$0.9157	\$0.8623	\$0.8763	\$0.8949	\$0.8903	\$0.8816	\$0.7980	\$0.8665	\$ 0.9329	\$ 0.9197	\$0.9498	\$0.9372	\$0.8829
Footnotes: Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage Flowing Case Cost = Jac Marchased for delivery to city gate during month - not injected into storage	not injected into st	torage											

Flowing Gas includes the net effect of WACOG cost accounting.
Withdrawals modules the net effect of WACOG cost accounting.
Withdrawals modules the net effect of WACOG cost accounting.
Withdrawals module NING inventories on the standard from strategies are included un total costs, storage fees are not tracked separately withdrawals module NING inventorie costs only. Pipeline delivery charges are included un total costs, not tracked separately regenter programmer Demand Cost = fixed Fipeline costs.
Non-Mar storage withdrawals are part of NING is supply hedging, Hedged costs are included in total costs, not tracked separately regenter pealine costs.
Non-Mar storage withdrawals are part of NING is supply hedging, Hedged costs are included in total costs, not tracked separately regenter pealine costs.
Storage Demand Cost = Fixed Fipeline costs.
Storage Demand Cost = Fixed Storage related costs.
Storage Demand Cost = Fixed Storage related costs.
Delivery & fuel costs are included in total costs, not tracked separately.
Delivery & fuel costs are included in total costs. Not machined total on the Pipeline Demand Cost = Fixed Storage related costs.
Delivery & fuel costs are included in total costs. Not tracked separately.
Delivery & fuel costs are included in total costs. Not tracked separately.
Delivery & fuel costs are included in total costs. Not tracked separately.

Exhibit F Page 2 of 2 Final Stipulation

Page 2	12 Month Weighted Average	\$0.0257 \$0.0482 \$0.0248 \$0.0000 \$0.0000	\$0.0738 \$0.0259 \$0.0000 \$0.1984 \$0.5890	Weighted Average	\$0.0602 \$0.0281 \$0.0210 \$0.0000	\$0.0853 \$0.0853 \$0.0927	\$0.1027 \$0.7801
	1 Estimate W Sep-12 A	\$0.0141 \$0.1497 \$0.0469 \$0.0000 \$0.0000	\$0.0929 -\$0.0826 \$0.0000 \$0.2210 \$0.6650	Actual W	\$0.0369 \$0.1236 \$0.0265 \$0.0000		
	Estimate Aug-12	\$0.0141 \$0.1548 \$0.0503 \$0.0000 \$0.0000	\$0.0954 -\$0.0985 \$0.0000 \$0.2159 \$0.6650	Actual Aug-11 S	\$0.0630 \$0.1322 \$0.0000 \$0.0000		
	Estimate Jul-12	\$0.0137 \$0.1507 \$0.0491 \$0.0000 \$0.0000	\$0.0925 -\$0.1227 \$0.0000 \$0.1833 \$0.6650	Actual Jul-11	\$0.0745 \$0.1248 \$0.0311 \$0.0000 \$0.0010	\$0.1096 \$0.2013	\$0.1397 \$0.7800
	Estimate Jun-12	\$0.0139 \$0.1475 \$0.0469 \$0.0000 \$0.0000	\$0.0895 -\$0.1293 \$0.0000 \$0.1684 \$0.6650	Actual Jun-11	\$0.0865 \$0.1125 \$0.0292 \$0.0000 \$0.0000	\$0.1188 \$0.1950	\$0.1529 \$0.7800
	Estimate May-12	\$0.0095 \$0.1043 \$0.0389 \$0.0000 \$0.0000	\$0.0892 -\$0.1370 \$0.0000 \$0.1048 \$0.6650	Actual May-11	\$0.0252 \$0.0800 \$0.0241 \$0.0000 \$0.0000	\$0.1058 -\$0.1491	\$0.0865 \$0.7800
	Estimate Apr-12	\$0.0046 \$0.0491 \$0.0275 \$0.0000 \$0.0000	\$0.0741 -\$0.1356 \$0.0000 \$0.0197 \$0.6650	Actual Apr-11	\$0.0151 \$0.0344 \$0.0207 \$0.0000 \$0.0000	\$0.0853 -\$0.1378	\$0.0180 \$0.7800
	Estimate Mar-12	\$0.0161 \$0.0291 \$0.0222 \$0.0000 \$0.0000	\$0.0640 -\$0.0666 \$0.0000 \$0.0649 \$0.0649	Actual Mar-11	\$0.0410 \$0.0165 \$0.0235 \$0.0000 \$0.0000	\$0.0779 -\$0.0575	\$0.1016 \$0.7800
E	Estimate Feb-12	\$0.0139 \$0.0216 \$0.0215 \$0.0000 \$0.0000	\$0.0644 \$0.3586 \$0,0000 \$0.4799 \$0.2520	Actual Feb-11	\$0.0847 \$0.0120 \$0.0209 \$0.0000 \$0.0000	\$0.0800 -\$0.0877	\$0.1103 \$0.7800
ıpany 15 Per The	Actual Jan-12	\$0.0394 \$0.0240 \$0.0205 \$0.0000 \$0.0000	\$0.0687 \$0.3366 \$0.0000 \$0.4893 \$0.2520	Actual Jan-11	\$0.0840 \$0.0097 \$0.0184 \$0.0000 \$0.0000	\$0.0778 -\$0.0753	\$0.1149 \$0.7800
l Gas Com Cost of Ga	Actual Dec-11	\$0.0495 \$0.0304 \$0.0182 \$0.0000 \$0.0000	\$0.0747 \$0.3091 \$0.0000 \$0.4820 \$0.2520	Actual Dec-10	\$0.0498 \$0.0141 \$0.0222 \$0.0000 \$0.0001	\$0.0854 -\$0.0754	\$0.0963 \$0.7800
New Jersey Natural Gas Company Calculation of Net Cost of Gas Per Therm	Actual Nov-11	\$0.0420 \$0.0577 \$0.0223 \$0.0000 \$0.0003	\$0.0804 -\$1.3156 \$1.6167 \$0.5039 \$0.6650	Actual Nov-10	\$0.0560 \$0.0284 \$0.0102 \$0.0000 \$0.0000	\$0.0797 -\$0.0922	\$0.0823 \$0.7800
New Jerse Calculatic	Actual Oct-11	\$0.0031 \$0.0801 \$0.0201 \$0.0000 \$0.0000	\$0.0967 -\$0.0040 \$0.2165 \$0.2165	Actual Oct-10	\$0.0470 \$0.0437 \$0.0299 \$0.0000 \$0.0005	\$0.1026 -\$0.0879	\$0.1357 \$0.7800
	Credits, Refunds, & Recoveries Per Therm: 1 Asset Management Credits	 2 Un-system sales 3 Capacity release 4 On System Credits to BGSS-P Customers 5 Supplier Refunds 6 Gas for Company Use 7 Line Loss 8 Tainifer to Non BGSS-P Customers 	9 Over / Under Recovery & Interest to Customers 10 Other 11 Total Credits, Refunds, & Recoveries per Therm 12 Total Net Cost Per Therm(Pe 1 Line 22 - Pe 2 Line 1])	Credits, Refunds, & Recoveries Per Therm: 13 Asset Management Credits	14 UTF-system sales 15 Capacity release 16 On System Credits to BGSS-P Customers 17 Suppler Retunds 18 Gas for Company Use 19 Line Loss	20 Indiaster to Non BGSS-P Customers 21 Over / Under Recovery & Interest to Customers 22 Other	²⁵ 1041 Creatis, Kehuds, & Recoveries per Therm 24 Total Net Cost Per Therm (P. 1 Line 33 - P. 2 Line 23) Footnotes:

Footmotes: On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc... Une Loss = Gross Cost of Gas per Therm x Line Loss Percentage Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.



April 13, 2012

VIA FACSIMILE AND REGULAR MAIL

The Honorable Richard McGill Office of Administrative Law 33 Washington Street Newark, NJ 07102

Re: IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY FOR THE ANNUAL REVIEW AND APPROVAL OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND ITS CONSERVATION INCENTIVE PROGRAM (CIP) FACTORS FOR FISCAL YEAR 2012

OAL Docket No. PUC 12520-2011N BPU Docket No. GR12060331

Dear Judge McGill:

I am pleased to report that a Stipulation of Settlement resolving all issues has been entered into among New Jersey Natural Gas Company, the Staff of the New Jersey Board of Public Utilities (the Board) and the New Jersey Division of Rate Counsel, the only parties to the above captioned proceeding. A copy of the fully executed document is attached hereto. Please advise if you need the Stipulation to be provided with original signature pages. Additionally, we would greatly appreciate having an Initial Decision prepared as soon as possible so that this matter can be addressed by the Board on May 1, 2012. In order to accommodate their internal deadlines, I have been advised by Board Staff that all documents need to be finalized by Thursday, April 19, 2012. previously scheduled hearing dates can be cancelled. If you have any questions or need additional information, I can be reached at (732) 919-8025.

Respectfully submitted,

Tracey Thayer, Esq.

Director, Regulatory Affairs Counsel

C: Service List (electronically only)

STATE OF NEW JERSEY BOARD OF PUBLIC UTILITIES

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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) FACTORS FOR F/Y 2012

) **BPU DOCKET NO. GR11060331**

STIPULATION FOR FINAL BGSS AND CIP RATES

APPEARANCES:

Tracey Thayer, Esq., New Jersey Natural Gas Company for the Petitioner, New Jersey Natural Gas Company

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

Alex Moreau and Veronica Beke, Deputy Attorneys General, for the Staff of the New Jersey Board of Public Utilities (Jeffrey S. Chiesa, Attorney General of New Jersey)

TO: THE HONORABLE RICHARD MCGILL, ADMINISTRATIVE LAW JUDGE

BACKGROUND

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in Docket No. GR11060331 on June 1, 2011 ("June 1 Filing"), requesting that the New Jersey Board of Public Utilities (the "BPU" or "Board") approve NJNG's annual filing to establish new

Basic Gas Supply Service ("BGSS") rates for the period October 1, 2011 through September 30,

2012, approve a change to the current balancing charge and approve the implementation of updated Conservation Incentive Program ("CIP") factors effective October 1, 2011.

2. Specifically, the petition requested that the Board approve a decrease of \$0.1230 per therm after-tax in NJNG's Periodic BGSS rate applicable to residential and small commercial customers subject to the Periodic BGSS Pricing Mechanism, effective October 1, 2011, thereby decreasing NJNG's annual BGSS after-tax rate from \$0.8346 per therm to \$0.7116.¹ The Periodic BGSS Pricing Mechanism applies to NJNG's Residential Service ("RS"), General Service-Small ("GSS"), Distributed Generation-Residential ("DGR") and Economic Development ("ED") customers who use less than 5,000 therms annually. This requested change represented a BGSS decrease of approximately \$12.30 per month, or 9.1 percent, for the average residential sales heating customer using 100 therms per month. NJNG's filing was based on market conditions as of May 10, 2011 and a one-year BGSS recovery period. The proposed rates resulted in a decrease of after-tax BGSS revenues by \$55.2 million.

3. The petition also requested a \$0.0042 per therm decrease to the NJNG after-tax balancing charge, thereby decreasing the per therm after-tax balancing charge from \$0.0886 to \$0.0844. As approved by the Board on October 3, 2008 in BPU Docket No. GR07110889 ("Base Case Order"), NJNG is required to adjust its balancing charge in the annual BGSS filing to reflect updated costs. All balancing charge revenues from transportation customers are credited to BGSS. For sales customers, the balancing charge is deducted from the BGSS charge and included as a component of the delivery charge.

¹ The June 1 filing also included testimony, schedules and data that are responsive to and consistent with the Minimum Filing Requirements (MFRs) for annual BGSS filings, pursuant to the Board's generic BGSS Order in Docket No. GX01050304.

4. Within the June 1 filing, as authorized by the Board in Docket No. GR05121020 the Company submitted its annual CIP filing for October 1, 2011 through September 30, 2012 (2012 CIP Year), requesting that the BPU approve the implementation of updated CIP factors effective October 1, 2011. As such, the Company sought approval for the following changes to its after-tax per therm CIP factors: (i) an increase from a credit of \$0.0033 for Group I Residential Non-Heat customers to a charge of \$0.0255; (ii) a decrease in the charge of \$0.0179 to \$0.0066 for Group II Residential Heat customers; (iii) an increase in the charge of \$0.0339 to \$0.0464 for Group III Small Commercial customers; and, (iv) an increase in the charge of \$0.0278 to \$0.0391 for Group IV Large Commercial customers effective as of October 1, 2011. The proposed changes resulted in an overall after-tax decrease of \$3.02 million to annual CIPrelated revenues. Pursuant to the Board's October 12, 2006 and January 20, 2010 Orders ("CIP Orders") in Docket No. GR05121020, any non-weather related CIP surcharges must be at least offset by BGSS cost savings during the period the surcharge is in effect. Accordingly, the Company reported \$8.6 million in estimated CIP non-weather related revenues to be recovered (\$7.2 million for the CIP year October 1, 2010 through September 30, 2011 and \$1.4 million of carry-over CIP non-weather related revenues to be recovered for the CIP year October 1, 2009 through September 30, 2010) to be recovered during the 2012 CIP Year and identified \$13.1 million in BGSS savings for the 2012 CIP Year, more than offsetting non-weather related CIP charges for the same period. Accordingly, the Parties have reviewed the Company's calculations and believe that the terms of the CIP Orders were met. The Company updated for actual information through September 30, 2011 and reported a total of \$9.1 million in CIP non-weather related revenues to be recovered, which amount will be reflected in and subject to review in the CIP petition to be filed no later than June 1, 2012.

