



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

ENERGY

IN THE MATTER OF THE PETITION OF NEW JERSEY)	DECISION AND ORDER
NATURAL GAS COMPANY TO ESTABLISH THE)	
RATES NECESSARY TO RECOVER CAPITAL)	APPROVING STIPULATION
INVESTMENT COSTS ASSOCIATED WITH THE)	FOR FINAL AIP RATES
ACCELERATED ENERGY INFRASTRUCTURE)	
INVESTMENT PROGRAMS AND FOR APPROVAL OF)	
NECESSARY RELATED CHANGES TO GAS RATES IN)	
THE COMPANY'S TARIFF)	DOCKET NO. GR11060332

Parties of Record:

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

BY THE BOARD:

BACKGROUND

In an effort to assist in promoting economic recovery in the State by accelerating planned investment in utility infrastructure, on April 28, 2009, the New Jersey Board of Public Utilities ("Board") issued an Order in Docket No. GR09010052 ("April Order"), approving a stipulation for the preliminary design and construction of fourteen Accelerated Energy Infrastructure Investment ("AIP") qualifying projects, as well as the cost recovery mechanism proposed by New Jersey Natural Gas Company ("NJNG" or "Company").¹

The April Order provided that a return on the construction costs, estimated at \$70.8 million, exclusive of allowance for funds used during construction ("AFUDC"), be recovered through adjustments to the Company's base rates via two annual filings to be made in June 2010 and June 2011, coincident with, but separate from, the annual June Basic Gas Supply Service ("BGSS") filings, with rates to be made effective October 1, 2010 and October 1, 2011, respectively. It was also agreed that returns on the AIP spending would be recovered through

¹ In the Matter of the Petition of New Jersey Natural Gas Company to Establish the Rates Necessary to Recover Capital Investment Costs Associated with the Accelerated Energy Infrastructure Investment Programs and for Approval of Necessary Related Changes to Gas Rates in the Company's Tariff. EO09010049, GO09010052, GR07110889.

across-the-board adjustments to customer classes that would impact revenues for each class of service by the same percentage.

On June 1, 2010, NJNG submitted its first annual filing, and on September 16, 2010 the Board approved a stipulation in which the Company, Board Staff and the Division of Rate Counsel ("the Parties") agreed that \$4.17 million in revenue recovery, translating to an after-tax increase of \$0.0072 per therm for residential customers, on a provisional basis and subject to refund was reasonable. The Board approved the provisional rates as final rates by Order dated June 15, 2011.²

On March 30, 2011, the Board issued an Order in Docket No. GR10100793 approving a stipulation extending AIP rate treatment to an additional nine qualifying projects ("AIP II") at an estimated cost of \$60.15 million, excluding AFUDC.³ The projects were proposed to be started by December 31, 2011, and completed by October 31, 2012.

Current Filing

In accordance with the April Order, on June 1, 2011, NJNG filed its second annual filing, seeking Board approval to increase rates by \$4.725 million to recover the capital investment costs related to the Company's investments in both the AIP and AIP II programs, based on the estimated remaining AIP spending of \$37.5 million, and AIP II expenditures through August 2011 of \$6.4 million.

After publication of notices in newspapers of general circulation throughout the Company's service territory, public hearings were held on July 26, 2012 and July 27, 2012 and in Rockaway Township and Freehold Township, respectively. No members of the public appeared.

The Parties determined that additional time was needed to complete a comprehensive review of the Company's proposed AIP-related recovery. However, the Parties also agreed that in keeping with the terms of the April Order, implementation of an up-dated AIP rate on a provisional basis, subject to refund with interest, was appropriate at the time.

On September 22, 2011, the Board approved the Parties' Stipulation for Provisional Rates, agreeing that a base rate change reflecting an increased revenue requirement of \$4.725 million, translating to an after tax increase of \$0.0083 per therm for residential customers was reasonable on a provisional basis, subject to refund with interest.

