

NOTICE TO NEW JERSEY NATURAL GAS COMPANY CUSTOMERS

In The Matter Of The Petition Of New Jersey Natural Gas Company For Approval Of A Base Rate Adjustment Pursuant To The SAFE II And NJ RISE Programs

Notice of a Filing and Notice of Public Hearings Docket No. GR18030354

TAKE NOTICE that on March 28, 2018 New Jersey Natural Gas Company (“NJNG”, “the Company”) filed a Petition and supporting documentation with the New Jersey Board of Public Utilities (“Board”, “BPU”) seeking Board approval for base rate changes to provide for cost recovery associated with the Company’s NJ Reinvestment in System Enhancement Program (“NJ RISE Program”) and Safety Acceleration and Facility Enhancement Extension Program (“SAFE II”). As set forth in BPU Docket No. GR15111304, the NJ RISE and SAFE II annual rate filings shall be combined for administrative ease.

NJ RISE Program: In an Order dated March 20, 2013 (“the March 20 Order”), the BPU found it critical to investigate prudent, cost efficient and effective opportunities to enhance utility infrastructure against damage from major storm events. On July 23, 2014, the Board issued an Order approving the NJ RISE Program in Docket Nos. AX13030197 and GR13090828. The Order provided approval for NJNG to invest up to \$102.5 million, excluding Allowance for Funds Used During Construction (“AFUDC”), to be recovered through base rate adjustments in order to undertake six infrastructure projects aimed at making the Company’s distribution system more resilient in anticipation of future major storms.

The NJ RISE Program is a series of capital investment projects that promote enhanced reliability and safety through facility enhancements for storm readiness and response. The NJ RISE projects are to be completed over a period of five years and consist of the installation of secondary gas distribution mains into the Sea Bright Peninsula, the Seaside Peninsula and Long Beach Island. Additionally, two regulator station reinforcement projects will be undertaken, one in Mantoloking and the other in Ship Bottom on Long Beach Island. Also, an existing back-up regulator station will be relocated from Mantoloking to the mainland. Finally, the Company is installing excess flow valves (“EFVs”) on all distribution services in waterfront communities that may be impacted by coastal and back-bay flooding and/or storm surge.

The Company’s rate filing includes a request for recovery in base rates of the actual costs associated with the NJ RISE projects through June 30, 2018, consisting of prudently-incurred capital expenditures, including actual costs of engineering, design and construction, cost of removal (net of salvage), property acquisition, actual labor, materials overheads and capitalized AFUDC.

SAFE II: On September 23, 2016, the Board issued an Order approving the SAFE II Program in Docket No. GR15111304 (“the September 2016 Order”). The September 2016 Order provided for NJNG to invest up to \$200 million, excluding AFUDC, to be recovered through base rate adjustments over the five year term of the SAFE II Program. The SAFE II Program is designed to replace all of the Company’s existing unprotected steel mains and services throughout its service territory on or before September 30, 2021. The Company’s rate filing includes a request for recovery in base rates of the costs associated with the SAFE II Program actual costs through June 30, 2018.

As agreed to by the Parties and set forth in the Board’s Order in Docket No. GR15111304, the rate design for the SAFE II and NJ RISE annual rate adjustments will be structured to reflect the same rate design methodology used to set rates in the Company’s most recent base rate case.

At this time, the Company is requesting BPU approval to adjust base rates effective October 1, 2018 to recover approximately \$59.4 million of NJ RISE and SAFE II investment costs made through June 30, 2018, resulting in a

base rate increase of approximately \$6.7 million. If the proposed rates are approved by the Board, the impact to the typical residential heating customer using 100 therms in a month is an increase of \$1.05, or 1.0 percent.