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5. The changes to the BGSS and CIP rates as requested resulted in an overall decrease of approximately \$13.43 per month, or 9.9 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) from these requested rate changes was a decrease of 6.0 percent per month and to the average small commercial customer (Group III) a decrease of 7.4 percent per month. Since the BGSS change does not impact larger commercial customers (Group IV), as the monthly BGSS is applicable to that group, it was only the CIP rate change that impacted these customer. The above CIP changes resulted in a decrease in after-tax CIP revenues of \$3.02 million. Accordingly, the overall decrease in annual after-tax revenue resulting from the BGSS decrease and CIP-related changes was approximately \$58.2 million. The foregoing rate impacts are detailed in Exhibit A, page 1 attached hereto.

6. As detailed in the testimony of Jayana S. Shah filed in this proceeding (the "JSS Testimony"), the approximately \$13.1 million in BGSS saving identified in the Petition included savings resulting from the non-renewal of a contract for 30,000 dekatherms per day of firm transportation capacity on Texas Eastern Transmission, L.P. The contract expired on October 31, 2011. The Company identified \$7,993,500 in annual cost savings resulting from the non-renewal. The demand cost savings identified by the Company were in effect during the 2012 CIP recovery year for an 11-month period, resulting in \$7,336,500 in demand cost savings reflected in the Company's Petition. The Company's calculations underlying the claimed savings are shown in the attached Exhibit B which includes the details of the Company's BGSS savings.

7. As also described in the JSS Testimony, and in updated discovery responses provided to the parties, the results of the Tennessee Gas Pipeline General Section 4 rate case

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(RP11-1566-000), pending resolution when this case was filed, altered the net economics of the Tennessee capacity release of 10,728 dekatherms per day included in the Company's existing CIP BGSS savings approved in the January 20, 2010 CIP Order in Docket No. GR05121020 and reflected in the Company's Petition in the instant proceeding. The approved Tennessee rates were lower than those previously in effect, thus reducing the \$13.1 million in claimed BGSS savings for the 2012 CIP recovery year by \$425,058.

8. As further detailed in the JSS Testimony, effective January 8, 2012, NJNG did not renew a contract that was previously released for 11,000 dekatherms per day of firm transportation capacity on Tennessee Gas Pipeline. Giving effect to the Tennessee approved rates effective January 15, 2012, as discussed in Paragraph 7 above, the non-renewal of the contract increased the claimed \$13.1 million in BGSS savings for the 2012 CIP recovery year by \$527,767.

9. As a result of the updates described in paragraphs 7 and 8 above, the Company's claimed BGSS savings available to offset the CIP charge in effect for the 2012 CIP recovery year are approximately \$13.2 million which is detailed in Exhibit B (Page 3, Section VI, CIP Year 2011-2012) and includes the Company's calculations of the impacts of these updates.

10. Public hearings on these petitions were held on July 26, 2011 in Rockaway Borough and on July 27, 2011 in Freehold Township. No members of the public appeared at the public hearings and no written comments were received.

11. On September 22, 2011, the Board issued an Order ("September 2011 Order") approving the requested rate changes on a provisional basis, pursuant to the terms of a Stipulation entered into among the Company, BPU Staff and the New Jersey Division of Rate Counsel ("Rate Counsel"), the only parties in this proceeding (the "Signatory Parties"). On

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November 17, 2011 and January 25, 2012, NJNG submitted notice to the BPU and Rate Counsel of bill credits for its Periodic BGSS customers in the amount of \$0.4419 per therm after tax, effective December 1, 2011 through February 29, 2012. On March 9, 2012, NJNG notified the Board of its intention to implement a bill credit of \$0.4419 per therm after tax effective March 15, 2012 through March 31, 2012. The Company estimated that an average residential heating customer would receive total bill credits of \$220, during the months of December 2011 through March 2011. The total refunds amounted to approximately 17.8% of the total annual bill for a customer using 1000 therms per year. On March 9, 2012 the Company further notified the Board of its intention to implement a rate reduction of \$0.0435 per therm in the provisionally-approved Periodic BGSS rate of \$0.7116 per therm, effective April 1, 2012, resulting in a Periodic BGSS rate of \$0.6681 per therm inclusive of sales tax. This amounts to a decrease of \$4.35 or 3.6 percent on a 100-therm monthly bill, as demonstrated on Exhibit A, page 2.

12. On October 5, 2011, this matter was transmitted to the Office of Administrative Law and assigned to the Honorable Richard McGill, Administrative Law Judge. The Signatory Parties participated in a prehearing conference on December 20, 2011, which was followed by the issuance of a Prehearing Order by Judge McGill on January 11, 2012 establishing the issues to be addressed and a procedural schedule.

STIPULATED ISSUES

13. Following the issuance of discovery and responses thereto by the Company, the Signatory Parties have reached an agreement that the previously approved provisional rates, as described above in Paragraphs 2-4, and as decreased pursuant to the Company's notice of a Periodic BGSS rate decrease effective April 1, 2012, should be deemed final rates. As a result of the Stipulation, the rates previously approved on a provisional basis, as modified by BGSS rate

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decrease to be implemented on April 1, 2012, will remain in effect until further Board Order or further action by the Company in accordance with the Board's Generic BGSS Order in Docket No. GX01050304.

14. Accordingly, the Signatory Parties stipulate and agree that it is both reasonable and in the public interest for the Board, following the issuance of an Initial Decision from Judge McGill recommending adoption of these stipulated matters, to authorize the following rates as final until changed by the Board or the Company in the future: 1) the Company's periodic BGSS rates of \$0.7116 per therm after-tax effective from October 1, 2011 through March 31, 2012 and \$0.6681 per therm after-tax effective on and after April 1, 2012; 2) the Company's balancing charge of \$0.0844 per therm; and 3) the following CIP rates all on an after-tax basis: \$0.0255 per therm for Group I Residential Non-Heat customers, \$0.0066 per therm for Group II Residential Heat customers, \$0.0464 per therm for Group III Small Commercial customers, and \$0.0391 per therm for Group IV Large Commercial customers. A schedule listing the foregoing rates is attached as Exhibit C.

15. It is agreed by the Signatory Parties that the rates described in Paragraph 14 will be deemed final as of the effective date of the Board Order accepting the Initial Decision approving this Stipulation. Tariff Sheets reflecting these rates, which will remain in effect until further Board Order or further action by the Company in accordance with the Board's generic BGSS Order in Docket No. GX01050304, are attached hereto as Exhibit D.

16. Rate Counsel and Staff have reviewed the BGSS savings transactions and savings calculations as referenced in paragraphs 6 through 9 herein and are in agreement that the claimed savings are eligible to offset non-weather related CIP recoveries as provided in Board-approved Stipulations in Docket No. GR05121020.

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17. The Company agrees to continue to provide electronically to the Parties in this proceeding, on a monthly basis, the following updated information: 1) the BGSS NYMEX Update Report (also known as S-NCHART-1) attached hereto as Exhibit E; and 2) the Calculation of Net Cost of Gas per Therm Report (also known as S-NCHART-2), a monthly report of unitized BGSS costs and credits (attached hereto as Exhibit F). The chart reflected in Exhibit E is to be completed using information from the first Friday of the month and submitted to the Parties the following Tuesday. The chart reflected in Exhibit F is to be submitted to the Parties on approximately the 15th of the following month.

18. 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 the Board, any Signatory 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 the Board, in any applicable Order(s), then any Signatory 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.

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

20. 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, and Rate Counsel shall not be deemed

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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.

WHEREFORE, the Signatory Parties hereto do respectfully submit that Your Honor issue an Initial Decision adopting this Stipulation and request that the Board issue a Decision and Order approving that Initial Decision and this Stipulation in the entirety, in accordance with the terms hereof, as soon as reasonably possible.

NEW JERSEY NATURAL GAS PETITIONER

By:

TRACEY THAYER, ESQ. New Jersey Natural Gas

NEW JERSEY DIVISION OF RATE COUNSEL STEFANIE A. BRAND. DIRECTOR

By:

SARAH H. STEINDEL, ESQ. ASSISTANT DEPUTY RATE COUNSEL

STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY

By:

ALEX MOREAU DEPUTY ATTORNEY GENERAL

Date:

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STAFF OF THE NEW JERSEY BOARD OF PUBLIC UTILITIES JEFFREY S. CHIESA ATTORNEY GENERAL OF NEW JERSEY

By:

- Alber

ALEX MOREAU DEPUTY ATTORNEY GENERAL

Date:

New Jersey Natural Gas Company Net Impact of Rate Changes Effective October 1, 2011 BPU Docket No. GR11060331 F/Y 2012

			to October 1, 20	11		ive October 1, 201	11
		Residential Non-	Residential		Residential Non-	Residential	
Pre-tax Periodic BGS	s	Heat \$0.7800	Heat \$0.7800	GSS \$0.7800	Heat \$0.6650	Heat \$0.6650	GSS \$0.665
After-tax Periodic BG Less: Balancing	SS	\$0.8346 <u>(\$0.0886)</u>	\$0.8346 <u>(\$0.0886)</u>	\$0.8346 <u>(\$0.0886)</u>	\$0.7116 <u>(\$0.0844)</u>	\$0.7116 <u>(\$0.0844)</u>	\$0.711 <u>(\$0.084</u>
BGSS Price To Comp	are	\$0.7460	\$0.7460	<u>\$0.7460</u>	<u>\$0.6272</u>	\$0.6272	\$0.627
Impact on Residentia	-	omers		25 therm bill			
Prices prior to 10/1/1	I ustomer Charge		\$8.25	\$8.25			
	elivery		\$0.5069	\$12.67			
B	GSS		\$0.7460	\$18.65			
		Total	\$1.2529	\$39.57			
Prices effective 10/1/	11						
	ustomer Charge		\$8.25	\$8.25			
	elivery GSS		\$0.5315 \$0.6272	\$13.29			
D	333	Total	\$0.6272 \$1.1587	\$15.68 \$37.22			
	ecrease ecrease as a percen	t		(\$2.36) (6.0%)			
Impact on Residentia	I Heating Customer	<u>s</u>					
Prices prior to 10/1/1				100 therm bill	1000 therm annual bill		
C	ustomer Charge		\$8.25	\$8.25	\$99.00		
	elivery		\$0.5281	\$52.81	\$528.10		
В	GSS	Total	\$0.7460 \$1.2741	\$74.60 \$135.66	\$746.00 \$1,373.10		
			· · · · · · · ·	÷ · · · · · · · · · · · · · · · · · · ·			
Prices effective 10/1/			AC 05	* ~ -	A AA AA		
	ustomer Charge elivery		\$8.25 \$0.5126	\$8.25 \$51.26	\$99.00 \$512.60		
	GSS		\$0.6272	\$62.72	\$627.20		
		Total	\$1.1398	\$122.23	\$1,238.80		
	ecrease ecrease as a percen	t		(\$13.43) (9.9%)	(\$134.30) (9.8%)		
Impact on Commercia	al GSS Customoro						
Prices prior to 10/1/1				100 therm bill			
	ustomer Charge		\$25.00	\$25.00			
De	elivery		\$0.4965	\$49.65			
B	GSS	Total	\$0.7460 \$1.2425	\$74.60 \$149.25			
		, otai	ψ1.2723	ψ1-0.23			
Prices effective 10/1/	11 Jstomer Charge		\$25.00	\$25.00			
D	elivery		\$25.00 \$0.5048	\$25.00 \$50.48			
B	GSS		\$0.6272	\$62.72			
		Total	\$1.1320	\$138.20			
	ecrease ecrease as a percen	t		(\$11.05) (7.4%)			
Impact on Commercia	al GSL Customers						
Prices prior to 10/1/1				1200 therm bill			
C	ustomer Charge		\$40.00	\$40.00			
	emand Charge elivery		\$1.50 \$0.4299	\$175.50 \$515.88			
	GSS (May 2011)		\$0.6304	\$756.48			
		Total	\$1.0603	\$1,487.86			
Prices effective 10/1/	11						
C	ustomer Charge		\$40.00	\$40.00			
	emand Charge		\$1.50 \$0.4270	\$175.50			
	elivery GSS (May 2011)		\$0.4370 \$0.6346	\$524.40 \$761.52			
D	(Total	\$1.0716	\$1,501.42			
			-				
-				A ·	•		
	crease crease as a percent			\$13.56 0.9%			

New Jersey Natural Gas Company Net Impact of Rate Changes Effective April 1, 2012 BPU Docket No. GR11060331 F/Y 2012