STIPULATION for FINAL AIP RATES⁴

On July 23, 2011, the Parties agreed that the September 22, 2011 provisionally approved rates should be made final subject to reservations of rights by the Parties. The Parties agreed that the

² In the Matter of the Petition of the New Jersey Natural Gas Company to Establish the Rates Necessary to Recover Capital Investment Costs Associated with the Accelerated Energy Infrastructure Investment Program and for Approval of Necessary Related Changes to Gas Rates in the Company's Tariff, GR07110889 and GR10060384

³ In the Matter of the Petition of New Jersey Natural Gas Company for Approval of an Extension of the Accelerated Energy Infrastructure Investment Program Pursuant to N.J.S.A. 48:2-23 and for Approval of Necessary Changes in the Company's Tariff for Gas Service Pursuant to N.J.S.A. 48:2-21 et seq. GR07110889 and GR10100793

⁴ Although summarized in this Order, the detailed terms and conditions of the Stipulation control, subject to the findings and conclusions of this Order.

Stipulation does not address the reasonableness and prudence of the costs incurred by the Company for the AIP or AIP II projects or any other issues related to the incurrence of costs exceeding the original estimates for the AIP I projects. These issues will be addressed in future proceedings.

DISCUSSION AND FINDING

The Board **FINDS** that the attached Stipulation for Final AIP Rates is reasonable and in accordance with the law. Accordingly, the Board **HEREBY ADOPTS** the Stipulation for Final AIP Rates as its own, and approves as final the AIP rates identified in Attachment I of the Stipulation which were previously approved on a provisional basis. Therefore, there is no rate impact on customers at this time.



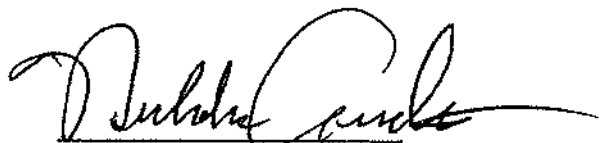
The Board **FINDS** that AIP and AIP II costs remain subject to refund with interest pending a prudence review to be performed subsequent to the completion of the AIP II projects.

DATED: 8/15/12

BOARD OF PUBLIC UTILITIES
BY:



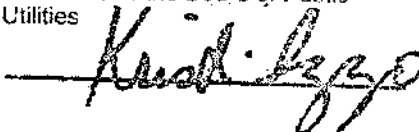
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PRESIDENT


JEANNE M. FOX
COMMISSIONER
JOSEPH L. FIORDALISO
COMMISSIONER
NICHOLAS ASSELTA
COMMISSIONER
MARY-ANNA HOLDEN
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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



In the Matter of the Petition of New Jersey Natural Gas Company
To Establish the Rates Necessary to Recover Capital Investment Costs
Associated with the Accelerated Infrastructure Investment Programs
And for Approval of Necessary Related Changes
to Gas Rates in the Company's Tariff
Docket No. GR11060332
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**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
TO ESTABLISH THE RATES NECESSARY
TO RECOVER CAPITAL INVESTMENT
COSTS ASSOCIATED WITH THE
ACCELERATED ENERGY
INFRASTRUCTURE INVESTMENT
PROGRAMS AND FOR APPROVAL OF
NECESSARY RELATED CHANGES TO
GAS RATES IN THE COMPANY'S TARIFF**

BPU DOCKET NO. GR11060332

**STIPULATION FOR FINAL
RATES**

APPEARANCES:

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

Sarah H. Steindel, Esq. and Christina Juarez, Esq., Assistant Deputy Rate Counsels, 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 NEW JERSEY BOARD OF PUBLIC UTILITIES

1. New Jersey Natural Gas Company ("NJNG" or the "Company") filed a petition in this Docket on June 1, 2011 (the "June 1, 2011 Petition"), seeking approval from the New Jersey Board of Public Utilities (the "BPU" or "Board") for a base rate increase to recover the

prudently incurred costs associated with the Company's Accelerated Energy Infrastructure Investment Program ("AIP"), and for approval of the necessary changes to the Company's Tariff to implement the requested rate increase, pursuant to N.J.S.A. 48:2-21, 48:2-21.1 and 48:2-23.

