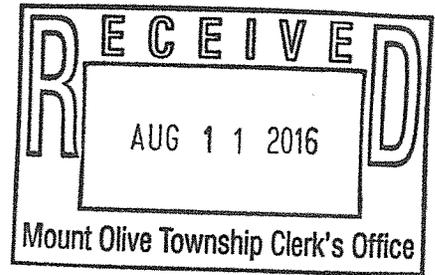


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8/11/16
Jes Adm



July 22, 2016



To: County Clerk, Municipal Clerk and County Administrator

RE: IN THE MATTER OF THE PETITION OF NEW JERSEY NATURAL GAS COMPANY
2016/2017 ANNUAL COMPLIANCE FILING FOR THE UNIVERSAL SERVICE FUND
PROGRAM FACTOR WITHIN THE SOCIETAL BENEFITS CHARGE RATE

IN THE MATTER OF NEW JERSEY NATURAL GAS COMPANY'S ANNUAL REVIEW AND
REVISION OF ITS BASIC GAS SUPPLY SERVICE (BGSS) AND CONSERVATION
INCENTIVE PROGRAM (CIP) FACTORS FOR F/Y 2017

Pursuant to N.J.S.A. 48:2-32.6, New Jersey Natural Gas Company hereby serves upon you
the Notice of Public Hearing in the above referenced matters. The subject hearings are
scheduled for the following times and locations:

August 16, 2016 at 4:30 and 5:30 P.M
Rockaway Township Municipal Bldg
65 Mt. Hope Road
Rockaway, NJ 07866

August 17, 2016 at 4:30 and 5:30 P.M.
Freehold Township Municipal Building
One Municipal Plaza, Schank Road
Freehold, NJ 07728-3099

Very truly yours,

Andrew K. Dembia
Andrew K. Dembia, Esq.
Regulatory Affairs Counsel

AKD:fk

Enclosure

C: Edward Beslow, BPU
Bethany Roque-Romaine

**NEW JERSEY NATURAL GAS COMPANY
NOTICE OF FILING AND PUBLIC HEARING**

**IN THE MATTER OF THE ESTABLISHMENT OF
A UNIVERSAL SERVICE FUND PURSUANT TO
SECTION 12 OF THE ELECTRIC DISCOUNT AND
ENERGY COMPETITION ACT OF 1999
BPU DOCKET NO. EX00020091**

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
2016/2017 ANNUAL COMPLIANCE FILING FOR
THE UNIVERSAL SERVICE FUND PROGRAM FACTOR
WITHIN THE SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. ER16060536**

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that, pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49, et seq., the Universal Service Fund (“USF”) program was established by the New Jersey Board of Public Utilities (the “Board”), to provide funds to assist qualifying low-income individuals in paying their energy bills. Pursuant to Orders of the Board dated April 30, 2003, July 16, 2003 and June 22, 2005, the State’s electric and gas public utilities’ Societal Benefits Charge includes recovery of funding for the USF program through uniform statewide rates. The Societal Benefits Charge also includes funding for the Lifeline Program which incorporates funds for the Work First NJ program.

The State of New Jersey’s Department of Community Affairs is the Administrator of the USF Program and the New Jersey Department of Human Services is the Administrator of the Lifeline programs and authorizes the disbursement of benefits to eligible customers in the respective programs.

New Jersey Natural Gas Company (“NJNG” or the “Company”) made a compliance filing with the Board on June 23, 2016, requesting authority to implement an increase related to the statewide USF/Lifeline program charge, as described below, to be effective on October 1, 2016. The current after-tax USF/Lifeline program charge for natural gas customers is \$0.0108 per therm. The USF component is increasing by \$0.0025 per therm and the Lifeline component is decreasing by \$0.0006 per therm. The proposed after-tax USF/Lifeline program charge will increase to \$0.0127 to recover approximately \$33.6 million for the statewide natural gas USF program and \$22.4 million for the Lifeline program. The above request will not result in any profit to the Company. The revenues received under the proposed USF charge are designed to permit the Company to recover only its costs for the USF and Lifeline program. Actual program costs will be reconciled with the revenues received through the USF program charge in the next annual filing scheduled to be made no later than July 1, 2017. A copy of the filing is available at www.njng.com/regulatory.

The proposed statewide charges for natural gas customers are as follows:

Universal Service/Lifeline Fund Components of Societal Benefits Charge				
	Present	Present (Incl. Sales and Use Tax)	Proposed	Proposed (Incl. Sales and Use Tax)
USF- per therm	\$0.0048	\$0.0051	\$0.0071	\$0.0076
Lifeline- per therm	\$0.0053	\$0.0057	\$0.0048	\$0.0051
Total USF/Lifeline	\$0.0101	\$0.0108	\$0.0119	\$0.0127

If approved by the Board, the impact of the proposed changes in the USF/Lifeline Charge on typical natural gas bills is illustrated below:

Customer Type	Therm Level	Rates		Increase	
		Bill as of June 1, 2016	Proposed Bill as of October 1, 2016	Amount	Percent
Residential Heat Sales	100	\$96.22	\$96.41	\$0.19	0.20%
Residential Non-Heat Sales	25	\$29.79	\$29.84	\$0.05	0.17%
General Service Small	100	\$112.38	\$112.57	\$0.19	0.17%
General Service Large	1,200	\$1,102.18	\$1,104.46	\$2.28	0.21%

Based on this filing, a typical residential natural gas customer using 100 therms per month would see an increase in their monthly bill from \$96.22 to \$96.41, or \$0.19 or approximately 0.20 percent.

The Board has the statutory authority to establish the USF and Lifeline charges at levels it finds just and reasonable. Therefore, the Board may establish the USF and Lifeline charges at levels other than those proposed by NJNG.

