

Word Search Answers

1. Return on Equity
2. ATU
3. Power Plant
4. SEN
5. Utility Rates
6. Tariff
7. IOU
8. Ratemaking

R V F X U S B Y D R R M U A
 C E T F O Z V E A B J V T Y
 S U T R I E W T B C M G I E
 A B X U L R E T Q C J S L V
 N F D S R H A S Q H J U I L
 Q B N X A N P T O I Z E T M
 V D G E D N O B R Q V W Y C
 A F I P O U P H S U T D B A
 H N T N A L P R E W O P A Z
 G D X F D J N W W Q U G T R
 A S X N F Z V W F T U E E E
 L X H I M K W L A W K I S T
 M A Q M J I U U N A O H T N
 S E N R B S Y R G V V M V Y

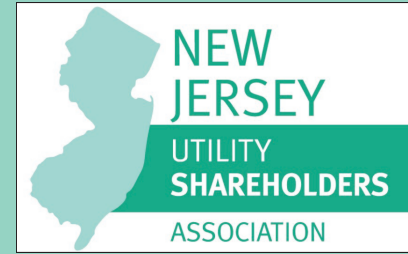
NJUSA Testifies in Support of New Jersey Natural Gas' continued

Or, as often happens, may have heard many years ago that utility stocks are a good, stable investment that offer the opportunity to earn a fair return and the potential for the payment of dividends—a potential source of income in later years. Contrary to common perception, utility shareholders are not corporate “fat cats” feeding off the last dollar of others.

Utility investors are like a bank that gives loans. Instead of charging interest for the use of money, when utility investors purchase utility shares, they are making cash available for the utility to meet its service obligation. They make the investment without a guarantee that they will make money, and without knowing if they do earn a return, how much regulators will allow. What most people don't realize is utility ratesetting is essentially a reimbursement mechanism—the rates we pay today are based on the rates decided in the utility's last rate case, with some adjustments to reflect unanticipated events, such as lower than natural gas prices for which New Jersey Natural Gas has decreased rates for its customers seven times since 2009 and provided further reductions through bill credits and refunds in four of those years.

New Jersey Natural Gas has proposed infrastructure investments that are to the benefit of customers who rely on safe and reliable natural gas service and, if compensated fairly, can also be to the benefit of shareholders who make those investments possible.”

TO LEARN MORE ABOUT NJUSA, CONTACT US AT:
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NJUSA Insight

NJUSA Testifies in Support of New Jersey Natural Gas' Proposed Rates for Infrastructure Upgrades

Consistent with its mission to educate and advocate on behalf of its shareholder members, on April 27, NJUSA testified at its first rate case hearing. Chairman David Legg delivered NJUSA's testimony on New Jersey Natural Gas' proposed new rates at the Freehold Municipal Building. Excerpts from his testimony appear below.

“Good afternoon. My name is David Legg. I am here to speak on behalf of NJUSA's members.

NJUSA is a not-for-profit, volunteer association of New Jersey residents who are individual investors in one or more of the parent companies of regulated utilities operating in New Jersey. Our membership does not include institutional investors.

NJUSA was founded to increase members' understanding of public policy issues and processes that can affect the value of their utility stocks and to help them have a voice in those arenas. We are here today to ask that the process for granting New Jersey Natural Gas new rates be balanced and fair, taking into account not only the interests of ratepayers, but also the interests of utility shareholders whose investments make ongoing service delivery possible.

The balancing of ratepayer and shareholder interests is what the BPU legally must do. However, the public discussion of cases like this has not previously made clear the role of investors and why it is

important to also consider their interests. NJUSA is here to encourage attention to shareholder interests alongside the consideration of ratepayer interests.

Who are utility investors? Many are retirees. Some are retired former utility professionals. Some are retired secretaries, linemen and women, customer service representatives and meter readers who may have worked for a utility, but have retirement funds in a pension or 401(k) plan that contain utility stocks.

Read more of NJUSA's testimony on page 4.



117 N. Church Street, Moorestown, NJ 08057

A MESSAGE FROM THE PRESIDENT

Dear Members,

The maelstrom that is the 2016 presidential elections will not soon be forgotten. No matter what one's predilection may be for one candidate or another, Americans have been more engaged in the presidential primaries—through direct participation or observation and opinion—than anyone can recall for generations.

Why is that? Political pundits have their theories. In my view, it's all about people's need to be heard. The candidates simply are the vehicles through which people believe their voices will be heard. To be heard by our government is not an unreasonable expectation. After all, it is a fundamental tenet of our **U.S. Constitution...**

Amendment I

"Congress shall make no law... abridging the freedom of speech, or of the press; or the right of the people peaceably to assemble, and to petition the Government for a redress of grievances."