BACKGROUND

2. On January 20, 2009, NJNG filed a petition in Docket Nos. GR09010052 and GR07110889 requesting that the Board approve fourteen capital projects as part of its AIP, and simultaneously approve the recovery of the associated investments and costs through NJNG's base rates ("January 2009 Filing"). NJNG also requested that the filing be considered in conjunction with the most recent NJNG base rate case in which the Board issued an Order on October 3, 2008 (the "October 2008 Order").

3. In the January 2009 Filing, NJNG proposed fourteen projects for inclusion in the AIP, seeking recovery through base rate treatment for those projects that commenced construction no later than December 31, 2010 to be completed no later August 31, 2011. The Company also proposed that the associated AIP costs through August 31, 2011 of approximately \$70.8 million, prior to the capitalization of Allowance for Funds Used During Construction ("AFUDC"), be recovered through two annual adjustments to the Company's base rates, based on filings to be made with the BPU in 2010 and 2011, coincident with but separate from the annual June 1 Basic Gas Supply Service filing and with new base rates proposed to be effective in October 2010 and October 2011, respectively (the "Annual Filing"). Through the Annual Filing, NJNG seeks Board approval to recover through base rates all prudently incurred costs associated with the Qualifying Projects. Those costs, entitled "Capital Investment Costs," were

proposed to include the actual costs of engineering, design and construction, cost of removal (net of salvage) and property acquisition, including actual labor, materials, overheads and capitalized AFUDC related to the Qualifying Projects.

4. On April 28, 2009, the Board issued an Order (the "April 2009 Order") approving a Stipulation (the "AIP Stipulation") entered into among NJNG, the New Jersey Division of Rate Counsel¹ ("Rate Counsel") and the Staff of the BPU ("Staff") (the "Parties"). That order approved the preliminary design and construction of 14 AIP projects ("Qualifying Projects"), which, based on then-current cost levels and available estimates, the Company estimated would result in overall construction costs, prior to any capitalization of AFUDC, of approximately \$70.8 million. The Order further approved the cost recovery mechanism proposed by NJNG, with modifications as detailed in the AIP Stipulation and the April 2009 Order. It was also agreed in the AIP Stipulation that the rate increases approved in each Annual Filing would be implemented through an across-the-board adjustment to customer classes that will impact natural gas revenues for each class of service by the same percentage, in a manner consistent with the October 2008 Order.

5. Subsequently, on October 20, 2010 in Docket Nos. GR10100793 & GR07110889, NJNG filed with the BPU for authority to extend the AIP by adding 9 new infrastructure projects with an anticipated investment level, excluding AFUDC, of \$52.2 million ("AIP II"). Following conversations with BPU Staff and Rate Counsel (the "Parties"), NJNG submitted an amended filing on January 24, 2011 that included 9 infrastructure projects with an expected investment level of \$60.15 million, exclusive of capitalized AFUDC. Those projects were proposed to be started by December 31, 2011 and completed by October 31, 2012 for recovery purposes. The

¹ Previously, the Division of Rate Counsel was within the Department of the Public Advocate.

Company also proposed employing the same recovery mechanism as that approved for AIP. On March 30, 2011, the Board issued an Order ("March 2011 Order") adopting the terms of a Stipulation entered into among the Parties to extend the AIP rate treatment to the 9 AIP II infrastructure projects.

6. Pursuant to the April 2009 and the March 2011 Orders, the requested revenue requirement related to AIP and AIP II investments in each of the above-mentioned Annual Filings is to reflect a rate of return calculated as follows: the Company's current construction work in progress ("CWIP") balance associated with the Qualifying Projects as of August, including any previously capitalized AFUDC, and the Company's Qualifying Project plant-in-service investment balance as of August, multiplied by a Weighted Average Cost of Capital ("WACC") of 7.76 percent (6.74 percent tax-effected) for AIP and 7.12 percent for AIP II (6.37 percent tax-effected). The WACC for these purposes is based on the Board's approved rate of return in the October 2008 Order with changes agreed to in the AIP II Stipulation.