Copies of the Company's June 23, 2016 filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, Trenton, NJ 08625-0350.

PLEASE TAKE NOTICE that the following date, time and location for public hearings have been scheduled on the above filing so that members of the public may present their views:

August 16, 2016 at 4:30 and 5:30 P.M.
 Rockaway Township Municipal Building
 Conference Room
 65 Mt. Hope Road
 Rockaway Township, New Jersey 07866-1698

August 17, 2016 at 4:30 and 5:30 P.M.
 Freehold Township Municipal Building
 Conference Room
 One Municipal Plaza, Schanck Road
 Freehold, New Jersey 07728-3099

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.** Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the BPU 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, NJ 08625-0350.

New Jersey Natural Gas Company
 Andrew Dembia, Esq.

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS
Docket No. GR16060482

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on June 1, 2016, New Jersey Natural Gas (“NJNG” or the “Company”) filed its 2016–2017 Basic Gas Supply Service (“BGSS”) petition pursuant to the “Order Approving BGSS Price Structure” issued by the New Jersey Board of Public Utilities (“Board”) on January 6, 2003, in Docket No. GX01050304 (“Generic BGSS Order”). At that time, NJNG also filed for Board approval of proposed rate changes related to the Conservation Incentive Program (“CIP”) and the Balancing Charge. Pursuant to its filing, NJNG requested that the Board permit NJNG to adjust its BGSS and CIP rates effective October 1, 2016. The impact of the BGSS rate change for a residential heating customer using an average of 100 therms per month would be a decrease of (\$5.24) per month, or (5.5) percent as a result of the proposed BGSS rate, and an increase of \$7.87 per month or 8.2 percent as a result of the proposed CIP rate. The combined impact of these rate changes would result in an overall increase of approximately \$2.63 or 2.7 percent per month on a 100 therm residential bill. A copy of the filing is available at www.njng.com/regulatory.

Additionally, NJNG requested that the Board permit NJNG to decrease its Balancing Charge applicable to transportation customers receiving their natural gas supply from a third party supplier by (\$0.0040) per therm effective October 1, 2016. The impact of the Balancing Charge decrease for a residential heating transportation customer transporting an average of 100 therms per month will be a decrease of (\$0.40) per month, or (0.4) percent. All Balancing Charge revenues from transportation customers are credited to BGSS recoveries. For sales customers, there is no impact from the Balancing Charge change since 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 effect of the Company’s request for the rate adjustments to be effective October 1, 2016, on natural gas bills for the applicable customer classes is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Bill Impact			% Impact		
		Bill as of May 1, 2016	Proposed Bill as of October 1, 2016	BGSS	CIP	Net Increase	BGSS	CIP	Net Increase/ (Decrease)
Residential Heat Sales	100	\$96.22	\$98.85	(\$5.24)	\$7.87	\$2.63	(5.5%)	8.2%	2.7%
Residential Non-Heat Sales	25	\$29.80	\$30.06	(\$1.31)	\$1.57	\$0.26	(4.4%)	5.3%	0.9%
General Service - Small	100	\$112.38	\$115.86	(\$5.24)	\$8.72	\$3.48	(4.7%)	7.8%	3.1%
General Service - Large	1200	\$1,090.54	\$1,149.94	\$0.00	\$59.40	\$59.40	0.0%	5.4%	5.4%

TAKE FURTHER NOTICE that future changes in NJNG’s rate for BGSS service may occur if NJNG elects to adjust its BGSS rates upward by filing timely notice with the Board Staff and the New Jersey Division of Rate Counsel (“Rate Counsel”), pursuant to the Generic BGSS Order. Any such self-implementing increase will be limited to a maximum of 5 percent of the total residential bill, effective December 1, 2016, and to a maximum of 5 percent of the total residential bill, effective February 1, 2017. Further, these self-implementing increases will be provisional and subject to true-up in connection with the next annual BGSS filing. Pursuant to the Generic BGSS Order, NJNG is permitted to decrease its BGSS rate at any time upon five days’ notice and the filing of supporting documentation with the Board of Public Utilities and Rate Counsel.

If both of the above mentioned self-implementing adjustments were to be put into place as of the requested effective dates, the effect on typical residential and general service - small natural gas bills is estimated to be as follows:

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of October 1, 2016	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$98.85	\$108.98	\$10.13	10.2%
Residential Non-Heat Sales	25	\$30.06	\$32.59	\$2.53	8.4%
General Service - Small	100	\$115.86	\$125.99	\$10.13	8.7%

The Board has the statutory authority to establish the BGSS, CIP and Balancing rates at levels it finds just and reasonable. Therefore, the Board may establish the BGSS, CIP and Balancing rates at levels other than those proposed by NJNG. NJNG's natural gas costs addressed in this petition will remain subject to audit by the Board, and Board approval shall not preclude or prohibit the Board from taking any such actions deemed appropriate as a result of any such audit.

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

August 16, 2016 at 4:30 and 5:30 pm.
 Rockaway Township Municipal Building
 Conference Room
 65 Mt. Hope Road
 Rockaway, NJ 07866

August 17, 2016 at 4:30 and 5:30 p.m.
 Freehold Township Municipal Building
 Conference Room
 One Municipal Plaza, Schanck Road
 Freehold, NJ 07728-3099

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, NJ 08625-0350. Copies of NJNG's June 1, 2016, filing can be reviewed either at the NJNG Customer Service Centers listed on the Company Web site, www.njng.com, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, Trenton, NJ 08625-0350 or online at www.njng.com/regulatory.

Andrew K. Dembia, Esq.
 New Jersey Natural Gas