				(\$/therm)			
			ior to April 1, 2012			Effective April 1, 2	012
		Residential Non-	Residential		Residential Non-	Residential	
Pre-tax Periodic BG		Heat \$0.6650	Heat \$0.6650	GSS \$0.6650	Heat \$0.6244	Heat \$0.6244	GSS \$0.624
Pre-tax Periodic BG	133	\$0.6650	\$0.6650	\$0.6650	\$0.6244	\$0.6244	\$0.624
After-tax Periodic B	GSS	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.668
Less: Balancing		<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.084</u>
BGSS Price To Con	npare	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.583</u>
	ial Non-Heating Cust	<u>omers</u>		25 therm bill			
Prices prior to 4/1/1	2 Customer Charge		\$8.25	\$8.25			
	Delivery		\$0.5344	\$13.36			
	BGSS		\$0.6272	\$15.68			
		Total	\$1.1616	\$37.29			
Prices effective 4/1/	12						
	Customer Charge		\$8.25	\$8.25			
	Delivery		\$0.5344	\$13.36			
I	BGSS		\$0.5837	\$14.59			
		Total	\$1.1181	\$36.20	-		
I	Decrease			(\$1.09)			
	Decrease as a percen	t		(2.9%)			
inpact on Resident	ial Heating Customer	<u>></u>		100 therm bill	1000 therm annual bill		
Prices prior to 4/1/1	2				Dill		
	Customer Charge		\$8.25	\$8.25	\$99.00		
	Delivery		\$0.5155	\$51.55			
I	BGSS		\$0.6272	\$62.72			
		Total	\$1.1427	\$122.52	\$1,241.70		
Prices effective 4/1/							
	12						
	Customer Charge		\$8.25	\$8.25	\$99.00		
I	Customer Charge Delivery		\$0.5155	\$51.55	\$515.50		
I	Customer Charge		\$0.5155 \$0.5837	\$51.55 \$58.37	\$515.50 \$583.70		
I	Customer Charge Delivery	Total -	\$0.5155	\$51.55	\$515.50 \$583.70		
	Customer Charge Delivery BGSS Decrease		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35)	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
	Customer Charge Delivery BGSS		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
	Customer Charge Delivery BGSS Decrease		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35)	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
Impact on Commer Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2		\$0.5155 \$0.5837 \$1.0992	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge		\$0.5155 <u>\$0.5837</u> \$1.0992	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge Delivery		\$0.5155 \$0.5837 \$1.0992 \$25.00 \$0.5100	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge		\$0.5155 <u>\$0.5837</u> <u>\$1.0992</u> = \$25.00 \$0.5100 \$0.6272	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS	t	\$0.5155 \$0.5837 \$1.0992 \$25.00 \$0.5100	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$51.00 \$62.72	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS	t	\$0.5155 <u>\$0.5837</u> \$1.0992 = \$25.00 \$0.5100 <u>\$0.6272</u> \$1.1372 =	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$51.00 \$62.72 \$138.72	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerd Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 = \$1.1372 = \$25.00	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 \$1.1372 = \$25.00 \$0.6272 \$1.1372 =	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00 \$51.00 \$51.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 = \$1.1372 = \$25.00	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery BGSS	t Total	\$0.5155 \$0.5837 \$1.0992 \$1.0992 \$25.00 \$0.5100 \$0.6272 \$1.1372 \$25.00 \$0.5100 \$0.5100 \$0.5100 \$0.5100 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$138.72 \$25.00 \$51.00 \$51.00 \$51.00 \$51.37 \$134.37	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery	t Total [–] Total [–]	\$0.5155 \$0.5837 \$1.0992 \$1.0992 \$25.00 \$0.5100 \$0.6272 \$1.1372 \$25.00 \$0.5100 \$0.5100 \$0.5100 \$0.5100 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00 \$51.00 \$51.00 \$51.00 \$51.00 \$53.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		

New Jersey Natural Gas CIP BGSS Savings

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. *Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.*

I. Waddington to South Commack Iroquois Capacity

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

		Release		
Year	Days	Quantity	Rate	Value
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185

II. Transco Capacity

 A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	5,000	\$ 0.11870	\$ 162,026
2010-2011	365	5,000	\$ 0.11870	\$ 216,628
2011-2012	366	5,000	\$ 0.11870	\$ 217,221
2012-2013	182	5,000	\$ 0.11870	\$ 108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	3,250	\$ 0.11870	\$ 105,317
2010-2011	365	3,250	\$ 0.11870	\$ 140,808
2011-2012	366	3,250	\$ 0.11870	\$ 141,194
2012-2013	182	3,250	\$ 0.11870	\$ 70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,350	\$ 0.11870	\$ 335,393
2010-2011	365	10,350	\$ 0.11870	\$ 448,419
2011-2012	366	10,350	\$ 0.11870	\$ 449,647
2012-2013	182	10,350	\$ 0.11870	\$ 223,595

III. Tennessee Capacity

A. NJNG shall release 11,000 dth of Tennessee capacity from Tennessee Z5 East Aurora to Tennessee Z4 Browns Run. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64306). UPDATE: contract was terminated January 8, 2012. Savings continue at Tennessee rate case approved rates.

CIP Year	Days	Quantity	Rate	Value
2009-2010	273	11,000	\$ 0.019726	\$ 59,237
2010-2011	365	11,000	\$ 0.019726	\$ 79,200
2011-2012	366	11,000	\$ 0.150816	\$ 607,184
2012-2013	365	11,000	\$ 0.200153	\$ 803,614
2013-2014	365	11,000	\$ 0.200153	\$ 803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,728	\$ 0.278795	\$ 816,518
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681
2011-2012	366	10,728	\$ 0.170539	\$ 669,614
2012-2013	182	10,728	\$ 0.126404	\$ 246,804

IV. Texas Eastern Capacity

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.

CIP Year	Days	<u>Quantity</u>	Rate	Value
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500

V. Dominion Gas Capacity

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	20,000	\$ 0.127557	\$ 696,461
2010-2011	365	20,000	\$ 0.127557	\$ 931,166
2011-2012	366	20,000	\$ 0.127557	\$ 933,717
2012-2013	182	20,000	\$ 0.127557	\$ 464,307

B. NEW TRANSACTION: As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<u>CIP Year</u>	Value
2011-2012	\$ 217,305
2012-2013	\$ 217,305
2013-2014	\$ 217,305

VI. Total of all Releases by Year

CIP Year	<u>Days</u>	Value
2009-2010	273	\$ 8,058,378 1
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

¹ The BGSS savings for the 2009-2010 CIP year includes \$655,230 for one month of the value of Texas Eastern STX-M3 capacity and \$2,774,000 for the annual value of the release of 20,000 dth of Iroquois capacity, both of which were part of the BGSS savings identified in the September 30, 2006 CIP Stipulation.

VII. Agreement with NJRES

- A. NJNG and NJRES shall enter into the following transactions for NJNG's right to call on physical supply at no additional fixed cost. The estimated annual value of the peak day physical call options is \$300,000.
 - (1) NJNG and NJRES shall enter into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.
 - (2) NJNG and NJRES shall enter into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in Gas Daily.
- B. NJNG and NJRES shall enter into an agreement where NJNG will release its Central New York Oil and Gas (Stagecoach Storage) with a total storage capacity of 1,630,990 to NJRES for the period from January 1, 2010 to March 31, 2013. NJNG will initially transfer the gas in storage to NJRES at NJNG's weighted average cost of gas (WACOG) price at January 1, 2010. NJRES will manage the storage and provide delivery to NJNG at NJNG's request at the WACOG price. The WACOG will be reset each October 31st based on the balance at the prior March 31 and ratable injections for April through October at the first of the month index for the Tennessee 500 leg as reported in *Inside FERC* plus applicable FT transport charges.

New Jersey Natural Gas Company Conservation Incentive Program Filing Year ended September 30, 2011

GR11060331

Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period

Recurring initial savings identified ¹	\$5,531,561	Tennessee 10,728 dth/day ⁴ (\$425,058)	Tennessee 11,000 dth/day ⁴ \$527,767	Revised Savings \$5,634,269
Additional Savings ²	\$217,305			\$217,305
Additional Savings ³	<u>\$7,336,500</u>			<u>\$7,336,500</u>
Total BGSS Savings Available for CIP comparison	<u>\$13,085,366</u>	<u>(\$425,058)</u>	<u>\$527,767</u>	<u>\$13,188,074</u>

NOTE: Pursuant of the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

- ¹ Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.
- ² As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.
- ³ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day * \$0.73 per dth * 366 days = \$7,336,500)
- ⁴ Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

Contract 64307: 10,728 Dth per Day				
	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672
Revised	106	10,728	\$0.278795	\$317,037
Revised	260	10,728	\$0.126404	<u>\$352,577</u>
			Total Revised	\$669,614
Change in CIP Savings Value				<u>(\$425,058)</u>

Contract 64306: 11,000 Dth per Day				
	Days	Volume (dths/day)	Rate	Value
Approved in GR05121020	366	11,000	\$0.019726	\$79,417
Revised	100	11,000	\$0.019578	\$21,536
Revised	266	11,000	\$0.200153	<u>\$585,648</u>
			Total Revised	\$607,184
Change in CIP Savings Value	<u>\$527,767</u>			
Total Tennessee Change in CIP	\$102,709			

New Jersey Natural Gas Company Final Rates BPU Docket No. GR11060331 F/Y 2012

Rate Type	Effective	After-tax Rate per therm
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

Exhibit D

Tariff Sheets

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	\$0.5155
Residential Non-Heating	
Delivery Charge per therm	\$0.5344
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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

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

<u>Customer Charge:</u> Customer Charge per meter per month	\$8.25
<u>Delivery Charge:</u> November - April	\$0.3737
May - October	\$0.3167
<u>BGSS Charge:</u> 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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

<u>SERVICE CLASSIFICATION – GSS</u>

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 per meter per month	\$25.00
<u>Delivery Charge:</u> Delivery Charge per therm	\$0.5100

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

BPU No. 8 - Gas

Twelfth Revised Sheet No. 59 Superseding Eleventh 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 per meter per month	\$40.00
Demand Charge: Demand Charge per therm applied to HMAD	\$1.50
<i>Delivery Charge:</i> Delivery Charge per therm	\$0.4402
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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

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

Customer Charge:

Customer Charge per meter per month	\$40.00
Demand Charge:	
Demand Charge per therm applied to PBQ	\$0.60
<u>Delivery Charge:</u>	
November - April	\$0.2793
May - October	\$0.2465

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after January 1, 2012

<u>SERVICE CLASSIFICATION - FC</u>

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 <u>N.J.S.A.</u> 54:30A-50 to receive service under this classification.

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

<u>Customer Charge:</u> 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	\$0.3024
<u>BGSS Charge:</u>	
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: October 19, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after November 1, 2011

Forty-Sixth Revised Sheet No. 155 Superseding Forty-Fifth Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>

APPLICATION

<u>CHARGE</u>

RS, GSS, and ED sales customers using less than 5,000 therms annually

Included in the Basic Gas Supply Charge

Included in the Delivery Charge

\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>

RS, GSS, GSL, ED

<u>APPLICATION</u>

<u>CHARGE</u>

\$0.0844 per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>

APPLICATION

GSL, FC and ED sales customers using 5,000 therms or greater annually

Included in the Basic Gas Supply Charge

Effective Date	Charge Per Therm
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

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.

<u>RIDER "A"</u>

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>APPLICATION</u> <u>CREDIT</u>

RS, GSS, GSL, FC, and ED sales customers

CLASS

Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge (\$0.0273) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

<u>CLASS</u>	APPLICATION	<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

RIDER ''I''

<u>CONSERVATION INCENTIVE PROGRAM – CIP (Continued)</u>

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 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.

Date of Issue: September 27, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after October 1, 2011

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter		8.25	8.25	
per month				
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	0.0223	Rider B
After-tax Base Rate		0.3406	0.3406	
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.3599	0.3599	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5155</u>	<u>0.5155</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e		Х	Rider A
		0.6681		
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.5837</u>	х	

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.

Date of Issue:March 9, 2012Issued by:Mark R. Sperduto, Vice PresidentWall, NJ 07719

Effective for service rendered on and after April 1, 2012

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

<u>Customer Charge</u>		Bundled Sales	Transport Sales	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	0.0223	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.3788	0.3788	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5344</u>	<u>0.5344</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	0.5837	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.

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	May - Oct	Reference
<u>Customer Charge</u> Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	0.0097	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.2181	0.1611	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3737</u>	<u>0.3167</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	0.0844	
BGS	e-f=g	<u>0.5837</u>	<u>0.5837</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.

General Service - Small (GSS)

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.0464	0.0464	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	a	0.3544	0.3544	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5100</u>	<u>0.5100</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	Х	Rider A
Less: Balancing	f	0.0844	Х	
BGS	e-f=g	0.5837	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.

Date of Issue:March 9, 2012Issued by:Mark R. Sperduto, Vice PresidentWall, NJ 07719

Effective for service rendered on and after April 1, 2012

General Service - Large (GSL)

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter per mon	th	40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied	to HMAD	1.50	1.50	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.2846	0.2846	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.4402</u>	<u>0.4402</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.4015</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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

Commercial Distributed Generation Service

		<u>Nov - Apr</u>	May - Oct	Reference
<u>Customer Charge</u> Customer Charge per meter per month		40.00	40.00	
Demand Charge				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.1237	0.0909	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.2793</u>	<u>0.2465</u>	

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.