7. The AIP and AIP II base rate adjustment mechanism also includes depreciation expense for Qualifying Projects placed into service as of August 2010 and August 2011 respectively, on a composite depreciation rate of 2.34 percent, as approved by the Board in the October 2008 Order.

8. On June 1, 2011, NJNG submitted the Annual Filing in this Docket ("June 2011 Filing") seeking Board approval to recover \$4.725 million related to the capital investment costs associated with actual AIP and AIP II investments through April 30, 2011 and estimated investments through August 31, 2011. In Schedules 1-14 appended to and made a part of the Petition, NJNG provided the information requested as Minimum Filing Requirements ("MFRs") in the April 2009 and March 2011 Orders. As proposed, the rate requested would result in an

increase of \$0.0083 per therm on a residential customer's delivery charge, an increase of 0.6 percent to the total bill. NJNG subsequently provided updates indicating total costs of approximately \$79.1 million (exclusive of capitalized AFUDC) for the AIP I projects.

9. Public notice of the June 2011 Filing was provided and four public hearings on the AIP 2011 Rate filing were held on the following dates and locations in the NJNG service territory: two hearings on July 26, 2011, in Rockaway Township and two hearings on July 27, 2011, in Freehold Township. No members of the public appeared at any of the hearings and no written comments were received by the Company.

10. In August 2011, representatives of NJNG, BPU Staff and Rate Counsel (the "Parties"), the only Parties to this proceeding, determined that additional time was needed to complete the review of NJNG's proposed AIP 2011 rate. However, the Parties also agreed that the implementation of the rate requested in the June 2011 Filing was reasonable on a provisional basis at that time. In an Order dated September 22, 2011 (the "September 2011 Order"), the Board adopted the terms of a Stipulation among the Parties agreeing that the proposed base rate changes reflecting both AIP and AIP II investments would be implemented on a provisional basis, subject to refund with interest, an opportunity for full review at the Office of Administrative Law, if necessary, and final approval by the Board. Accordingly, the Board approved the Parties' agreement that a provisional base rate change in the amount of \$4.725 million would be allocated to each customer class in a manner consistent with the rate design approved by the Board in the October 2008 Order and as demonstrated on Attachment 1 hereto. The Stipulation for provisional rates resulted in an increase of \$0.0083 per therm after tax as of October 1, 2011, an increase of approximately 0.6 percent, to the average residential NJNG heating customer.

11. Representatives of NJNG, Rate Counsel and BPU Staff (the "Signatory Parties") have met and discussed the matters at issue in this proceeding, and, as a result of those discussions, hereby **STIPULATE AND AGREE** as follows:

STIPULATED MATTERS

12. In the settlement discussions in this matter, Rate Counsel raised concerns with regard to the actual costs of the AIP I projects, which have exceeded by \$8.349 million, exclusive of AFUDC, the Company's original estimate of \$70.8 million, exclusive of AFUDC. However, the parties also agree that, inasmuch as the June 1, 2011 Petition in this matter did not reflect the final costs of either the AIP I or the AIP II projects, a review of the prudence and reasonableness of the costs incurred by the Company for the AIP I or the AIP II projects would be premature at this time. The parties further agree that the determination of other issues related to the AIP I costs exceeding the originally estimated \$70.8 million (exclusive of capitalized AFUDC), such as the recoverability of such excess costs under the AIP cost recovery mechanism, would be premature at this time. The Parties accordingly agree that the rates approved on a provisional basis by the September 2011 Order in this Docket should be made final by the Board, subject, to the reservations of rights set forth below.

