

**REMARKS OF KIMBERLY K. HOLMES, ESQ.
ACTING DIRECTOR, DIVISION OF RATE COUNSEL
PRESENTED BY HENRY M. OGDEN, ESQ.
ASSISTANT DEPUTY PUBLIC ADVOCATE**

**In the Matter of the Petition of Public Service Electric & Gas Company
To Change the Level of its Basic Gas Supply Service Clause
BPU Docket No. GR07060357**

**PUBLIC HEARING
Hackensack, New Jersey
September 17, 2007
7:00 P.M.**

Good evening. My name is Henry Ogden, and I am an attorney representing the New Jersey Division of Rate Counsel, Department of the Public Advocate. Our office represents ratepayers in cases such as this where a utility seeks an increase in rates or change in services.

Public Service Electric & Gas Company (“PSE&G” or the “Company”) filed a Petition (“Petition”) with the New Jersey Board of Public Utilities (“Board” or “BPU”) on June 1, 2007. The Company requested permission to increase its Basic Gas Supply Service (“BGSS”) rate by approximately \$38.8 million. The Company’s request would increase the current residential gas commodity charge of

98.0852 cents per therm (including Sales and Use Tax (“SUT”) to 101.0008 cents per therm (including SUT), or approximately 2% for the average residential gas heating customer. With this increase, an average monthly bill for a typical residential heating customer using an average of 100 therms per month would increase by about \$5.80, or 2.03 percent.

In an Order dated January 6, 2003, the Board granted the Company and other New Jersey gas utilities permission apply two self-implementing commodity rate increases of up to five percent on a 100 therm per month average residential bill. The Company is permitted to implement such increases as of December 1, 2007 and February 1, 2008, upon notice to the Board and to Rate Counsel. Each five percent increase would amount to an increase of approximately \$14.65 in the monthly bill for a typical residential heating customer using an average of 100 therms per month.

The Company is not permitted to make a profit on its BGSS charges. BGSS rates are set to pass through the cost of natural gas purchased by the Company.

Our office is conducting a complete investigation of both of the Company’s petitions based upon the information that is being supplied and updated by the Company. We have retained the services of expert consultants to assist us in our review. Rate Counsel is fully aware of the volatility in natural gas prices that is having a profound impact on all classes of ratepayers. Its inquiry in this matter is

focused on the critical issues of whether the Company's proposal provides that ratepayers pay the lowest rates possible consistent with receiving safe, reliable and proper service.

The New Jersey Board of Public Utilities, with legal submissions from the parties, including Rate Counsel, will make the final decision regarding the utility's request for an adjustment to its BGSS charge.

The purpose of this 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 Board of Public Utilities makes its decisions. Rate Counsel also needs to hear your views. Your active participation is strongly encouraged to help in our evaluation of the Company's proposals and our preparations 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 tonight's hearing.