The impact of the Company's filing, requested to be effective on October 1, 2018 or as of the date of the Final Board Order in this proceeding, on a typical residential customer (both heat and non-heat), a typical general service small customer and a typical general service large customer on a monthly basis is estimated to be as follows based on the usage levels shown below:

Customer Type	Therm Level	Total Bill		Increase	
		Bill as of July 1, 2018	Proposed Bill	Amount	Percent
Residential Heat Sales	100	\$100.53	\$101.58	\$1.05	1.0%
Residential Non-Heat Sales	25	\$30.79	\$31.11	\$0.32	1.0%
General Service - Small	100	\$113.96	\$115.30	\$1.34	1.2%
General Service - Large	1200	\$1,240.49	\$1,252.29	\$11.80	1.0%

The Board has the statutory authority to approve the requested changes to base rates at levels it finds just and reasonable. Therefore, the Board may establish the new rates at levels other than those proposed by NJNG.

PLEASE TAKE FURTHER NOTICE that the Board has scheduled public hearings on this petition at the following dates, times and places:

August 22, 2018 4:30 and 5:30 pm
 Freehold Township Municipal Building
 One Municipal Plaza, Schank Road
 Freehold, NJ 07728-3099

August 23, 2018 4:30 and 5:30 pm
 Rockaway Township Municipal Bldg
 65 Mt. Hope Road
 Rockaway, NJ 07866

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 increases. 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 these hearings 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: Aida Camacho-Welch, 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 the NJNG filing can be reviewed at the NJNG Customer Service Centers, the addresses of which are located on the NJNG bill, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Suite 314, P.O. Box 350, Trenton, New Jersey, 08625-0350 or online at <https://www.njng.com/regulatory/filings.asp>.

Andrew K. Dembia, Esq.
 New Jersey Natural Gas

**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
2018/2019 ANNUAL COMPLIANCE FILING FOR
THE UNIVERSAL SERVICE FUND PROGRAM FACTOR
WITHIN THE SOCIETAL BENEFITS CHARGE RATE
BPU DOCKET NO. ER18060661**

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 22, 2018, requesting authority to implement an increase related to the statewide USF/Lifeline program charge, as described below, to be effective on October 1, 2018. The current after-tax USF/Lifeline program charge for natural gas customers is \$0.00087 per therm. The USF component is increasing by \$0.0011 per therm and the Lifeline component is increasing by \$0.0005 per therm. The proposed after-tax USF/Lifeline program charge will increase to \$0.0103 to recover approximately \$21.7 million for the statewide natural gas USF program and \$23.9 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, 2019.

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	\$0.0036	\$0.0038	\$0.0046	\$0.0049
Lifeline- per therm	\$0.0046	\$0.0049	\$0.0051	\$0.0054
Total USF/Lifeline	\$0.0082	\$0.0087	\$0.0097	\$0.0103

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, 2018	Proposed Bill as of October 1, 2018	Amount	Percent
Residential Heat Sales	100	\$100.53	\$100.69	\$0.16	0.16%
Residential Non-Heat Sales	25	\$30.79	\$30.83	\$0.04	0.13%
General Service Small	100	\$113.96	\$114.12	\$0.16	0.14%
General Service Large	1,200	\$1,224.77	\$1,226.69	\$1.92	0.16%

Based on this filing, a typical residential natural gas customer using 100 therms per month would see an increase in their monthly bill from \$100.53 to \$100.69, or \$0.16 or approximately 0.16 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.

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

August 22, 2018 at 4:30 and 5:30 pm.
 Freehold Township Municipal Building
 Conference Room
 One Municipal Plaza, Schanck Road
 Freehold, NJ 07728-3099

August 23, 2018 at 4:30 and 5:30 p.m.
 Rockaway Township Municipal Building
 Conference Room
 65 Mt. Hope Road
 Rockaway, NJ 07866

The public is invited to attend and interested persons will be permitted to comment 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 Board by addressing them to: Aida Camacho-Welch, 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 22, 2018 filing can be reviewed either at the NJNG Customer Service Centers listed on the Company web site, www.njng.com/regulatory, or at the New Jersey Board of Public Utilities, 44 South Clinton Avenue, 3rd Floor, Trenton, NJ 08625-0350.

