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October 23, 2013

## **NEW JERSEY NATURAL GAS FILES PLAN TO STRENGTHEN ITS SYSTEM FOR FUTURE STORMS**

### **OVERVIEW**

On September 3, 2013, New Jersey Natural Gas Company (NJNG), the principal subsidiary of New Jersey Resources Corporation (NJR), filed with the New Jersey Board of Public Utilities (BPU) to implement its New Jersey Reinvestment in System Enhancements (NJ RISE) program. Through NJ RISE, NJNG would invest over \$100 million for storm hardening and mitigation projects in the most storm prone portions of its service territory.

Comprised of six targeted system enhancement projects, NJ RISE is designed to improve the durability, redundancy, resiliency, integrity and safety of NJNG's infrastructure -- making it less susceptible to storm damage. These upgrades will help mitigate outages and improve NJNG's ability to respond to and control service disruptions as well as enhance the safety and reliability of its system. Pending BPU approval, NJNG will begin with the installation of excess flow valves (EFVs) and completing the necessary engineering and design work for the construction of the other projects, with all projects completed over a five-year timeframe. Work will be prioritized based on existing need, elevated concern and community impacts.

### **PROJECT DESCRIPTIONS**

#### **1. Sea Bright Reinforcement**

**Preliminary Cost Estimate:** \$3.5 million

**Description:** Install a secondary natural gas distribution feed into the northern Sea Bright Peninsula.

**Location:** Rumson, Monmouth County

**Estimated Start Date:** Design 2014; Permitting 2015

**Estimated Completion Date:** Construction 2015

#### **2. North Seaside Reinforcement**

**Preliminary Cost Estimate:** \$6 million

**Description:** Install a secondary natural gas distribution feed into the upper portion of the Seaside Peninsula in Mantoloking from the mainland distribution system and relocation of the existing back-up regulator station in Mantoloking onto the mainland.

**Location:** Brick Township, Ocean County

**Estimated Start Date:** Design 2014-2015;  
Permitting 2015-2016

**Estimated Completion Date:** Construction 2016-2017



### 3. South Seaside Reinforcement

**Preliminary Cost Estimate:** \$25 million

**Description:** Install a secondary natural gas distribution feed into the lower portion of the Seaside Peninsula from the mainland system.

**Location:** Either Toms River or Berkeley Townships, Ocean County

**Estimated Start Date:** Design 2014-2015;  
Permitting 2015-2016

**Estimated Completion Date:** Construction 2017-2018

### 4. Long Beach Island Reinforcement

**Preliminary Cost Estimate:** \$30 million

**Description:** Install a secondary natural gas distribution feed into the southern portion of Long Beach Island from the mainland distribution system.

**Location:** Either Eagleswood or Stafford Townships, Ocean County

**Estimated Start Date:** Design 2014-2015;  
Permitting 2015-2016

**Estimated Completion Date:** Construction 2017-2018

### 5. Ship Bottom Station Reinforcement

**Preliminary Cost Estimate:** \$3 million

**Description:** Re-design existing distribution regulator at the station to reduce/harden the impact of flooding on the station's pressure control and communications equipment.

**Location:** Ship Bottom Township, Long Beach Island, Ocean County

**Estimated Start Date:** Design 2014; Permitting 2015

**Estimated Completion Date:** Construction 2015-2016

### 6. Installation of Excess Flow Valves (EFV) in Storm Affected Areas

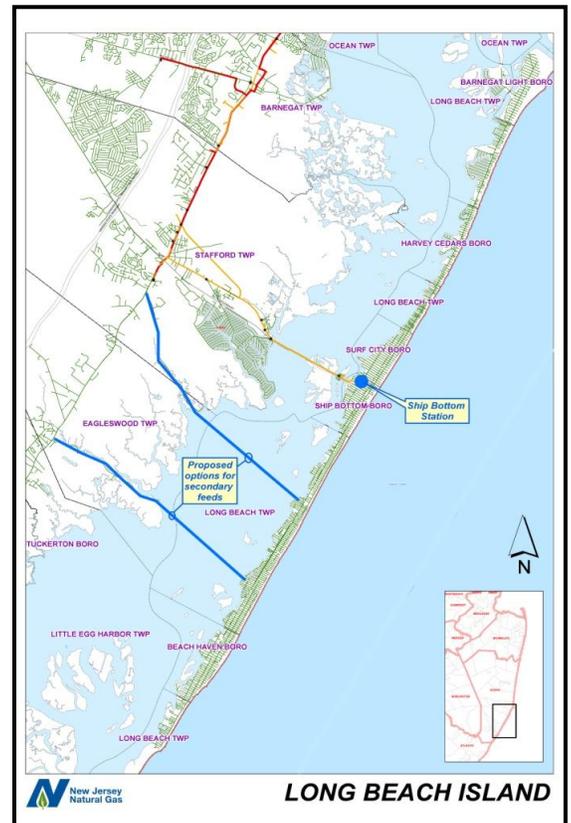
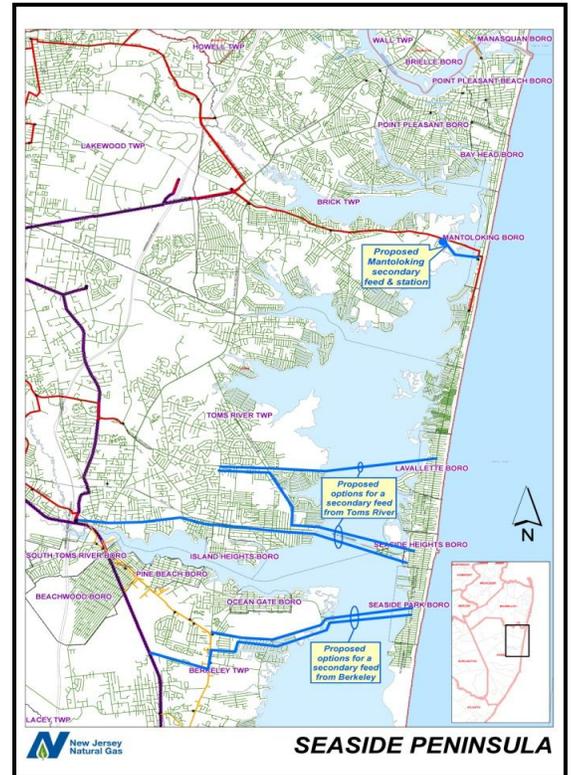
**Preliminary Cost Estimate:** \$35 million