Date of Issue: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

Firm Cogeneration (FC)

Containing Channel		<u>Sales</u>	Transport_	<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>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.1468	0.1468	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA USF		0.0324 <u>0.0185</u>	0.0324 <u>0.0185</u>	Rider C Rider H
USF		0.0185	0.0185	Riuel H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3024</u>	<u>0.3024</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.4015</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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

NJNG BGSS Nymex Update Report as of 3/2/12

		а		b	(c=b-a		d	е	f = d - e	$g = c \times f$
	Ν	ymex	Ν	YMEX		Incr/		Sales	Hedged	Unhedged	Change in
<u>Month</u>	5/	/10/11	- 1	<u>3/2/12</u>		(Decr)	<u>% Chg</u>	forecast (dths)	<u>volume (dths)</u>	<u>volume (dths)</u>	value unhedged
Oct-11	\$	4.413	\$	3.759	\$	(0.654)					
Nov-11	\$	4.577	\$	3.524	\$	(1.053)					
Dec-11	\$	4.792	\$	3.364	\$	(1.428)					
Jan-12	\$	4.908	\$	3.084	\$	(1.824)					
Feb-12	\$	4.897	\$	2.678	\$	(2.219)					
Mar-12	\$	4.837	\$	2.446	\$	(2.391)		6,144,298	5,779,363	364,935	(\$872,559)
Apr-12	\$	4.707	\$	2.484	\$	(2.223)		3,155,208	1,150,000	2,005,208	(\$4,457,578)
May-12	\$	4.730	\$	2.600	\$	(2.130)		1,538,627	300,000	1,238,627	(\$2,638,275)
Jun-12	\$	4.769	\$	2.692	\$	(2.077)		1,052,405	-	1,052,405	(\$2,185,846)
Jul-12	\$	4.814	\$	2.773	\$	(2.041)		1,063,912	-	1,063,912	(\$2,171,445)
Aug-12	\$	4.839	\$	2.807	\$	(2.032)		1,036,228	-	1,036,228	(\$2,105,615)
Sep-12	\$	4.848	\$	2.817	\$	(2.031)		1,036,422	-	1,036,422	(\$2,104,973)
	•	4 704	•	0.040	•	(1.0.40)	00 - 0(15 007 101	7 000 000	7 707 707	
Avg Total \$	\$	4.761	\$	2.919	\$	(1.842)	-38.7%	15,027,101	7,229,363	7,797,737	(\$16,536,291)
Oct-12	\$	4.413	\$	2.872	\$	(1.541)		2,031,860	-	2,031,860	(\$3,131,097)
Nov-12	\$	4.577	\$	3.050	\$	(1.527)		4,219,690	1,293,636	2,926,054	(\$4,468,085)
Dec-12	\$	4.792	\$	3.345	\$	(1.447)		7,483,323	6,005,815	1,477,508	(\$2,137,954)
Jan-13	\$	4.908	\$	3.481	\$	(1.427)		9,050,789	7,704,888	1,345,901	(\$1,920,601)
Feb-13	\$	4.897	\$	3.495	\$	(1.402)		7,568,878	6,671,949	896,929	(\$1,257,494)
Mar-13	\$	4.837	\$	3.474	\$	(1.363)		6,218,639	3,934,993	2,283,646	(\$3,112,609)
Apr-13	\$	4.707	\$	3.446	\$	(1.261)		3,190,489	-	3,190,489	(\$4,023,207)
May-13	\$	4.730	\$	3.487	\$	(1.243)		1,550,564	-	1,550,564	(\$1,927,351)
Jun-13	\$	4.769	\$	3.536	\$	(1.233)		1,057,936	-	1,057,936	(\$1,304,435)
Jul-13	\$	4.814	\$	3.579	\$	(1.235)		1,069,576	-	1,069,576	(\$1,320,926)
Aug-13	\$	4.839	\$	3.594	\$	(1.245)		1,041,828	-	1,041,828	(\$1,297,076)
Sep-13	\$	4.848	\$	3.595	\$	(1.253)		1,042,141	-	1,042,141	(\$1,305,802)
Avg Total \$	\$	4.761	\$	3.413	\$	(1.348)	-28.3%	45,525,713	25,611,281	19,914,432	(\$27,206,638)
πη τοται φ	Ψ	7.701	r	3.413	Ψ	(1.5+0)	20.070	+0,020,713	20,011,201	13,317,432	(\\\\200,030)

a: Nymex rate used for annual BGSS periodic rate of \$6.65 effective October 1, 2011

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2012 BGSS filing

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-NCHART-2	New Jerse Calculatio	•		•	m							P	age 1
1 NYMEX - 5/10/11 - Included in BGSS Filing	Actual Oct-11 \$4.4130	Actual Nov-11 \$4.5770	Actual Dec-11 \$4.7920	Actual Jan-12 \$4.9080	Estimate Feb-12 \$4.8970	Estimate Mar-12 \$4.8370	Estimate Apr-12 \$4.7070	Estimate May-12 \$4.7300	Estimate Jun-12 \$4.7690	Estimate Jul-12 \$4.8140	Estimate Aug-12 \$4.8390	Estimate Sep-12 \$4.8480	12 Month Weighted Average
2 NYMEX - Actual Settlement	\$3.7590	\$3.5240	\$3.3640	\$3.0840	\$2.6780								
Breakdown of Gross Cost of Gas Per Therm:													
13 Flowing Gas Cost	\$0.3417	\$0.9274	\$0.2503	\$0.2216	\$0.2425	\$0.2749	\$0.4472	\$0.2845	\$0.1176	\$0.1468	\$0.1606	\$0.1596	\$0.3134
14 Gas Withdrawn From Storage Cost	\$0.0871	\$0.0206	\$0.3512	\$0.3976	\$0.3818	\$0.3305	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2478
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0.4412	\$0.2109	\$0.1280	\$0.1005	\$0.0972	\$0.1216	\$0.2318	\$0.4735	\$0.6977	\$0.6846	\$0.7029	\$0.7080	\$0.2153
17 Storage Demand Cost													
18 Peaking Cost	\$0.0115	\$0.0100	\$0.0044	\$0.0216	\$0.0105	\$0.0029	\$0.0057	\$0.0117	\$0.0181	\$0.0169	\$0.0174	\$0.0184	\$0.0109
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost													
21 Other Costs	60 0015	#4 4000	6 0 7 0 (0	* 0 7 440	60 7040	\$0.7299	\$0.6847	* 0 7 000	\$0.8334	\$0.8483	\$0.8809	\$0.8860	\$0.7874
22 Total Gross Cost of Gas Per Therm	\$0.8815	\$1.1689	\$0.7340	\$0.7413	\$0.7319	\$0.7299	\$0.6847	\$0.7698	φ 0.0 334	φ0.0 4 03	Ф 0.0009	φ 0.000 0	Ф 0.7674
22 Total Gross Cost of Gas Per Therm	\$0.8815 Actual Oct-10	\$1.1689 Actual Nov-10	\$0.7340 Actual Dec-10	\$0.7413 Actual Jan-11	\$0.7319 Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
 22 Total Gross Cost of Gas Per Therm 23 NYMEX - Actual Settlement 	Actual	Actual	Actual	Actual	Weighted								
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted
23 NYMEX - Actual Settlement	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted
23 NYMEX - Actual Settlement Breakdown of Gross Cost of Gas Per Therm:	Actual Oct-10 \$3.8370	Actual Nov-10 \$3.2920	Actual Dec-10 \$4.2670	Actual Jan-11 \$4.2160	Actual Feb-11 \$4.3160	Actual Mar-11 \$3.7930	Actual Apr-11 \$4.2400	Actual May-11 \$4.3770	Actual Jun-11 \$4.3260	Actual Jul-11 \$4.3570	Actual Aug-11 \$4.3700	Actual Sep-11 \$3.8570	Weighted Average
 23 NYMEX - Actual Settlement <u>Breakdown of Gross Cost of Gas Per Therm:</u> 24 Flowing Gas Cost 	Actual Oct-10 \$3.8370 \$0.4406	Actual Nov-10 \$3.2920 \$0.4856	Actual Dec-10 \$4.2670 \$0.3296	Actual Jan-11 \$4.2160 \$0.3734	Actual Feb-11 \$4.3160 \$0.4488	Actual Mar-11 \$3.7930 \$0.2476	Actual Apr-11 \$4.2400 \$0.4573	Actual May-11 \$4.3770 \$0.2331	Actual Jun-11 \$4.3260 \$0.0690	Actual Jul-11 \$4.3570 \$0.0105	Actual Aug-11 \$4.3700 \$0.0610	Actual Sep-11 \$3.8570 \$0.0533	Weighted Average \$0.3479
 23 NYMEX - Actual Settlement <u>Breakdown of Gross Cost of Gas Per Therm:</u> 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 	Actual Oct-10 \$3.8370 \$0.4406	Actual Nov-10 \$3.2920 \$0.4856	Actual Dec-10 \$4.2670 \$0.3296	Actual Jan-11 \$4.2160 \$0.3734	Actual Feb-11 \$4.3160 \$0.4488	Actual Mar-11 \$3.7930 \$0.2476	Actual Apr-11 \$4.2400 \$0.4573	Actual May-11 \$4.3770 \$0.2331	Actual Jun-11 \$4.3260 \$0.0690	Actual Jul-11 \$4.3570 \$0.0105	Actual Aug-11 \$4.3700 \$0.0610	Actual Sep-11 \$3.8570 \$0.0533	Weighted Average \$0.3479
 23 NYMEX - Actual Settlement <u>Breakdown of Gross Cost of Gas Per Therm:</u> 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost 	Actual Oct-10 \$3.8370 \$0.4406 \$0.0093	Actual Nov-10 \$3.2920 \$0.4856 \$0.1626	Actual Dec-10 \$4.2670 \$0.3296 \$0.4455 \$0.0967	Actual Jan-11 \$4.2160 \$0.3734 \$0.4094 \$0.0898	Actual Feb-11 \$4.3160 \$0.4488 \$0.2956 \$0.1232	Actual Mar-11 \$3.7930 \$0.2476 \$0.4762 \$0.1513	Actual Apr-11 \$4.2400 \$0.4573 \$0.0596	Actual May-11 \$4.3770 \$0.2331 \$0.0368	Actual Jun-11 \$4.3260 \$0.0690 -\$0.0042 \$0.8312	Actual Jul-11 \$4.3570 \$0.0105 \$0.0000 \$0.8781	Actual Aug-11 \$4.3700 \$0.0610 \$0.0006	Actual Sep-11 \$3.8570 \$0.0533 \$0.0164 \$0.8378	Weighted Average \$0.3479 \$0.2998 \$0.2202
 23 NYMEX - Actual Settlement Breakdown of Gross Cost of Gas Per Therm: 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost 27 Pipeline Demand Cost 28 Storage Demand Cost 29 Peaking Cost	Actual Oct-10 \$3.8370 \$0.4406 \$0.0093	Actual Nov-10 \$3.2920 \$0.4856 \$0.1626	Actual Dec-10 \$4.2670 \$0.3296 \$0.4455	Actual Jan-11 \$4.2160 \$0.3734 \$0.4094	Actual Feb-11 \$4.3160 \$0.4488 \$0.2956	Actual Mar-11 \$3.7930 \$0.2476 \$0.4762	Actual Apr-11 \$4.2400 \$0.4573 \$0.0596	Actual May-11 \$4.3770 \$0.2331 \$0.0368	Actual Jun-11 \$4.3260 \$0.0690 -\$0.0042	Actual Jul-11 \$4.3570 \$0.0105 \$0.0000	Actual Aug-11 \$4.3700 \$0.0610 \$0.0006	Actual Sep-11 \$3.8570 \$0.0533 \$0.0164	Weighted Average \$0.3479 \$0.2998
 23 NYMEX - Actual Settlement Breakdown of Gross Cost of Gas Per Therm: 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost 27 Pipeline Demand Cost 28 Storage Demand Cost 29 Peaking Cost 30 Weighted Average Fuel Cost	Actual Oct-10 \$3.8370 \$0.4406 \$0.0093 \$0.4570	Actual Nov-10 \$3.2920 \$0.4856 \$0.1626 \$0.2069	Actual Dec-10 \$4.2670 \$0.3296 \$0.4455 \$0.0967	Actual Jan-11 \$4.2160 \$0.3734 \$0.4094 \$0.0898	Actual Feb-11 \$4.3160 \$0.4488 \$0.2956 \$0.1232	Actual Mar-11 \$3.7930 \$0.2476 \$0.4762 \$0.1513	Actual Apr-11 \$4.2400 \$0.4573 \$0.0596 \$0.2712	Actual May-11 \$4.3770 \$0.2331 \$0.0368 \$0.5695	Actual Jun-11 \$4.3260 \$0.0690 -\$0.0042 \$0.8312	Actual Jul-11 \$4.3570 \$0.0105 \$0.0000 \$0.8781	Actual Aug-11 \$4.3700 \$0.0610 \$0.0006 \$0.8647	Actual Sep-11 \$3.8570 \$0.0533 \$0.0164 \$0.8378	Weighted Average \$0.3479 \$0.2998 \$0.2202
 23 NYMEX - Actual Settlement Breakdown of Gross Cost of Gas Per Therm: 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost 27 Pipeline Demand Cost 28 Storage Demand Cost 29 Peaking Cost 30 Weighted Average Fuel Cost 31 Variable Pipeline Cost 	Actual Oct-10 \$3.8370 \$0.4406 \$0.0093 \$0.4570	Actual Nov-10 \$3.2920 \$0.4856 \$0.1626 \$0.2069	Actual Dec-10 \$4.2670 \$0.3296 \$0.4455 \$0.0967	Actual Jan-11 \$4.2160 \$0.3734 \$0.4094 \$0.0898	Actual Feb-11 \$4.3160 \$0.4488 \$0.2956 \$0.1232	Actual Mar-11 \$3.7930 \$0.2476 \$0.4762 \$0.1513	Actual Apr-11 \$4.2400 \$0.4573 \$0.0596 \$0.2712	Actual May-11 \$4.3770 \$0.2331 \$0.0368 \$0.5695	Actual Jun-11 \$4.3260 \$0.0690 -\$0.0042 \$0.8312	Actual Jul-11 \$4.3570 \$0.0105 \$0.0000 \$0.8781	Actual Aug-11 \$4.3700 \$0.0610 \$0.0006 \$0.8647	Actual Sep-11 \$3.8570 \$0.0533 \$0.0164 \$0.8378	Weighted Average \$0.3479 \$0.2998 \$0.2202
 23 NYMEX - Actual Settlement Breakdown of Gross Cost of Gas Per Therm: 24 Flowing Gas Cost 25 Gas Withdrawn From Storage Cost 26 Hedged Volumes Delivered Cost 27 Pipeline Demand Cost 28 Storage Demand Cost 29 Peaking Cost 30 Weighted Average Fuel Cost	Actual Oct-10 \$3.8370 \$0.4406 \$0.0093 \$0.4570	Actual Nov-10 \$3.2920 \$0.4856 \$0.1626 \$0.2069	Actual Dec-10 \$4.2670 \$0.3296 \$0.4455 \$0.0967	Actual Jan-11 \$4.2160 \$0.3734 \$0.4094 \$0.0898	Actual Feb-11 \$4.3160 \$0.4488 \$0.2956 \$0.1232	Actual Mar-11 \$3.7930 \$0.2476 \$0.4762 \$0.1513	Actual Apr-11 \$4.2400 \$0.4573 \$0.0596 \$0.2712	Actual May-11 \$4.3770 \$0.2331 \$0.0368 \$0.5695	Actual Jun-11 \$4.3260 \$0.0690 -\$0.0042 \$0.8312	Actual Jul-11 \$4.3570 \$0.0105 \$0.0000 \$0.8781	Actual Aug-11 \$4.3700 \$0.0610 \$0.0006 \$0.8647	Actual Sep-11 \$3.8570 \$0.0533 \$0.0164 \$0.8378	Weighted Average \$0.3479 \$0.2998 \$0.2202

