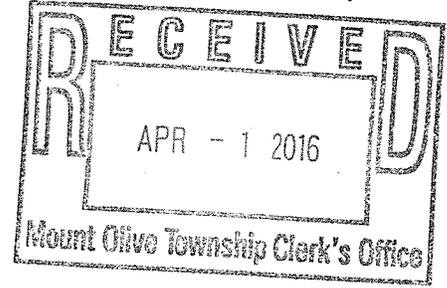




New Jersey
Natural Gas

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March 29, 2016

To: County Clerk, Municipal Clerk and County Administrator

IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
FOR APPROVAL OF AN INCREASE IN
GAS BASE RATES AND FOR CHANGES
IN ITS TARIFF FOR GAS SERVICE;
APPROVAL OF SAFE PROGRAM
EXTENSION; AND APPROVAL OF SAFE
EXTENSION AND NJ RISE RATE
RECOVERY MECHANISMS PURSUANT
TO N.J.S.A. 48:2-21, 48:2-21.1 AND FOR
CHANGES TO DEPRECIATION RATES
FOR GAS PROPERTY PURSUANT TO
N.J.S.A. 48:2-18

BPU DOCKET NO.
GR15111304

OAL DOCKET NO.
OAL PUC 00738-16

Pursuant to N.J.S.A. 48:2-32.6, New Jersey Natural Gas Company hereby serves upon you the Notice of Public Hearings in the above referenced matter. The subject hearings are scheduled for April 27, 2016 at 4:00 p.m. and 5:30 p.m. afternoon at the Freehold Township Municipal Building, One Municipal Plaza-Schanck Road, Freehold, New Jersey and on April 19, 2016 at 4:00 p.m. and 5:30 p.m. at the Rockaway Township Municipal Building 65, Mt. Hope Road, Rockaway Township, New Jersey.

Very truly yours,

Andrew K. Dembia
Regulatory Affairs Counsel

AKD: fk

Enclosure

**NOTICE OF FILING AND PUBLIC HEARINGS FOR APPROVAL OF AN
INCREASE IN NATURAL GAS RATES, DEPRECIATION RATES, SAFE
PROGRAM EXTENSION, RATE RECOVERY MECHANISM FOR SAFE
EXTENSION AND NJ RISE PROGRAM AND FOR CHANGES IN THE
TARIFF FOR GAS SERVICE TO NEW JERSEY NATURAL
GAS CUSTOMERS**

**BPU Docket No. GR15111304
OAL Docket No. PUC 00738-2016N**

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on November 13, 2015, New Jersey Natural Gas (“NJNG” or the “Company”) filed a petition with the New Jersey Board of Public Utilities (“BPU” or “Board”) requesting an increase in the Company’s base rate charges for natural gas service. NJNG’s petition states that the requested rate increase is necessary to support the Company’s ability to continue to operate and maintain its natural gas distribution system in a safe, adequate and proper manner. NJNG last requested such an increase in a filing dated November 20, 2007. In this filing, the Company has requested a natural gas revenue increase of \$147.604 million, including a change in the Company’s overall rate of return to 7.74 percent. The impact of this request on the average residential heating customer using 1,000 therms annually is a \$236.40 increase in the customer’s annual bill, from \$978.70 to \$1,215.10, or approximately 24.2 percent. Monthly bill impacts for residential and other customers are shown in the tables below.

Included in this filing is a request pursuant to N.J.S.A. 48:2-18 to increase depreciation rates based on a current Depreciation Study. The Company has proposed that the requested changes in its depreciation rates be approved for implementation simultaneously with the effective date of the proposed new natural gas rates.

The proposed increases that follow are based upon current NJNG delivery rates and the applicable Basic Gas Supply Service charges, and assume that customers receive commodity service from NJNG. The effect of the proposed price change on typical residential, general service small, and general service large natural gas bills is estimated to be as follows:

Residential Sales Heat

Therm Level	Rates		Increase	
	Monthly Bill as of November 1, 2015	Proposed Bill	Amount	Percent
25	30.24	42.98	12.74	42.1%
100	96.22	117.91	21.69	22.5%
200	184.19	217.82	33.63	18.3%

Residential Sales Non-Heat

Therm Level	Rates		Increase	
	Monthly Bill as of November 1, 2015	Proposed Bill	Amount	Percent
25	29.80	42.53	12.74	42.7%
100	94.43	116.12	21.69	23.0%
200	180.61	214.24	33.63	18.6%

General Service Small

Therm Level	Rates		Increase	
	Monthly Bill as of November 1, 2015	Proposed Bill	Amount	Percent
100	112.38	142.79	30.41	27.1%
200	199.76	245.58	45.82	22.9%
400	374.52	451.16	76.64	20.5%

General Service Large

Therm Level	Rates		Increase	
	Monthly Bill as of November 1, 2015	Proposed Bill	Amount	Percent
1200	1,087.06	1,362.54	275.48	25.3%
5000	4,571.50	5,721.00	1,149.50	25.1%
10,000	8,803.00	10,867.00	2,064.00	23.5%

The Company is also proposing other changes to its tariff including, but not limited to, the addition of a service classification for firm electric generation service, changes in terminology, and changes to reflect current operating requirements.