Just as a presidential candidate can represent how an individual's vision of America and personal hopes can be fulfilled, so too can NJUSA be a path to fulfillment. Not political fulfillment in the electoral sense, but fulfillment in the sense of having a voice in government decisions that can affect the value of your utility stocks.

Engagement in public policy, just like exercising the right to vote, is fundamental to our unique democracy. Through NJUSA, members can engage on government actions that can affect utility investments and exercise freedom of speech, the right to peacefully assemble and the right to petition the government.

NJUSA will not be involved in any political campaign or with any political candidate. NJUSA will, however, ensure that you are well-informed and represented on the utility shareholder issues that matter. Public issues engagement is as important as electoral engagement. Engage with us and be heard in the State Legislature and at the BPU.

With your interests in mind,



Karen D. Alexander
President

*The enclosed glossary represents some, but not all, of the terms commonly used in the utility regulatory field in NJ. This glossary has been created for the exclusive use of the members of the New Jersey Utility Shareholders Association to enhance their understanding of the processes and issues that may arise in the work that NJUSA conducts on its members behalf.



SAVE THE DATE

NJUSA regularly hosts exciting, educational events. Please join us at our next free, informational luncheon and keep an eye on your mailbox for notice of future events.

North Jersey Membership Luncheon
Tuesday, July 19 from 12 to 2 p.m.
featuring guest speaker Laurence M. Downes,
Chairman of the Board and Chief Executive Officer,
New Jersey Resources
 Registration begins at 11:30 a.m.
 Crowne Plaza Fairfield
 690 US-46
 Fairfield, NJ 07004

To RSVP, please call Hailey at 856-840-4089.

Commonly Used NJ Utility Regulatory Terms*

UTILITY RATES—The amount set by the BPU as a result of a rate case or other proceeding that a utility is allowed to charge per unit of utility service consumed, plus an applicable fixed or standby charges.

RATEMAKING—The formal process through which the Board of Public Utilities determines how much a utility can charge its customers for regulated utility (i.e., electric, natural gas, water, or wastewater) service.

RETURN ON EQUITY (ROE)—The amount of return the BPU authorizes, but does not guarantee, the utility to earn that can be recovered in rates. The allowed return on equity is intended to encourage shareholders to invest at levels sufficient for the utility to continue to invest in plant and equipment needed for ongoing operations. The shares purchased by investors constitute equity available to the utility going forward.

“ATU”—Assembly Telecommunications and Utilities Committee—the body within the General Assembly consisting of legislators tasked with considering and voting on bills related to the delivery and regulation of telecommunications and utility services.

“IOU”—Investor-owned utility. A company owned by investors that provides utility service that is owned by investors. An IOU can be an entity with shares purchased and traded by investors through a U.S. stock exchange or privately held by one or more individuals.

“SEN”—Senate Environment Committee—the body within the State Senate consisting of legislators tasked with considering and voting on bills related to the environment and natural resources. With respect to utilities, SEN typically considers bills related to increasing the use of “clean energy” sources and the preservation or restrictions on the use of land and water resources.

TARIFF—The legal document which details a utility's approved rates and services.

POWER PLANT—A facility at which electric energy is produced. Synonymous with generating station or power station.

Test Your Utility Knowledge with NJUSA's Word Find!

The phrases below tie into the Glossary of Terms above. For each phrase, find the related word in the puzzle.

What terms are defined by these phrases?

1. The profit a utility is allowed to earn
2. The Assembly Committee responsible for bills relating to telecommunications and utility services
3. Where electric energy is produced
4. The Senate Committee responsible for bills relating to the environment and natural resources
5. Amount charged per unit of utility service consumed
6. A document detailing a utility's rates and services
7. Utility company owned by investors
8. The BPU process that determines how much a utility can charge for service

R V F X U S B Y D R R M U A
 C E T F O Z V E A B J V T Y
 S U T R I E W T B C M G I E
 A B X U L R E T Q C J S L V
 N F D S R M A S Q H J U I L
 Q B N X A N P T O I Z E T M
 V D G K D N O B R Q V W Y C
 A F I P O U P N S U T D R A
 H N T N A L P R E W O P A Z
 G D X F D J N W W Q U G T R
 A S X N F Z V W F T U E E E
 L X H I M K W L A W K I S T
 M A Q M J I U U N A O H T N
 S E N R B S Y R G V V M V Y

Check page 4 to see if you answered correctly!