Footnotes:

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

~ Flowing Gas includes the net effect of WACOG cost accounting.

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

~ Withdrawals include NJNG inventoried costs only. Pipeline delivery charges are included in total costs; storage fees are not tracked separately .

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

~ Nov-Mar storage withdrawals are part of NJNG's supply hedging; Hedged costs are included in total costs, not tracked separately .

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

~ Storage & Transport demand charges are reported as a combined total on the Pipeline Demand Cost row.

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

 \sim Delivery & fuel costs are included in total costs; not tracked separately .

Variable Pipeline Cost = Pipeline Charge per therm shipped

~ Delivery & fuel costs are included in total costs; not tracked separately .

New Jersey Natural Gas Company										Page 2			
	Calculatio	n of Net C	Cost of Gas	Per The	rm								
	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
Credits, Refunds, & Recoveries Per Therm:	OCI-III	1100-11	Dec-11	Jan-12	160-12	Ivial-12	Api-12	way-12	Juli-12	Jui-12	Aug-12	Sep-12	Average
1 Asset Management Credits													
2 Off-system sales	\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0139	\$0.0161	\$0.0046	\$0.0095	\$0.0139	\$0.0137	\$0.0141	\$0.0141	\$0.0257
3 Capacity release	\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0216	\$0.0291	\$0.0491	\$0.1043	\$0.1475	\$0.1507	\$0.1548	\$0.1497	\$0.0482
4 On System Credits to BGSS-P Customers	\$0.0201	\$0.0223	\$0.0182	\$0.0205	\$0.0215	\$0.0222	\$0.0275	\$0.0389	\$0.0469	\$0.0491	\$0.0503	\$0.0469	\$0.0248
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	\$0.0005	\$0.0003	\$0.0001	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
7 Line Loss													
8 Transfer to Non BGSS-P Customers	\$0.0967	\$0.0804	\$0.0747	\$0.0687	\$0.0644	\$0.0640	\$0.0741	\$0.0892	\$0.0895	\$0.0925	\$0.0954	\$0.0929	\$0.0738
9 Over / Under Recovery & Interest to Customers	-\$0.0040	-\$1.3156	\$0.3091	\$0.3366	\$0.3586	-\$0.0666	-\$0.1356	-\$0.1370	-\$0.1293	-\$0.1227	-\$0.0985	-\$0.0826	\$0.0259
10 Other	\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries per Therm	\$0.2165	\$0.5039	\$0.4820	\$0.4893	\$0.4799	\$0.0649	\$0.0197	\$0.1048	\$0.1684	\$0.1833	\$0.2159	\$0.2210	\$0.1984
12 Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)	\$0.6650	\$0.6650	\$0.2520	\$0.2520	\$0.2520	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.5890
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Weighted
	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Average
Credits, Refunds, & Recoveries Per Therm:													
13 Asset Management Credits													
14 Off-system sales	\$0.0470	\$0.0560	\$0.0498	\$0.0840	\$0.0847	\$0.0410	\$0.0151	\$0.0252	\$0.0865	\$0.0745	\$0.0630	\$0.0369	\$0.0602
15 Capacity release	\$0.0437	\$0.0284	\$0.0141	\$0.0097	\$0.0120	\$0.0165	\$0.0344	\$0.0800	\$0.1125	\$0.1248	\$0.1322	\$0.1236	\$0.0281
16 On System Credits to BGSS-P Customers	\$0.0299	\$0.0102	\$0.0222	\$0.0184	\$0.0209	\$0.0235	\$0.0207	\$0.0241	\$0.0292	\$0.0311	\$0.0251	\$0.0265	\$0.0210
17 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
18 Gas for Company Use	\$0.0005	\$0.0002	\$0.0001	\$0.0003	\$0.0003	\$0.0003	\$0.0004	\$0.0005	\$0.0009	\$0.0010	\$0.0009	\$0.0009	\$0.0003
19 Line Loss													
20 Transfer to Non BGSS-P Customers	\$0.1026	\$0.0797	\$0.0854	\$0.0778	\$0.0800	\$0.0779	\$0.0853	\$0.1058	\$0.1188	\$0.1096	\$0.1208	\$0.1116	\$0.0853
21 Over / Under Recovery & Interest to Customers	-\$0.0879	-\$0.0922	-\$0.0754	-\$0.0753	-\$0.0877	-\$0.0575	-\$0.1378	-\$0.1491	-\$0.1950	-\$0.2013	-\$0.1788	-\$0.1423	-\$0.0922
22 Other													
23 Total Credits, Refunds, & Recoveries per Therm	\$0.1357	\$0.0823	\$0.0963	\$0.1149	\$0.1103	\$0.1016	\$0.0180	\$0.0865	\$0.1529	\$0.1397	\$0.1632	\$0.1573	\$0.1027
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7866	\$0.7800	\$0.7801

Footnotes: On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc... Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.

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 2012 DOCKET NO. GR11060331

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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 2012 DOCKET NO. GR11060331

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New Jersey Natural Gas Company Net Impact of Rate Changes Effective October 1, 2011 BPU Docket No. GR11060331 F/Y 2012

			to October 1, 20	11		ive October 1, 201	11
		Residential Non-	Residential		Residential Non-	Residential	
Pre-tax Periodic BGS	s	Heat \$0.7800	Heat \$0.7800	GSS \$0.7800	Heat \$0.6650	Heat \$0.6650	GSS \$0.665
After-tax Periodic BG Less: Balancing	SS	\$0.8346 <u>(\$0.0886)</u>	\$0.8346 <u>(\$0.0886)</u>	\$0.8346 <u>(\$0.0886)</u>	\$0.7116 <u>(\$0.0844)</u>	\$0.7116 <u>(\$0.0844)</u>	\$0.711 <u>(\$0.084</u>
BGSS Price To Comp	are	\$0.7460	\$0.7460	<u>\$0.7460</u>	<u>\$0.6272</u>	\$0.6272	\$0.627
Impact on Residentia	-	omers		25 therm bill			
Prices prior to 10/1/1	I ustomer Charge		\$8.25	\$8.25			
	elivery		\$0.5069	\$12.67			
B	GSS		\$0.7460	\$18.65			
		Total	\$1.2529	\$39.57			
Prices effective 10/1/	11						
	ustomer Charge		\$8.25	\$8.25			
	elivery GSS		\$0.5315 \$0.6272	\$13.29			
D	333	Total	\$0.6272 \$1.1587	\$15.68 \$37.22			
	ecrease ecrease as a percen	t		(\$2.36) (6.0%)			
Impact on Residentia	I Heating Customer	<u>s</u>					
Prices prior to 10/1/1	1			100 therm bill	1000 therm annual bill		
C	ustomer Charge		\$8.25	\$8.25	\$99.00		
	elivery		\$0.5281	\$52.81	\$528.10		
В	GSS	Total	\$0.7460 \$1.2741	\$74.60 \$135.66	\$746.00 \$1,373.10		
			· · · · · · · ·	÷ · · · · · · · · · · · · · · · · · · ·			
Prices effective 10/1/			AC 05	* ~ -	A AA AA		
	ustomer Charge elivery		\$8.25 \$0.5126	\$8.25 \$51.26	\$99.00 \$512.60		
	GSS		\$0.6272	\$62.72	\$627.20		
		Total	\$1.1398	\$122.23	\$1,238.80		
	ecrease ecrease as a percen	t		(\$13.43) (9.9%)	(\$134.30) (9.8%)		
Impact on Commercia	al GSS Customoro						
Prices prior to 10/1/1				100 therm bill			
	ustomer Charge		\$25.00	\$25.00			
De	elivery		\$0.4965	\$49.65			
B	GSS	Total	\$0.7460 \$1.2425	\$74.60 \$149.25			
		, otai	ψ1.2723	ψ1-0.23			
Prices effective 10/1/	11 Jstomer Charge		\$25.00	\$25.00			
D	elivery		\$25.00 \$0.5048	\$25.00 \$50.48			
B	GSS		\$0.6272	\$62.72			
		Total	\$1.1320	\$138.20			
	ecrease ecrease as a percen	t		(\$11.05) (7.4%)			
Impact on Commercia	al GSL Customers						
Prices prior to 10/1/1				1200 therm bill			
C	ustomer Charge		\$40.00	\$40.00			
	emand Charge elivery		\$1.50 \$0.4299	\$175.50 \$515.88			
	GSS (May 2011)		\$0.6304	\$756.48			
		Total	\$1.0603	\$1,487.86			
Prices effective 10/1/	11						
C	ustomer Charge		\$40.00	\$40.00			
	emand Charge		\$1.50 \$0.4270	\$175.50			
	elivery GSS (May 2011)		\$0.4370 \$0.6346	\$524.40 \$761.52			
D	(Total	\$1.0716	\$1,501.42			
			-				
-				A ·	•		
	crease crease as a percent			\$13.56 0.9%			

New Jersey Natural Gas Company Net Impact of Rate Changes Effective April 1, 2012 BPU Docket No. GR11060331 F/Y 2012

