



Consumer Chat

The Newsletter of the Ratepayer Advocate

TIPS FOR REDUCING YOUR ELECTRIC BILL DURING THE PEAK USAGE SUMMER SEASON

Energy costs may be higher this summer because of ever-increasing demands for power. That is why practicing energy efficiency is especially important in the summer months, when energy, especially for air conditioners, is at peak use. The following suggestions can reduce your energy usage and save you money:

- Air conditioners vary considerably in efficiency and in the amount of energy used. Therefore, when selecting new equipment, shop wisely and choose the best possible federal energy efficiency rating. For window units, this rating is the Energy Efficiency Ratio, or EER. As a general rule, an EER of 12 or more is excellent. By law, units manufactured from 1990 through 1994 must have an EER of at least eight.
- Central air-conditioning units are rated on their Seasonal Energy Efficiency Ratio, or SEER. A rating of 15 is excellent, and 10 is the lowest rating permitted by law for units made between 1992 and 1998.
- When you shop for new air conditioning equipment, be sure you know the size of the space and the number of windows in the space to be cooled. Consult a professional as to the size of cooling equipment you will need. Oversized units should be avoided because they use more energy than is necessary and will not dehumidify properly, causing discomfort. Direct sunlight falling on a window air-conditioning unit increases its workload.
- If you buy central air conditioning equipment, locate the compressor units of central air conditioning and heat pump systems in an outside area, shaded by the

house or by plantings. Units should be kept clean and free of any plants that interfere with air circulation.

- Set the cooling thermostat as high as comfort will permit. The higher the setting, the more energy you save.
- Attics should be ventilated to relieve heat buildup caused by the sun. Determine whether attic ventilation is adequate and, if necessary, improve air flow by adding or enlarging vents.
- Open windows during moderate weather to admit outside air for cooling instead of operating air conditioning equipment.
- Close cooling vents and turn off window air conditioners in unused rooms. Keep doors to unused rooms closed.
- Draw blinds, shades, or drapes to block the sunlight during the hottest part of the day.

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PUBLIC HEARINGS ON THE ENERGY UNIVERSAL SERVICE FUND

Public hearings are beginning in August throughout the state concerning the establishment of a Universal Service Fund to assist low-income residential electric and gas customers. The goal is to have an interim plan for a Universal Service Fund and new programs in place by the start of the Fall 2000 heating season. Aside from federally-funded programs, New Jersey historically has had no statewide utility assistance programs for low-income, handicapped, or senior citizens. The Ratepayer Advocate has consistently supported low-income assistance programs to make rates affordable to all consumers. Electricity and natural gas are lifeline services that are essential to the health and welfare of everyone. The Ratepayer Advocate will be representing all consumers in these proceedings to achieve the appropriate programs, the necessary level of funding, and appropriate state wide administration of the fund.

PUBLIC LEGISLATIVE HEARINGS FOR ALL PARTIES AND ALL NEW JERSEY CONSUMERS :

9 a.m. August 9 Board of Public Utilities, 44 South Clinton Avenue, Trenton, NJ

9 a.m. August 21 Board of Public Utilities, Two Gateway Center, 8th Floor, Newark, NJ

PUBLIC HEARINGS FOR COMMENTS BY NEW JERSEY CONSUMERS :

7 p.m. August 10 Atlantic County Library/West, 451 Egg Harbor Road, Hammonton, NJ

7 p.m. August 22 Jamesburg Municipal Building, 131 Perrineville Road, Jamesburg, NJ

If you are unable to attend the hearings in person, but wish to submit written comments, mail them prior to September 4 to: Secretary, NJ Board of Public Utilities, Two Gateway Center, Newark, NJ 07102.

REQUEST A SPEAKER FOR YOUR ORGANIZATION'S COMMUNITY OUTREACH:

The Division of the Ratepayer Advocate is available to speak to your group on a variety of utility topics. We can tailor topics to fit your organization's needs.

Name _____

Organization _____

Topic of Interest _____

Address _____

City _____

State _____ Zip _____

Phone number _____

***Please fax your request to (973) 624-1047 or mail to:
N.J. Division of the Ratepayer Advocate
P.O. Box 46005
Newark, N.J. 07101***



NATURAL GAS PRICES WILL RISE THIS WINTER

The Ratepayer Advocate recently met with all of the gas companies to discuss the problem of rising natural gas prices. We asked what they are doing to reduce the rate shock to customers this upcoming heating season and we recommended that they develop long-term strategies to deal with changes in the wholesale market so that customers will not face these kinds of precipitous increases in the future.

How gas companies can mitigate these sharp price increases in the future:

- o Increasing storage
- o Hedging
- o Fixed price contracts as part of a utility's portfolio

The Ratepayer Advocate is also currently reviewing natural gas companies' petitions for rate increases which are being filed. Clearly, natural gas is a commodity subject to market forces. Wholesale market prices have resulted in requests for rate hikes. But rate increases should not be passed through without adequate review and analysis.

