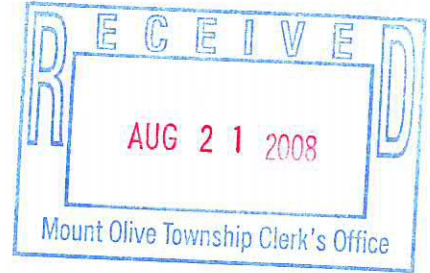




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August 18, 2008



To: County Clerk, Municipal Clerk and County Administrator

**IN THE MATTER OF THE ANNUAL
COMPLIANCE FILING OF NEW JERSEY
NATURAL GAS COMPANY TO CHANGE
THE UNIVERSAL SERVICE FUND AND
LIFELINE RATE IN THE SOCIETAL
BENEFITS CHARGES RATES**

**DOCKET NO. EX0020091
DOCKET NO. ER08060455**

Pursuant to N.J.S.A. 48:2-32.6, New Jersey Natural Gas Company hereby serves upon you the Notice of Public Hearing in the above referenced matters. The subject hearings are scheduled for Monday, September 8, 2008 at 3:30 PM and 5:30 PM in the evening at Rockaway Township Municipal Building 65 Mt. Hope Road, Rockaway Township, New Jersey and Tuesday, September 9, 2008 at 3:30 PM and 5:30 PM at Freehold Borough Municipal Building, 51 W. Main Street, Freehold, New Jersey.

Very truly yours,

A handwritten signature in black ink that reads 'Tracey Thayer'.

Tracey Thayer, Esq.
Director, Regulatory Affairs Counsel

TT: fk

Enclosure

C: Service List
Edward Beslow, BPU
Bethany Rocque-Romaine, BPU

**NEW JERSEY NATURAL GAS COMPANY
NOTICE OF FILING AND PUBLIC HEARING**

**IN THE MATTER OF THE PETITION OF
NEW JERSEY NATURAL GAS COMPANY
TO CHANGE THE UNIVERSAL SERVICE FUND AND LIFELINE RATE
IN THE SOCIETAL BENEFITS CHARGE**

B.P.U. DOCKET NOS. EX00020091 AND ER08060455

TO OUR CUSTOMERS:

PLEASE TAKE NOTICE that, pursuant to the Electric Discount and Energy Competition Act, N.J.S.A. 48:3-49, et seq., the Universal Service Fund ("USF") program was established by the New Jersey Board of Public Utilities ("Board"), to provide funds to assist qualifying low-income individuals in paying their energy bills. Pursuant to Orders of the Board dated April 30, 2003 and July 16, 2003, the State's electric and gas public utilities' Societal Benefits Charge includes recovery of funding for the USF program through uniform statewide rates. The Societal Benefits Charge also includes funding for the Lifeline Program. The State of New Jersey's Department of Community Affairs is the Administrator of the USF Program and the New Jersey Department of Health and Senior Services is the Administrator of the Lifeline programs and authorizes the disbursement of benefits to eligible customers in the respective programs.

New Jersey Natural Gas Company ("NJNG" or the "Company") made a compliance filing with the Board on July 1, 2008, requesting to implement an increase related to the statewide USF/Lifeline program charge, as described below, to be effective on October 1, 2008. The current after-tax USF/Lifeline program charge for natural gas customers is \$0.0225 per therm. The proposed after-tax USF/Lifeline program charge will increase to \$0.0277 to recover approximately \$97.3 million for the statewide natural gas USF program and \$26.1 million for the Lifeline programs. The above request will not result in any profit to the Company. The revenues received under the proposed USF charge are designed to permit the Company to recover only its costs for the USF and Lifeline program. Actual program costs will be reconciled with the revenues received through the USF program charge in the next annual filing scheduled to be made no later than July 1, 2009.

The proposed statewide charges for natural gas customers are as follows:

Universal Service/Lifeline Fund Components of Societal Benefits Charge				
	Present	Present (Incl. Sales and Use Tax)	Proposed	Proposed (Incl. Sales and Use Tax)
USF- per therm	\$0.0156	\$0.0167	\$0.0204	\$0.0218
Lifeline- per therm	\$0.0054	\$0.0058	\$0.0055	\$0.0059
Total USF/Lifeline	\$0.0210	\$0.0225	\$0.0259	\$0.0277

If approved by the Board, the impact of the proposed changes in the USF/Lifeline Charge on typical natural gas bills is illustrated below:

Customer Type	Therm Level	Rates		Increase	
		Bill as of July 1, 2008	Proposed Bill as of October 1, 2008	Amount	Percent
Residential Heat Sales	100	\$150.76	\$151.28	\$0.52	0.34%
Residential Non-Heat Sales	25	\$41.97	\$42.10	\$0.13	0.31%
General Service High-Load Factor	500	\$719.45	\$722.05	\$2.60	0.35%
General Service Low-Load Factor	500	\$735.75	\$738.35	\$2.60	0.36%

Based on this filing, a typical residential natural gas customer using 100 therms per month would see an increase in their monthly bill from \$150.76 to \$151.28, or \$0.52 or approximately 0.34 percent. This change would result in an increase of \$6.24 on an annual basis.

Actual results regarding USF expenditures and recoveries could be significantly affected by program changes, participation rates, and/or jurisdictional throughput. In light of that, the Company, as well as the State's other gas public utilities, has requested authority to increase the above-referenced natural gas USF program charge upon 10 days prior written notice to the Board and the Department of the Public Advocate, Division of Rate Counsel. Any such increases would be reconciled in the Company's next scheduled annual USF filing to be made no later than July 1, 2009. Notice is hereby provided that for every \$5 million over the above-referenced estimated \$97.3 million in estimated 2008-09 program year costs, the Company's bills to residential gas customer using 100 therms would be increased by approximately 0.07% or \$0.11 above that shown above.

Any final rate adjustments with resulting changes in bill impacts found by the Board to be just and reasonable as the result of this filing may be modified and/or allocated by the Board in accordance with the provisions of N.J.S.A. 48:2-21 and for other good and legally sufficient reasons. Therefore, the above-described charges may increase or decrease based upon the Board's decision.

Copies of the Company's July 1, 2008 filing are available for inspection at the Company's Customer Service Centers or at the Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102.

The following date, time and location for a public hearing have been scheduled on the above filing so that members of the public may present their views:

September 8, 2008 at 3:30 and 5:30 P.M.
Rockaway Township Municipal Building
65 Mt. Hope Road
Rockaway Township, New Jersey 07866-1698

September 9, 2008 at 3:30 and 5:30 P.M.
Freehold Borough Municipal Building
Council Room, 2nd Floor
51 W. Main Street
Freehold, New Jersey 07728-2195

The public is invited to attend and interested persons will be permitted to testify and/or make a statement of their views on the proposed increases. **In order to encourage full participation in this opportunity for public comment, please submit any requests for needed accommodations, including interpreter, listening devices or mobility assistance, 48 hours prior to this hearing.** Regardless of whether they attend the hearing, members of the public may submit written comments concerning the petition to the BPU by addressing them to: Kristi Izzo, Secretary, New Jersey Board of Public Utilities, Two Gateway Center, Newark, New Jersey 07102 or usf.rates@bpu.state.nj.us.

New Jersey Natural Gas Company
Tracey Thayer, Esq.