				(\$/therm)			
			ior to April 1, 2012			Effective April 1, 2	012
		Residential Non-	Residential		Residential Non-	Residential	
Pre-tax Periodic BG		Heat \$0.6650	Heat \$0.6650	GSS \$0.6650	Heat \$0.6244	Heat \$0.6244	GSS \$0.624
Pre-tax Periodic BG	122	\$0.6650	\$0.6650	\$0.6650	\$0.6244	\$0.6244	\$0.624
After-tax Periodic B	GSS	\$0.7116	\$0.7116	\$0.7116	\$0.6681	\$0.6681	\$0.668
Less: Balancing		<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.0844)</u>	<u>(\$0.084</u>
BGSS Price To Con	npare	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.6272</u>	<u>\$0.5837</u>	<u>\$0.5837</u>	<u>\$0.583</u>
	ial Non-Heating Cust	<u>omers</u>		25 therm bill			
Prices prior to 4/1/1	2 Customer Charge		\$8.25	\$8.25			
	Delivery		\$0.5344	\$13.36			
	BGSS		\$0.6272	\$15.68			
		Total	\$1.1616	\$37.29			
Prices effective 4/1/	12						
	Customer Charge		\$8.25	\$8.25			
	Delivery		\$0.5344	\$13.36			
I	BGSS		\$0.5837	\$14.59			
		Total	\$1.1181	\$36.20	-		
I	Decrease			(\$1.09)			
	Decrease as a percen	t		(2.9%)			
inpact on Resident	ial Heating Customer	<u>></u>		100 therm bill	1000 therm annual bill		
Prices prior to 4/1/1	2				Dill		
	Customer Charge		\$8.25	\$8.25	\$99.00		
	Delivery		\$0.5155	\$51.55			
I	BGSS		\$0.6272	\$62.72			
		Total	\$1.1427	\$122.52	\$1,241.70		
Prices effective 4/1/							
	12						
	Customer Charge		\$8.25	\$8.25	\$99.00		
I	Customer Charge Delivery		\$0.5155	\$51.55	\$515.50		
I	Customer Charge		\$0.5155 \$0.5837	\$51.55 \$58.37	\$515.50 \$583.70		
I	Customer Charge Delivery	Total -	\$0.5155	\$51.55	\$515.50 \$583.70		
	Customer Charge Delivery BGSS Decrease		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35)	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
	Customer Charge Delivery BGSS		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
	Customer Charge Delivery BGSS Decrease		\$0.5155 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35)	\$515.50 \$583.70 \$1,198.20 (\$43.50)		
Impact on Commer Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2		\$0.5155 <u>\$0.5837</u> \$1.0992	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge		\$0.5155 <u>\$0.5837</u> \$1.0992	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge Delivery		\$0.5155 \$0.5837 \$1.0992 \$25.00 \$0.5100	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen <u>cial GSS Customers</u> 2 Customer Charge		\$0.5155 <u>\$0.5837</u> \$1.0992 = \$25.00 \$0.5100 \$0.6272	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS	t	\$0.5155 \$0.5837 \$1.0992 \$25.00 \$0.5100	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$51.00 \$62.72	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS	t	\$0.5155 <u>\$0.5837</u> \$1.0992 = \$25.00 \$0.5100 <u>\$0.6272</u> \$1.1372 =	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$51.00 \$62.72 \$138.72	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerd Prices prior to 4/1/1	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 = \$1.1372 = \$25.00	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 \$1.1372 = \$25.00 \$0.6272 \$1.1372 =	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00 \$51.00 \$51.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge	t	\$0.5155 \$0.5837 \$1.0992 = \$25.00 \$0.5100 \$0.6272 = \$1.1372 = \$25.00	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commer Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery BGSS	t Total	\$0.5155 \$0.5837 \$1.0992 \$1.0992 \$25.00 \$0.5100 \$0.6272 \$1.1372 \$25.00 \$0.5100 \$0.5100 \$0.5100 \$0.5100 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$138.72 \$25.00 \$51.00 \$51.00 \$51.00 \$51.37 \$134.37	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		
Impact on Commerce Prices prior to 4/1/1 Prices effective 4/1/	Customer Charge Delivery BGSS Decrease Decrease as a percen Cial GSS Customers 2 Customer Charge Delivery BGSS 12 Customer Charge Delivery	t Total [–] Total [–]	\$0.5155 \$0.5837 \$1.0992 \$1.0992 \$25.00 \$0.5100 \$0.6272 \$1.1372 \$25.00 \$0.5100 \$0.5100 \$0.5100 \$0.5100 \$0.5837	\$51.55 \$58.37 \$118.17 (\$4.35) (3.6%) 100 therm bill \$25.00 \$51.00 \$62.72 \$138.72 \$25.00 \$51.00 \$51.00 \$51.00 \$51.00 \$53.00	\$515.50 \$583.70 \$1,198.20 (\$43.50) (3.5%)		

New Jersey Natural Gas CIP BGSS Savings

The following contract restructurings are consistent with the accompanying explanation of BGSS Savings in Paragraph 17 of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010. These restructurings allow NJNG to reshape its portfolio to take advantage of Marcellus and Appalachian supply at NJNG's TETCO gate. The capacity contracts described below as releases are being released to NJRES. *Since the January 14, 2010 Stipulation, Sections III A and III B have been revised and Sections IV B and V B have been added as new transactions. All revisions and additions included in the totals in Section VI.*

I. Waddington to South Commack Iroquois Capacity

NJNG has released 15,000 dth of Iroquois capacity from Waddington to South Commack. This release is at maximum rates for the term of the CIP through September 30, 2013. (Contract 570.01)

		Release		
Year	Days	Quantity	Rate	Value
2009-2010	365	15,000	\$ 0.36460	\$ 1,996,185
2010-2011	365	15,000	\$ 0.36460	\$ 1,996,185
2011-2012	366	15,000	\$ 0.36460	\$ 2,001,654
2012-2013	365	15,000	\$ 0.36460	\$ 1,996,185

II. Transco Capacity

 A. NJNG shall release 5,000 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000628)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	5,000	\$ 0.11870	\$ 162,026
2010-2011	365	5,000	\$ 0.11870	\$ 216,628
2011-2012	366	5,000	\$ 0.11870	\$ 217,221
2012-2013	182	5,000	\$ 0.11870	\$ 108,017

B. NJNG shall release 3,250 dth of Transco capacity from National Fuel Wharton to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1000674)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	3,250	\$ 0.11870	\$ 105,317
2010-2011	365	3,250	\$ 0.11870	\$ 140,808
2011-2012	366	3,250	\$ 0.11870	\$ 141,194
2012-2013	182	3,250	\$ 0.11870	\$ 70,211

C. NJNG shall release 10,350 dth of Transco capacity from CNG Leidy to Transco Z6 NNY. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 1003834)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,350	\$ 0.11870	\$ 335,393
2010-2011	365	10,350	\$ 0.11870	\$ 448,419
2011-2012	366	10,350	\$ 0.11870	\$ 449,647
2012-2013	182	10,350	\$ 0.11870	\$ 223,595

III. Tennessee Capacity

A. NJNG shall release 11,000 dth of Tennessee capacity from Tennessee Z5 East Aurora to Tennessee Z4 Browns Run. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64306). UPDATE: contract was terminated January 8, 2012. Savings continue at Tennessee rate case approved rates.

CIP Year	Days	Quantity	Rate	Value
2009-2010	273	11,000	\$ 0.019726	\$ 59,237
2010-2011	365	11,000	\$ 0.019726	\$ 79,200
2011-2012	366	11,000	\$ 0.150816	\$ 607,184
2012-2013	365	11,000	\$ 0.200153	\$ 803,614
2013-2014	365	11,000	\$ 0.200153	\$ 803,614

B. NJNG shall release 10,728 dth of Tennessee capacity from Tennessee Z4 Stagecoach to Tennessee Z5 Ramsey. This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 64307). UPDATE: 2012 and 2013 values have been updated for Tennessee rate case approved rates.

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,728	\$ 0.278795	\$ 816,518
2010-2011	365	10,728	\$ 0.278795	\$ 1,091,681
2011-2012	366	10,728	\$ 0.170539	\$ 669,614
2012-2013	182	10,728	\$ 0.126404	\$ 246,804

IV. Texas Eastern Capacity

A. NJNG shall release 10,000 dth of Texas Eastern capacity from CNG Leidy (5,000 dth) and Chambersburg (5,000 dth) to Texas Eastern M3. This release shall be at maximum rates for a term beginning January 1, 2010 through March 31, 2013. (Contract 910060)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	10,000	\$ 0.167770	\$ 458,012
2010-2011	365	10,000	\$ 0.167770	\$ 612,361
2011-2012	366	10,000	\$ 0.167770	\$ 614,038
2012-2013	182	10,000	\$ 0.167770	\$ 305,341

B. NEW TRANSACTION: Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth beginning November 1, 2011.

CIP Year	Days	<u>Quantity</u>	Rate	Value
2011-2012	335	30,000	\$ 0.730000	\$ 7,336,500
2012-2013	365	30,000	\$ 0.730000	\$ 7,993,500
2013-2014	365	30,000	\$ 0.730000	\$ 7,993,500

V. Dominion Gas Capacity

A. NJNG shall release 20,000 dth of Dominion capacity from Lebanon to Chambersburg (3,500 dth) and Leidy (16,500 dth). This release shall be for a term beginning January 1, 2010 through March 31, 2013. (Contract 100034)

		Release		
CIP Year	Days	Quantity	Rate	Value
2009-2010	273	20,000	\$ 0.127557	\$ 696,461
2010-2011	365	20,000	\$ 0.127557	\$ 931,166
2011-2012	366	20,000	\$ 0.127557	\$ 933,717
2012-2013	182	20,000	\$ 0.127557	\$ 464,307

B. NEW TRANSACTION: As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.

<u>CIP Year</u>	Value
2011-2012	\$ 217,305
2012-2013	\$ 217,305
2013-2014	\$ 217,305

VI. Total of all Releases by Year

CIP Year	<u>Days</u>	Value
2009-2010	273	\$ 8,058,378 1
2010-2011	365	\$ 5,516,447
2011-2012	366	\$ 13,188,074
2012-2013	365	\$ 12,428,880
2013-2014	365	\$ 9,014,419

¹ The BGSS savings for the 2009-2010 CIP year includes \$655,230 for one month of the value of Texas Eastern STX-M3 capacity and \$2,774,000 for the annual value of the release of 20,000 dth of Iroquois capacity, both of which were part of the BGSS savings identified in the September 30, 2006 CIP Stipulation.

VII. Agreement with NJRES

- A. NJNG and NJRES shall enter into the following transactions for NJNG's right to call on physical supply at no additional fixed cost. The estimated annual value of the peak day physical call options is \$300,000.
 - (1) NJNG and NJRES shall enter into a transaction providing for the sale of up to 28,600 Dth/day of Transco Z6NNY citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Transco Z6 NNY deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Transco Z6 NNY deliveries for the corresponding day as reported in *Gas Daily*.
 - (2) NJNG and NJRES shall enter into a transaction providing for the sale of up to 20,000 Dth/day of Texas Eastern M3 citygate supply to NJNG. The price for all volumes requested on a monthly basis shall be equal to the first of the month index for Texas Eastern M3 deliveries for the corresponding month as reported in *Inside FERC*. The price for all volumes requested on a daily basis shall be equal to the midpoint daily index for Texas Eastern M3 deliveries for the corresponding day as reported in Gas Daily.
- B. NJNG and NJRES shall enter into an agreement where NJNG will release its Central New York Oil and Gas (Stagecoach Storage) with a total storage capacity of 1,630,990 to NJRES for the period from January 1, 2010 to March 31, 2013. NJNG will initially transfer the gas in storage to NJRES at NJNG's weighted average cost of gas (WACOG) price at January 1, 2010. NJRES will manage the storage and provide delivery to NJNG at NJNG's request at the WACOG price. The WACOG will be reset each October 31st based on the balance at the prior March 31 and ratable injections for April through October at the first of the month index for the Tennessee 500 leg as reported in *Inside FERC* plus applicable FT transport charges.

New Jersey Natural Gas Company Conservation Incentive Program Filing Year ended September 30, 2011

GR11060331

Calculation of BGSS Savings for October 2011 through September 2012 Recovery Period

Recurring initial savings identified ¹	\$5,531,561	Tennessee 10,728 dth/day ⁴ (\$425,058)	Tennessee 11,000 dth/day ⁴ \$527,767	Revised Savings \$5,634,269
Additional Savings ²	\$217,305			\$217,305
Additional Savings ³	<u>\$7,336,500</u>			<u>\$7,336,500</u>
Total BGSS Savings Available for CIP comparison	<u>\$13,085,366</u>	<u>(\$425,058)</u>	<u>\$527,767</u>	<u>\$13,188,074</u>

NOTE: Pursuant of the CIP Stipulation, if BGSS savings are greater than the CIP value subject to the BGSS test, there is no BGSS Carryover.