- o Gas utilities are requesting monthly gas pricing for all consumer classes.
- o Public Service Electric and Gas is projecting a 13% increase in total gas bills for residential customers with gas heat. The projected increase for non-heating customers is 9.5%.
- o Elizabethtown Gas projects that gas bills will be 18% higher for its customers than last year and have applied to the BPU for a \$46.7 million increase. If approved, the heating bill of a typical residential customer using 100 therms of gas a month will increase by \$14.29, from \$81.06 to \$95.35.
- o New Jersey Natural Gas is projecting a 16.06% increase for average customers using 100 therms per month. Their bills would go from \$82.87 to \$96.17, an increase of \$13.30.
- o South Jersey Gas is expected to file for a rate increase of approximately 18% for heating customers.

Some reasons for increased prices:

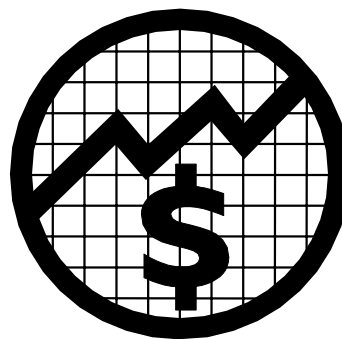
- o Since federal deregulation years ago, consumers have enjoyed significant decreases in natural gas prices. Low gas prices have led to decreased drilling activity.
- o Higher prices will lead to increased drilling but this additional supply won't be available until 2001.
- o A number of recent changes, however, have tightened demand for natural gas, causing prices to rise.
- o Electric deregulation has increased the pace of electric power plant construction. Almost all of these plants are gas fired. This generates demand even through the summer months.
- o Demand for natural gas has increased an average of 2.8 percent per year.
- o High oil prices have discouraged industrial customers from switching to oil from gas.
- o The booming economy has led to increased consumption and increased demand.
- o Utilities have not filled their inventories hoping that prices would come down.
- o If the winter is a cold one, prices will go up even higher. *(continued on page 4)*



Natural Gas *(cont'd.)*

Some ways for consumers to lessen the impact of rising gas prices:

- o While prices are going up across the board, the retail natural gas marketplace has been opened to third party marketers. These marketers may have long term contracts in place that will allow them to offer lower gas prices. Consumers should continue to take advantage of the deregulated marketplace and shop around for the best price.
- o We are also encouraging additional marketers to come to New Jersey and offer their services. Greater competition will result in lower prices for consumers.
- o Conservation is a great way to lessen the burden of increased natural gas prices. Setting your thermostat a few degrees lower, sealing gaps around windows and doors, and using less hot water will all help reduce your bill.
- o Although the deregulation legislation includes some roadblocks in the path of municipal aggregation, we still encourage municipal aggregation and aggregation in other forms. Some buying pools established by school, business and commercial groups have been successful. We believe that more community organizations, such as churches and schools, and other private aggregator groups, such as supermarkets and fast food chains, should consider forming their own aggregation pools.
- o We have also encouraged the gas companies themselves to establish aggregations for their low-income customers.
- o In the long term, the Ratepayer Advocate is urging the Board of Public Utilities to establish the Renewable Energy Trust Fund. Renewable energy – including solar, wind, and fuel cell technologies – will help offset the demand for traditional energy. Less demand for traditional power like electric and gas will help keep prices lower.
- o And lastly, let's hope for a warm winter.



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THE RATEPAYER ADVOCATE IS REPRESENTING LOCAL PHONE CUSTOMERS AT THE BOARD OF PUBLIC UTILITIES



The Ratepayer Advocate will play an active role this fall in a proceeding filed by Bell Atlantic New Jersey to declare all services competitive at the Board of Public Utilities. This office will support continued state regulation until consumers have meaningful choice in selecting alternative carriers. We will also work to ensure that telephone service remains affordable for all customers.

Bell Atlantic-New Jersey has been regulated under a price cap form of alternative regulation since 1993. The current plan expires on December 31, 2000 and Bell Atlantic has asked for approval of a modified form of alternative regulation for the years 2001 and beyond. On May 17 Bell Atlantic filed the testimony of six witnesses in support of its proposed plan for alternative regulation.

The plan proposed by Bell Atlantic requests all services to be declared competitive as of 2001. For two years following the declaration of competitiveness, Bell Atlantic has proposed packaging all residential local exchange service with touch-tone dialing and three vertical services (such as Call Waiting, Speed Dialing, Three-Way Calling and others). This plan would also include 25 monthly minutes of regional toll calling. The charge for this package would be \$15 for "low use" local service, \$16 for "moderate use" local

service, and \$17.50 for unlimited local service, which would effectively double or, in some cases, even triple existing costs for residential service.

