

**REMARKS OF STEFANIE A. BRAND, ESQ.
DIRECTOR, DIVISION OF RATE COUNSEL,
DEPARTMENT OF THE PUBLIC ADVOCATE
Presented By Judith B. Appel, Esq.
Assistant Deputy Public Advocate**

**In the Matter of the Petition of New Jersey Natural Gas Company
for Approval of an Increase in Gas Rates, Depreciation Rates for Gas
Property, and for Changes in the Tariff for Gas Service, Pursuant to
N.J.S.A. 48:2-18 and 48:2-21.1**

**BPU Docket No. GR07110889
OAL Docket No. PUC-12545-05**

**PUBLIC HEARING
Freehold, New Jersey
May 13, 2008
2:00 p.m.**

Good evening. My name is Judith Appel, and I am an Assistant Deputy Public Advocate for the Division of Rate Counsel (“Rate Counsel”), New Jersey Department of the Public Advocate (“Public Advocate”). Our office was created by the New Jersey Legislature to represent ratepayers in cases such as this where a utility seeks an increase in rates or change in services.

On November 20, 2007 New Jersey Natural Gas Company (“Company”) filed a Petition with the New Jersey Board of Public Utilities (“Board”) seeking approval to increase its rates for natural gas service by \$54.5 million. The increase

being requested by the Company is for natural gas *distribution* service, that is, the rates that cover the costs of distributing natural gas through the Company's natural gas distribution pipelines to end users, and the costs of administering customer accounts such as metering, billing, and customer service. The proposed increase is in addition to rates for Basic Gas Supply Service ("BGSS"), which covers the cost of the natural gas commodity purchased by the Company for its customers. The Company has also requested an increase in its depreciation rates based on a current depreciation study. It has proposed to implement that increase simultaneous with the proposed base rate increase. The Company is also seeking to make a number of changes to its Board-approved tariff for natural gas service.

The Company's Petition states that the requested increase is necessary as a result of capital investments and increases in operation and maintenance expenses since the Company's last gas base rate case in 1993. Under the Company's proposal, an average monthly bill for a typical residential heating customer using an average of 100 therms per month would increase by about \$11.35 per month, or 7.5 per cent per year.

Rate Counsel has a team of attorneys and expert consultants analyzing the company's petition. We are conducting a complete and thorough investigation of the rate increases and other changes being sought by the company. We have requested and are receiving detailed information from the Company about their

purported needs. At evidentiary hearings scheduled to be held in June and July, 2008, we will cross-examine the company's witnesses and submit evidence. Our office is fully aware of the recent increases in energy prices that are having a profound impact on all classes of ratepayers. Rate Counsel's inquiry is focused on the critical issue of whether the Company's proposal allows ratepayers to pay the lowest rates possible consistent with receiving safe, reliable and proper service. However, it is important that you be aware that the ultimate decision regarding all utility matters in New Jersey is made by the Board of Public Utilities.

The purpose of this open public hearing is for you, the customer, to voice your opinion, relate your experiences and offer comments about your Company's rates and service. It is important that you express your views so they may become part of the record on which the Administrative Law Judge and the Board of Public Utilities make their decisions. Rate Counsel also needs to hear your views in order to represent your interests in the legal process. We strongly encourage your participation, which will help us evaluate the Company's proposal and prepare for the evidentiary hearings.

This hearing is being transcribed and your comments will become part of the record. I would like to reiterate the importance of your participation so that Rate Counsel can have a clear record of your concerns and interests.

On behalf of Rate Counsel, thank you for attending this public hearing.