- ¹ Refer to Exhibit E of the January 14, 2010 stipulation in BPU Docket No. GR05121020 approved by the BPU on January 20, 2010.
- ² As agreed to by the Parties in the Final Stipulation in BPU Docket No. GR10060382 and approved by the BPU on April 27, 2011, NJNG has generated additional BGSS savings of \$217,305 for CIP purposes beginning in fiscal year 2012 by not renewing a contract for 10,000 dekatherms per day of winter-season-only firm transportation capacity on Dominion Transmission, Inc., that expired on March 31, 2011.
- ³ Per NJNG's March 22, 2011 notification letter of its reduction to fixed capacity costs by not renewing 30,000 dth per day of TETCO capacity at the maximum daily demand rate of \$0.73 per dth. (30,000 dth per day * \$0.73 per dth * 366 days = \$7,336,500)
- ⁴ Per NJNG's notification in the testimony of Jayana S. Shah in BPU docket No. GR11060331, The value of the Tennessee contracts have been modified to reflect the impact of the Tennessee rate case on Contract 64306 and Contract 64307 and the termination of Contract 64306. The changes for the 2011-2012 CIP year are calculated as follows:

Contract 64307: 10,728 Dth per Day					
	Days	Volume (dths/day)	Rate	Value	
Approved in GR05121020	366	10,728	\$0.278795	\$1,094,672	
Revised	106	10,728	\$0.278795	\$317,037	
Revised	260	10,728	\$0.126404	<u>\$352,577</u>	
			Total Revised	\$669,614	
Change in CIP Savings Value				<u>(\$425,058)</u>	

Contract 64306: 11,000 Dth per Day					
	Days	Volume (dths/day)	Rate	Value	
Approved in GR05121020	366	11,000	\$0.019726	\$79,417	
Revised	100	11,000	\$0.019578	\$21,536	
Revised	266	11,000	\$0.200153	<u>\$585,648</u>	
			Total Revised	\$607,184	
Change in CIP Savings Value				<u>\$527,767</u>	
Total Tennessee Change in CIP	\$102,709				

New Jersey Natural Gas Company Final Rates BPU Docket No. GR11060331 F/Y 2012

Rate Type	Effective	After-tax Rate per therm
Periodic BGSS	October 1, 2011 through March 31, 2012	\$0.7116
Periodic BGSS	On and after April 1, 2012	\$0.6681
Balancing	On and after October 1, 2012	\$0.0844
CIP Group I	On and after October 1, 2012	\$0.0255
CIP Group II	On and after October 1, 2012	\$0.0066
CIP Group III	On and after October 1, 2012	\$0.0464
CIP Group IV	On and after October 1, 2012	\$0.0391

Exhibit D

Tariff Sheets

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	\$0.5155
Residential Non-Heating	
Delivery Charge per therm	\$0.5344
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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

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

<u>Customer Charge:</u> Customer Charge per meter per month	\$8.25
<u>Delivery Charge:</u> November - April	\$0.3737
May - October	\$0.3167
<u>BGSS Charge:</u> 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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

<u>SERVICE CLASSIFICATION – GSS</u>

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 per meter per month	\$25.00
<u>Delivery Charge:</u> Delivery Charge per therm	\$0.5100

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

BPU No. 8 - Gas

Twelfth Revised Sheet No. 59 Superseding Eleventh 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

<u>Customer Charge:</u> Customer Charge per meter per month	\$40.00
Demand Charge: Demand Charge per therm applied to HMAD	\$1.50
<i>Delivery Charge:</i> Delivery Charge per therm	\$0.4402
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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

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

Customer Charge:

Customer Charge per meter per month	\$40.00
Demand Charge:	
Demand Charge per therm applied to PBQ	\$0.60
<u>Delivery Charge:</u>	
November - April	\$0.2793
May - October	\$0.2465

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: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after January 1, 2012

<u>SERVICE CLASSIFICATION - FC</u>

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 <u>N.J.S.A.</u> 54:30A-50 to receive service under this classification.

CHARACTER OF SERVICE

Firm gas sales or transportation service.

MONTHLY RATES

<u>Customer Charge:</u> 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	\$0.3024
<u>BGSS Charge:</u>	
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: October 19, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after November 1, 2011*

Forty-Sixth Revised Sheet No. 155 Superseding Forty-Fifth Revised Sheet No. 155

RIDER "A"

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

PERIODIC BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>

APPLICATION

<u>CHARGE</u>

RS, GSS, and ED sales customers using less than 5,000 therms annually

Included in the Basic Gas Supply Charge

Included in the Delivery Charge

\$0.6681 per therm

BALANCING CHARGE

<u>CLASS</u>

RS, GSS, GSL, ED

<u>APPLICATION</u>

<u>CHARGE</u>

\$0.0844 per therm

MONTHLY BASIC GAS SUPPLY SERVICE (BGSS) CHARGE¹

<u>CLASS</u>

APPLICATION

GSL, FC and ED sales customers using 5,000 therms or greater annually

Included in the Basic Gas Supply Charge

Effective Date	Charge Per Therm
April 1, 2011	\$0.7036
May 1, 2011	\$0.7190
June 1, 2011	\$0.7133
July 1, 2011	\$0.7168
August 1, 2011	\$0.7200
September 1, 2011	\$0.6622
October 1, 2011	\$0.6578
November 1, 2011	\$0.6314
December 1, 2011	\$0.6206
January 1, 2012	\$0.5887
February 1, 2012	\$0.5440
March 1, 2012	\$0.5176
April 1, 2012	\$0.4859

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

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.

<u>RIDER "A"</u>

BASIC GAS SUPPLY SERVICE - BGSS(Continued)

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

<u>APPLICATION</u> <u>CREDIT</u>

RS, GSS, GSL, FC, and ED sales customers

CLASS

Embedded within the Periodic Basic Gas Supply Charge and the Monthly Basic Gas Supply Charge (\$0.0273) per therm

TEMPORARY BGSS RATE CREDIT ADJUSTMENT

<u>CLASS</u>	APPLICATION	<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

RIDER ''I''

<u>CONSERVATION INCENTIVE PROGRAM – CIP (Continued)</u>

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

Group I (RS non-heating):	\$0.0255
Group II (RS heating):	\$0.0066
Group III (GSS, ED using less than 5,000 therms annually):	\$0.0464
Group IV (GSL, ED using 5,000 therms or greater annually):	\$0.0391

For the recovery of the October 2010 through September 2011 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.

Date of Issue: September 27, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 Effective for service rendered on and after October 1, 2011

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Heating Customers

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter		8.25	8.25	
per month				
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	0.0223	Rider B
After-tax Base Rate		0.3406	0.3406	
WNC		0.0000	0.0000	Rider D
CIP		0.0066	0.0066	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.3599	0.3599	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5155</u>	<u>0.5155</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e		Х	Rider A
		0.6681		
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.5837</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.

Date of Issue:March 9, 2012Issued by:Mark R. Sperduto, Vice PresidentWall, NJ 07719

Effective for service rendered on and after April 1, 2012

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Non-Heating Customers

<u>Customer Charge</u>		Bundled Sales	Transport Sales	<u>Reference</u>
Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.3058	0.3058	
TEFA		0.0125	0.0125	Rider B
SUT		0.0223	0.0223	Rider B
After-tax Base Rate		0.3406	0.3406	
CIP		0.0255	0.0255	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.3788	0.3788	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5344</u>	<u>0.5344</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	0.5837	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.

Date of Issue: March 9, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

SUMMARY OF RESIDENTIAL RATE COMPONENTS

Residential Distributed Generation Service

		<u>Nov - Apr</u>	May - Oct	Reference
<u>Customer Charge</u> Customer Charge per meter per month		8.25	8.25	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.1795	0.1262	
TEFA		0.0125	0.0125	
SUT		<u>0.0134</u>	0.0097	Rider B
After-tax Base Rate		0.2054	0.1484	
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.2181	0.1611	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3737</u>	<u>0.3167</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	0.6681	Rider A
Less: Balancing	f	<u>0.0844</u>	0.0844	
BGS	e-f=g	<u>0.5837</u>	<u>0.5837</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.

General Service - Small (GSS)

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter per month		25.00	25.00	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2649	0.2649	
TEFA		0.0111	0.0111	Rider B
SUT		<u>0.0193</u>	<u>0.0193</u>	Rider B
After-tax Base Rate		0.2953	0.2953	
WNC		0.0000	0.0000	Rider D
CIP		0.0464	0.0464	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	a	0.3544	0.3544	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.5100</u>	<u>0.5100</u>	
Basic Gas Supply Charge ("BGS")				
Periodic BGSS	e	0.6681	Х	Rider A
Less: Balancing	f	0.0844	Х	
BGS	e-f=g	0.5837	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.

Date of Issue:March 9, 2012Issued by:Mark R. Sperduto, Vice PresidentWall, NJ 07719

Effective for service rendered on and after April 1, 2012

General Service - Large (GSL)

		Bundled Sales	Transport Sales	Reference
<u>Customer Charge</u>				
Customer Charge per meter per mon	th	40.00	40.00	
<u>Demand Charge</u>				
Demand Charge per month applied	to HMAD	1.50	1.50	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.2080	0.2080	
TEFA		0.0096	0.0096	Rider B
SUT		<u>0.0152</u>	<u>0.0152</u>	Rider B
After-tax Base Rate		0.2328	0.2328	
WNC		0.0000	0.0000	Rider D
CIP		0.0391	0.0391	Rider I
EE		<u>0.0127</u>	0.0127	Rider F
Total Transport Rate	а	0.2846	0.2846	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.4402</u>	<u>0.4402</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.4015</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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

Commercial Distributed Generation Service

		<u>Nov - Apr</u>	May - Oct	Reference
<u>Customer Charge</u> Customer Charge per meter per month		40.00	40.00	
Demand Charge				
Demand Charge per therm per month applied to PBQ		0.60	0.60	
Delivery Charge ("DEL") per therm				
Transport Rate:				
Pre-tax Base Rate		0.0922	0.0616	
TEFA		0.0115	0.0115	
SUT		<u>0.0073</u>	<u>0.0051</u>	Rider B
After-tax Base Rate		0.1110	0.0782	
EE		0.0127	0.0127	Rider F
Total Transport Rate	а	0.1237	0.0909	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA		0.0324	0.0324	Rider C
USF		<u>0.0185</u>	<u>0.0185</u>	Rider H
Total SBC	c	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.2793</u>	<u>0.2465</u>	

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.

Date of Issue: December 20, 2011 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after January 1, 2012*

Firm Cogeneration (FC)

		<u>Sales</u>	Transport_	<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	
Delivery Charge ("DEL") per therm				
<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>0.0127</u>	<u>0.0127</u>	Rider F
Total Transport Rate	а	0.1468	0.1468	
Balancing Charge	b	0.0844	0.0844	Rider A
Societal Benefits Charge ("SBC"):				
NJ's Clean Energy		0.0203	0.0203	Rider E
RA USF		0.0324 <u>0.0185</u>	0.0324 <u>0.0185</u>	Rider C Rider H
USF		0.0185	0.0185	Riuel H
Total SBC	с	<u>0.0712</u>	<u>0.0712</u>	
Delivery Charge (DEL)	a+b+c=d	<u>0.3024</u>	<u>0.3024</u>	
Basic Gas Supply Charge ("BGS")				
Monthly BGSS	e	0.4859	Х	Rider A
Less: Balancing	f	<u>0.0844</u>	Х	
BGS	e-f=g	<u>0.4015</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.

Date of Issue: March 29, 2012 Issued by: Mark R. Sperduto, Vice President Wall, NJ 07719 *Effective for service rendered on and after April 1, 2012*

NJNG BGSS Nymex Update Report as of 3/2/12

		а		b	(c=b-a		d	е	f = d - e	$g = c \times f$
	Ν	ymex	Ν	YMEX		Incr/		Sales	Hedged	Unhedged	Change in
<u>Month</u>	5/	/10/11	- 1	<u>3/2/12</u>		(Decr)	<u>% Chg</u>	forecast (dths)	<u>volume (dths)</u>	<u>volume (dths)</u>	value unhedged
Oct-11	\$	4.413	\$	3.759	\$	(0.654)					
Nov-11	\$	4.577	\$	3.524	\$	(1.053)					
Dec-11	\$	4.792	\$	3.364	\$	(1.428)					
Jan-12	\$	4.908	\$	3.084	\$	(1.824)					
Feb-12	\$	4.897	\$	2.678	\$	(2.219)					
Mar-12	\$	4.837	\$	2.446	\$	(2.391)		6,144,298	5,779,363	364,935	(\$872,559)
Apr-12	\$	4.707	\$	2.484	\$	(2.223)		3,155,208	1,150,000	2,005,208	(\$4,457,578)
May-12	\$	4.730	\$	2.600	\$	(2.130)		1,538,627	300,000	1,238,627	(\$2,638,275)
Jun-12	\$	4.769	\$	2.692	\$	(2.077)		1,052,405	-	1,052,405	(\$2,185,846)
Jul-12	\$	4.814	\$	2.773	\$	(2.041)		1,063,912	-	1,063,912	(\$2,171,445)
Aug-12	\$	4.839	\$	2.807	\$	(2.032)		1,036,228	-	1,036,228	(\$2,105,615)
Sep-12	\$	4.848	\$	2.817	\$	(2.031)		1,036,422	-	1,036,422	(\$2,104,973)
	•	4 704	•	0.040	•	(4.0.40)	00 - 0(15 007 101	7 000 000	7 707 707	
Avg Total \$	\$	4.761	\$	2.919	\$	(1.842)	-38.7%	15,027,101	7,229,363	7,797,737	(\$16,536,291)
Oct-12	\$	4.413	\$	2.872	\$	(1.541)		2,031,860	-	2,031,860	(\$3,131,097)
Nov-12	\$	4.577	\$	3.050	\$	(1.527)		4,219,690	1,293,636	2,926,054	(\$4,468,085)
Dec-12	\$	4.792	\$	3.345	\$	(1.447)		7,483,323	6,005,815	1,477,508	(\$2,137,954)
Jan-13	\$	4.908	\$	3.481	\$	(1.427)		9,050,789	7,704,888	1,345,901	(\$1,920,601)
Feb-13	\$	4.897	\$	3.495	\$	(1.402)		7,568,878	6,671,949	896,929	(\$1,257,494)
Mar-13	\$	4.837	\$	3.474	\$	(1.363)		6,218,639	3,934,993	2,283,646	(\$3,112,609)
Apr-13	\$	4.707	\$	3.446	\$	(1.261)		3,190,489	-	3,190,489	(\$4,023,207)
May-13	\$	4.730	\$	3.487	\$	(1.243)		1,550,564	-	1,550,564	(\$1,927,351)
Jun-13	\$	4.769	\$	3.536	\$	(1.233)		1,057,936	-	1,057,936	(\$1,304,435)
Jul-13	\$	4.814	\$	3.579	\$	(1.235)		1,069,576	-	1,069,576	(\$1,320,926)
Aug-13	\$	4.839	\$	3.594	\$	(1.245)		1,041,828	-	1,041,828	(\$1,297,076)
Sep-13	\$	4.848	\$	3.595	\$	(1.253)		1,042,141	-	1,042,141	(\$1,305,802)
Avg Total \$	\$	4.761	\$	3.413	\$	(1.348)	-28.3%	45,525,713	25,611,281	19,914,432	(\$27,206,638)
πη τοται φ	Ψ	7.701	r	3.413	Ψ	(1.5+0)	20.070	+0,020,713	20,011,201	13,317,432	(\\\\200,030)