Consumers will not be able to choose to simply maintain basic telephone service, but will be required to pay for these special services and regional toll calling minutes, whether they want to use the services or not. After two years, all price regulation of residential services would terminate. Oversight of prices would end for all other local telephone services that currently have their prices regulated by the Board of Public Utilities.

Because of the size of the proposed increase and its impact on local phone competition in New Jersey, a variety of consumer groups and other interested parties have moved to intervene in this proceeding.

Hearings on the Bell Atlantic proposal will be conducted in September and October this year. **Public hearings** are scheduled for **5 p.m. on September 13 in Newark** and **5 p.m. on September 18 in Trenton**. Members of the public who wish to be heard at the **public hearings** can call the Division of the Ratepayer Advocate to find out how to make arrangements for appearances.

FCC RAISES RATES FOR ALL LOCAL TELEPHONE CUSTOMERS

The Federal Communications Commission (FCC) recently approved raising rates nationally for all local and long-distance telephone companies, at the urging of some of the largest telephone companies in the U.S., including Bell Atlantic and AT&T.

As a result, the monthly common line charge on your local bill was increased from \$3.50 to \$4.35 effective June 1, 2000 and is likely to go up to \$6.50 within five years (\$7 for additional residential phone lines). The increased line charge is not subject to competition.

The FCC also raised local charges by billions of dollars without requiring local companies to provide any cost justification.

The New Jersey Ratepayer Advocate is opposed to this decision, and has joined in filing comments before the FCC along with other consumer advocates throughout the United States, who belong to the National Association of State Utility Consumer Advocates (NASUCA).

WATER UTILITY BRIEFS

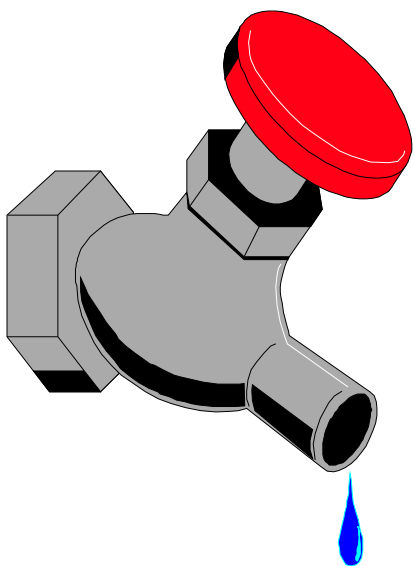
New Ownership of United Water Resources-

On July 6 the Board of Public Utilities approved the first non-U.S. company takeover of a New Jersey utility by approving the merger of United Water Resources with Lyonnaise American Holding, Inc., a French company.

The Ratepayer Advocate fought to maintain current rates for United Water customers until January 2003. The companies have also agreed not to seek recovery of any acquisition or transaction costs and to avoid employee layoffs for one year while continuing to rely on local management.

British Seek Entry Into U.S. Water Market-

Thames Water, a British water and wastewater utility company is seeking to acquire E'Town Corp., the parent company of Elizabethtown Water Co., which also owns Mount Holly Water and Applied Wastewater Management. The Ratepayer Advocate is currently negotiating with the parties to guarantee benefits to ratepayers while at the same time ensuring continuation of quality service and clean water at affordable rates.



Ratepayer Advocate Represents Customers of

Shore Water-The Ratepayer Advocate opposes Shore Water Company's request for a 46.3 percent water rate hike. Shore Water Company is asking for an increase in rates to help fund the repainting of a water tower and other improvements to the company's facilities, which are expected to cost \$100,000. It has been seven years since the company had a rate increase. The Ratepayer Advocate has been negotiating with the water utility to limit the proposed increase.

Special Eye on Seniors-The Pinelands Water and Wastewater companies are respectively requesting a 31.3% and 22.3% increase in rates. The companies state that the increase request is for the many capital improvements that have been made to the water and wastewater systems. Pinelands provides water and wastewater service to residents in Southampton Township in Burlington County. The Ratepayer Advocate is currently scrutinizing the rate request with a special focus on the senior citizen communities in the companies' service territory since Southampton has the highest population of senior residents in Burlington County, most of whom are on a fixed income.

Utility Companies Permitted to Donate to Charities With Ratepayer Dollars-

The Ratepayer Advocate has asked the NJ Supreme Court to overturn a July 21, 2000 Appellate Division ruling which allows utility companies to recover from rates half of the amount of donations made to charitable organizations chosen by the companies. The Ratepayer Advocate will argue that this policy violates the rights of consumers, under the First Amendment of the U.S. Constitution which protects individual free speech, to choose to donate to the charities of one's own choice or to choose not to donate at all.