**Description:** Install EFVs on all services in NJNG's coastal communities. EFVs are self-actuating valves that automatically close when gas flow exceeds a predetermined rate. NJNG will install them in communities which may be impacted from coastal and back-bay flooding and/or storm surge.

**Location:** Various

**Estimated Start Date:** 2014

**Estimated Completion Date:** 2019



## COST RECOVERY METHODOLOGY

The Company has requested the identical accounting treatment previously approved by the BPU and agreed to by the New Jersey Division of Rate Counsel (“Rate Counsel”) and Board Staff for NJNG’s Accelerated Infrastructure Program (AIP).

As has been the practice in the previously approved AIP, during construction years, and consistent with regulatory accounting practices, NJNG has requested the authorization to accrue an Allowance for Funds Used During Construction (AFUDC) on NJ RISE’s capital expenditures. Therefore, NJNG would accrue the rate impact of financing as expenditures occur, although recovery of investment costs and accrued AFUDC for regulatory purposes would be permitted only after the approved regulatory timeline to be established at a later date.

If approved, recovery of the program costs will continue to be at NJNG’s weighted average cost of capital (WACC) of 7.76 percent. The WACC was approved by the BPU in October 2008 and is as follows:

	<b>Amount (\$MM)</b>	<b>Ratios</b>	<b>Cost</b>	<b>Weighted Cost</b>
Long-Term Debt	\$411.3	41.6 %	5.44%	2.27%
Short-Term Debt	66.0	6.7%	2.90%	0.19%
Customer Deposits	4.4	0.5%	4.79%	0.02%
Common Equity	506.3	51.2%	10.30%	5.28%
<b>Total</b>	<b>\$988.0</b>	<b>100.0%</b>		<b>7.76%</b>

## ABOUT NEW JERSEY RESOURCES

New Jersey Resources (NYSE: NJR) is a Fortune 1000 company that provides safe and reliable natural gas and renewable energy services, including transportation, distribution and asset management. With annual revenues of \$2 billion, NJR is comprised of five key businesses:

- **New Jersey Natural Gas**, NJR’s principal subsidiary, operates and maintains 7,000 miles of natural gas transportation and distribution infrastructure to serve approximately half a million customers in New Jersey’s Monmouth, Ocean and parts of Morris and Middlesex counties.
- **NJR Clean Energy Ventures** is a leading renewable energy company that invests in, owns and operates solar and onshore wind projects with a total capacity in excess of 54 megawatts, providing residential and commercial customers with low carbon solutions.
- **NJR Energy Services** manages a diversified portfolio of natural gas transportation and storage assets and provides customized energy solutions to its customers across North America.
- **NJR Home Services** is a provider of heating, central air conditioning, standby generators, solar and other indoor and outdoor comfort products to nearly 130,000 residential homes and businesses throughout New Jersey.
- **NJR Midstream** invests and maintains an equity ownership in a natural gas storage facility and a transportation pipeline, and serves companies from local distributors and producers to electric generators and wholesale marketers.

NJR and its more than 900 employees are committed to helping customers save energy and money by promoting conservation and encouraging efficiency through Conserve to Preserve® and initiatives such as The SAVEGREEN Project® and The Sunlight Advantage®.

## **FORWARD LOOKING STATEMENTS**

This investor fact sheet contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. NJR cautions readers that the assumptions forming the basis for forward-looking statements include many factors that are beyond NJR's ability to control or estimate precisely, such as estimates of future market conditions and the behavior of other market participants. "Words such as "anticipates," "estimates," "expects," "projects," "intends," "plans," "believes," "may," "should," "will" and similar expressions may identify forward-looking information. Forward-looking information in this fact sheet includes, but is not limited to, certain statements regarding NJ RISE and recovery of costs associated with the program. Additional information and other factors are set forth under the heading "Risk Factors" in NJR's filings with the Securities and Exchange Commission (SEC) including its most recent Form 10-K and the Form 10-Q for the quarter ended March 31, 2013, filed on May 3, 2013. Information included in this fact sheet is representative as of today only and while the Company periodically reassesses material trends and uncertainties affecting the Company's results of operations and financial condition in connection with its preparation of management's discussion and analysis of results of operations and financial condition contained in its Quarterly and Annual Reports filed with the Securities and Exchange Commission, the Company does not, by including this statement, assume any obligation to review or revise any particular forward-looking statement referenced herein in light of future events.