a: Nymex rate used for annual BGSS periodic rate of \$6.65 effective October 1, 2011

b: Nymex rate as of date of the report

c: Increase/Decrease in the Nymex rate compared to rate used in the 2012 BGSS filing

d: Sales forecast (includes fuel requirement)

e: 'Hedged' volume consists of all fixed price contracts (financial or physical), purchased call option positions, and tentative storage withdrawal volumes (reduced by fuel required for delivery to citygate)

f: 'Unhedged' volume consists of sales volume forecast less 'hedged' volume

g: Not necessarily representative of a change in under/over-recovery value

S-NCHART-2	New Jersey Natural Gas Company Calculation of Net Cost of Gas Per Therm										Page 1		
1 NYMEX - 5/10/11 - Included in BGSS Filing	Actual Oct-11 \$4.4130	Actual Nov-11 \$4.5770	Actual Dec-11 \$4.7920	Actual Jan-12 \$4.9080	Estimate Feb-12 \$4.8970	Estimate Mar-12 \$4.8370	Estimate Apr-12 \$4.7070	Estimate May-12 \$4.7300	Estimate Jun-12 \$4.7690	Estimate Jul-12 \$4.8140	Estimate Aug-12 \$4.8390	Estimate Sep-12 \$4.8480	12 Month Weighted Average
2 NYMEX - Actual Settlement	\$3.7590	\$3.5240	\$3.3640	\$3.0840	\$2.6780								
Breakdown of Gross Cost of Gas Per Therm:													
13 Flowing Gas Cost	\$0.3417	\$0.9274	\$0.2503	\$0.2216	\$0.2425	\$0.2749	\$0.4472	\$0.2845	\$0.1176	\$0.1468	\$0.1606	\$0.1596	\$0.3134
14 Gas Withdrawn From Storage Cost	\$0.0871	\$0.0206	\$0.3512	\$0.3976	\$0.3818	\$0.3305	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.2478
15 Hedged Volumes Delivered Cost													
16 Pipeline Demand Cost	\$0.4412	\$0.2109	\$0.1280	\$0.1005	\$0.0972	\$0.1216	\$0.2318	\$0.4735	\$0.6977	\$0.6846	\$0.7029	\$0.7080	\$0.2153
17 Storage Demand Cost													
18 Peaking Cost	\$0.0115	\$0.0100	\$0.0044	\$0.0216	\$0.0105	\$0.0029	\$0.0057	\$0.0117	\$0.0181	\$0.0169	\$0.0174	\$0.0184	\$0.0109
19 Weighted Average Fuel Cost													
20 Variable Pipeline Cost 21 Other Costs													
22 Total Gross Cost of Gas Per Therm	\$0.8815	\$1.1689	\$0.7340	\$0.7413	\$0.7319	\$0.7299	\$0.6847	\$0.7698	\$0.8334	\$0.8483	\$0.8809	\$0.8860	\$0.7874
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
	00010	1007 10	200 10	our m	100 11	ividi TT	Apr 11	May 11	oun n	our m	nug m	oop 11	Werage
23 NYMEX - Actual Settlement	\$3.8370	\$3.2920	\$4.2670	\$4.2160	\$4.3160	\$3.7930	\$4.2400	\$4.3770	\$4.3260	\$4.3570	\$4.3700	\$3.8570	
Breakdown of Gross Cost of Gas Per Therm:													
24 Flowing Gas Cost	\$0.4406	\$0.4856	\$0.3296	\$0.3734	\$0.4488	\$0.2476	\$0.4573	\$0.2331	\$0.0690	\$0.0105	\$0.0610	\$0.0533	\$0.3479
25 Gas Withdrawn From Storage Cost	\$0.0093	\$0.1626	\$0.4455	\$0.4094	\$0.2956	\$0.4762	\$0.0596	\$0.0368	-\$0.0042	\$0.0000	\$0.0006	\$0.0164	\$0.2998
26 Hedged Volumes Delivered Cost													
27 Pipeline Demand Cost	\$0.4570	\$0.2069	\$0.0967	\$0.0898	\$0.1232	\$0.1513	\$0.2712	\$0.5695	\$0.8312	\$0.8781	\$0.8647	\$0.8378	\$0.2202
28 Storage Demand Cost													
29 Peaking Cost	\$0.0089	\$0.0072	\$0.0044	\$0.0222	\$0.0227	\$0.0064	\$0.0099	\$0.0271	\$0.0370	\$0.0312	\$0.0235	\$0.0298	\$0.0150
30 Weighted Average Fuel Cost													
31 Variable Pipeline Cost 32 Other Costs													
32 Other Costs 33 Total Gross Cost of Gas Per Therm	\$0.9157	\$0.8623	\$0.8763	\$0.8949	\$0.8903	\$0.8816	\$0.7980	\$0.8665	\$0.9329	\$0.9197	\$0.9498	\$0.9372	\$0.8829

Footnotes:

Flowing Gas Cost = Gas purchased for delivery to city gate during month - not injected into storage

~ Flowing Gas includes the net effect of WACOG cost accounting.

Gas Withdrawn From Storage Cost = Gas withdrawn from storage - includes cost of injection, withdrawal, fees, line loss

~ Withdrawals include NJNG inventoried costs only. Pipeline delivery charges are included in total costs; storage fees are not tracked separately .

Hedged Volumes Delivered Cost = Hedged Volumes delivered to city gate - not injected into storage

~ Nov-Mar storage withdrawals are part of NJNG's supply hedging; Hedged costs are included in total costs, not tracked separately .

Pipeline Demand Cost = Fixed Pipeline costs

Storage Demand Cost = Fixed Storage related costs

~ Storage & Transport demand charges are reported as a combined total on the Pipeline Demand Cost row.

Peaking Cost = Peaking Cost includes peaking services, LNG, Propane, etc...

Weighted Average Fuel Cost = Commodity x fuel % for each pipeline - represents portion of gas shipped that is retained by pipeline

 \sim Delivery & fuel costs are included in total costs; not tracked separately .

Variable Pipeline Cost = Pipeline Charge per therm shipped

~ Delivery & fuel costs are included in total costs; not tracked separately .

	New Jersey Natural Gas Company												Page 2
	Calculation of Net Cost of Gas Per Therm												
	Actual Oct-11	Actual Nov-11	Actual Dec-11	Actual Jan-12	Estimate Feb-12	Estimate Mar-12	Estimate Apr-12	Estimate May-12	Estimate Jun-12	Estimate Jul-12	Estimate Aug-12	Estimate Sep-12	12 Month Weighted Average
Credits, Refunds, & Recoveries Per Therm: 1 Asset Management Credits											-		-
2 Off-system sales	\$0.0231	\$0.0420	\$0.0495	\$0.0394	\$0.0139	\$0.0161	\$0.0046	\$0.0095	\$0.0139	\$0.0137	\$0.0141	\$0.0141	\$0.0257
3 Capacity release	\$0.0801	\$0.0577	\$0.0304	\$0.0240	\$0.0216	\$0.0291	\$0.0491	\$0.1043	\$0.1475	\$0.1507	\$0.1548	\$0.01417	\$0.0482
4 On System Credits to BGSS-P Customers	\$0.0201	\$0.0223	\$0.0182	\$0.0205	\$0.0215	\$0.0222	\$0.0275	\$0.0389	\$0.0469	\$0.0491	\$0.0503	\$0.0469	\$0.0248
5 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
6 Gas for Company Use	\$0.0005	\$0.0003	\$0.0001	\$0.0001	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0001
7 Line Loss													
8 Transfer to Non BGSS-P Customers	\$0.0967	\$0.0804	\$0.0747	\$0.0687	\$0.0644	\$0.0640	\$0.0741	\$0.0892	\$0.0895	\$0.0925	\$0.0954	\$0.0929	\$0.0738
9 Over / Under Recovery & Interest to Customers	-\$0.0040	-\$1.3156	\$0.3091	\$0.3366	\$0.3586	-\$0.0666	-\$0.1356	-\$0.1370	-\$0.1293	-\$0.1227	-\$0.0985	-\$0.0826	\$0.0259
10 Other	\$0.0000	\$1.6167	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
11 Total Credits, Refunds, & Recoveries per Therm	\$0.2165	\$0.5039	\$0.4820	\$0.4893	\$0.4799	\$0.0649	\$0.0197	\$0.1048	\$0.1684	\$0.1833	\$0.2159	\$0.2210	\$0.1984
12 Total Net Cost Per Therm(Pg 1 Line 22 - Pg 2 Line 11)	\$0.6650	\$0.6650	\$0.2520	\$0.2520	\$0.2520	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.6650	\$0.5890
	A	A	A . I I	A	Astesl	A	A	A	A	A	A	A	
	Actual Oct-10	Actual Nov-10	Actual Dec-10	Actual Jan-11	Actual Feb-11	Actual Mar-11	Actual Apr-11	Actual May-11	Actual Jun-11	Actual Jul-11	Actual Aug-11	Actual Sep-11	Weighted Average
Credits, Refunds, & Recoveries Per Therm:													
13 Asset Management Credits													
14 Off-system sales	\$0.0470	\$0.0560	\$0.0498	\$0.0840	\$0.0847	\$0.0410	\$0.0151	\$0.0252	\$0.0865	\$0.0745	\$0.0630	\$0.0369	\$0.0602
15 Capacity release	\$0.0437	\$0.0284	\$0.0141	\$0.0097	\$0.0120	\$0.0165	\$0.0344	\$0.0800	\$0.1125	\$0.1248	\$0.1322	\$0.1236	\$0.0281
16 On System Credits to BGSS-P Customers	\$0.0299	\$0.0102	\$0.0222	\$0.0184	\$0.0209	\$0.0235	\$0.0207	\$0.0241	\$0.0292	\$0.0311	\$0.0251	\$0.0265	\$0.0210
17 Supplier Refunds	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
18 Gas for Company Use 19 Line Loss	\$0.0005	\$0.0002	\$0.0001	\$0.0003	\$0.0003	\$0.0003	\$0.0004	\$0.0005	\$0.0009	\$0.0010	\$0.0009	\$0.0009	\$0.0003
20 Transfer to Non BGSS-P Customers	\$0.1026	\$0.0797	\$0.0854	\$0.0778	\$0.0800	\$0.0779	\$0.0853	\$0.1058	\$0.1188	\$0.1096	\$0.1208	\$0.1116	\$0.0853
21 Over / Under Recovery & Interest to Customers	-\$0.0879	-\$0.0797	\$0.0854 -\$0.0754	-\$0.0778	-\$0.0800	-\$0.0779	-\$0.1378	-\$0.1058	-\$0.1166	-\$0.2013	-\$0.1208	-\$0.1110	-\$0.0922
22 Other	-40.0679	-90.0922	-φ0.0734	-40.0733	-90.0077	-40.0375	-90.1370	-40.1491	-90.1930	-φ0.∠013	-90.1700	-φ0.1423	-90.0922
23 Total Credits, Refunds, & Recoveries per Therm	\$0.1357	\$0.0823	\$0.0963	\$0,1149	\$0.1103	\$0,1016	\$0.0180	\$0.0865	\$0.1529	\$0.1397	\$0,1632	\$0.1573	\$0.1027
24 Total Net Cost Per Therm (Pg 1 Line 33 - Pg 2 Line 23)	\$0.7800	\$0.0823	\$0.0903 \$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.7800	\$0.0803	\$0.7800	\$0.7800	\$0.7866	\$0.7800	\$0.7801
$27 10 \tan 100 0001101 100101 (1 g 1 Line 33 - 1 g 2 Line 23)$	φ0.7800	φ0.7000	φ0.7000	φ0.7000	φ0.7000	φ0.7000	φ0.7600	φ0.7000	φ0.7000	φ0.7000	φ0.7000	φ0.7000	φ0.700T

Footnotes: On System Credits to BGSS-P Customers = Interruptible Sales, Cogeneration, Electric Plant Transfers, Sayerville, Forked River, Ocean Power, etc... Line Loss = Gross Cost of Gas per Therm x Line Loss Percentage Indicate that Line 12 equals the projected BGSS-P rate or provide a calculation below that reconciles the two numbers.