SAFE Extension:

The Company is also seeking approval of an extension of its previously BPU approved Safety Acceleration and Facilities Enhancement (“SAFE”) program. The SAFE program is a four-year plan, approved by the Board in an Order issued October 23, 2012 in BPU Docket No. GO12030255, under which NJNG was authorized to invest up to \$130 million in the replacement of aging unprotected steel and cast iron distribution lines and services. The Board Order provides that the continuation of the NJNG SAFE Program, beyond those investments reflected in rates at the conclusion of this base rate case, will be subject to review and consideration by the Board in this rate case or a subsequent proceeding. The Company’s petition seeks authorization to extend the SAFE program (referred to as the SAFE Extension) for an additional five-year period, during which the Company would invest approximately an additional \$200 million in replacement of unprotected steel distribution lines and services. The Company is also seeking to modify the rate mechanism that is currently in effect for the SAFE program.

At this time, the Company is requesting Board approval for NJNG to initiate the SAFE Extension and, if approved, there is no immediate impact on customers’ rates. Following approval and the commencement of infrastructure replacement construction, the Company will make an annual filing in May in each of the subsequent five years, seeking Board approval to include in base rates the costs of the annual SAFE Extension infrastructure investments. The magnitude of any increase depends on the actual in service costs of those projects. However, based on the Company’s current rates and anticipated sales volumes, the anticipated annual impact for the typical residential heat customer using 1,000 therms could average less than 1.0 percent annually, or an average of \$9.50 per year, over the five-year period. The cumulative increases over the five-year period are estimated to be \$47.50 for the typical residential heat customer, or 4.9 percent.

The Company’s petition also seeks authorization to continue the original rate recovery mechanism currently in place for the NJ Reinvestment in System Enhancement (“NJ RISE”) Program, which was approved by the Board in an Order issued July 23, 2014 in BPU Docket No. GR13090828. The NJ RISE Program is a program in which NJNG is investing approximately \$102.5 million in six projects intended to bolster the Company’s natural gas infrastructure and make it less susceptible to extreme weather conditions. Pursuant to the Board’s July 23, 2014 Order, the Company was allowed to implement a rate adjustment as of November 1, 2015 to recover some of the costs of the Program, with rate recovery for the remaining investments to be addressed in this base rate case. The petition seeks recovery of some of the remaining investments, and extension of the original rate mechanism for those investments which are not included in the rates to be set in this base rate case. The magnitude of any increase related to the recovery of the remaining investments depends on the actual in service costs of those projects. However, based on the Company’s current rates and anticipated sales volumes, the anticipated annual impact for the typical residential heat customer using 1,000 therms could average less than 0.6 percent annually, or an average of \$5.60 per year, over the remaining three-year period. The cumulative increases over the three-year period are estimated to be \$16.80 for the typical residential heat customer, or 1.7 percent.

Any rate increase found by the Board to be just and reasonable may be allocated by the Board and applied to any class or classes of customers or any rate schedule or rate schedules as the Board may determine. Accordingly, the final rates approved by the Board in this proceeding for any rate class or classes may be higher or lower than those set forth herein.

PLEASE TAKE NOTICE that public hearings on the petition have been scheduled at the following dates, times and locations:

April 19, 2016 at 4:00p.m. and 5:30 p.m.
Rockaway Township Municipal Building
65 Mt. Hope Road
Rockaway Township, NJ 07866-1698

April 27, 2016 4:00p.m. and 5:30 p.m.
Freehold Township Municipal Building
One Municipal Plaza-Schanck Road
Freehold, NJ 07728-2195

The public is invited to attend, and interested persons will be permitted to testify and/or make a statement of their views on the proposed rate changes. In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing to the Board Secretary at the address below. Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the Board by addressing them to: Irene Kim-Asbury, Secretary, New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey 08625-0350. Copies of NJNG's filing can be reviewed either at the NJNG Customer Service Centers or at the New Jersey Board of Public Utilities, Office of Case Management, 44 South Clinton Avenue, 23rd Floor, P.O. Box 350, Trenton, New Jersey 08625-0350 or online at <http://www.njng.com/regulatory/pdf/NJNG-2015-Base-Rate-Filing-11-13-2015.pdf>

Andrew K. Dembia, Esq.
New Jersey Natural Gas