New Jersey Natural Gas Company
 Andrew Dembia, Esq.

NOTICE TO NEW JERSEY NATURAL GAS CUSTOMERS

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) RATES FOR F/Y 2019 Docket No. GR18050586

NOTICE OF FILING AND PUBLIC HEARING

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that on May 29, 2018, New Jersey Natural Gas (“NJNG” or the “Company”) filed a petition which includes its 2018–2019 Basic Gas Supply Service (“BGSS”) and Conservation Incentive Program (“CIP”) rate filing 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”) and the Orders related to CIP issued by the Board in Docket No. GR05121020 dated December 12, 2006 and January 21, 2010 and in Docket No. GR13030185 dated May 21, 2014. The BGSS charge includes actual and projected natural gas commodity, storage and interstate transportation costs. The CIP charge provides for a rate adjustment related to changes in average use per customer when compared to a pre-established baseline value. The Board authorizes NJNG to adjust its Balancing Charge in the annual BGSS filing to reflect updated costs. Pursuant to this filing, NJNG requested that the Board permit NJNG to maintain its BGSS rate and adjust its CIP rates effective October 1, 2018. Additionally, pursuant to the Board’s September 23, 2016 Order in BPU Docket No. GR15111304, NJNG requested to adjust its Balancing Charge effective October 1, 2018. The impact of the rate changes for a residential heating customer using an average of 100 therms per month would be a decrease of (\$5.41) per month or (5.4) percent as a result of the proposed CIP rate and an increase of \$1.74 per month, or 1.7 percent as a result of the proposed Balancing Charge rate. The combined impact of these rate changes would result in an overall decrease of approximately (\$3.67) or (3.7) percent per month on a 100 therm residential bill. All Balancing Charge revenues from sales and transportation customers are credited to BGSS recoveries.

The effect of the Company’s request for the rate adjustments to be effective October 1, 2018, 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 June 1, 2018	Proposed Bill as of October 1, 2018	BGSS	Balancing Charge	CIP	Net Increase/ (Decrease)	BGSS	Balancing Charge	CIP	Net Increase/ (Decrease)
Residential Heat Sales	100	\$100.53	\$96.86	\$0.00	\$1.74	(\$5.41)	(\$3.67)	0.0%	1.7%	(5.4%)	(3.7%)
Residential Non-Heat Sales	25	\$30.79	\$31.84	\$0.00	\$0.44	\$0.61	\$1.05	0.0%	1.4%	2.0%	3.4%
General Service – Small	100	\$113.96	\$109.14	\$0.00	\$1.74	(\$6.56)	(\$4.82)	0.0%	1.5%	(5.7%)	(4.2%)
General Service - Large	1200	\$1,235.81	\$1,194.89	(\$20.88)	\$20.88	(\$40.92)	(\$40.92)	(1.7%)	1.7%	(3.3%)	(3.3%)

The General Service - Large (GSL) BGSS decrease shown above reflects the proposed Balancing Charge change since the Balancing Charge is deducted from the BGSS charge and included as a component of the delivery charge for no impact to the total bill of GSL sales customers.

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, 2018, and to a maximum of 5 percent of the total residential bill, effective February 1, 2019. 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 increases 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, 2018	Proposed Bill Including December and February BGSS 5 Percent Increases	Amount	Percent
Residential Heat Sales	100	\$96.86	\$106.79	\$9.93	10.3%
Residential Non-Heat Sales	25	\$31.84	\$34.32	\$2.48	7.8%
General Service - Small	100	\$109.14	\$119.07	\$9.93	9.1%

The Board has the statutory authority to establish the BGSS, CIP and Balancing Charge rates at levels it finds just and reasonable. Therefore, the Board may establish the BGSS, CIP and Balancing Charge 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.

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