13. The Signatory Parties agree that it would be appropriate for the Board to authorize NJNG to maintain the current base rates, as identified on Attachment 1 hereto, as final rates in this proceeding, subject to the provisions below with respect to issues reserved for future proceedings. The Signatory Parties further agree that the base rate change in the amount of \$4.725 million as agreed to in the Stipulation approved in the September 2011 Order should remain in effect. As such, there is no impact to customers at this time and the currently effective rate will remain the same upon approval of this Stipulation.

14. It is specifically agreed and understood that the Stipulation does not resolve the reasonableness and prudence of the costs incurred by the Company for the AIP I or AIP II projects. It is further agreed and understood that the Stipulation does not resolve any other issues related to NJNG's incurrence of costs exceeding the Company's originally estimated \$70.8 million (exclusive of capitalized AFUDC) for the AIP I projects, including, without limitation, the applicability of the AIP cost recovery mechanism to costs exceeding the original estimates, the proper allocation of the rate being agreed to in this Stipulation as between AIP I and AIP II projects, and any over-recoveries that may have resulted from the inclusion of non-recoverable costs in the stipulated rates. The Parties expressly reserve their rights to argue their respective positions on such issues in future proceedings,

15. 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.

16. It is the intent of the Signatory Parties that the provisions hereof be approved by the Board as being in the public interest. The Signatory Parties further agree that they consider the Stipulation to be binding on them for all purposes herein.


17. 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, BPU Staff, or Rate Counsel shall not be deemed to have approved, agreed to, or consented to any principle or methodology underlying or supposed to underlie any agreement provided herein and, in total or by specific item. This Stipulation is in no way binding upon them in any other proceeding, except to enforce the terms of this Stipulation.

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

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
TRACEY THAYER, ESQ.
Director, Regulatory Affairs Counsel

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

By: 
SARAH H. STEINDEL, ESQ.
Assistant Deputy Rate Counsel

**JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: 
ALEX MOREAU
Deputy Attorney General

Date: July 23, 2012

AIP REVENUE REQUIREMENT AS OF AUGUST 2011

	<u>AIP</u>	<u>AIP II</u>	<u>Total</u>
Capital Expenditures - CWIP as of April 2011	\$ 61,272,886	\$ 319,441	\$ 61,592,327
Capital Expenditures - CWIP thru August 2011 (est)	12,592,000	6,094,498	18,686,498
Accumulated Depreciation	(861,121)	-	(861,121)
AFUDC - as of April 2011	1,543,430	-	1,543,430
AFUDC - thru August 2011 (est)	<u>627,445</u>	<u>81,534</u>	<u>708,979</u>
	75,174,640	6,495,474	81,670,114
Deferred Income Tax	<u>(18,872,938)</u>	<u>-</u>	<u>(18,872,938)</u>
	56,301,703	6,495,474	62,797,176
Rate of Return - net	<u>6.74%</u>	<u>6.37%</u>	
	3,794,735	413,762	4,208,496
Depreciation Exp, net	<u>1,018,706</u>	<u>-</u>	<u>1,018,706</u>
	4,813,441	413,762	5,227,203
Revenue Factor	<u>1.7016</u>	<u>1.7016</u>	<u>1.7016</u>
Total Revenue Requirement	<u>\$ 8,190,551</u>	<u>\$ 704,057</u>	<u>\$ 8,894,608</u>
Less: Amount in Base Rates			<u>(4,169,636)</u>
Revenue Requirement			<u>\$ 4,724,972</u>
<u>Depreciation Expense</u>			
Depreciable Balance as of 8/2011	73,600,099		
Depreciation Rate per Board Order	2.34%		
Depreciation Expense	<u>\$ 1,722,242</u>		

New Jersey Natural Gas Company
Base Revenues at Present and Proposed Rates

	Billing Units	Present Rates		Proposed Rates		
		Rate	Revenue	Rate	Revenue	Increase
Residential Service						
Customer	5,562,581	RS \$ 7.71 \$ 42,887,500		RS \$ 7.71 \$ 42,887,500		
Distribution Service						
Residential Sales	422,805,291	\$ 0.2981	\$ 126,038,257	\$ 0.3058	\$ 129,293,858	
Residential Transport	28,255,866	\$ 0.2981	8,423,074	\$ 0.3058	8,640,644	
Subtotal	451,061,157		\$ 177,348,630		\$ 180,822,001	
<u>Adjustments</u>						
Air Conditioning Discount	19,517	\$ (0.2418)	\$ (4,719)	\$ (0.2495)	\$ (4,869)	
Total Class Base Revenues			\$ 177,344,111		\$ 180,817,132	1.96%
General Service - Small						
Less than 5,000 Annual Therms						
Customer	321,146	GS - Small \$ 23.36 \$ 7,501,971		GS - Small \$ 23.36 \$ 7,501,971		
Distribution Service						
Sales	25,977,035	\$ 0.2555	\$ 6,637,132	\$ 0.2649	\$ 6,881,317	
Transport	7,010,441	\$ 0.2555	1,791,168	\$ 0.2649	1,857,066	
Subtotal	32,987,476		\$ 15,930,271		\$ 16,240,353	1.95%
Total Class Base Revenues			\$ 15,930,271		\$ 16,240,353	1.95%
General Service - Large						
Greater than 5,000 Annual Therms						
Customer	108,176	GS - Large \$ 37.38 \$ 3,968,859		GS - Large \$ 37.38 \$ 3,968,859		
Demand	12,742,075	\$ 1.4019	\$ 17,863,115	\$ 1.4019	\$ 17,863,115	
Distribution Service						
Sales	63,271,646	\$ 0.2009	\$ 12,711,274	\$ 0.2080	\$ 13,180,502	
Transport	72,424,651	\$ 0.2009	14,550,112	\$ 0.2080	15,064,327	
Subtotal	135,696,297		\$ 49,093,360		\$ 50,056,804	1.96%
Total Class Base Revenues			\$ 49,093,360		\$ 50,056,804	1.96%

General Service - CAC						
Less than 5,000 Annual Therms						
Customer	451	<u>CAC</u>		<u>GS - Small</u>		
		\$ 23.36	\$ 10,535	\$ 23.36	\$ 10,535	
Distribution Service						
Winter Therms	59,802	\$ 0.2555	\$ 15,279	\$ 0.2649	\$ 15,842	
All summer therms	47,736	\$ 0.0563	2,688	\$ 0.0563	2,688	
Subtotal	107,538		\$ 28,502		\$ 29,064	
Greater than 5,000 Annual Therms						
Customer	312	<u>CAC</u>		<u>GS - Large</u>		
		\$ 37.38	\$ 11,883	\$ 37.38	\$ 11,663	
Demand	36,445	\$ 1.4019	\$ 51,092	\$ 1.4019	\$ 51,092	
Distribution Service						
Winter Therms	284,133	\$ 0.2009	\$ 53,064	\$ 0.2080	\$ 54,940	
All summer therms	96,875	\$ 0.0563	5,454	\$ 0.0563	5,454	
Subtotal	361,008		\$ 121,273		\$ 123,149	
Total Class Base Revenues			\$ 149,775		\$ 152,213	1.6%

Firm Transportation						
Customer	2,184	<u>FT</u>		<u>FT</u>		
		\$ 46.73	\$ 102,058	\$ 46.73	\$ 102,058	
Demand	1,128,408	\$ 1.2776	\$ 1,441,654	\$ 1.2776	\$ 1,441,654	
Distribution Service						
High Load Factor therms	6,148,275	\$ 0.1028	\$ 632,043	\$ 0.1028	\$ 632,043	
Low Load Factor therms	5,098,808	\$ 0.1325	675,592	\$ 0.1325	675,592	
Total Class Base Revenues	11,247,084		\$ 2,851,347		\$ 2,851,347	0.0%

Distributed Generation - Commercial						
		DGC		DGC		
Customer	48	\$ 37.38	\$ 1,794	\$ 37.38	\$ 1,794	
Demand	195,601	\$ 0.56	\$ 109,537	\$ 0.56	\$ 109,537	
Distribution Service						
Winter terms	1,590,133	\$ 0.0901	\$ 143,271	\$ 0.0922	\$ 148,610	
Summer terms	1,806,870	\$ 0.0586	\$ 107,509	\$ 0.0616	\$ 111,303	
Total Class Base Revenues	3,397,003		\$ 362,111		\$ 369,244	1.97%

TOTAL BASE REVENUES

245,730,975

250,487,093 1.9%

INCREASE \$ 4,756,118
TARGET INCREASE \$ 4,724,972 1.9%

Difference \$ 31,146

New Jersey Natural Gas Company
Accelerated Energy Infrastructure Investment Program (AIP I and AIP II)
Net Impact of Proposed Rate Changes
BPU Docket No. GR1106
FY 2012

(\$/therm)


<u>Impact on Residential Non-Heating Customers</u>			
		25 therm bill	
Current Prices			
Customer Charge	\$8.25	\$8.25	
Delivery	\$0.5089	\$12.67	
BGSS	\$0.7460	\$18.65	
Total	\$1.2529	\$39.57	
Proposed prices- effective 10/1/11			
Customer Charge	\$8.25	\$8.25	
Delivery	\$0.5162	\$12.88	
BGSS	\$0.7460	\$18.65	
Total	\$1.2812	\$39.78	
Increase		\$0.21	
Increase as a percent		0.5%	
<u>Impact on Residential Heating Customers</u>			
		100 therm bill	1000 therm annual bill
Current Prices			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5281	\$52.81	\$528.10
BGSS	\$0.7460	\$74.60	\$746.00
Total	\$1.2741	\$135.66	\$1,373.10
Proposed prices- effective 10/1/11			
Customer Charge	\$8.25	\$8.25	\$99.00
Delivery	\$0.5364	\$53.64	\$536.40
BGSS	\$0.7460	\$74.60	\$746.00
Total	\$1.2824	\$136.49	\$1,381.40
Increase		\$0.83	\$8.30
Increase as a percent		0.6%	0.6%
<u>Impact on Commercial GSS Customers</u>			
		100 therm bill	
Current Prices			
Customer Charge	\$25.00	\$25.00	
Delivery	\$0.4965	\$49.65	
BGSS	\$0.7460	\$74.60	
Total	\$1.2425	\$149.25	
Proposed prices- effective 10/1/11			
Customer Charge	\$25.00	\$25.00	
Delivery	\$0.5086	\$50.86	
BGSS	\$0.7460	\$74.60	
Total	\$1.2526	\$150.26	
Increase		\$1.01	
Increase as a percent		0.7%	
<u>Impact on Commercial GSI Customers</u>			
		1200 therm bill	
Current Prices			
Customer Charge	\$40.00	\$40.00	
Demand Charge	\$1.50	\$175.50	
Delivery	\$0.4299	\$515.68	
BGSS (May 2011)	\$0.8804	\$758.48	
Total	\$1.0603	\$1,499.66	
Proposed prices- effective 10/1/11			
Customer Charge	\$40.00	\$40.00	
Demand Charge	\$1.50	\$175.50	
Delivery	\$0.4375	\$525.00	
BGSS (May 2011)	\$0.6304	\$758.48	
Total	\$1.0879	\$1,496.98	
Increase		\$0.12	
Increase as a percent		0.8%	

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

**NEW JERSEY NATURAL GAS
PETITIONER**

By: 
TRACEY THAYER, ESQ.
Director, Regulatory Affairs Counsel

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

By: 
SARAH H. STEINDEL, ESQ.
Assistant Deputy Rate Counsel

**JEFFREY S. CHIESA
ATTORNEY GENERAL OF NEW JERSEY
Attorney for the Staff of the New Jersey Board of Public Utilities**

By: 
ALEX MOREAU
Deputy Attorney General

Date: July 23, 2012